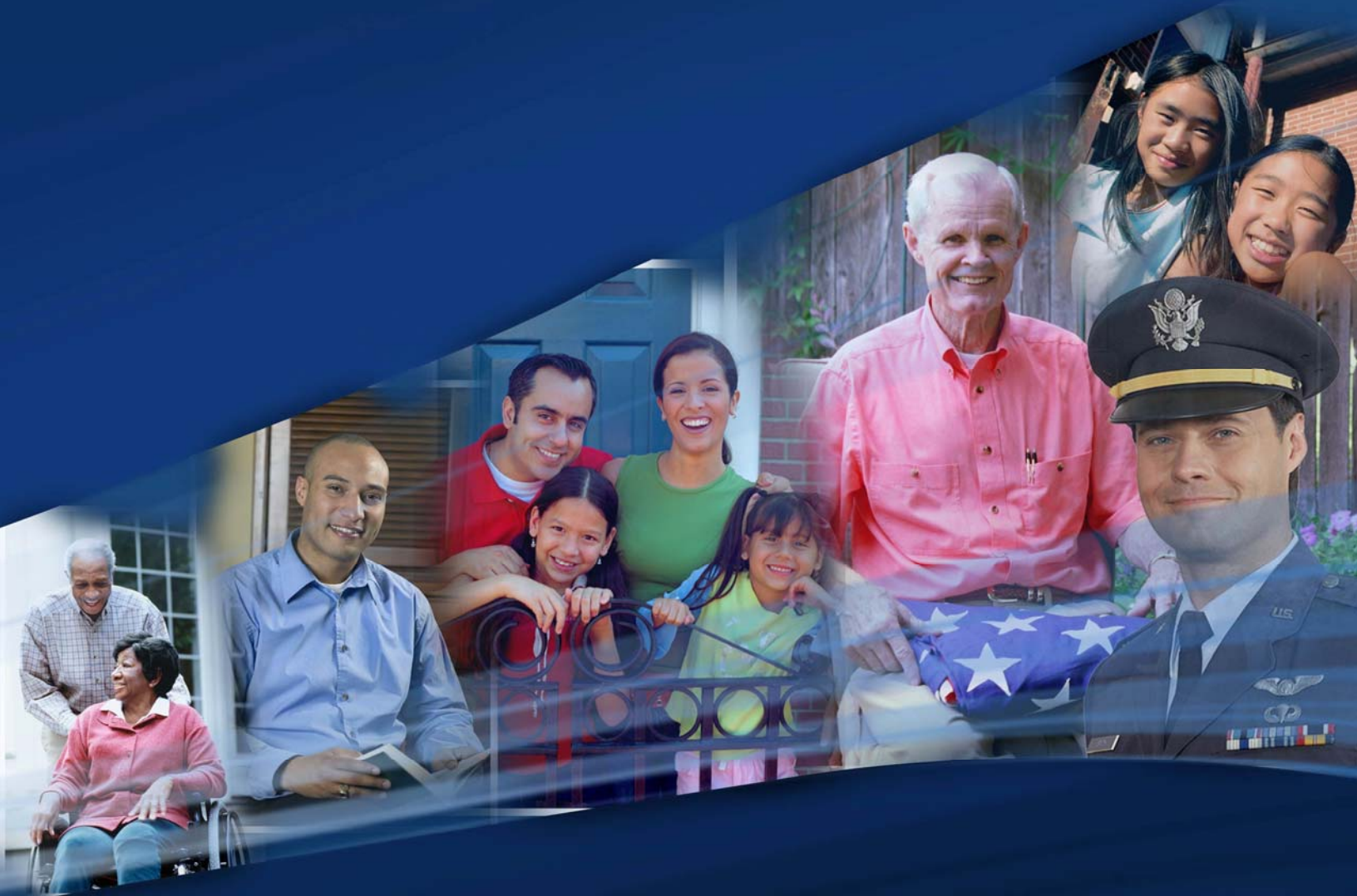


# Social Security Administration

*Justification of Estimates for Appropriations Committees*

Fiscal Year 2009



# TABLE OF CONTENTS

<b>A MESSAGE FROM THE COMMISSIONER .....</b>	<b>i</b>
<b>BUDGET OVERVIEW .....</b>	<b>1</b>
<b>TECHNICAL MATERIALS.....</b>	<b>21</b>
Payments to Social Security Trust Funds .....	23
Supplemental Security Income Program .....	46
Limitation on Administrative Expenses .....	84
Office of the Inspector General .....	118
Annual Performance Plan .....	140



## SOCIAL SECURITY

### **A MESSAGE FROM THE COMMISSIONER**


The Social Security Administration (SSA) is now at a crossroads. Due to the aging of the baby boomers, we are facing an avalanche of retirement and disability claims at the same time that we must address large backlogs due to years of increasing workloads and limited resources. In the past, as SSA offices lost staff, waiting times increased and lines grew longer. Over 50 percent of people who called into field offices received a busy signal. Without sustained, adequate funding, this situation will only worsen. Furthermore, we must attack the disability backlogs, which have dramatically and unacceptably damaged many applicants' lives. Since fiscal year (FY) 2000, processing times for disability hearings have grown by 200 days, which is an incredible hardship for disabled workers and their families as they cope with the loss of income, and often medical insurance as well, due to a severe disability.

The problems and shortfalls we have described above are the result of limited resources, increased demand for our core services and new responsibilities. Adequate funding is critical for FY 2009 and must be sustained in the years ahead. Without it, SSA's service crisis will deepen at a time when our aging population is increasingly counting on Social Security programs.

FY 2008 could be a watershed year for SSA. For the first time in 15 years, Congress has appropriated not only the President's Budget request, but an additional \$148 million to address SSA's disability hearings backlog. We are very pleased that this funding will enable SSA to implement the Hearings Backlog Reduction Plan. SSA will use the additional resources to build a firm foundation with automation improvements, fast-track reviews, Administrative Law Judge hiring, and other initiatives, so that we can significantly reduce waiting times at all steps of the process while improving accuracy.

With the 2009 President's Budget, we will be able to halt the decline in customer service by restoring staffing losses and investing in needed technology. In FY 2009, SSA plans to reduce the hearing backlog by nearly 70,000 cases, process over 200,000 more retirement and survivors claims, and handle 4 million more 800-number calls compared to FY 2008. Waiting times and processing times should decrease, especially since the increased funding will be in concert with continued productivity improvements. Lastly, the President's Budget will allow us to process more program integrity work.

It is important to note that while the FY 2009 budget will make important strides in core areas, SSA will still have significant growth of backlogs in its less visible work, the work that is done after an individual is approved for benefits. This budget presents a fiscally reasonable and responsible approach which recognizes that years of limited resources cannot be undone in one year. It will allow us to build upon the progress we make in FY 2008 and help better serve the millions of Americans who depend on us each and every day.

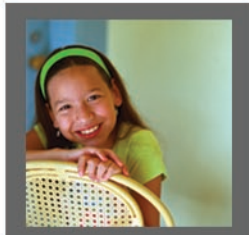


Michael J. Astrue  
February 4, 2008

# **BUDGET OVERVIEW**

# The Faces of Social Security

Social Security is about people – people striving to build economic security, people who overcome tremendous odds to return to the workplace, people who are able to hold their families together with the help of Social Security.



# Budget Highlights

## **IMPROVING THE DISABILITY PROGRAMS**

Eliminating the hearings backlog is a moral imperative for the Agency. This effort will take several years, but by the end of FY 2009, SSA will have laid the groundwork of regulatory and process changes needed and will be driving waiting times down. SSA also will process more initial disability claims, resulting in the lowest pending level since 1999, and will make changes to the disability process to improve timeliness, accuracy and efficiency.

## **ENHANCING SERVICE TO THE AMERICAN PUBLIC**

SSA will continue to improve its retirement and enumeration processes, safeguard personally identifiable information, and reach out to all Americans through financial literacy efforts. Furthermore, with the FY 2008 enacted appropriation and the FY 2009 budget, SSA will reverse a trend of staffing declines that has damaged service to the public.

## **INNOVATING, AUTOMATING AND INVESTING IN THE FUTURE**

The FY 2009 budget, if it receives the full support of Congress, will allow SSA to make automation and business process changes which will improve service to the public. The budget also provides more support for program integrity to ensure that the public's money is spent in an appropriate fashion.

## Table of Contents

**SSA'S PROGRAMS ..... 3**

**FY 2009 BUDGET REQUEST ..... 5**

**IMPROVING THE DISABILITY PROGRAMS..... 9**

**ENHANCING SERVICE TO THE AMERICAN PUBLIC ..... 13**

**INNOVATING, AUTOMATING AND INVESTING IN THE FUTURE .... 16**

**CONCLUSION ..... 19**

**February 4, 2008**



## SSA'S PROGRAMS

*SSA is facing an avalanche of disability and retirement claims at the same time that we must address large backlogs due to years of limited resources. The FY 2009 budget will put us in a better position to handle the onslaught of work we are confronting.*

**- Commissioner Michael Astrue**

SSA's budget request will fund the administrative expenses of SSA's three major programs: Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI) in addition to other administrative expenses. These three programs provide a combined total of about \$650 billion in benefit payments. Essential to the beneficiaries and the nation, the benefits will be distributed to almost 60 million people and are equivalent to approximately 20 percent of Federal spending and 5 percent of the nation's gross domestic product.

In the 70 years since it was created, SSA's flagship program, OASI, has established itself as one of the nation's most successful government programs and one that is part of nearly every American's life. OASI provides benefits to more than 41 million people, including 90 percent of the population aged 65 and over. SSA evaluates eligibility and administers the monthly payments to retirees, their spouses and minor children, and survivors.

The DI program, for which payments first began in 1957, provides a continuing income base for eligible workers who have qualifying disabilities and for eligible members of their families. The lengthy interviews required to obtain information regarding the medical condition and the development of medical evidence cause this program to be more labor-intensive and expensive to administer than OASI. In FY 2009, SSA will provide monthly benefits to 9.3 million disabled workers and their family members.



*About 91% of workers age 21-64 in covered employment and their families have protection through Social Security in the event of a long-term disability.*

*Almost 3 in 10 of today's 20 year-olds will become disabled before reaching 67.*

*70% of the private sector workforce has no long-term disability insurance.*

*Social Security makes a difference in people's lives.*

The intent of the SSI program, for which payments first began in 1974, is to provide a nationally uniform program of income to financially needy individuals who are aged, blind, or disabled. In FY 2009, SSI will provide payments to 7.6 million recipients. The means-testing element of the program requires complex eligibility rules and requires lengthy, in-depth reviews of applicants' income and resources, including bank accounts and significant possessions.

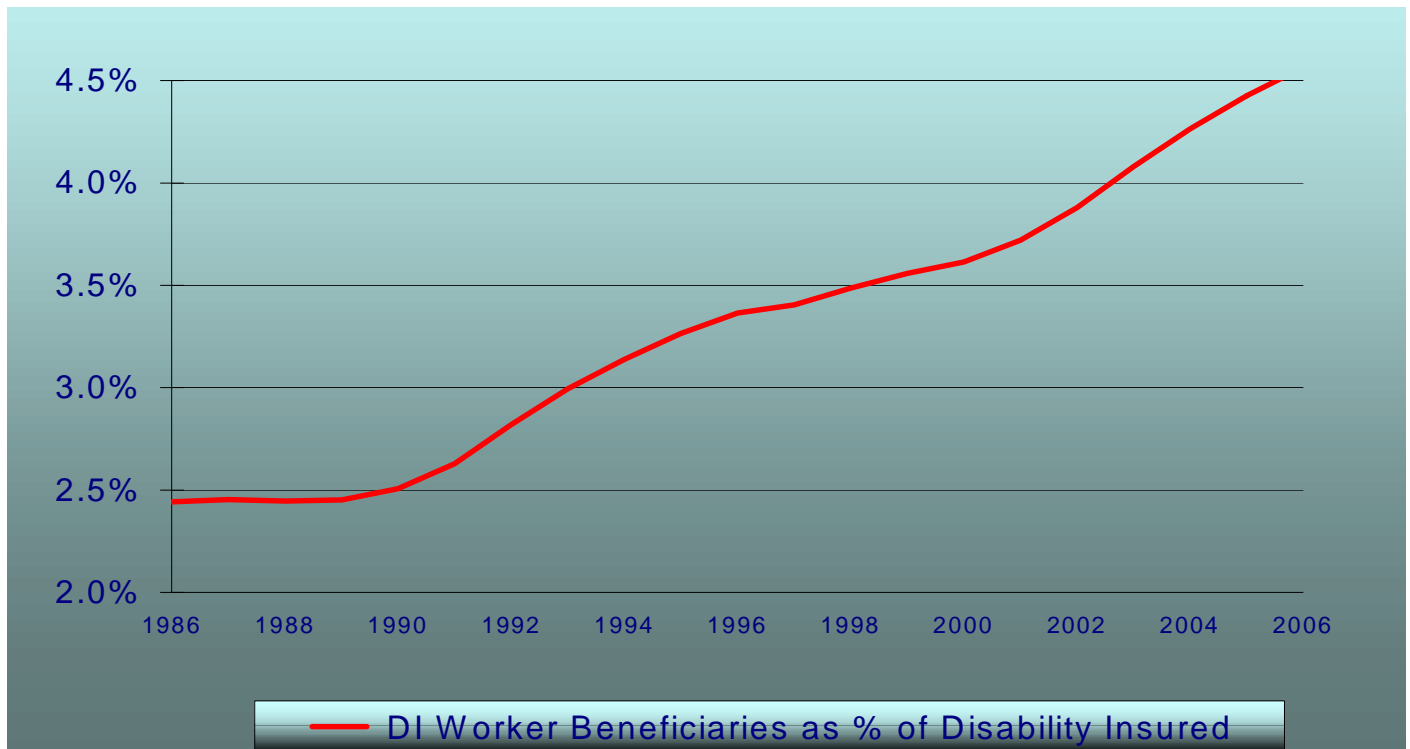
Both the DI and SSI programs have grown substantially since they began. In fact, in the next decade, our Chief Actuary estimates that 26 million

Americans will apply for disability benefits. SSA's disability appeals process is already recognized as one of the largest administrative adjudicative systems in the world.

