



SOCIAL SECURITY ADMINISTRATION

FISCAL YEAR

2008

*Justification of Estimates for
Appropriations Committees*

SOCIAL SECURITY ADMINISTRATION

FY 2008	FTE	Amount
Payments to Social Security Trust Funds FY 2008 Request	---	\$28,140,000
Supplemental Security Income Program FY 2008 Request	---	\$26,911,000,000 ¹
FY 2009 First Quarter Advance	---	\$14,800,000,000
Limitation on Administrative Expenses FY 2008 Request	59,200	\$9,596,953,000
Office of the Inspector General FY 2008 Request	608	\$95,047,000

¹ Excludes \$16,810,000,000 previously appropriated as a first quarter advance for FY 2008.

SOCIAL SECURITY ADMINISTRATION

Payments to Social Security Trust Funds

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SOCIAL SECURITY ADMINISTRATION

Payments to Social Security Trust Funds

For payment to the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds, as provided under sections 201(m), 217(g), 228(g), and 1131(b)(2) of the Social Security Act, \$28,140,000.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Payments to Social Security Trust Funds

Amounts Available for Obligation

Appropriation	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate
<u>Appropriation</u>			
Annual	\$58,470,000	\$1,318,030,000	\$28,140,000
Permanent	<u>\$16,357,387,253</u>	<u>\$18,042,000,000</u>	<u>\$19,936,000,000</u>
Subtotal, Adjusted appropriation	\$16,415,857,253	\$19,360,030,000	\$19,964,140,000
Unobligated balance, start-of-year	+\$14,442,720	+\$14,162,437	+\$13,462,437
Recovery of prior-year obligations	---	---	---
Unobligated balance, end-of-year	-\$14,162,437	-\$13,462,437	-\$12,762,437
Unobligated balance, lapsing	<u>-\$9,168,928</u>	<u>---</u>	<u>---</u>
Total, obligations	\$16,406,968,608	\$19,360,730,000	\$19,964,840,000

Payments to Social Security Trust Funds

Summary of Changes
(Annual Appropriation)

FY 2007 Current Estimate (Obligations)	\$1,318,030,000 (\$1,318,730,000)
FY 2008 Estimate (Obligations)	\$28,140,000 (\$28,840,000)
Net Change (Obligations)	+\$1,289,890,000 (+\$1,289,890,000)

	<u>FY 2007</u> Current Estimate Base	Change from Base
<u>Increases</u>		
Reimbursement to the Disability Insurance Trust Fund for the quinquennial adjustment for military wage credits. Assumes reimbursement takes place December 31, 2007.	\$0	<u>+\$7,727,000</u>
Total Increases		+\$7,727,000
<u>Decreases</u>		
Reimbursement to the Social Security trust funds for overpayment to the Internal Revenue Service for Voluntary Income Tax Withholding. This is a one-time payment. Payments to beneficiaries were not impacted.	\$1,297,614,000	-\$1,297,614,000
Reimbursement to the Old-Age and Survivors Insurance Trust Fund for special payments for certain uninsured persons made in FY 2006. This is a continually declining population. Assumes reimbursement takes place December 31, 2007.	\$16,000	<u>-\$3,000</u>
Total Decreases		<u>-\$1,297,617,000</u>
Net Change		-\$1,289,890,000

Payments to Social Security Trust Funds

Budget Authority by Activity
(Dollars in thousands)

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate
<u>Current Authority</u>			
Special payments for certain uninsured persons	\$70	\$16	\$13
(Obligations)	(\$69)	(\$16)	(\$13)
Pension reform	6,400	6,400	6,400
(Obligations)	(1,942)	(6,400)	(6,400)
Unnegotiated checks	14,000	14,000	14,000
(Obligations)	(9,290)	(14,000)	(14,000)
Quinquennial adjustment for military service wage credits	---	---	7,727
(Obligations)	---	---	(7,727)
Hurricane supplemental	---	---	---
(Obligations)	(38,000)	---	---
Coal industry retiree health benefits ¹	---	---	---
(Obligations)	(280)	(700)	(700)
Voluntary Income Tax Withholding	---	\$1,297,614	---
(Obligations)	<u>---</u>	<u>(\$1,297,614)</u>	<u>---</u>
Subtotal, current authority	\$58,470	\$1,318,030	\$28,140
(Obligations)	(\$49,581)	(\$1,318,730)	(\$28,840)

¹ Budget authority from prior years will remain available until expended to reimburse the trust funds for administrative expenses to carry out section 19141 of the Energy Policy Act of 1992.

Budget Authority by Activity
(Dollars in thousands)

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate
<u>Permanent or Indefinite Authority</u> (not subject to annual appropriations)			
Reimbursement for union administrative expenses (Obligations)	\$ 6,475 (\$ 6,475)	\$11,000 (\$11,000)	\$11,000 (\$11,000)
Taxation of benefits, U.S. (Obligations)	16,201,687 (16,201,687)	17,875,000 (17,875,000)	19,761,000 (19,761,000)
Taxation of benefits, nonresident aliens (Obligations)	149,000 (149,000)	156,000 (156,000)	164,000 (164,000)
FICA tax credits (Obligations)	--- (---)	--- (---)	--- (---)
SECA tax credits (Obligations)	225 (225)	--- (---)	--- (---)
Subtotal, permanent authority (Obligations)	\$16,357,387 (\$16,357,387)	\$18,042,000 (\$18,042,000)	\$19,936,000 (\$19,936,000)
Total, budget authority (Obligations)	\$16,415,857 (\$16,406,968)	\$19,360,030 (\$19,360,730)	\$19,964,140 (\$19,964,840)

Payments to Social Security Trust Funds

Budget Authority by Object

	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Insurance claims and indemnities	\$19,342,630,000	\$19,946,740,000	+\$604,110,000
Other services	<u>\$17,400,000</u>	<u>\$17,400,000</u>	<u>---</u>
Total, budget authority by object	\$19,360,030,000	\$19,964,140,000	+\$604,110,000

Payments to Social Security Trust Funds

Authorizing Legislation
(Dollars in thousands)

	FY 2007 Amount Authorized	FY 2007 Current Estimate	FY 2008 Amount Authorized	FY 2008 Estimate
1. Special payments for certain uninsured persons (Prouty): Social Security Act (S.S. Act), section 228(g)	Indefinite	\$16	Indefinite	\$13
2. Pension reform: S.S. Act, section 1131(b)(2)	Indefinite	\$6,400	Indefinite	\$6,400
3. Unnegotiated checks: S.S. Act, section 201(m); Social Security Amendments of 1983, section 152	Indefinite	\$14,000	Indefinite	\$14,000
4. Coal industry retiree health benefits: Internal Revenue Code of 1986, sections 9704 and 9706; Energy Policy Act of 1992, section 19141	Indefinite	---	Indefinite	---
5. Quinquennial adjustment for military service wage credits: S.S. Act, section 217(g)	Indefinite	---	Indefinite	\$7,727
6. Voluntary Income Tax Withholding refund: The Social Security Restoration Act of 2006, Public Law 109-20	Indefinite	<u>\$1,297,614</u>	Indefinite	---
Subtotal, annual appropriation		\$1,318,030		\$28,140
7. Reimbursement for union administrative expenses: FY 2006 Social Security Appropriations Act (and anticipated for FY 2007 and FY 2008) ¹	Indefinite	\$11,000	Indefinite	\$11,000
8. Taxation of benefits, U.S.: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$17,875,000	Permanent Indefinite	\$19,761,000
9. Taxation of benefits, nonresident aliens: Social Security Amendments of 1983, section 121	Permanent Indefinite	<u>\$156,000</u>	Permanent Indefinite	<u>\$164,000</u>
Total, appropriation		\$19,360,030		\$19,964,140

¹ The FY 2007 appropriation has not yet been enacted; therefore, SSA is operating under a continuing resolution.

Payments to Social Security Trust Funds

Appropriation History Table
(Annual Appropriation)

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1999	\$19,689,000	\$19,689,000	\$19,689,000	\$19,689,000
2000	\$20,764,000	\$20,764,000	\$20,764,000	\$20,764,000
2001	\$20,400,000	\$20,400,000	\$20,400,000	\$20,400,000
2002	\$434,400,000 ¹	\$434,400,000	\$434,400,000	\$434,400,000
2003	\$20,400,000	\$20,400,000	\$20,400,000	\$20,400,000
2004	\$21,658,000	\$21,658,000	\$21,658,000	\$21,658,000
2005	\$20,454,000	\$20,454,000	\$20,454,000	\$20,454,000
2006	\$20,470,000	\$20,470,000	\$20,470,000	\$20,470,000
2006	\$38,000,000 ²	\$38,000,000	\$38,000,000	\$38,000,000
2007	\$27,756,000 ³			
2007	\$1,297,614,000 ⁴			
2008	\$28,140,000 ⁵			

¹ Includes \$414,000,000 for the quinquennial adjustment to the Federal Old-Age and Survivors Insurance Trust Fund for the costs of granting noncontributory credit for military service.

² FY 2006 Supplemental Appropriation providing for hurricane relief.

³ Includes \$7,340,000 for the quinquennial adjustment to the Federal Disability Insurance Trust Fund for the costs of granting noncontributory credit for military service. This has not yet been appropriated for FY 2007.

⁴ Appropriation provided by the Social Security Trust Funds Restoration Act of 2006, P.L. 109-465 to repay the Social Security trust funds for an overpayment to the Internal Revenue Service for Voluntary Income Tax Withholding.

⁵ Includes \$7,727,000 for the quinquennial adjustment to the Federal Disability Insurance Trust Fund for the costs of granting noncontributory credit for military service, if this is not appropriated in FY 2007.

Payments to Social Security Trust Funds

Justification

	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Appropriation request (Obligations)	\$1,318,030,000 (\$1,318,730,000)	\$28,140,000 (\$28,840,000)	-\$1,289,890,000 (-\$1,289,890,000)

GENERAL STATEMENT

This account includes several Federal fund payments to the Social Security trust funds for a variety of distinct purposes. Amounts appropriated to this account as permanent indefinite authority that are not addressed in this justification include receipts from Federal income taxation of Social Security benefits and reimbursement for union administrative expenses.¹ In addition, there are two one-time payments appropriated to this account. One of these payments was in FY 2006 for hurricane relief (\$38,000,000), and the other was an appropriation to refund the trust funds, in FY 2007, for an overpayment to the Internal Revenue Service for Voluntary Income Tax Withholding from Social Security benefits. Three of the payments included in this appropriation request are authorized to be appropriated annually and one is authorized to be appropriated each fifth year if it is determined to be necessary. The purpose of each requested payment is to put the trust funds in the same financial position they would have been in had they not borne the cost of certain benefits or administrative expenses which are chargeable to Federal funds. These four payments are for special payments for certain uninsured persons, pension reform, interest on unnegotiated checks, and pre-1957 military service wage credits (quinquennial adjustment).

¹ A brief description of the payments included in this account as permanent indefinite appropriations follows:

The Social Security Amendments of 1983 provide for taxation of up to one-half of Social Security benefits in excess of certain income thresholds. The Omnibus Reconciliation Act of 1993, P.L. 103-66, amended this provision so that up to 85 percent of benefits could be subject to taxation. The additional amounts collected from the 1993 taxation provision are paid to the Hospital Insurance Trust Fund; no additional income is due the Social Security trust funds as a result of the enactment of the 1993 law.

The taxes are collected as Federal income taxes; then an equivalent payment to the Social Security trust funds is made from the general funds of the Treasury. Transfers of estimated aggregate tax liabilities arising from Social Security benefits of U.S. citizens are made quarterly and then adjusted as actual receipts are known. The estimated income from these taxes is \$17,875 million in FY 2007 and \$19,761 million in FY 2008 from U.S. citizens; taxes imposed on aliens are transferred monthly and will generate estimated income of \$156 million in FY 2007, and \$164 million in FY 2008. The estimates for taxation of benefits reflect normal growth related to benefit levels. Current estimates for FY 2006 reflect adjustments for prior years.

The Social Security Amendments of 1983 also provided for the granting of Federal Insurance Contribution Act (FICA) and Self-Employment Insurance Contribution Act (SECA) tax credits to individuals. The tax credits are granted at the time the individual is taxed and are funded by the general funds of the Treasury. The FICA tax credit applied only to wages earned in calendar year 1984. The SECA tax credit applied from calendar year 1984 through calendar year 1989.

The appropriation for the Social Security Administration's Limitation on Administrative Expenses account includes language reimbursing the trust funds from general funds of the Treasury, with interest, for certain administrative expenses incurred in support of union activities.

Payments to Social Security Trust Funds

SPECIAL PAYMENTS FOR CERTAIN UNINSURED PERSONS

Authorizing Legislation: Section 228(g) of the Social Security Act.

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Budget Authority	\$70,000	\$16,000	\$13,000	-\$3,000

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors Insurance (OASI) Trust Fund for the costs of special payments made to certain persons who were not insured for regular Social Security benefits. Section 228(g) of the Social Security Act, as amended, authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund (with interest) for special monthly benefits paid during the second preceding fiscal year to persons with fewer than three quarters of coverage.

Benefits were authorized in a 1966 amendment to the Social Security Act (the Prouty amendment) providing for special payments to persons aged 72 and over who were too elderly to have worked long enough after passage of the Act to be insured for Social Security benefits. To be eligible under the Prouty amendment, an individual must have attained age 72 before 1968, or meet certain minimal insured status requirements if he or she attained age 72 in 1968 or later. In 2006, the maximum benefit amount was \$247.40. For individuals receiving a government pension, payments under a federally-aided public assistance program, or payments under the Supplemental Security Income program, Prouty benefits are reduced or withheld, as required by law. The number of persons receiving benefits under the Prouty amendment has been decreasing gradually as the size of the aged population meeting the eligibility requirements decreases. As of September 30, 2006, there were 2 persons receiving benefits under this program, as compared to 3 on September 30, 2005.

Special payments made to persons with three or more quarters of coverage were funded from the trust funds and not reimbursed from general revenues. All Prouty benefits paid in FY 2006 were based on fewer than three quarters of coverage. The amounts appropriated in a fiscal year represent reimbursements for the second year prior to the appropriation, as well as necessary adjustments for prior years.

Funding levels for the past 5 years were as follows:

Fiscal Year	Obligations
2002	\$0
2003	\$0
2004	\$1,258,000
2005	\$54,000
2006	\$70,000
2007 (estimate)	\$16,000

Rationale for the Budget Request

The FY 2008 President's budget request is for payment of \$13,000 to the OASI Trust Fund for program costs incurred for FY 2006. Program costs include benefit payments actually made, related administrative expenses for maintaining the beneficiary rolls, and interest lost to the trust fund.

The FY 2007 President's budget request was for payment to the OASI Trust Fund for program costs incurred for FY 2006.

Payments to Social Security Trust Funds

PENSION REFORM

Authorizing Legislation: Section 1131(b)(2) of the Social Security Act.

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Budget Authority	\$6,400,000	\$6,400,000	\$6,400,000	---

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors Insurance (OASI) Trust Fund for the cost of certain pension reform activities chargeable to Federal funds.

The Employee Retirement Income Security Act of 1974, P.L. 93-406 (Pension Reform Act, also known as ERISA), established section 1131 of the Social Security Act. This section requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors), either upon request or automatically upon application for retirement, survivors, or disability insurance benefits. The Social Security Administration (SSA) receives the necessary information from the Internal Revenue Service each time an employee leaves employment which earned the worker vested rights to a pension. SSA controls, microfilms and keys data into the Lifeworks system, which further verifies identifying information against the NUMIDENT (SSN record) database and the data is entered on an Employee Master File (EMF). Each month, an activity file of new benefit applications is compared to the EMF. Any individual in this activity file that shows a corresponding record for the worker in the EMF is sent the required ERISA notice of pension plan eligibility, which includes the information they need to contact the pension plan administrator. SSA staff also resolves exceptions and responds to inquiries from employers and the public.

Section 1131(b)(1) permits the administrative expenses of carrying out this pension reform work to be funded initially from the OASI Trust Fund through SSA's Limitation on Administrative Expenses. Section 1131(b)(2) authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund. To the extent that resources needed to process this workload exceed the budget authority available for reimbursement in the current year, reimbursement is made to the OASI Trust Fund at the beginning of the subsequent year, including interest as appropriate. SSA began to incur pension reform administrative expenses in FY 1977.

Funding levels for the past 5 years were as follows:

Fiscal Year	Obligations
2002	\$953,000
2003	\$455,000
2004	\$6,400,000
2005	\$4,291,000
2006	\$1,942,000
2007 (estimate)	\$6,400,000

Rationale for the Budget Request

The FY 2008 budget requests \$6,400,000 to reimburse the OASI Trust Fund for the cost of carrying out SSA's responsibilities under the Pension Reform Act. This includes adjustments for interest, if necessary, for FY 2007 pension reform costs in excess of the FY 2007 pension reform activity in this appropriation. The FY 2008 request is the same as in the FY 2007 budget. SSA has continued to receive a large volume of pension coverage reports from the IRS. The table below summarizes the recent trend:

Fiscal Year	Pension Coverage Report Receipts
1999	4,094,000
2000	3,763,000
2001	2,016,000
2002	3,003,000
2003	1,570,000
2004	5,621,371
2005	5,363,409
2006	6,003,014

Payments to Social Security Trust Funds

UNNEGOTIATED CHECKS

Authorizing Legislation: Section 201(m) of the Social Security Act and Section 152 of P.L. 98-21.

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Budget Authority	\$14,000,000	\$14,000,000	\$14,000,000	---

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds for the value of interest on benefit checks that remain uncashed after 6 months.

This activity was originally established to reimburse the trust funds for uncashed benefit checks and accrued interest. Beginning October 1, 1989, Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue under the provisions of the Competitive Equality Banking Act (CEBA) of 1987 (P.L. 100-86). In the 14th month after issue, the Department of the Treasury prepares a listing of checks outstanding from each agency, cancels those checks, and refunds the value of checks canceled to the authorizing agencies. Under this "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989 are credited directly to the trust funds from Treasury's general fund when the checks are canceled, pursuant to P.L. 100-86. These funds do not pass through the Payments to Social Security Trust Funds account. However, the interest adjustment must be paid through this account because CEBA made no provision for it. This appropriation funds the estimated ongoing level of activity and represents the value of interest for unnegotiated OASDI benefit checks.

Funding levels for the past 5 years were as follows:

Fiscal Year	Obligations
2002	\$10,713,886
2003	\$9,643,404
2004	\$7,545,490
2005	\$8,662,115
2006	\$9,289,828
2007 (estimate)	\$14,000,000

Rationale for the Budget Request

The FY 2008 request is for \$14,000,000 to reimburse the OASDI Trust Funds for the value of interest on unnegotiated checks.

	FY 2008 Estimate
OASI Trust Fund	\$11,000,000
DI Trust Fund	<u>\$3,000,000</u>
Total	\$14,000,000

The FY 2008 request is the same as the FY 2007 estimate. The actual interest reflects the ongoing shift of beneficiaries away from the paper check method of benefit payment to direct deposit. Benefits paid via direct deposit bypass the mechanism in which there is the possibility of an uncashed check. However, the growth in direct deposit participation is somewhat offset by increases in the number of beneficiaries and in the average monthly benefit payments. The following table summarizes the recent trend in the percentage of OASDI beneficiaries enrolled in the direct deposit payment program.

Date	Direct Deposit Participation Rate
December 2002	81%
December 2003	82%
December 2004	82%
December 2005	83%
December 2006	84%

Payments to Social Security Trust Funds

COAL INDUSTRY RETIREE HEALTH BENEFITS

Authorizing Legislation: Sections 9704 and 9706 of the Internal Revenue Code of 1986 as amended by section 19141 of the Energy Policy Act of 1992.

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Budget Authority (Obligations)	---	---	---	---
	(\$280,283)	(\$700,000)	(\$700,000)	(---)

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors and Federal Disability Insurance Trust Funds for work carried out under section 19141 of the Energy Policy Act of 1992 (Public Law 102-486), which established the Coal Industry Retiree Health Benefit Act of 1992 (CIRHBA). CIRHBA combined two existing United Mine Workers of America pension plans into a single fund and required that certain existing coal mine operators pay health benefit premiums for the new combined plan. The law directed the Commissioner of Social Security to:

- ◆ search the earnings records of the group of retired coal miners covered by the combined plan;
- ◆ determine which retirees should be assigned to which mine operators;
- ◆ notify the involved mine operators of the names and Social Security numbers of eligible beneficiaries who have been assigned to them;
- ◆ process appeals from operators who believe that assignments have been made incorrectly; and
- ◆ compute the premiums based on a formula established in the Act.

Progress to Date

The Social Security Administration (SSA) has made initial decisions on all of the retired miners covered under these provisions of the 1992 CIRHBA (the Coal Act) and continues to provide requested earnings records and review the appeals made by the assigned coal operators. In addition, SSA is also in the process of analyzing new legislation which significantly impacts and restructures the Coal Act. On December 20, 2006, the President signed the Tax Relief and Health Care Act of 2006 (P.L. 109-432). Subtitle B of this bill, entitled the "Coal Industry Retirement Health Benefit Act", contains numerous provisions affecting how SSA makes assignments of retired miners to coal companies. One provision specifically directs the

Commissioner to “revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on or after October 1, 2007.” SSA needs to review the legislation, obtain legal advice on required actions, and determine how P.L. 109-432 will affect existing policies and procedures, as well as to determine the resources required to implement this legislative change.

While SSA is in the process of assessing this new legislation, it remains actively involved in three Coal Act cases that are pending final adjudication in the Federal Courts. The three cases are as follows:

- ◆ In A.T. Massey, et al., v. Barnhart (A.T. Massey), 119 plaintiffs have challenged the higher premium calculation method SSA used to determine the annual per-beneficiary premium that assigned operators (residing outside the Eleventh Circuit) must pay under the provisions of the Coal Act. This complaint concerns SSA’s 2003 decision to calculate and issue two premium amounts (one higher than the other) pursuant to the November 8, 2002 ruling in Michael H. Holland, et al., v. Apfel and National Mining Association (Holland). The Holland ruling stated that the higher premium calculation method that SSA initially computed in 1993 is correct and pertains to all assigned operators except those that were plaintiffs in National Coal Association, et al., v. Shalala (NCA). Thus, the A.T. Massey plaintiffs brought suit against SSA because they want the ruling in NCA (e.g., the lower premium amount) to be applied to them.

On December 21, 2006, the United States Court of Appeals for the Fourth Circuit decided this case in favor of the plaintiffs and upheld the calculation that resulted in the lower premium for all parties. SSA is in the process of determining whether it will seek further court review of this decision. Regardless of the outcome, this case will have very little impact on SSA because the billing for (and collection of) Coal Act premiums is the responsibility of the Combined Benefit Fund (a private-sector entity).

- ◆ Peabody Coal Company, LLC, and Eastern Associated Coal Corporation v. Barnhart is pending in the United States District Court for the District of Delaware. The plaintiffs in Peabody allege that, “to justify her unlawful assignments to Plaintiffs, the Commissioner adopted the fiction that Eastern and all other super-reachback operators to whom she had assigned beneficiaries were out of business.” On March 14, 2006, the Commissioner filed a motion to dismiss this case; the court has not yet issued a decision.
- ◆ United States Steel Corporation and U.S. Steel Mining Company v. Barnhart is pending in the United States Court of Appeals for the Eleventh Circuit. While this case involved specific challenges to individual miner assignments, the dominant issue pertains to SSA’s interpretation of the Supreme Court’s 1998 decision in Eastern Enterprises v. Apfel (Eastern). The specific issue is whether the Supreme Court’s decision invalidated all (or only part of) the Coal Act at § 9706(a). SSA’s position is that the Supreme Court’s decision only invalidated one portion of § 9706(a)(3), and that after the invalidated portion is excised, what remains “continue[s] to function.” Thus, Eastern-type operators cannot be assigned any beneficiaries, or be *considered* when determining the appropriate Coal Act assignee. However, plaintiffs argue that although a beneficiary cannot be *assigned* to an Eastern-type operator, SSA must still *consider* the miner’s employment by the Eastern-type operators as part of the assignment process. Therefore, they claim that they are not responsible for the miners who were assigned to

them following their withdrawal from their Eastern-type operators. To date, all of the final court decisions that have addressed this issue have ruled in favor of SSA.

This account provides general fund reimbursement to the trust funds to the extent that the Limitation on Administrative Expenses account advances funds for SSA to carry out this work. Additional funds are not requested for FY 2008 because the \$10,000,000 per year appropriated in FY 1996 and in FY 1997 remains available until expended to reimburse the trust funds. However, SSA needs to fully assess the provisions in the Tax Relief Health Care Act of 2006 which affect the Coal Act, since this may have an impact on the need for additional funding.

Payments to Social Security Trust Funds

MILITARY SERVICE WAGE CREDITS

Authorizing Legislation: Section 217(g) of the Social Security Act.

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Budget Authority	---	---	\$7,727,000	+\$7,727,000

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) trust funds, as necessary, for the costs of granting noncontributory wage credits for military service. Section 217(g) addresses pre-1957 military service, and this appropriation request will reimburse the DI trust fund for wage credits granted for pre-1957 military service.

Pre-1957 Military Service: The 1946 Social Security Amendments provided for payment of Social Security benefits to World War II veterans and their survivors based upon noncontributory wage credits of \$160 for each month of the veteran's active military service. Subsequent amendments extended the period for which these credits were granted through December 1956. For that period, the Social Security Act did not require contributions to the trust funds based on the wages of individuals in the military service.

To finance the additional costs incurred in paying benefits, which are based on periods of military service before 1957 for which no contributions were made, the Social Security Act provides for reimbursement to the OASI and the DI trust funds from the general fund of the Treasury. Section 217(g), revised by the Social Security Amendments of 1965, established a 50-year period for reimbursement. The Secretary of Health and Human Services (now the Commissioner of Social Security) was instructed to determine by September 1965 (and each fifth September afterwards, ending September 2010) the amount of reimbursement in equal installments necessary to place the trust funds in the same position on September 30, 2015 that they would have been in, if noncontributory military service credits had not been provided. After September 30, 2015, annual appropriations for current costs were authorized.

The Social Security Amendments of 1983 modified section 217(g) to reimburse the trust funds in a lump sum for the present value of all future benefits arising from the gratuitous credits granted for military service before 1957. This provision directed the Secretary of the Treasury to transfer the pre-1957 wage credit lump sum to the trust funds within 30 days after enactment of the legislation. This lump sum settlement, which covered periods through September 30, 2015, is subject to adjustment every fifth year beginning in 1985. The annual appropriations originally authorized for FY 2016 and beyond were eliminated by the 1983 amendments. The Commissioner of Social Security will determine these adjustments on the basis of benefits and administrative costs actually paid under section 217(g) and relevant actuarial assumptions in the Social Security Trustees Report. Under the 1983 amendments, the only costs of pre-1957

military service credits to this appropriation will be any additional payments due as a result of these adjustment determinations. Following the initial transfers from the general fund to the trust funds in 1983 and 1985, the quinquennial adjustments transferred funds from SSA's trust funds to the general fund of the Treasury each time, until the 2000 determination was prepared. In that year, it was determined that the general fund owed a payment to the OASI trust fund. The FY 2002 appropriation for this transfer, including interest, was \$414,000,000. Appropriations are not needed to effectuate quinquennial transfers from the trust funds to the general fund.

Rationale for the Budget Request

The Office of the Chief Actuary's most recent analysis for the quinquennial adjustment determined that \$350,000,000 should be transferred from the OASI trust fund to the general fund. This transfer was made on December 30, 2005. The actuaries also determined that \$7,727,000 should be transferred to the DI trust fund from the general fund in FY 2008, as authorized under section 217(g) for pre-1957 military service credits. SSA's appropriation request will enable SSA to implement this quinquennial adjustment. This transfer was requested for the FY 2007 appropriation. Since the FY 2007 appropriation has not yet been passed, SSA is requesting the transfer in the FY 2008 appropriation.

Payments to Social Security Trust Funds

VOLUNTARY INCOME TAX WITHHOLDING

Authorizing Legislation: The Social Security Restoration Act of 2006 (P.L. 109-465).

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Budget Authority	---	\$1,297,614,000	---	-\$1,297,614,000

Purpose and Method of Operation

On December 22, 2006, the President signed P.L. 109-465, resulting in a payment of nearly \$1.3 billion to the Federal Old-Age and Survivors Insurance and Disability Insurance trust funds. The purpose of this payment was to reimburse the trust funds for the amount of funds needed to restore them from the consequences of a bookkeeping error. That error resulted in the overpayment of amounts transferred from each trust fund to the Internal Revenue Service (IRS) from 1999 through 2005 as transfers of anticipated taxes on Social Security benefit payments under the voluntary withholding program authorized by section 3402(p) of the Internal Revenue Code of 1986. This bookkeeping error did not affect the amounts of taxes that SSA withheld from payments made to Social Security beneficiaries.

This law appropriated an amount to be determined by the Secretary of the Treasury, in consultation with the Commissioner of Social Security, equal to the difference between:

- ◆ the total amount that the Social Security trust funds have lost (including interest that would have been earned, calculated at the statutory Social Security investment rate); and
- ◆ the total amount that the IRS has already refunded to SSA under existing Internal Revenue Code authority via an FY 2006 transfer of funds from Treasury directly into the trust funds (including interest that the IRS paid, calculated at the statutory IRS interest rate).

The reimbursement was paid to the trust funds on December 29, 2006.

SOCIAL SECURITY ADMINISTRATION

Supplemental Security Income

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SOCIAL SECURITY ADMINISTRATION
Supplemental Security Income Program

For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$26,911,000,000, to remain available until expended: Provided, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury.

For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2009, \$14,800,000,000, to remain available until expended.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Supplemental Security Income Program

Language Analysis

Language Provision	Explanation
<p><i>"Provided, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury."</i></p>	<p>Ensures that States do not carry unobligated balances of Federal funds into the subsequent fiscal year (FY). Applies primarily to the beneficiary services activity.</p>
<p><i>"For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary."</i></p>	<p>Provides an indefinite appropriation to finance any shortfall in the definite appropriation for program costs during the last months of the FY.</p>
<p><i>"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2009, \$14,800,000,000, to remain available until expended."</i></p>	<p>Appropriates funds for benefit payments in the first quarter of the subsequent FY. Ensures that beneficiaries will continue to receive benefits during the first quarter of FY 2009 in the event of a temporary funding hiatus.</p>

Supplemental Security Income Program

Amounts Available for Obligation¹

Appropriation	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate
Annual (definite)	\$40,299,174,000	\$40,107,000,000	\$43,721,000,000
Regular appropriation	(\$29,369,174,000)	(\$28,997,000,000)	(\$26,911,000,000)
First quarter advance appropriation	<u>(\$10,930,000,000)</u>	<u>(\$11,110,000,000)</u>	<u>(\$16,810,000,000)</u>
Subtotal, appropriation	\$40,299,174,000	\$40,107,000,000	\$43,721,000,000
Unobligated balance, start-of-year ²	+\$1,230,614,455	+\$1,233,251,161	+\$1,480,143,249
Recovery of prior-year obligations	+\$286,518,008	---	---
Cash Recoveries ³	+\$11,888,856	---	---
Transfer from LAE ⁴	---	+\$1,989,088	---
Unobligated balance, end-of-year	<u>-\$1,233,251,161</u>	<u>-\$1,480,143,249</u>	<u>-\$390,564,519</u>
Total, obligations	\$40,594,944,158	\$39,862,097,000	\$44,810,578,730

¹ Excludes the following amounts collected for reimbursable State supplementation payments administered by SSA: FY 2006 (\$4,144,053,908); FY 2007 (\$4,430,000,000); FY 2008 (\$4,572,000,000). Also excludes the associated user fees in excess of \$5.00 per supplementary payment charged States for administering the program that are made available in the Limitation on Administrative Expenses account, as follows: FY 2006 (up to \$119,000,000); FY 2007 (up to \$119,000,000); FY 2008 (up to \$135,000,000).

² The FY 2006 unobligated balance, start of year, includes an adjustment from unobligated balances reported last year. The transfer of \$1,989,088 for Qualified Medicare Beneficiaries (QMB) work from the Limitation on Administrative Expenses (LAE) account to SSI was originally planned for FY 2005 and is now scheduled for FY 2007.

³ Cash recoveries reflect recoveries of previously obligated and outlaid funds.

⁴ The transfer of \$1,989,088 from the LAE account to SSI for QMB work was originally planned for FY 2005 and is now scheduled for FY 2007.

Supplemental Security Income Program

Summary of Changes

FY 2007 Current Rate (Obligations)	\$40,107,000,000 (\$39,862,097,000)
FY 2008 Request ¹ (Obligations)	\$43,721,000,000 (\$44,810,578,730)
Net Change (Obligations)	<u>+\$3,614,000,000</u> (+\$4,948,481,730)

	<u>FY 2007 Base Budget Authority</u>	<u>Change from Base Budget Authority</u>
<u>Increases</u>		
<u>Built-in:</u>		
A. Federal benefit payments	\$37,204,000,000	+\$5,074,000,000
1. Annualized effect of automatic cost-of-living increase of 3.3 percent in January 2007 and effect of 1.4 percent increase in January 2008		(+\$975,000,000)
2. Net annualized effect of more awards than terminations in FY 2007 and FY 2008		(+\$1,254,000,000)
3. Increase due to adjustment for October 1, 2006 payment made in FY 2006 resulting in only 11 checks being paid in FY 2007		(+\$2,845,000,000)
B. Increase in new authority for the PTF activity to reimburse the Social Security trust funds for the estimated SSI share of SSA's administrative costs funded through the Limitation on Administrative Expenses	\$2,876,000,000	+\$107,000,000
C. Increase in new authority for beneficiary services due to use of carryover to meet beneficiary services obligations in FY 2007.	\$0	<u>+\$36,000,000</u>
Total Increases		\$5,217,000,000

¹ In addition to the FY 2008 appropriation request, SSA plans to use \$1,089,578,730 in carryover of prior year unobligated balances to meet FY 2008 obligations.

Summary of Changes

	<u>FY 2007 Base Budget Authority</u>	<u>Change from Base Budget Authority</u>
<u>Decreases</u>		
<u>Built-in:</u>		
A. Federal benefit payments	\$37,204,000,000	-\$1,603,000,000
1. Net reduction in Federal benefit payments due to Social Security cost-of-living increases that are counted as income for concurrent recipients (affects about 35 percent of the SSI rolls)		(-\$240,000,000)
2. Decrease due to use of carryover to meet benefit payment obligations in FY 2008		(-\$1,001,234,983)
3. Decrease due to revised estimate of FY 2007 Federal benefit payments		(-\$361,765,017)
Total Decreases		<u>-\$1,603,000,000</u>
Net Change		+\$3,614,000,000

Supplemental Security Income Program

Budget Authority by Activity ¹
(Dollars in thousands)

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 ² Estimate
Federal benefit payments (Obligations) (Number of check payments)	\$37,487,174 (\$37,510,765) (12)	\$37,204,000 (\$36,842,000) (11)	\$40,675,000 (\$41,676,235) (12)
Beneficiary services (Obligations)	52,000 (41,992)	0 (90,000)	36,000 (106,434)
Payment to the trust funds, research and demonstration projects, and outreach:			
A. Payment to the trust funds (Obligations) ³	2,733,000 (3,000,868)	2,876,000 (2,876,000)	2,983,000 (2,983,000)
B. Research and demonstration projects and outreach (Obligations)	27,000 <u>(41,319)</u>	27,000 <u>(54,097)</u>	27,000 <u>(44,910)</u>
Total, budget authority (Obligations)	\$40,299,174 (\$40,594,944)	\$40,107,000 (\$39,862,097)	\$43,721,000 (\$44,810,579)

¹ Excludes the following amounts collected for reimbursable State supplementation payments administered by SSA: FY 2006 (\$4,144,053,908); FY 2007 (\$4,430,000,000); FY 2008 (\$4,572,000,000). Also excludes the associated user fees in excess of \$5.00 per supplementary payment charged States for administering the program that are made available in the Limitation on Administrative Expenses account, as follows: FY 2006 (up to \$119,000,000); FY 2007 (up to \$119,000,000); FY 2008 (up to \$135,000,000).

² In addition to the FY 2008 request, SSA plans to use carryover of prior year unobligated balances to meet FY 2008 obligations as follows: Federal Benefit Payments (\$1,001,234,983); Beneficiary Services (\$70,433,556); and Research and Demonstrations Projects (\$17,910,191).

³ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$3,004,000.

Supplemental Security Income Program

Budget Authority by Object

	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Other services (Obligations)	\$2,876,000,000 (\$2,966,000,000)	\$3,019,000,000 (\$3,089,433,556)	+\$143,000,000 (+\$123,433,556)
Federal benefits and research (Obligations)	\$37,231,000,000 <u>(\$36,896,097,000)</u>	\$40,702,000,000 <u>(\$41,721,145,174)</u>	+\$3,471,000,000 <u>(+\$4,825,048,174)</u>
Total, budget authority (Obligations)	\$40,107,000,000 (\$39,862,097,000)	\$43,721,000,000 (\$44,810,578,730)	+\$3,614,000,000 (+\$4,948,481,730)

Supplemental Security Income Program

Authorizing Legislation

	FY 2007 Amount Authorized	FY 2007 Current Estimate	FY 2008 Amount Authorized	FY 2008 Estimate
Title XVI of the Social Security Act, section 401 of P.L. 92-603, and section 212 of P.L. 93-66, as amended, and section 405 of P.L. 92-216	Indefinite	\$40,107,000,000	Indefinite	\$43,721,000,000
First quarter advance appropriation for subsequent year	---	(\$16,810,000,000)	---	(\$14,800,000,000)

Supplemental Security Income Program
Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1999 Indefinite	\$30,352,000,000 \$243,000,000	\$30,352,000,000	\$30,445,000,000	\$30,409,000,000
2000 Indefinite	\$31,313,000,000 \$367,000,000	\$31,224,000,000	\$31,303,085,000	\$31,253,085,000
2001	\$33,153,000,000	\$32,926,000,000	\$33,153,000,000	\$33,143,000,000
2002	\$31,940,412,000	\$31,940,412,000	\$31,947,412,000	\$31,947,412,000
2003 ¹ Indefinite	\$34,824,618,000 \$578,881,680	\$34,696,392,000	\$34,704,392,000	\$34,704,392,000
2004	\$37,362,000,000	\$37,301,300,000	\$37,370,000,000	\$37,317,800,000
2005	\$41,198,929,000	\$41,168,829,000	\$37,917,949,000	\$41,176,829,000
2006	\$40,463,174,000	\$40,463,174,000	\$40,276,574,000	\$40,299,174,000
2007 ²	\$40,235,000,000			
2008	\$43,721,000,000			
2009 ³	\$14,800,000,000			

¹ The budget estimate to Congress reflects the Administration's proposal to charge the full cost of accruing retirement benefits and annuitant health benefits to agency accounts (+\$128,226,000). The House allowance reflects Committee action never acted upon by the full House.

² The FY 2007 estimate to Congress reflected \$254,000,000 in estimated savings from provisions in the Deficit Reduction Act of 2005.

³ Advance appropriation for the first quarter of FY 2009.

Supplemental Security Income Program

Justification

	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Budget authority (Obligations)	\$40,107,000,000 (\$39,862,097,000)	\$43,721,000,000 (\$44,810,578,730)	+\$3,614,000,000 (+\$4,948,481,730)
First quarter advance appropriation for subsequent year	(\$16,810,000,000)	(\$14,800,000,000)	(-\$2,010,000,000)

GENERAL STATEMENT

Title XVI of the Social Security Act establishes a Supplemental Security Income (SSI) program of monthly cash benefits payable to the needy aged, blind, and disabled as a federally-guaranteed minimum income. The program is federally-administered and financed from general funds. States are encouraged to supplement the Federal benefit and may elect to have their supplementation payments administered by the Federal government. Supplementation is mandatory for certain recipients who were on State rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, State supplementation is optional.

The President's budget request for FY 2008 is \$43,721,000,000, including \$16,810,000,000 appropriated in advance. The request also includes an advance appropriation of \$14,800,000,000 for the first quarter of FY 2009.

Highlights of the FY 2008 Budget Request

- ◆ In FY 2006, the average number of Federal recipients increased to nearly 6.9 million. The budget projects the average number of recipients will increase to more than 7.0 million in FY 2007 and more than 7.2 million in FY 2008.
- ◆ The maximum Federal monthly benefit amount is estimated to increase in FY 2008 to \$632 for an individual and \$947 for a couple, compared to the FY 2007 standard of \$623 for an individual and \$934 for a couple. SSI benefits are adjusted for changes in the cost-of-living in the same manner as Social Security benefits. A cost-of-living adjustment (COLA) of 3.3 percent was reflected in payments beginning in January 2007, and the appropriation request includes a COLA of 1.4 percent effective in January 2008.

The amount actually paid to a recipient can vary from the benefit standard based on other income received (e.g., earnings and Social Security benefits) and the living arrangements of the recipient (e.g., residence in one's own home, the household of another person, or in a nursing home which meets Medicaid standards).

Net average monthly payments per recipient, including adjustments for cash collections and returned checks, are estimated as follows:

	FY 2007	FY 2008
Aged	\$324.00	\$332.00
Blind and Disabled	\$486.00	\$498.00
All SSI Recipients	\$460.00	\$473.00

- ◆ The FY 2008 President's budget request for an advance appropriation of \$14,800,000 for the first quarter of FY 2009 is to ensure that SSI recipients continue to receive timely payments at the start of FY 2009 in the event of a temporary funding hiatus. The request includes funds to cover four months of benefit payments because the payment for January 1, 2009, a holiday, will be made in December 2008. The amount requested is approximately 34 percent of Federal benefit payments estimated for FY 2009.

The Social Security Administration's (SSA) continuing activities to improve payment accuracy and management of the SSI program are reported below.

Payment Accuracy

Consistent with the President's initiative to reduce improper payments, SSA developed the SSI Corrective Action Plan in June 2002 to further improve management of the SSI program. The Plan includes initiatives to help prevent overpayment error caused by unreported wages and assets and to simplify administration of the SSI program. The Government Accountability Office removed the SSI program from its high-risk list in January 2003.

As of FY 2005, SSA is participating in the Eliminating Improper Payments program initiative of the President's Management Agenda (PMA). SSA considers it a matter of great importance to continue to improve administration of the SSI program. SSA has also taken steps to prevent overpayments before they occur and is addressing the two largest (in dollar amounts) causes of overpayments: unreported wages and unreported bank accounts.

Pre-Effectuation Reviews

The Deficit Reduction Act of 2005 included a provision requiring SSA to review at least 50 percent of favorable SSI adult blind and disabled determinations made by State agencies. SSA started conducting these pre-effectuation reviews in April 2006. The reviews are done to ensure the accuracy of blind and disable determinations, and are completed before the individuals are awarded benefits. This supports the PMA initiative to reduce improper payments and will improve the accuracy and integrity of the SSI program. Since the Social Security Disability Insurance (DI) program already required pre-effectuation reviews, this makes these two disability programs more consistent.

Continuing Disability Reviews (CDRs) and Redeterminations

A key activity in ensuring the integrity of the SSI and Social Security disability programs is the completion of periodic CDRs, which enable SSA to determine whether recipients continue to be eligible for benefits based on their medical conditions. Redeterminations are

another important tool available to SSA for improving the accuracy of SSI payments. Periodically, SSA reviews recipients' income, resources, and living arrangements to verify their continuing eligibility; and, as a result, hundreds of millions of dollars in payment changes are made.

The President's budget proposes additional funding for FY 2008 to enable SSA to process greater numbers of CDRs and redeterminations. This funding would allow SSA to conduct approximately 80,000 additional SSI CDRs and an additional 500,000 redeterminations. This will result in over a billion dollars in savings to the SSI program over the next 10 years.

Combating Fraud

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2006, SSA's Office of the Inspector General (OIG) received over 36,000 SSI-related allegations via telephone, correspondence, fax, or email. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition, the Fugitive Felon Program enables SSA to suspend SSI payments to fugitives and parole violators, and allows the Agency to provide vital information on their status to law enforcement agencies. Individuals are identified by using an automated data matching process which compares warrant information at the State and Federal levels with the SSI rolls.

SSI Simplification

SSA remains committed to restructuring and simplifying the SSI program. SSA is exploring ways to do this in a fair and equitable manner while remaining budget neutral.

Debt Collection

SSA currently makes use of the following debt collection tools that are authorized by law: benefit offset; cross-program recovery; repayment installment agreements; credit bureau reporting; administrative wage garnishment; and the Treasury offset program. These tools enabled the Agency to collect \$965.5 million in SSI overpayments, including Federally-administered State supplementation overpayments, during FY 2006. Also in FY 2006, SSA recovered an additional \$95.5 million through a process which collects SSI overpayments through an automated offset against SSI underpayments. The Foster Care Independence Act of 1999 extended to the SSI program all of the debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs, including administrative offset (e.g., vendor payments, Federal retirement payments), charging of interest, use of private collection agencies, credit bureau reporting, administrative wage garnishment, and Federal salary offset. SSA implemented administrative offset and credit bureau reporting in February 2002 which have contributed to the collection of over \$273.3 million from their inception in 2002 through FY 2006.

In FY 2005, SSA implemented administrative wage garnishment and during FY 2006, SSA implemented a new debt collection tool: Federal salary offset (FSO). FSO is a collection tool that is used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. In addition, SSA continued its development of new debt

collection tools that will help improve the Agency's collection of SSI overpayments. Those tools include an expanded capability to conduct cross program recovery of SSI debts.