SSA's role in the administration of the Medicare Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) programs continues to expand. In addition to processing applications for HI and SMI, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 required SSA to undertake a number of additional Medicare-related responsibilities.

*Over the next 10 years, SSA's traditional workloads will increase significantly – retirement claims by over 40% and initial disability claims by nearly 10%. At the same time, SSA continues to face many new complex responsibilities, from helping with the Medicare Prescription Drug Program to employment verifications needed for immigration reform. SSA needs an adequate workforce to serve the American public now more than ever.*

**Percent of Disability Insurance (DI) Beneficiaries has Steadily Increased**



## FY 2009 BUDGET REQUEST

### Social Security Administration FY 2009 Budget Request – Current Law

	FY 2008 Enacted	FY 2009 President's Budget
<b>Budget Authority</b> (in millions)		
<i>Limitation on Administrative Expenses (LAE)</i>	\$9,745	\$10,327
<i>Research and Demonstrations</i> <sup>1/</sup>	\$27	\$35
<i>Office of the Inspector General (OIG)</i>	\$92	\$98
<b>Total Budget Authority</b>	<b>\$9,864</b>	<b>\$10,460</b>
<b>Workyears</b> (includes reimbursable workyears)		
Full-Time Equivalents	60,064	60,293
Overtime	2,000	2,000
Lump Sum	231	245
<b>Total SSA</b>	<b>62,295</b>	<b>62,538</b>
Disability Determination Services (DDS)	13,580	13,669
<b>Total SSA/DDS</b>	<b>75,875</b>	<b>76,207</b>
OIG	595	614
<b>Total SSA/DDS/OIG</b>	<b>76,470</b>	<b>76,821</b>

<sup>1/</sup> Includes \$7 million in base research funding classified by the Office of Management and Budget (OMB) as mandatory.

**Social Security Administration  
FY 2009 Budget Request – Key Performance Targets**

	<b>FY 2008 Enacted</b>	<b>FY 2009 President's Budget</b>
<b>Selected Workload Measures</b>		
Retirement and Survivors Claims Processed (thousands)	4,065	4,281
Initial Disability Claims Processed (thousands)	2,582	2,600
SSA Hearings Processed (thousands)	559	644
Periodic Continuing Disability Reviews (CDRs) Processed (thousands)	1,065	1,149
Periodic Medical CDRs (included above, thousands)	235	329
SSI Non-Disability Redeterminations Processed (thousands)	1,200	1,486
800-Number Transactions Handled (millions)	63	67
Social Security Numbers Issued (millions)	19	20
Annual Earnings Items Processed (millions)	273	274
Social Security Statements Issued (millions)	148	150
<b>Selected Outcome Measures</b>		
Initial Disability Claims Pending (thousands)	519	493
SSA Hearings Pending (thousands)	752	683
Average Processing Time for Initial Disability Claims (days) <sup>1/</sup>	107	103
Average Processing Time for Hearing Decisions (days)	535	506
Disability Determination Services Production per Workyear	264	267
Office of Disability Adjudication and Review Production per Workyear	101	115
Other Work/Service in Support of the Public – Annual Growth of Backlog (workyears)	3,300	4,800

<sup>1/</sup> Disability decisions that receive a technical (non-medical) denial are not included.

*With the FY 2009 budget, SSA will be able to process significantly more retirement claims and answer more 800-number calls, reduce disability processing times and pendings, and process more program integrity work. However, backlogs in the work SSA does after an individual is approved for benefits (post-entitlement work) will continue to rise.*

## ***SSA's LAE Responsibilities***

In addition to paying benefits, SSA's ongoing operational responsibilities include:

- **Claims and Evaluating Eligibility**  
SSA takes claims, evaluates evidence, and makes determinations of eligibility and benefit amounts.
- **Appeals and Hearings**  
SSA administers three levels of appeals of disputed claims decisions: a reconsideration (a complete review of the claim by someone who did not take part in the initial decision); a hearing conducted by an Administrative Law Judge (ALJ); and lastly a review by Social Security's Appeals Council.
- **Program Integrity**  
SSA is responsible for stewardship of the trust funds by conducting activities such as medical and non-medical continuing eligibility reviews to avoid improper payments to beneficiaries.
- **Social Security Numbers (SSNs)**  
SSA takes applications for and issues SSNs after determining the validity of the required evidence. Each year, SSA processes millions of actions to keep records of number holders current and accurate.
- **Earnings Records**  
SSA receives regular updates on the earnings of the working population from employer and government sources and posts the earnings to the worker's record. SSA links the earnings records to SSNs and, when no match can be found, tracks the reported earnings and attempts to resolve the discrepancy.
- **Social Security Statements**  
SSA mails annual updates to workers and former workers aged 25 and older and provides the earnings on which the individual has paid Social Security taxes and a summary of the estimated benefits the individual and his/her family may receive as a result of those earnings.
- **Employment Eligibility Verification – E-Verify**  
E-Verify is an automated system available to employers that verifies the name/SSN/citizenship/work authorization of new hires by checking against SSA and Department of Homeland Security databases. This workload has expanded rapidly due to demand by employers eager to comply with Federal law and new State laws requiring use of this system.
- **Medicare Administration Assistance**  
SSA assists the Centers for Medicare and Medicaid Services in administering the Medicare programs. SSA deducts Medicare premiums from Social Security payments as appropriate, makes eligibility determinations and redeterminations for extra help with the Medicare Prescription Drug Program, and takes applications for replacement Medicare cards.

### ***SSA's Research Budget***

The FY 2009 funding request for research is \$35 million, an increase of \$8 million from the FY 2008 enacted level which will help fund studies related to the expansion of Compassionate Allowances. This request also reflects the Agency's decision, for the first time, to identify and test better ways to employ emerging medical technologies and diagnostics in the disability determination process. It also reflects SSA's continuing efforts to support and encourage the return-to-work efforts of individuals with disabilities.

### ***Office of the Inspector General (OIG)***

The FY 2009 funding request for the OIG is \$98 million, an increase of \$6 million over the FY 2008 enacted level. The OIG will continue efforts to improve the Agency's integrity, efficiency and effectiveness. To that end, the OIG provides invaluable service by directing, conducting and supervising a comprehensive program of audits, evaluations and investigations relating to SSA's programs and operations. The focal point of this effort is protecting the integrity of the SSN and the enumeration process.

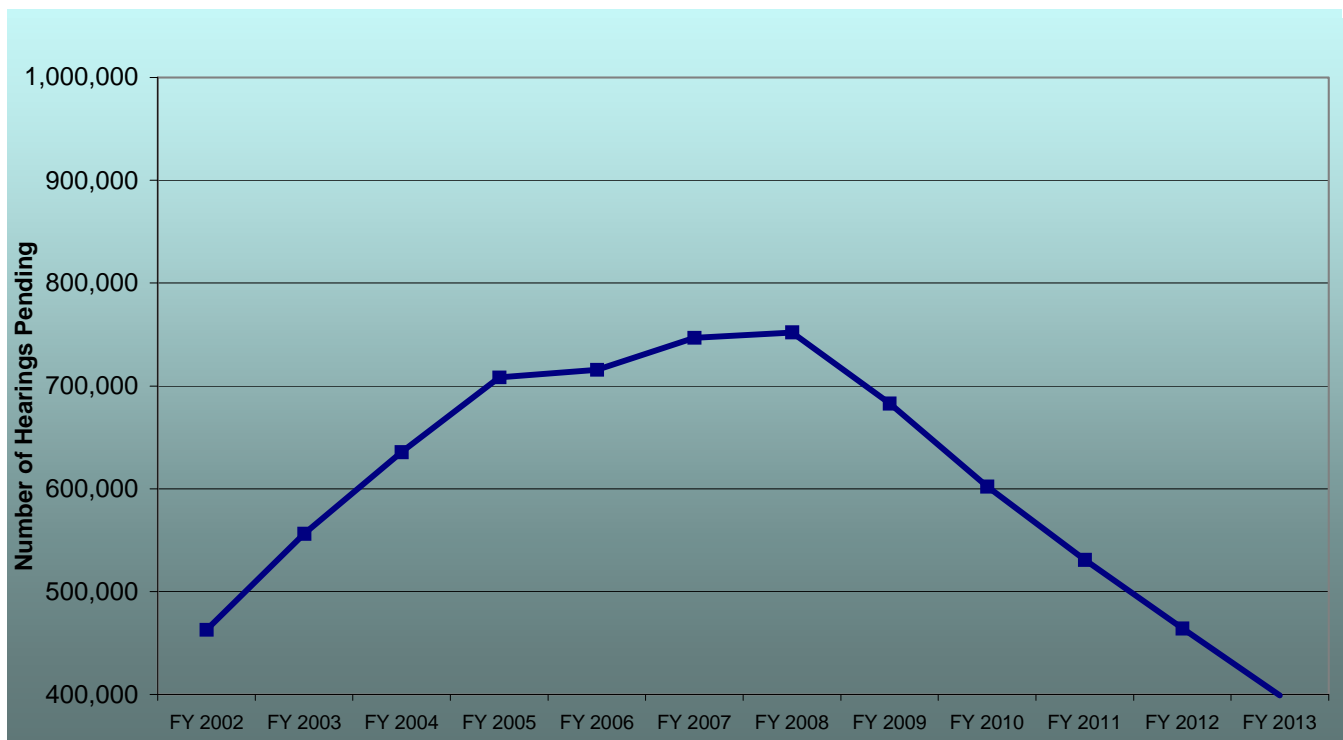
## IMPROVING THE DISABILITY PROGRAMS

*Eliminating the hearings backlog is a moral imperative for the Agency. This effort will take several years, but by the end of FY 2009, SSA will have laid the groundwork of regulatory and process changes needed and will be driving waiting times down. SSA also will process more initial disability claims, resulting in the lowest pending level since 1999, and make changes to the disability process to improve timeliness, accuracy and efficiency.*

### *Eliminating the Hearings Backlogs*

SSA's disability backlogs have grown significantly over the last 5 years. As of the end of September 2007, the number of cases waiting for a hearing decision has grown to almost 750,000, leading to average processing times of 512 days. The Azdell decision, which precluded SSA from hiring ALJs for many years, on top of years of budget reductions led to the hearings crisis SSA faces today. These backlogs and processing times are not just numbers – they represent extreme hardship for Americans who are at the most vulnerable point in their lives.

### *Full Funding of the Hearings Backlog Reduction Plan Will Allow SSA to Dramatically Reduce the Number of Hearings Pending*



SSA will be implementing the Hearings Backlog Reduction Plan over the next 5 years to eliminate the hearings backlog as efficiently and expeditiously as possible. These new initiatives will increase the Agency's capacity to hold hearings and implement necessary modernizations to the hearing process. Crucial to the plan's success is full funding of SSA's FY 2009 budget, which would ensure that hearing offices have enough staff to handle more cases and allow critical improvements to Agency infrastructure.

**Accelerating Review of Cases Likely or Certain to be Approved**

SSA has an obligation to provide benefits quickly to those applicants whose medical conditions are so serious that they obviously meet our disability standards. We have two new processes to identify these cases and expedite them through our adjudicatory process. We anticipate that as many as 15 percent of disability cases will benefit from an expedited process.

The first initiative, Compassionate Allowances, is a way of quickly identifying diseases and other medical conditions that invariably qualify under SSA's medical listings based on minimal medical information. Many of these claims can be allowed based on confirmation of a medical diagnosis supported by medical evidence. For example, allowances for cases such as catastrophic congenital anomalies (such as anencephaly, a form of Tay-Sachs disease, and the most common form of Down syndrome), acute leukemia, amyotrophic lateral sclerosis (ALS), and pancreatic cancer can be made

as soon as the medical diagnosis and onset date is confirmed.

The second initiative is the Quick Disability Determination (QDD) process, which was designed to identify and expedite claims that are likely to be allowed. The QDD process uses an electronic screening tool/predictive model to identify claims where there is a high probability that the claimant is disabled and where medical evidence can be easily and quickly obtained. QDD claims are

electronically routed to the state Disability Determination Services (DDS) where experienced disability examiners and other staff review and adjudicate them on an expedited basis, many times in less than two weeks. National rollout of the QDD process began in October 2007. As of January 2008, 1 percent of all cases nationally are being reviewed within 8 days under the new QDD process, and we expect that

percentage to increase in the next year.

**Improving Hearings Procedures**

At the beginning of FY 2007, there were 63,000 hearing requests that would have been 1,000 or more days old on September 30, 2007. By September 30, SSA reduced that number to 108. For FY 2008, SSA raised the bar for its own performance and set a goal to resolve over 135,000 cases that are or would be 900 days old or older by the end of the fiscal year.

In recent months, SSA has made great progress in reducing the number of hearing requests that have

**There are four key elements of my Hearings Backlog Reduction Plan that I believe hold the most promise to eliminate the hearings backlog:**

- **Accelerating review of cases likely or certain to be approved;**
- **Improving hearings procedures;**
- **Increasing adjudicatory capacity; and**
- **Increasing efficiency through automation and improved business processes.**

**The success of these initiatives depends on timely and adequate Agency funding. Properly funded, these initiatives will reduce the amount of time members of the public wait for a hearing decision and will lead to a reduction in the number of cases pending in our offices.**

**Commissioner Michael Astrue**



been pending the longest. As the number of aged cases is reduced, SSA will create new targets to ensure we provide decisions to those waiting the longest. Further, SSA has renewed the Senior Attorney Advisor program, allowing Senior Attorneys to issue decisions in cases that are fully favorable without the involvement of an ALJ.

### **Increasing Adjudicatory Capacity**

Only ALJs are allowed to issue decisions that are not fully favorable. In order to process more cases, SSA is immediately seeking to increase its number of ALJs. We expect that 150 new ALJs will start work in the spring of 2008. Our goal is to hire enough ALJs to reach a level of 1,250 in early FY 2009. Sufficient funding in FY 2009 and beyond is essential to ensuring that we can maintain an adequate number of ALJs to continue reducing the hearings backlog.

Additionally, we are seeking new ways to improve the adjudicatory process. One way to do this is to ensure hearing dockets are filled to capacity. With full dockets, ALJs would be able to schedule additional hearings per month. Other efforts include returning to the DDSs some cases that may be allowed without a hearing, screening cases likely to be approved for accelerated approval, and expanding pilot testing of a centralized, fully electronic National Hearing Center to conduct video hearings and balance workloads at hearing offices nationwide.

### **Increasing Efficiency through Automation and Improved Business Processes**

One of the impediments to a timely hearing is the lengthy procedure to simply prepare the case for the ALJ. Currently, a number of electronic initiatives are being developed which would reduce this preparation time. The electronic folder has the potential to significantly decrease the time it takes hearing office staff to prepare and exhibit files,

associate correspondence, prepare and send notices, and transfer workloads. Centralized printing and mailing will streamline the processing of the millions of documents sent annually by hearing offices.

Finally, a new electronic file assembly tool called ePulling will support preparation of electronic cases for hearing and dramatically reduce the time necessary for the file assembly portion of electronic folder preparation. At the hearing level, ALJs need the ability to sign decisions electronically. Currently, decisions are printed, signed and then scanned into the electronic folder. By implementing electronic signature capacity, the adjudicator will be able to complete the decision-making process electronically, thus sending the signed decision directly to the electronic folder.

### ***Processing More Disability Claims***

In FY 2007, SSA was able to stem the tide and slow the growth in the claims backlog. With the FY 2009 budget, the DDSs will be able to hire new employees and will process significantly more disability claims, reducing claims backlogs to the lowest level since 1999. In addition to hiring in the DDSs, efforts such as the successful electronic disability process and QDD will improve service to the public, helping claimants to receive decisions earlier at this critical juncture in their lives.

***The FY 2009 budget will enable SSA to process significantly more initial disability claims, reducing claims backlogs to the lowest level in 10 years.***

### ***Modernizing the Disability Process***

In addition to the efforts described above, SSA has launched the Integrated Disability Process (IDP), a collaborative initiative that will enable the Agency to address and resolve important disability policy and procedural issues. IDP will result in clear, consistent and simplified policy, procedures and business processes that will allow SSA to work more efficiently so that it can better face the challenges that lie ahead. This new process will also help SSA address differences and difficulties in application of policy and procedures.

Until just recently, many of SSA's medical regulations—generally known as our “listings”—went decades without review and revision. The Agency is now on a schedule that will review all listings every 5 years, and with this budget SSA will aim to review them every 3 years. Moreover, we have an ambitious effort underway to expand the listings to include, for the first time, many rare diseases and conditions, which have been error-prone cases in the past due to lack of guidance to adjudicators.

### **SSA Speeds Disability Process for America's 'Wounded Warriors'**



*U.S. military personnel are now receiving expedited processing of disability claims from Social Security. The expedited process is used for military service members who become disabled while on active military duty on or after October 1, 2001, regardless of where disability occurs.*

***Social Security's disability examiners are working with digestive listings that do not accurately reflect advances in the diagnosis and treatment of digestive disorders. As a result many cases that should be resolved quickly are not being determined appropriately. The changes to our digestive listings are among the many steps we are taking in our effort to bring about accurate allowances for people who apply for Social Security disability.***

**- Commissioner Michael Astrue**

## ENHANCING SERVICE TO THE AMERICAN PUBLIC

*SSA will continue to improve its retirement and enumeration processes, safeguard personally identifiable information, and reach out to all Americans through financial literacy efforts. Furthermore, with the FY 2008 enacted appropriation and the FY 2009 budget, SSA will reverse a trend of staffing declines that has damaged service to the public.*

### Waiting at a Field Office



*With adequate resources, SSA will provide timely service to everyone while we handle the increasing claims from the more than 80 million baby boomers.*

### ***Retirement Claims***

With millions of Americans becoming eligible for Social Security retirement benefits at the rate of 10,000 a day for the next two decades, SSA must continue to develop a wide range of online and automated services and seek to transform its service model. Maximizing the use of modern technology and changing the service delivery model will enable SSA to continue to provide critical services to future beneficiaries.

### ***Enumeration***

SSA has already opened five Social Security Card Centers in cities across the country that have succeeded in issuing cards more efficiently and accurately. To ensure the continued security of the Social Security card and to prepare for anticipated growth in card applications if immigration-related legislation is passed by Congress, SSA is planning to open 7 more Card Centers – 3 more in FY 2008 and 4 more in FY 2009 – in California, Texas, Florida, New York and Minnesota.

The volume of SSA's enumeration workloads has increased with the rising population, as well as with expanded usage of E-Verify. We expect that participation in E-Verify will continue to rise. For example, in August the Office of Management and Budget released a memorandum requiring all Federal agencies and departments to verify newly hired employees beginning October 1, 2007.

### ***Personally Identifiable Information***

Safeguarding sensitive information has been an important issue ever since the creation of Social Security. In 1937, the first regulation adopted by the Social Security Board outlined the rules regarding privacy and disclosure of Social Security records. Through the years, regulations, the Privacy Act and other laws have further defined our responsibilities to ensure the confidentiality of the information we collect and hold.

The prevalence of identity theft in the world today, and our increased exposure as more transactions are completed across the Internet, makes the efforts of employees to ensure the protection of the personal information entrusted to them as an SSA employee more important than ever. Each SSA employee is responsible for properly safeguarding personally identifiable information from loss, theft or improper disclosure, including inadvertent disclosure, and to immediately notify his or her supervisor of any breach, loss or potential loss of personally identifiable information in any form.

### ***Financial Literacy***

Research indicates that many Americans lack comprehensive financial literacy and often make poor savings and retirement decisions. A lack of financial retirement planning or poor decision-making contributes to the number of retired elderly living in poverty. Improving the public's financial literacy, particularly its understanding about the need for retirement planning and the role of Social Security's retirement benefits as a supplement to other sources of income, could boost personal savings and foster better retirement decisions. Our annual Social Security Statements, our online presence, and contacts with the public provide a unique opportunity to participate in educational efforts.

We continue to explore new ways to have a greater impact on educating the public. For example, future plans include a streamlined online claims process and enhanced Internet benefit calculators that will provide real-time estimates of retirement benefits based on the user's earnings record. These tools will facilitate financial planning by allowing multiple "what if" scenarios based on different user-entered retirement dates and earnings amounts.

***Among elderly Social Security beneficiaries, about 20% of married couples and 40% of unmarried persons rely on Social Security for 90% or more of their income.***

***50% of the workforce has no private pension coverage.***

***One-third of the workforce has no savings set aside specifically for retirement.***



## Human Capital

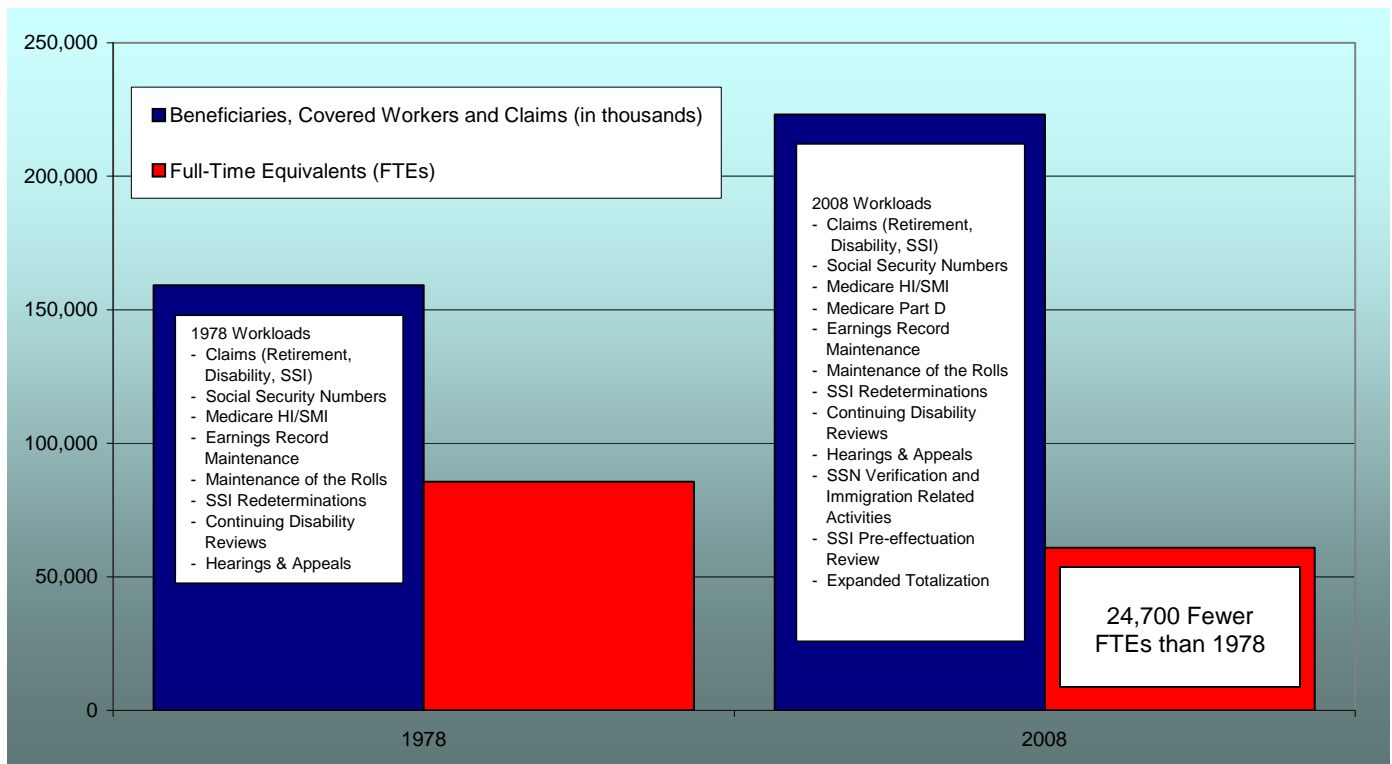
The retirement of the baby boomer generation coupled with years of budget cuts have drastically affected SSA's maturing workforce. In just the last two years, approximately 10 percent of SSA's employees have retired, and in 2010, 30 percent of the Agency's current workforce will be retirement-eligible. This attrition also means that SSA is losing much of its experienced leadership and institutional knowledge.

The FY 2009 President's Budget will help SSA begin to turn around the staffing crisis by enabling SSA to replace those employees who leave the Agency, whether for retirement or other reasons. While the higher staffing levels will help SSA improve service on a national level, it will have an even more profound effect on local offices because hiring freezes have caused staffing imbalances and critical staffing shortages.



*Gen X'ers and Millenials are the future of SSA.*

## *While Increased Productivity Has Helped SSA Manage Rising Workloads with Fewer Staff, an Adequate Workforce is Essential to Meeting the Needs of the Baby Boomers*



## INNOVATING, AUTOMATING AND INVESTING IN THE FUTURE

*The FY 2009 budget, if it receives the full support of Congress, will allow SSA to make automation and business process changes which will improve service to the public. The budget also provides more support for program integrity to ensure that the public's money is spent in an appropriate fashion.*

As discussed earlier, the challenges SSA has faced in recent years have led to increased backlogs and have made it difficult for the Agency to maintain a high standard of customer service. However, the situation would be even worse now without the productivity improvements we have achieved or the excellent management that has benefited our programs. As an Agency, we take pride in making efficient use of our administrative resources. With administrative expenses of less than 2 percent of total program outlays, SSA is an excellent investment. The Agency's cost-conscious attitude is also reflected in our performance goal of annual productivity improvements, program management initiatives that tie into the President's Management Agenda (PMA), the Program Assessment Rating Tool (PART) and our dedication to maintaining program integrity.

*SSA is dedicated to continuous productivity improvements as demonstrated by the dramatic productivity it has achieved since FY 2001 – a cumulative productivity improvement of over 15%.*

### *Leveraging Technology*

The unprecedented growth in our workloads demands that we effectively leverage technology. SSA's information technology budget centers on improving service to citizens all across America. While approximately 65 percent of our information technology resources must be used to maintain our infrastructure and telecommunications network, we also must prepare for the avalanche of retirement and disability claims through new and improved systems and automated services and business processes.