Computer Matching Programs

SSA routinely matches SSI recipient data with Federal, State and local government entities to detect changes in income, resources, or living arrangements that may affect SSI eligibility. In addition, the Foster Care Independence Act of 1999 provides for expansion of access to data from financial institutions.

SSA's computer matching operations include:

- ◆ Prison inmate records to find recipients made ineligible by incarceration;
- ◆ Quarterly matches for wage and unemployment compensation information;
- ◆ Monthly nursing home admission and discharge information;
- ◆ Internal Revenue Service records of non-wage income to detect unreported assets (primarily bank accounts);
- ◆ Department of Defense (DOD) records to detect and verify DOD pension information;
- ◆ Veterans Administration match to offset SSI;
- ◆ Office of Personnel Management match to offset SSI;
- ◆ U.S. Department of Homeland Security (DHS) match for deportation information on aliens outside U.S. for more than 30 continuous days to terminate SSI benefits;
- ◆ DHS match for records of aliens who voluntarily leave the U.S.;
- ◆ Bureau of Public Debt's Savings Bond records; and
- ◆ Railroad Retirement Board match to offset SSI.

Actions taken as a result of such matches include independent verification of assets or income and, if this results in a change in payment amount or eligibility, notification to the recipient of the findings along with appeal and waiver rights.

The FY 2008 President's budget also includes the following under proposed law:

Extend SSI Eligibility to Refugees

The FY 2008 President's budget includes a legislative proposal to extend SSI eligibility to 8 years for refugees, asylees, and other non-citizens in refugee-like immigration statuses. Currently, such individuals who have not become citizens can only receive SSI for 7 years after entry. This policy would continue through FY 2010.

Program Assessment Rating Tool

The SSI program earned a rating of "moderately effective" when it was evaluated in 2004 with the Program Assessment Rating Tool (PART). The Office of Management and Budget (OMB) found that the program is strong overall but recommended continued improvements in SSA's efforts to shorten the time it takes to provide payments to eligible people, make payments in the correct amount, and to provide assistance to enable recipients to return to work. SSA and OMB plan to use PART to reevaluate the SSI program in 2007 for the FY 2009 President's budget.

The Agency's Disability Service Improvement (DSI) process will pay benefits quickly to people who are disabled and make the right decision as early in the process as possible for all claimants. DSI will enhance the Agency's ability to make accurate, consistent, fair and timely decisions. DSI became effective on August 1, 2006 and is being phased in on a region-by-region basis beginning with the Boston Region.

SSA seeks to reduce improper payments in the SSI program by testing various methods of providing the public with quick and easy ways to report earnings changes. The Telephone Wage Reporting Pilot is designed to allow SSI recipients and other persons whose income may affect benefits and eligibility to report wages via the telephone. The phone system allows the SSI recipient to report wages either orally using voice-recognition software or by using the phone keypad. It also produces a receipt to recipients with the reported wage amount. Timely reporting of wage changes will help SSA issue more accurate payments to recipients.

Through the Ticket to Work program, SSA provides disability beneficiaries with a "ticket" that can be used to receive vocational rehabilitation and employment support services to go back to work without losing health benefits. The program provides beneficiaries with disabilities expanded options for accessing employment services, vocational rehabilitation services, and other support services to help them work and reach their employment goals. In September 2005, SSA published a Notice of Proposed Rule Making to strengthen the Ticket to Work program. The changes would improve the overall effectiveness of the program assisting people with disabilities who want to become more economically self-sufficient through employment.

FEDERAL BENEFIT PAYMENTS

Authorizing Legislation: Sections 1602, 1611, and 1617 of the Social Security Act.

	FY 2006 Actual	FY 2007 Current Estimate	Increase or Decrease
Budget authority ¹ (Obligations)	\$37,487,174,000 (\$37,510,765,017)	\$37,204,000,000 (\$36,842,000,000)	-\$283,174,000 (-\$668,765,017)
First quarter advance appropriation for subsequent year	(\$11,110,000,000)	(\$16,810,000,000)	(+\$5,700,000,000)

	FY 2007 Current Estimate	FY 2008 Estimate	Increase Or Decrease
Budget authority ² (Obligations)	\$37,204,000,000 (\$36,842,000,000)	\$40,675,000,000 (\$41,676,234,983)	+\$3,471,000,000 (+\$4,834,234,983)
First quarter advance appropriation for subsequent year	(\$16,810,000,000)	(\$14,800,000,000)	(-\$2,010,000,000)

Purpose and Method of Operation

The SSI program was established to pay needy aged, blind and disabled individuals a minimum level of income through federally-administered monthly cash payments. In many cases, these payments supplement income from other sources, including Social Security benefits. The budget estimate for FY 2008 includes \$41,676,234,983 in obligations for payments to the estimated 7,221,000 recipients of monthly Federal payments. The average number of recipients on the rolls during each of the past four fiscal years (FY 2003 through FY 2006) and the projections for FY 2007 are shown in the following table.

¹ SSA used carryover of prior year unobligated balances to meet FY 2006 Federal benefit payment obligations.

² SSA plans to use carryover of prior year unobligated balances to meet FY 2008 Federal benefit payment obligations.

Average Number of SSI Recipients
(in thousands)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007 Estimate
Aged	1,150	1,133	1,118	1,116	1,113
Blind and disabled	<u>5,403</u>	<u>5,533</u>	<u>5,657</u>	<u>5,762</u>	<u>5,932</u>
Total, Federal	6,553	6,666	6,775	6,878	7,045
<i>Year-to-Year Change</i>	+1.5%	+1.7%	+1.6%	+1.5%	+2.4%
Federally-administered State supplementation	<u>283</u>	<u>288</u>	<u>290</u>	<u>291</u>	<u>300</u>
Total, average number of SSI recipients	6,836	6,954	7,065	7,169	7,345

Funding levels (obligations) for Federal benefit payments the last 5 years have been as follows:

Fiscal Year	Obligations	Number of Check Payments ¹
2002	\$31,409,951,000	12
2003	\$32,488,105,000	12
2004	\$33,803,282,000	12
2005	\$38,271,653,000	13
2006	\$37,510,765,017	12
2007 (Estimate)	\$36,842,000,000	11

Rationale for the Budget Request

The Social Security Administration's (SSA) FY 2008 budget estimate for SSI Federal benefit payments is \$41,676,234,983. SSA is requesting \$40,675,000,000 in new budget authority for this activity in FY 2008 and expects to use carryover of \$1,001,234,983 to meet the remaining Federal benefit payment obligations. Estimates of current benefits are driven by two factors:

- ◆ the number of recipients eligible for monthly payments; and
- ◆ the amount of the monthly payments.

¹ SSI monthly Federal benefit payments are normally made on the first day of the month. However, when the first falls on a weekend or Federal holiday, the payment is made the prior business day. When October 1 falls on a weekend, that payment is made at the end of September and attributed to the prior fiscal year, sometimes resulting in 11 or 13 check payments in a given fiscal year.

A discussion of these factors and several elements which affect them follows.

A. Number of Recipients

The table below reflects the estimated average number of recipients of Federal SSI payments (excluding recipients of Federally-administered State supplementation only payments) under current law.

In thousands	FY 2007 Current Estimate	FY 2008 Estimate	Change	
			Number	Percent
Aged	1,113	1,112	-1	-.1%
Blind and disabled	<u>5,932</u>	<u>6,110</u>	<u>+178</u>	<u>+3.0%</u>
Total *	7,045	7,221	+176	+2.5%

* Totals may not add due to rounding.

B. Maximum Monthly Federal Payments

Under the automatic cost-of-living adjustment (COLA) provision, a 3.3 percent increase was paid effective for January 2007 and a 1.4 percent increase is projected for January 2008. The maximum monthly Federal payments estimated for FY 2007 and FY 2008 under present law are:

	FY 2007		FY 2008	
	First 3 months	Last 9 months (3.3% increase)	First 3 months	Last 9 months (1.4% increase)
Single individual	\$603.00	\$623.00	\$623.00	\$632.00
Couple	\$904.00	\$934.00	\$934.00	\$947.00

C. Estimated Average Monthly Payments

Because SSI recipients generally have some other monthly income such as Social Security benefits or earnings, most receive a reduced Federal SSI payment. The table below shows the estimated average monthly Federal payments to SSI recipients for FY 2007 and FY 2008 under current law, including adjustments for cash collections and returned checks.

	FY 2007	FY 2008
Aged	\$324.00	\$332.00
Blind and Disabled	\$486.00	\$498.00
All SSI Recipients	\$460.00	\$473.00

D. The Major Factors Which Affect Average Monthly Payment Amounts

◆ Automatic Benefit Increases

The SSI automatic COLA granted on January 1 of each year raise average SSI payments. The effect of COLAs on the maximum monthly payment is shown in paragraph B on the previous page. Those SSI recipients receiving Social Security benefits also receive a Social Security COLA, thereby increasing their other monthly income and reducing their SSI payments. This factor partially offsets the increase in average SSI payments.

◆ Mix of SSI Recipients Who Concurrently Receive Social Security Benefits

Average monthly payments are significantly lower than the maximum amount payable under the law primarily because about 35 percent of all SSI recipients (including those who receive only a State supplement) also receive Social Security benefits. Approximately 57 percent of the SSI aged group and 31 percent of the SSI blind and disabled populations receive concurrent payments.

◆ Mix of Aged and of Blind and Disabled Recipients

Current estimates indicate that the proportion of blind and disabled recipients in the total recipient population will continue to increase in FY 2007 and FY 2008. This change in the population mix is illustrated in the following table (excludes recipients of federally-administered State supplementation only payments).

Average Number of Recipients in Current Pay
(In thousands)

	Total	Aged	Blind and Disabled	B&D as % of Total
FY 1993 Actual	5,348	1,311	4,037	75.5%
FY 2003 Actual	6,553	1,150	5,403	82.5%
FY 2004 Actual	6,666	1,133	5,533	83.0%
FY 2005 Actual	6,775	1,118	5,657	83.5%
FY 2006 Actual	6,878	1,116	5,762	83.8%
FY 2007 Estimate	7,045	1,113	5,932	84.2%
FY 2008 Estimate	7,221	1,112	6,110	84.6%

The blind and disabled population receives a larger average monthly payment than the aged population because blind and disabled recipients generally have less income from other sources to offset SSI benefits. As the proportion of blind and disabled recipients to the total recipient population increases, the overall average monthly benefit increases.

BENEFICIARY SERVICES

Authorizing Legislation: Sections 1148 and 1615(d) of the Social Security Act.

	FY 2006 Actual	FY 2007 Current Estimate	Increase or Decrease
Budget authority (Obligations)	\$52,000,000 (\$41,991,531)	\$0 (\$90,000,000)	-\$52,000,000 (+\$48,008,469)

	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
Budget authority (Obligations)	\$0 (\$90,000,000)	\$36,000,000 (\$106,433,556)	+\$36,000,000 (+\$16,433,556)

Purpose and Method of Operation

A majority of the funds to be obligated for this activity in FY 2008 will be used to reimburse Vocational Rehabilitation (VR) agencies for reasonable and necessary costs of services which resulted in disabled SSI recipients being successfully rehabilitated (section 1615(d) of the Social Security Act). The objective of vocational rehabilitation for SSI recipients is to help disabled individuals achieve and sustain productive, self-supporting work activity. SSA provides funds to reimburse VR agencies for costs incurred in successfully rehabilitating SSI recipients. A successful rehabilitation is defined by law as one in which VR services result in performance of substantial gainful activity for a continuous period of nine months out of twelve.

A portion of the FY 2008 obligations will be used to cover estimated payments authorized under the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). This law provides SSI disabled recipients with a Ticket to offer to an employment network (EN) (including a State VR agency choosing to be paid as an EN) in exchange for vocational rehabilitation and employment services, and other support services. The final regulation for implementing the Ticket to Work Program was published on December 28, 2001 and was effective January 28, 2002. The roll out of the Ticket program was completed in September 2004.

Unlike the reimbursement payment system, ticket payments are not based on the costs of specific services provided by the EN. The EN is paid based on either an outcome-milestone payment method or an outcome payment method. Under the outcome-milestone payment method, the EN is paid for each milestone the recipient successfully achieves. SSA does not have to stop monthly benefit payments before a milestone payment can be made. In order for SSA to make an outcome payment, however, the individual must not be receiving monthly benefit payments due to work or earnings. Outcome payment amounts are based on the prior year's national average disability benefit payable under Title XVI. Outcome payments are payable for a maximum of 60 months (consecutive or otherwise).

Rationale for the Budget Request

SSA is requesting \$36,000,000 in new budget authority for this activity for FY 2008 because the carryover of \$160,433,556 will be used to cover all estimated obligations in FY 2007 and a portion of the estimated obligations in FY 2008. The estimate for FY 2008 for VR services to disabled SSI recipients assumes approximately 6,400 payment awards for successful rehabilitation and 4,000 ticket-related cessations. The average cost per award under the reimbursement program was estimated in the FY 2007 President's budget to be \$8,900 in FY 2007. The current estimate reflects a revised cost per case of \$8,400 in FY 2007 which is expected to increase to \$8,700 in FY 2008. The average cost per award reflects current trends in rehabilitation costs and advances in expensive medical technology.

SSA continues its ongoing efforts to improve management and oversight of the current VR program, to ensure program effectiveness, and to ensure that the money spent is a good investment. This includes an ongoing quality review of State claims for reimbursement and continuing internal audits of the Agency's payment process.

**PAYMENT TO THE TRUST FUNDS, RESEARCH AND DEMONSTRATION PROJECTS,
AND OUTREACH**

Authorizing Legislation: Sections 201(g)(1), 1110, 1115, 1144, and 1633 of the Social Security Act.

	FY 2006 Actual	FY 2007 Current Estimate	Increase or Decrease
<u>Payment to the Trust Funds</u>			
Budget authority ¹ (Obligations)	\$2,733,000,000 (\$3,000,868,269)	\$2,876,000,000 (\$2,876,000,000)	+\$143,000,000 (-\$124,868,269)
<u>Research and Demonstration Projects, and Outreach</u>			
Budget authority (Obligations)	\$27,000,000 <u>(\$41,319,341)</u>	\$27,000,000 <u>(\$54,097,000)</u>	\$0 <u>(+\$12,777,659)</u>
<u>Total</u>			
Budget authority (Obligations)	\$2,760,000,000 (\$3,042,187,610)	\$2,903,000,000 (\$2,930,097,000)	+\$143,000,000 (-\$112,090,610)

	FY 2007 Current Estimate	FY 2008 Estimate	Increase or Decrease
<u>Payment to the Trust Funds</u>			
Budget authority ¹ (Obligations)	\$2,876,000,000 (\$2,876,000,000)	\$2,983,000,000 (\$2,983,000,000)	+\$107,000,000 (+\$107,000,000)
<u>Research and Demonstration Projects, and Outreach</u>			
Budget authority (Obligations)	\$27,000,000 <u>(\$54,097,000)</u>	\$27,000,000 <u>(\$44,910,191)</u>	\$0 <u>(-\$9,186,809)</u>
<u>Total</u>			
Budget authority (Obligations)	\$2,903,000,000 (\$2,930,097,000)	\$3,010,000,000 (\$3,027,910,191)	+\$107,000,000 (+\$97,813,191)

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$3,004,000.

Purpose and Method of Operation

Payment to the Trust Funds

Section 201(g)(1) of the Social Security Act provides that administrative expenses for the Supplemental Security Income (SSI) program, including Federal administration of State supplementation payments, may be financed from the Social Security trust funds with reimbursement, including any interest lost, to the trust funds from general revenues. The legislative history of the 1972 amendments (which established this funding mechanism) indicates a desire to obtain economy of administration by giving SSA the responsibility for the SSI program because of its existing field office network and its administrative and automated data processing facilities. Because of the integration of the administration of the SSI and Social Security programs, it was desirable to fund them from a single source, with reimbursement to the trust funds based on a Government Accountability Office (GAO) approved method of cost analysis of the respective expenses of the SSI and Social Security insurance programs, and a final settlement by the end of the subsequent FY required by law.

This activity funds the reimbursement to the trust funds from the general fund.

Research and Demonstration Projects (Section 1110/1115) and Outreach (Section 1144)

SSA conducts research and outreach under sections 1110, 1144, and 234 of the Social Security Act. However, projects funded under section 234 are not a part of this appropriations request.

Section 1110 of the Social Security Act provides authority for conducting broad-based cross programmatic projects for Social Security and SSI programs, including waiver authority for the SSI program, and projects dealing with specific SSI issues. Under the authority of section 1110, SSA funds a range of projects: disability policy research; projects to develop effective rehabilitation and return-to-work strategies; retirement policy research; evaluation of newly enacted or proposed legislative changes; and research projects to maintain and improve basic data about our programs and beneficiaries.

Section 1115 provides the Secretary of Health and Human Services with the funding and authority to waive compliance with Medicaid requirements for the purpose of allowing States to participate in SSA's research and disability demonstration projects.

Section 1144 amended the Social Security Act to include a Medicare cost-sharing program and subsequently Medicare prescription drug outreach as well. Under this mandate, SSA is required to use its database to conduct expanded mailings to reach out to those individuals who are potentially eligible for State-administered Medicaid programs or Medicare prescription drug subsidies under Medicare Part D. SSA identifies these potential beneficiaries, informs them about these programs, and notifies State Medicaid agencies. The Centers for Medicare and Medicaid Services (CMS) within the Department of Health and Human Services oversees both the Medicare and Medicaid programs.

Rationale for the Budget Request

Payment to the Trust Funds

Current law authorizes payment of SSI administrative expenses from the Social Security trust funds, with reimbursement from general funds through this appropriation. Amounts appropriated are available to reimburse the trust funds for current-year SSI administrative expenses, as well as for prior-year administrative expenses that exceed the amount appropriated through this account for reimbursement in the prior year. The FY 2008 request for this reimbursement is for \$2,983,000,000 to cover estimated SSI administrative expenses advanced from the trust funds in FY 2008. In the event that actual SSI administrative expenses exceed the amount available for reimbursement through this account in any fiscal year, the trust funds are made whole upon enactment of the SSI appropriation in the subsequent fiscal year.

These amounts exclude funding made available in the Limitation on Administrative Expenses (LAE) account from State user fees for SSA expenses related to administration of State SSI supplementation payments. The LAE account assumes funding of up to \$135,000,000 from this source in FY 2008.

Research and Demonstration Projects and Outreach

SSA's research budget is designed to provide significant support to key Administration priorities such as the *New Freedom Initiative*, by providing opportunities for disability beneficiaries to achieve economic independence through work, and working to assure the solvency of the trust funds by providing analytical and data resources for use in preparing and reviewing reform proposals. As the debate moves forward on how best to strengthen and reform Social Security, SSA must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration. Additionally, SSA's disability research and demonstration projects, designed to promote self-sufficiency and assist individuals in their effort to return to work, will be instrumental in strengthening SSA's disability programs and initiatives.

SSA's FY 2008 extramural research budget is less than 1 percent of the administrative budget and only a fraction of program expenditures. The discussion and tables that follow describe SSA's planned research and outreach efforts under sections 1110, 1144, and 234 and how those efforts satisfy the Office of Management and Budget's research and development investment criteria. Funding for research by major category is summarized in the following table.

Major Research Areas and Outreach

(Dollars in millions)	Obligations		
	FY 2006	FY 2007	FY 2008
Return-to-Work/New Freedom Initiative	\$12.7	\$13.7	\$14.1
Infrastructure	\$9.7	\$15.5	\$13.7
Solvency	\$12.1	\$17.3	\$12.6
Outreach	<u>\$6.7</u>	<u>\$7.6</u>	<u>\$4.6</u>
Total Obligations	\$41.3	\$54.1	\$44.9 *
New Budget Authority	\$27.0	\$27.0	\$27.0

* Numbers may not add due to rounding.

RETURN-TO-WORK/NEW FREEDOM INITIATIVE

SSA's FY 2007 and FY 2008 budgets reflect significant resource commitments for extramural research in the area of returning our beneficiaries to work. These commitments support the President's *New Freedom Initiative* and will provide SSA with the ability to invest in comprehensive, cost-effective policy designs that promote economic self-sufficiency and assist individuals in their efforts to return to work.

The budget request for FY 2008 reflects a careful assessment and prioritization of SSA's activities in disability research. The budget contains a structured package of demonstration projects designed to facilitate the employment of individuals at different stages of disability. The package includes an early intervention demonstration to reach individuals before they start receiving Social Security Disability Insurance (DI) benefits, a youth employment strategy to assist young individuals with disabilities in their transition into the workforce, and a demonstration targeted at the particular needs of individuals with mental illness. One of these projects – Youth Transition Demonstration – will have joint funding with section 234, as appropriate, based on the participation of Title II and Title XVI beneficiaries.

Organization for Economic Cooperation and Development (OECD) – Youth Transition Study

SSA is jointly funding a youth study, led by OECD, with the Department of Education. This study will identify the interrelationships and develop the understanding needed to successfully: (1) assist in preventing children with disabilities who are not currently on SSA rolls from eventually becoming beneficiaries once they reach adulthood; and (2) provide supports and assistance to transition youth with disabilities to tertiary education and substantial gainful work so they can become self-sufficient.

Youth Transition Demonstration (YTD)

The YTD began in 2003 with seven cooperative agreements in six States – one each in California, Colorado, Iowa, Maryland, and Mississippi, and two in New York.

The projects focus on youth between the ages of 14 and 25 who receive (or could receive) disability benefits. In addition, five pilot sites have been funded for a year beginning in fall 2006 – three will be chosen for full implementation roll out in fall 2007. The overarching goal of the YTD is to find ways to enable young people with disabilities to maximize their potential for self-sufficiency. The projects also are testing whether modified SSI rules will encourage YTD participants to work and save for their future. Throughout implementation of YTD, project staff receives technical assistance and training. The YTD project has joint funding with section 234, as appropriate, based on the participation of Title II and Title XVI beneficiaries.

In order to encourage youth to work and/or increase their work activities or earnings, SSA has modified certain program rules to promote work and asset accumulation. As of September 2006, 266 of 846 YTD participants (31 percent) are employed full- or part-time. Most are students, so the nature of the work varies widely and some of it is short-term (8 percent summer employment). As a rough comparison, approximately 11 percent of all SSI recipients aged 18-21 were working at the end of December 2005.

The national evaluator, Mathematica Policy Research (MPR), is conducting a process, cost-benefit, and impact evaluation. Youth participating in the impact evaluation will be followed for at least four years after they are recruited into the study. A variety of data sources, including SSA payment and employment data, surveys of youth, and interviews with project staff will be used to determine the difference the project made in the lives of project participants. For example, the analysis will determine whether the intervention led to increased earnings or increased enrollment in postsecondary education for youth.

The evaluation uses a random assignment design. Eligible youth are randomly chosen to either receive YTD services or to be in a control group that will remain eligible for non-YTD services in the community. Considering the requirements for random assignment, three of the current projects (Colorado and the two in New York) were selected for the impact evaluation based on the ability to implement random assignment.

Interim Medical Benefits

The Interim Medical Benefits project will provide medical benefits to individuals with no medical insurance (no “treating source” evidence) whose medical condition would likely improve with treatment. This intervention will facilitate the development of the necessary documentation for disability adjudication while providing the applicant with needed services.

INFRASTRUCTURE

SSA must continue to build and maintain the capability to provide data and data analysis that support internal policy decisions as well as decision making by the Administration and Congress. Our infrastructure investments are targeted to expand our ability to respond to information requests and to improve the quality and reliability of the data used in our analytical activities. Key projects are as follows:

Evaluation of Ticket to Work

The Ticket legislation requires the Commissioner of Social Security to provide for independent evaluations to assess the effectiveness of the Ticket to Work program. The legislation also requires the Commissioner to submit a report to Congress with recommendations for a method or methods to adjust payment rates to ensure adequate incentives for the provision of services by employment networks.

In May 2003, SSA awarded two 5-year contracts to Mathematica Policy Research to conduct an independent evaluation of the Ticket program. The first contract focuses on data development, qualitative data collection, and implementation of the comprehensive evaluation analyses. The second contract implements a 4-year survey of beneficiaries. The first evaluation report was submitted to Congress in 2004. A draft report for 2005 was received by SSA in September 2006.

Institute of Medicine (IOM) / Medical Listings

SSA awarded a contract in FY 2004 to the IOM asking advice on how SSA could improve the Listings of Impairments and Agency access to medical expertise. The Listings of Impairments are used in the DDS's during sequential evaluation of disability claims. The DDS examiner can allow a case if the claimant's disability is determined to meet or equal impairments on the listing. The listings describe, for each of the major body systems, impairments which are considered severe enough to prevent a person from doing any gainful activity. Most of the listed impairments are permanent or expected to result in death. An expert committee issued an interim report on December 21, 2005. Its initial recommendations advised SSA to standardize qualification criteria and training for medical experts and consultative examiners. The final report will address remaining tasks about the Listings of Impairments. IOM will also host a meeting to inform the public and the medical community of its final recommendations.

SSA intends to award a follow-on contract in FY 2007 to seek advice from another committee of experts on a number of issues related to implementation of the Office of Medical/Vocational Expertise, a key component of the Commissioner's new approach to SSA's disability decision process. In addition, IOM will make recommendations relative to improving medical opinion evidence, the use of treating source opinion evidence, and qualifications for consultative examination providers.

Pediatric Medical Unit (PMU)

This contract will support the development of PMUs which will provide a range of medical expertise resulting in improved determinations for children filing for SSI disability benefits.

Predictive Modeling

As part of the SSA's new approach and the final rule for adjudicating initial disability claims dated March 31, 2006, SSA is undertaking several activities to streamline the disability determination process for those whose impairment(s) clearly meet our rigorous standards and to provide return to work assistance to applicants and beneficiaries at all levels of the process. In support of that goal, SSA developed a Predictive Modeling (PM) tool which will help SSA identify people applying for disability benefits as potential candidates for a Quick Disability Determination (QDD) or potential participants for one of the demonstration projects involving work interventions. A contract was awarded to IBM in September 2004 to develop a PM tool for

the QDD process. The contractor has conducted the analysis for the screening tool, developed a logical model, data/text mining alternatives and systems design alternatives and has developed the detailed functional requirements and system implementation. In July 2006, the QDD tool was incrementally tested in the Boston Region.

Also in July 2006, a work order was issued to adapt the QDD PM for an early intervention demonstration test as a part of the national benefit offset demonstration project. The goal of this test is to demonstrate that working with an early intervention model (i.e., addressing applicants) can reduce entry into the Title II disability program and result in improved employment, earnings, and other outcomes for individuals with disabilities.

Other Disability Research

Other disability research includes Partnering for Childhood Early Identification and Intervention and Developing a Medical Listing for Communication Skills.

SOLVENCY

Achieving sustainable solvency for Social Security is one of SSA's four strategic goals. The Administration is committed to making Social Security financially sustainable so it can continue to serve SSA's beneficiaries now and in the future.

SSA's research program provides analyses and data that support the Agency's efforts to ensure solvency and make Social Security more responsive to the needs of the 21st century workforce.

SSA uses both internal and external resources to meet this challenge. The extramural research budget enables the Agency to:

- ◆ Conduct broad-based retirement policy research through the Retirement Research Consortium;
- ◆ Develop and use simulation models to assess the likely impact of reform proposals;
- ◆ Improve the quality and reliability of the data used in policy analysis and modeling efforts; and
- ◆ Evaluate the effects of policy options or enacted legislation.

Retirement Research Consortium

The Retirement Research Consortium (RRC) is one of SSA's key tools for maintaining a strong capability for research on Social Security solvency. With the award of new 5-year cooperative agreements in FY 2003, SSA expanded the RRC to include three centers. These centers—based at the University of Michigan, Boston College, and the National Bureau of Economic Research—provide the Agency with access to the best analysts on the full range of issues related to Social Security. Recent work produced by the RRC includes analyses on retirement behavior, the well-being of the retiree population, savings trends, the impact of aging societies, Social Security reform, individual accounts and investment behavior, and lessons from abroad.

Retirement Income Modeling

Econometric and simulation models can provide policy makers with detailed information on the

effects of changes in Social Security on individuals and the economy, with projections for years into the future. SSA's MINT model (Modeling Income in the Near Term) has become one of the most important tools for evaluating the effects of Social Security reform proposals on the distribution of retirement income. MINT's projections of the aged population have recently been extended well into the 21st century to enable simulation of additional Social Security policy changes. SSA analysts have used MINT to examine how baby boom retirees will compare to previous retirees economically and demographically and how they will fare under reform proposals compared to current law. The budget also supports models that provide more sophisticated long-term projections and consider the effects of changes in Social Security on the economy.

Policy Evaluation and Data

The research budget includes funds for evaluating solvency proposals and other Agency initiatives, producing additional policy-relevant data, and improving the quality of statistics on the aged and persons with disabilities. Good data form the foundation upon which model development efforts and analytical capability are built. SSA's administrative data are useful in addressing many policy issues, but they often provide an incomplete picture of the effects of current and proposed policies. Consequently, SSA must seek cost-effective methods for obtaining the necessary data from other sources. As part of this effort, the Agency will continue support for Census Bureau Surveys and the National Institute on Aging's Health and Retirement Study (HRS). SSA funds allow the Census Bureau to improve the quality of survey data that are of particular importance for Social Security. Support of HRS allows the linkage of program and survey data, improves data quality, and facilitates the use of data by researchers.

OUTREACH

SSA is responsible for several outreach efforts, including outreach to low-income beneficiaries who may be eligible for additional assistance with medical expenses, and to the homeless and other under-served populations.

Medicare Outreach – Section 1144

(Dollars in millions)	FY 2006	FY 2007	FY 2008
New Budget Authority	\$3.0	\$3.0	\$3.0
Obligations	\$2.3	\$3.0	\$3.7

Medicare Buy-in Outreach, required by section 1144 of the Social Security Act, requires SSA to conduct outreach to SSA beneficiaries who may potentially qualify for Medicare cost-sharing assistance. Outreach for Medicare Part A (hospital insurance) and Medicare Part B (medical insurance) are targeted to income-tested new Medicare eligibles, beneficiaries who have experienced a drop in income, and 20 percent of those who have been previously notified.

Section 1144 was amended by the Medicare Prescription Drug legislation to include those potentially eligible for transitional assistance Medicare prescription drug cards, and subsidized prescription drug benefits under Medicare Part D. In 2004, a special SSA mailing was sent to potential transitional assistance beneficiaries, and a comprehensive application mailing was

sent to the potential subsidized Part D population in FY 2005. Starting in 2006, SSA provided outreach letters to the potential cost-sharing universe with incomes below 135 percent of poverty level about help with “traditional” Medicare that included information about subsidized Part D when appropriate. Outreach letters to beneficiaries with incomes at 135 percent to less than 150 percent of poverty received subsidized Part D information, without reference to cost-sharing assistance with traditional Medicare.

In addition, SSA is required to share lists of individuals potentially eligible for cost-sharing with State Medicaid agencies. The major objective of these projects is to increase enrollment of eligible low-income individuals into programs which assist Medicare beneficiaries with their out-of-pocket medical expenses, including prescription drugs.

Homeless Outreach

(Dollars in millions)	FY 2006	FY 2007	FY 2008
New Budget Authority *	--	---	---
Obligations	\$4.4	\$4.6	\$0.8

In FYs 2003 through 2005, SSA’s appropriations included earmarked funds totaling \$24 million to conduct outreach to homeless and other under-served populations in support of the President’s initiative to end chronic homelessness within 10 years. In 2004, SSA awarded funds to 41 service providers nationwide who currently provide outreach services to the homeless population. Of the 41 service providers, 34 will continue through FY 2008, and 7 will continue into early FY 2009. The service providers began enrolling project participants in September 2004. As of April 2006, Homeless Outreach Project & Evaluation (HOPE) grantees assisted 7,532 homeless individuals with their applications for SSI. Of those, 1,882 have been awarded benefits based on disability.

The HOPE initiative is focused on assisting eligible, homeless individuals in applying for SSI and DI benefits. The HOPE projects will help SSA to demonstrate the effectiveness of using skilled medical and social service providers to identify and engage homeless individuals with disabilities as well as assist them with the application process.

In September 2004, SSA awarded an evaluation contract to Westat Inc. The evaluation report is scheduled to be received in October 2007.

RELATED FUNDING SOURCES

SECTION 234 DEMONSTRATION PROJECTS

The Commissioner of Social Security has authority to conduct research and demonstration projects under section 234 of the Social Security Act. The Commissioner uses trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. Funds for these demonstration projects, authorized under the 1999 Ticket to Work Act and funded from the trust funds, are not part of this appropriation request. Section 234 funds are directly apportioned by OMB and are estimated at \$53.5 million for FY 2007 and \$59.9 million for FY 2008. FY 2007 and FY 2008 projects or activities may be funded partially under section 1110 and partially under section 234 to the extent that they involve both the SSI and DI programs or waivers. While the authorization

under section 234 terminated on December 18, 2005, SSA has the authority to continue to conduct projects that were initiated prior to the expiration date. No new projects may be pursued under section 234 at this time.

SOCIAL SECURITY ADMINISTRATION

Limitation on Administrative Expenses

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SOCIAL SECURITY ADMINISTRATION

Limitation on Administrative Expenses

For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed \$15,000 for official reception and representation expenses, not more than \$9,247,953,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: Provided, That not less than \$2,000,000 shall be for the Social Security Advisory Board: Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2008 not needed for fiscal year 2008 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: Provided further, That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to section 7131 of title 5, United States Code, and for facilities or support services for labor organizations pursuant to policies, regulations, or procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made.

From funds provided under the first paragraph, not less than \$263,970,000 shall be available for conducting continuing disability reviews under titles II and XVI of the Social Security Act and for conducting redeterminations of eligibility under title XVI of the Social Security Act.

In addition to amounts made available above, and subject to the same terms and conditions, \$213,000,000, for additional continuing disability reviews and redeterminations of

eligibility: Provided, That section 103(d)(2) of Public Law 104-121 is amended by striking “1996 through 2002” and inserting “2008”.

In addition, \$135,000,000 to be derived from administration fees in excess of \$5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended. To the extent that the amounts collected pursuant to such section 1616(d) or 212(b)(3) in fiscal year 2008 exceed \$135,000,000, the amounts shall be available in fiscal year 2009 only to the extent provided in advance in appropriations Acts.

In addition, up to \$1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act (Public Law 108-203), which shall remain available until expended.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Limitation on Administrative Expenses

Language Analysis

Language Analysis	Explanation
<p><i>“Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2008 not needed for fiscal year 2008 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure.”</i></p>	<p>This provision allows the carryover of unobligated balances into subsequent years for non-payroll automation and telecommunications investment costs.</p>
<p><i>From funds provided under the first paragraph, not less than \$263,970,000 shall be available for conducting continuing disability reviews under titles II and XVI of the Social Security Act and for conducting redeterminations of eligibility under title XVI of the Social Security Act. In addition to amounts made available above, and subject to the same terms and conditions, \$213,000,000, for additional continuing disability reviews and redeterminations of eligibility: Provided, That section 103(d)(2) of Public Law 104-121 is amended by striking “1996 through 2002” and inserting “2008”.</i></p>	<p>This provision identifies and designates funding for conducting continuing disability reviews (CDRs) and redeterminations of eligibility in the base LAE appropriation. It provides additional funding for CDRs and redeterminations over the base LAE appropriation. It also amends the Contract with America Advancement Act of 1996 to extend the statutory reporting requirement for CDRs. CDRs save \$10 in lifetime program benefits for every \$1 spent administering them; redeterminations save \$7 in program benefits for every \$1 spent. An increase in spending on CDRs and redeterminations in FY 2008 would result in greater program savings, reducing the overall deficit.</p>
<p><i>“In addition, \$135,000,000 to be derived from administration fees in excess of \$5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended.”</i></p>	<p>This provision makes available funding derived from fees charged to States for administration of States’ supplementary payments. This assumes the fee will increase from \$9.69 in FY 2007 to \$9.85 in FY 2008 based on the Consumer Price Index.</p>

Limitation on Administrative Expenses

Amounts Available for Obligation^{1,2}
(Dollars in thousands)

	FY 2006 Actual	FY 2007 Current Estimate³	FY 2008 Estimate
Base appropriation	\$9,199,400	\$9,176,400	\$9,596,953
Rescission (P.L. 109-148)	<u>-\$90,794</u>	---	---
Total appropriation ⁴	\$9,108,606	\$9,176,400	\$9,596,953
Transfer from Department of Homeland Security for Hurricane Katrina-related costs (P.L. 109-234)	+\$38,000	---	---
Resources available from recoveries of prior year obligations and prior year transfers	+\$174,607	---	---
Unobligated balance, start-of-year	+\$236,315	+\$168,483	+\$39,675
Uncollected user fees	-\$785	---	---
Unobligated balance, lapsing	-\$92,805	---	---
Unobligated balance, end-of-year	<u>-\$168,483</u>	<u>-\$39,675</u>	---
Total obligations	\$9,295,455	\$9,305,209	\$9,636,628

¹ Totals may not add due to rounding.

² Includes the following amounts from user fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 2006 (up to \$119,000); FY 2007 (up to \$119,000); and FY 2008 (up to \$135,000). Also includes the following amounts from user fees paid by non-attorney representatives pursuant to section 303 of P.L. 108-203 (dollars in thousands): FY 2006 (up to \$1,000); FY 2007 (up to \$1,000); and FY 2008 (up to \$1,000).

³ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$9,496,000,000.

⁴ In FY 2008, includes a total of \$477 million in funding designated for SSI redeterminations and continuing disability reviews (CDRs). Total consists of \$264 million in base funding and \$213 million in additional funds.

Limitation on Administrative Expenses

Budgetary Authority and Outlays¹
(Dollars in thousands)

	FY 2006 Actual	FY 2007 Estimate ²	FY 2008 Estimate
Total LAE Budget Authority ³	\$9,108,606	\$9,176,400	\$9,596,953
Old-Age and Survivors Insurance and Disability Insurance Trust Funds ^{4,5}	\$4,500,319	\$4,575,464	\$4,795,976
Hospital and Supplementary Medical Insurance Trust Funds ⁶	\$1,753,410	\$1,602,600	\$1,679,661
SSA Advisory Board	\$2,000	\$2,000	\$2,000
Supplemental Security Income (SSI) Appropriation for Payment to the Trust Funds ⁴	\$2,732,876	\$2,876,336	\$2,983,316
User Fees ⁷	\$120,000	\$120,000	\$136,000
Total LAE Outlays ³	\$9,074,347	\$9,164,000	\$9,493,000
Old-Age and Survivors Insurance and Disability Insurance Trust Funds ^{4,5,8}	\$4,550,000	\$4,571,280	\$4,747,000
Hospital and Supplementary Medical Insurance Trust Funds	\$1,680,225	\$1,600,086	\$1,661,465
Supplemental Security Income (SSI) Appropriation for Payment to the Trust Funds ⁴	\$2,725,122	\$2,872,634	\$2,949,535
User Fees ⁷	\$119,000	\$120,000	\$135,000

¹ Totals may not add due to rounding.

² The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$9,496,000,000.

³ In FY 2006, LAE Budget Authority and Outlays excludes \$38 million in supplemental funding for Hurricane Katrina

⁴ In FY 2008, the OASDI and SSI programs reflect inclusion of a total of \$477 million for SSI redeterminations and continuing disability reviews (CDRs). This amount consists of \$264 million in base funding (\$103 million for redeterminations, \$99 million for SSI CDRs and \$62 million for DI CDRs) and \$213 million in additional funds (\$50 million for redeterminations, \$65 million for SSI CDRs and \$98 million for DI CDRs).

⁵ OASDI includes funding for administration of the Special Benefits for Certain World War II Veterans.

⁶ Excludes the Medicare Modernization start-up funding provided by P.L. 108-173 and P.L. 109-77.

⁷ Includes the following amounts from fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 2006 (up to \$119,000 in budget authority; actual outlays totaled \$119,000); FY 2007 (up to \$119,000); and FY 2008 (up to \$135,000). Also includes the following amounts from user fees paid by non-attorney representatives pursuant to section 303(c) of P.L. 108-203 (dollars in thousands): FY 2006 (up to \$1,000 in budget authority; actual outlays totaled \$213); FY 2007 (up to \$1,000); and FY 2008 (up to \$1,000).

⁸ Includes outlays for the Social Security Advisory Board.

Limitation on Administrative Expenses

Summary of Changes
(Dollars in thousands)

FY 2007 Current Estimate ¹	\$9,176,400
FY 2008 Request Net change	<u>\$9,596,953</u> +\$420,553
Obligations funded from unexpended prior year balances Net change in obligations	-\$89,134 +\$331,419

	FY 2007 Base		Change from Base	
	Federal WYs	Obligations (\$ in 000s)	Federal WYs	Obligations (\$ in 000s)
<u>Total LAE Budget</u>				
<u>Increases:</u>				
A. <u>Built-in</u>				
1. Change in base payroll expenses, including costs of periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System	60,582	\$5,230,757	---	+\$112,045
2. Annualization of the January 2007 Federal pay increase of 2.2 percent	---	---	---	+\$33,953
3. Nine-month effect of assumed 3.0 percent Federal pay increase effective January 2008	---	---	---	+\$105,949
4. Mandatory growth in nonpayroll costs, including higher costs of rent, security, and guard services	---	\$1,744,000	---	<u>+\$116,000</u>
Subtotal, built-in increases	---	---	---	+\$367,947

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$9,496,000,000.

Summary of Changes
(Dollars in thousands)

	FY 2007 Base		Change from Base	
	Federal WYs	Obligations (\$ in 000s)	Federal WYs	Obligations (\$ in 000s)
B. <u>Program</u>				
1. Net increase in State Disability Determination Services (DDS) costs, including pay raises and the cost of medical evidence	---	\$1,714,643	---	<u>+\$91,057</u>
Subtotal, program increases	---	---	---	<u>+\$91,057</u>
Total increases	---	---	---	+\$459,004

Summary of Changes
(Dollars in thousands)

	FY 2007 Base		Change from Base	
	Federal WYs	Obligations (\$ in 000s)	Federal WYs	Obligations (\$ in 000s)
<u>Decreases:</u>				
<u>Program</u>				
1. Net change in base SSA workyears	---	---	-71	-\$6,751
2. Decrease in base funding for Information Technology, including costs for upgrading the desktop, voice and data communications, infrastructure and costs for major projects such as a more automated disability process and financial and management information systems improvements	---	\$487,000	---	-\$31,700
2. Decrease in obligations funded in FY 2007 from actual prior year balances, primarily Information Technology	---	<u>\$128,809</u>	<u>----</u>	<u>-\$89,134</u>
Total decreases	---	---	-71	-\$127,585
Total LAE obligations, net change	---	\$9,305,209	-71	+\$331,419
Adjusted for FY 2007 obligations funded from unobligated prior year balances	---	<u>-\$128,809</u>	---	<u>+\$89,134</u>
Total LAE budgetary resources, net change	---	\$9,176,400	---	+\$420,553

Limitation on Administrative Expenses

Budgetary Resources by Activity^{1,2}
(Dollars in thousands)

	FY 2006 Actual	FY 2007 Current Estimate³	FY 2008 Estimate
Limitation on Administrative Expenses ⁴			
Base Budget (Obligations)	\$9,108,606 (\$9,130,921)	\$9,176,400 (\$9,300,209)	\$9,596,953 (\$9,628,231)
Transfer from Department of Homeland Security for Hurricane-related costs (P.L. 109-234) (Obligations)	\$38,000 (\$38,000)		
Automation Investment Fund (Obligations)	--- (\$53,177)	--- (\$5,000)	--- (\$8,397)
Total (Obligations)	\$9,146,606 (\$9,184,098)	\$9,176,400 (\$9,305,209)	\$9,596,953 (\$9,636,628)
Medicare Modernization start-up Administrative costs (P.L. 108-173) (Obligations)	--- (\$111,356)	--- ---	--- ---
Total budgetary resources (Obligations)	\$9,146,606 (\$9,295,455)	\$9,176,400 (\$9,305,209)	\$9,596,953 (\$9,636,628)

¹ Totals may not add due to rounding.

² Includes the following amounts from user fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 2006 (up to \$119,000); FY 2007 (up to \$119,000); and FY 2008 (up to \$135,000). Also includes the following amounts from user fees paid by non-attorney representatives pursuant to section 303 of P.L. 108-203 (dollars in thousands): FY 2006 (up to \$1,000); FY 2007 (up to \$1,000); and FY 2008 (up to \$1,000).

³ The FY 2007 estimate reflects the current rate. The FY 2007 President's Budget was \$9,496,000,000.

⁴ In FY 2008, includes a total of \$477 million in funding designated for continuing disability reviews (CDRs) and SSI redeterminations. Total consists of \$264 million in base funding and \$213 million in additional funds.