Some of the highlights of SSA's budget request include:

- **Continuing to invest in SSA's website** so that citizens can conveniently conduct business from their homes and offices. In FY 2009, some of the new services we will be offering are a much improved claims application package that will help ensure that claimants file for all benefits to which they are entitled, and a more integrated disability application that will streamline the filing process and improve the quality of the data we receive. We will offer the capability for third parties, such as personnel offices, to help individuals file for retirement benefits. We will make available to Members of Congress a secure Internet channel to communicate with the Agency concerning constituent issues. We also will provide employers with the ability to make corrections to their earnings reports online, and will work with additional States to expand electronic death reporting.

- **Improving telephone services** will be a major focus in FY 2009. We will replace our 10 year-old call center network system, which manages and routes our 800-number calls, with a system providing the Agency with 21<sup>st</sup> century features for secure e-mail, web chat, multimedia recording, screen capture, productivity management and advanced reporting. In addition, we will continue the replacement of our outdated field office telephone systems with a state-of-the-art phone system that saves the Agency money and provides the capability to review e-mail messages over the phone.



- **Providing compassionate, efficient service to SSA's most vulnerable clients, the disabled**, has been the centerpiece of Commissioner Astrue's vision for the future. Advances in medicine and technology require constant analysis of their impact on SSA's listings and rules, and constant improvement in SSA's policies. SSA's monumental challenge is to provide consistent support, processes and information across disparate case processing systems and to leverage the advancements in health informatics so that we can make decisions as promptly and fairly as possible.

## Online Filing Is Easy and Efficient



*Kathleen Casey-Kirschling, America's first baby boomer, stated, "Filing for Social Security benefits online is easy and convenient. I urge my fellow baby boomers to give Social Security's online services a try. Save a trip and do business with Social Security from the comfort of your home or office."*

In the 54 State DDSs, we have 54 different systems for processing claims. SSA is working with the DDS community on plans to pursue the replacement, beginning in FY 2009, of the outdated systems that the States use to process disability claims with a modern, web-based case processing system. If we can resolve the remaining concerns of the State DDSs, we plan to proceed.

SSA also will take advantage of the progress that the medical community is making in automating its services through Electronic Health Records and Personal Health Records. Using automated exchanges in standardized data formats, medical providers will send SSA requested evidence

electronically, allowing staff to compare this information to the Agency's updated medical listings and to use business intelligence tools to make more accurate, consistent and timely decisions.

To further prepare for the future, SSA intends to establish an advisory panel of high level experts from various industries that will provide independent advice and recommendations pertaining to electronic interactions and service provision to the public. The panel, which will be known as the Future Systems Technology Advisory Board, will provide recommendations that will project information technology operations and electronic services 5 to 10 years in the future.

### ***Investing in Program Integrity***

While continued innovation and automation ensure that SSA is using its administrative resources efficiently, program integrity workloads ensure that program dollars are being spent wisely and according to the intent of the law.

SSA was forced to scale back its program integrity workloads due to budget constraints over the last several years and unprecedented levels of initial disability claims at the DDSs. Program integrity reviews ensure that beneficiaries who have been approved for benefits continue to be

eligible and to be paid the correct amount. They are important stewardship efforts that protect the integrity of the trust funds and the taxpayer's money.

As part of our efforts to pursue cost-saving initiatives, the FY 2009 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. In both FYs 2008 and 2009, SSA plans to process increasing volumes of CDRs and SSI redeterminations.

CDRs are periodic reevaluations of medical eligibility factors for DI and SSI disability beneficiaries and are estimated to yield \$10 in lifetime program savings for every \$1 spent. The additional funding requested for SSI redeterminations, which are periodic reviews of non-medical factors of SSI eligibility such as income and resources, is estimated to yield \$7 in lifetime program savings for every \$1 spent. Both CDRs and SSI redeterminations are extremely cost-effective.

### ***Program Integrity is a Good Investment in the Future:***

- ***For every \$1 invested in continuing disability reviews, the return is \$10.***
- ***For every \$1 invested in SSI redeterminations, the return is \$7.***



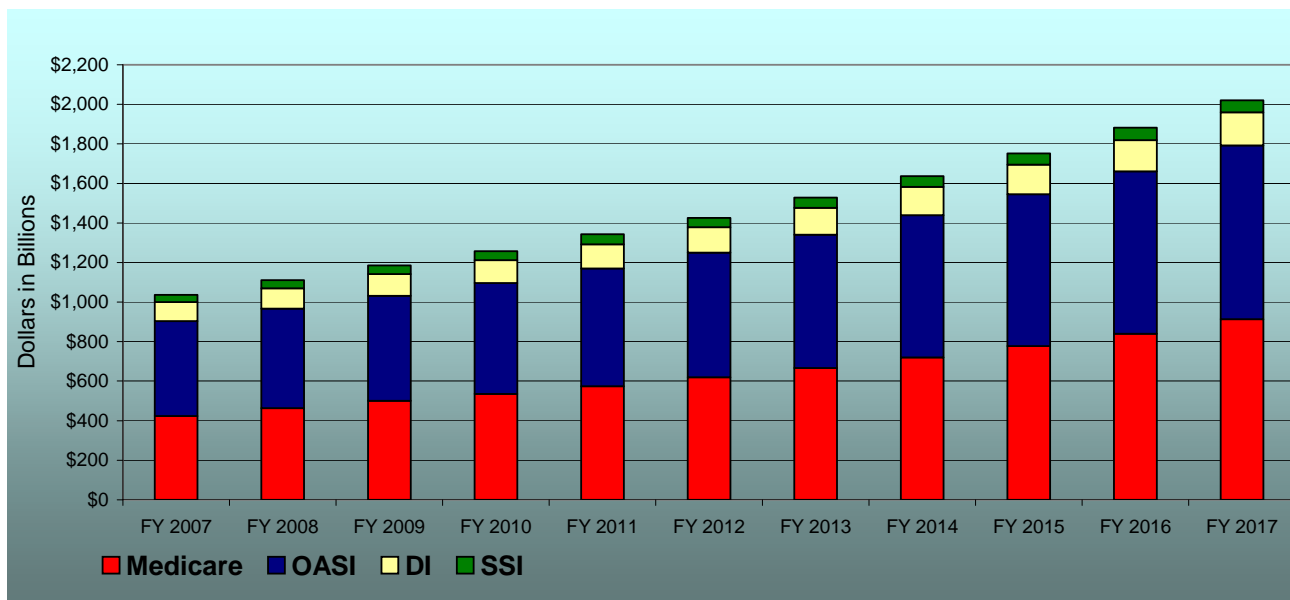
## CONCLUSION

For more than 70 years, SSA has administered programs and provided service upon which millions of Americans rely. For many of our beneficiaries, the benefit payments that Social Security provides are all that keeps them from poverty. SSA's programs (and the related Medicare benefits that we help to administer) have a tremendous impact on the nation's economy and provide hundreds of billions of dollars annually to eligible individuals.

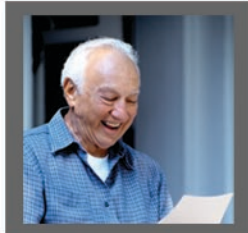
This budget lays out a long-term plan to fix the programs' most pressing problem—the disability backlogs – at the same time that we face the largest onslaught of work that SSA has ever faced. We have developed innovative strategies that will result in productivity improvements, and we expect to eliminate the disability hearings backlog by the end of FY 2013. If there is a way to do better, we will.

Across all workloads, SSA is consistently and proactively seeking solutions that streamline our business processes to be as efficient and expeditious as possible. We are maximizing the efficiency of electronic service delivery not only to meet the public's expectations for electronic service delivery options, but also to offset the expected growing gap between the resources needed and the resources available to handle projected workloads as baby boomers reach their retirement and disability prone years.

### *SSA's Program Benefits Have an Increasing Economic Impact*



Medicare estimates based on FY 2008 Mid-Session Review. All other estimates are based on FY 2009 President's Budget.



The American public deserves superior service from SSA, but our success requires sustained, adequate funding for FY 2009 and beyond. We need to ensure that Americans can trust and rely on SSA for many years to come.



# **TECHNICAL MATERIALS**

## SOCIAL SECURITY ADMINISTRATION

### Summary of SSA's Appropriation Request

<b>FY 2009</b>	<b>FTE</b>	<b>AMOUNT</b>
Payments to Social Security Trust Funds	---	\$ 20,406,000
Supplemental Security Income Program		
FY 2009 Request	---	\$ 30,414,000,000 <sup>1</sup>
FY 2010 First Quarter Advance	---	\$ 15,400,000,000
Limitation on Administrative Expenses	60,293	\$ 10,327,000,000
Office of the Inspector General	604	\$ 98,127,000

<sup>1</sup> Excludes \$14,800,000,000 previously appropriated as a first quarter advance for FY 2009.

# **Payments to Social Security Trust Funds**

**CONTENTS**

**APPROPRIATION LANGUAGE..... 26**

**GENERAL STATEMENT..... 27**

    Annual Appropriation ..... 27

    Permanent Indefinite Authority..... 27

**BUDGETARY RESOURCES ..... 29**

    Analysis of Changes..... 30

    Budget Authority and Obligations by Activity ..... 31

    Budget Authority by Object..... 33

**BACKGROUND ..... 34**

    Authorizing Legislation ..... 34

    Appropriation History ..... 35

**SPECIAL PAYMENTS FOR CERTAIN UNINSURED PERSONS..... 36**

    Purpose and Method of Operation ..... 36

    Rationale for Budget Request ..... 37

**PENSION REFORM..... 38**

    Purpose and Method of Operation ..... 38

    Rationale for Budget Request ..... 39

**UNNEGOTIATED CHECKS..... 40**

    Purpose and Method of Operation ..... 40

    Rationale for Budget Request ..... 41

**COAL INDUSTRY RETIREE HEALTH BENEFITS ..... 42**

    Purpose and Method of Operation ..... 42

    Progress to Date ..... 43

**MILITARY SERVICE WAGE CREDITS ..... 44**

    Purpose and Method of Operation ..... 44

    Rationale for Budget Request ..... 45

**TABLES**

Table 1.1—Annual Appropriation and Obligations..... 27

Table 1.2—Amounts Available for Obligation ..... 29

Table 1.3—Summary of Changes..... 30

Table 1.4—New Budget Authority and Obligations, Current Authority (in thousands)..... 31

Table 1.5—Budget Authority and Obligations, Permanent Indefinite Authority  
(in thousands)..... 32

Table 1.6—New Budget Authority by Object ..... 33

Table 1.7—Authorizing Legislation (dollars in thousands) ..... 34

Table 1.8—Appropriation History Table..... 35

Table 1.9—Special Payments for Certain Uninsured Persons: Budget Authority ..... 36

Table 1.10—Special Payments for Certain Uninsured Persons: Obligations..... 37

Table 1.11—Pension Reform: Budget Authority ..... 38

Table 1.12—Pension Reform: Obligations..... 39

Table 1.13—Receipts from Pension Coverage Reports ..... 39

Table 1.14—Unnegotiated Checks: Budget Authority ..... 40

Table 1.15—Unnegotiated Checks: Obligations ..... 40

Table 1.16—Unnegotiated Checks: Budget Authority by Trust Fund ..... 41

Table 1.17—Direct Deposit Participation Rate ..... 41

Table 1.18—Coal Industry Retiree Health Benefits: New Budget Authority ..... 42

Table 1.19—Military Service Wage Credits: Budget Authority ..... 44

**APPROPRIATION LANGUAGE**

PAYMENTS TO SOCIAL SECURITY TRUST FUNDS

For payment to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as provided under sections 201(m), [217(g), ]228(g), and 1131(b)(2) of the Social Security Act, [\$28,140,000]\$20,406,000. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008.*)



## GENERAL STATEMENT

The Payments to Social Security Trust Funds (PTF) account provides Federal fund payments to the Social Security trust funds for several distinct purposes. 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 chargeable to general revenues. This account includes payments requiring an annual appropriation and payments made to the trust funds under permanent indefinite authority.

### ANNUAL APPROPRIATION

---

The annual PTF appropriation provides reimbursement to the Social Security trust funds for four non-trust fund activities. These activities include special payments for certain uninsured persons (also known as Prouty Benefits), pension reform, interest on unnegotiated checks, and quinquennial adjustment for military service wage credits.<sup>1</sup> These payments are discussed in detail below.

**Table 1.1—Annual Appropriation and Obligations**

	FY 2008 (Enacted)	FY 2009 (Estimate)	FY08- FY09 Change
<b>Appropriation</b>	\$ 28,140,000	\$ 20,406,000	- \$ 7,734,000
<b>Obligations</b>	(\$ 28,140,000)	(\$ 20,406,000)	- \$ 7,734,000

### PERMANENT INDEFINITE AUTHORITY

---

Amounts not subject to the annual appropriation include receipts from Federal income taxation of Social Security benefits, Federal Insurance Contribution Act (FICA) and Self-Employment Insurance Contribution Act (SECA) tax credits, and reimbursement for Federal employee union administrative expenses. The permanent appropriation provides that the trust funds receive the amounts collected from taxation of Social Security benefits (initially collected by the Treasury), are reimbursed for loss of income due to FICA and SECA tax credits, and are reimbursed for union administrative expenses borne by the Trust Funds but attributable to general revenues.

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

---

<sup>1</sup> The quinquennial adjustment for military service wage credits is authorized to be appropriated every five years, if it is determined necessary. Appropriations are needed to effectuate transfers from the general funds to the trust funds.

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 this 1993 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; subsequently, 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 \$18,534 million in FY 2008 and \$22,695 million in FY 2009 from U.S. citizens; taxes imposed on aliens are transferred monthly and will generate estimated income of \$154 million in FY 2008 and \$163 million in FY 2009. The estimates for taxation of benefits reflect normal growth related to benefit levels.