Limitation on Administrative Expenses

Budgetary Resources by Object ¹
(Dollars in thousands)

	FY 2007 Estimated Obligations	FY 2008 Estimate	Increase or Decrease
<u>Personnel compensation</u>			
Permanent positions	\$3,872,650	\$4,052,869	+\$180,219
Positions other than permanent	100,958	103,892	+2,934
Other personnel compensation	130,325	133,066	+2,741
Special personal service payments	<u>3,788</u>	<u>3,959</u>	<u>+171</u>
Subtotal, personnel compensation	\$4,107,721	\$4,293,786	+\$186,065
Personnel benefits	\$1,123,036	\$1,182,167	+\$59,131
Travel and transportation of persons	\$53,065	\$53,065	---
Transportation of things	8,635	8,703	+68
Rent, communications and utilities:			
Rental payments to GSA	617,710	682,900	+65,190
Rental payments to others	2,000	2,000	---
Communications, utilities and miscellaneous charges	364,886	353,632	-11,254
Printing and reproduction	34,376	34,653	+277
Consulting services	57,862	57,001	-861
Other services (DDS, guards, contracts, etc.)	2,618,052	2,678,011	+59,959
Supplies and materials	44,671	45,028	+357
Equipment	223,965	197,512	-26,453
Land and structures	3,093	1,661	-1,432
Grants, subsidies and contributions	28,141	28,368	+227
Insurance claims and indemnities	17,989	18,134	+145
Interest and dividends	<u>5</u>	<u>5</u>	<u>---</u>
Total, obligations by object	\$9,305,209	\$9,636,628	+\$331,419
Less obligations funded from unexpended prior year balances	<u>-\$128,809</u>	<u>-\$39,675</u>	<u>+\$89,134</u>
Total, budgetary resources ²	\$9,176,400	\$9,596,953	+\$420,553

¹ Totals may not add due to rounding.

² The FY 2007 estimate reflects the current rate. The FY 2007 President's Budget request was \$9,496,000,000.

Budgetary Resources by Object
(Dollars in thousands)

	FY 2007 Estimated Obligations	FY 2008 Estimate	Increase or Decrease
<u>Notes:</u>			
Payments to State Disability Determination Services (included on previous page – funded from Other Services and Communications, utilities and miscellaneous charges)	\$1,714,643	\$1,805,700	+\$91,057
Automation Investment Fund (included on previous page – funded from carryover of unexpended prior year balances)	\$5,000	\$8,397	\$3,397
Education and training of the acquisition workforce (included on previous page)	\$100	\$100	---
Energy conservation measures (included on previous page)	\$606	\$347	-\$259

Limitation on Administrative Expenses (LAE)

Significant Items in Appropriations
Committee Reports**FY 2007 House Report**

<p><u>Operating Plan</u></p> <p>Within 45 days of enactment each Department and related Agency funded by this Act shall submit an operating plan to the Committees on Appropriations in the House and the Senate for approval. The operating plan should detail any reprogramming requests which are based on information obtained since the submission of the Budget in February 2006 or based on the effects of the amounts provided in this Act.</p>	<p><u>Actions Taken or To Be Taken</u></p> <p>SSA will submit a report to the Appropriations Committees consistent within the timeframe requested.</p>
<p><u>Reporting on Official Time</u></p> <p>The Committee requests that all of the Departments and agencies funded in this bill submit annually the following information concerning the subject of official time. This information is to be submitted by January 1 of each year.</p> <ul style="list-style-type: none"> • Number of hours of official time that employees spent on union activities; • Number of employees who used official time for union activities; • Number of employees who spent 100 percent of their time on union activities; • Dollar value of the official time spent on union activities; • Dollar value of the office space, equipment, telephone use and supplies provided to unions; • Benefits and disadvantages of using official time for union activities. 	<p><u>Actions Taken or To Be Taken</u></p> <p>A report on the use of official time in SSA for FY 2006 was forwarded to the Appropriations Committees.</p>

Significant Items in Appropriations
Committee Reports

FY 2007 Senate Report

<u>Chronic Fatigue Syndrome (CFS)</u>	<u>Actions Taken or To Be Taken</u>
<p>The Committee encourages SSA officials to educate adjudicators at all levels about the functional impact of CFS and the application of the April 1999 CFS ruling (99-2p) to ensure that adjudicators remain up-to-date on the evaluation of disability that results from this condition. The Committee encourages SSA to examine obstacles to benefits for persons with CFS and to keep medical information updated throughout all levels of the application and review process.</p>	<p>SSA continues its ongoing communications with disability adjudicators using regional office contacts, training initiatives, and other mechanisms to ensure that CFS claims are correctly adjudicated in accordance with Social Security Ruling (SSR) 99-2p.</p> <p>In FY 2005, SSA provided training to adjudicators on Fibromyalgia/CFS claims and the application of SSR 99-2p. The evaluation of CFS claims continues to be included in Agency training.</p> <p>SSA is continuing to monitor CFS claims data through the use of an established impairment code. The review and analysis of these data helps ensure that the evaluation principles included in SSR 99-2p are being followed.</p> <p>SSA is committed to ensuring that medical information concerning CFS is updated timely for all adjudicators and continues to track new medical and scientific information to determine the need for any such updates. One way in which SSA tracks new information on CFS is as an <i>ex officio</i> member of the Chronic Fatigue Syndrome Advisory Committee (CFSAC). The Committee provides science-based advice and recommendations to the Secretary of Health and Human Services on a broad range of issues and topics pertaining to CFS. SSA is also an <i>ex officio</i> member of the Patient Care/Quality of Care subcommittee of the (CFSAC). In addition, the SSA medical officer responsible for CFS is currently performing a medical literature review on recent medical advances in CFS.</p>

Limitation on Administrative Expenses

Authorizing Legislation
(Dollars in thousands)

	2007 Amount Authorized	2007 Current Estimate ¹	2008 Amount Authorized	2008 Estimate
Title II, Section 201(g)(1) of the Social Security Act	Indefinite	\$9,176,400 ²	Indefinite	\$9,596,953 ³

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$9,496,000,000.

² Includes up to \$119 million from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes up to \$1.0 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). This FY 2007 estimate reflects the current rate. The FY 2007 President's Budget request was \$9,496,000,000.

³ Includes a total of \$477 million in funding designated for SSI redeterminations and continuing disability reviews (CDRs). Total consists of \$264 million in base funding and \$213 million in additional funds. Includes up to \$135 million from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

Limitation on Administrative Expenses

Appropriation History Table

Fiscal Year	Budget Estimate To Congress	House Allowance	Senate Allowance	Appropriation
1999 Rescission ²	\$6,448,000,000 ¹	\$6,379,000,000	\$6,462,000,000	\$6,426,000,000 -\$7,981,000
2000 Supplemental ⁵	\$6,706,000,000 ³ \$35,000,000	\$6,481,000,000	\$6,673,871,000 \$50,000,000	\$6,572,036,000 ⁴ \$35,000,000
2001	\$7,134,000,000 ⁶	\$6,978,036,000	\$7,010,800,000	\$7,124,000,000
2002 Supplemental ⁹ Rescission ¹⁰	\$7,574,000,000 ⁷ \$7,500,000	\$7,568,000,000 \$7,500,000	\$7,568,000,000 \$7,500,000	\$7,568,000,000 ⁸ \$7,500,000 -\$5,915,000
2003 Rescission ¹²	\$8,282,753,000 ¹¹	\$7,936,000,000	\$7,936,000,000	\$7,936,000,000 -\$50,862,500
2004 Rescission ¹⁴	\$8,530,000,000 ¹³	\$8,361,800,000	\$8,530,000,000	\$8,361,800,000 -\$48,626,600
2005 Rescission ¹⁷	\$8,878,000,000 ¹⁵	\$8,798,100,000	\$8,622,818,000	\$8,801,896,000 ¹⁶ -\$69,394,400
2006 Rescission ²⁰ Supplemental ²¹	\$9,403,000,000 ¹⁸	\$9,279,700,000	\$9,329,400,000	\$9,199,400,000 ¹⁹ -\$90,794,000 +\$38,000,000
2007	\$9,496,000,000 ²²			23
2008	\$9,596,953,000 ²⁴			

¹ Includes \$75,000,000 to be derived from a proposed increase in user fees paid by States for Federal administration of State supplementation SSI payments and an additional \$355,000,000 to remain available until September 30, 2000, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33. Also includes \$50,000,000 from the proposal to authorize an adjustment to the FY 1999 discretionary spending limits for amounts appropriated to conduct additional redeterminations of non-disability factors of eligibility under the SSI program, and \$19,000,000 from the proposal to impose a monetary assessment on representatives of Social Security and SSI claimants.

² As part of P.L. 106-51, \$7,981,000 was rescinded from the LAE account.

- ³ Includes \$99,000,000 for user fees: \$80,000,000 from fees paid by States for Federal administration of SSI State supplementation payments and \$19,000,000 from monetary assessments of attorneys representing Social Security claimants (proposed). Also includes an additional \$405,000,000 to remain available until September 30, 2001, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.
- ⁴ Includes \$80,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. The appropriation makes available, until September 30, 2001, an additional \$385,000,000 above the government-wide discretionary caps for continuing disability reviews authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33. The amount available also reflects the LAE account's share (-\$24,835,000) of the government-wide rescission enacted as part of P.L. 106-113.
- ⁵ A FY 2000 supplemental appropriation of \$35,000,000 was enacted to fund the one-time costs of repealing the retirement earnings test for workers at or above the normal retirement age.
- ⁶ Includes \$91,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes an additional \$450,000,000 to remain available until September 30, 2002, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.
- ⁷ Includes \$106,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes an additional \$433,000,000 to remain available until September 30, 2003, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.
- ⁸ Includes \$100,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes, as requested, an additional \$433,000,000 to remain available until September 30, 2003, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.
- ⁹ The President requested and the Congress provided \$7,500,000 in emergency response funding to SSA for infrastructure and security costs related to the events of September 11, 2001 (P.L. 107-117).
- ¹⁰ A total of \$5,915,000 was rescinded by P.L. 107-206. \$3,400,000 was applied to base expenses; \$2,515,000 was applied to cap adjustment funding for continuing disability reviews.
- ¹¹ Amount reflects the Administration's proposal to charge the full cost of accruing retirement benefits and annuitant health benefits to agency accounts (+\$345,753,000), in addition to the current law request of \$7,937,000,000. Total includes \$112,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments.
- ¹² A total of \$50,862,500 was rescinded by P.L. 108-7, Consolidated Appropriations Resolution, 2003.
- ¹³ Total includes \$120,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments.
- ¹⁴ A total of \$48,626,600 was rescinded by P.L. 108-199, Consolidated Appropriations Bill.
- ¹⁵ Total includes up to \$121,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments.
- ¹⁶ Total includes up to \$124,000,000 from user fees paid by States for Federal administration of SSI State Supplementation payments. Also includes up to \$3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ¹⁷ A total of \$69,394,400 was rescinded by P.L. 108-447, Consolidated Appropriations Bill.

- ¹⁸ Includes a total of \$601,000,000 in earmarked funding for continuing disability reviews in FY 2006. Total consists of \$412,000,000 in base funding and \$189,000,000 in additional funds. Includes up to \$131,000,000 from user fees paid by States for Federal administration of SSI State Supplementation payments. Also includes up to \$3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ¹⁹ Total includes up to \$119,000,000 from user fees paid by States for Federal administration of SSI State Supplementation payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ²⁰ A total of \$90,794,000 was rescinded by P.L. 109-148, Department of Defense Appropriations Act, 2006.
- ²¹ A transfer from Department of Homeland Security for Hurricane Katrina-related costs (P.L. 109-234).
- ²² Includes a total of \$490,000,000 in funding designated for continuing disability reviews in FY 2007. Total consists of \$289,000,000 in base funding and \$201,000,000 in additional funds. Includes up to \$119,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ²³ A regular FY 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for FY 2007 in this budget reflect the levels provided by the continuing resolution.
- ²⁴ Includes a total of \$477 million in funding designated for SSI redeterminations and continuing disability reviews (CDRs). The base and cap adjustment requests for 2008 include both CDRs and SSI redeterminations, whereas previous cap adjustment requests were for CDRs only. Total consists of \$264 million in base funding and \$213 million in additional funds. Includes up to \$135 million from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

Limitation on Administrative Expenses

Justification

GENERAL STATEMENT

OVERVIEW OF SOCIAL SECURITY PROGRAMS AND RESPONSIBILITIES

SSA is responsible for results-oriented management of the following programs, which provide financial support to older Americans, Americans with disabilities, and their dependents:

- ◆ Old-Age and Survivors Insurance (OASI);
- ◆ Disability Insurance (DI); and
- ◆ Supplemental Security Income (SSI).

To many Americans, SSA is the Federal Government. In FY 2008, SSA will provide nearly 55 million people with monthly cash benefits for an annual total of approximately \$645 billion. In addition to paying benefits, SSA's operational responsibilities include:

- ◆ Taking applications for and issuing Social Security numbers (SSNs);
- ◆ Processing and maintaining earnings records for most of the working population;
- ◆ Issuing Social Security Statements;
- ◆ Taking claims, evaluating evidence, and making determinations of eligibility for monthly benefits;
- ◆ Identifying low-income beneficiaries who might be eligible for a Medicare drug benefit subsidy, making low-income subsidy determinations, and withholding premiums;
- ◆ Calculating Medicare Part B premium adjustment amounts for high-income beneficiaries in accordance with the Medicare Modernization Act (MMA);
- ◆ Adjudicating appeals of disputed decisions;
- ◆ Processing millions of actions to keep beneficiary records current and accurate;
- ◆ Conducting program integrity activities to avoid improper payments to beneficiaries; and
- ◆ Managing the Ticket to Work program to help disability beneficiaries return to the workforce and achieve self-sufficiency.

SSA currently employs approximately 63,000 dedicated public servants in over 1,500 offices nationwide. Combined with over 14,000 State employees in the Disability Determination Services (DDS), they demonstrate their commitment to the American public daily by providing the best service possible. SSA's employees take pride in administering Agency programs, realizing that the work they do can affect the lives of all Americans.

RECENT ACCOMPLISHMENTS

SSA's success is measured by results. Here are some examples:

- ◆ Since 2001, SSA has improved productivity on average by 2.5 percent per year for a cumulative improvement of 13.1 percent. SSA commits to Agency-wide productivity improvements, and consistently achieves them.

- ◆ From FY 2001 to FY 2006, several of the Agency's key performance indicators have improved significantly. For example, SSA has reduced processing time for both initial disability claims (from 106 days to 88 days) and Appeals Council review of hearing decisions (from 447 days to 203 days). SSA has also processed more work. In FY 2006, SSA processed over 360,000 more initial disability claims and nearly 700,000 more retirement and survivors claims than in FY 2001.
- ◆ SSA began the implementation of its new Disability Service Improvement (DSI) process on August 1, 2006, starting with the six States in the Boston region. The changes SSA is making in the disability process will greatly improve the quality of service that Social Security provides to millions of disabled workers and their families. The new process uses 21st-century technology and creates accountability at every step. As experience is gained, DSI will gradually be extended to all other regions of the country. The regulations establishing DSI were published on March 31, 2006, following extensive discussions with hundreds of interested organizations, groups, and individuals, including Members of Congress and congressional staff.
- ◆ DSI uses as its foundation the electronic disability initiative known as eDib. The electronic claims folder is now the official Agency record in all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. In addition, DSI is employing new electronic decisional tools that will strengthen the ability of adjudicators at all levels of the process in making and documenting correct decisions.
- ◆ In 2006, SSA continued efforts to ensure that all those eligible know about the extra help available through the prescription drug program (Medicare Part D) and have the opportunity to apply. As of December 29, 2006, almost 6 million people have applied for the extra help. SSA has processed 98.3 percent of low-income subsidy applications received. In the first quarter of FY 2007, SSA determined which current Medicare beneficiaries, based on modified adjusted gross income, would pay a higher percentage of the Medicare Part B premium and SSA issued notices to affected individuals.
- ◆ SSA processed more than 265 million earnings items in FY 2006. To minimize inaccurate reporting of wages by employers, SSA provides employers information and services to help them correctly report names and SSNs. SSA's free, automated verification programs for employers include the Social Security Number Verification System (SSNVS) and the Employer Verification Service. In FY 2006, SSA participated in 84 million employee verifications.
- ◆ The September 19, 2006 Federal American Customer Satisfaction Index (ACSI) scorecard shows the Internet Social Security Benefits Application and the Application for Help with Medicare Prescription Drug Costs topped all Federal websites, each with a score of 87. SSA's Business Services Online placed third in the e-Commerce category at 82, while the SSA Retirement Planner took fifth. All told, SSA's online applications took four of the top five spots in the E-Commerce category. SSA's average ACSI score (79.7 for six surveys) was second highest among all Federal agencies. The overall Federal average is 73.7.

PRESIDENT'S BUDGET FOR SSA

The President's budget includes \$9.597 billion for the Agency's Limitation on Administrative Expenses (LAE), less than 2 percent of SSA's total estimated outlays. This statement outlines

the Agency's goals and key performance commitments, including an annual productivity improvement of at least 2 percent on average.

SSA is at the front-line of Government and, as such, provides direct service to beneficiaries, claimants, and the general public. This budget allows SSA to generally maintain service, increase our program integrity efforts, and continue to meet Medicare prescription drug program responsibilities. However, there will be some growth in certain pending workloads in 2008. SSA will also continue to improve the way it does business with investments in technology, such as eDib.

One of SSA's important responsibilities is fiscal stewardship. Two of the Agency's most important initiatives in this regard are continuing disability reviews (CDRs) and SSI non-disability redeterminations. CDRs are periodic reevaluations of medical eligibility factors for DI and SSI recipients; SSI redeterminations are periodic reviews of non-medical factors of SSI eligibility. Both ensure proper benefit payments and are examples of how the Agency fulfills its stewardship responsibility. The FY 2008 President's budget proposes a discretionary cap adjustment to fund additional CDRs and SSI redeterminations. CDRs save \$10 in lifetime program benefits for every \$1 spent administering them; redeterminations save \$7 for every \$1 spent. An increase in spending on CDRs and redeterminations in FY 2008 would result in greater program savings, reducing the overall deficit.

SSA has achieved four green status scores on the five President's Management Agenda (PMA) initiatives, and will strive to attain five out of five, as outlined in the Agency's Annual Performance Plan (APP). Additionally, SSA is working hard to fully implement the efficiency, performance, and management challenges addressed by the Program Assessment Rating Tool (PART) recommendations. For the FY 2008 budget, the OASI program was assessed and received a rating of moderately effective.

SSA's budget is driven primarily by the size of its programs and their corresponding workloads, and the Agency's commitment to increase efficiency, strengthen program integrity, and improve service to the American people. The President's FY 2008 request of \$9.597 billion is crucial for processing an increasing amount of work driven by a rise in the number of claimants and beneficiaries. SSA is proud of its public service reputation for achieving outstanding results with limited resources, making the Agency a valuable investment.

WHAT SSA WILL DELIVER WITH THIS BUDGET

Social Security faces great service and stewardship challenges. With adequate resources, SSA can, and will, meet these challenges. Repeatedly, SSA has responded effectively to the needs of the American people in a timely and compassionate manner. The Agency consistently increases its productivity by focusing its resources on process and technology improvements within the areas of the budget where additional resources will generate the greatest results. SSA's administrative budget, at less than 2 percent of SSA's total outlays, is a sound investment that demonstrates a cost-conscious approach to managing resources. By balancing service and fiscal responsibility, SSA will continue to meet its goals for the American people.

The following pages display the key performance targets linked to this budget, and describe SSA's strategies for delivering results for each of its four strategic goals: service, stewardship, solvency, and staff.

KEY PERFORMANCE TARGETS

	FY 2007	FY 2008
Limitation on Administrative Expenses Budgetary Authority (\$ in millions)	\$9,176 ¹	\$9,597
Selected Outcome Measures		
Initial Disability Claims Pending (thousands)	577	627
SSA Hearings Pending (thousands)	752	768
Average Processing Time for Initial Disability Claims (days)	88	90
Average Processing Time for Hearing Decisions (days)	524	541
Disability Decisions, Per Worker Per Year	252	267
SSA Hearing Decisions, Per Worker Per Year	106	108
Disability Determination Services Accuracy Rate	97%	97%
Selected Workload Measures		
800-Number Transactions Handled (millions)	61	63
Retirement and Survivors Claims Processed (thousands)	3,837	4,057
Initial Disability Claims Processed (thousands)	2,530	2,462
SSA Hearings Processed (thousands)	541	548
Periodic CDRs Processed (thousands)	729	1,118
Periodic Medical CDRs (included above, thousands)	198	398
SSI Non-Disability Redeterminations Processed (thousands)	1,026	1,526
Social Security Statements Issued (millions)	147	148
Annual Earnings Items Processed (millions)	265	268
Social Security Numbers Issued (millions)	18	18

¹ This FY 2007 estimate reflects the current rate. The FY 2007 President's Budget request was \$9,496,000,000.

SERVICE

Strategic Goal: To deliver high-quality, citizen-centered service.

The Agency is continuing to make major structural and qualitative changes to the disability adjudication system to enable it to provide the high quality of service that claimants and the public expect and deserve. For the first time in 50 years, the Agency made significant changes to the disability determination process—changes that enhance the Agency's ability to make accurate, consistent, fair and timely decisions. The final regulation creating the DSI process was published on March 31, 2006 and became effective on August 1, 2006. SSA is phasing in the DSI process on a region-by-region basis beginning with the Boston Region. The new process will pay benefits quickly to people who are clearly disabled and make the right decision as early in the process as possible for all claimants.

Technology is the foundation for the Agency's current and future ability to provide quality service in the face of dramatic workload growth and SSA's employee retirement wave. Described below are several initiatives which will help improve service and provide efficiencies. Many of these initiatives are dependent on the resources included in SSA's Information Technology (IT) budget, which is fully integrated with SSA's service delivery and performance plans.

- To meet increasing service needs, SSA has aggressively pursued a portfolio of electronic services for the public to conduct Agency business online, in a private and secure environment. The Internet Social Security Benefit Application allows the public to apply for Social Security benefits online. In addition, beneficiaries can use the SSA website or the national 800-number to obtain a host of services, such as changing their address, starting or changing direct deposit, ordering a replacement Medicare card, or requesting a Proof of Income letter.
- SSA continuously strives to make its services more accessible to people nationwide. In three western States—North Dakota, Wyoming, and South Dakota—SSA uses video technology to take claims and provide other services. This service is in addition to the video hearings offered by the Office of Disability Adjudication and Review. SSA has entered into a joint venture with the University of North Dakota, the General Services Administration (GSA), local government, and tribal leaders to establish video networks. Many people live in remote areas of the United States and have restricted access to SSA field offices. The video sites offer many of the services provided in a field office. SSA plans to expand the video network to provide additional sites and services. Locations in Montana are being considered, as well as the establishment of links between claimants and State DDS. The number of claims taken has increased significantly in areas offering video conferencing. Through video technology, SSA is better serving the public.
- SSA made improvements in the electronic service delivery provided to employers and the business community, resulting in efficiencies in SSA's operations. Examples of SSA's services for businesses include electronic wage reporting, which simplifies the process for businesses by allowing them to submit employee wage reports online, and SSNVS, which employers use to verify large numbers of employees' names and SSNs. SSA also provides services for the Department of Homeland Security's (DHS) Basic Pilot, which employers can also use to verify employee names, SSNs, and work eligibility.

- SSA's Medicare workloads have a significant impact on the Agency's budget and performance. For decades, SSA has taken applications for Medicare benefits and replacement Medicare cards and has withheld Medicare premiums from beneficiaries' Social Security checks. However, MMA significantly increased SSA's Medicare-related responsibilities. SSA's FY 2008 budget includes the resources required for Part B income-related premium adjustment amount determinations, as well as for ongoing work related to the Medicare prescription drug program, including new determinations of eligibility for extra help, processing subsidy changing events for existing beneficiaries, conducting redeterminations of eligibility, and performing premium withholding.

Beginning in FY 2007, SSA has a new workload resulting from the MMA requirement that individuals with modified adjusted gross incomes above \$80,000 (\$160,000 for a couple) pay a higher percentage of the Medicare Part B premium. Prior to the start of each calendar year, SSA will make annual income-related premium adjustment amount determinations for all Medicare beneficiaries on the rolls that will be effective the entire year. SSA now also makes new income-related premium determinations after individuals either state they would like to enroll in Part B (new filers) or become entitled to Medicare.

SSA's Return to Work initiatives contribute to the President's New Freedom Initiative, which offers new opportunities for people with disabilities who want to become more self-sufficient through employment. Through implementation of the Ticket to Work program, SSA is working to increase the percentage of DI and SSI beneficiaries who are employed, saving money for taxpayers and returning beneficiaries to the dignity and independence of work. Through the end of 2006, more than 147,000 beneficiaries assigned their Tickets to the employment network (EN) or vocational rehabilitation (VR) agency of their choice. During 2005, 37,000 DI and SSI beneficiaries worked as a result of Ticket to Work services provided by ENs or VR agencies. This total represents a 66 percent increase over the number of Ticket holders who worked during 2004. SSA is making payments to ENs for over 2,400 beneficiaries who have achieved sustained employment and/or substantial earnings.

SSA also handles substantial core workloads that cannot be overlooked, for they are the largest use of administrative resources. In addition to the responsibilities listed above, in FY 2008 SSA will:

- ◆ Pay benefits to nearly 55 million people every month;
- ◆ Evaluate evidence and make determinations of eligibility for benefits for more than 6.8 million new claims;
- ◆ Make decisions on over 545,000 hearings;
- ◆ Issue 18 million new and replacement Social Security cards;
- ◆ Process 268 million earnings items for crediting to workers' earnings records;
- ◆ Handle approximately 63 million transactions on SSA's 800-number;
- ◆ Issue 148 million Social Security Statements;
- ◆ Process 1.1 million periodic continuing disability reviews;
- ◆ Process over 1.5 million non-disability SSI redeterminations; and
- ◆ Process almost 269,000 Medicare Part D subsidy applications.

STEWARDSHIP

Strategic Goal: To protect the integrity of Social Security programs through superior stewardship.

As part of its effort to pursue cost-saving initiatives, the FY 2008 budget includes resources for SSA to continue performing CDRs and SSI redeterminations and a special funding mechanism to increase the resources available for these important workloads. The purpose of these program integrity efforts is to prevent and detect improper payments; to support Government-wide efforts to improve financial performance and to implement the recommendations resulting from the PART findings; and to address concerns of the Congress, the Government Accountability Office, and the Office of the Inspector General (OIG) about payment accuracy.

SSA places a high priority on its efforts to reduce overpayments and collect unpaid debt. SSA consistently strives to achieve high levels of payment accuracy to minimize the amount of program dollars paid incorrectly. Often improper payments can be traced to the complex nature of the programs and their requirements. For example, SSI overpayment errors can result from unreported wages and unreported bank accounts with substantial assets. In addition, SSA's highly successful debt management program currently makes use of many of the tools available under existing law, such as administrative wage garnishment. The Agency plans to implement additional initiatives in the future.

SSA works continuously to strengthen the process for assigning SSNs and issuing Social Security cards. SSA is committed to combating SSN misuse and identity theft. Over the years, SSA has taken many steps to strengthen the integrity of the SSN process. Some of these initiatives include the removal of SSNs from Agency notices and introducing a mandatory front-end system for processing all enumeration actions. In addition, in 2004, the President signed the Intelligence Reform and Terrorism Prevention Act into law, requiring SSA to further improve its document verification processes, SSN and Social Security card security, and SSN verification services. As a result, SSA added death indicators to the SSN verification services used by employers and State agencies issuing drivers' licenses and identity cards, limited the number of replacement SSN cards an individual can receive, and improved SSA's electronic systems for processing SSN applications through the enumeration at birth process. In addition, SSA is currently on target for adding the fraud indicators as required by the legislation.

In 2006, SSA opened its third Social Security Card Center in Queens, New York, joining existing Card Centers in Brooklyn, New York and Las Vegas, Nevada. The Card Centers are centralized processing sites for all SSN applications for area residents. The purpose of the Centers is to improve service as well as the integrity and quality of the enumeration process, ensuring that only those individuals entitled to SSNs receive them, and that they receive them in a timely fashion. SSA is evaluating further expansion in other rapidly growing metropolitan areas. These Centers represent a joint effort of SSA, SSA's OIG, and DHS.

SOLVENCY

Strategic Goal: To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations.

The Administration is committed to strengthening the Social Security system and has put forward three goals for any reforms: strengthen the safety net for future generations, protect those who depend on Social Security, and offer workers a chance to experience the opportunity of ownership through voluntary personal retirement accounts. The President has proposed

reforms to address the system's long-term insolvency while making Social Security a better deal for today's young workers.

The FY 2008 budget includes resources for SSA's most extensive public education effort—the annual mailing of individual Social Security Statements to 145 million American workers. The Statement, in addition to providing a worker's earnings record and estimates of possible future benefits, explains the basic financing challenges the program faces in the future.

Social Security's website contains a wealth of information about the current program and its future, including a Social Security publication entitled, "The Future of Social Security," which addresses solvency. Further, SSA has a network of Public Affairs Specialists who are available to speak on this and other issues at community gatherings throughout the nation.

STAFF

Strategic Goal: To strategically manage and align staff to support the mission of the Agency.

SSA's devoted and hardworking employees are at the heart of its success, and the Agency benefits enormously from their experience, their knowledge, and their dedication to serving the American public. As employee retirements accelerate due to the aging of the workforce, SSA will do the best it can, within available resources, to recruit new employees in order to avoid a significant drain of the Agency's institutional knowledge. While SSA will maximize the use of technology wherever possible, a talented and skilled workforce is vital for the future.

SSA is a recognized Government leader in the area of managing their human capital. The Agency received a 2005 President's Quality Award in recognition of Agency-wide performance in the Strategic Management of Human Capital. This included the human capital strategies that allowed the Agency to manage the significant new human resources challenges the Agency faced in implementing MMA. In 2006, SSA received the Leading Edge Award from the International Personnel Management Association for Human Resources – Federal Section. The award was presented in recognition of SSA's effective alignment of its human capital strategies with the mission and goals of the Agency. SSA achieved a PMA status score of green for Strategic Management of Human Capital in FY 2004 and has maintained this status.

SSA's "Retirement Wave" analysis, updated in 2006, states that 23 percent of SSA employees are eligible for regular retirement. However, through the results achieved under its Human Capital Plan and Future Workforce Transition Plan, the Agency has shown that it is prepared for the challenge of recruiting, developing, and retaining a high-performing workforce. SSA will continue to use and expand personnel hiring flexibilities in strategic areas. SSA's long-term efforts support a focus on recruiting front-line and systems employees, and the training required to reflect the emphasis on direct service and integrated electronic government service.

PRESIDENT'S MANAGEMENT AGENDA

SSA's budget supports the PMA by emphasizing the President's Government-wide management reforms, as well as his program management reforms. In addition, SSA has achieved green—the highest rating possible—for overall status in four of the five government-wide PMA initiatives. SSA is proud of these scores and committed to doing even better.

Government-Wide Initiatives:

Strategic Management of Human Capital—SSA continues to successfully meet the challenge of hiring, developing, and retaining a highly skilled, high-performing, and diverse workforce. Social Security is committed to continuously improving its training and development programs so that employees at all levels have the skills they need to deliver quality service in an increasingly technological environment. SSA is identifying competencies for additional mission-critical positions in order to assess and close potential gaps. In FY 2007, SSA implemented a new multi-tiered performance management system for bargaining unit employees to promote accountability, to provide enhanced communication between employees and supervisors, and to better encourage and reward high performance. SSA continues to conduct accountability reviews with the Office of Personnel Management (OPM) that show a high level of Human Capital efficiency and effectiveness. SSA also provides an annual Human Capital report to OPM.

Competitive Sourcing—SSA continues to identify and analyze commercial functions for potential competition with the private sector. The Agency's efforts in competitive sourcing since FY 2003 have resulted in the completion of 20 studies involving over 205 Government positions, including mailroom operations, nursing services, and information technology positions. In addition, post-competition accountability reports consistently indicate the service providers are meeting or exceeding performance requirements.

Improved Financial Performance—The Agency continues to make progress in improving the quality, consistency, and access to information used by managers and analysts to manage work and to account for resources. For the 13th consecutive year, Social Security received an unqualified opinion from independent auditors on its consolidated financial statements. SSA has a well established Agency-wide management control and financial management systems review program as required by the Federal Managers' Financial Integrity Act (FMFIA). SSA has no FMFIA material weaknesses.

At the end of FY 2006, SSA implemented the new Social Security Online Accounting and Reporting System Financial Information System (SSOARS FIS). This system permits financial users direct access to the SSOARS production spending data via a web portal. It provides more timely and accurate information to budget offices and managers throughout SSA, and provides users with the ability to publish reports and download data to spreadsheets so that they can manage their allocations against their actual spending. Managers at the national, regional and area levels are able to drill down to get more detailed spending data on offices within their jurisdiction.

Expanded Electronic Government—Social Security is aggressively expanding electronic government with a comprehensive, focused, and results-oriented strategy. The Agency continues to increase the usage of electronic services. These transactions include applying for retirement and disability benefits, changing direct deposit or address information, requesting replacement Medicare cards and requesting proof of income letters. SSA's goal for FY 2008 is 3 million transactions. Usage of automated voice recognition applications on the National 800-Number Network continues to significantly affect usage in FY 2007. Voice recognition applications, including requests for a Medicare Replacement Card, Proof of Income Letter, Change of Address, and Change Direct Deposit, had a combined total of over 92,000 transactions, or 51 percent of SSA's electronic transactions through October 2006. As of October 2006, SSA has achieved 6 percent of its goal for a year-to-date total of 181,700 electronic transactions.

Budget and Performance Integration—SSA continues to emphasize the relationship between resources and results. SSA's budget plan provides a meaningful context for making decisions on needed improvements in service delivery, fiscal stewardship, and the requisite staffing to accomplish both. The plan aligns costs and workyears with overarching performance goals in the Agency Strategic Plan to demonstrate the resources required to maintain service and improve productivity. The Agency's ability to adjust resources based on the most current experience enables SSA to maximize its productivity and has resulted in an Agency-wide productivity increase of 13.1 percent since 2001, an annual average of 2.5 percent. Social Security also continues to improve its core budget formulation system by building on current financial performance and management information systems. As a result, the Agency can quickly determine the impact that budgetary changes would have on its level of service.

Program-Specific Initiative:

Eliminating Improper Payments—SSA is responsible for benefit payments that exceed \$600 billion annually, and proper stewardship of these funds continues to be one of the Agency's primary goals. The Agency has core, ongoing stewardship efforts that are critical to overall success in the elimination of improper payments. SSI redeterminations are one of the most effective of these ongoing efforts for detecting and preventing overpayments. SSA has implemented the cross-program recovery provision of the Social Security Protection Act of 2004. SSA has also released Phase 1 of the Non-Entitled Debtor System (NED). NED is a system used to develop, record, control and resolve overpayments and other debts of individuals who are not entitled to Social Security benefits under any program and, therefore, do not have master records to match against. SSA is currently developing Phase 2 of NED. In addition, SSA had completed several wage reporting pilots as a basis for developing additional strategies aimed toward reducing improper payments.

PROGRAM ASSESSMENT RATING TOOL

SSA's budget and plans also reflect the assessments performed with OMB's PART, a diagnostic tool used to examine different aspects of program performance to identify the strengths and weaknesses of a given Federal program. SSA has performed well on its PART evaluations, achieving "moderately effective"—the second highest score—for the OASI, DI and SSI programs. PART underscores the importance of establishing and measuring tracked goals, and SSA has had success in strengthening its programs by linking the allocation of resources to performance metrics. SSA recognizes that there is work to do to improve the management of its programs and has addressed the PART recommendations in its strategic plans and budget.

Program improvement is the objective of PART, which has enabled SSA to pinpoint weaknesses in its programs and guided the Agency toward solutions. SSA has undertaken many initiatives to address PART recommendations. DI and SSI applicants, recipients, and their families will benefit from service improvements arising from the new disability determination process and increased productivity that will result from initiatives like eDib. Further, SSA is expanding employment opportunities for disabled beneficiaries through the Ticket to Work and Area Work Incentive Coordinators efforts. To improve the OASI program in FY 2008, SSA will continue its education initiatives, develop a plan to increase use of automated service channels, and develop new automated techniques to detect and correct errors in name/Social Security Number matching. Finally, SSA has many strategies and workloads such as continuing eligibility reviews that benefit programs Agency-wide by reducing improper payments.

ANNUAL PERFORMANCE PLAN

SSA's budget is fully integrated with its APP, which is included as the final tab in this *Justification of Estimates for Appropriations Committees*. The budget estimates are linked to key performance measures, included earlier in this General Statement, and support all of the more detailed measures outlined in the APP.

Limitation on Administrative Expenses

Additional Budget Detail

Size and Scope of SSA's Programs

SSA's administrative budget is driven by the size of the programs it administers—both in terms of the amount of work performed and the number of people needed to process it—and by its continuing efforts to improve service and efficiency.

The following tables show estimated benefit outlays and beneficiaries, under current law, for the major programs SSA administers.

Federal Benefit Outlays (Dollars in Billions)

Programs	FY 2006	FY 2007	FY 2008
Old-Age and Survivors Insurance	\$454.3	\$478.7	\$499.5
Disability Insurance	\$90.7	\$98.5	\$103.3
Supplemental Security Income	\$37.4	\$36.8	\$41.7
Total	\$582.4	\$614.0	\$644.5

Beneficiaries (Average Beneficiaries in Payment Status in Millions)

Programs	FY 2006	FY 2007	FY 2008
Old-Age and Survivors Insurance	40.3	40.7	41.3
Disability Insurance	8.4	8.7	9.1
Supplemental Security Income ¹	6.9	7.0	7.2
Total ²	55.6	56.4	57.6

At less than 2 percent of total outlays, SSA's administrative expenses continue to be a very small portion of overall program spending, demonstrating the Agency's cost-conscious approach to managing its resources.

¹ Does not include those beneficiaries only receiving State supplementation benefits.

² Each year, approximately 2.6 million SSI beneficiaries receive benefits concurrently from OASDI. Therefore, that number, which is reflected in the SSI total, is also reflected in the OASDI totals.

Full-Time Equivalents and Workyears

The following table summarizes the total Federal and State workyears that the President's FY 2008 LAE and OIG budgets for SSA will support.

	FY 2007	FY 2008
SSA Full-Time Equivalents (FTEs)	59,890	59,808
Overtime/Lump Sum Leave	1,307	1,321
Total SSA Workyears (including OIG)	61,197	61,129
Total DDS Workyears	13,626	13,467
TOTAL SSA/DDS WORKYEARS	74,823	74,596

Social Security Advisory Board

This budget includes \$2 million for the Social Security Advisory Board in FY 2008. The *Social Security Independence and Program Improvements Act of 1994* mandated the creation of a 7-member Advisory Board to make recommendations on policies and regulations relating to SSA's major programs: OASDI and SSI. The Board is required by law to meet at least four times per year.

SSA e-Gov Contributions
(Dollars in thousands)

Initiative	FY 2007	FY 2008
Business Gateway	\$ 249	\$ 120
Grants.gov	\$ 75	\$ 77
E-Authentication	\$ -	\$ 65
E-Rulemaking	\$ 155	\$ 135
Integrated Acq. Environ.	\$ 41	\$ 44
Financial Management LoB	\$ 83	\$ 44
Geospatial LoB	\$ 15	\$ 15
Human Resources LoB	\$ 130	\$ 130
Infrastructure LoB	\$ 80	\$ 80
Grants Management LoB	\$ 30	\$ 28

The Social Security Administration continues to actively support the President's E-Government Initiatives, which are funded in Account Code 016-00-8704-1. These initiatives serve citizens, businesses, and Federal employees by delivering high-quality services more efficiently and providing services that might not otherwise be available. The *Capital Asset Plan and Business Case Summary* (Exhibit 300s) for each initiative are located at www.socialsecurity.gov/exhibit300/. Benefits include the following:

Business Gateway provides businesses with easier and quicker access to SSA forms via the Business Gateway online Forms Catalog.

Grants.gov provides a single location to publish all grant (funding) opportunities and application packages, and provides a single site for the grants community to apply for all grants using common forms, processes and systems.

E-Authentication will enable the growth of E-Government as citizens, businesses, and other governments easily reuse credentials (e.g. pins/passwords and PKI certificates) across multiple government services. SSA's participation in the e-Authentication initiative offers the promise of utilizing common, convenient and secure credentials issued by trusted third party Federation credential providers (both government and commercial).

E-Rulemaking provides a central location for the public to review and comment on SSA regulatory actions while reducing administration data storage costs and improves collaboration across government on regulatory matters.

Integrated Acquisition Environment (IAE) replaces manual processes by providing tools and services that allow the agency to make informed and efficient purchasing decisions. The Agency uses IAE to record vendor and contract information, to post procurement opportunities and to access vendor performance information from other agencies.

Financial Management Line of Business is standardizing and consolidating the government's financial systems as well as the financial business processes agencies use to collect and report financial information.

Geospatial Line of Business could provide broader and more immediate access to geospatial information that would allow SSA to improve mission delivery and increase service to citizens.

Human Resources (HR) Management Line of Business provides the Agency and employees with “best-in-class” HR services without the cost of developing and maintaining an agency-developed HR system.

IT Infrastructure Line of Business will provide the capability for SSA to benchmark the performance of its IT infrastructure against that of other agencies and private sector organizations, enhancing SSA’s ability to discover new approaches to improving performance.

Grants Management Line of Business will result in a centralized location to download all grant applications, make awards, and track awards to closeout, as well as decrease Agency reliance on manual and paper-based processing.

**Other SSA Expenses/Service Fees
Related to e-Gov Projects**
(Dollars in thousands)

Initiative	FY 2007	FY 2008
GovBenefits.gov	\$ 315	\$ 314
E-Travel	\$ 994	\$ 898
E-Payroll	\$ 13,800	\$ 14,200
Recruitment One-Stop	\$ 327	\$ 383
E-Vital	\$ *	\$ -

* Pending FY 2007 appropriations action.

In addition to making annual contributions to the managing partners of certain e-Gov projects, SSA also funds various ongoing business services that are related to e-Gov projects. These funds are part of SSA’s ongoing budget and pay for services provided by other agencies under authority of the Economy Act. For example, SSA obtains annual employee payroll services from the Department of Interior’s National Business Center at an estimated cost of approximately \$14 million.

GovBenefits.gov helps to promote awareness of SSA’s benefit programs to the public, assisting SSA in its strategic goals of delivering citizen-centric world-class service and strengthening public understanding of Social Security programs.

E-Travel is intended to provide a government-wide standard set of world-class travel management services to consolidate Federal travel, minimize cost, and improve customer satisfaction. The E-Travel Service is based on commercially hosted solutions to minimize technology costs to the government and guarantee current and advanced functionality for agencies who implement this service. SSA is presently evaluating the best approach and timing to implement E-Travel, consistent with the Federal Travel Regulation (41 CFR 300-304).

E-Payroll standardizes and consolidates government-wide Federal civilian payroll services and processes.

Recruitment One-Stop provides an online portal (www.usajobs.gov) through which citizens can easily search for employment opportunities throughout the Federal Government.

E-Vital provides quicker receipt of the fact of death with a verified social security number, leading to substantial efficiencies for SSA.