The Social Security Amendments of 1983 also provided for the granting of FICA and 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—through reimbursement to the trust funds. The FICA tax credit applies only to wages earned in calendar year 1984. The SECA tax credit applies from calendar year 1984 through calendar year 1989. There are small periodic adjustments made due to tax credits being applied retroactively.

In addition to taxation of benefits and tax credits, the PTF account includes reimbursement to the trust funds from general funds, including interest, for certain administrative expenses incurred in support of Federal employee union activities. This reimbursement is included in SSA's Limitation on Administrative Expenses appropriation.

## BUDGETARY RESOURCES

The PTF annual appropriation request for FY 2009 is \$20,406,000. Including amounts appropriated under permanent indefinite authority, SSA expects to make \$22,889,456,000 in payments to the trust funds in FY 2009.

**Table 1.2—Amounts Available for Obligation**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY 2009 (Estimate)
<b>Annual Appropriation</b>	<b>\$ 1,318,030,000</b>	<b>\$ 28,140,000</b>	<b>\$ 20,406,000</b>
Permanent Appropriation	\$18,017,351,050	\$ 18,699,000,000	\$ 22,869,000,000
Total Appropriation	\$19,335,381,050	\$ 18,727,140,000	\$ 22,889,406,000
Unobligated Balance, Start-of-Year	\$ 14,162,437	\$ 13,700,935	\$13,650,935
Recovery of Prior-Year Obligations	\$ 0	\$ 0	\$ 0
<b>Subtotal Budgetary Resources</b>	<b>\$19,349,543,487</b>	<b>\$ 18,740,840,935</b>	<b>\$ 22,903,056,935</b>
<b>Obligations</b>	<b>(\$19,324,356,639)</b>	<b>(\$ 18,727,190,000)</b>	<b>(\$ 22,889,456,000)</b>
Unobligated Balance, End-of-Year	\$ 13,700,935	\$ 13,650,935	\$ 13,600,935
Unobligated Balance, Lapsing	\$ 11,485,913	\$ 0	\$ 0

The FY 2007 appropriation included a one-time repayment of \$1,297,614,000 to the trust funds for an overpayment made to the Internal Revenue Service (IRS) under the Voluntary Income Tax Withholding program.<sup>1</sup> The FY 2007 appropriation was to reimburse the trust funds and restore them to the financial position they would have been in without this overpayment.

The unobligated balances carried over represent funds appropriated for the Coal Industry Retiree Health Benefits program in FY 1996 and FY 1997 and made available until expended. The lapsed unobligated balances represent the amount of the annual appropriation not obligated in the current year.

---

<sup>1</sup> Individuals may elect to have a portion of their Social Security benefit withheld for income tax purposes. The overpayment did not affect the amount of taxes withheld from benefits, but did affect the amount transferred from the Social Security trust funds to the IRS under the program.

**ANALYSIS OF CHANGES**

The FY 2009 annual appropriation request is \$7,734,000 less than the FY 2008 enacted appropriation. The majority of this decrease is attributable to the quinquennial adjustment for Military Service Wage Credits that was included in the FY 2008 enacted appropriation, but is not in the FY 2009 request. This adjustment is authorized to be appropriated every five years if needed. The remainder of the decrease in the request is due to a decrease in the estimated obligations for Prouty benefits.

**Table 1.3—Summary of Changes**

	FY 2008 (Enacted)	FY 2009 (Estimate)	FY 08 to FY 09 Changes
<b>Appropriation</b>	\$ 28,140,000	\$ 20,406,000	- \$ 7,734,000
<b>Obligations</b>	(\$ 28,190,000)	(\$ 20,456,000)	- \$ 7,734,000

	FY 2008 Base Budget Authority	Change from Base
<b>Decreases</b>		
A. <u>Military Service Wage Credits—Reimbursement to the Disability Insurance Trust Fund for the quinquennial adjustment for military wage credits took place on December 31, 2007.</u>	\$ 7,727,000	- \$ 7,727,000
B. <u>Special Payments for Certain Uninsured Persons (Prouty)—Lower estimated obligations due to a continuing declining population</u>	\$ 13,000	- \$ 7,000
<b>Total Decreases</b>		<b>- \$ 7,734,000</b>
<b>Net Change</b>		<b>- \$ 7,734,000</b>

**BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY**

The table below displays the budget authority and obligations for each of the PTF activities funded by the annual appropriation. The appropriation for Voluntary Income Tax Withholding was a one-time reimbursement to the trust funds for an overpayment made from the Trust Funds to the IRS. The quinquennial adjustment for Military Service Wage Credits was included in the FY 2008 appropriation. Coal Industry Retiree Health Benefit obligations are funded from prior year unobligated balances.

**Table 1.4—New Budget Authority and Obligations, Current Authority  
(in thousands)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<b>FY 2009 (Estimate)</b>
<b><u>Special Payments for Certain Uninsured Persons</u></b>			
Appropriation	\$ 16	\$ 13	\$ 6
Obligations	(\$ 16)	(\$ 13)	(\$ 6)
<b><u>Pension Reform</u></b>			
Appropriation	\$ 6,400	\$ 6,400	\$ 6,400
Obligations	(\$ 1,125)	(\$ 6,400)	(\$ 6,400)
<b><u>Unnegotiated Checks</u></b>			
Appropriation	\$ 14,000	\$ 14,000	\$ 14,000
Obligations	(\$ 10,085)	(\$ 14,000)	(\$ 14,000)
<b><u>Quinquennial Adj. for Military Wage Credits</u></b>			
Appropriation	\$ 0	\$ 7,727	\$ 0
Obligations	(\$ 0)	(\$ 7,727)	(\$ 0)
<b><u>Coal Industry Retiree Health Benefits</u></b>			
Appropriation	\$ 0	\$ 0	\$ 0
Obligations	(\$ 462)	(\$ 50)	(\$ 50)
<b><u>Voluntary Income Tax Withholding</u></b>			
Appropriation	\$ 1,297,614	\$ 0	\$ 0
Obligations	(\$ 1,297,614)	(\$ 0)	(\$ 0)
<b>Total Appropriation</b>	<b>\$ 1,318,030</b>	<b>\$ 28,140</b>	<b>\$ 20,406</b>
<b>Total Obligations</b>	<b>(\$ 1,309,302)</b>	<b>(\$ 28,190)</b>	<b>(\$ 20,456)</b>

The table below displays budget authority and obligations for the PTF activities not subject to the annual appropriation. This includes taxation of benefits, FICA and SECA tax credits, and reimbursement for certain union administrative expenses. The actual amount appropriated for these activities is determined by the actual amount collected from taxation of benefits and provided as FICA/SECA tax credits and actual union administrative expenses subject to reimbursement.

**Table 1.5—Budget Authority and Obligations,  
Permanent Indefinite Authority  
(in thousands)**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY 2009 (Estimate)
<b><u>Reimb. for Union Administrative Expenses</u></b>			
Appropriation	\$ 5,092	\$ 11,000	\$ 11,000
Obligations	(\$ 5,092)	(\$ 11,000)	(\$ 11,000)
<b><u>Taxation of Benefits, U.S.</u></b>			
Appropriation	\$ 17,865,099	\$ 18,534,000	\$ 22,695,000
Obligations	(\$ 17,865,099)	(\$ 18,534,000)	(\$ 22,695,000)
<b><u>Taxation of Benefits, Nonresident Alien</u></b>			
Appropriation	\$ 147,000	\$ 154,000	\$ 163,000
Obligations	(\$ 147,000)	(\$ 154,000)	(\$ 163,000)
<b><u>FICA Tax Credits</u></b>			
Appropriation	---	---	---
Obligations	---	---	---
<b><u>SECA Tax Credits</u></b>			
Appropriation	\$ 161	---	---
Obligations	(\$ 161)	---	---
<b>Total Appropriation</b>	<b>\$ 18,017,352</b>	<b>\$ 18,699,000</b>	<b>\$ 22,869,000</b>
<b>Total Obligations</b>	<b>(\$ 18,017,352)</b>	<b>(\$ 18,699,000)</b>	<b>(\$ 22,869,000)</b>

**BUDGET AUTHORITY BY OBJECT**

The table below displays the total PTF account by object class.

**Table 1.6—New Budget Authority by Object**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<b>FY 2009 (Estimate)</b>
<b>Insurance Claims and Indemnities</b>	\$ 19,329,164	\$ 18,709,740	\$ 22,872,006
<b>Other Services</b>	\$ 6,217	\$ 17,400	\$ 17,400
<b>Total Budget Authority</b>	<b>\$ 19,335,381</b>	<b>\$ 18,727,140</b>	<b>\$ 22,889,406</b>

**BACKGROUND**

**AUTHORIZING LEGISLATION**

The PTF account is authorized by the sections of the Social Security Act described below. Taxation of benefits is appropriated under permanent indefinite authority.

**Table 1.7—Authorizing Legislation (dollars in thousands)**

	<b>FY 2008 Amount Authorized</b>	<b>FY 2008 Enacted</b>	<b>FY 2009 Amount Authorized</b>	<b>FY 2009 Estimate</b>
Special payments for certain uninsured persons (Prouty): Social Security Act (S.S. Act), section 228(g)	Indefinite	\$ 13	Indefinite	\$ 6
Pension reform: S.S. Act, section 1131(b)(2)	Indefinite	\$6,400	Indefinite	\$ 6,400
Unnegotiated checks: S.S. Act, section 201(m); Social Security Amendments of 1983, section 152	Indefinite	\$14,000	Indefinite	\$ 14,000
Coal industry retiree health benefits: Internal Revenue Code of 1986, sections 9704 and 9706; Energy Policy Act of 1992, section 19141	Indefinite	---	Indefinite	---
Quinquennial adjustment for military service wage credits: S.S. Act, section 217(g)	Indefinite	\$ 7,727	Indefinite	---
<b>Subtotal annual PTF appropriation</b>		<b>\$ 28,140</b>		<b>\$ 20,406</b>
Reimbursement for union administrative expenses: FY 2008 Appropriation, P.L. 110-161	Indefinite	\$ 11,000	Indefinite	\$ 11,000
Taxation of benefits, U.S.: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 18,534,000	Permanent Indefinite	\$ 22,695,000
Taxation of benefits, nonresident aliens: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 154,000	Permanent Indefinite	\$163,000
<b>Total appropriation</b>		<b>\$ 18,727,140</b>		<b>\$ 22,889,406</b>



## APPROPRIATION HISTORY

The table below displays the annual appropriation requested by SSA, amounts approved by the House and Senate, and the amount ultimately appropriated by Congress. This does not include amounts appropriated under permanent indefinite authority. The FY 2006 appropriation included a supplemental appropriation for hurricane relief. The FY 2007 appropriation included a one-time reimbursement to the trust funds for an overpayment made from the trust funds to the IRS. The quinquennial adjustment for Military Wage Service Credits is included in the FY 2002 and FY 2008 enacted appropriations.

**Table 1.8—Appropriation History Table**

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Enacted Appropriation
<b>1999</b>	\$ 19,689,000	\$ 19,689,000	\$ 19,689,000	\$ 19,689,000
<b>2000</b>	\$ 20,764,000	\$ 20,764,000	\$ 20,764,000	\$ 20,764,000
<b>2001</b>	\$ 20,400,000	\$ 20,400,000	\$ 20,400,000	\$ 20,400,000
<b>2002<sup>1</sup></b>	\$ 434,400,000	\$ 434,400,000	\$ 434,400,000	\$ 434,400,000
<b>2003</b>	\$ 20,400,000	\$ 20,400,000	\$ 20,400,000	\$ 20,400,000
<b>2004</b>	\$ 21,658,000	\$ 21,658,000	\$ 21,658,000	\$ 21,658,000
<b>2005</b>	\$ 20,454,000	\$ 20,454,000	\$ 20,454,000	\$ 20,454,000
<b>2006</b>	\$ 20,470,000	\$ 20,470,000	\$ 20,470,000	\$ 20,470,000
<b>2006<sup>2</sup></b>	\$ 38,000,000	\$ 38,000,000	\$ 38,000,000	\$ 38,000,000
<b>2007<sup>3</sup></b>	\$ 27,756,000	\$ 20,416,000	\$ 20,416,000	\$ 20,416,000
<b>2007<sup>4</sup></b>	\$ 1,297,614,000	\$ 1,297,614,000	\$ 1,297,614,000	\$ 1,297,614,000
<b>2008<sup>5</sup></b>	\$ 28,140,000	\$ 28,140,000	\$ 28,140,000	\$ 28,140,000
<b>2009</b>	\$ 20,406,000			

<sup>1</sup> 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.

<sup>2</sup> FY 2006 Supplemental Appropriation providing for hurricane relief.

<sup>3</sup> The FY 2007 request included \$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 was not appropriated for FY 2007.

<sup>4</sup> 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.

<sup>5</sup> 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.

**SPECIAL PAYMENTS FOR CERTAIN UNINSURED PERSONS**

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

**PURPOSE AND METHOD OF OPERATION**

The purpose of this payment is to reimburse the OASI Trust Fund for the costs of special payments made to certain persons who were not insured for regular Social Security benefits (also know as “Special Age-72 Benefits” or “Prouty 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. The annual appropriation also includes adjustments for prior years, as necessary.

**Table 1.9—Special Payments for Certain Uninsured Persons: Budget Authority**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<b>FY 2009 (Estimate)</b>	<i>FY 08 to FY09 Change</i>
<b>Budget Authority</b>	\$ 16,000	\$ 13,000	<b>\$ 6,000</b>	-\$ 7,000

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.<sup>1</sup> In FY 2007, the maximum benefit amount was \$255.50. 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, 2007, there was only one person receiving benefits under this program, as compared to two people receiving on September 30, 2006.

<sup>1</sup> Special payments made to persons with three or more quarters of coverage were funded from the trust funds and not reimbursed from general revenues. There are no longer any individuals receiving benefits under this provision.

**Table 1.10—Special Payments for Certain Uninsured Persons: Obligations**

	<b>Obligations</b>
FY 2002	\$ 0
FY 2003	\$ 0
FY 2004	\$ 1,258,000
FY 2005	\$ 54,000
FY 2006	\$ 70,000
FY 2007	\$ 16,000
FY 2008 (estimate)	\$ 13,000
<b>FY 2009 (estimate)</b>	<b>\$ 6,000</b>

---

**RATIONALE FOR BUDGET REQUEST**

---

The FY 2009 President’s budget request is for payment of \$6,000 to the OASI Trust Fund for program costs incurred in FY 2007. Program costs include benefit payments actually made, administrative expenses for maintaining the beneficiary rolls, and interest lost to the trust fund. The FY 2008 appropriation was for payment to the OASI Trust Fund for program costs incurred in FY 2006.

**PENSION REFORM**

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

**PURPOSE AND METHOD OF OPERATION**

The purpose of this payment is to reimburse the OASI Trust Fund for the cost of certain pension reform activities chargeable to Federal funds.

**Table 1.11—Pension Reform: Budget Authority**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<b>FY 2009 (Estimate)</b>	<i>FY 08 to FY 09 Change</i>
<b>Budget Authority</b>	\$ 6,400,000	\$ 6,400,000	<b>\$ 6,400,000</b>	---

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 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.

SSA receives the necessary information from the IRS 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 the worker needs 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.

**Table 1.12—Pension Reform: Obligations**

	<b>Obligations</b>
FY 2003	\$ 455,000
FY 2004	\$ 6,400,000
FY 2005	\$ 4,291,000
FY 2006	\$ 1,942,000
FY 2007	\$ 1,125,000
FY 2008 (estimate)	\$ 6,400,000
<b>FY 2009 (estimate)</b>	<b>\$ 6,400,000</b>

**RATIONALE FOR BUDGET REQUEST**

The FY 2009 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 2008 pension reform costs in excess of the FY 2008 pension reform activity in this appropriation. The FY 2009 request is the same as in the FY 2008 budget. SSA has continued to receive a large volume of pension coverage reports from the IRS. The table below summarizes the recent trend:

**Table 1.13—Receipts from Pension Coverage Reports**

	<b>Pension Coverage Report Receipts</b>
FY 1999	4,094,000
FY 2000	3,763,000
FY 2001	2,016,000
FY 2002	3,003,000
FY 2003	1,570,000
FY 2004	5,621,371
FY 2005	5,363,409
FY 2006	6,003,014
<b>FY 2007</b>	<b>5,397,935</b>

**UNNEGOTIATED CHECKS**

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

**PURPOSE AND METHOD OF OPERATION**

The purpose of this payment is to reimburse the OASI and DI Trust Funds for the value of interest on benefit checks that remain uncashed after 6 months.

**Table 1.14—Unnegotiated Checks: Budget Authority**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY 2009 (Estimate)	<i>FY 08 to FY09 Change</i>
<b>Budget Authority</b>	\$14,000,000	\$14,000,000	<b>\$14,000,000</b>	---

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 14<sup>th</sup> 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.

**Table 1.15—Unnegotiated Checks: Obligations**

	<b>Obligations</b>
FY 2003	\$ 9,643,404
FY 2004	\$ 7,545,490
FY 2005	\$ 8,662,115
FY 2006	\$ 9,289,828
FY 2007	\$10,084,755
FY 2008 (Estimate)	\$ 14,000,000
<b>FY 2009 (Estimate)</b>	<b>\$ 14,000,000</b>

**RATIONALE FOR BUDGET REQUEST**

The FY 2009 request is for \$14,000,000 to reimburse the OASDI Trust Funds for the value of interest on unnegotiated checks.

**Table 1.16—Unnegotiated Checks: Budget Authority by Trust Fund**

	<b>FY 2009 (Estimate)</b>
OASI Trust Fund	\$ 11,000,000
DI Trust Fund	\$ 3,000,000
<b>Total</b>	<b>\$ 14,000,000</b>

The FY 2009 request is the same as the FY 2008 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 effect of the growth in direct deposit participation on unnegotiated check interest 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.

**Table 1.17—Direct Deposit Participation Rate**

	<b>Direct Deposit Participation Rate</b>
December 2002	<b>81%</b>
December 2003	<b>82%</b>
December 2004	<b>82%</b>
December 2005	<b>83%</b>
December 2006	<b>84%</b>
December 2007	<b>85%</b>

**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.

**PURPOSE AND METHOD OF OPERATION**

The purpose of this payment is to reimburse the OASDI 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).

**Table 1.18—Coal Industry Retiree Health Benefits: New Budget Authority**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>	<i>FY08 to FY09 Change</i>
<b>New Budget Authority Obligations</b>	---	---	---	---
	(\$461,502)	(\$50,000)	<b>(\$50,000)</b>	(---)

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

---

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 has implemented the Coal Act provisions of The Tax Relief and Health Care Act of 2006 (P.L. 109-432) which significantly impacted and restructured the Coal Act. After carefully reviewing the legislation, obtaining legal advice, and assessing how P.L. 109-432 affected existing policies and procedures, SSA complied with the provision that specifically directed 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.”

While SSA has devoted considerable Agency time and resources to comply with P.L. 109-432, it also remains active in one Coal Act case which is pending adjudication in the Federal Court. The case is as follows:

Nicewonder Group, LLC v. Astrue is pending in the United States District Court for the Western District of Virginia. Plaintiffs filed a complaint alleging that they are not related to a former United Mine Workers of America signatory operator and therefore they are not responsible for the premiums of the eight miners that have been assigned to them. SSA has recently responded to this complaint.

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 2009 because the \$10,000,000 per year appropriated in FY 1996 and in FY 1997 remains available until expended to reimburse the trust funds.

**MILITARY SERVICE WAGE CREDITS**

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

**PURPOSE AND METHOD OF OPERATION**

The purpose of this payment is to reimburse OASDI trust funds, as necessary, for the costs of granting noncontributory wage credits for military service. Section 217(g) addresses pre-1957 military service and payments to the trust funds for this purpose are authorized to be made every five years. Because \$7,727,000 was appropriated in FY 2008, there is no appropriation request for FY 2009.

**Table 1.19—Military Service Wage Credits: Budget Authority**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY 2009 (Estimate)	FY08 to FY09 Change
<b>Budget Authority</b>	---	\$7,727,000	---	-\$7,727,000

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.

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. For periods beginning FY 2016, the Commissioner of Social Security will determine the 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 these appropriations 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

## Payments to Social Security Trust Funds

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 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 FY 2008 appropriation provided funds for this adjustment, and the transfer was completed on December 31, 2007.

# **Supplemental Security Income Program**

CONTENTS

**APPROPRIATION LANGUAGE..... 48**

    Language Analysis..... 49

**GENERAL STATEMENT ..... 50**

    Program Overview ..... 50

    FY 2009 President’s Budget Request ..... 52

    Key Initiatives ..... 53

    Proposed Law..... 56

    Program Assessment Rating Tool..... 57

**BUDGETARY RESOURCES ..... 58**

    Analysis of Changes..... 60

    New Budget Authority and Obligations by Activity..... 62

    New Budget Authority and Obligations by Object..... 63

**BACKGROUND..... 64**

    Authorizing Legislation ..... 64

    Appropriation History ..... 65

**FEDERAL BENEFIT PAYMENTS ..... 66**

    Purpose and Method of Operation ..... 66

    Rationale for Budget Request ..... 66

    SSI Recipient Population ..... 67

    Benefit Payments ..... 69

**ADMINISTRATIVE EXPENSES..... 71**

    Purpose and Method of Operation ..... 71

    Rationale for Budget Request ..... 72

**BENEFICIARY SERVICES ..... 73**

    Purpose and Method of Operation ..... 73

    Rationale for Budget Request ..... 74

**RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH ..... 75**

    Purpose and Method of Operation ..... 75

    Rationale for Budget Request ..... 76

    Major reseach and Outreach Projects..... 77

    Related Funding Sources ..... 83

**TABLES**

Table 2.1—Appropriation Language Analysis .....	49
Table 2.2—Summary of Appropriations and Obligations .....	50
Table 2.3—Appropriation Detail .....	52
Table 2.4—Amounts Available for Obligation .....	58
Table 2.5—Summary of Changes .....	61
Table 2.6—New Budget Authority and Obligations by Activity (in thousands) .....	62
Table 2.7—New Budget Authority and Obligations by Object (in thousands) .....	63
Table 2.8—Authorizing Legislation .....	64
Table 2.9—Appropriation History .....	65
Table 2.10—Federal Benefit Payments: New Budget Authority and Obligations (in thousands) .....	66
Table 2.11—SSI Recipients, Actual (average over fiscal year, in thousands) .....	67
Table 2.12—SSI Recipients, Projected (average over fiscal year, in thousands) .....	67
Table 2.13—Blind or Disabled Recipients as a Percentage of Total (average over fiscal year, in thousands) .....	68
Table 2.14—Maximum Benefit Rates .....	69
Table 2.15—Average Monthly Benefit Payments .....	69
Table 2.16—Check Payments by Fiscal Year .....	70
Table 2.17—Administrative Expenses: New Budget Authority and Obligations (in thousands) .....	71
Table 2.18—Beneficiary Services: New Budget Authority and Obligations (in thousands) .....	73
Table 2.19—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands) .....	75
Table 2.20—Major Research Areas and Outreach: Obligations and New Budget Authority (in millions) .....	76
Table 2.21—Medicare Outreach: New Budget Authority and Obligations (in millions) .....	82
Table 2.22—Homeless Outreach: New Budget Authority and Obligations (in millions) .....	83

**APPROPRIATION LANGUAGE**

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, [\$27,000,191,000]\$30,414,000,000, 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]2010, \$15,400,000,000, to remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008.*)

## LANGUAGE ANALYSIS

---

The appropriation language provides the Social Security Administration (SSA) with the funds needed to carry out its responsibilities under the Supplemental Security Income (SSI) program. This includes the funds needed to pay Federal benefits, administer the program, provide beneficiary services to recipients, and conduct research and demonstration projects. The budget authority for these activities is made available until expended, providing SSA the authority to carryover unobligated balances for use in future fiscal years.

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2009 are higher than expected and SSA does not have sufficient unobligated balances to cover the difference. Consistent with previous years, the appropriation also includes an advance appropriation for Federal benefit payments in the first quarter of FY 2010 to ensure the timely payment of benefits in case of a delay in the FY 2010 appropriations bill.

**Table 2.1—Appropriation Language Analysis**

Language provision	Explanation
<p>“For carrying out titles XI and XVI of the Social Security Act... including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$30,414,000,000, to remain available until expended.”</p>	<p>Appropriates funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects under the SSI program. SSA may carryover unobligated balances for use in future fiscal years.</p>
<p>"<i>Provided</i>, 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."</p>	<p>Ensures that States do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.</p>
<p>"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."</p>	<p>Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.</p>
<p>"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2010, \$15,400,000,000, to remain available until expended."</p>	<p>Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that recipients will continue to receive benefits during the first quarter of FY 2010 in the event of a temporary funding hiatus.</p>



## GENERAL STATEMENT

The SSI program guarantees a minimum level of income to financially needy individuals who are aged, blind, or disabled. The program was created in 1972 by Title XVI of the Social Security Act and payments began January 1974. It is federally-administered and funded from general revenues.

Prior to the establishment of the SSI program, the Social Security Act provided means-tested assistance through three separate programs—Old-Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD). Federal law only established broad guidelines, with each State largely responsible for setting its own eligibility and payment standards. The SSI program was established to provide uniform standards across States.

**Table 2.2—Summary of Appropriations and Obligations**

	FY 2008 (Enacted)	FY 2009 (Estimate)	<i>Change</i>
Appropriation	\$ 43,756,170,423	<b>\$ 45,214,000,000</b>	+ \$ 1,457,829,577
Obligations	(\$ 44,402,115,000)	<b>(\$ 46,487,554,000)</b>	+ \$ 2,085,439,000
First Quarter Advance for Subsequent Fiscal Year	\$ 14,800,000,000	<b>\$15,400,000,000</b>	+ \$ 600,000,000

## PROGRAM OVERVIEW

### Eligibility Standards

As a means-tested program, individuals must have income and resources below specified levels to be eligible for benefits. Rules allow some specific categories of income and resources to be either totally or partially excluded.

An individual's benefit payment is reduced dollar for dollar by the amount of their "countable income"—income less all applicable exclusions—in a given month. Income in the SSI program includes "earned income" such as wages and net earnings from self-employment; and "unearned income" such as Social Security benefits, unemployment compensation, deemed income from a spouse or parent, and the value of in-kind support and maintenance such as food and shelter. Different exclusion rules apply for different types of income.

### Incentives for Work and Opportunities for Rehabilitation

The SSI program is designed to help recipients with disabilities achieve independence by encouraging and supporting their attempts to work. The program includes a number of work incentive provisions that enable recipients who are blind or disabled to work and retain benefits. The program also includes provisions to help disabled beneficiaries obtain vocational

## **Supplemental Security Income Program**

rehabilitation and employment support services. These provisions were revised by legislation establishing the Ticket to Work program, discussed in more detail below.