Social Security Administration

Detail of Full-Time Equivalent Employment

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate
<u>Account</u>			
Limitation on Administrative Expenses (LAE)	62,819	58,985	58,900
Reimbursable Work	<u>312</u>	<u>300</u>	<u>300</u>
SSA Proper	63,131	59,285	59,200
Office of the Inspector General	<u>608</u>	<u>605</u>	<u>608</u>
All Programs	63,739	59,890	59,808

Average Grade and Salary

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate	Increase or Decrease
Average ES Salary	\$151,200	\$154,500	\$157,600	+\$3,100
Average GS Grade	10	10	10	---
Average GS Salary	\$61,500	\$63,200	\$65,100	+\$1,900

SOCIAL SECURITY ADMINISTRATION

Office of the Inspector General

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SOCIAL SECURITY ADMINISTRATION

Office of the Inspector General

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$27,000,000, together with not to exceed \$68,047,000, to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the "Limitation on Administrative Expenses", Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: Provided, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House and Senate.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Office of the Inspector General

Amounts Available for Obligation
(Dollars in thousands)

	FY 2006 Actual	FY 2007 Current Estimate ¹	FY 2008 Estimate
<u>General Funds:</u>			
Annual appropriation	\$26,000	\$25,740	\$27,000
Reduction pursuant to P.L. 109-148	<u>-260</u>	<u>---</u>	<u>---</u>
Subtotal, adjusted general funds	\$25,740	\$25,740	\$27,000
<u>Trust Funds:</u>			
Annual transfer	\$66,400	\$65,736	\$68,047
Reduction pursuant to P.L. 109-148	<u>-664</u>	<u>---</u>	<u>---</u>
Subtotal, adjusted trust funds	\$65,736	\$65,736	\$68,047
Subtotal, appropriation	\$91,476	\$91,476	\$95,047
Unobligated balance lapsing	<u>-551</u>	<u>---</u>	<u>---</u>
Total, obligations	\$90,925	\$91,476	\$95,047

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Office of the Inspector General

Summary of Changes

FY 2007 Current Estimate ¹	<u>\$91,476,000</u>
General Funds	\$25,740,000
Trust Funds	\$65,736,000
FY 2008 Request	<u>\$95,047,000</u>
General funds	\$27,000,000
Trust funds	\$68,047,000
Net Change in obligations	<u>+\$3,571,000</u>

	FY 2007 Base Current Estimate		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<u>Increases:</u>				
A. <u>Built-in</u>				
1. Annualization of the January 2007 Federal pay increase of 2.2 percent	615 (605)	\$79,815,000	3 (3)	+\$419,000
2. Nine-month effect of assumed 3.0 percent Federal pay increase effective January 2008			---	+\$1,308,000
3. Change in base payroll expenses related to career ladder promotions and within-grade increases			---	+\$1,387,000
4. Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS)			---	+\$850,000
5. Net increase in all other payroll costs, including 2 additional paid days			---	+\$496,000
6. All other built-in nonpayroll changes, including travel, management support and equipment maintenance		\$11,661,000	---	<u>+\$613,000</u>
Total, built-in increases				+\$5,073,000

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Summary of Changes

	FY 2007 Base Current Estimate		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<u>Decreases:</u>				
A. <u>Program</u>				
1. Decrease in costs for training, supplies, and other support services			---	<u>-\$1,502,000</u>
Total, decreases				-\$1,502,000
Net change			---	+\$3,571,000

Office of the Inspector General

Budgetary Resources by Activity
(Dollars in thousands)

	FY 2006 Actual	FY 2007 Current Estimate ¹	FY 2008 Estimate
General funds	\$25,740	\$25,740	\$27,000
OASDI trust fund transfers	<u>\$65,736</u>	<u>\$65,736</u>	<u>\$68,047</u>
Total	\$91,746	\$91,476	\$95,047
(Obligations)	(\$90,925)	(\$91,476)	(\$95,047)
(FTEs)	(608)	(605)	(608)

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Office of the Inspector General

Budgetary Resources by Object

	FY 2007 Current Estimate ¹	FY 2008 Estimate	Increase or Decrease
<u>Personnel compensation</u>			
Full-time permanent	\$57,426,000	\$60,921,000	+\$3,495,000
Other than full-time permanent	433,000	483,000	+50,000
Other personnel compensation	<u>1,185,000</u>	<u>1,250,000</u>	<u>+65,000</u>
Total, personnel compensation	\$59,044,000	\$62,654,000	+\$3,610,000
Civilian personnel benefits	<u>20,771,000</u>	<u>21,621,000</u>	<u>+850,000</u>
Total, compensation and benefits	\$79,815,000	\$84,275,000	+\$4,460,000
Travel	\$2,200,000	\$2,538,000	+\$338,000
Transportation of things	110,000	75,000	-35,000
Rental payments to GSA	5,100,000	5,100,000	---
Rental payments to others	150,000	100,000	-50,000
Communications, utilities and miscellaneous charges	600,000	600,000	---
Printing and reproduction	45,000	10,000	-35,000
Other services	3,256,000	2,180,000	-1,076,000
Supplies and materials	100,000	69,000	-31,000
Equipment	100,000	100,000	---
Land and structures	---	---	---
Total, budgetary resources	\$91,476,000	\$95,047,000	+\$3,571,000

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Office of the Inspector General

Authorizing Legislation

	2007 Amount Authorized	2007 Estimate ¹	2008 Amount Authorized	2008 Estimate
Office of the Inspector General P.L. 103-296	Indefinite	\$91,476,000	Indefinite	\$95,047,000

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Office of the Inspector General

Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
FY 1998 ¹				
Appropriation	\$10,164,000	\$10,164,000	\$6,335,000	\$10,164,000
Trust Funds	\$34,260,000	\$42,260,000	\$31,019,000	\$38,260,000
FY 1999				
Appropriation	\$12,000,000	\$12,000,000	\$11,082,000	\$12,000,000
Trust Funds	\$40,000,000	\$44,000,000	\$39,130,000	\$44,000,000
FY 2000 ²				
Appropriation	\$15,000,000	\$12,000,000	\$15,000,000	\$14,944,000
Trust Funds	\$51,000,000	\$44,000,000	\$51,000,000	\$50,808,000
FY 2001				
Appropriation	\$17,000,000	\$14,944,000	\$16,944,000	\$16,944,000
Trust Funds	\$56,000,000	\$50,808,000	\$52,500,000	\$52,500,000
FY 2002 ³				
Appropriation	\$19,000,000	\$19,000,000	\$19,000,000	\$18,985,800
Trust Funds	\$56,000,000	\$56,000,000	\$56,000,000	\$55,958,200
FY 2003 ⁴				
Appropriation	\$21,000,000	\$21,000,000	\$21,000,000	\$20,863,500
Trust Funds	\$62,000,000	\$62,000,000	\$62,000,000	\$61,597,000
FY 2004 ⁵				
Appropriation	\$25,000,000	\$24,500,000	\$20,863,000	\$24,355,400
Trust Funds	\$65,000,000	\$63,700,000	\$61,597,000	\$63,324,200
FY 2005 ⁶				
Appropriation	\$26,000,000	\$25,748,000	\$26,000,000	\$25,542,000
Trust Funds	\$66,000,000	\$65,359,000	\$66,000,000	\$64,836,100
FY 2006 ⁷				
Appropriation	\$26,000,000	\$26,000,000	\$26,000,000	\$25,740,000
Trust Funds	\$67,000,000	\$66,805,000	\$67,000,000	\$65,736,000
FY 2007 ⁸				
Appropriation	\$27,000,000			
Trust Funds	\$69,000,000			
FY 2008				
Appropriation	\$27,000,000			
Trust Funds	\$68,047,000			

Office of the Inspector General

Appropriation History Table

- ¹ Excludes \$800,000 transfer from Limitation on Administrative Expenses account pursuant to P.L. 105-78.
- ² The \$15,000,000 in appropriated funds and \$51,000,000 in trust funds included in the language for this account for FY 2000 were reduced by \$56,000 and \$192,000, respectively, in accordance with P.L. 106-113.
- ³ The \$19,000,000 in appropriated funds and \$56,000,000 in trust funds included in the language for this account for FY 2002 were reduced by \$14,200 and \$41,800, respectively, in accordance with P.L. 107-206.
- ⁴ The \$21,000,000 in appropriated funds and \$62,000,000 in trust funds included in the language for this account for FY 2003 were reduced by \$136,500 and \$403,000, respectively, in accordance with P.L. 108-7.
- ⁵ The \$24,500,000 in appropriated funds and \$63,700,000 in trust funds included in the language for this account for FY 2004 were reduced by \$144,600 and \$375,800, respectively, in accordance with P.L. 108-199.
- ⁶ The \$25,748,000 in appropriated funds and \$65,359,000 in trust funds included in the language for this account for FY 2005 were reduced by \$206,000 and \$522,900, respectively, in accordance with P.L. 108-447.
- ⁷ The \$26,000,000 in appropriated funds and \$66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by \$260,000 and \$664,000, respectively, in accordance with P.L. 109-148.
- ⁸ A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Office of the Inspector General

Justification

FY 2007 Current Estimate		FY 2008 Estimate		Increase or Decrease	
FTE	Amount	FTE	Amount	FTE	Amount
605	\$91,476,000	608	\$95,047,000	+3	+\$3,571,000

GENERAL STATEMENT

The fiscal year (FY) 2008 President's budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$95,047,000 in total obligational authority and 608 full-time equivalents (FTE). This is \$3,571,000 above the FY 2007 level.

For FY 2007, OIG's estimated funding level (operating under a continuing resolution, P.L. 109-289, Division B, as amended) is \$91,476,000, which will support 605 FTEs. The FY 2008 request provides resources needed to maintain this full complement of staff, including mandatory payroll increases (e.g., pay raises, health benefits, etc.) and related support costs. The budget request assumes OIG will replace most staffing losses during FY 2008 and provides ongoing support of the major initiatives already in place. OIG will continue to strengthen homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security Number (SSN) misuse.

ONGOING INITIATIVESHomeland Security

The widespread use of the SSN and the critical role that Social Security benefits play in the lives of so many Americans make the OIG's efforts--already important on a daily basis--critical in times of national emergencies. The OIG continues its homeland security efforts, with respect to both natural and human threats. Audit and investigative efforts in areas such as SSN integrity contribute to the government-wide fight against terrorism. The OIG's work with the Government Accountability Office, the Department of Homeland Security and others in the wake of Hurricanes Rita and Katrina established that its efforts in homeland security are critical not only to the prevention of terrorism, but to recovery efforts in the aftermath of disasters.

Computer Forensic Investigations

Criminal acts involving use of computers have increased dramatically. These crimes range from employees' inappropriate use of Government equipment to financial fraud that may involve contractors doing business with the Agency. To address this growing problem, OIG established an Electronic Crimes Team (ECT) to conduct computer forensic investigations. The ECT is tasked under both SSA's Critical Federal Infrastructure Protection Plan (CFIPP) and the Federal Information Security Management Act (FISMA) with providing support in the event of an intrusion into SSA's network. The CFIPP and FISMA dictate an increased responsibility for ensuring that all computer-related fraud allegations are fully investigated.

The ECT is responsible for providing thorough and exhaustive examinations of digital media. The media examined may include computer hard disk drives, cellular telephones and personal digital assistants. A challenge facing all computer forensic examiners is the growth in the storage capacity of technical devices and rapidly changing technology. Expected increases in electronic activity, including SSA's conversion to more electronic government applications, will broaden the ECT's future workload requirements.

Fugitive Enforcement

OIG cooperates with local law enforcement agencies throughout the United States to share information about fugitive felons, parole violators and probation violators. SSA compares fugitive files with files of individuals receiving Supplemental Security Income (SSI) payments, Disability Insurance (DI) benefits and/or serving as representative payees. When these reviews produce a match, OIG verifies the identity of the individual, ensures the warrant is active, works with local law enforcement to locate the person and refers the case to the local Social Security office for suspension of SSI and DI payments.

Civil Monetary Penalty Program

As delegated by the Commissioner of Social Security, the OIG administers the Civil Monetary Penalty (CMP) program enforcement statutes. This authority allows OIG to impose CMPs against violators of sections 1129 and 1140 of the *Social Security Act*. The *Social Security Protection Act of 2004* extended CMP authority to include the misuse of benefits by representative payees. Section 1140 of the Act prohibits the use of SSA's program words, letters, symbols or emblems in advertisements or other communications in a manner that falsely conveys approval, endorsement, or authorization. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements or representations in connection with obtaining or retaining DI benefits or SSI payments.

SSA's SIGNIFICANT MANAGEMENT ISSUES

OIG annually identifies the most significant management issues facing SSA based on congressional mandates and our audit and investigative work. These issues are:

1. SSN Protection
2. Management of the Disability Process
3. Improper Payments and Recovery of Overpayments
4. Internal Control Environment and Performance Measures
5. Systems Security and Critical Infrastructure Protection
6. Service Delivery and Electronic Government

The FY 2008 budget provides resources needed to maintain the FY 2007 staffing levels dedicated to addressing each of these issue areas. A summary of each is discussed below:

Issue #1: SSN Protection

The SSN is the key to social, legal and financial assimilation in the United States. Its frequent use as an identifier renders it as a valuable illegal commodity. Criminals improperly obtain SSNs by: (1) presenting false documentation; (2) stealing another person's SSN; (3) purchasing an SSN; (4) using the SSN of a deceased individual or (5) contriving an SSN by selecting any nine digits at random.

SSA has taken considerable steps to protect the SSN in recent years. As part of OIG's ongoing activities, the OIG provides recommendations to SSA to further strengthen this commitment through promoting limits on the use of the SSN as an individual identifier in the private sector, addressing weaknesses in its information security environment to safeguard SSNs and coordinating with partner agencies to pursue data sharing agreements to enhance data integrity.

Issue #2: Management of the Disability Process

SSA administers the Disability Insurance (DI) and Supplemental Security Income (SSI) programs which provide benefits to individuals based on disability. These programs remain susceptible targets for fraud. As a result, the OIG, in cooperation with SSA, has taken the initiative to manage the Cooperative Disability Investigations (CDI) Program. The objective of the CDI program is to acquire evidence to settle questions of fraud in the DI and SSI programs. During FY 2006, the CDI units saved SSA over \$151 million by identifying fraud and abuse related to initial and continuing claims in the disability program.

Our Office of Audit will be conducting reviews to ensure that other risk factors inherent in these programs are addressed. Examples of these risk factors include individuals who feign or exaggerate symptoms to become eligible for disability benefits and individuals who are no longer disabled but remain on the disability rolls.

Issue #3: Improper Payments and Recovery of Overpayments

Improper payments are defined as any payment that should not have been made or was made in an incorrect amount. Examples of improper payments include inadvertent errors, payments for unsupported or inadequately supported claims or payments to ineligible beneficiaries. The risk of improper payments increases in programs with a significant volume of transactions, complex criteria for computing payments and the need to expedite payments in certain situations. The scope and complexity of SSA programs is a significant risk factor for improper payments.

In February 2006, the Office of Management and Budget issued a report entitled *Improving the Accuracy and Integrity of Federal Payments*. That report noted seven Federal programs – including SSA's Old Age, Survivors and Disability Insurance and SSI programs – that accounted for approximately 95 percent of the improper payments in FY 2005.

OIG will continue to work with SSA to identify and address ways to reduce improper payments in its programs. SSA has already taken many actions to prevent and recover improper payments based on recommendations from OIG reviews. In FY 2006, during an audit entitled *Benefits Paid to Dually Entitled Title II Beneficiaries*, OIG identified \$23 million in overpayments. SSA agreed with the recommendations presented in this audit: to ensure overpayments are identified, recorded, and pursued for recovery; to remind employees of the proper procedures to follow when combining benefits into one payment; and also to ensure that payment errors are corrected when disability benefits are converted to retirement benefits.

Issue #4: Internal Control Environment and Performance Measures

Internal control comprises the plans, methods and procedures used to meet missions, goals and objectives. Internal controls are critical in helping safeguard assets and preventing and detecting errors and fraud.

From FY 2000 through September 2006, OIG conducted 47 administrative cost audits for SSA's State Disability Determination Services (DDS). In 26 of the 47 audits, we identified internal control weaknesses. For example, we reported that improvements were needed to ensure Federal funds were properly drawn and payments to medical providers were made in accordance with Federal regulations. The lack of effective internal controls can result in the mismanagement of Federal resources and increase the risk of fraud.

Another area requiring effective internal controls is the selection and oversight of contractors that assist the Agency in meeting its mission. SSA spent over \$800 million on contracts in both FY 2005 and FY 2006. OIG will review multiple contracts to determine whether SSA is receiving the services it is paying for and that there are proper internal controls in place to ensure appropriate oversight of contractors.

SSA sets forth its mission and strategic goals in strategic plans, establishes yearly targets in its annual performance plan and reports on its performance annually. Each year, OIG assesses the reliability of SSA's performance data and evaluates the extent to which SSA's performance measures describe its planned versus actual performance. Assessing the control environment for DDSs and SSA's performance measures helps ensure the Agency is effectively managing its resources to meet its mission.

Issue #5: Systems Security and Critical Infrastructure Protection

In a global information society, where information routinely travels through cyberspace, the importance of security is widely accepted. The growth in computer interconnectivity brings a heightened risk of the disruption of the operation of critical information systems and exposure of sensitive data. SSA's information security challenge is to understand potential system vulnerabilities and take action to correct them. New technologies such as Voice Over Internet Protocol are constantly being introduced. The Agency must understand the risks associated with these new technologies before their implementation. Under the *Federal Information Security Management Act* (FISMA), OIG independently evaluates SSA's security program. FISMA requires that agencies institute a sound information security program and framework. Since FISMA's inception, OIG has worked with SSA to promptly resolve security issues.

Issue #6: Service Delivery and Electronic Government

One of SSA's goals is to deliver high-quality, "citizen-centered" service. This goal encompasses traditional and electronic services to applicants for benefits, beneficiaries and the general public. It includes services to and from States, other agencies, third parties, employers and other organizations, including financial institutions and medical providers. Four challenges in this area are managing the Medicare Prescription Drug Program, oversight of the representative payee process, managing human capital and expanding the use of the Internet to provide faster and better access to Government services and information or "e-Government."

1) *Medicare Prescription Drug Program*

SSA has taken on several Medicare-related responsibilities as a result of the *Medicare Prescription Drug, Improvement and Modernization Act of 2003*. These responsibilities include making low-income subsidy determinations, notifying individuals of the availability of these subsidies and withholding premiums for eligible beneficiaries who request such an arrangement. OIG will examine SSA's performance in fulfilling these duties.

2) *Representative Payee Process*

When SSA determines a beneficiary cannot manage his or her benefits, SSA selects a representative payee who must use the payments for the beneficiary's needs. There are about 5.3 million representative payees who manage benefit payments for 7 million beneficiaries. While representative payees provide a valuable service for beneficiaries, SSA must provide appropriate safeguards to ensure they meet their responsibilities to the beneficiaries they serve. The *Social Security Protection Act of 2004* provided several new safeguards for those individuals who need a representative payee. It presents substantial challenges to SSA to ensure representative payees meet beneficiaries' needs. SSA must conduct periodic on-site reviews of representative payees and a statistically valid survey to determine just how payments made to representative payees are being used.

3) *Managing Human Capital*

Like many other government agencies, SSA is faced with addressing its human capital challenges. Strategic Management of Human Capital is one of five Government-wide initiatives in the President's Management Agenda. The number of disability beneficiaries has increased over the past 10 years and is projected to continue to grow, as will the numbers of Old Age and Survivors beneficiaries and Supplemental Security Income recipients. Further, by FY 2015, 54 percent of current SSA employees will be eligible to retire. This retirement wave will impact SSA's accumulated wealth of institutional knowledge and could drastically affect its ability to deliver quality service to the public. The critical loss of institutional skills and knowledge, combined with greatly increased workloads due to the nationwide retirement of the baby-boom generation, requires SSA to focus on succession planning, strong recruitment efforts and the effective use of technology. OIG will continue to monitor the Agency's activities in this area and will offer recommendations through our continued audit work.

4) *Electronic Government*

SSA's e-Government strategy is based on the development of high-volume, high-payoff applications, for both the public and the Agency's business partners. To meet increasing public demands, SSA has pursued a portfolio of services that include on-line and voice-enabled telephone transactions to increase opportunities for the public to conduct SSA business electronically in a private and secure environment.

SSA continues to provide cost-effective, e-Government services to citizens, businesses and other government agencies. SSA expects to offer citizens the e-Government services they want and need, ensure stewardship by protecting on-line security and the integrity of the SSA benefit payment process, pursue e-Government partnerships and

collaborations with other government agencies and private sector organizations, implement e-Government programs that offer sound business case justification and align the organization and invest in human capital to maximize e-Government progress.

As SSA continues to expand its use of electronic services, OIG will continue to assist SSA in this endeavor by offering recommendations through the audit process.

MONETARY BENEFITS

In FY 2006, OIG issued 108 audit reports with recommendations, identifying over \$1.3 billion in questioned costs and over \$2.5 billion in Federal funds that could be put to better use. OIG also received 99,283 allegations of fraud, effected 2,032 criminal convictions and obtained a return of over \$292 million in investigative accomplishments, comprised of approximately \$58 million in SSA recoveries, restitutions, fines, settlements and judgments, and over \$234 million in projected SSA savings. The OIG CMP program successfully closed 375 cases resulting in penalties and assessments exceeding \$2.7 million.

STRATEGIC PLANNING

FY 2006 was the first year under OIG's 5-year Strategic Plan. The Plan reflects an organizational commitment to the principles and standards the OIG holds highest -- to prevent and detect fraud, waste and abuse in Social Security's programs and operations. The Plan emphasizes three major goal areas: the *Impact* the OIG efforts have on Social Security's programs and operations; the *Value* OIG brings to SSA, Congress, and the public; and the strategies to cultivate the various talents of OIG's *People*. The Plan is comprised of 14 goals and related annual performance targets to track progress. For FY 2006, OIG successfully met the targets or had a positive outcome for all 14 performance measures. The specific results for FY 2006 are as follows:

GOAL	TARGET	RESULT
<i>Impact</i>		
1. Maintain an annual acceptance rate of at least 85 percent for all recommendations.	85 percent	93 percent
2. Through FY 2010, achieve a 5-year average implementation rate of 85 percent for accepted recommendations aimed at improving the integrity, efficiency and effectiveness of SSA.	85 percent	92 percent
3. Achieve a positive action on at least 80 percent of all cases closed during the FY.	80 percent	87 percent

GOAL	TARGET	RESULT
<i>Value</i>		
4. Generate a positive return of \$4 for every tax dollar invested in OIG activities.	\$4 positive return	\$46 Return on Investment
5. Evaluate and respond to 90 percent of all allegations received within 30 days.	90 percent	96 percent
6. Complete investigative fieldwork on 75 percent of all cases within 180 days.	75 percent	84 percent
7. Respond to 90 percent of congressional requests within 21 days.	90 percent	90 percent
8. Take action on 90 percent of CMP subjects within 30 days of receipt.	90 percent	92 percent
9. Achieve a positive internal and external user assessment rating of 85 percent for product-service quality	85 percent	88 percent
10. Issue 75 percent of final audit reports within 1 year of the entrance conference with SSA.	75 percent	85 percent
11. Complete 80 percent of requests for legal advice and review within 30 days.	80 percent	95 percent
<i>People</i>		
12. Achieve an annual attrition rate of 5 percent or less	≤5 percent	2 percent
13. Identify areas where improvement is needed implement corrective action plans.	Conduct an annual employee job satisfaction survey.	Based on a 63 percent response rate, 81 percent of OIG employees indicated that they are either satisfied or very satisfied with their jobs.
14. Ensure that 90 percent of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually	90 percent	93 percent

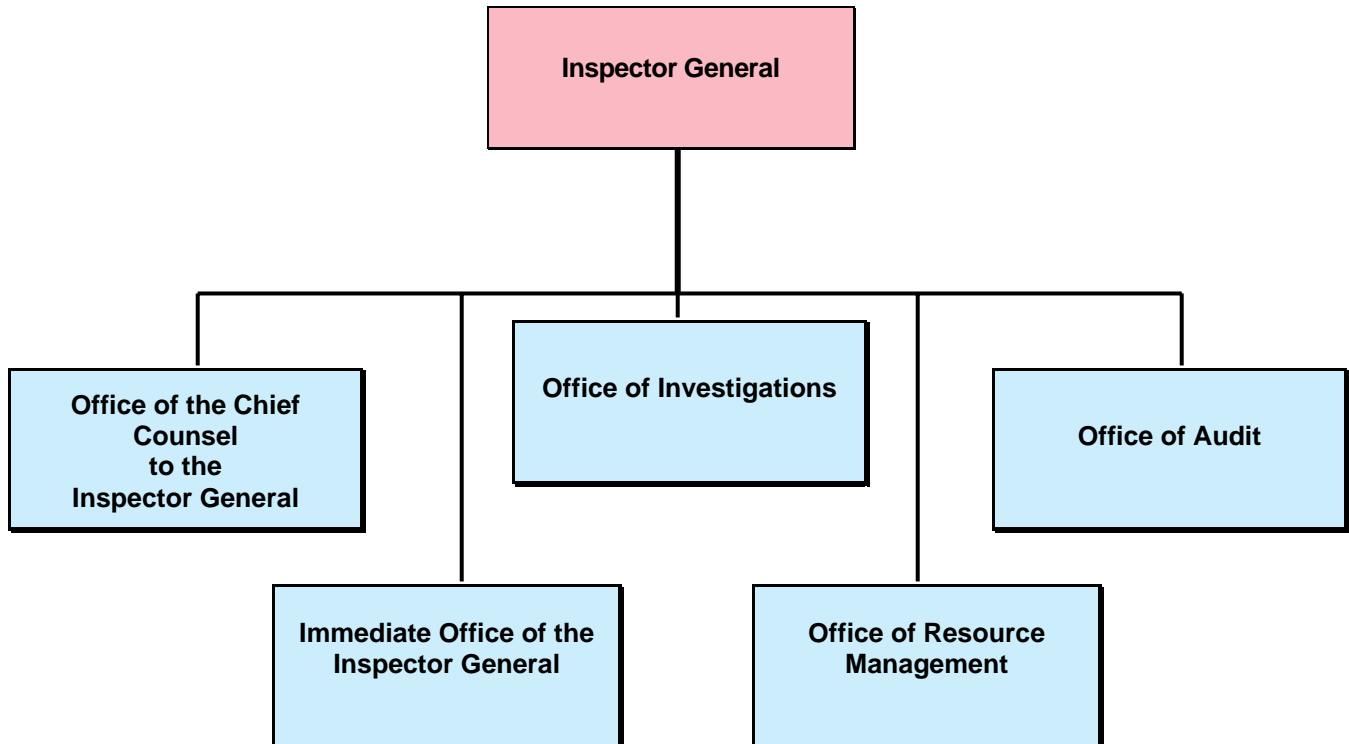
TRANSFER AUTHORITY

The budget request includes language providing authority to transfer an amount up to 3 percent of the total OIG appropriation from SSA's Limitation on Administrative Expenses appropriation. This language provides the flexibility to meet unanticipated funding requirements and ensure that adequate resources are available to meet program objectives. The request is consistent with similar authority to transfer funds between appropriations provided to other departments and agencies in appropriation language.

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

Social Security Administration

Office of the Inspector General



As mandated by the *Inspector General Act of 1978*, as amended, the OIG's mission is to protect the integrity of SSA's programs. By conducting independent and objective audits, evaluations and investigations, OIG works to ensure public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. OIG provides timely, useful and reliable information and advice to Administration officials, Congress and the public. It is comprised of the Offices of Audit, Investigations, Chief Counsel to the Inspector General, Resource Management and the Immediate Office of the Inspector General.

The Office of Audit (OA) conducts and supervises financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations, and other projects focused on issues of concern to SSA, Congress and the general public.

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors and third parties, as well as by SSA employees while performing their official duties. This office serves as the OIG liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State and local law enforcement agencies and operates the SSA Fraud Hotline.

The Office of the Chief Counsel to the Inspector General (OCCIG) provides independent legal advice and counsel to the Inspector General (IG) on a wide range of issues, including statutes, regulations, legislation and policy directives. OCCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCCIG also administers the CMP Program. This office manages OIG's external and public affairs program, preparing OIG publications and handling congressional, media and public requests for information.

The Office of Resource Management (ORM) provides administrative and management support to the Inspector General (IG), Deputy Inspector General (DIG), and all OIG components. ORM formulates and executes the OIG budget and confers with the Office of the Commissioner, OMB and Congress on budget matters. ORM is responsible for strategic planning and performance reporting, and facility and property management. ORM develops and maintains OIG's administrative and management policy and procedures and performs all human resource support activities for OIG. ORM also plans, designs, develops, tests, implements and maintains hardware, software and telecommunications networks to support OIG's mission.

The Immediate Office of the Inspector General (IO) provides the IG and the DIG with staff assistance on the full range of the IG's responsibilities. IO provides liaison services with all agencies sharing an interest or a role with OIG, and assures coordination with congressional committees, SSA, the Social Security Advisory Board and the President's Council on Integrity and Efficiency. The Office of Quality Assurance and Professional Responsibility is responsible for two critical functions – it conducts exhaustive reviews of each of OIG's component offices to ensure compliance with Federal laws and regulations, Agency policies and relevant professional standards. It also performs OIG's Professional Responsibility function, conducting thorough and timely investigations should allegations of misconduct be reported against an OIG employee. In addition, the IO oversees the Organizational Health Committee that serves as an agent of positive change by discussing, evaluating and presenting to senior management, employee issues and proposed solutions that affect the operations, administration and efficiency of OIG.

Rationale for the Budget Request

The budget request for FY 2008 is \$95,047,000 and 608 FTEs, which reflects an increase of \$3,571,000 from FY 2007 funding levels. The FY 2008 funding increase will be used mainly for personnel costs (such as within-grade increases, Federal pay raises and benefit-rate increases) for current staff and related support costs.

Office of the Inspector General

Detail of Full-Time Equivalent Employment

	FY 2006 Actual	FY 2007 Current Estimate	FY 2008 Estimate
Office of the Inspector General	608	605	608

Average Grade and Salary

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate	Increase or Decrease
Average ES Salary	\$158,700	\$163,500	\$168,400	+\$4,900
Average GS Grade	12	12	12	---
Average GS Salary	\$90,600	\$94,500	\$100,100	+\$5,600

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Table – Social Security Administration’s Mission, Strategic Goals, Strategic Objectives, and Long-Term Outcomes

SSA’s Mission
To advance the economic security of the Nation’s people through compassionate and vigilant leadership in shaping and managing America’s Social Security programs

SERVICE – Social Security advances the economic security of the Nation’s people through the Services it provides		
Strategic Goals	Strategic Objectives	Long - Term Outcomes
SERVICE To deliver high-quality, citizen-centered Service	Make the right decision in the disability process as early as possible	<ul style="list-style-type: none"> • Reduce significantly the time it takes for a disability claimant to receive a final Agency decision • Improve decisional consistency and accuracy • Ensure that beneficiaries who are clearly disabled receive determinations within 20 calendar days or less
	Increase employment for people with disabilities by expanding opportunities	<ul style="list-style-type: none"> • Increase awareness of opportunities to achieve greater financial independence through employment • Increase participation of beneficiaries and service providers in work opportunity initiatives
	Improve service through technology, focusing on accuracy, security, and efficiency	<ul style="list-style-type: none"> • Allow the public to more easily interact with the Social Security Administration by increasing partnerships with government and non-governmental organizations to share data and processes • Improve and expand service capabilities by making optimal use of technology, including telephone and other electronic processes • Protect all sensitive data by ensuring that appropriate systems security and privacy safeguards continue to be in place • Eliminate backlogs for postentitlement work

STEWARDSHIP – Social Security manages America’s Social Security programs through superior Stewardship		
Strategic Goals	Strategic Objectives	Long - Term Outcomes
<p>STEWARDSHIP</p> <p>To protect the integrity of Social Security programs through superior Stewardship</p>	<p>Detect and prevent fraudulent and improper payments and improve debt management</p>	<ul style="list-style-type: none"> • Increase the Agency’s stewardship accuracy rate for the Supplemental Security Income (SSI) payments
		<ul style="list-style-type: none"> • Maintain the Agency’s stewardship accuracy rates for Old-Age, Survivors, and Disability Insurance (OASDI) payments
		<ul style="list-style-type: none"> • Increase the percent of outstanding debt that is in a collection arrangement
		<ul style="list-style-type: none"> • Remain current with Disability Insurance and SSI continuing disability reviews
		<ul style="list-style-type: none"> • Finish processing special disability cases
		<ul style="list-style-type: none"> • Reduce the backlog of workers’ compensation cases
	<p>Strengthen the integrity of the Social Security Number (SSN) issuance process to help prevent misuse and fraud of the SSN and card</p>	<ul style="list-style-type: none"> • Strengthen the integrity of the SSN issuance process by engaging in ongoing policy development in partnership with other government entities
		<ul style="list-style-type: none"> • Assign SSNs and issue cards accurately and safeguard Agency-maintained identity information
		<ul style="list-style-type: none"> • Provide legally required SSN record verification services to aid in the prevention of SSN misuse
	<p>Ensure the accuracy of earnings records so that eligible individuals can receive the proper benefits due them</p>	<ul style="list-style-type: none"> • Facilitate more accurate earnings reports by encouraging the use of electronic wage reporting
		<ul style="list-style-type: none"> • Reduce the number of annual earnings items posted to the <i>Earnings Suspense File</i> (ESF)
	<p>Manage Agency finances and assets to link resources effectively to performance outcomes</p>	<ul style="list-style-type: none"> • Demonstrate the Agency’s commitment to sound financial management by creating a strong internal control structure and producing relevant and reliable accounting information, including receiving an “unqualified opinion” on the Agency’s financial statement audit
		<ul style="list-style-type: none"> • Maximize the ability of the Agency’s financial, performance, and management information systems to fulfill its mission by improving existing automated tools and developing new ones

STEWARDSHIP – Social Security manages America’s Social Security programs through superior Stewardship		
Strategic Goals	Strategic Objectives	Long - Term Outcomes
		<ul style="list-style-type: none"> • Ensure the most effective use of limited Agency resources by continuing to achieve 2 percent, on average, annual productivity improvements. • Ensure the security of the Agency’s information systems, physical assets, and employees by continuously performing security assessments and acquiring state-of-the-art protection systems
SOLVENCY – Social Security demonstrates leadership in shaping America’s Social Security programs through its Solvency education and research efforts		
Strategic Goals	Strategic Objectives	Long - Term Outcomes
<p>SOLVENCY</p> <p>To achieve sustainable Solvency and ensure Social Security programs meet the needs of current and future generations</p>	Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs	<ul style="list-style-type: none"> • Achieve reform that ensures long-term solvency
STAFF – Social Security employs and develops Staff that is compassionate, vigilant, and committed to public service		
Strategic Goals	Strategic Objectives	Long - Term Outcomes
<p>STAFF</p> <p>To strategically manage and align Staff to support the mission of the Agency</p>	Recruit, develop and retain a high-performing workforce	<ul style="list-style-type: none"> • Employ and develop a workforce that is diverse, committed to public service, skilled in the use of technology, and flexible in adapting to change • Continue to use advanced technology and automation that enables staff to provide quality service to the American public • Provide an environment and culture that encourages employee retention and motivates employees to deliver timely, quality, citizen-centered service



Preface – Social Security Administration’s Programs Benefit the American Public

*To advance the economic security of the Nation’s people through
compassionate and vigilant leadership in shaping and managing
America’s Social Security programs*

The Social Security Administration’s Mission

The Social Security Administration (SSA) touches the lives of virtually every person in America. Whether after the loss of a loved one, at the onset of disability or during the transition from the workforce to retirement, SSA’s programs and employees are there to offer support to the people of this country.

SSA administers one of the Nation’s largest entitlement programs – the Old-Age, Survivors, and Disability Insurance (OASDI) program, commonly referred to as Social Security. Social Security programs provide a comprehensive benefit package of protection against the loss of earnings due either to retirement, disability, or death. Monthly cash benefits are financed through payroll taxes paid by workers and their employers and by self-employed people. Because Social Security benefits are intended to replace only a portion of lost earnings, people are encouraged to supplement Social Security benefits with savings, pensions, investments and other insurance.

SSA also administers the Supplemental Security Income (SSI) program, which is a needs-based program. It is designed to provide or supplement the income of aged, blind, or disabled adults and children with limited income and resources. SSI payments and related administrative expenses are financed from general tax revenues. Qualified recipients receive monthly cash payments from SSA sufficient to raise their income to the level guaranteed by the Federal SSI program.

In fiscal year (FY) 2007, SSA will pay a monthly benefit to more than 52 million people, with administrative expenses of less than 2 percent of total SSA outlays. As of November 2006, the average monthly Social Security benefit was \$924 and the average SSI monthly payment was \$452. In FY 2007, SSA will process over 6.7 million claims for benefits; issue 18 million new and replacement Social Security cards; process and post 265 million earnings items to workers’ earnings records; handle approximately 59 million transactions through SSA’s 800-number; serve 42 million visitors to SSA Field Offices; process millions of actions to keep beneficiary and recipient records current and accurate; and conduct over 700,000¹ continuing disability reviews (CDR) and over 1 million non-disability SSI redeterminations.

¹ The FY 2007 target of 729,000 includes 198,000 medical CDRs and 531,000 CDR mailers not requiring medical review. The FY 2008 target of 1,118,000 includes 398,000 medical CDRs and 720,000 CDR mailers not requiring medical review.



Additionally, Title VIII of the *Social Security Act*, enacted in 1999 as part of the *Foster Care Independence Act of 1999*, provides a monthly cash payment to certain World War II veterans. Payments began in May 2000. Beyond the basic programs, SSA provides a significant measure of service delivery support to the Medicare, Medicaid, Black Lung, Railroad Retirement, and Food Stamp programs. Medicare and Medicaid services have been integrated into our Social Security and SSI processes under the terms of agreements with the Centers for Medicare and Medicaid Services and the States (also see pages 21, 22, 40, 48, 52, and 62).



Part 1: Introduction – Social Security Administration’s Results-Oriented Performance


A performance budget consists of a performance-oriented framework in which strategic goals are paired with related long-term performance goals (outcomes) and annual performance goals. It is organized as a hierarchy, with strategic goals at the top of the pyramid followed by related performance measures and performance goals.

To help achieve the Social Security Administration’s (SSA) mission, this *Annual Performance Plan (APP)*, which is included in the Agency’s performance budget, lays out such an approach and describes how SSA will strategically achieve increased performance, accountability, effectiveness, and efficiency in fiscal year (FY) 2007 and FY 2008.



At the top of SSA’s pyramid are four strategic goals -- Service, Stewardship, Solvency, and Staff. This APP is arranged by strategic goal and strategic objective, along with long-term outcomes, related performance measures and performance targets. The environmental factors that can affect accomplishment of a strategic objective, as well as the means and strategies to achieve performance results, are also included.

Service *To deliver high-quality, citizen-centered Service*


 SSA is committed to delivering the service the public expects and deserves. This includes providing a measure of economic security and financial stability. Service to the public also includes consideration of accuracy, productivity, cost, timeliness, and service satisfaction. Changes in demographics, medical and technological advances, and other related environmental factors affect service delivery, particularly with respect to SSA’s disability programs. The Agency is responsible for continually assessing these programs in

the context of societal trends and supporting reforms to ensure the programs meet the needs of current and future generations.

SSA provides services through more than 1,500 Field Offices, Regional Offices, Teleservice Centers (toll-free 800-number), Program Service Centers, State Disability Determination Services, and Hearing Offices, in addition to SSA's website (www.socialsecurity.gov).

Steewardship

To protect the integrity of Social Security programs through superior Stewardship


 Individuals who contribute through payroll deductions, self-employment taxes, or income taxes to fund the Social Security and Supplemental Security Income (SSI) programs need to be confident their tax dollars are properly managed. Beneficiaries must be guaranteed their benefits are accurate and received timely.

Good stewardship goes beyond good money management. It includes ensuring the security of SSA's information systems and the integrity and privacy of the personal information that SSA maintains. It is also an obligation to provide safe and secure environments in which employees can work and the public can transact business.

Good stewardship also includes strengthening the integrity of the Social Security Number (SSN). The original purpose of the SSN was to enable SSA to keep an accurate record of earnings covered under Social Security and to pay benefits based on these earnings. Over time, the SSN has become a primary means of identification in both the public and private sectors. Many initiatives are underway to protect the integrity of the SSN and to ensure that SSNs are assigned appropriately, thereby supporting efforts to increase domestic safety and protect Americans from incidents of identity fraud.

Solvency

To achieve sustainable Solvency and ensure Social Security programs meet the needs of current and future generations

 The Nation's population is growing older, with profound, long-term effects on the sustainable solvency of Social Security programs. In a summary of the Social Security and Medicare 2006 annual reports, which includes 75-year projections, the Trustees state, "We do not believe the currently projected long-run growth rates of Social Security and Medicare are sustainable under current financing arrangements."


New patterns of work and earnings, marriage, divorce and childbearing are changing the characteristics of families. Individuals are living longer and healthier lives. The large baby-boom generation (persons born between 1946 and 1964) is nearing retirement and most will have retired by 2030. Without changes to the program, there will not be enough workers to generate sufficient taxable income to support the Social Security benefits needed for the baby-boom generation. Social Security must respond to these developments. An important



part of this effort is educating the public about the program's financing challenges and the effect on future beneficiaries. Social Security also must serve as a resource for analysis within the Administration, as well as for Congress and interested groups. Through these actions, the Agency will be better able to support program and legislative changes in what are arguably the Nation's most important domestic programs, ensure that the programs remain secure, and meet the needs of current and future generations.

Staff

To strategically manage and align Staff to support the mission of the Agency

 Social Security will strive to maintain a diverse, high-performing workforce and enhance productivity through automation, job enrichment opportunities and training, succession planning, leadership development, results-oriented performance management, and other service enhancements considering significant workload growth and increasing numbers of retirements. Through activities supporting attainment of the Staff goal, the Agency addresses each dimension of the *President's Management Agenda (PMA) Human Capital Initiative*. The Staff goal is unique in that it not only sets forth the Agency's goals with respect to its workforce but, in turn, enables attainment of the other three strategic goals. The human capital performance measures which correspond to the Staff goal inherently support SSA's ability to deliver high-quality service, ensure stewardship of Social Security programs, and address issues surrounding solvency of the Trust Funds.



Part 2 -- Summary of Initial FY 2008 and Revised FY 2007 Annual Performance Plan (APP) Performance Measures

The *Agency Strategic Plan* (ASP) for fiscal years (FY) 2006 - 2011 is the basis for this APP. The ASP reflects the Social Security Administration's (SSA) priorities to deliver the service the public expects and deserves, to improve program integrity through sound stewardship, to ensure future program solvency, and to maintain quality staff required to achieve the first three goals.

The chart below is a complete summary of performance goals in the *FY 2008 and Revised FY 2007 APP*. Appendix A has a more detailed description of each strategic goal.

1 Service *To deliver high-quality, citizen-centered Service*



Strategic Objective 1.1

Make the right decision in the disability process as early as possible

Long - Term Outcomes

- Reduce significantly the time it takes for a disability claimant to receive a final Agency decision
- Improve decisional consistency and accuracy
- Ensure that beneficiaries who are clearly disabled receive determinations within 20 calendar days or less

Performance Measures		FY 2007 Target	FY 2008 Target	Page
1.1a	Percent of initial disability claims receipts processed up to the budgeted level	100% (2,530,000)	100% (2,462,000)	23
1.1b	Maintain the number of initial disability claims pending in the DDS (at/below FY 2007/2008 goal)	577,000	627,000	24
1.1c	Number of SSA hearings processed	541,000	548,000	24
1.1d	Maintain the number of SSA hearings pending (at/below FY 2007/2008 goal)	752,000	768,000	25
1.1e	Average processing time for initial disability claims	88 days	90 days	25
1.1f	Average processing time for SSA hearings	524 days	541 days	26
1.1g	Average processing time for hearings appeals	242 days	290 days	26
1.1h	DDS net accuracy rate (allowances and denials combined)	97%	97%	27
1.1i	Agency decisional accuracy rate (ADA)	97%	97%	28





Strategic Objective 1.2

Increase employment for people with disabilities by expanding opportunities

Long - Term Outcomes

- Increase awareness of opportunities to achieve greater financial independence through employment
- Increase participation of beneficiaries and service providers in work opportunity initiatives

Performance Measures		FY 2007 Target	FY 2008 Target	Page
1.2a	Number of DI and SSI beneficiaries, with tickets assigned, who work	80% above CY 2004 baseline (44,611)	Establish new baseline	34
1.2b	Number of SSI disabled beneficiaries earning at least \$100 per month	10% over baseline (261,560)	15% over baseline (273,449)	35



Strategic Objective 1.3

Improve service through technology, focusing on accuracy, security, and efficiency

Long - Term Outcomes

- Allow the public to more easily interact with SSA by increasing partnerships with government and non-governmental organizations to share data and processes
- Improve and expand service capabilities by making optimal use of technology, including telephone and other electronic processes
- Protect all sensitive data by ensuring that appropriate systems security and privacy safeguards continue to be in place
- Eliminate backlogs for postentitlement work

Performance Measures		FY 2007 Target	FY 2008 Target	Page
1.3a	Percent of Retirement and Survivors Insurance (RSI) claims receipts processed up to the budgeted level	100% (3,837,000)	100% (4,057,000)	43
1.3b	Optimize the speed in answering 800-number calls	330 seconds	330 seconds	44
1.3c	Optimize the 800-number busy rate for calls offered to Agents	10%	10%	44
1.3d	Maximize public use of electronic services to conduct business with SSA	2,946,800	3,000,000	45
1.3e	Increase the percent of employee reports (W-2 forms) filed electronically and processed to completion	80%	80%	46
1.3f	Percent of individuals who do business with SSA rating the overall service as "excellent," "very good," or "good"	83%	83%	46
1.3g	Improve workload information using the <i>Social Security Unified Measurement System</i> (SUMS)	Complete 74% of SUMS Projects	Complete 90% of SUMS Projects	47



2 Stewardship

To protect the integrity of Social Security programs through superior Stewardship



Strategic Objective 2.1

Detect and prevent fraudulent and improper payments and improve debt management

Long - Term Outcomes

- Increase the Agency's stewardship accuracy rate for SSI payments
- Maintain the Agency's stewardship accuracy rates for OASDI
- Increase the percent of outstanding debt that is in a collection arrangement
- Remain current with Disability Insurance (DI) and SSI continuing disability reviews (CDR)
- Finish processing special disability cases
- Reduce the backlog of workers' compensation cases

Performance Measures		FY 2007 Target	FY 2008 Target	Page
2.1a	Number of Supplemental Security Income (SSI) non-disability redeterminations processed	1,026,000	1,526,000	55
2.1b	Number of periodic CDRs processed to determine continuing entitlement based on disability ¹	729,000	1,118,000	56
2.1c	Percent of SSI payments free of overpayments (O/P) and underpayments (U/P)	95.7% O/P 98.8% U/P	96.0% O/P 98.8% U/P	56
2.1d	Percent of outstanding SSI debt in a collection arrangement	56%	57%	57
2.1e	Percent of Old-Age, Survivors and Disability Insurance (OASDI) payments free of O/P and U/P	99.8% O/P and U/P	99.8% O/P and U/P	58
2.1f	Percent of outstanding OASDI debt in a collection arrangement	44%	45%	59

¹ The FY 2007 target of 729,000 includes 198,000 medical CDRs and 531,000 CDR mailers not requiring medical review. The FY 2008 target of 1,118,000 includes 398,000 medical CDRs and 720,000 CDR mailers not requiring medical review.