### **State Supplementation**

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, States are encouraged to supplement the Federal benefit and may elect to have their State supplementation program administered by SSA. States that choose to have SSA administer their program reimburse SSA in advance and SSA makes the payment on behalf of the State. Participating States also reimburse SSA for the cost of administering their program, based on a user fee schedule established by the Social Security Act. The user fee is \$9.85 per SSI check payment in FY 2008 and is expected to increase to \$10.12 in FY 2009. The Department of Treasury receives the first \$5.00 of each fee and SSA retains the amount over \$5.00.

### **Coordination with Other Programs**

SSA plays an important role in helping States administer the Medicaid and Food Stamp programs. Provisions in the SSI statute ensure that payments made by States or under the Social Security program are not duplicated by SSI benefits.

Generally, SSI recipients are categorically eligible for Medicaid. States may either use SSI eligibility criteria for determining Medicaid eligibility or use their own provided the criteria are no more restrictive than the State's January 1972 medical assistance standards.

SSI recipients may be eligible for food stamps. Social Security offices notify SSI applicants and recipients of their potential benefits under the Food Stamp program and make applications available to them.

### **Benefit Payments**

SSA estimates it will pay \$43.2 billion in Federal benefits to an estimated 7.3 million SSI recipients in FY 2009. Including State Supplementary payments, SSA expects to pay a total of \$47.9 billion and administer payments to a total of 7.6 million recipients.

Federal benefit payments represent over 93 percent of Federal SSI spending. Administrative expenses represent approximately 6.7 percent of spending; beneficiary services and research and demonstration projects make up the remainder.

## FY 2009 PRESIDENT'S BUDGET REQUEST

The SSI appropriation includes funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects. In total, the President's Budget request for FY 2009 is \$45,214,000,000. However, this includes \$14,800,000,000 made available for the first quarter of FY 2009 in the FY 2008 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2009, \$30,414,000,000—the total amount requested for FY 2009 less the advance already received.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$15,400,000,000 for Federal benefit payments in the first quarter of FY 2010. This advance is to ensure recipients continue to receive their benefits at the beginning of the subsequent fiscal year in case there is a delay in passing that year's appropriation.

**Table 2.3—Appropriation Detail<sup>1</sup>**

	FY 2008 (Enacted)	FY 2009 (Estimate)	Change
Federal Benefit Payments	\$ 40,675,000,000	\$ 42,027,000,000	+ \$ 1,352,000,000
<i>Advanced from Previous Year</i>	<i>16,810,000,000</i>	<i>14,800,000,000</i>	
<i>Regular</i>	<i>23,865,000,000</i>	<i>27,227,000,000</i>	
Administrative Expenses <sup>2</sup>	\$ 3,018,519,823	\$ 3,149,000,000	+ \$ 130,480,177
Beneficiary Services <sup>3</sup>	\$ 36,000,000	\$ 3,000,000	- \$ 33,000,000
Research and Demonstration <sup>2</sup>	\$ 26,650,600	\$ 35,000,000	+ \$ 8,349,400
<b>Total Appropriation <sup>2</sup></b>	<b>\$ 43,756,170,423</b>	<b>\$ 45,214,000,000</b>	<b>+ \$1,457,829,577</b>
<i>Advanced from Previous Year</i>	<i>16,810,000,000</i>	<i>14,800,000,000</i>	
<b><i>Regular</i></b>	<b><i>26,946,170,423</i></b>	<b><i>30,414,000,000</i></b>	
<b>Advance for Subsequent Year</b>	<b>\$ 14,800,000,000</b>	<b>\$ 15,400,000,000</b>	<b>+ \$ 600,000,000</b>

<sup>1</sup> Does not include State Supplementary payments and reimbursements or the corresponding State Supplementation user fee collections; user fees are included in the LAE appropriation.

<sup>2</sup> The FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects, pursuant to P.L. 110-161.

<sup>3</sup> FY 2009 President's Budget request is lower than FY 2008 enacted level due to revised Ticket to Work obligation projections. SSA will also use carryover of prior year unobligated balances in both years.

## KEY INITIATIVES

---

SSA continues to pursue efforts to ensure the proper management and stewardship of the SSI program.

### **Payment Accuracy**

For more than 70 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2006, 92.1 percent of SSI benefit payments were free of overpayment errors and 97.8 percent were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to a recipient's income, resources, or living arrangement.

Maintaining and improving payment accuracy remains a challenge. 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 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.

### **Continuing Disability Reviews and Non-Disability Redeterminations**

SSI continuing disability reviews (CDRs) are periodic reviews conducted to ensure recipients are still disabled according to Agency rules. The frequency of these reviews is dependent on the likelihood that a recipient's medical condition will change. Non-disability redeterminations (redeterminations) are periodic reviews that verify living arrangement, income levels, and other non-disability factors related to SSI eligibility. Similar to CDRs, the frequency of redeterminations is determined by the probability that changes affecting eligibility will occur.

CDRs and redeterminations are key activities in ensuring the integrity of the SSI program and maintaining and improving payment accuracy. In recent years, SSA has not been able to conduct as many CDRs and redeterminations as are needed. Budget limitations, coupled with an increase in SSA's core workloads, such as retirement claims, disability claims, and enumerations, have forced SSA to focus resources on these workloads to prevent degradation of fundamental Agency services.

The FY 2009 President's budget request includes \$372 million specifically for conducting SSI CDRs and redeterminations which would allow SSA to conduct approximately 213,000 SSI CDRs and 1,486,000 redeterminations. This funding is estimated to result in more than \$3.3 billion in savings to the SSI program over the next 10 years.

### **Pre-Effectuation Reviews**

The Deficit Reduction Act of 2005 provided SSA with the authority to conduct pre-effectuation reviews (PER) for favorable initial SSI adult blindness or disability determinations. SSA started conducting these reviews in April 2006. They are conducted before the individual is awarded benefits and are done to ensure the accuracy of the determinations made by State agencies.

The Social Security Disability Insurance (DI) program already required PERs, but prior to this legislation only SSI adult disability claims involving concurrent SSI/DI claims were subject to review. SSI PERs support the PMA initiative to reduce improper payments, improve the accuracy and integrity of the SSI program, and make the SSI and DI programs more consistent.

### **Combating Fraud**

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2007, SSA's Office of the Inspector General (OIG) received over 42,000 SSI fraud-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**

Complexity is inherent in the process of evaluating eligibility and payment levels for the SSI program and in addressing the accuracy of payments that have already been made. SSA remains committed to simplifying the SSI program and is exploring ways to do this in a fair and equitable manner.

### **Access to Financial Institutions (AFI)**

Unreported bank accounts are one of the largest causes of overpayments. SSA is currently conducting a pilot that allows SSA to automatically verify bank assets for SSI applicants through an electronic system. This is a promising activity that if found to be cost-effective could be expanded nationwide. The President's Budget request includes cap adjustment funding that could be used for a national roll-out of this initiative.

### Debt Collection

SSA currently makes use of the following debt collection tools that are authorized by law: benefit withholding, cross-program recovery, repayment by installment agreements, credit bureau reporting, administrative wage garnishment, and the Treasury offset program which includes administrative offset (e.g., Federal travel and expense reimbursements).

The Foster Care Independence Act of 1999 extended all of the debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs to the SSI program. In FY 2007, this enabled the Agency to collect \$1 billion in SSI overpayments, including Federally-administered State supplementation overpayments. Also in FY 2007, SSA recovered an additional \$92 million through a process that collects SSI overpayments through an automated offset against SSI underpayments.

SSA implemented three collection tools in FY 2002: administrative offset, credit bureau reporting, and cross program recovery. Through FY 2007, administrative offset and credit bureau reporting have contributed to the collection of \$329 million in SSI debt, and cross program recovery has collected \$343 million.

In FY 2005, SSA implemented administrative wage garnishment (AWG) which has collected \$3 million in SSI debt through FY 2007. In FY 2006, SSA implemented Federal salary offset (FSO), a collection tool that is used to collect delinquent overpayments owed by Federal employees including employees who work for SSA. In the future, SSA plans to implement the remaining authorized collection tools, which include interest charging, administrative cost recovery, and the use of private collection agencies.

### Computer Matching Programs

SSA routinely matches SSI recipient data with data maintained by other 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;
- Law Enforcement Agencies match for data on fugitive felons;
- 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);
- Bureau of Public Debt's Savings Bond records to detect unreported assets;
- Department of Defense (DOD) records to detect and verify DOD pension information;
- Veterans Administration pension data to offset SSI;

- Office of Personnel Management pension date to offset SSI;
- Railroad Retirement Board 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.;

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

## PROPOSED LAW

---

### **Extend SSI Eligibility to Refugees**

The FY 2009 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 2011.

## PROGRAM ASSESSMENT RATING TOOL

---

The SSI program earned a rating of “moderately effective” when it was reevaluated in 2007 using 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 and to make payments in the correct amount.

The Agency’s disability programs have grown significantly over the last 5 years and will continue to grow as increasing numbers of aging baby boomers move into their most disability prone years. At the same time, reduced funding has left the Agency unable to devote the workyears needed to keep up with the incoming workloads and backlogs have grown.

The urgency demanded by the size of the backlog prompted the Agency to develop the Hearings Backlog Reduction Plan. Over the next 5 years, with continued adequate funding, the hearings backlog would be eliminated. New initiatives will streamline approval of the most obvious cases of disability, increase the Agency’s capacity to hold hearings, and implement necessary modernizations to the hearing process. With the FY 2009 President’s budget, SSA expects to reduce both the initial disability claims and hearings pending levels and processing times, even while receipts increase.

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 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.

SSA is working to improve its ability to prevent over- and underpayments by using technology to obtain beneficiary information directly from the beneficiary and from independent sources sooner and more effectively. Obtaining accurate information in a timely manner is crucial for SSA to determine eligibility and benefit amount with greater accuracy.

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 August 2007, SSA published a Notice of Proposed Rule Making to simplify and improve the Ticket to Work program. SSA expects to publish the final regulation in early 2008. The changes would improve the overall effectiveness of the program assisting people with disabilities who want to become more economically self-sufficient through employment.



## BUDGETARY RESOURCES

The SSI annual appropriation consists of a regular appropriation made available by the current year's appropriation bill and an advance made available by the prior year's appropriation. This advance is for Federal benefit payments in the first quarter of the subsequent fiscal year to ensure recipients continue to receive their benefit in case there is a delay in passing that year's appropriation bill. The President's Budget request for FY 2009 is \$45,214,000,000, including \$14,800,000,000 appropriated in advance by the FY 2008 appropriations bill, P.L. 110-161.

**Table 2.4—Amounts Available for Obligation<sup>1</sup>**

	FY 2007 (Actual)	FY 2008 <sup>2</sup> (Enacted)	FY 2009 (Estimate)
<b>Total Annual Appropriation</b>	<b>\$ 40,181,169,000</b>	<b>\$ 43,756,170,423</b>	<b>\$ 45,214,000,000</b>
<i>Regular</i>	29,071,169,000	26,946,170,423	30,414,000,000
<i>Advanced</i>	11,110,000,000	16,810,000,000	14,800,000,000
Federal Unobligated Balance	\$ 1,233,251,161	\$ 2,151,608,817	\$ 1,505,664,240
Recovery of Prior-Year Obligations	\$ 294,413,152	\$ 0	\$ 0
Transfer <sup>3</sup>	\$ 1,989,088	\$ 0	\$ 0
<b>Subtotal Federal resources</b>	<b>\$ 41,710,822,401</b>	<b>\$ 45,907,779,240</b>	<b>\$ 46,719,664,240</b>
State Supp Reimbursements	\$ 4,294,829,818	\$ 4,476,000,000	\$ 4,667,000,000
State Supp Unobligated Balance	\$ 0	\$ 348,702,089	\$ 364,702,089
<b>Total Budgetary Resources</b>	<b>\$ 46,005,652,219</b>	<b>\$ 50,732,481,329</b>	<b>\$ 51,751,366,329</b>
<b>Federal Obligations</b>	<b>(\$39,559,213,584)</b>	<b>(\$ 44,402,115,000)</b>	<b>(\$ 46,487,554,000)</b>
State Supplement Obligations	(\$ 3,946,127,729)	(\$ 4,460,000,000)	(\$ 4,655,000,000)
<b>Total Obligations</b>	<b>(\$ 43,505,341,313)</b>	<b>(\$ 48,862,115,000)</b>	<b>(\$ 51,142,554,000)</b>
Unobligated Balance, End-of-Year	\$ 2,500,310,906	\$ 1,870,366,329	\$ 608,812,329
<i>Federal</i>	2,151,608,817	1,505,664,240	232,110,240
<i>State Supplemental</i>	348,702,089	364,702,089	376,702,089

<sup>1</sup> Does not include State Supplementation user fees; user fees are included in the LAE appropriation.

<sup>2</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

<sup>3</sup> Transfer from the LAE account to SSI for Qualified Medicare Beneficiaries work.

## Supplemental Security Income Program

The SSI annual appropriation was \$40.2 billion in FY 2007 and almost \$43.8 billion in FY 2008. Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of approximately \$53.7 million for SSI administrative expenses and \$349,000 for research and demonstration projects.

Because the amounts appropriated are made available until expended, SSA has the authority to carry over unobligated balances for use in future fiscal years. SSA carried over almost \$2.2 billion in Federal unobligated balances into FY 2008. Based on the FY 2008 appropriation and estimated obligations in FY 2008, SSA expects to carry over \$1.5 billion into FY 2009. SSA plans to use almost \$1.3 billion of this balance in FY 2009 and has reduced the FY 2009 request accordingly.