Strategic Objective 2.2

Strengthen the integrity of the Social Security Number (SSN) issuance process to help prevent misuse and fraud of the SSN and card

Long - Term Outcomes

- Strengthen the integrity of the SSN issuance process by engaging in ongoing policy development in partnership with other government entities
- Assign SSNs and issue cards accurately and safeguard Agency-maintained identity information
- Provide legally required SSN record verification services to aid in the prevention of SSN misuse

Performance Measures		FY 2007 Target	FY 2008 Target	Page
2.2a	Percent of original SSNs issued that are free of critical error	98%	98%	64
2.2b	Percent of SSN receipts processed up to the budgeted level	96% (18,000,000)	96% (18,000,000)	65



Strategic Objective 2.3

Ensure the accuracy of earnings records so that eligible individuals can receive the proper benefits due them

Long - Term Outcomes

- Facilitate more accurate earnings reports by encouraging the use of electronic wage reporting
- Reduce the number of annual earnings items posted to the *Earnings Suspense File* (ESF)

Performance Measures		FY 2007 Target	FY 2008 Target	Page
2.3a	Remove 3 percent of the earnings items remaining in the ESF for a new tax year and post the earnings to the correct earnings record	3%	3%	70





Strategic Objective 2.4

Manage Agency finances and assets to link resources effectively to performance outcomes

Long - Term Outcomes

- Demonstrate the Agency’s commitment to sound financial management by creating a strong internal control structure and producing relevant and reliable accounting information, including receiving an “unqualified opinion” on the Agency’s financial statement audit
- Maximize the ability of the Agency’s financial, performance, and management information systems to fulfill its mission by improving existing automated tools and developing new ones
- Ensure the most effective use of limited Agency resources by continuing to achieve 2 percent, on average, annual productivity improvements
- Ensure the security of the Agency’s information systems, physical assets, and employees by continuously performing security assessments and acquiring state-of-the-art protection systems

	Performance Measures	FY 2007 Target	FY 2008 Target	Page
2.4a	Continue to achieve 2 percent, on average, annual productivity improvements	2% on average	2% on average	73
2.4b	Disability Determination Services (DDS) case production per workyear (PPWY)	252	267	74
2.4c	SSA hearings case production per workyear (PPWY)	106	108	74
2.4d	Enhance efforts to improve financial performance using <i>Managerial Cost Accountability Systems</i> (MCAS)	Complete 58% of MCAS projects	Complete 67% of MCAS Projects	75
2.4e	Receive an unqualified opinion on SSA’s financial statements from the auditors	Receive an unqualified opinion	Receive an unqualified opinion	76
2.4f	Get to “green” on the <i>President’s Management Agenda</i> (PMA) initiatives status scores	Achieve a status score of “green” on five of five PMA initiatives	Maintain a status score of “green” on five of five PMA initiatives	77



3 Solvency

To achieve sustainable Solvency and ensure Social Security programs meet the needs of current and future generations



Strategic Objective 3

Through education and research efforts, support reforms to ensure sustainable Solvency and more responsive retirement and disability programs

Long - Term Outcome

- Achieve reform that ensures long-term solvency

Performance Measures		FY 2007 Target	FY 2008 Target	Page
3.1a	Provide support to the Administration and Congress in developing legislative proposals and implementing reforms to achieve sustainable solvency for Social Security	Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms	Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms	85
3.1b	Issue annual SSA-initiated <i>Social Security Statements</i> to eligible individuals age 25 and older	100%	100%	86



4 Staff

To strategically manage and align Staff to support the mission of the Agency



Strategic Objective 4

Recruit, develop, and retain a high-performing workforce

Long - Term Outcomes

- Employ and develop a workforce that is diverse, committed to public service, skilled in the use of technology, and flexible in adapting to change
- Continue to use advanced technology and automation that enables staff to provide quality service to the American public
- Provide an environment and culture that encourages employee retention and motivates employees to deliver timely, quality, citizen-centered service

Performance Measures		FY 2007 Target	FY 2008 Target	Page
4.1a	Minimize skill and knowledge gaps in mission-critical positions	Identify skill and competency gaps and develop an implementation plan for addressing gaps in mission critical occupations – Actuaries and Economists	Identify skill and competency gaps and develop an implementation plan for addressing gaps in mission critical occupations – Telecommunications and Social Science Research occupations	89
4.1b	Align employee performance with Agency mission and strategic goals	Implement the Performance Assessment and Communications System, which is a multi-tiered results-oriented performance assessment system for General Schedule (GS) and Federal Wage System employees below the GS-15 or equivalent grade, and GS-15 employees who are covered by the 2005 SSA/ <i>American Federation of</i>	N/A	90



Performance Measures		FY 2007 Target	FY 2008 Target	Page
		<i>Government Employees (AFGE) National Agreement</i>		
4.1c	Enhance SSA's recruitment program to support future workforce needs	Develop methodology to evaluate selected elements of the SSA recruitment strategy	Implement the recruitment evaluation methodology and collect initial baseline data	91



Part 3 - Program Assessment Rating Tool (PART) Measures

The Office of Management and Budget's *PART*, a diagnostic tool that identifies strengths and weaknesses of programmatic performance, has been used to examine the Social Security Administration's (SSA) Disability Insurance (DI), Supplemental Security Income (SSI), and Old-Age and Survivors insurance (OASI) programs.

OASI and SSI PART Long - Term Outcomes

- Through changes in the law, achieve and maintain sustainable solvency such that today's and tomorrow's workers can expect to receive the benefits scheduled in law as reformed rather than as determined by Trust Fund solvency, while continuing to protect those who depend on Social Security the most.
- Reduce the ratio of SSI beneficiaries below 70% of poverty to 16% by 2010
- Reduce the percentage of people dependent on SSI for more than 90% of their income to 45% by 2010

PART Performance Measures (DI, SSI, and OASI)	FY 2007	FY 2008	Page
Average processing time for initial disability claims (DI & SSI PARTs)	88 days	90 days	25
Average processing time for SSA hearings (DI PART)	524 days	541 days	26
Disability Determination Services (DDS) net accuracy rate (allowances and denials combined) (DI & SSI PARTs)	97%	97%	27
Number of DI and SSI beneficiaries, with tickets assigned, who work (DI & SSI PARTs)	80% above CY 2004 baseline (44,611)	Establish new baseline	34
Percent of Retirement and Survivors Insurance (RSI) claims receipts processed up to the budgeted level (OASI PART)	100% (3,837,000)	100% (4,057,000)	43
Percent of individuals who do business with SSA rating the overall service as "excellent," "very good," or "good" (OASI PART)	83%	83%	46
Percent of SSI payments free of overpayments (SSI PART)	95.7%	96.0%	56
Percent of SSI payments free of underpayments (SSI PART)	98.8%	98.8%	56
Percent of Old-Age, Survivors and Disability Insurance (OASDI) payments free of overpayments (OASI PART)	99.8%	99.8%	58
Percent of Old-Age, Survivors and Disability Insurance (OASDI) payments free of underpayments (OASI PART)	99.8%	99.8%	58
Remove 3 percent of the earnings items remaining in the ESF for a new tax year and post the earnings to the correct earnings record (OASI PART)	3%	3%	70
Continue to achieve 2 percent, on average, annual productivity improvements (OASI PART)	2%	2%	73
DDS case production per workyear (DI PART)	252	267	74
SSA hearing case production per workyear (DI & SSI PARTs)	106	108	74
Issue annual SSA-initiated <i>Social Security Statements</i> to eligible individuals age 25 and older (OASI PART)	100%	100%	86
Percent of SSI Aged claims processed by the time the first payment is due or within 14 days of the effective filing date (SSI PART) (<i>Note: Not a performance measure for the APP</i>)	75%	80%	N/A
Achieve a cumulative productivity improvement for Retirement and Survivors Insurance claims of 16 percent through 2013 (over FY 2005) (OASI PART) (<i>Note: Not a performance measure for the APP</i>)	3%	5%	N/A



Part 4 - Major Management Challenges

The Agency continues to work to resolve management challenges annually identified by the Government Accountability Office (GAO) and the Social Security Administration's (SSA) Office of the Inspector General (OIG). These challenges are also linked to the *President's Management Agenda* (PMA). SSA continues making significant progress in meeting designated challenges. Numeric goals and measurable milestones are used to track SSA's progress.

SSA'S MAJOR MANAGEMENT CHALLENGES LINKED TO AGENCY STRATEGIC GOALS AND THE PMA		
Major Management Challenges as Designated by GAO & OIG	Strategic Goals and Objectives that Address the Challenges	PMA Items Related to Challenges and Goals
<ul style="list-style-type: none"> ➤ Management of the Disability Process (OIG) ➤ Electronic Government (OIG's Service Delivery & Electronic Government) ➤ Service Delivery (GAO) ➤ Improve the Disability Determination Service Process and Return to Work (GAO) ➤ Disability Insurance – High Risk (GAO) 	<p><u>SERVICE</u></p> <ul style="list-style-type: none"> ➤ Make the right decision in the disability process as early as possible ➤ Increase employment for people with disabilities by expanding opportunities ➤ Improve service through technology, focusing on accuracy, security, and efficiency 	<ul style="list-style-type: none"> ➤ Expanded Electronic Government
<ul style="list-style-type: none"> ➤ Supplemental Security Income (GAO) ➤ Information Security (GAO) ➤ Improper Payments and Recovery of Overpayments (OIG) ➤ Social Security Number (SSN) Protection (OIG) ➤ Internal Control Environment and Performance Measures (OIG) ➤ Systems Security and Critical Infrastructure Protection (OIG) 	<p><u>STEWARDSHIP</u></p> <ul style="list-style-type: none"> ➤ Detect and prevent fraudulent and improper payments and improve debt management ➤ Strengthen the integrity of the Social Security Number (SSN) issuance process to help prevent misuse and fraud of the SSN and card ➤ Ensure the accuracy of earnings records so that eligible individuals can receive the proper benefits due them ➤ Manage Agency finances and assets to link resources effectively to performance outcomes 	<ul style="list-style-type: none"> ➤ Competitive Sourcing ➤ Improved Financial Performance ➤ Budget and Performance Integration (including Program Assessment Rating Tool (PART) requirements) ➤ Eliminating Improper Payments (program initiative)
<ul style="list-style-type: none"> ➤ President Bush, Congress, GAO, the Congressional Budget Office, and the Board of Trustees of Social Security OASDI Trust Funds have called for reforms to strengthen Social Security 	<p><u>SOLVENCY</u></p> <ul style="list-style-type: none"> ➤ Through education and research efforts, support reforms to ensure sustainable Solvency and more responsive retirement and disability programs 	<ul style="list-style-type: none"> ➤ There are no PMA items that directly relate to Solvency.
<ul style="list-style-type: none"> ➤ Managing Human Capital (GAO and OIG's Service Delivery & Electronic Government) 	<p><u>STAFF</u></p> <ul style="list-style-type: none"> ➤ Recruit, develop and retain a high-performing workforce 	<ul style="list-style-type: none"> ➤ Strategic Management of Human Capital



Appendix A - How the Social Security Administration Measures Performance

The Social Security Administration (SSA) uses performance measures to assess progress towards achieving goals articulated in the Agency's *Strategic Plan*. Annually, SSA's executive leadership, with the Office of Management and Budget, identifies measures that can help SSA assess the performance of the Agency's programs. Associated with each measure is a target consistent with available resources. Once a performance measure is identified, a target is set that represents an optimal level of performance. SSA has a mixture of output and outcome measures to aid executive leadership in making management decisions on how best to effectively and efficiently carry out the Agency's mission.

For each performance measure, the data collection method and data verification processes are described. It tells how the data are collected and analyzed, and how data quality and integrity are ensured.

Performance information is tracked at the highest levels of SSA through monthly performance review meetings between the Commissioner and each major component's Deputy Commissioner, who report on the performance of her/his component. These meetings enable SSA leadership to link performance directly to the Agency's budget to ensure that outcomes for beneficiaries are those intended by Congress and expected by the public.

Forty performance measures are included in the *Fiscal Years (FY) 2007-2008 Annual Performance Plan (APP)*. These performance measures represent selected, high-level measures that link directly to Agency objectives and ultimately to SSA's mission. They serve to provide a balanced view of overall Agency performance.



1 Service Goal

To deliver high - quality, citizen-centered Service

Environmental Factors

The Social Security Administration (SSA) faces substantial challenges in providing the public the service they expect and deserve, particularly as the number of beneficiaries increases each year. The number of Social Security retirement, survivor, disability and Supplemental Security Income (SSI) claims are expected to grow significantly over the next decade with the aging of the Nation's baby boomers. In addition, SSA's "Retirement Wave" analysis, updated in 2006, shows that approximately 23 percent of the Agency's employees are currently eligible for retirement. By 2015, it also shows 54 percent of the Agency's current employees will be eligible for retirement, and almost 42 percent are projected to retire.

Many changes in law, medicine, technology, and society have transpired since Title II (Social Security) and Title XVI (SSI) disability programs were established. The workplace has been made more accessible through advances in technology and legislation. In the past, conditions that may have been permanently or completely disabling are no longer so due to medical advancements and treatments. These and other changes have altered the concept of disability.

Improving technology also affects the way the Agency delivers service by phone and in-person. The satisfaction levels of the people who do business with SSA by these channels continue to be very important. The Agency has also devoted significant resources to ensure that its web services rank among the best in business. Fourth quarter Federal *American Customer Satisfaction Index* (ACSI) scores were released on December 15, 2006. The ACSI Scorecard shows SSA online applications taking the top two scores of all Federal websites. The *Internet Social Security Benefits Application* (ISBA) received a score of 85. SSA's *Help with Medicare Prescription Plan Drug Costs Application* (i1020) received a score of 86. This is the fourth consecutive quarter these applications have led the way for Federal e-Commerce and transactions websites. SSA's *Business Services Online* (BSO) placed third in the e-Commerce category at 82. Overall, SSA's online applications, including the *Retirement Planner* took four of the top six spots in the e-Commerce category. SSA's average ACSI score (78.4 for 7 surveys) was second highest among all Federal agencies running multiple surveys. SSA's Main Site survey scored 72. In total, Federal ACSI scores increased over the prior quarter, with an overall Federal average of 73.94.

Although SSA has made great strides to improve service through technology, there are external factors that have some affect on all Federal Agencies' ability to improve the satisfaction levels of the people who do business with it. This is particularly critical considering recent events concerning protection of personal information and public concerns about security and confidentiality of personal information.

To address these issues, SSA considers the information systems and information processed at its National Computer Center to be one of its most valuable and critical assets, and the



Agency is dedicated to ensuring the security of these critical assets and related infrastructure. SSA regularly conducts risk and vulnerability assessments to determine the threats posed to its critical assets. SSA also has a *Continuity of Operations Plan* which is used to further reduce the risks to critical assets and to assure the Agency's ability to recover critical information. In addition, the recovery plan exercise is conducted annually. SSA's information security policies and requirements are evaluated and enhanced on an ongoing basis. Keeping up to date with technology changes and potential vulnerabilities is a primary goal of the Agency's policies and requirements.

SSA will continue to address new challenges and assume new responsibilities as the Agency helps implement part of the *Medicare Prescription Drug Improvement and Modernization Act of 2003*. Beginning in 2005, SSA answered general inquiries and took applications from low income individuals to offset the Part D premium costs. Approximately 19 million subsidy applications were mailed to Medicare beneficiaries who appeared to be potentially eligible for the financial assistance. Additionally, SSA conducted outreach activities nationwide to inform low-income Medicare beneficiaries of the availability of Medicare Part D assistance and encouraged these individuals to file for extra-help. Subsidy applications are filed with and processed by SSA. As of December 2006, SSA determined over 2 million Medicare beneficiaries were eligible for the subsidy. The Agency also processes Part D subsidy appeals and redeterminations, as well as withholds Part D premium payments for those enrollees choosing to have premiums withheld from their monthly Social Security payments. Additionally, in January 2007, SSA implemented the *Income Related Medicare Monthly Adjustment (IRMMA)*, which reduces the government subsidy for Part B benefits for individuals with income above certain limits specified in the law.



Strategic Objective 1.1

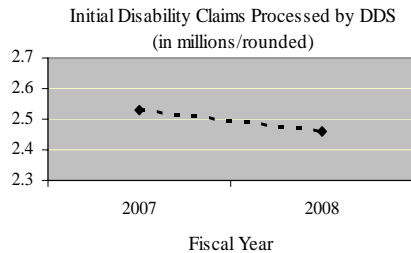
Make the right decision in the disability process as early as possible

Long - Term Outcomes

- Reduce significantly the time it takes for a disability claimant to receive a final Agency decision
- Improve decisional consistency and accuracy
- Ensure that beneficiaries who are clearly disabled receive determinations within 20 calendar days or less

Performance Measure 1.1a

Percent of initial disability claims receipts processed up to the budgeted level



FYs 2007 - 2008 Targets and Performance

Fiscal Year	Targets
2008	100% (2,462,000)
2007	100% (2,530,000)

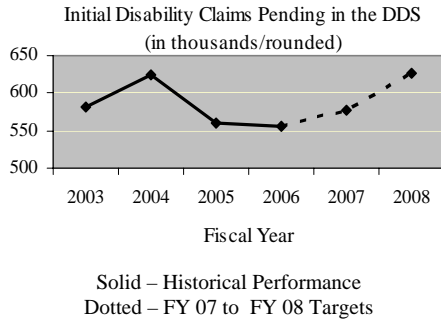
**This is a new performance measure*

Data definition: In the DDS, the number of initial disability claims receipts processed, including disabled dependents, compared to the number of initial disability claims received in a fiscal year up to the budgeted level. **Data source:** Social Security Unified Measurement System Operational Data Source. **Frequency reported:** Monthly. **Note:** Performance for FY 2006 was 2,532,264; for FY 2005 it was 2,617,231 and for FY 2004 it was 2,574,848.



Performance Measure 1.1b

Maintain the number of initial disability claims pending in the Disability Determination Services (DDS) (at/below FY 2007/2008 goal)



FYs 2003 - 2008 Targets and Performance

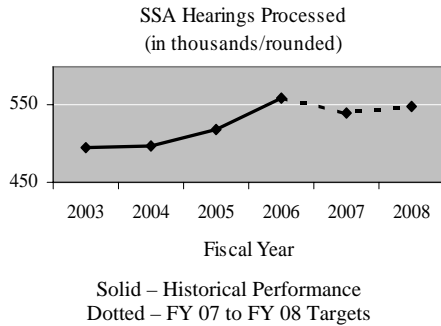
Fiscal Year	Targets
2008	627,000
2007	577,000

Historical Performance	
2006	555,071
2005	560,529
2004	624,658
2003	581,929

Data definition: DDS count of initial disability claims pending, including disabled dependents.
Data source: *National Disability Determination Services System*. **Frequency reported:** Monthly.

Performance Measure 1.1c

Number of SSA hearings processed



FYs 2003- 2008 Targets and Performance

Fiscal Year	Targets
2008	548,000
2007	541,000

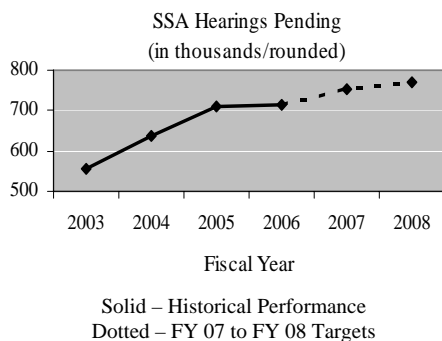
Historical Performance	
2006	558,978
2005	519,359
2004	497,379
2003	493,923

Data definition: SSA hearings processed by the Office of Disability Adjudication and Review (ODAR). **Data source:** *ODAR Case Processing Management System (CPMS)*. **Frequency reported:** Monthly.



Performance Measure 1.1d

Maintain the number of SSA hearings pending (at/below FY 2007/2008 goal)



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	768,000
2007	752,000

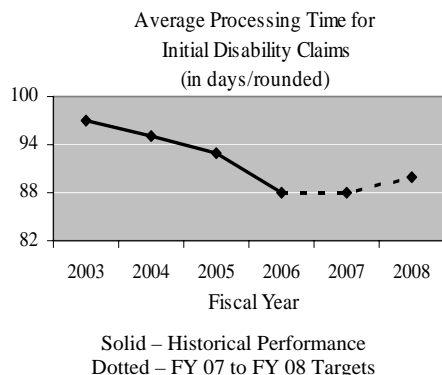
Historical Performance

2006	715,568
2005	708,164
2004	635,601
2003	556,369

Data definition: SSA hearings pending in ODAR. **Data source:** CPMS. **Frequency reported:** Monthly.

Performance Measure 1.1e

Average processing time for initial disability claims



FYs 2003- 2008 Targets and Performance

Fiscal Year	Targets
2008	90 days
2007	88 days

Historical Performance

2006	88 days*
2005	93 days
2004	95 days*
2003	97 days

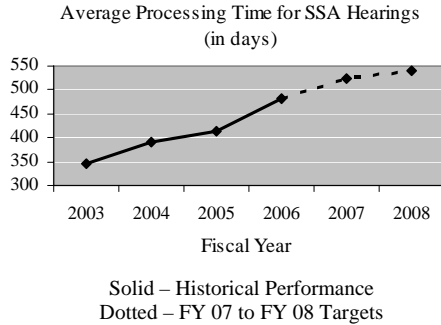
*Rounded up if $\geq .5$ and down if $\leq .4$

Data definition: This is the fiscal year average processing time for Title II (Social Security) and Title XVI (SSI) claims combined. Processing time is measured from the application date (or protective filing date) to either the date of the denial notice or the date the system completes processing an award. **Data source:** Social Security Unified Measurement System (SUMS). **Frequency reported:** Monthly. **Note:** Also includes "revised time," "transit time," and "Field Office (FO), DDS, and Disability Quality Branch (DQB) times," as well as protective filings, awarded claims, medically denied claims, technically denied claims, and abbreviated applications.



Performance Measure 1.1f

Average processing time for SSA hearings



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	541 days
2007	524 days

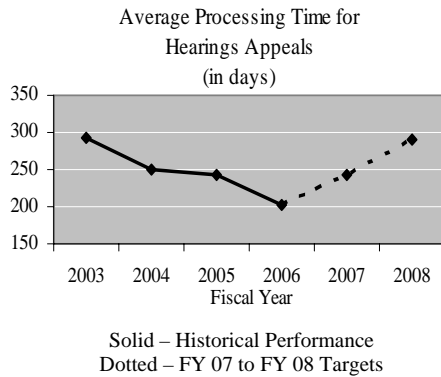
Historical Performance

2006	483 days
2005	415 days
2004	391 days
2003	344 days

Data definition: The average elapsed time, from the hearing request date until the date of disposition for SSA cases at the hearing level (disability and non-disability cases) processed during all months of the fiscal year. **Data source:** CPMS. **Frequency reported:** Monthly. **Note:** Beginning in FY 2006, this measure no longer included Medicare hearings.

Performance Measure 1.1g

Average processing time for hearings appeals



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	290 days
2007	242 days

Historical Performance

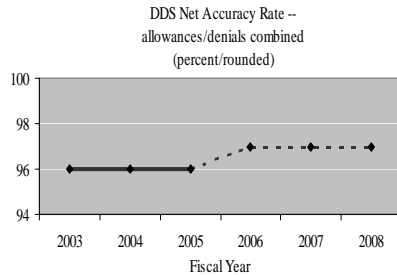
2006	203 days
2005	242 days
2004	251 days
2003	294 days

Data definition: The 12-month average processing time for decisions on appeals of hearings. Monthly processing time is calculated as an average over the course of the fiscal year. Processing time begins with the date of the request and ends when the date the disposition is entered into the *Appeals Council Processing System* (ACAPS), which is the date the decision is date stamped, released, and mailed. **Data source:** ACAPS. **Frequency reported:** Monthly.



Performance Measure 1.1h

**Disability Determination Services
(DDS) net accuracy rate
(allowances and denials combined)**



Solid – Historical Performance
Dotted – FY 06 to FY 08 Targets

FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	97%
2007	97%
2006	97%

Historical Performance

2005	96%*
2004	96%*
2003	96.1%

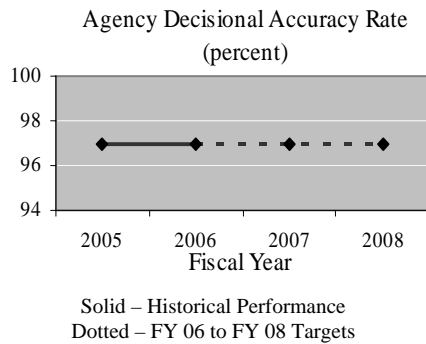
*Rounded up if $\geq .5$ and down if $\leq .4$

Data definition: Net accuracy is the percentage of correct initial State disability determinations and based on the net error rate, i.e., the number of corrected deficient cases with changed disability decisions, plus the number of deficient cases not corrected within 90 days from the end of the period covered by the report, divided by the number of cases reviewed. **Data source:** *Disability Quality Assurance Data Bases*. **Frequency reported:** Monthly. **Note:** *Deficient cases corrected after the 90-day period are still counted as a deficiency.*



Performance Measure 1.1i

Agency decisional accuracy rate (ADA)



FYs 2005 - 2008 Targets and Performance

Fiscal Year	Targets
2008	97%
2007	97%
2006	97%

Historical Performance

2005	97%
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Data definition: ADA estimates total errors in all initial State agency disability determinations based on the quality assurance (QA) sample review conducted in the Disability Quality Branches. Errors are defined as those cases in which decisions change upon correction. The errors that are corrected in the regional QA and Pre-effectuation reviews (PER) are subtracted from the total estimated errors. The remaining uncorrected errors are the “incorrect” cases in ADA. The remaining correct cases divided by the total cases represent ADA. **Data source:** *Disability Quality Assurance Data Bases.* **Frequency reported:** Quarterly. **Note:** ADA is an Agency-level strategic measure. It represents an accurate measure of bottom-line decisional correctness of initial disability determinations. Unlike the DDS net accuracy rate, it is an estimate of the number of correct decisions after the Office of Quality Performance’s corrective actions. ADA is updated quarterly on a fiscal year-to-date basis, and is reported after the close of the 3-month period following the report period, to allow time for corrective actions to take place. FY 2007 ADA will be available in January 2008.



Means and Strategies for Strategic Objective 1.1

*Make the right decision in the
disability process as early as possible*



The Social Security

Administration (SSA) is committed to providing the high quality of service the American people expect and deserve. In light of the significant growth in both the number and complexity of disability claims, major changes to our disability process were needed in order to provide timely and accurate service to our disability claimants. More efficient processing required technological and process improvements—some large and some small—to achieve our service goal. After several years of outstanding effort from within SSA and cooperation with interested parties outside of the Agency, our new disability determination process is now becoming a reality. Social Security's strategic initiatives fall into two main categories:

- The new Disability Service Improvement (DSI) process: For the first time in 50 years, we made significant changes to SSA's disability determination process—changes that enhance our ability to make accurate, consistent, and timely disability decisions (specific changes that led to this outcome are described below); and
- Social Security's electronic disability (eDib) system, which serves as the foundational support for DSI.

The DSI Process. The final regulations (71 FR 16424) amending the Agency's disability determination process were published on March 31, 2006 and became effective August 1, 2006. SSA

Features of the New Disability Service Improvement Process

In summary:

- The State Disability Determination Services (DDS) will continue to make the initial determination.
- Clearly disabled individuals will have a process through which a favorable determination can be made within 20 calendar days after the date the DDS receives the claim.
- A Medical-Vocational Expert System (MVES) will enhance the quality and availability of the medical and vocational expertise that SSA adjudicators at all levels need to make a timely and accurate decision.
- A new Federal-level position – the Federal Reviewing Official (FedRO) – will review State agency determinations upon request of the claimant.
- Claimants have a right to request and be provided a new hearing (*de novo*) conducted by an Administrative Law Judge (ALJ).
- The record will be closed after the ALJ issues a decision, with provisions for good cause exceptions.
- A new body – the Decision Review Board (DRB) – will identify and correct decisional errors and identify issues that may impede consistent adjudication at all levels of the process.
- The Appeals Council will gradually be phased out.



plans to phase in the DSI process on a region-by-region basis over an estimated five year period, beginning with the Boston Region. The DSI process will shorten decision times, provide benefits much earlier in the process to people who are clearly disabled, and improve quality, efficiency, consistency, and accountability at all levels of adjudication. The changes to the initial disability determination process include:

- *Establishing a Quick Disability Determination (QDD) Process.* This expedites disability decisions for those who are clearly disabled. These claims are processed by QDD units in the State Disability Determination Services (DDS) and have been staffed by experienced disability examiners. The number of QDD claims will initially be relatively small. As SSA gains experience with the new QDD systems, the number and characteristics of claims that are identified as potential QDDs will gradually increase. If a favorable decision cannot be made within 20 days, the case is adjudicated by the DDS in the normal manner.
- *Ensuring the DDS fully documents and explains the determinations made in every claim it adjudicates.* The increased time is expected to be offset by the elimination of the reconsideration step.
- *Improving accuracy and consistency between different levels of adjudication by creating “feedback loops.”* Adjudicators at all levels of the disability determination process are required to explain in every decision their reasons for agreeing or disagreeing with the prior adjudicator and a copy of the decision will be available to the DDS or Federal Reviewing Official (FedRO) component. Data are collected on reasons for different outcomes and

shared with the prior adjudicating components.

- *Creating a Medical-Vocational Expert System (MVES).* This helps enhance the expertise needed to make more accurate and timely decisions. The MVES is composed of the newly established Office of Medical and Vocational Expertise, which organizes and maintains a national network of qualified medical, psychological, and vocational experts who meet qualification standards established by the Agency. These experts assist adjudicators at all levels of the disability determination process.
- *Creating a FedRO.* The FedRO provides a Federal review of the DDS determination much earlier in the disability appeals process – thus addressing discrepancies among State agency allowance and denial rates and making the right decision as early in the process as possible. The FedRO is a highly trained attorney who produces nationally consistent, carefully documented, and well-reasoned decisions. The FedRO reviews any new evidence, and issues a decision to affirm, deny, or modify the initial DDS determination. The FedRO may obtain clarification from the DDS when the rationale for the initial determination is incomplete or unclear and provide feedback for continuous improvement. Reversals and claims with new and material evidence must be decided in consultation with the Office of Medical and Vocational Expertise. FedRO decisions explain in clear and understandable language the specific reasons for the decision.
- *Eliminating the reconsideration step.* The reconsideration step has been widely viewed as not adding any appreciable value to the process.



- *Establishing Administrative Law Judge (ALJ) decisions as the final Agency decision in most cases.* Recognizing the importance of this change, Social Security is making changes to improve the timeliness and quality of ALJ decisions. For cases processed under DSI, the Agency has revised the rules for submitting evidence to improve the timeliness of the hearing process.
- *Closing the record after the ALJ issues a decision.* The new rules allow for the consideration of additional evidence under limited circumstances.
- *Creating a Decision Review Board (DRB).* The purpose of the DRB is to promote accurate, consistent, and fair decision-making. In carrying out this purpose, the DRB reviews the ALJ decisions that are most likely to be problematic and focuses on promptly identifying decision-making errors that, when corrected, improves decision-making at all levels of the disability determination process. The DRB reviews both allowances and denials and have the authority to affirm, modify, or reverse the ALJ's decision. It may also remand a claim to the ALJ for further action and decision. The DRB also may take any of these actions consistent with the instructions of a Federal court when the court has remanded a case for further administrative proceedings. The Appeals Council will be phased out in a very gradual and carefully monitored process as DSI is implemented throughout the nation. Although a claimant's right to request a review of an ALJ decision in a disability claim will be eliminated, a claimant will still be able to seek review when an ALJ dismisses his or her request for a hearing. As part of the Agency's implementation plan, the DRB will review all ALJ decisions in the Boston region.

- *Ensuring both in-line and end-of-line quality review throughout the process.* One major goal of DSI is to improve the quality of decision-making at all levels of the adjudicatory process. For example, the FedRO helps improve the quality of DDS determinations by explaining in the decision why she or he agrees or disagrees with the rationale of the DDS determination. Similarly, the ALJ decision explains the specific rationale in clear and understandable language. This written decision explains in detail why the ALJ agrees or disagrees with the substantive findings and overall rationale of the FedRO.
- *Establish a Disability Program Policy Council.* This entity provides a forum to discuss policy issues and to make policy and procedural recommendations.

SSA is undertaking a major effort to enhance its collection and use of management information. The Agency intends to use improved management information to help make continuous improvements as the new DSI process is rolled out.

The DSI process preserves many significant features of the current system. Initial disability claims continues to be handled by Social Security's Field Offices; examiners in the State agencies continue to adjudicate initial disability claims; and ALJs continue to conduct *de novo* ("a new") hearings and issue decisions.

Social Security is committed to ensuring that implementation of the changes proceeds in a careful manner. Gradual implementation will allow the Agency to monitor the effects its changes are having on the entire disability process. Lessons learned early on will allow the Agency to proceed in an increasingly efficient and effective manner in later stages of



eDib Helped Beneficiaries Get Their Cases Processed Despite Hurricane Katrina

The Commissioner testified May 11, 2006 before the Subcommittee on Social Security of the House Committee on Ways and Means. She gave a real-life example of the necessity and success of eDib:

“In the aftermath of Hurricane Katrina – while issuing more than 73,000 immediate benefit payments for displaced persons and setting up response units at the Houston Astrodome and other evacuation centers – SSA provided further relief. Of the 5,000 cases in the New Orleans DDS, 1,500 had already been stored electronically through eDib. These records were immediately transferred to other offices to be processed...thanks to eDib there was no delay in processing those 1,500 cases.”

implementation. Implementation of DSI began in the Boston Region in August 2006.

eDib Provides the Foundation for DSI Case Processing. SSA is making great strides in moving its beginning-to-end disability claims processing/adjudication from a paper-laden environment to an electronic one. This lays a solid foundation for expedited case processing. eDib allows more than one employee or component to work on a claim at the same time, thus speeding up the process. Medical records can be quickly scanned into the system and made readily accessible to all adjudicators and experts. The system also includes electronic safeguards to help adjudicators avoid mistakes, which will result in more accurate decision-making. It also protects the confidentiality of claimant information. As of November 2006, almost 115,000 initial disability claims have been filed via the Internet. SSA's Field Offices processed nearly 94 percent of initial disability claims using the Electronic Disability Collect System, as of October 2006. The claims are then electronically transmitted to the State

DDSs. To help create this fully electronic environment, SSA has developed methods for receiving medical and other documentation necessary for adjudicating disability claims. For providers who have the capability of providing electronic records (including scanned paper records), SSA has developed a free, easy-to-use secure website called *Electronic Records Express Services* that can safely upload and directly submit uploaded documents into the electronic folder. Use of the website speeds the delivery of evidence and helps eliminate misplaced records.

As of January 2007, all States, the District of Columbia, and territories have been Independence Day Assessment (IDA) certified. The remaining ones will be certified by the end of CY 2006. IDA is an assessment process to verify that operational components involved in disability decision-making can operate in a fully electronic environment, eliminate paper source documents, and use an electronic folder instead of a traditional paper folder. Through November 2006, almost 90 percent of all DDS initial claims were processed electronically. As of September 2006, all Disability Examiners have been trained to use the Document Management Architecture (DMA). This is the part of the electronic file that stores images and audio and video files.

The following continuing activities support the move to the eDib process:

- Development of a process for electronic medical continuing disability reviews (CDR);
- Expansion and improvement of Internet disability application and appeals services for applicants and their representatives;
- Development of processes to speed the request and retrieval of electronic evidence from medical, educational, and other third-party sources; and,



- Expanded use of digital recording equipment in all SSA hearings offices, replacing equipment that had been in place for over 20 years. Although most digital records are being stored on compact disc, SSA is beginning to store digital recordings in the electronic folder.

Other Initiatives. Other initiatives to improve the disability determination process include reducing disability workload backlogs, revising and updating the medical listings, updating vocational policy to reflect market changes (including developing ways of more effectively measuring the physical and mental requirements of jobs that exist in the national economy), and improving training of disability examiners.



Strategic Objective 1.2

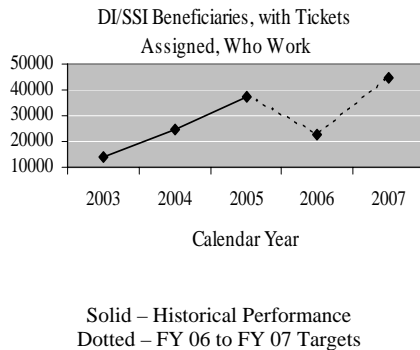
Increase employment for people with disabilities by expanding opportunities

Long - Term Outcomes

- Increase awareness of opportunities to achieve greater financial independence through employment
- Increase participation of beneficiaries and service providers in work opportunity initiatives

Performance Measure 1.2a

Number of DI and SSI beneficiaries, with tickets assigned, who work



CYs 2003 - 2008 Targets and Performance

Calendar Year	Targets
2008	Establish new baseline
2007	80% above CY 2004 baseline (44,611)
2006	22,483

Historical Performance

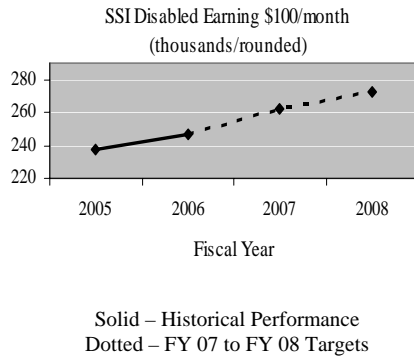
2005	37,424
2004	24,784
2003	14,052

Data definition: Count the number of DI, SSI, and concurrent beneficiaries who have used their Ticket to sign up with an Employment Network or State Vocational Rehabilitation Agency and who have recorded earnings in the *Disability Control File* (DCF) in any month of the calendar year. The data are provided on a calendar year basis and reported in June of the following year. **Data source:** The “*Verify Update Earnings Screen’s* (VERN) *Work and Earnings Reports*” data field in the DCF. **Frequency reported:** Annually.



Performance Measure 1.2b

Number of SSI disabled beneficiaries earning at least \$100 per month



FYs 2005 - 2008 Targets and Performance

Fiscal Year	Targets
2008	15% over baseline (273,449)
2007	10% over baseline (261,560)

Historical Performance


2006	247,143
2005	237,782 (baseline)*

Data definition: The number of working SSI disabled beneficiaries earning at least \$100 per month. This measure is intended to reflect the impact of all work incentives for SSI disabled beneficiaries. Effective FY 2005, SSA averages the four fiscal year quarterly results to determine annual performance. **Data source:** *SSI Disabled Recipients Who Work* report. **Frequency reported:** Quarterly. **Note:** *The baseline for CY 2003, which was used to estimate the CY 2006 target reported in the FY 2005 Performance and Accountability Report has been updated to reflect an OIG recommendation for the Agency to use a more representative method of calculating performance. This change created a new baseline for FY 2005 and, therefore, a new target for FY 2006.*



Means and Strategies for Strategic Objective 1.2 –

Increase employment for people with disabilities by expanding opportunities

 SSA serves a diverse population of individuals with disabilities through the Social Security Disability Insurance (DI) and SSI programs. Beneficiaries represent various age groups and have different impairments, levels of education; work experiences, and capacities for working. Many can neither work at all nor continue to work on a sustained basis. Many, however, can work part-time or full-time with reasonable accommodations, with or without ongoing supports. The Agency is working to ensure that all beneficiaries with disabilities have the opportunity to learn and develop skills that enable them to return to work. The strategies for increasing employment for people with disabilities are guided by and directly support the President's *New Freedom Initiative*.

The Comprehensive Work Opportunity Initiative (CWOI) represents the Agency's overarching strategy to assist individuals with disabilities who want to become more self-sufficient through employment. SSA recognizes that while many individuals may want to return to work, there are multiple barriers that may hinder employment.

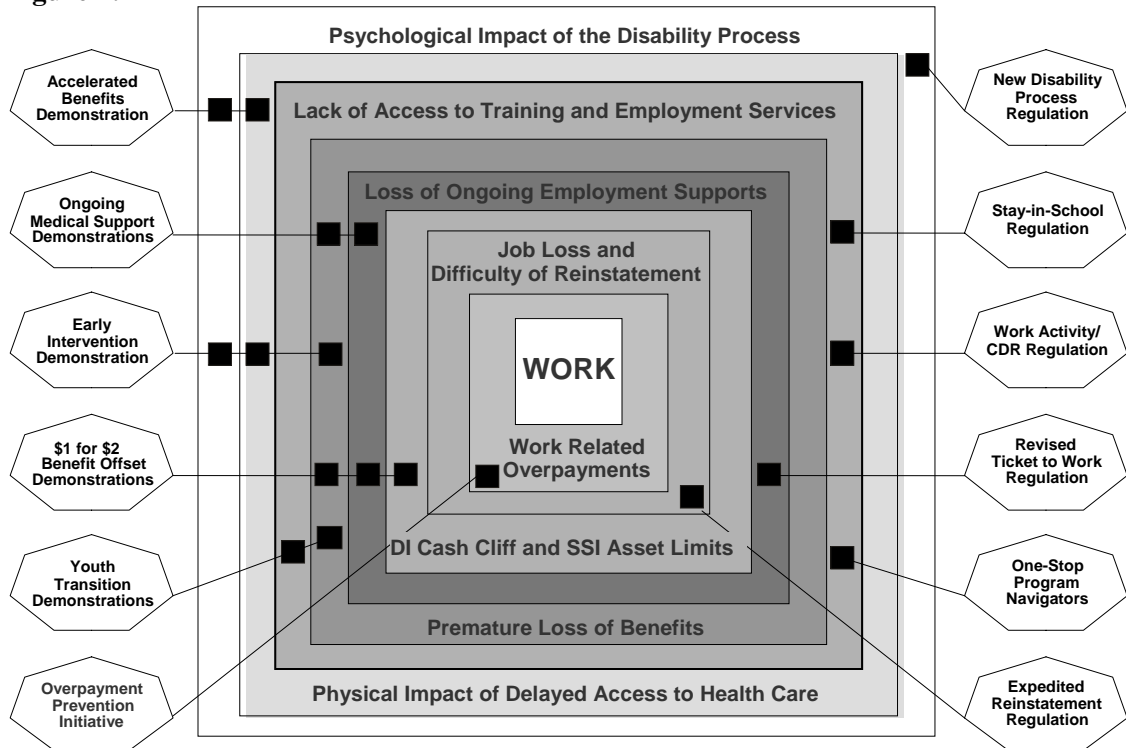
eWork: A Cost-Effective Means for Providing Excellent Service

eWork is the Work Continuing Disability Review (CDR) determination process that fully automates handling and monitoring return-to-work actions. It is an automation tool that improves the accuracy of work determinations, allows anyone to process a work report, and makes development and evaluation of work activity more efficient.

- Controls and processes Return-to-Work reports by disability beneficiaries.
- Important because, if earnings reports are not processed timely, beneficiaries who work may face large overpayments.
- e-Work allows for:
 - √ improved coordination between Field Offices, enabling earnings information to be recorded at the point-of-contact;
 - √ CDRs to be processed efficiently, timely, and accurately;
 - √ a mechanism to collect reports of earnings for disability beneficiaries and issue receipts of such reports to both DI and SSI beneficiaries; and
 - √ improved management information and tighter controls on the work CDR process.



Figure 1:



Comprehensive Work Opportunity Initiative: Overcoming Multiple Barriers to Employment

Barriers, such as a lack of access to training and employment services; loss of ongoing employment supports; job loss and difficulty with benefit reinstatement; premature loss of benefits; work-related overpayments; DI cash and SSI asset limits; and the physical impact of delayed access to health care, may prevent an individual from achieving their goal of economic self-sufficiency. Most individuals with disabilities face more than one barrier -- often three, four or more. To effectively assist individuals with disabilities who want to work, Social Security is working to address all barriers. To leave just one barrier standing is to keep a beneficiary from working.

The CWOI addresses these underlying issues through a three-pronged approach. The Agency will continue to market and strengthen the Ticket to Work program, as well as design, implement, and evaluate demonstration projects aimed at supporting

the efforts of individuals with disabilities who wish to enter or re-enter the workforce. For many of these projects, SSA will work in conjunction with other Federal and State agencies, such as the Department of Education and the Department of Labor, in order to provide support across a broad range of areas. SSA will also continue to develop and offer appropriate legislative and regulatory proposals aimed at encouraging participation in work incentive initiatives by beneficiaries and employment networks.

Strategies

Implement and Strengthen Ticket to Work. The Ticket to Work program provides beneficiaries with disabilities expanded options for accessing employment services, vocational rehabilitation services, and other support services to help them work and reach their employment goals. Tickets have been mailed out to more than 11 million

beneficiaries. Tickets continue to be sent to approximately 80,000 new beneficiaries each month as they are added to the disability rolls.

In May 2003, SSA contracted for an independent and comprehensive five-year evaluation of the Ticket to Work program. Now approaching the end of its third year, the Ticket evaluation has provided SSA with important feedback on the health and potential of the Ticket program. Key evaluation findings provided crucial guidance. SSA has used the findings to propose regulatory changes to strengthen the Ticket program.

In September 2005, SSA published a *Notice of Proposed Rulemaking* to strengthen the Ticket to Work program. The changes would improve the overall effectiveness of the program in assisting individuals with disabilities who want to become more economically self-sufficient through employment. The proposed changes would:

- Expand the population of individuals eligible for tickets to include individuals who are expected to improve medically.
- Modify the rules for Ticket assignment to enable beneficiaries to take advantage of a much broader combination of services from both vocational rehabilitation (VR) agencies and employment networks (EN). An EN is any qualified public or private entity or group of entities that enter into an agreement with SSA under the Ticket to Work program to coordinate and deliver employment services to beneficiaries with disabilities.
- Modify the EN payment systems to accelerate the payment period to ENs serving DI beneficiaries, increasing the incentive for small or under-capitalized providers to participate as

ENs. There are two methods of payment an EN can select at the time it enters into an agreement with SSA: the outcome payment system and the outcome-milestone payment system. The outcome payment system provides a schedule of payments to the EN for up to 60 months per ticket (which do not have to be consecutive) in which the beneficiary does not receive Social Security disability benefits or Federal SSI cash benefits because of work or earnings. For the outcome-milestone payment system, there are four milestones for which the EN can be paid. The milestones must occur after the date on which the ticket was first assigned and after the beneficiary starts work. The first milestone is one calendar month above gross substantial gainful activity (SGA); the second milestone, 3 months above the gross SGA within a 12-month period; the third milestone, 7 months above gross SGA within a 12-month period; and the fourth milestone, 12 calendar months above gross SGA within a 15-month period. Based on the new regulations, when the four milestone payments are added together, plus the 60 available months of reduced outcome payments, the amount of funding under the outcome-milestone payment system will increase to 90 percent (rather than 85 percent) of what is available under the outcome payment system.

The Agency has numerous promotional activities underway to increase participation in the Ticket to Work program by:

- encouraging ENs and prospective ENs to assist disability beneficiaries in finding and holding jobs;
- conducting outreach and marketing activities to educate the public about



programs and services that facilitate entry into the workforce; and

- partnering with other public and private groups to remove employment barriers for people with disabilities.

Targeted Mailers. In 2004, SSA initiated a project to mail follow-up communications to beneficiaries who had not used their Tickets. In July 2005, over 357,000 informational flyers were mailed to beneficiaries located in the five areas (Illinois, New York, Michigan, Arizona, and Florida) with the heaviest concentration of Ticket holders and ENs. Based on a preliminary analysis of the responses to the informational flyers, SSA expects to initiate an additional mailing during 2007.

Work Incentive Seminars. During FY 2007, SSA will conduct *Work Incentive SEMinar* (WISE) events, which are informational seminars to be developed collaboratively by individual *Work Incentives Planning and Assistance* programs, the *Ticket to Work Program Manager for Recruitment and Outreach* contractor, and the Agency. The WISE initiative will provide beneficiaries with disabilities the opportunity to meet directly with work incentive project staff, ENs, and other public and private community-based organizations. The goal is to provide beneficiaries with disabilities, who are eligible for the Ticket to Work program, with the knowledge necessary to assign their Ticket and obtain the necessary supports to return to work.

Recruitment of Inactive ENs. Social Security initiated an outreach campaign directed toward inactive ENs to provide them with information about the Ticket to Work Program changes designed to make the payment structure more attractive to ENs, thereby, encouraging their active participation.

Full implementation of the *Ticket to Work and Work Incentives Improvement Act*

also involves the *Work Incentives Planning and Assistance Program*:

- The community-based *Benefits Planning, Assistance and Outreach Program* (BPAO) projects provided work incentives planning and assistance to SSA's beneficiaries with disabilities; conducted ongoing outreach efforts to those beneficiaries potentially eligible to participate in Federal and State work incentives programs; and worked in collaboration with Federal, State and private agencies and nonprofit organizations serving beneficiaries with disabilities. Through FY 2006, there were 113 projects that successfully provided the full range of benefit planning services in all 50 States, the District of Columbia, and the U.S. Territories.

The *Social Security Protection Act* authorized and extended the program through FY 2009. For the provision of services for this additional time, SSA issued a new nationwide, competitive *Request for Applications* (RFA) for the *Work Incentives Planning and Assistance Program*, which replaced the BPAO Program with the award of new cooperative agreements on September 30, 2006. This improved program will place a new emphasis on return to work supports and jobs for beneficiaries. The WIPA awardees will work with One-Stop Career Centers, Disability Program Navigators, ENs, VR agencies, and the Program Manager for Recruitment and Outreach. Also, to ensure quality services for beneficiaries, the Agency is developing a registry to ensure that awardees hire and retain qualified Community Work Incentives Coordinators.



- *Protection and Advocacy for Beneficiaries of Social Security (PABSS) program.* Nationally, 57 PABSS projects provide a broad range of advocacy-related services to beneficiaries with disabilities. These include providing information and advice about obtaining vocational rehabilitation and other related employment services, and advocacy or other services that a disabled beneficiary may need to secure, maintain or regain gainful employment. The *Social Security Protection Act* reauthorized and extended the PABSS program through FY 2009.

Demonstration Projects. As part of the Comprehensive Work Opportunity Initiative (CWOI), Social Security's demonstration projects and other innovative initiatives test strategies to increase opportunities and break down potential barriers for people with disabilities who wish to enter or re-enter the workforce. The following website provides more in-depth information regarding each of the demonstration projects described below:

www.socialsecurity.gov/disabilityresearch.

Initiatives Included in Disability Service Improvement

- *Accelerated Benefits Demonstration project.* This project, implemented in the summer of 2006, provides immediate health benefits and employment supports to certain newly-entitled Social Security DI (SSDI) beneficiaries who have medical conditions that are expected to improve (or could possibly improve within two to three years) with access to appropriate medical care. Under current law, most SSDI beneficiaries must wait 24 months after cash benefits begin before they become entitled to Medicare. The demonstration project will test whether providing immediate

health benefits followed by appropriate employment supports might improve the health and return-to-work outcomes for these beneficiaries and improve their self-sufficiency through employment. The project will also help SSA determine the costs and benefits associated with providing immediate medical benefits to these individuals.

- *Youth Transition Demonstration.* SSA has cooperative agreements to assist young SSI and SSDI beneficiaries (ages 14 to 25) to successfully transition from school to employment and ultimately to economic self-sufficiency. The projects provide a broad array of transition-related services and support for participating individuals. Projects will continue to provide services through 2009.
- *Benefit Offset Demonstration.* This demonstration will allow Social Security to test the effect and cost of a sliding scale benefit offset for SSDI beneficiaries. Under this test, disability benefits would be reduced \$1 for every \$2 an SSDI beneficiary earns above a certain threshold. Under current rules, a beneficiary will lose SSDI entitlement and cash benefits after completing a trial work period. This potential loss of benefits and eventually the corresponding access to Medicare benefits is thought to discourage many beneficiaries from attempting to work. This study will include an early intervention model which will test whether providing supports and services to disability applicants would reduce entry into the Social Security disability program and result in improved employment, earnings, and other outcomes for individuals with disabilities. As of the end of April 2006, there were 447 participants enrolled in four pilot States – Connecticut, Utah, Vermont,



and Wisconsin. Findings from the pilot will provide for the *National Benefit Offset Demonstration*, which is scheduled for implementation in early 2007.

Other Ongoing Employment Support Demonstrations

- *Mental Health Treatment Study*. This study is testing the effect that better access to treatment and rehabilitation services has on outcomes such as medical recovery, functioning, employment, and benefit receipt for SSDI beneficiaries with schizophrenia or an affective disorder as a primary impairment. The study uses provider networks that offer a range of integrated mental health disorder treatments (psychotherapeutic and pharmaceutical) and employment supports. The project provides an individualized, comprehensive care and support plan for each participant. The participant enrollment process began in September 2006.
- *California Human Immunodeficiency Virus/Auto-Immune Disorder (CA HIV/AI) Demonstration Project*. This project to be implemented in four California counties will provide support services and private health benefits to current Social Security DI beneficiaries with a diagnosis of HIV/AIDS, immune disorder, and/or auto-immune disorder. Participating beneficiaries will receive a health benefits package and comprehensive employment support service coordination. An Expert Medical Unit will also be established to ensure that project participants are receiving medical, vocational, and psychosocial services required to address the multiple issues inherent with these diagnoses. Each beneficiary enrolled will be assessed to determine the type of services and/or interventions

needed for a sustained and successful return to work. Results derived from this demonstration project will help SSA to determine if such interventions can help beneficiaries achieve a faster and sustained return to work.

- *Disability Program Navigator* (Navigator). Navigator, a cooperative project with the Department of Labor (DOL), provides seamless employment services to individuals with disabilities seeking to enter or re-enter the workforce. Navigators work in DOL's One-Stop Career Centers administered by the State Workforce Investment Boards. They provide a critical link to the local employment market and facilitate access to programs and services. The establishment of these centers has been completed. SSA has discussed with DOL the option of including the One-Stop centers into the design of the *Benefit Offset Demonstration* project.

Legislative and Regulatory Changes:

In addition to the changes to the Ticket to Work program, SSA has implemented and proposed several regulatory changes aimed at breaking down barriers to work. (See chart on page 37.) SSA's proposed work activity/CDR regulation modifies rules regarding CDR reviews for some beneficiaries to remove the potential disincentive of work activity. The Agency's recent final regulatory changes to remove barriers to employment include the *Stay in School Regulation* and the *Expedited Reinstatement Regulation*. The first allows the continuation of benefit payments to certain participants in a program of vocational rehabilitation services, employment services, or other support services and extending eligibility for continuing benefits to students, who are ages 18 through 21 and have an individualized education plan. The second provides an expedited process for benefit



reinstatement if a former beneficiary with a disability is no longer able to work.

Automation Initiatives

Overpayment prevention is an ongoing initiative aimed to prevent or minimize overpayments for disability beneficiaries. SSA has undertaken several automation initiatives, including the *Disability Control File*, *eWork*, expanding access to the Office of Child Support Enforcement earnings information, reporting wages via telephone during the Monthly Wage Reporting pilot, and using automated earnings verification procedures. These combined efforts will allow the Agency to identify and verify earnings more quickly; maintain control of our work activity workloads more effectively; increase the efficiency of Social Security's disability work-related work processes; and obtain better management information. In addition, SSA has been issuing work report receipts while developing a work report database. This allows the Agency to maintain control of work reports from inception through the final determination process.

(Note: Additional SSA activities related to electronic wage reporting and prevention of overpayments can be found in strategic objective 1.3, "Improve Service Through Technology, Focusing on Accuracy, Security, and Efficiency," specifically on pages 48 and 50 - 51. It also can be found in strategic objective 2.1, "Detect and Prevent Fraudulent and Improper Payments and Improve Debt Management," specifically page 60.)



Strategic Objective 1.3

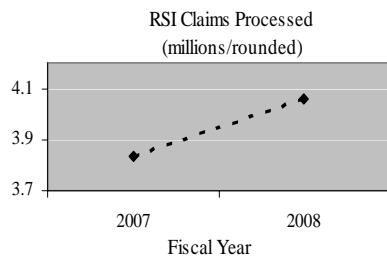
Improve service through technology, focusing on accuracy, security, and efficiency

Long - Term Outcomes

- Allow the public to more easily interact with SSA by increasing partnerships with government and non-governmental organizations to share data and processes
- Improve and expand service capabilities by making optimal use of technology, including telephone and other electronic processes
- Protect all sensitive data by ensuring that appropriate systems security and privacy safeguards continue to be in place
- Eliminate backlogs for postentitlement work

Performance Measure 1.3a

Percent of Retirement and Survivors Insurance (RSI) claims receipts processed up to the budgeted level



FYs 2007 - 2008 Targets and Performance

Fiscal Year	Targets
2008	100% (4,057,000)
2007	100% (3,837,000)

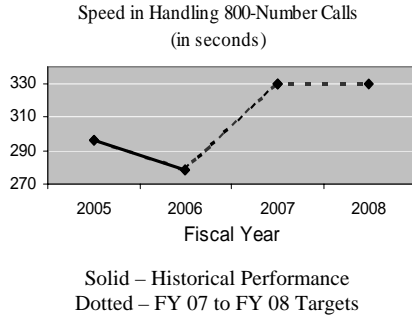
**This is a new performance measure*

Data definition: In the Regional Offices (RO), Field Offices (FO), Immediate Claims Taking Units (ICTU), and Office of Central Operations (OCO), the number of initial claims for retirement, survivors, and Medicare processed compared to the number of initial claims for retirement, survivors, and Medicare received in a fiscal year up to the budgeted level. This includes totalization claims. **Data source:** Social Security Unified Measurement System Operational Data Source. **Frequency reported:** Monthly. **Note:** Performance for FY 2006 was 3,789,328; for FY 2005 it was 3,762,077 and for FY 2004 it was 3,399,471.



Performance Measure 1.3b

Optimize the speed in answering 800-number calls



FYs 2005 - 2008 Targets and Performance

Fiscal Year	Targets
2008	330 seconds
2007	330 seconds

Historical Performance

2006	278 seconds
2005	296 seconds

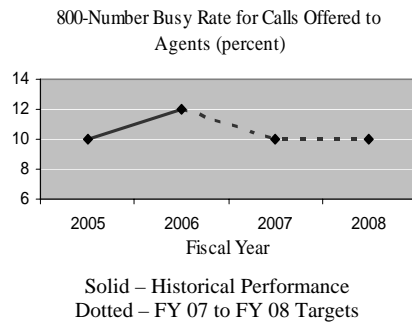
Data definition: The answer wait time of all calls divided by the number of all calls answered by agents. Wait time begins from the time the call is placed in queue and ends when an agent answers. Calls that go straight to an agent without waiting in the queue have a zero wait time but are included in the average speed of answer (ASA) calculation. ASA does not include callers who hang up after being in the queue.

Data source: Report generated by Cisco router software. **Frequency reported:** Monthly.

Note: The number of transactions (either live or automated service) handled by SSA's 800-number was 59,475,747 in FY 2006 and is estimated to be 60,500,000 in FY 2007.

Performance Measure 1.3c

Optimize the 800-number busy rate for calls offered to Agents



FYs 2005 - 2008 Targets and Performance

Fiscal Year	Targets
2008	10%
2007	10%

Historical Performance

2006	12%*
2005	10%*

*Rounded up if $\geq .5$ and down if $\leq .4$

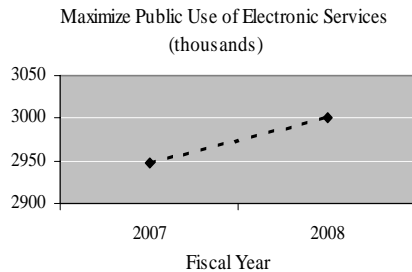
Data definition: Number of busy messages divided by number of calls offered to agents (displayed as a percentage). A busy message is the voice message a caller receives when no agent is available to answer the call because the queue has reached its maximum capacity of waiting calls. When this happens, the person is asked to call back later. **Data source:** Report generated by Cisco router software.

Frequency reported: Monthly.



Performance Measure 1.3d

Maximize public use of electronic services to conduct business with SSA



FYs 2007 - 2008 Targets and Performance

Fiscal Year	Targets
2008	3,000,000
2007	2,946,800

**This is a new performance measure*

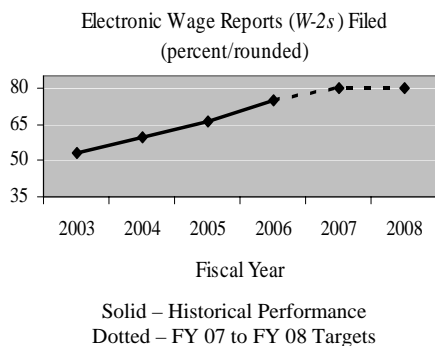
Data definition: This indicator consists of an aggregate measure of representative electronic transactions the public performs with SSA, such as applying for benefits and updating beneficiary information. Application counts for electronic services represent only fully successful transactions. As this indicator is for transactions, it does not include public use of SSA electronic screening tools. The following are included in the count of transactions:

- *Internet Social Security Benefit Application (ISBA) includes:*
 - *Retirement Application (effective 11/00)*
 - *Spouse Application (effective 3/01)*
 - *Disability Application (effective 1/02)*
- *Proof of Income Letter – Internet (effective 3/99)*
- *Proof of Income Letter – 800# voice enabled (effective 7/04)*
- *Medicare Replacement Card – Internet (iMRC) (effective 7/00)*
- *Medicare Replacement Card – 800# voice enabled (effective 4/01)*
- *Change of Address – Internet Password based (effective 4/01)*
- *Change of Address – Internet Knowledge based (effective 2/04)*
- *Change of Address – 800# voice enabled (effective 7/05)*
- *Change of Direct Deposit -- Internet (effective 8/01)*
- *Change of Direct Deposit – 800# voice enabled (effective 7/05)*
- *Internet 3368 Work History & Disability Report (effective 8/02)*
- *Internet 3368PRO Work History & Disability Report (effective 2/05)*
- *Internet 3441 Disability – All Types (effective 2/04)*
- *Internet 3820 Disability – Child (effective 11/03)*
- *Internet Replacement 1099 (effective 3/99)*

Data source: *Executive and Management Information System (EMIS); Title II Internet Claims Report.* **Frequency reported:** Monthly.



Performance Measure 1.3e
Increase the percent of employee reports (W-2 forms) filed electronically and processed to completion



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	80%
2007	80%

Historical Performance

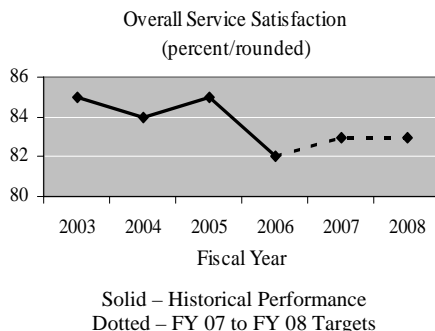
2006	75%*
2005	66%
2004	60%
2003	53.4%

*Rounded up if $\geq .5$ and down if $\leq .4$

Data definition: This percent is the number of W-2s filed electronically and processed to completion for a tax year, divided by the total number of W-2s for that tax year processed to completion by the end of the processing year (mid-January). **Data source:** Earnings Management Information Operational Data Store (EMODS) reports. **Frequency reported:** Monthly. **Note:** “Processed to completion” means that the W-2 was not rejected in the process – earnings were either posted to an individual earnings record or updated to the Earnings Suspense File (ESF).

Performance Measure 1.3f

Percent of individuals who do business with SSA rating the overall service as “excellent,” “very good,” or “good”



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	83%
2007	83%

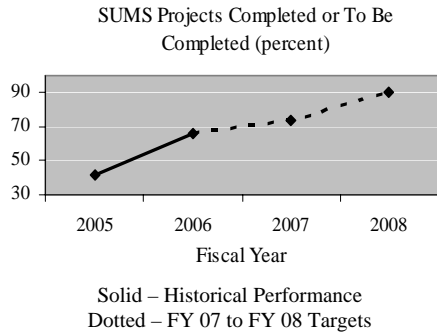
Historical Performance

2006	82%
2005	85%*
2004	84%*
2003	85%

Data definition: Percent of respondents who rate overall service as “good,” “very good,” or “excellent” on a 6-point scale ranging from “excellent” to “very poor” divided by the total number of respondents to that question. **Data source:** SSA’s annual surveys of 800-number callers, FO callers, and FO and hearings office visitors. **Frequency reported:** Annually.



Performance Measure 1.3g
Improve workload information using
Social Security Unified Measurement
System (SUMS)



FYs 2005 - 2008 Targets and Performance

Fiscal Year	Targets
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2008	Complete 90% of SUMS projects
2007	Complete 74% of SUMS projects

Historical Performance

2006	Completed 66% of SUMS projects
2005	Completed 42% of SUMS projects

Data definition: SUMS is a series of projects that provides improved workload control and management information. Each project consists of multiple releases. A methodology which weights individual projects to create a combined percentage is used to track the overall completion of this initiative. This formula scores the deliverables within each project, which includes the creation of the SUMS data store, control listings, performance measures, and SUMS counts. Completion percentages are also attributed to cross cutting projects, including Time Allocation and the Customer Service Record to derive an overall SUMS completion percentage. **Data source:** SUMS/Managerial Cost Accountability Systems (MCAS) project plan; reports to the SUMS/MCAS Executive Steering Committee on systems releases and the status of projects under development. **Frequency reported:** Monthly.

Means and Strategies for Strategic Objective 1.3

*Improve service through technology,
focusing on accuracy, security, and
efficiency*



SSA's vision is to provide, within the next 5 years, cost-effective services to citizens and businesses and other government agencies that will give them the ability to easily and securely transact most of their business with the Agency electronically.

SSA is taking steps to ensure the achievement of cost-effective electronic service delivery by using an executive steering committee to guide the additions of e-government services.

Although the Agency continues to add new services, the primary objective is to enhance the functionality and the usability of current applications. Specific projects and

SSA's e-Government Activities

Electronic Service Delivery that Benefits the Public

- Ensuring Internet privacy and security
- Enabling/encouraging providers of evidence for disability cases to submit materials electronically
- Nationally marketing SSA's internet site

Electronic Service Delivery that Benefits Other Agencies

- Participating in 19 of the 24 *Presidential e-Government Initiatives*
- Leading the way for e-Vital – which provide government agencies electronic access to State vital records such as death records

Electronic Service Delivery that Benefits Employers

- Encouraging *W-2s* to be filed electronically
- Implementing the *Electronic Wage Reporting Web Service* allows employer and third party submission of wage reports without manual intervention.
- Continuing to improve SSA's management information system to better monitor and report the Agency's progress in achieving strategic goals and objectives.

services will be selected based on sound business case justifications.

SSA continues to review the strategy for delivering new Internet services. In FY 2007, the Agency will improve and increase the use of transactional services, including online benefit applications, change of address, change of direct deposit, requests for a replacement Medicare card, requests for *Proof of Income Letter*, and knowledge-based change of address.

In FY 2007, the Agency will expand the use of automated services using speech technology to increase the efficiency of the national 800-number network. For example, rather than using a touch-tone telephone, some callers are being



asked, “How can I help you?” Their spoken response to that question determines if they are sent to one of SSA’s automated services or to an agent. This feature is currently available in about 55 percent of the country. SSA will also be using speech and computer technology, to help authenticate callers before the call is routed to the agent. This initiative, called *Screen Splash*, will allow callers to receive faster account-related service and improve the efficiency of the national 800-number network agents.

Specific strategies for improving service through technology include:

Electronic Service Delivery that Benefits the Public. Expanded electronic service delivery is critical to the ambitious goal of keeping up with growing core workloads. SSA continues to make it easier for individuals and organizations to get the service they need at its website www.socialsecurity.gov. SSA has implemented several strategies to gather more feedback in order to gain better insights about the web users. As part of this effort, SSA utilizes the *American Customer Satisfaction Index* online surveys on its website. Both application and information web pages are measured for satisfaction.

SSA’s Office of Communications has begun a national marketing plan, and all publications now highlight SSA’s website. Regional offices are encouraging third parties, such as large employers and medical institutions, to help promote usage throughout their communities.

SSA is committed to ensuring privacy and security in the Internet environment. Currently, the Agency has two SSA-managed authentication processes for beneficiaries – a knowledge-based process and a password process.

SSA is participating with the General Services Administration (GSA) in implementing the federated authentication architecture (the Authentication Services Component of the Federated Identity

Management Architecture) and in piloting several SSA applications through FY 2007. This process relies upon emerging technology that supports secure communication between organizations. The federated authentication architecture offers the potential for millions of online customers who are GSA-certified, such as a bank and/or other financial institution to gain secure access to SSA’s electronic applications, improving and simplifying user access to these electronic applications without SSA (or any other government agency) having to establish or maintain PIN/passwords. The federated authentication architecture will allow SSA to use the identity authentication of an online customer by a trusted partner (e.g., a financial institution whose authentication process has been certified by GSA) to conduct business online.

SSA continues to develop tools and strategies to enable and encourage the providers of evidence for disability cases to submit materials electronically. This includes expanded services for:

- Medical sources and the copy services they often employ to handle requests for records;
- Educational sources, focusing on large school districts;
- Results of consultative examinations; and
- Third-party advocates and representatives, e.g., a professional version of the Internet disability report *i3368PRO* for third parties.

In its efforts to fulfill SSA’s strategic goals and objectives to provide the best possible service to the public, SSA created the *Disability Adjudication Reporting Tools* (DART). DART supplements the Office of Disability Adjudication and Review’s (ODAR) *Case Processing and Management Systems*. DART uses information extracted



from the *Hearings and Appeals Operations Data Store* on the mainframe, which maintains official data used for obtaining management information (MI). Hearing Office (HO) managers can now manage their core workloads more efficiently and deliver enhanced service with the critical MI reports DART provides.

Electronic Service Delivery that Benefits Other Agencies. SSA's initiatives have improved not only the Agency's services, but also support government-wide services. By establishing partnerships with other agencies and organizations, SSA can share best practices and find common solutions to problems. The Agency will continue to research and test emerging technology to help determine their usefulness to the e-Government initiative. SSA participates in 19 of the Presidential e-Government Initiatives and has the lead responsibility for one of these – *eVital*. The *eVital* vision is to automate the current paper-based, manually intensive process used by health professionals, State registrars, and Federal agencies to report and query vital records information. One project, *Electronic Death Registration* (EDR) is an online real-time system that facilitates the timely registration of deaths and seeks to automate and streamline the current paper-bound processes used to collect, process, analyze, and disseminate death information.

The EDR project supports the States' initiative to re-engineer death registration processes. SSA's role in the process is to provide online real time verification of name and Social Security Number. SSA currently receives death data via EDR from 14 States, the District of Columbia, and New York City. Seven additional States are in various phases of implementation. The Agency awarded funding to nine additional States in FY 2006.

The *Intelligence Reform and Terrorism Prevention Act* requires the Department of Health and Human Services (HHS), in

coordination with the Commissioner of SSA, to provide grants to States to assist the States in computerizing their birth and death records, match birth and death records within each State and among the States, and note the fact of death on birth certificates of deceased persons.

The Agency will continue to work with HHS and the Department of Homeland Security to continue the nationwide expansion of EDR. (*Note: EDR also supports strategic objective 2.1 "Detect and Prevent Fraudulent and Improper Payments and Improve Debt Management."*)

Electronic Service Delivery that Benefits Employers. The Agency's ability to receive electronically filed wage reports through the Internet provides the business community with an easy-to-use, cost-effective filing process and helps SSA lower costs, capture data more quickly, and transmit information to the Internal Revenue Service faster.

SSA also promotes electronic wage reporting (EWR) through promotional materials, attendance at payroll and employer-focused conferences, contribution of articles to trade publications, and direct contact with large employers.

SSA has made significant improvements in the earnings process and service to employers. For Tax Year (TY) 2005, as of July 2006, there were 74.6 percent of all expected employee *W-2s* filed electronically. Additional opportunities to move diskette and paper filers to electronic reporting still exist. The Agency no longer accepts tapes, cartridges or diskettes. In FY 2006, SSA began designing a software developers' module that will allow payroll software companies to modify their programs to electronically submit wage reports to SSA. This will be piloted with the payroll developers in FY 2007. In addition, SSA



is currently piloting an *Electronic Wage Reporting Web Service* that will allow employers and third parties to programmatically submit wage reports without manual intervention. This service not only enables them to file wage reports faster, but allows them to check the status of their submissions.

SSA uses *W-2C Online*, which provides employers with the ability to electronically report corrections to *W-2* forms, as well as *W-2 News*, which notifies electronic filers via e-mail of any changes to the employer services provided. SSA plans to continue the following for FY 2007, which cover TY 2006:

- Increasing the use of EWR and the *Social Security Number Verification Service (SSNVS)*;
- Providing the infrastructure within the earnings systems to accommodate more electronic business, especially via the Internet;
- Improving earnings products and services for employers and employees (including improvements to EWR, *W-2 Online*, *W-2C Online* reporting methods);
- Improving the way earnings are established, corrected and adjusted;
- Improving coordination between data files containing information about employers, employees, and wages; and
- Increasing more focused direct marketing on paper wage reporters to convert to EWR.

The prevention of Supplemental Security Income (SSI) overpayments will be accomplished by testing and implementing, as appropriate, electronic means for the Agency to access records of financial institutions to detect unreported resources. Social Security has tested methods to electronically access recipient financial account records, and this tool has been expanded to additional field offices in the New York Region. This process

is also being used to study and identify characteristics of records likely to have accounts over the SSI limit. The results of the study will be used to determine if it is feasible to support development of systems changes and expansion of the initiative nationwide.

SSA has tested the feasibility and effectiveness of a new process to detect potential residency violations by examining 6,000 images of SSI checks looking for those that are endorsed by financial institutions outside the U.S. The Agency is exploring a study of withdrawal records from automated teller machines in foreign countries for SSI recipients receiving their benefits by direct deposit. (*Note: This project also supports strategic objective 2.1 "Detect and Prevent Fraudulent and Improper Payments and Improve Debt Management."*)

SSA implemented a new debt collection initiative, *Administrative Wage Garnishment (AWG)*, in February 2005 by sending notices to newly delinquent debtors. The notices continue to be issued on a monthly basis. For debtors who do not respond, their employers can be ordered to begin wage withholding at the rate of 15 percent from the debtor's disposable (net) pay. In mid-April 2005 and monthly thereafter, SSA began sending non-judicial garnishment orders to employers. Beginning in August 2006, eligible backlogged debtors were selected for AWG. In four separate mailings, approximately 160,000 notices were sent. (*Note: This project also supports strategic objective 2.1 "Detect and Prevent Fraudulent and Improper Payments and Improve Debt Management."*)

Management Information (MI)

Two major initiatives address improvements to MI systems – *Social Security Unified Measurement System (SUMS)* and *Managerial Cost Accountability System (MCAS)*. These projects are key enablers in monitoring and reporting on Agency progress in achieving strategic goals and objectives, as well as the resources consumed (*see Strategic Objective*



2.4 for information on MCAS). The objective of the SUMS project is to create a unified measurement system for all SSA operational components that counts and measures all work in a consistent manner, regardless of where work is processed. It provides the detailed information managers need to monitor service, forecast workloads, and make informed decisions on how best to manage work and resources. This is being accomplished as a series of initiatives over several years. SSA has implemented several management information enhancements through the use of Agency-wide repositories of related information on categories of work.

- *The Customer Service Record* was developed to provide SSA managers with reports on the volume of walk-in traffic, appointment usage, language needs, types of interviews and waiting time. This information is used to monitor the office activity and support management decisions in the area of customer service and resource allocation. Additionally, in FY 2007, MI Central, a web-based application on SSA's intranet that provides employees access to all SUMS and MCAS data, will include reports with both Field Office and telephone service information.
- *The Medicare Data Warehouse* provides processing time reports and SUMS counts for the Part D subsidy application process. Under SUMS, workload counts will be summarized for all Medicare Part D work in all components using consistent methods for capturing information regardless of where the work is performed. Additional reports that provide information on the Medicare Part D redetermination process will be provided on MI Central in FY 2007.
- *Time Allocation, Release 2* will provide an automated time measurement and allocation process for Processing Service Centers, Office of Disability Operations,

and Office of International Operations workloads. Workpower data that is valid at the component level will be available for analyzing workloads and allocating resources. Reports will be provided in FY 2007. Additional direct service components will be added in FY 2008.

- *SUMS Counts* will be provided for the Initial Claims and Continuing Disability Review workloads in FY 2007. SUMS counts will be provided for the Appeals workload in FY 2008. Under SUMS, workload counts will be summarized using consistent methods for capturing information regardless of where the work is performed.
- *The Title II Post Entitlement (PE) Operational Data Store (ODS)* provides workload control for Social Security recomputations and adjustments. This ODS brings together information from many different sources to provide a more comprehensive and accurate view of these workloads. Additional Social Security PE workloads will be added in the ODS in FY 2007.
- *The Appeals ODS* provides workload control for appeals across the many different Agency components that handle this work. This ODS brings together information from many different sources to provide a more comprehensive and accurate view of the Appeals workload. The Appeals ODS and workload control listings will be provided in FY 2007.
- *The Earnings ODS* provides workload control and reporting capabilities on the Annual Wage Reporting process. Analysts will have *ad hoc* access to this information. Workload reports will be available in FY 2007.
- *Management Information for the Disability Service Improvement (DSI)* project will be developed under SUMS to



ensure the consistency and accuracy of workload counts and measures.

- *The Representative Payee ODS* provides workload control for managing the representative payee process. The ODS and workload control listings will be provided in FY 2008.
- *The Debt Management ODS* provides workload control for the debt management workload. The ODS control listings will be provided in FY 2008.

Other Service Initiatives

SSA has initiatives to improve its notices, which include the use of technology to make the notices more understandable. SSA is:

- revising the language and format of its least understood, most sensitive, high-volume notices and making them available in Spanish;
- consolidating and modernizing notice databases; and
- increasing automation and eliminating labor-intensive manual processes when possible.

SSA also has a *Social Security Systems Redesign* project. This ongoing initiative provides a single system for processing virtually all Social Security initial claims and client-related postentitlement actions in an online interactive mode. SSA is steadily increasing the automation rate for OASDI postentitlement workloads to reduce internal hand-offs of work and also to reduce follow-up calls from beneficiaries.

Further, the Agency is enhancing the *Modernized Supplemental Security Income Claims System (MSSICS)* to include a *Title XVI (SSI) Postentitlement Modernization*. This system provides the infrastructure for processing SSI claims and postentitlement transactions. Enhancements that will help improve

productivity by reducing internal work hand-offs and multiple contacts with recipients include:

- improvements to workload control listings that allow for mass reassignment of SSI redeterminations;
- allowance for single inputs to update income;
- further automation of separated couples records; and
- further automation of *Goldberg-Kelly Notices of Planned Action* (an automated system that recognizes adverse events and issues notices regarding a planned action).

From January 2006 through June 2006, SSA piloted an automated monthly wage-reporting method for workers at-risk for wage-related payment errors. Voice recognition/ touch-tone phone technology was used. It enabled participants, including representative payees, i.e., ineligible spouses and ineligible parents of disabled children, to report their wages using knowledge-based authentication. (*Note: This project also supports strategic objective 2.1 "Detect and Prevent Fraudulent and Improper Payments and Improve Debt Management."*)



2 Stewardship Goal

To protect the integrity of Social Security programs through superior Stewardship

Environmental Factors

Information technology has altered the way the public interacts with government and the way government agencies interact with each other. SSA's ability to obtain, verify and match information and data electronically with other governmental agencies and organizations helps detect and prevent improper payments in the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. The widespread interconnectivity of computer systems and the critical operations and infrastructures they support create new security-related vulnerabilities.

Homeland security is a high priority for all Federal agencies, which includes vigilance against identity theft. The Government Accountability Office and SSA's Office of the Inspector General identified Social Security Number (SSN) Integrity and Protection as a Major Management Challenge. The Social Security Advisory Board has expressed concern that the fraudulent use of the SSN has become a significant public policy issue that is expected to grow as the number of SSN-related crimes escalates. Strengthening the issuance and verification process is a top Agency priority.

Two important tools used to detect and prevent improper payments and improve debt management are SSI non-disability redeterminations and continuing disability reviews (CDR). SSI non-disability redeterminations are reviews of a beneficiary's income, resources, and household composition that can affect their payment amount or continuing eligibility for SSI benefits. For every \$1 spent on processing redeterminations, the Agency saves \$7. CDRs are used to determine whether beneficiaries continue to be entitled to Disability Insurance and/or Supplemental Security Income benefits based on their medical condition. CDRs have proven to be cost-effective, returning more than \$10 for every \$1 spent on this workload.

Because of limited resources in FY 2007, in order to maintain service levels for initial claims, SSA has had to make adjustments in program integrity workloads. Considering the limited resources available, the Agency will complete 1,026,000 SSI non-disability redeterminations and 729,000 continuing disability reviews. SSA continues to evaluate cost-effective means for identifying individuals who no longer qualify for benefits.



Strategic Objective 2.1

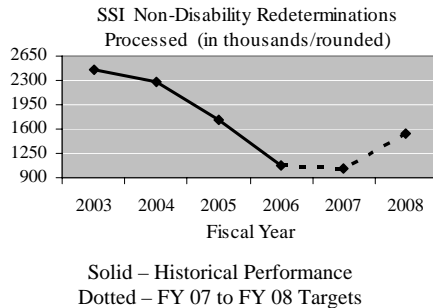
Detect and prevent fraudulent and improper payments and improve debt management

Long - Term Outcomes

- Increase the Agency’s stewardship accuracy rate for Supplemental Security Income (SSI) payments
- Maintain the Agency’s stewardship accuracy rates for OASDI payments
- Increase the percent of outstanding debt that is in a collection arrangement
- Remain current with Disability Insurance (DI) and SSI continuing disability reviews (CDR)
- Finish processing special disability cases
- Reduce the backlog of workers’ compensation cases

Performance Measure 2.1a

Number of Supplemental Security Income (SSI) non-disability redeterminations processed



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	1,526,000
2007	1,026,000

Historical Performance

2006	1,070,822
2005	1,724,875
2004	2,278,566
2003	2,449,674

Data definition: All non-disability eligibility redeterminations of SSI beneficiaries that are processed to completion resulting from diary actions (scheduled), those initiated as a result of events reported by beneficiaries (unscheduled), and targeted redeterminations.

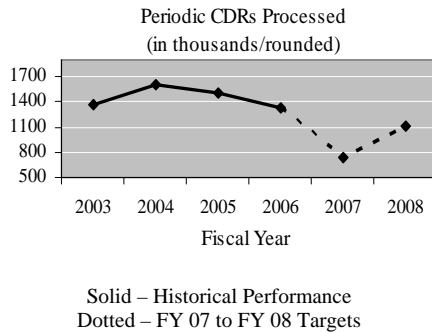
Data source: *Redetermination Service Delivery Objective (RZ SDO) Report, Post-eligibility Data Warehouse.*

Frequency reported: Monthly.



Performance Measure 2.1b

Number of periodic CDRs processed to determine continuing entitlement based on disability



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	1,118,000
2007	729,000

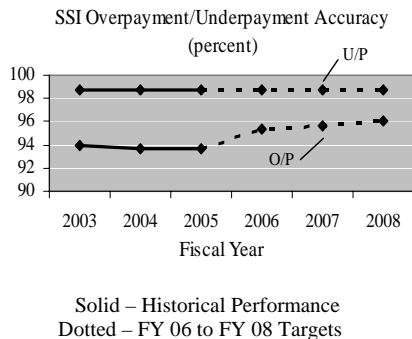
Historical Performance

2006	1,337,638
2005	1,515,477
2004	1,604,680
2003	1,371,255

Data definition: Count includes periodic reviews and other CDRs processed by the Disability Determination Services and mailers not requiring medical reviews. **Data source:** Disability Operational Data Store (DIODS) and the CDR tracking files. **Frequency reported:** Monthly. **Note:** The FY 2007 target of 729,000 includes 198,000 medical CDRs and 531,000 CDR mailers not requiring medical review. The FY 2008 target of 1,118,000 includes 398,000 medical CDRs and 720,000 CDR mailers not requiring medical review. Data provided from DIODS used to calculate a portion of the performance indicator is not archived and maintained for audit purposes.

Performance Measure 2.1c

Percent of Supplemental Security Income (SSI) payments free of overpayments (O/P) and underpayments (U/P)



FYs 2003 - 2008 Targets and Performance

Fiscal Year	O/P Accuracy Rate Targets	U/P Accuracy Rate Targets
2008	95.4%	98.8%
2007	95.4%	98.8%
2006*	95.4%	98.8%

Historical Performance

2005	93.6%	98.6%
2004	93.6%	98.7%
2003	93.9%	98.8%

Data Definition: The SSI payment accuracy rate free of overpayments and underpayments is determined by an annual review of a statistically valid sample of the beneficiary rolls; i.e., the findings are representative of the universe of the

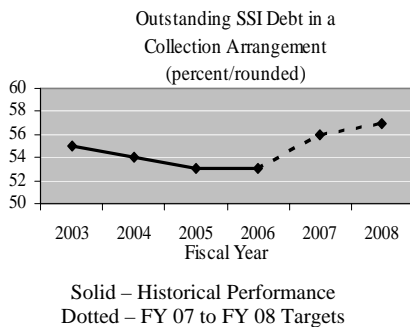
*FY 2006 data will not be available until June 2007



payments issued with 95 percent precision and confidence levels of +/- 0.9 percent for O/P and +/- 0.3 percent for U/P. Separate rates are determined for overpayment error dollars and underpayment error dollars. The accuracy rates are computed by dividing error dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to determine the accuracy rate. The current measuring system captures the accuracy rate of the non-medical aspects of eligibility for SSI payment outlays. **Data Source:** *SSI Stewardship Report.* **Frequency reported:** *Annually.* **Note:** *The SSI payment accuracy (stewardship) report is based on a monthly sample of SSI (Title XVI) cases randomly selected from the SSI payment rolls, consisting of all recipients in current pay status. Sampled cases are reviewed for non-medical factors of eligibility and, in each case, the recipient or representative payee is interviewed (usually during in-home visits), collateral contacts are made, as needed, and all factors of eligibility are redeveloped as of the sample month. The Stewardship data are reported on a fiscal year basis (targeted for June 30 of the year following the year of review) and provide an overall accuracy measurement of the payments to all recipients currently on the SSI rolls.*

Performance Measure 2.1d

Percent of outstanding Supplemental Security Income (SSI) debt in a collection arrangement



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	57%
2007	56%

Historical Performance

2006	53%*
2005	53%*
2004	54%**
2003	55%*

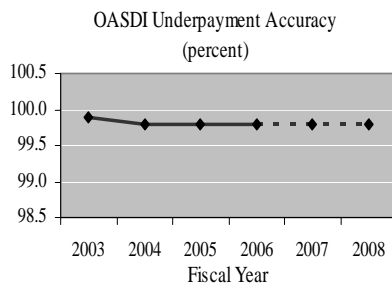
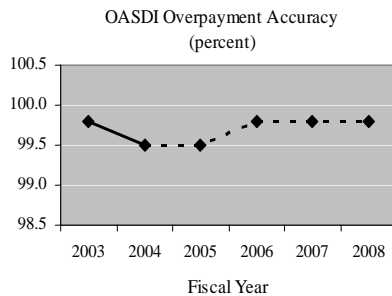
*Rounded up if $\geq .5$ and down if $\leq .4$
 Data from October 2003 through April 2004 was incomplete and could not be accurately recalculated. The actual for FY 2004 represents cumulative data from May 2004 through September 2004 only. **Data definition: The percent of outstanding SSI debt that is scheduled



for collection by benefit withholding or installment payment. The rate is expressed as the average for the year, i.e., the percent is calculated monthly and the annual performance is derived by averaging the results for the most recent 12 months. Outstanding SSI debt is grouped into four main categories: newly established debt; debt that involves a current due process request, such as a waiver; debt that is in a collection arrangement; and debt that is not in a collection arrangement. The percent of debt in a collection arrangement is computed by dividing the dollars in that category by the total dollar amount of outstanding debt in all four categories. **Data source:** *Supplemental Security Record (SSR)*. **Frequency reported:** Monthly. **Note:** *Data is shown as a 12-month rolling average.*

Performance Measure 2.1e

Percent of Old-Age, Survivors, and Disability Insurance (OASDI) payments free of overpayments (O/P) and underpayments (U/P)



Solid – Historical Performance
Dotted – FY 06 to FY 08 Targets

*FY 2006 data will not be available until June 2007

FYs 2003 - 2008 Targets and Performance

	O/P Accuracy Rate	U/P Accuracy Rate
Fiscal Year	Targets	Targets
2008	99.8%	99.8%
2007	99.8%	99.8%
2006*	99.8%	99.8%
	Historical Performance	Historical Performance
2005	99.5%	99.8%
2004	99.5%	99.8%
2003	99.8%	99.9%

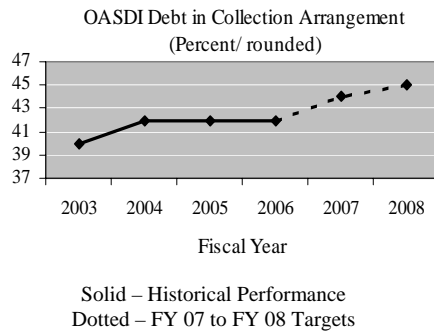
Data Definition: OASDI payment accuracy rate is determined by an annual review of a statistically valid sample of the beneficiary rolls; the findings are representative of the universe of the payments issued with 95 percent precision and confidence limits of +/- 0.3 percent for overpayments and +/- 0.2 percent for underpayments. Separate rates are determined for overpayment error dollars and underpayment error dollars. The accuracy rates are computed by dividing error dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to attain the accuracy rate. **Data Source:** *OASDI Stewardship Report*. **Frequency Reported:** Annually. **Note:** *The basis of the Retirement and Survivors Disability Insurance (RSDI) payment accuracy (stewardship)*



report is a monthly randomly selected sample of cases from RSDI payment rolls of all beneficiaries in current pay status. The cases are reviewed for non-medical factors of eligibility, and, for each case, the beneficiary or representative payee is interviewed (75 percent by phone and 25 percent by home visit), collateral contacts are made, as needed, and all factors of eligibility are redeveloped for the current sample month.

Performance Measure 2.1f

Percent of outstanding Old-Age, Survivors and Disability Insurance (OASDI) debt in a collection arrangement



FYs 2003 - 2008 Targets and Performance

Fiscal Year **Targets**

2008	45%
2007	44%

Historical Performance

2006	42%*
2005	42%*
2004	42%*
2003	40%*

*Rounded up if $\geq .5$ and down if $\leq .4$

Data definition: This is the percent of outstanding OASDI debt that is scheduled for collection by benefit withholding or installment payment. The rate is expressed as the average for the year, i.e., the percent is calculated monthly and the annual performance is derived by averaging the results for the most recent 12 months. Outstanding OASDI debt is grouped into four main categories: newly established debt; debt that involves a current due process request such as waiver; debt that is in a collection arrangement; and debt that is not in a collection arrangement. The percent of debt in a collection arrangement is computed by dividing the dollars in that category by the total dollar amount of outstanding debt in all four categories.

Data source: The *Recovery of Overpayments, Accounting, and Reporting* system. **Frequency Reported:** Monthly.

Note: Data are shown as a 12-month rolling average.



Means and Strategies for Strategic Objective 2.1

Detect and prevent fraudulent and improper payments and improve debt management



In support of the President's Management Agenda (PMA) program initiative, *Eliminating Improper Payments*, SSA is undertaking projects that have the most potential to improve program integrity across three fronts: detection of improper payments; prevention of improper payments; and collection of debt. As of June 2005, SSA achieved "yellow" for status and "green" for progress on the PMA Executive Branch scorecard and has maintained these scores through December 2006. Activities related to these strategies are discussed in greater detail below.

Detection and Prevention Activities

SSA helps ensure the integrity of the disability program by conducting continuing disability reviews (CDR) and making determinations of whether beneficiaries continue to be entitled to benefits based on their medical conditions. SSA has developed a reporting process (the CDR mailer/statistical scoring model process) that screens cases and identifies those in which a full medical review is not cost-effective. The remaining cases are then referred for the full medical CDR.

Since 1994, the Agency has made tremendous progress in its efforts to improve the CDR process and to identify additional groups of beneficiaries for which CDR mailer processing is appropriate and reliable.

SSA Prevention and Detection Activities to Help Improve Program Integrity

- E-Work software tool – controls and assists in the processing of work CDRs
- SSI non-medical redetermination – detects and prevents SSI overpayments
- Computer match with the Department of Homeland Security – provides deportation information so SSA can stop Social Security and SSI payments timely

In FY 2006, SSA expanded the CDR mailer screening process to Supplemental Security Income (SSI) adult cases. Many beneficiaries receiving both Social Security (Title II) and SSI (Title XVI) benefits based

on disability (i.e., "concurrent" beneficiaries) and who previously would have required a full medical review can be processed using a mailer-based process developed specifically for this population.

SSA continues to focus on large-scale sampling to maintain program integrity, including expanding sampling to this most recently certified mailer group of concurrent beneficiaries. Notwithstanding the budgetary limitations on performing full medical reviews, the Agency is now able to process substantially more than half of the CDRs required by statute with



the use of mailer/statistical scoring model screening. It is expected that approximately 70 percent of these reviews will be completed without requiring a full medical review.

Section 208 of the Social Security Protection Act (SSPA) amended section 222 (c) of the Social Security Act to provide that a person who is convicted by a Federal Court of fraudulently concealing work activity during the trial work period (TWP) will not be entitled to receive payment for any TWP months that occur on or after March of 2004. If payment has already been made, the beneficiary will be liable for repayment of the overpayment.

Cooperative Disability Investigation (CDI) Units: The CDI program, which began in 1998, represents one of Social Security's most successful anti-fraud initiatives and plays a vital role within Social Security's disability programs. These investigations are a joint effort by SSA's Office of the Inspector General and the State Disability Determination Services (DDS). There are currently 19 CDI units operating in 17 States. SSA plans to expand by 3 units in FY 2007 and 3 units in FY 2008, resources permitting. Units around the country look into disability claims and later events affecting entitlement that are referred by a DDS or Social Security field office when fraud is suspected. Based on these investigations, Social Security is able to:

- Prevent payments to claimants who are not disabled;
- Stop payments for recipients who have disguised or falsified medical improvement or work activity; and
- Reopen cases and stop payments to claimants who should never have been entitled to disability benefits.

In 1998, when the program began, it accounted for \$2.8 million in savings for Social Security. In FY 2005, CDI savings were \$123 million, operating with an annual budget of only \$11.4 million. In FY 2005, there were 3,198 allegations of fraud resulting in 2,059 denials/terminations. For the first half of FY 2006 (October 2005 through March 2006), the CDI program received over 1,600 allegations and had over 1,000 denials/terminations, resulting in program savings of \$65.7 million. The total savings since inception through March 2006 of the program is over \$599 million. In addition to tangible program savings, the public's awareness of the CDI program, through such methods as notices, publications and/or online *Questions and Answers*, has the intangible effect of deterring fraud.

Further, the most powerful tool the Agency has to detect and prevent SSI overpayments is the SSI redetermination, which is required by law and is a periodic review of non-medical factors of SSI eligibility. In FY 2005, SSA completed 1,724,875 redeterminations. It is estimated that this effort produced \$1.50 billion in overpayment benefits (i.e., estimated recoveries of retroactive overpayments plus prevention of future overpaid monthly payments) and \$1.12 billion in underpayment benefits. The Agency expects to complete 1,026,000 scheduled, unscheduled, and targeted non-disability redeterminations in FY 2007 and 1,526,000 in FY 2008.

By implementing a match with the Department of Homeland Security in July 2005, SSA is now automatically notified of individuals who intend to leave the United States. Additionally, SSA's strategy for increasing the prevention and detection of overpayments includes the following initiatives:



- Piloting an automated telephone-based monthly wage-reporting method for workers at risk for wage-related overpayments, using a knowledge-based authentication process;
- Automating access to financial institution data. Through the *Access to Financial Information* project, SSA expects to eliminate a substantial number of improper SSI payments caused by excess financial account resources; and
- Working with the Centers for Medicare & Medicaid Services to obtain Medicaid non-utilization data and analyze its value in profiling redeterminations.

Recovery of Overpayments

SSA uses aggressive debt collection tools to recover delinquent benefit overpayments from former beneficiaries. SSA refers delinquent debts to the *Treasury Offset Program (TOP)* to recover debts from Federal tax refunds and other Federal payments. SSA withholds SSI overpayments from the benefits of individuals when they become entitled to Old-Age, Survivors, and Disability Insurance, refers debts to credit bureaus, and requests employers to offset wages of delinquent debtors.

The *Non-Citizen Benefit Clarification and Other Technical Amendments Act of 1998* authorized cross-program recovery to collect an individual's SSI debt at the rate of 10 percent of the benefit amount due that person. The *Social Security Protection Act* expanded cross-program recovery to allow 100 percent withholding from underpayments. It also allows monthly withholding of an SSA debt from SSI benefits.

Additionally, SSA's strategy for increasing the recovery of overpayments includes the following initiatives:

- Building a scoring system that prioritizes unresolved debts. This will help to balance debt workloads with operational resources. It will also ensure that these resources are expended on the debt that has the most potential for recovery; and,
- Providing SSA operating components with a tool that organizes debt information more efficiently for individual case processing and better workload management. This tool, *OP-WIZ*, is now in use in Field Offices and Program Service Centers. A new tool is being developed specifically for use in contacting debtors by telephone.

Debt Collection

To monitor debt recovery performance, SSA created a performance measure that characterizes the debt owed to the Agency in terms of the recovery status of the debt, i.e., the proportion of the debt being recovered either by withholding benefit payments or by payments being made by the debtors.

The remaining debts are categorized into one of three additional classifications. *New debts* are those debts which have been detected within the past 60 days. This corresponds with the amount of time the debtors are afforded to exercise their due process rights. *Debts Under Appeal* are those debts where the debtors have filed an appeal, reconsideration or waiver request, and for which the determination is pending within 90 days of the request. *Debts Not in a Collection Arrangement* includes all those debts that have not been written off and do not fit into the other categories. These are essentially those debts which require some action on the



part of the Agency to either get the debts into a collection arrangement or to write them off.

This measure focuses on the desired status of pending debt, recognizing that there is some level of debt that is not yet at the point where it is subject to being in collection arrangement, i.e., new debt and debt under appeal. It represents the desired actions that should be taken on pending debts, collections, a collection arrangement, or a write-off. Collections and write-offs affect the measure by reducing the size of the universe of debt being measured, while new collection arrangements increase the percent of debt relative to the performance target.

Write-offs are intended to identify those debts that will not be collected by refund and for which continued application of resources to collect the debt is a loss to the taxpayer. These debts are not subject to a statute of limitations and are therefore recoverable when these individuals return to the benefit rolls. Also, even though the debt has been written off, it can still be considered for recovery under the Treasury Offset Program.

The FY 2007 targets, 44 percent for Social Security and 56 percent for SSI, reflect the maximum level of effort with the resources available for this activity, coupled with the results stemming from existing automated collection activities. As resources become available or new automated activities are implemented, the targets will be adjusted accordingly.

In order to achieve this level of performance, SSA uses aggressive debt collection tools. Debts are subject to SSA's internal debt collection program that uses automated processes to bill and follow-up with individuals who do not set up repayment arrangements. SSA's debt collectors pursue those individuals who do

not respond to automated billing and follow-up. Delinquent debts are referred to the Treasury Department for inclusion in its TOP. The TOP allows for recovery of debts from Federal income tax refunds and other Federal payments, including Federal pensions. SSA also withholds payments from debtors in one benefit program who are receiving payments in other SSA-administered benefit programs. In addition, to encourage voluntary repayment, SSA reports delinquent debtors to credit bureaus. Finally, SSA began garnishing the wages of delinquent debtors in FY 2005.

In order to improve its ability to recover outstanding debts, SSA either has underway or plans to implement the following:

- Systems capabilities that will increase the ability to recover debts that are subject to benefit offset when the debtor is receiving benefits in a program other than the one in which the debt exists; and
- Regulations to permit SSA to recover debts owed by Federal employees by offset of their salaries.

SSA is exploring other ways to implement additional debt recovery tools. Among them are: charging interest; private collection agencies; and use of Treasury's collection centers.



Strategic Objective 2.2

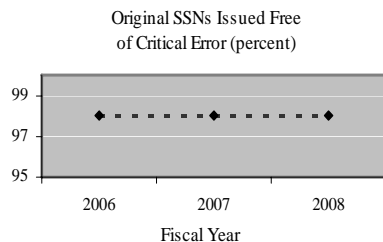
Strengthen the integrity of the Social Security Number (SSN) issuance process to help prevent misuse and fraud of the SSN and card

Long - Term Outcomes

- Strengthen the integrity of the SSN issuance process by engaging in ongoing policy development in partnership with other government entities
- Assign SSNs and issue cards accurately and safeguard Agency-maintained identity information
- Provide legally required SSN record verification services to aid in the prevention of SSN misuse

Performance Measure 2.2a

Percent of original SSNs issued that are free of critical error



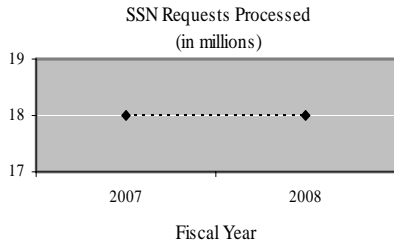
FYs 2006 - 2008 Targets and Performance

Fiscal Year	Targets
2008	98%
2007	98%
2006	98%

Data definition: The rate is based on an annual review of applications for original SSN cards to verify that: 1) the applicant did not receive an SSN that belonged to someone else; 2) if the applicant had more than one SSN, the numbers were cross-referenced; and 3) the applicant was entitled to receive an SSN based on supporting documentation, i.e., the Field Office (FO) verified appropriate documentation – U.S. Citizenship and Immigration Services document for foreign born and birth certificate for U.S. born, and made a correct judgment of entitlement to an SSN. SSNs issued through the Enumeration-at-Birth (EAB) and Enumeration-at-Entry (EAE) processes are not included in the review because SS-5s (*Application for a Social Security Card*) are not completed in these processes. **Data Source:** *Enumeration Process Quality Review*, which is based on a sample of approximately 1,500 SSN transactions that have resulted in the issuance of an original SSN. **Frequency reported:** Annually. **Note:** Beginning in FY 2006, this performance measure was revised to only include original SSNs in the calculation. Due to the lag in obtaining FY 2006 data, there is no historical performance data available.



Performance Measure 2.2b
Percent of SSN receipts processed up to the budgeted level



FYs 2007 - 2008 Targets and Performance

Fiscal Year	Goal
2008	96% (18,000,000)
2007	96% (18,000,000)

**This is a new performance measure*

Data definition: In the Regional Offices (RO), Field Offices (FO) and the Office of Central Operations (OCO), the original and replacement SSN requests processed compared to the receipts in a fiscal year. This also includes Enumeration-at-Birth (EAB) activity, Enumeration-at-Entry (EAE) activity, and the count of fraud investigations not resulting in issuance of a SSN, an EAB or an EAE. **Data Source:** *Social Security Unified Measurement System Enumeration Operational Data Store.* **Frequency reported:** Monthly. **Note:** *Performance for FY 2006 was 17,259,110; for FY 2005 it was 17,455,921; and for FY 2004 it was 17,791,880.*



Means and Strategies for Strategic Objective 2.2

Strengthen the integrity of the Social Security Number (SSN) issuance process to help prevent misuse and fraud of the SSN and card



As stewards of the Social Security program, one of SSA's strategic objectives is to strengthen the integrity of the enumeration process, which assigns Social Security Numbers (SSN). SSA continues to strengthen the integrity of the SSN through improved systems processes and enhanced verification services, policies to prevent identity theft, and collaboration with government agencies to minimize SSN misuse and to support national security.

SSA's commitment to continually strengthen the integrity of the SSN builds on efforts from recent years that resulted in major improvements to the Agency's enumeration and verification processes. The *Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004* led to improvements in SSN security. In addition, other steps taken to safeguard the SSN include:

Improving the accuracy of the Enumeration-at-Birth (EAB) Process. EAB enables SSA to issue SSN cards based on information collected during the hospital birth registration process for newborn children. Fraud is prevented because the birth information data is obtained directly from the State Bureau of Vital Records.

In accordance with recent SSA Office of the Inspector General (OIG) and Government Accountability Office audit

recommendations and *Section 7213(c)* of IRTPA, SSA modified the EAB systems process to prevent the issuance of replacement SSN cards and to restrict the assignment of SSNs to unnamed children. These systems enhancements are increasing the number of SSN applications successfully handled through the EAB process.

Strengthening the Integrity of the Social Security Card. SSA is taking many steps to strengthen its capability to prevent those with criminal intent from obtaining and misusing SSNs. As mandated by *section 7213(b)* of IRTPA, SSA formed an Interagency Task Force to establish standards for:

- Safeguarding cards from counterfeiting, tampering, alteration and theft;
- Verifying documents submitted for the issuance of replacement SSN cards; and,
- Increasing enforcement against the fraudulent use or issuance of SSNs and card.

The Task Force completed its work, and SSA developed a plan for producing a new, more secure Social Security card based on the task force requirements. Final execution of the plan is on hold pending developments on immigration



reform, which could have a significant impact on a new Social Security card.

Tightening other evidentiary requirements. In addition to requiring mandatory interviews for all SSN applicants age 12 or older, evidence of identity for applicants regardless of age, and additional evidentiary requirements for “F-1” students (i.e., aliens admitted to the United States to pursue education), SSA implemented stricter evidentiary standards per *section 7213 (a)(1)(B)* of the IRTPA. These include minimum standards for verifying documents and independent verification of all records for every U.S.-born individual unless the request for an original SSN is submitted through the Enumeration-at-Birth process.

Enhancing verification processes. SSA has ongoing projects to improve SSN verification, such as providing more consistent and easier-to-use responses, and updating the enrollment process and user software. Further, as required by IRTPA, the Agency added death indicators to SSN verification programs used by employers and Departments of Motor Vehicles, and will add fraud indicators to these programs by December 2007.

In addition, SSA has implemented other strategies and enhancements to strengthen the integrity of the SSN, including verifying through the Department of State (DOS) the status of newly arrived refugees.

Also, IRPTA resulted in the following SSN policy changes effective 12/17/05:

- The number of replacement cards an individual may receive is limited to 3 per year and 10 in a lifetime, with certain exceptions.
- Birth records for U.S. individuals under age one must be verified with the issuing source.

- Evidence of age, identity, and citizenship for an original or replacement card has to be evaluated in order of probative value.
- Evidence for a name change in SSA’s records requires a legal document such as a Birth Certificate, Marriage Document, or Court Order.

Strengthening Enumeration-at-Entry (EAE) Process. This process enables SSA to issue SSN cards based on data collected as part of the immigration process. EAE prevents fraud and ensures the integrity of the SSN because SSA receives enumeration information directly from the United States Citizenship and Immigration Services (USCIS). DOS collects enumeration information from adult applicants applying for admission into the United States as permanent residents and sends enumeration data to USCIS. Upon admission to the United States, USCIS electronically sends the enumeration data directly to SSA. In accordance with recent SSA OIG and Office of Quality Performance audit recommendations, the Agency is taking steps to modify the EAE system to prevent the issuance of duplicate SSN cards and to resolve data compatibility issues between SSA and its partner agencies. These systems enhancements will increase the number of SSN applications successfully processed through EAE. Once these modifications are fully operational, SSA will work with DOS and USCIS to explore possible expansion to other groups of aliens, e.g., those aliens who are legally authorized to work but who are not seeking permanent resident status.

Fraud Indicators:

By December 2006, two new fraud indicators will be developed for internal use in SSA. These indicators will identify cases where:



- OIG investigated and established that an original SSN was assigned based on fraudulent documents or no documents at all.
- Number holders request a new SSN because their original SSN was misused with criminal or harmful intent and, as a result, they have been subjected to economic and/or personal hardship. The fraud indicator is assigned to the original SSN and a new SSN is generated.

In August 2007, changes will be made to software to incorporate these indicators into the verification routines used by employers and State agencies issuing drivers' licenses and identity cards.

In FY 2005, SSA created the *Fraudulent/Suspect Document Database*. This database serves as a central repository for all State and local documents that SSA has identified as fraudulent or suspect. This database is an important piece of SSA's *Document Verification Website*, which ties together many links and references to assist employees in evaluating documents.

Streamlining the Enumeration Operation. Social Security Card Centers (SSCC) are designed to provide better public service and exercise better program stewardship by concentrating all SSN business within a particular service area in a single facility with a highly-trained specialized staff. All U.S. citizens and non-citizen applicants living within geographic locations serviced by a SSCC **must** go to that Card Center to transact all SSN business. Currently, there are three SSCCs in operation: Brooklyn, New York; Jamaica, New York; and Las Vegas, Nevada. The Agency plans to open additional centers as resources permit over the next several years, based on SSN workloads and other service delivery factors.

Pursuing software enhancements. The Agency believes the following applications will strengthen the enumeration process by ensuring compliance with SSA's enumeration policies and procedures:

- A redesigned *Modernized Enumeration System (MES)*. In FY 2007, the Agency will begin redesigning this system in order to improve data exchange capabilities with other external systems, online fraud referral capabilities, audit capabilities, and workload management. Overall, the new system will improve the integrity, security, and accuracy of the Agency's enumeration process.
- The *MES Workload Management Information (WMI)* application enables managers to identify non-compliance with third party (collateral) verification procedures and unusual applications. Managers can proactively address training needs and identify potential fraudulent activities earlier in the process. SSA continually assesses the management information provided by this application.

The *SS-5 Assistant* serves as the front-end input screens used to process all enumeration actions except where exclusions apply. The *SS-5 Assistant*:

- Supports compliance with enumeration policy by prompting the employer to input necessary data in mandatory fields to accurately process the actions. (*Note: Prior to this release, much of the required data needed to document the accuracy of the MES transaction was captured in a free format test field.*)
- Automatically queries the Department of Homeland Security's (DHS) Systematic Alien Verification for Entitlements (SAVE) system for the



user at the time the application is being entered. This interface requires that verification is confirmed before permitting processing of the SS-5 application.

Web-Based SAVE Application Phase 1, implemented in FY 2006 for claims-related non-citizen actions, allows employees to generate and receive initial and secondary online verifications of immigrant status from DHS, eliminating the need to send the paper *G845 (Document for Verification Request)* in most situations. Phase II will be implemented in FY 2007. In Phase II, the web-based SAVE application will be incorporated within the *SS-5 Assistant* to ensure verifications are received for non-citizen applications prior to processing Social Security card applications. Currently, the initial verifications are available online through SSA's mainframe application. However, requests for secondary verification when initial online verifications are not available require sending a paper *G845* to DHS.



Strategic Objective 2.3

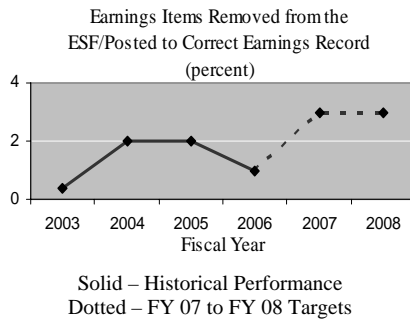
Ensure the accuracy of earnings records so that eligible individuals can receive the proper benefits due them

Long - Term Outcomes

- Facilitate more accurate earnings reports by encouraging the use of electronic wage reporting
- Reduce the number of annual earnings items posted to the *Earnings Suspense File (ESF)*

Performance Measure 2.3a

Remove 3 percent of the earnings items that remain in the *Earnings Suspense File (ESF)* for a new tax year and post the earnings to the correct earnings records



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	3.0%
2007	3.0%

Historical Performance

2006	1.0%*
2005	2.0%*
2004	2.0%*
2003	0.4%


*Rounded up if $\geq .5$ and down if $\leq .4$

Data definition: Items remaining in suspense are wages or self-employment earnings not matched to an earnings record after all routine matching operations are complete. The 3 percent reduction will be achieved by using new matching routines developed by the Office of Quality Performance (OQP). The percentage is determined by comparing the number of items added to suspense for a tax year (TY) to the number later removed by the new process. **Data Source:** Compare the number of items in the ESF for a new tax year after all processes are completed to the number of items removed by the new process developed by the OQP and Office of Systems. **Frequency reported:** Annually. **Note:** There is a 4-year lag between the TY and the year calculated, i.e., for 2005, the TY is 2001; for 2006, the TY is 2002; and for 2007, the TY is 2003, and for 2008, the TY is 2004.



Means and Strategies for Strategic Objective 2.3

Ensure the accuracy of earnings records so that eligible individuals can receive the proper benefits due them

 Beginning with tax year (TY) 2002, SSA has identified and attempted to post the correct worker's earnings record for 5 percent (3 percent beginning with TY 2006) of the items in the *Earnings Suspense File* (ESF). The ESF is an electronic holding file for reported earnings that cannot be posted to an individual worker's record of lifetime earnings because of a mismatch of the worker's name and/or SSN once the earnings reporting processes are completed. SSA's Office of the Inspector General designated the integrity of the earnings reporting process and reduction of the ESF as part of the SSN Integrity Major Management Challenge. To reduce the size and growth of the ESF, SSA is using new matching software programs that allow greater numbers of ESF items to be posted.

To help prevent future inaccurate earnings reports, SSA is:

- encouraging employers to use electronic filing through *W-2 Online* and *W-2C Online*, particularly for small businesses;
- providing online filing status and error information to the employers;
- working with the software development community to determine new ways to increase electronic wage reporting;

- expanding the *Employer Education Campaign* pilot to encourage greater use of SSN verification services to allow more employers to verify online a valid name/SSN combination; and,
- continuing an employer education campaign.

SSA will continue to educate employers about electronic reporting through promotional materials, payroll and employer focused conferences, writing articles for trade publications, and having direct contact with employers. The Agency will also continue making on-site visits with payroll service providers and other companies, encouraging them to report electronically.

SSA also has an educational campaign to inform the wage reporting community of various error detection tools available to them prior to submitting their entire wage report to SSA. The Agency implemented an Internet-based tool to allow employers to verify names and SSNs. The *Social Security Number Verification Service* allows employers to verify up to ten names and SSNs in real-time. In addition, employers can send SSA a file over the Internet and receive a response by the next business day. The Agency is sending notices to employers who report more than ten employees' name/SSN discrepancies on the *Form W-2 (Wage and Tax Statement)* and these discrepancies exceeded 0.5 percent of the total number

of W-2s that the employer submitted to SSA for any given tax year. These notices request the employer to provide corrected information to the Agency within 60 days.

The Agency will continue to send annual *Social Security Statements* to all eligible individuals age 25 and over so that they can review their earnings history for completeness and accuracy to avoid future incorrect benefit payments.

SSA is currently gathering and analyzing baseline information concerning the effect of these initiatives on the accuracy and growth of the ESF. Based on this analysis, the Agency will continue to examine key outcomes and strengthen performance measures.



Strategic Objective 2.4

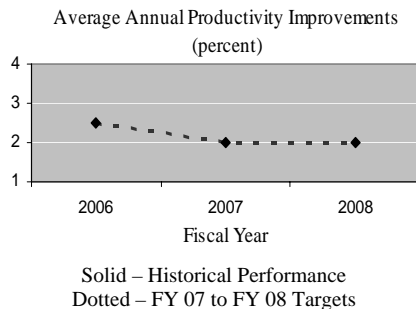
Manage Agency finances and assets to link resources effectively to performance outcomes

Long - Term Outcomes

- **Demonstrate the Agency’s commitment to sound financial management by creating a strong internal control structure and producing relevant and reliable accounting information, including receiving an “unqualified opinion” on the Agency’s financial statement audit**
- **Maximize the ability of the Agency’s financial, performance, and management information systems to fulfill its mission by improving existing automated tools and developing new ones**
- **Ensure the most effective use of limited Agency resources by continuing to achieve 2 percent, on average, annual productivity improvements**
- **Ensure the security of the Agency’s information systems, physical assets, and employees by continuously performing security assessments and acquiring state-of-the-art protection systems**

Performance Measure 2.4a

**Continue to achieve
2 percent, on average, annual
productivity improvements**



FYs 2003 - 2006 Targets and Performance

Fiscal Year	Targets
2008	2.0% on average
2007	2.0% on average

Historical Performance

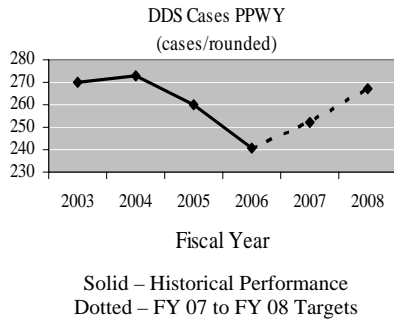
2006	2.49% on average
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Data definition: The percent change in productivity is measured by comparing the total number of SSA and Disability Determination Services (DDS) workyears that would have been expended to process current year SSA-level workloads at the prior year’s rates of production to the actual SSA and DDS workyear totals expended. The average annual productivity is calculated using a five-year rolling average. **Data source:** Agency Cost Accounting System. **Frequency reported:** Annually.



Performance Measure 2.4b

Disability Determination Service (DDS) case production per workyear (PPWY)



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	267
2007	252

Historical Performance

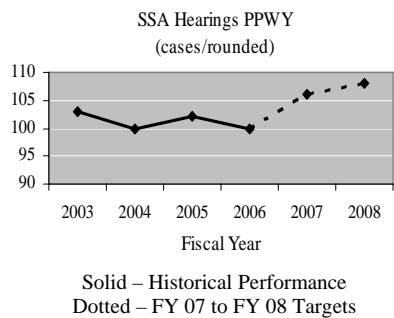
2006	241*
2005	260*
2004	273
2003	270

*Rounded up if $\geq .5$ and down if $\leq .4$

Data definition: This indicator represents the average number of DDS case production per workyear expended for all work. A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.). It is inclusive of everyone on the DDS payroll, including doctors under contract to the DDS. **Data source:** *National Disability Determination Services System (NDDSS)* and *Disability Operational Data Store (DIODS)*. **Frequency reported:** Monthly.

Performance Measure 2.4c

SSA hearings case production per workyear (PPWY)



FYs 2003 - 2008 Targets and Performance

Fiscal Year	Targets
2008	108
2007	106

Historical Performance

2006	100*
2005	102*
2004	100
2003	103

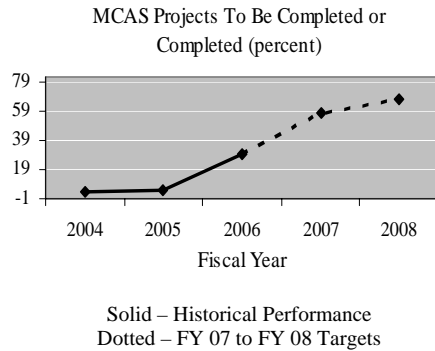
*Rounded up if $\geq .5$ and down if $\leq .4$

Data definition: This indicator represents the average number of SSA hearings case production per workyear expended. A direct workyear represents actual time spent processing cases. It does not include time spent on training, Administrative Law Judge (ALJ) travel, leave, holidays, etc. **Data source:** *Office of Disability Adjudication and Review Monthly Activity Report*, the *Case Processing Management System*, *Payroll Analysis Recap Report*, *Travel Formula* (based on the assumption that ALJs spend an average of 10 percent of their time in travel status), and *Training Reports* (Regional reports on new staff training, ongoing training, and special training). **Frequency reported:** Monthly.



Performance Measure 2.4d

Enhance efforts to improve financial performance using *Managerial Cost Accounting System (MCAS)*



FYs 2004 - 2008 Targets and Performance

Fiscal Year	Targets
2008	Complete 67% of MCAS projects
2007	Complete 58% of MCAS projects

Historical Performance

2006	Completed 29% of MCAS projects
2005	Completed 5% of MCAS projects
2004	Completed 4% of MCAS projects

Data definition: MCAS provides improved managerial accountability cost accounting and financial management information for SSA, its component organizations, and the programs, as well as workloads that it supports, in separate projects that may have multiple releases. A methodology is used that weights individual projects to create a combined percentage to track the overall completion of this initiative. This formula scores the deliverables within each project. **Data source:** *Social Security Unified Measurement System (SUMS)/MCAS* project plan tracking and releases as reported to the SUMS/MCAS Executive Steering Committee. **Frequency reported:** Monthly.



Performance Measure 2.4e

Receive an unqualified opinion on SSA’s financial statements from the auditors

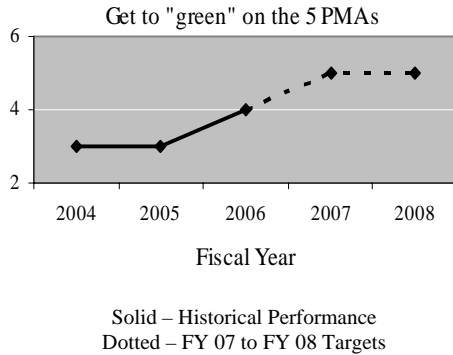
FYs 2003 - 2008 Targets and Performance	
Fiscal Year	Targets
2008	Receive an unqualified opinion
2007	Receive an unqualified opinion
Historical Performance	
2006	Received an unqualified opinion
2005	Received an unqualified opinion
2004	Received an unqualified opinion
2003	Received an unqualified opinion

Data definition: An unqualified opinion on the financial statements is provided when an independent auditor determines that the financial statements are presented fairly; and, in all material respects, in conformity with accounting principles generally accepted in the United States of America. **Data source:** Auditors’ work papers. **Frequency Reported:** Annually. **Note:** SSA’s Office of the Inspector General has a contract with an outside auditing firm to audit the Agency’s financial statements.



Performance Measure 2.4f

Get to “green” on the President’s Management Agenda (PMA) initiatives status scores



FYs 2004 - 2008 Targets and Performance

Fiscal Year	Targets
2008	Maintain a status score of “green” on five of five PMA initiatives
2007	Achieve a status score of “green” on five of five PMA initiatives

Historical Performance

2006	Achieved a status score of “green” in four of five PMA initiatives
2005	Achieved a status score of “green” on three of five PMA initiatives
2004	Achieved a status score of “green” on three of five PMA initiatives

Data definition: Being scored “green” on the PMAs. **Data source:** The Office of Management and Budget’s (OMB) PMA initiative scorecard for SSA. **Frequency reported:** Quarterly. **Note:** “Status” is based on meeting certain scoring criteria, revised in FY 2005 by OMB. The highest standard is “green,” followed by “yellow.” The lowest score is “red.” OMB provides a final scorecard on a quarterly basis for each of the PMAs. The scorecard is published on the OMB website:

www.results.gov/agenda/index.html.



Means and Strategies for Strategic Objective 2.4

Manage Agency finances and assets to link resources effectively to performance outcomes



This objective focuses on the management aspects of administering Social Security programs. The scope extends beyond fiscal integrity to encompass improvements in Agency productivity, as well as improvements in ensuring the integrity and security of records and information maintained by SSA. The crosscutting nature of these initiatives and priorities affects all of the strategic objectives. This objective encompasses three President's Management Agenda initiatives that have been identified as Agency priorities: Budget and Performance Integration, Improved Financial Performance, and Competitive Sourcing.

Budget and Performance Integration

SSA has maintained "green" in status for this PMA initiative since the June 30, 2004 Office of Management and Budget (OMB) scorecard. Social Security has worked diligently to emphasize the relationship between resources and results. The Agency's *Service Delivery Budget (SDB) Plan* was developed as a multi-year plan to demonstrate the resources required to keep up with core workloads; process special workloads; eliminate backlogs of disability claims; hearings and appeals, and other operational workloads; and to improve productivity and fiscal stewardship. The SDB Plan reports the full cost of achieving Agency goals and are used in negotiations with OMB and Congress.

SSA has been able to address the marginal cost of alternative resource/ performance levels. SSA's accounting and cost analysis systems, which track the administrative costs of its programs by workload, as well as production rates, are invaluable tools in helping develop projections.

SSA continues to work both internally and with the private sector to enhance the automation capabilities of its budget formulation system and to develop modeling capabilities to estimate the levels of performance associated with alternative funding levels. SSA has submitted budgets that include unit costs of improved performance. SSA has also consistently submitted budget requests that commit to ongoing productivity improvements.

All of these activities enable the Agency to better project how resource changes affect the volume of various workloads processed, and the achievement of strategic objectives.

SSA's *FY 2008 Agency Budget* clearly defines performance commitments, both in terms of the public service and program integrity workloads, as well as the outcomes it expects to achieve. The Agency's planned and budgeted activities reflect evaluations and feedback from Congress, the Social Security Advisory Board, the Government Accountability Office, and SSA's Office of the Inspector



General. Accountability is clearly defined for major Agency initiatives and workloads, with productivity and process improvements included. The Agency has enhanced its Earned Value Management (EVM) processes for major IT programs. EVM documents variances in planned, actual, and value earned and provides for managing projects with this information. Agency executives meet monthly to review and discuss performance measures. Resource allocation decisions are made based on performance. Results from OMB's *Program Assessment Rating Tool* (PART) are integrated into the Agency's decision-making process and are included in its budget justification materials.

Improved Financial Performance

SSA has maintained "green" in status for this PMA initiative since the June 30, 2003 OMB scorecard. SSA achieved that status due to its integrated financial and performance systems that allow SSA managers to routinely access financial and performance information to make day-to-day decisions. SSA's status is also due to the Agency continuing to receive an unqualified opinion on its financial statements with no material weaknesses cited by the auditor; having financial systems compliant with Federal law; and demonstrating to OMB that SSA uses accurate and timely information to manage Agency resources and workloads.

The Agency has received its eighth consecutive *Certificate of Excellence in Accountability Reporting* (CEAR) from the Association of Government Accountants. Social Security holds the distinction of being the only Federal agency to receive this honor each year since the award program began.

Competitive Sourcing

SSA continues to be focused on results that create more efficient functions within the Agency, generate cost savings and improve performance. Through FY 2006, the Agency completed 20 studies. These studies included functions such as mailroom, nursing services, and telecommunications and equipment specialists. SSA continues to conduct post-award accountability monitoring for studies already completed and to benchmark with other Federal Agencies to validate SSA's current competitive sourcing practices and to identify competitive sourcing practices used by others. Specific benchmarking areas included funding studies, identifying what functions go for competition, and the *FAIR Act Inventory*. In addition, the Agency has made considerable progress over the past 3 years in building a solid competitive sourcing infrastructure by creating a centralized organization to direct the Agency's competitive sourcing program. Activities in this area included development of technical expertise, benchmarking with public/private organizations, expanding employee communications, and developing OMB *Circular A-76* guidance for internal use.

The Agency also developed a multi-year plan to provide a road map for guiding competitive sourcing activities and achieving "green" status. OMB approved SSA's *Green Plan* in the fourth quarter of FY 2006, which led to the Agency's attainment of "green" status in this PMA initiative.

The Agency's approved *Green Plan* identifies:

- functions coded "commercially suitable for study" that SSA will consider for competition through 2013;



- functions requiring further analysis;
- evaluation factors for selecting functions for competition; and
- ways competitive sourcing is incorporated into the *Human Capital Plan* (which is aligned with the Agency's *Strategic Plan*) to provide high-quality, citizen-centered service.

The *Green Plan*, which OMB requires to be updated on an annual basis, also describes several significant constraints the Agency faces in conducting its competitive sourcing program, i.e., increased workloads, budgetary concerns, a large proportion of employees with disabilities, and a large, geographically dispersed organization.

The Agency has now completed one standard competition, 18 streamlined competitions, and one express study. This gave the Agency 19.5 credits, well over the required 10 credits, and the Agency achieved a status score of "green" on October 9, 2006.

Management Information Improvements

For several years, two major initiatives have addressed improvements to the Agency's management information systems: *Social Security Unified Measurement System (SUMS)* and *Managerial Cost Accountability System (MCAS)*. These projects have been expanded to include a third major effort – the *SUMS/MCAS Time Allocation System (TAS)*, which is shared by both parent projects. These projects are key enablers in monitoring and reporting on Agency progress in achieving its strategic goals and objectives and resources consumed (see *Strategic Objective 1.3 for information on SUMS*). MCAS focuses on critical performance and financial information needed by managers and employees and will promote performance

accountability for the programs that SSA administers. Both SUMS and MCAS goals include TAS goals for the TAS elements most critical to each parent project.

Planned major activities and events for FY 2007 -2008:

1. Management Information Systems:

- Continue developing TAS to allocate various SSA components' work time among workloads and work activities.
 - Complete development of requirements for *TAS Release 2.0* to cover all direct work and support time expenditures for additional major SSA organizational groupings such as the SSA Program Service Centers.
 - Implement *TAS Release 2.0* to cover all direct work and support time expenditures for additional major SSA organizational groupings such as the SSA Program Service Centers.
 - Educate users on *TAS Release 1.5* in conjunction with nationwide rollout.
 - Implement *TAS Release 3.0* to complete time capture for all direct service components.
- Continue developing automation of the processes currently used to compute and report workload counts.
- Continue development of *MCAS Release 2.0* to provide full replacement of SSA's existing *Cost Analysis System* replacement.



2. Administrative/Financial Systems:

- Automate the monthly validation and certification processes for Old-Age, Survivors, and Disability Insurance benefit payments issued, as well as implement “fixes” to the automated Supplemental Security Income (SSI) payment and accounting processes. (This will ensure integrity of the beneficiary payments and accounting transactions and ensure accurate, timely Trust Fund transfers, and ensure accurate and timely production of regulatory reports.)
- Implement a program accounting system that will monitor the Trust Fund transfers between SSA and the Railroad Retirement Board. *Note: The requirements phase for the first part of this project that monitors the transfers is complete.*
- Implement a number of enhancements to the *Oracle Federal Financials Software*, which provides the foundation software for *Social Security Online Accounting and Reporting System (SSOARS)*. The enhancements could not be included in the initial release of SSOARS, but are needed for its optimal functioning.
- Provide direct interfaces between SSOARS and several external systems, i.e., the *Travel Manager System* that provides the ability to perform real-time validations in the travel system using SSOARS data to reduce the high number of interface errors; the *Streamlined Acquisition System* that automates the batch transfer of obligations from the acquisition system to

SSOARS and validates accounting data and funds availability in real-time (this also includes integrating commitments between the acquisition system and SSOARS; the Third Party Payment System (TPPS) that transfers third party payment draft transaction details to SSOARS in near real-time; and the Financial Information System that takes SSOARS data and makes it easily available to all managers throughout the Agency.)

- *Payroll Operational Data Store (PayODS) Release 3.0*: the first phase, which incorporates the correction functionality from the *CICS Payroll Management Information System (PMIS)* into the PayODS, was implemented in November 2005. The second phase, which will incorporate the batch process from the PMIS into the PayODS, was completed in March FY 2006. This completes the Payroll software transfer from PMIS into the PayODS. Management security profiles and views are scheduled to be implemented in FY 2007. The PayODS payroll reports will be available to management down to the office level.
- Provide direct interfaces between TPPS and programmatic systems. TPPS currently provides a real time automated interface for the receipt and processing of emergency advance payments and immediate payments for SSI beneficiaries. *TPPS Release 6.0*, implemented November 2006, provides a real time automated interface between Social Security, SSI, and TPPS for the receipt and processing of Retirement and



Survivors Insurance and Disability Insurance immediate payments. These programmatic interfaces will provide a single source of data entry to help ensure data integrity.

- Develop the *Security Management/Access Control System* to automate the manual, labor intensive process associated with suitability. This will ensure Agency initiatives will be supported and addressed in a timely manner.

The SSA Information Technology (IT) Security Program

The *Security IT Program*, as required by the *e-Gov Act of 2002, Title 3, Federal Information Security Management Act*, documents Agency initiatives and activities for development, implementation and maintenance of an Agency-wide IT security program. The Security Program is designed to ensure the confidentiality, integrity, and availability of data and to ensure SSA's business processes are functioning as intended. The following are examples of security controls that must continuously be in place:

- *Rules of Behavior and Personnel Security Controls.* SSA's IT Security Program includes a *Rules of Behavior* document and personnel security controls such as separation of duties, individual accountability, and access controls that include the principle of "least" privileges (i.e., individuals are given only the level of access needed to do their jobs). The access controls also identify position sensitivity and risk levels for automated information systems.
- *Training.* SSA's three-pronged IT security training program includes

basic ongoing awareness training for all employees to adequately fulfill their responsibilities, training adaptable for employee-specific needs, and training for employees whose primary responsibility is security.

- *Incident Response Capability.* The Agency has long had security-related reporting procedures in place for various incidents. The plan includes the SSA Security Response Team, which was formed to address threats against the Agency's information systems and to assist the workforce with handling systems incidents.
- *Risk Management.* SSA's Risk Management Program ensures a continuous review and monitoring of development, implementation, and maintenance of the major IT automated systems and their controls, which are critical to the Agency's mission. This includes the certification and accreditation of these systems. The certification and accreditation process occurs every 3 years or when there is a major change to the system. SSA uses a number of approaches to satisfy risk management requirements (i.e., risk analysis, risk management reviews, the annual self-assessment, the consolidated integrity review process and the system development life cycle process). Management, technical, and security personnel are included and consulted at each stage of systems development.

The Office of Disability Adjudication and Review (ODAR) is supporting the Agency's mission of ensuring the integrity and security of records and information maintained by SSA by instructing its managers to review employee access to SSA production systems based on job duties. This review is required every three



years to comply with the Federal Information Security Management Act and will help reinforce SSA's security policy of "Need to Know" and "Least Privilege."

In order to verify that operational checks and balances are in place to help prevent fraud, waste, abuse, and mismanagement of government resources, SSA conducts Online Security Control Reviews (OSCAR) in all offices, including its Hearings Offices and Regional Offices. The OSCARs enable the Agency to identify systemic or widespread problems in the areas of time and attendance, Third Party Draft, acquisitions, systems security, physical security, and administrative matters before they can cause material weaknesses. Based upon the finding and recommendations during these reviews, each office is required to take corrective actions in a timely fashion on any deficiencies identified.

Continuity of Support

Contingency planning and disaster recovery are integral parts of the SSA *IT Security Program*, and are designed to minimize the impact of situations that can affect the confidentiality and integrity of data and the availability of resources and services to continue essential business operations under all circumstances. To ensure the continuity of essential government services in an emergency situation, a series of *Presidential Executive Orders*, *Presidential Directives* and *Preparedness Circulars* mandate the development of *Continuity of Operations Plans* for all Federal agencies. Additionally, *Homeland Security Presidential Directive (HSPD -7)* calls for a national effort to assure the security of interconnected infrastructures for Federal, public and private entities, and provides for protection plans covering national assets from physical and cyber attacks. SSA established an Agency-wide Critical

Federal Infrastructure Protection Committee that developed a plan outlining a comprehensive approach for the protection of cyber systems, physical security and for continuity of operations.



3 Solvency Goal

To achieve sustainable Solvency and ensure Social Security programs meet the needs of current and future generations

Environmental Factors

As *The 2006 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds* points out, solvency is affected by a multitude of demographic, socio-economic, and program-specific factors, e.g., the size and characteristics of the population receiving benefits, the level of monthly benefit amounts, the size of the work force, the level of workers' earnings, future birth rates, death rates, immigration, marriage and divorce rates, retirement age patterns, disability incidence and termination rates, productivity gains, wage increases, and inflation.

The Trustees' long-range projections showed, under the intermediate assumptions, that the program will begin experiencing cash-flow deficits in 2017 and be unable to meet all scheduled benefit payments in 2040. The report states that under these assumptions, present tax rates would only be sufficient to pay 74 percent of scheduled benefits in 2040 and 70 percent of scheduled benefits in 2080.

In the report's conclusion, the Trustees wrote: "The projected trust fund deficits should be addressed in a timely way to allow for a gradual phasing in of the necessary changes and to provide advance notice to workers. The sooner adjustments are made the smaller and less abrupt they will have to be. Social Security plays a critical role in the lives of this year's 49 million beneficiaries and 162 million covered workers and their families. With informed discussion, creative thinking, and timely legislative action, we will ensure that Social Security continues to protect future generations."

SSA is actively involved in educating the American people on the solvency issues facing the OASI and DI programs and in working with the Administration and Congress on proposals that would address these solvency issues. To date, no consensus has been reached on a set of reforms that would achieve sustainable solvency for the OASI and DI programs.



Strategic Objective 3.1

Through education and research efforts, support reforms to ensure sustainable Solvency and more responsive retirement and disability programs

Long - Term Outcome

- Achieve reform that ensures long-term solvency

Performance Measure 3.1a

Provide support to the Administration and Congress in developing legislative proposals and implementing reforms to achieve sustainable solvency for Social Security

FYs 2004 - FY 2008 Targets

Fiscal Year

Targets

2008

Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms

2007

Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms

Historical Performance

2006

Conducted analysis for Congress and the Administration on key issues related to implementing Social Security reforms

2005

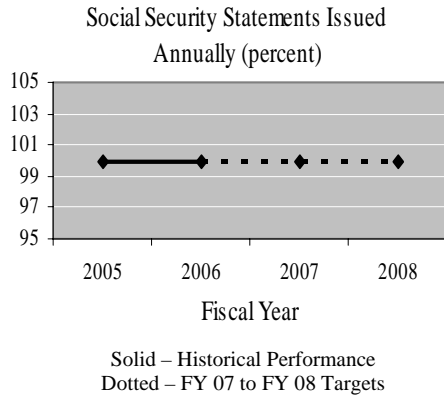
2004

Data definition: Completed reports and analysis of present law provisions, as well as proposed and pending legislation and other proposals relating to solvency of the system. **Data source:** Office of Policy records (consists primarily of various micro simulation models. e.g., *Modeling Income in the Near Term*, *Financial Eligibility Model*, *SSASIM*, and surveys, e.g., *Survey of Income and Program Participation*, *Health and Retirement Study*). **Frequency Reported:** Monthly. **Note:** *Dependent on research funding, requests, and legislative proposals and changes.*



Performance Measure 3.1b

Issue annual SSA-initiated *Social Security Statements* to eligible individuals ages 25 and older



FYs 2005 - FY 2008 Targets


Fiscal Year	Targets
2008	100%
2007	100%
Historical Performance	
2006	100%
2005	100%

Data definition: As required by law, SSA issues annual *Social Security Statements* to all eligible individuals (Social Security Number holders age 25 and older who are not yet in benefit status and for whom we can determine a current mailing address). The *Statement* contains information about Social Security benefit programs, financing facts, and provides personal benefit estimates. **Data source:** *Executive and Management Information System (EMIS)*. **Frequency Reported:** Monthly.



Means and Strategies for Strategic Objective 3.1

Through education and research efforts, support reforms to ensure sustainable Solvency and more responsive retirement and disability programs

 To accomplish this objective, SSA will provide analytical and data support to the Administration and Congress on legislative proposals to address Social Security reform issues related to the solvency of the Trust Funds, e.g., estimating how much a proposal is going to cost (cost estimates) and attempting to determine the effects of a given proposal on specific demographic segments of the population (distributional analysis). For example, the SSA Office of the Chief Actuary provides cost estimates for numerous congressional and other proposals to sustain solvency, including effects on the unified budget, the Trust Fund operations, and the cash flow between the Trust Funds and the general funds of the Treasury.

The SSA Office of Policy prepares distributional analyses on projected outcomes under current law and proposed changes to current law. The Office of Research, Evaluation, and Statistics develops and maintains several projection models for undertaking such analyses, and it produces more than a dozen regular statistical reports that provide detailed data on program size and trends. SSA maintains three Retirement Research Centers that focus research on Social Security solvency and reform, retirement planning and risk management, measures of retiree well-being, and trends in labor force

participation. The annual Retirement Research Consortium conference highlights key findings from this research.

In addition, SSA continues to:

- Undertake multiple research demonstrations that will provide support, including employment support to both disability applicants and beneficiaries.
- Have SSA's employees throughout the country carry on communications with the public at seminars, conferences, and forums about Social Security programs and financing facts.
- Promote the information and services available on Social Security's website – www.socialsecurity.gov
- Issue the annual *Social Security Statement* to eligible individuals age 25 and older, and to consistently enhance the *Statement* as a key educational tool.



4 Staff Goal

To strategically manage and align Staff to support the mission of the Agency

Environmental Factors

The Social Security Administration (SSA) is facing the potential impact of retirement eligibility among its own employees, as well as the workload impact of the baby boomer generation within the general workforce. The Agency projects that the wave of employee retirements will peak between FY 2008 and FY 2010. Simultaneously, the first wave of baby boomers in the general workforce will be entering their disability-prone and retirement years. These factors, coupled with an increase of diverse and multilingual/bilingual Americans, will result in significant workload growth for the Agency. Moreover, technological advances, economic conditions, and the Agency's new disability process will also have a notable affect on its workforce. Without balanced and effective human capital planning, these factors will not only affect the Agency's ability to deliver citizen-centered service to the American people, but also will result in a significant strain on the Agency's institutional knowledge and expertise.

Strategic Objective 4

Recruit, develop, and retain a high-performing workforce

Long – Term Outcomes

- **Employ and develop a workforce that is diverse, committed to public service, skilled in the use of technology, and flexible in adapting to change**
- **Continue to use advanced technology and automation that enables staff to provide quality service to the American public**
- **Provide an environment and culture that encourages employee retention and motivates employees to deliver timely, quality, citizen-centered service**



Performance Measure 4.1a
Minimize skill and knowledge gaps in mission-critical positions

FYs 2005 - FY 2008 Targets	
Fiscal Year	Targets
2008	Identify skill and competency gaps and develop an implementation plan for addressing gaps in mission critical occupations – Telecommunications and Social Science Research occupations
2007	Identify skill and competency gaps and develop an implementation plan for addressing gaps in mission critical occupations – Actuaries and Economists
Historical Performance	
2006	Developed competency-based entry-level training curriculum for 100 percent of the remaining targeted public contact positions – Benefit Authorizers, Claims Authorizers, and Technical Support Technicians
2005	Identified job-specific competencies for 100% of the remaining targeted public contact positions -- Benefit Authorizers, Claims Authorizers, and Technical Support Technicians

Data definition: A competency is a pattern of knowledge, behaviors, skills, abilities, attributes, or traits associated with high or superior performance on the job. Competencies are identified through a structured interview and analysis process by working with SSA components and outside sources. A gap is the difference between the Agency’s desired needs and current proficiency levels in the selected competency. **Data source:** Office of Human Resources records, which include the following: definitions of competencies identified for the targeted mission critical positions; results of skill gap analysis surveys; skill gap improvement, implementation, and/or results plans provided to the Office of Personnel Management (OPM) as part of the *President’s Management Agenda (PMA)* scoring; *Mission Critical Occupation Resource Chart* provided to OPM quarterly as part of the PMA scoring. **Frequency Reported:** Monthly. **Note:** *The full list of Mission Critical Occupations can be found in the Agency’s Human Capital Plan. Competencies have been identified for the Claims Representative (CR), Service Representative (SR), Teleservice Representative (TSR), Benefit Authorizer (BA), Claims Authorizer (CA), Technical Support Technician (TST), Information Technology (IT) Specialist, Actuary and Administrative Law Judge positions. Competency based training has been developed for the CR, SR, TSR, BA, CA, TST, and IT positions. Focus is now on skills gap analyses for the actuary, economist, telecommunications and social science research occupations as part of a long range plan to assess and improve skill gaps for all Mission Critical Occupations.*

Performance Measure 4.1b

FYs 2003 - 2008 Targets and Performance

Align employee performance with Agency mission and strategic goals	Fiscal Year	Targets
	2008	N/A
	2007	Implement the <i>Performance Assessment and Communication System (PACS)</i> , which is a multi-tiered results-oriented performance assessment system for General Schedule (GS) and Federal Wage System employees below the GS-15 or equivalent grade, and GS-15 employees who are covered by the <i>2005 SSA/American Federation of Government Employees (AFGE) National Agreement</i>

Historical Performance

2006	Developed a communication and training plan to facilitate implementation of the new performance assessment system for employees at the GS-14 and below level and GS-15s who are covered by the <i>SSA/AFGE National Agreement</i> .
2005*	Implemented a results-oriented performance assessment system for employees at the GS-14 and below level and GS-15s who are covered by the <i>SSA/AFGE National Agreement</i> during the fiscal year in which the new agreement is implemented.
	Developed a communication plan to facilitate implementation of the new performance plan after completion of union negotiations.
2004	Implemented new system for non-bargaining GS-15s
2003	Implemented a five-tier performance assessment system for Senior Executive Service (SES) executives

Data Definition: The PACS is a multi-tiered, results-oriented performance assessment system for General Schedule (GS) and Federal Wage System employees below the GS-15 or equivalent grade, and GS-15 employees who are covered by the *2005 SSA/American Federation of Government Employees (AFGE) National Agreement*. This performance appraisal system provides for ongoing interaction and communication between the supervisor and



employee on performance expectations. The PACS includes performance plans consisting of: 1) *elements*, i.e., work assignments and responsibilities that are critical to achieving the Agency's mission and goals and 2) *standards*, i.e., how employee accomplishments are to be measured in terms of quality, quantity and timeliness. PACS also includes *expectations*, i.e., the outcomes managers expect of each employee based on the elements, standards, and employee's job duties and responsibilities. Employees are issued alignment statements to show how the employees' performance relates to the Agency's mission, values, goals and objectives. PACS will help align employee performance plans to Agency strategic goals and objectives and make distinctions between levels of performance. PACS performance plans and records are maintained in an automated PACS system.

Data Source: Office of Human Resources (OHR) records on communication and training activities, which include: *PACS Communication Plan, PACS Training Plan*; PACS training schedules and records of PACS training; and PACS implementation records, i.e., reports and queries from the automated PACS system showing the number of employees to whom performance plans have been issued. **Frequency Reported:** Monthly. **Note:** **In FY 2005, SSA and AFGE reached an agreement on a new 4-year National Agreement. Because of the complexity of the negotiated changes to the performance management process and related subjects for AFGE-covered employees, implementation of the provisions of the 2005 National Agreement regarding performance assessment, awards, and within-grade increases were delayed to allow the Agency sufficient time to develop the instructions and training needed to properly effectuate the agreement. Implementation of these provisions is expected to begin in FY 2007.*

Performance Measure 4.1c	FYs 2007 - 2008 Targets and Performance	
	Fiscal Year	Targets
Enhance SSA's recruitment program to support future workforce needs	2008	Implement the recruitment evaluation methodology and collect initial baseline data
	2007	Develop methodology to evaluate selected elements of the SSA recruitment strategy

**This is a new performance measure*


Data definition: The process used to develop the evaluation methodology in FY 2007 will include the following steps:
 1) research, draft an evaluation strategy, and identify metrics necessary to evaluate the SSA Recruitment Strategy;
 2) document the draft plan for evaluating the Recruitment Strategy and request feedback from Regional/component recruitment leads and Human Resource (HR) directors; and

3) analyze feedback and document the final Recruitment Evaluation Strategy to be implemented by the Agency in FY 2008. The evaluation methodology will identify the specific elements of SSA's multifaceted recruitment strategy that will be evaluated, as well as the appropriate evaluation methods to be used for those elements. The evaluation strategy and plan will also include a timeline to be used in FY 2008. **Data sources:** Office of Human Resources records, which include the documented evaluation strategy and plan, the evaluation timeline, the collected data (i.e., the research and the feedback from recruiters and HR directors), and the reported results (i.e., the final evaluation strategy and plan). **Frequency Reported:** Monthly. **Note:** *This is a new program and performance measure beginning in 2007. As such, the target for 2007 will be the development of the evaluation strategy, plan, and timeline; for 2008, the target will be the collection of baseline data.*



Means and Strategies for Strategic Objective 4

Recruit, develop, and retain a high-performing workforce

 SSA recognized early the need to develop human capital strategies to ensure that it would have the right employees, in the right job, at the right time, and that the workforce has the knowledge and skills necessary to fill the unavoidable loss of experienced employees during periods of dramatic workload growth. SSA's human capital strategies also encompass the elements included in the PMA initiative for the *Strategic Management of Human Capital*.

SSA's strategies include having a comprehensive human capital planning framework; judicious use of personnel authorities and hiring flexibilities; targeted recruitment strategies for underrepresented populations; identification of skill gaps in mission-critical positions and addressing these gaps; aggressive employee development programs designed to develop future leaders; and effective use of training and performance evaluation systems to help employees improve their job performance and professional career development.

To address the Staff goal, SSA will:

- Support the rollout of the Agency's *Disability Service Improvement* by hiring and selecting staff for affected components, including new components in the Office of Disability Adjudication and Review and in the Office of Quality Performance. SSA will provide training to affected components and to DDS employees on the new disability processes.
- Update retirement wave analyses to identify trends in projected losses, provide objective data to support decisions regarding the Agency's recruitment; knowledge management; professional development; and, succession planning efforts.
- Continue to achieve workforce diversity and to focus recruitment and outreach strategies to underrepresented populations, e.g., Hispanics, Asian Americans, veterans and individuals with disabilities. These strategies include the launch of a redesigned *Careers Web Site* on the Internet; targeted marketing through the print media; and strengthened collaboration with organizations supporting veterans and persons with disabilities.
- Achieve SSA's long-range strategy to minimize skill and knowledge gaps by ensuring competencies are identified for mission-critical positions; by assessing possible skill gaps; and by developing plans to address any gaps found. For some positions, the Agency will continue to use competencies developed by the Office of Personnel Management (OPM) and other government-wide workgroups; for other positions, the Agency will continue to identify the competencies internally through structured interviews with subject matter experts. Skill gaps are assessed through skill and competency surveys. Surveys for selected positions, such as Information

Technology and Human Resource Specialists, are conducted government-wide by OPM; others are done internally. Plans to address skill gaps are tailored to the positions and components involved and typically involve training, re-training or reassignment of current staff, and/or selective or specialized hiring of new staff.

- Implement the *Performance Assessment and Communication System (PACS)*. In June 2006, SSA's Office of the Inspector General (OIG) implemented PACS in part of its organization. Beginning in October 2007, PACS was expanded to all employees covered by the *SSA/American Federation of Government Employees National Agreement* and to employees GS-14 and below not covered by the bargaining unit, including the remaining OIG components.
- Assure continuity of leadership; knowledge; and succession planning through SSA's professional development programs. The Agency's national development programs are competency-based and feature rigorous selection processes, training, and job rotations. The programs include the *Senior Executive Service Candidate Development Program (SES CDP)* for executives; the *Advanced Leadership Program (ALP)* for middle- and senior-level employees; the *Leadership Development Program (LDP)* for employees at the journeyman level; and the *Presidential Management Fellows (PMF) Program* for entry-level professionals. SSA is developing a comprehensive succession plan that includes these programs in order to ensure continuity of highly skilled leadership into the future.

- Regions, as well as some of the Agency components, have implemented continuity of leadership; knowledge; and succession planning that complement SSA's overall plans mentioned in the bullet above. For example:
 - The Philadelphia Region plans to use the data from the national retirement wave analysis to develop a regional report that has the retention data for the last two fiscal years. This data will be used by regional executives to ensure that appropriate regional succession plans are in place.
 - In the Atlanta Region, an analysis is performed that provides detailed information about employees in key positions who are either eligible for retirement now or who will become eligible in the next eight quarters. The analysis looks at employees currently holding supervisory positions, Management Support Specialists (MSS) positions, and Project Management positions and is used for succession and leadership planning in preparation for the upcoming retirement wave.
 - The Dallas Region announced a number of temporary detail assignments intended to provide developmental opportunities for Center Directors, Area Directors and others. The Region announced selections for temporary Deputy Center Directors and Deputy Area Directors.
 - In the Kansas City Region, the *Retirement Wave Analysis* is used in conjunction with the *Regional Attrition Report* to note specific trends and to effectively prepare to meet any specific skill or leadership gaps.
 - The Denver Region scheduled four details for FY 2006 for Field Office



managers/supervisors to the Regional Office to provide experience at a different level. Several Senior Executive Service (SES) candidates performed 120-day details in the Deputy Regional Commissioner position in FY 2006.

- In the Seattle Region, the regional cross-component Succession Planning Workgroup met in March 2006 and outlined a regional-level plan with specific actions for all components.
- The Office of Central Operations Development Program has been instituted and selections are anticipated in the near future. An executive training program was held through the 3rd quarter of FY 2006.
- The Office of the Chief Strategic Officer (OCSO) offers a variety of career and leadership-enhancement opportunities for both its own staff and other SSA employees. For example, OCSO routinely brings in detailees from other components to build Agency knowledge and strengthen leadership skills. For succession planning, OCSO offers temporary promotions to its internal staff.
- The Office of Quality Performance (OQP) has an OQP Career Development Program that consists of two parts. Part I is an 18-month program open to GS-12 and GS-13 eligible employees. Part 2 is a 1-year program open to eligible employees who are a GS-11 or below.
- The Office of the Chief Actuary has an effective recruitment plan that successfully helps hire entry-level, as well as experienced actuaries.
- The Office of Policy (OP) has a multi-faceted approach in its

succession planning activities. One is a 2-year project intended to institute major efficiencies in how the Office of Research, evaluation, and Statistics will produce statistics. OP has undertaken a review of management positions to ensure that a strong cadre of managers is in place as current managers retire. Key technical positions have also been identified and targeted for staff development and hiring decisions.

- The Office of Communications provides internal developmental opportunities for staff. Positions have been identified where there is an anticipated future need, and staff is given the opportunity to develop requisite skills to assume these various potential leadership positions.
- Improve the Agency's ability to measure the effectiveness of its human capital programs by documenting its comprehensive *Accountability System* and by developing an annual *Human Capital Accountability Plan*. These will build upon SSA's strategies to ensure high performing employees provide good service to its customers now and in the future.



Appendix B -- Major Program Evaluations Covering FYs 2007 – 2008

Goal	Evaluation	Description	Completed
SERVICE	Service Satisfaction Survey	Surveys overall public satisfaction with service	Annually in September
	Internet Services Satisfaction Surveys	Surveys satisfaction related to new or expanded Internet services made available to the public or for other issues related to Internet service delivery	Contingent on Agency information needs
	Telephone Services Satisfaction Surveys	Survey satisfaction reported of improvements in telephone services made available to the public through SSA's 800-number or in local Field Offices	Contingent on Agency information needs
	Congressional Report on the Evaluation of the Ticket to Work Program and Adequacy of Incentives	Evaluates the progress of activities and the success of the Ticket to Work Program and any recommendations for program modifications	Biennially (December 2005 and December 2007)
STEWARDSHIP	Safeguard Procedures Report/Activity Report	Reports to the Internal Revenue Service (IRS) on security procedures in place for each SSA system using or storing IRS data	Annually
	<i>Federal Information Security Management Act Report</i> to the Office of Management and Budget	Reports the status of SSA's information security program	Annually
	Retirement, Survivors, and Disability Insurance Stewardship Review	Reports on dollar accuracy of payment outlays	Annually
	Supplemental Security Income (SSI) Stewardship Review	Reports on dollar accuracy of payment outlays	Annually



Goal	Evaluation	Description	Completed
	SSI Annual Report	Reports on the status of the SSI program	Annually in May
	Enumeration Review	Reviews enumeration process to determine the quality of Social Security number issuance	Annually
SOLVENCY	Trustees Report	Board of Trustees Report on the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds	Annually in April
	Evaluation of Changing Benefit Structures	Evaluates the distributional impact of changing Old-Age, Survivors, and Disability Insurance and SSI benefits	Ongoing
STAFF	Retirement Wave Report	Analysis that projects likely employee retirement rates in mission-critical occupational series and in major SSA components	Annually
	Human Capital Plan	Outlines how SSA will use Human Capital to ensure employees are in place with the skills necessary to continue SSA's tradition to deliver high-quality service	Annually
	Strategic Leadership Succession Plan	Identifies how the succession management strategies for the recruitment, selection, and development of leaders will be implemented	Annually
	Human Capital Accountability Plan	Provides the Agency a system by which we can monitor and evaluate the results of our human capital management, policy and programs as well as adherence to merit system principles	Annually



Appendix C -- Data Verification and Validation

Social Security Administration (SSA) Data Integrity Systems and Controls

Performance data for the *Annual Performance Plan's* quantifiable measures, including the budgeted output measures, are generated by automated management information and workload measurement systems, as a by-product of programmatic and administrative operations. The performance data for several accuracy and public satisfaction indicators comes from surveys and workload samples designed to achieve very high levels (usually 95 percent confidence level) of statistical validity.

SSA's Office of Quality Performance (OQP) performs stewardship reviews, which are the primary measure of quality of the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. Review findings provide the basis for reports to Congress and other monitoring authorities. The review provides an overall accuracy measurement of payments to all beneficiaries currently on the rolls. It is based on a monthly sample selection from the payment rolls consisting of beneficiaries in current payment status. For each sampled case, the recipient or representative payee is interviewed, collateral contacts are made as needed, and all non-medical factors of eligibility are redeveloped as of the current sample month.

OQP's *Transaction Accuracy Reviews* (TAR) focus on Field Office (FO) and Program Service Center quality, and measures operational compliance with procedural requirements, as defined by the Program Operations Manual Systems (POMS). When POMS instructions are not followed and further development of the case is needed, OQP completes the required development action to bring the issue in question into compliance with POMS and determines whether there is a payment effect. If an error is apparent from the material in the FO file and does not require any further development, the OQP reviewer cites an error and determines the payment impact. Quality feedback is provided to the adjudicating FO in all cases. The TAR sample reviews total about 20,000 cases annually (10,000 each for the OASDI and SSI programs). These reviews will produce national and regional data on the adjudicative quality of approximately 5 million Social Security (Title II) claims and 4.2 million SSI (Title XVI) claims, redeterminations and targeted redeterminations processed each year.

Based on TAR findings, targeted reviews will focus on specific problems that will be identified and tested for solutions at the national or regional level. Targeted samples may not be limited to a POMS compliance standard, depending on the nature of the issue. TAR reports will be provided every 6 months, covering a rolling 12-month review period. Analytical reports focusing on specific subject areas will also be generated on a flow basis. Field assistance visits (FAVs) to FOs comprise a third element of the new TARs. In conjunction with the Regional Commissioners, Regional Offices of Quality Performance staff will conduct FAVs to identify where work process improvements can be made.



Program Performance Report

The annual *Performance and Accountability Report* (PAR) is used to report Agency progress in meeting the *Government Performance and Results Act* (GPRA) goals and performance measures. The PAR describes the Agency's comprehensive review of management and security controls for administrative and programmatic processes, as well as accounting controls in its financial management systems. The Agency uses the results to ensure that appropriate controls are in place to prevent unauthorized systems access and to increase confidence in the reliability of performance data. Also, in the PAR are the results of the audit of the financial statements and internal controls by an independent accounting firm under contract with SSA's Office of the Inspector General (OIG).

Roles of the Government Accountability Office (GAO) and SSA's OIG

GAO and OIG play key roles in assuring that data systems for measuring performance are reliable. By doing so, this ensures that data are useful and relevant to policy decision-making.

OIG

OIG plays a key role in auditing performance measure data systems to determine reliability, data utility and relevance to policy decision-making. OIG annually audits a number of Social Security's performance measures and corresponding performance data. In FY 2006, OIG initiated a review of six GPRA performance measures reported in the Agency's FY 2005 PAR and nine performance measures that were reported in the FY 2006 PAR.

Due to systems limitations, the Agency cannot maintain a full fiscal year's worth of detail-level data related to several of its performance measures. In addition, the Agency believes that the cost for the additional systems storage would outweigh the return-on-investment. In response to the Agency's systems limitations, the OIG agreed to implement a real-time auditing approach by reviewing nine GPRA performance measures that were reported in the FY 2006 PAR. The results of the real-time audit will not be available until early 2007.

The OIG's contractor, PricewaterhouseCoopers LLP, performed the work and their objectives were to:

- Assess the effectiveness of internal controls and test critical controls over the data generation, calculation, and reporting processes for the specific performance indicator.
- Assess the overall reliability of the performance indicator's computer processed data. Data are reliable when they are complete, accurate and consistent, and not subject to inappropriate alteration.
- Test the accuracy of results presented and disclosed in the PAR.
- Assess if the performance indicator provides a meaningful measurement of the program it measures and the achievement of its stated objective.

Of the six audited GPRA performance measures reported in the Agency's FY 2005 PAR, the OIG found the following related to the reliability of the computerized data used to calculate the performance measures:



- The computerized data for two of the performance measures were found to be reliable.
- The computerized data for two of the performance measures were not available as the current contractor that maintains the performance measure data is not contractually obligated to provide SSA management with access to the data. As a result, the auditors could not conclude on the reliability of the data. It should be noted that management is updating the contract to require the contractor to provide SSA management with a *Statement on Auditing Standards (SAS) 70* report. The *SAS 70* report will provide SSA with an assessment of the contractor's internal controls over data maintained for SSA.
- For one of the performance measures, the calculation of results was not based on computerized data. Therefore, the auditors did not complete an analysis of data reliability for this performance measure.

GAO

In June 2005, GAO acknowledged in its *Major Management Challenges at the Social Security Administration* that SSA has: 1) continued to strengthen the integrity of the SSI program; 2) taken steps to improve its programs that provide support for individuals with disabilities; 3) made important progress since FY 2003 in addressing weaknesses in policies, procedures, and practices in key information technology areas; and 4) strengthened controls to protect personal information SSA develops and maintains. However, GAO reported that SSA still needs to take additional steps to ensure effective management and continued progress in the following areas to meet the needs of an increasing aged population.

A crosswalk of OIG and GAO challenges to the *President's Management Agenda* initiatives and SSA's Strategic Goals and Objectives can be found in *Part 4 – Major Management Challenges* on page 19.



Appendix D -- *Federal Information Security Management Act*

The *Federal Information Security Management Act of 2002* (FISMA) was passed by Congress and signed into law by the President as part of the *E-Government Act of 2002* (*Public Law No. 107-347*). Its goals include development of a comprehensive framework to protect the government's information, operations, and assets. Providing adequate security for the Federal government's investment in information technology is a significant undertaking. FISMA requires heads of each agency to implement policies and procedures to cost-effectively reduce information technology security risks to an acceptable level. *Section 3544* of FISMA requires that an agency's *Annual Performance Plan* include the time periods and the resources, including budget, staffing and training that are necessary to implement FISMA requirements.

Social Security Administration's FISMA Statement

While SSA implemented all FISMA major program requirements within 18 months after the enactment of the FISMA in December 2002, the Agency continues to evaluate and enhance its security program annually. A Congressional report card rates Social Security's computer security efforts as among the best in the Federal Government. The report issued by the House Government Reform Subcommittee on Technology Information Policy, Intergovernmental Relations and Census gave SSA a grade of "A+." This was one of the highest among Federal agencies, with grading based upon the FISMA reporting requirements.

SSA now has developed a stringent and comprehensive FISMA *Certification and Accreditation* program to ensure that it continues to improve its FISMA security programs annually. This involves human resources from various Agency components.



Appendix E -- Changes to SSA Long-Term Objectives, Performance Measures, Data Definitions*, and/or Data Sources

*Only changes that affect the meaning or source of the data definition are listed.

Number	Old Performance Measures	Changed To:
1.1a	<ul style="list-style-type: none"> ▪ Number of initial disability claims processed by the Disability Determination Services (DDS) 	<ul style="list-style-type: none"> • This is a new performance measure: <i>Percent of initial disability claims receipts processed up to the budgeted level</i> The new data definition, data source, and frequency reported are: “In the DDS, the number of initial disability claims receipts processed, including disabled dependents, compared to the number of initial disability claims received in a fiscal year up to the budgeted level. Data source: <i>Social Security Unified Measurement System Operational Data Source.</i> Frequency reported: <i>Monthly.</i> Note: <i>Performance for FY 2006 was 2,532,264; for FY 2005 it was 2,617,231 and for FY 2004 it was 2,574,848.”</i>
1.1b	<ul style="list-style-type: none"> ▪ Maintain the number of initial disability claims pending in the Disability Determinations Services (at or below FY 2006/2007 goal) 	<ul style="list-style-type: none"> • <i>Maintain the number of initial disability claims pending in the DDS (at/below FY 2007/2008 goal)</i>
1.1d	<ul style="list-style-type: none"> ▪ Maintain the number of Social Security Administration (SSA) hearings pending (at or below FY 2006/2007 goal) 	<ul style="list-style-type: none"> • <i>Maintain the number of Social Security Administration (SSA) hearings pending (at/below FY 2007/2008 goal)</i>
1.2b	<ul style="list-style-type: none"> ▪ The old data definition for <i>Number of SSI disabled beneficiaries earning at least \$100 per month</i> was: “The number of working SSI 	<ul style="list-style-type: none"> • The new data definition is: “The number of working SSI disabled beneficiaries earning at least \$100 per month. This measure is intended to reflect the impact of all work

Number	Old Performance Measures	Changed To:
	<p>disabled beneficiaries earning at least \$100 per month. This measure is intended to reflect the impact of all work incentives for SSI disabled beneficiaries. Through FY 2004, performance against this measure was calculated based on an end-of-year snapshot. Effective FY 2005, SSA averages the four fiscal year quarterly results to determine annual performance.”</p>	<p>incentives for SSI disabled beneficiaries. Effective FY 2005, SSA averages the four fiscal year quarterly results to determine annual performance. Data source: <i>SSI Disabled Recipients Who Work</i> report. Frequency reported: Quarterly. Note: <i>The baseline for CY 2003, which was used to estimate the CY 2006 target reported in the FY 2005 Performance and Accountability Report has been updated to reflect an OIG recommendation for the Agency to use a more representative method of calculating performance. This change created a new baseline for FY 2005 and, therefore, a new target for FY 2006.</i></p>
<p>Not Applicable 1.3a</p>	<ul style="list-style-type: none"> ▪ Disability hearings decision accuracy rate ▪ Retirement and Survivor Insurance (RSI) claims processed 	<ul style="list-style-type: none"> • Performance measure deleted • This is a new performance measure: <i>Percent of Retirement and Survivors Insurance (RSI) claims receipts processed up to the budgeted level</i> The new data definition, data source, and frequency reported is: “In the Regional Offices (RO), Field Offices (FO) and Office of Central Operations (OCO), the number of initial claims for retirement, survivors, and Medicare processed compared to the number of initial claims for retirement, survivors, and Medicare received in a fiscal year up to the budgeted level. This includes totalization claims. Data source: <i>Social Security Unified Measurement System Operational Data Source.</i> Frequency reported: Monthly. Note: <i>Performance for FY 2006 was 3,789,328; for FY 2005 it was 3,762,077 and for FY 2004 it was 3,399,471.”</i>
<p>1.3b</p>	<ul style="list-style-type: none"> ▪ The old data definition for <i>Optimize the speed in answering 800-number calls</i> was: 	<ul style="list-style-type: none"> • The new data definition is: “The answer wait time of all calls

Number	Old Performance Measures	Changed To:
1.3d	<p>“Answer wait time of all calls divided by the number of all calls answered by agents (includes calls that do not queue). Wait time begins from the time callers first hear the message that they will be connected with the next available agent and ends when an agent answers. Calls that go straight to an agent without waiting in the queue have a zero average speed of answer (ASA), but are included in the ASA for all calls, i.e., they are included in the average. ASA does not include callers who hang up once in the queue, but did not get an answer.”</p> <ul style="list-style-type: none"> ▪ Increase the usage of electronic entitlement and supporting actions 	<p>divided by the number of all calls answered by agents. Wait time begins from the time the call is placed in queue and ends when an agent answers. Calls that go straight to an agent without waiting in the queue have a zero wait time but are included in the average speed of answer (ASA) calculation. ASA does not include callers who hang up after being in the queue.”</p> <ul style="list-style-type: none"> • This is a new performance measure: <i>Maximize public use of electronic services to conduct business with SSA</i> <p>The new data definition, data source, and frequency reported are:</p> <p>“This indicator consists of an aggregate measure of representative electronic transactions the public performs with SSA. Application counts for electronic services represent only fully successful transactions. The following are included in the count of transactions:</p> <ul style="list-style-type: none"> • <i>Internet Social Security Benefit Application (ISBA)</i> includes: <ul style="list-style-type: none"> ➤ <i>Retirement Application</i> (effective 11/00) ➤ <i>Spouse Application</i> (effective 3/01) ➤ <i>Disability Application</i> (effective 1/02) • <i>Proof of Income Letter – Internet</i> (effective 3/99) • <i>Proof of Income Letter – 800# voice enabled</i> (effective 7/04) • <i>Medicare Replacement Card – Internet (iMRC)</i> (effective 7/00) • <i>Medicare Replacement Card – 800# voice enabled</i> (effective 4/01) • <i>Change of Address – Internet</i>

Number	Old Performance Measures	Changed To:
		<p><i>Password based</i> (effective 4/01)</p> <ul style="list-style-type: none"> • <i>Change of Address – Internet Knowledge based</i> (effective 2/04) • <i>Change of Address – 800# voice enabled</i> (effective 7/05) • <i>Change of Direct Deposit – Internet</i> (effective 8/01) • <i>Change of Direct Deposit – 800# voice enabled</i> (effective 7/05) • <i>Internet 3368 Work History & Disability Report</i> (effective 8/02) • <i>Internet 3368PRO Work History & Disability Report</i> (effective 2/05) • <i>Internet 3441 Disability – All Types</i> (effective 2/04) • <i>Internet 3820 Disability – Child</i> (effective 11/03) • <i>Internet Replacement 1099</i> (effective 3/99) <p>Data source: <i>Executive and Management Information System (EMIS); Title II Internet Claims Report.</i></p> <p>Frequency reported: Monthly.</p>
1.3e	<ul style="list-style-type: none"> ▪ Increase the percent of employee reports (W-2 forms) filed electronically 	<ul style="list-style-type: none"> • <i>Increase the percent of employee reports (W-2 forms) filed electronically and processed to completion</i>
2.1a	<ul style="list-style-type: none"> ▪ SSI non-disability redeterminations processed 	<ul style="list-style-type: none"> • <i>Number of SSI non-disability redeterminations processed</i>
2.1a	<ul style="list-style-type: none"> ▪ The old data definition for <i>SSI non-disability redeterminations processed</i> was: “All non-disability eligibility redeterminations of SSI beneficiaries that are processed to completion resulting from diary actions (scheduled) and those initiated as a result of events reported by beneficiaries (unscheduled) redeterminations.” 	<ul style="list-style-type: none"> • The new data definition for <i>Number of SSI non-disability redeterminations processed</i> is: “All non-disability eligibility redeterminations of SSI beneficiaries that are processed to completion resulting from diary actions (scheduled), those initiated as a result of events reported by beneficiaries (unscheduled), and targeted redeterminations.”
2.2b	<ul style="list-style-type: none"> ▪ <i>Number of SSNs processed</i> 	<ul style="list-style-type: none"> • This is a new performance measure: <i>Percent of SSN receipts processed up to the budgeted level</i>

Number	Old Performance Measures	Changed To:
		<p>The new data definition, data source, and frequency reported are:</p> <p>“In the Regional Offices (RO), Field Offices (FO) and the Office of Central Operations (OCO), the original and replacement SSN requests processed compared to the receipts in a fiscal year. This also includes Enumeration-at-Birth (EAB) activity, Enumeration-at-Entry (EAE) activity, and the count of fraud investigations not resulting in issuance of a SSN, an EAB or an EAE. Data Source: <i>Social Security Unified Measurement System Enumeration Operational Data Store.</i></p> <p>Frequency reported: Monthly.</p> <p>Note: <i>Performance for FY 2006 was 17,259,110; for FY 2005 it was 17,455,921; and for FY 2004 it was 17,791,880.”</i></p>
2.1c	<ul style="list-style-type: none"> ▪ The old data definition for <i>Percent of SSI payments free of overpayments and underpayments</i> was: “The SSI payment accuracy rate free of overpayments and underpayments is determined by an annual review of a statistically valid sample of the beneficiary rolls; i.e., the findings are representative of the universe of the payments issued with 95 percent precision and confidence levels of +/- 0.7 percent for O/P and +/- .03 percent for U/P. Separate rates are determined for the accuracy of payments with overpayment dollars and the accuracy of payments with underpayment dollars. The rates are computed by dividing these dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to determine the 	<ul style="list-style-type: none"> • The new data definition for <i>Percent of SSI payments free of overpayments and underpayments</i> is: “The SSI payment accuracy rate free of overpayments and underpayments is determined by an annual review of a statistically valid sample of the beneficiary rolls; i.e., the findings are representative of the universe of the payments issued with 95 percent precision and confidence levels of +/- 0.9 percent for O/P and +/- 0.3 percent for U/P. Separate rates are determined for overpayment error dollars and underpayment error dollars. The accuracy rates are computed by dividing error dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to determine the accuracy rate. The current measuring system captures the accuracy rate of

Number	Old Performance Measures	Changed To:
2.1e	<p>accuracy rate. The current measuring system captures the accuracy rate of the non-medical aspects of eligibility for SSI payment outlays.”</p> <p>The old data definition for <i>Percent of OASDI payments free of overpayments and underpayments</i> was:</p> <p>“OASDI payment accuracy rate is determined by an annual review of a statistically valid sample of the beneficiary rolls. Separate rates are determined for the accuracy of payments with overpayment dollars and the accuracy of payments with underpayment dollars. The rates are computed by dividing these dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to attain the accuracy rate.”</p>	<p>the non-medical aspects of eligibility for SSI payment outlays.”</p> <ul style="list-style-type: none"> The new data definition for <i>Percent of SSI payments free of overpayments and underpayments</i> is: <p>“OASDI payment accuracy rate is determined by an annual review of a statistically valid sample of the beneficiary rolls; the findings are representative of the universe of the payments issued with 95 percent precision and confidence limits of +/- 0.3 percent for overpayments and +/- 0.2 percent for underpayments. Separate rates are determined for overpayment error dollars and underpayment error dollars. The accuracy rates are computed by dividing error dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to attain the accuracy rate.”</p>
2.4a	<ul style="list-style-type: none"> Continue to achieve 2 percent productivity on average 	<ul style="list-style-type: none"> <i>Continue to achieve 2 percent, on average, annual productivity improvements</i>
2.4d	<ul style="list-style-type: none"> <i>Maintain zero outside infiltrations of SSA’s programmatic mainframes</i> 	<ul style="list-style-type: none"> Performance measure deleted
4.1c	<ul style="list-style-type: none"> Not applicable – this is a new performance measure 	<ul style="list-style-type: none"> <i>Enhance SSA’s recruitment program to support future workforce needs</i> <p>The new data definition, data source, and frequency reported are:</p> <p>“The process used to develop the evaluation methodology in FY 2007 will include the following steps:</p> <ol style="list-style-type: none"> 1) research, draft an evaluation strategy, and identify metrics necessary to evaluate the SSA Recruitment Strategy; 2) document the draft plan for evaluating the Recruitment Strategy and request feedback from Regional/ component recruitment leads and Human Resource (HR) directors;

Number	Old Performance Measures	Changed To:
		<p>3) analyze feedback and document the final Recruitment Evaluation Strategy to be implemented by the Agency in FY 2008. The evaluation methodology will identify the specific elements of SSA's multifaceted recruitment strategy that will be evaluated, as well as the appropriate evaluation methods to be used for those elements. The evaluation strategy and plan will also include a timeline to be used in FY 2008. Data sources: Office of Human Resources records, which include the documented evaluation strategy and plan, the evaluation timeline, the collected data (i.e., the research and the feedback from recruiters and HR directors), and the reported results (i.e., the final evaluation strategy and plan). Frequency Reported: Monthly. Note: <i>This is a new program and performance measure beginning in 2007. As such, the evaluation strategy, plan, and timeline will be available for 2007; collected baseline data will be targeted for 2008.</i></p>



Appendix F -- Reference Guide – Performance Measures and Targets

Performance Measures		FY 2007 Targets	FY 2008 Targets	Page
S E R V I C E				
1.1a	Percent of initial disability claims receipts processed up to the budgeted level	100% (2,530,000)	100% (2,462,000)	23
1.1b	Maintain the number of initial disability claims pending in the DDS (at/below FY 2007/2008 goal)	577,000	627,000	24
1.1c	Number of SSA hearings processed	541,000	548,000	24
1.1d	Maintain the number of Social Security Administration (SSA) hearings pending (at/below FY 2007/2008 goal)	752,000	768,000	25
1.1e	Average processing time for initial disability claims	88 days	90 days	25
1.1f	Average processing time for SSA hearings	524 days	541 days	26
1.1g	Average processing time for hearings appeals	242 days	290 days	26
1.1h	DDS net accuracy rate (allowances and denials combined)	97%	97%	27
1.1i	Agency decisional accuracy rate (ADA)	97%	97%	28
1.2a	Number of DI and SSI beneficiaries, with tickets assigned, who work	80% above CY 2004 baseline (44,611)	Establish new baseline	34
1.2b	Number of SSI disabled beneficiaries earning at least \$100 per month	10% over baseline (261,560)	15% over baseline (273,449)	35
1.3a	Percent of Retirement and Survivor Insurance (RSI) claims receipts processed up to the budgeted level	100% (3,837,000)	100% (4,057,000)	43
1.3b	Optimize the speed in answering 800-number calls	330 seconds	330 seconds	44
1.3c	Optimize the 800-number busy rate for calls offered to Agents	10%	10%	44

Performance Measures		FY 2007 Targets	FY 2008 Targets	Page
1.3d	Maximize public use of electronic services to conduct business with SSA	2,946,800	3,000,000	45
1.3e	Increase the percent of employee reports (W-2 forms) filed electronically and processed to completion	80%	80%	46
1.3f	Percent of individuals who do business with SSA rating the overall service as “excellent,” “very good,” or “good”	83%	83%	46
1.3g	Improve workload information using the <i>Social Security Unified Measurement System (SUMS)</i>	Complete 74% of SUMS Projects	Complete 90% of SUMS Projects	47
STEWARDSHIP				
2.1a	Number of SSI non-disability redeterminations processed	1,026,000	1,526,000	55
2.1b	Number of periodic CDRs processed to determine continuing entitlement based on disability ¹	729,000	1,118,000	56
2.1c	Percent of SSI payments free of overpayments (O/P) and underpayments (U/P)	95.7% O/P 98.8% U/P	96.0% O/P 98.8% U/P	56
2.1d	Percent of outstanding SSI debt in a collection arrangement	56%	57%	57
2.1e	Percent of Old-Age, Survivors, and Disability Insurance (OASDI) payments free of O/P and U/P	99.8% O/P and U/P	99.8% O/P and U/P	58
2.1f	Percent of outstanding OASDI debt in a collection arrangement	44%	45%	59
2.2a	Percent of original Social Security Numbers (SSN) issued that are free of critical error	98%	98%	64
2.2b	Percent of SSN receipts processed up to the budgeted level	96% (18,000,000)	96% (18,000,000)	65
2.3a	Remove 3 percent of the earnings items remaining in the <i>Earnings Suspense File (ESF)</i> for a new tax year and post the earnings to the correct earnings record	3%	3%	70
2.4a	Continue to achieve 2 percent, on average, annual productivity improvements	2% on average	2% on average	73

¹ The FY 2007 target of 729,000 includes 198,000 medical CDRs and 531,000 CDR mailers not requiring medical review. The FY 2008 target of 1,118,000 includes 398,000 medical CDRs and 720,000 CDR mailers not requiring medical review.

2.4b	DDS case production per workyear (PPWY)	252	267	74
2.4c	SSA hearings case production per workyear (PPWY)	106	108	74
2.4d	Enhance efforts to improve financial performance using <i>Managerial Cost Accountability Systems</i> (MCAS)	Complete 58% of MCAS projects	Complete 67% of MCAS Projects	75
2.4e	Receive an unqualified opinion on SSA's financial statements from the auditors	Receive an unqualified opinion	Receive an unqualified opinion	76
2.4f	Get to "green" on the <i>President's Management Agenda</i> (PMA) status scores	Achieve a status score of "green" on five of five PMA initiatives	Maintain a status score of "green" on five of five PMA initiatives	77
S O L V E N C Y				
3.1a	Provide support to the Administration and Congress in developing legislative proposals and implementing reforms to achieve sustainable solvency for Social Security	Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms	Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms	85
3.1b	Issue annual SSA-initiated <i>Social Security Statements</i> to eligible individuals age 25 and older	100%	100%	86
S T A F F				
4.1a	Minimize skill and knowledge gaps in mission-critical positions	Identify skill and competency gaps and develop an implementation plan for addressing gaps in mission critical occupations – Actuaries and Economists	Identify skill and competency plan for addressing gaps in mission critical occupations – Telecommunications and Social Science Research occupations	89

4.1b	Align employee performance with Agency mission and strategic goals	Implement the <i>Performance Assessment and Communications System</i> , which is a multi-tiered results-oriented performance assessment system for General Schedule (GS) and Federal Wage System employees below the GS-15 or equivalent grade, and GS-15 employees who are covered by the 2005 SSA/ <i>American Federation of Government Employees (AFGE) National Agreement</i>	Not Applicable	91
4.1c	Enhance SSA's recruitment program to support future workforce needs	Develop methodology to evaluate selected elements of the SSA recruitment strategy	Implement the recruitment evaluation methodology and collect initial baseline data	93

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