In addition to these appropriated amounts, SSA has spending authority in the amount of the advance reimbursement SSA receives from States to pay their State Supplementary benefits. Because States reimburse SSA in advance, SSA carries over the amount received for the October 1 payment, reimbursed at the end of September in the prior fiscal year, for use in the subsequent fiscal year.

## ANALYSIS OF CHANGES

---

The FY 2009 request represents almost a \$1.5 billion increase over the FY 2008 enacted level. The majority of this increase results from mandatory increases in Federal benefit payments due primarily to annual cost-of-living adjustments and an increase in SSI recipients.

In addition to the amount requested, SSA plans to use carryover of unobligated balances to partially fund Federal benefit payments, beneficiary services and research and demonstration projects in FY 2008 and FY 2009. SSA plans to use \$646 million in unobligated balances in FY 2008 and \$1.3 billion in FY 2009.

### **Federal Benefit Payments**

The increase in the FY 2009 request for Federal benefit payments is due to annual cost-of-living adjustments and an increase in SSI recipients. This increase is partially offset by the use of more carryover of prior-year unobligated balances in FY 2009 and the impact of OASDI COLAs on concurrent SSI/OASDI recipients. SSA expects to use \$550 million in carryover of prior-year unobligated balances in FY 2008 and \$1.2 billion in FY 2009; because OASDI benefits are counted as income in the SSI program, the annual OASDI COLA decreases the SSI benefit payment for concurrent recipients.

### **Administrative Expenses**

The total request for administrative expenses is \$130 million more than the enacted level in FY 2008. However, the FY 2009 request includes \$217 million in cap adjustment funding for program integrity work—CDRs, redeterminations, and asset verification initiatives. The base funding for SSI administrative expenses is \$87 million less than the FY 2008 enacted level.

### **Beneficiary Services**

The request for new budget authority in FY 2009 is less than the FY 2008 level because of revised Ticket to Work projections. Since the Ticket to Work Program became fully operational in 2004, actual activity has been lower than estimated; SSA's revised projections reflect this actual experience. This decrease is partially offset because SSA expects to have less carryover funding available in FY 2009. SSA carried over \$125 million in prior year unobligated balances for beneficiary services into FY 2008; SSA expects to use \$70 million of this balance in FY 2008 and \$54 million in FY 2009.

### **Research and Demonstration**

The request for new budget authority is higher than in FY 2008 because SSA expects to have less carryover funding available in FY 2009. SSA carried over \$40 million of prior-year unobligated balances for research and demonstration projects into FY 2008; SSA expects to use \$26 million of this balance in FY 2008 and \$9 million in FY 2009.

Table 2.5—Summary of Changes<sup>1</sup>

	FY 2008 <sup>2</sup> (Enacted)	FY 2009 (Estimate)	Change
<b>Appropriation</b>	<b>\$ 43,756,170,423</b>	<b>\$ 45,214,000,000</b>	<b>+ \$ 1,457,829,577</b>
<b>Estimated Obligations</b>	<b>(\$ 44,402,115,000)</b>	<b>(\$ 46,487,554,000)</b>	<b>+ \$ 2,085,439,000</b>
Obligations Funded from Prior-Year Unobligated Balances	\$ 645,944,577	\$ 1,273,554,000	+ \$ 627,609,423
		<b>FY 2008 Base Budget Authority</b>	<b>Change from Base</b>
<b><u>Increases: Built-In</u></b>			
A. <u>Federal Benefit Payments</u>		\$ 40,675,000	+ \$ 2,338,000
• <i>Cost-of-living adjustments (COLA)— 2.3% beginning January 2008 and 2.5% beginning January 2009</i>			+ 1,336,000
• <i>Increase of 159,000 recipients in FY 2009</i>			+ 1,002,000
B. <u>Administrative Expenses—Additional funding for program integrity workloads</u>		\$ 3,018,520	+ \$ 217,491
C. <u>Beneficiary Services— Decrease in amount of carryover funding available for obligation in FY 2009</u>		\$ 36,000	+ \$ 16,000
D. <u>Research and Demonstration— Decrease in amount of carryover funding available for obligation in FY 2009</u>		\$ 26,651	+ \$ 17,910
<b>Total</b>		<b>\$ 43,756,170</b>	<b>+\$ 2,589,401</b>
<b><u>Decreases: Built-In</u></b>			
A. <u>Federal Benefit Payments</u>		\$ 40,675,000	- \$ 986,000
• <i>Effect of OASDI COLA for concurrent SSI/OASDI recipients</i>			- 325,000
• <i>Increase in amount of carryover funding available in FY 2009</i>			- 661,000
B. <u>Administrative Expenses—Decreased base funding</u>		\$ 3,018,520	- \$ 87,011
C. <u>Beneficiary Services—Revised Ticket to Work projections</u>		\$ 36,000	- \$ 49,000
D. <u>Research and Demonstration Projects—Decrease due to several projects concluding in FY 2008</u>		\$ 26,651	- \$ 9,561
<b>Total</b>		<b>\$ 43,756,170</b>	<b>- \$ 1,131,572</b>
<b>Net Change to Budget Authority Requested</b>			<b>+ \$ 1,457,830</b>

<sup>1</sup> Does not include State Supplementary payments and reimbursements or the corresponding State Supplementation user fee collections; user fees are included in the LAE appropriation. Totals may not add due to rounding.

<sup>2</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

## NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

The table below displays budget authority and obligations for the four main SSI activities—Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects.

**Table 2.6—New Budget Authority and Obligations by Activity <sup>1</sup>**  
(in thousands)

	FY 2007 (Actual)	FY 2008 <sup>2, 3</sup> (Enacted)	FY 2009 <sup>4</sup> (Estimate)
<b><u>Federal Benefit Payments</u></b>			
Appropriation	\$ 37,204,000	\$ 40,675,000	\$ 42,027,000
Obligations	(\$ 36,481,898)	(\$ 41,225,000)	(\$ 43,238,000)
Monthly Check Payments	11	12	12
<b><u>Administrative Expenses</u></b>			
Appropriation	\$ 2,950,169	\$ 3,018,520	\$ 3,149,000
Obligations	(\$ 3,008,969)	(\$ 3,018,000)	(\$ 3,149,000)
<b><u>Beneficiary Services</u></b>			
Appropriation	\$ 0	\$ 36,000	\$ 3,000
Obligations	(\$ 35,115)	(\$ 106,000)	(\$ 57,000)
<b><u>Research and Demonstration</u></b>			
Appropriation	\$ 27,000	\$ 26,651	\$ 35,000
Obligations	(\$ 33,232)	(\$ 53,115)	(\$ 43,554)
<b>Total Appropriation</b>	<b>\$ 40,181,169</b>	<b>\$ 43,756,170</b>	<b>\$ 45,214,000</b>
<b>Total Obligations</b>	<b>(\$ 39,559,214)</b>	<b>(\$ 44,402,115)</b>	<b>(\$ 46,487,554)</b>

In FY 2007, SSA used carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects, and recoveries of prior year obligations to partially fund administrative expenses. In FY 2008 and FY 2009, SSA plans to use carryover of unobligated balances to partially fund Federal benefit payments, beneficiary services, and research and demonstration projects. The FY 2009 President's Budget request for these activities has been reduced accordingly.

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> In addition to the appropriated amounts, SSA expects to use carryover of prior year unobligated balances for FY 2008 obligations as follows: Federal benefits, \$550 million; beneficiary services, \$70 million; and research and demonstration projects, \$26 million.

<sup>3</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

<sup>4</sup> In addition to the FY 2009 President's budget request, SSA expects to use carryover of prior year unobligated balances for FY 2009 obligations as follows: Federal benefits, \$1,211 million; beneficiary services, \$54 million; and research and demonstration projects, \$9 million.

**NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT**

In the table below, “Other Services” includes administrative expenses and beneficiary services.

**Table 2.7—New Budget Authority and Obligations by Object  
(in thousands)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<b>FY 2009 (Estimate)</b>
<b><u>Other Services</u></b>			
Appropriation <sup>1</sup>	\$ 2,950,169	\$ 3,054,520	<b>\$ 3,152,000</b>
Obligations	(\$ 3,044,084)	(\$ 3,124,000)	<b>(\$ 3,206,000)</b>
<b><u>Federal Benefits and Research</u></b>			
Appropriation <sup>1</sup>	\$ 37,231,000	\$ 40,701,651	<b>\$ 42,062,000</b>
Obligations	(\$ 36,515,130)	(\$ 41,278,115)	<b>(\$ 43,281,554)</b>
<b>Total Appropriation <sup>1</sup></b>	<b>\$ 40,181,169</b>	<b>\$ 43,756,170</b>	<b>\$ 45,214,000</b>
<b>Total Obligations</b>	<b>(\$ 39,559,214)</b>	<b>(\$ 44,402,115)</b>	<b>(\$ 46,487,554)</b>

<sup>1</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

## BACKGROUND

### AUTHORIZING LEGISLATION

The SSI program is authorized by Title XVI of the Social Security Act. Section 1601 of the Act authorizes such sums as are sufficient to carry out the Title.

**Table 2.8—Authorizing Legislation**

	<b>FY 2008 Amount Authorized</b>	<b>FY 2008 (Enacted)</b>	<b>FY 2009 Amount Authorized</b>	<b>FY 2009 (Estimate)</b>
<b>Title XVI of the Social Security Act,</b> 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	\$ 43,756,170,423	Indefinite	\$ 45,214,000,000
<b>First Quarter Advance appropriation for subsequent fiscal year</b>	-	\$ 14,800,000,000	-	\$ 15,400,000,000

## APPROPRIATION HISTORY

The table below displays the President's Budget request, amounts passed by the House and Senate, and the actual amount appropriated, for the period FY 1999 to FY 2010. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

**Table 2.9—Appropriation History**

	Budget Request to Congress	House Allowance	Senate Allowance	Appropriation
1999	\$ 30,352,000,000	\$ 30,352,000,000	\$ 30,445,000,000	\$ 30,409,000,000
<i>Indefinite</i>	\$ 243,000,000			
2000	\$ 31,313,000,000	\$ 31,224,000,000	\$ 31,303,085,000	\$ 31,253,085,000
<i>Indefinite</i>	\$ 367,000,000			
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	\$ 34,824,618,000	\$ 34,696,392,000	\$ 34,704,392,000	\$ 34,704,392,000
<i>Indefinite</i>	\$ 578,881,680			
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 <sup>1</sup>	\$ 40,235,000,000	\$ 40,181,169,000	\$ 40,181,169,000	\$ 40,181,169,000
2008 <sup>2</sup>	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,815,500,000	\$ 43,756,170,423
<b>2009</b>	<b>\$ 45,214,000,000</b>			
<b>2010 <sup>3</sup></b>	<b>\$ 15,400,000,000</b>			

<sup>1</sup> The amounts passed by the House and Senate reflect the amounts included in the Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5).

<sup>2</sup> The amounts passed by the House and Senate reflect the amounts initially passed by the House on 7/17/07 and the Senate on 10/23/07. The conference bill included \$43,824,000,000 and was subsequently vetoed by the President. The final appropriation provided by P.L.110-161 includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

<sup>3</sup> Advance appropriation for the first quarter of FY 2010.



## FEDERAL BENEFIT PAYMENTS

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

### 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 and State programs. In FY 2009, SSA estimates benefit payments will total \$43.2 billion for 7.3 million Federal SSI recipients.

**Table 2.10—Federal Benefit Payments: New Budget Authority and Obligations (in thousands)**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY07 to FY08 Change	FY 2009 (Estimate)	FY08 to FY09 Change
<b>Appropriation</b>	<b>\$ 37,204,000</b>	<b>\$ 40,675,000</b>	<b>+ \$ 3,471,000</b>	<b>\$ 42,027,000</b>	<b>+ \$ 1,352,000</b>
Obligations funded from prior year unobligated balances	\$ 0	\$ 550,000	+ \$ 550,000	<b>\$ 1,211,000</b>	+ \$ 661,000
<b>Obligations</b>	<b>\$ 36,481,898</b>	<b>\$ 41,225,000</b>	<b>+ \$ 4,743,102</b>	<b>\$ 43,238,000</b>	<b>+ \$ 2,013,000</b>
Advance for subsequent fiscal year	\$ 16,810,000	\$ 14,800,000	- \$ 2,010,000	<b>\$ 15,400,000</b>	+ \$ 600,000

### RATIONALE FOR BUDGET REQUEST

SSA is requesting \$42.0 billion in new budget authority for Federal benefit payments in FY 2009. In addition, SSA plans to use \$1.2 billion in carryover of unobligated balances to fund the estimated \$43.2 billion in Federal benefit payment obligations in FY 2009.

SSA estimates benefit payments based on a number of interrelated factors including the number of SSI recipients, number of applications, award and termination rates, cost-of-living adjustments, maximum benefit rates, and average payment amounts.

## SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from over 6.5 million in FY 2003 to 7 million in FY 2007 and is expected to continue to increase to 7.3 million in FY 2009. The estimated increase in Federal recipients in FY 2009 represents a 2.2 percent increase over the FY 2008 level. SSA estimates the number of SSI recipients by analyzing a number of factors including applications, award and termination rates, and funding for program integrity initiatives.

**Table 2.11—SSI Recipients, Actual<sup>1</sup>**  
(average over fiscal year, in thousands)

	FY 2004	FY 2005	FY 2006	FY 2007
Aged	1,133	1,118	1,116	1,111
Blind or Disabled	5,533	5,657	5,762	5,892
<b>Total Federal</b>	<b>6,666</b>	<b>6,775</b>	<b>6,878</b>	<b>7,003</b>
<b>Year-to-Year Change</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.5%</b>	<b>1.8%</b>
State Supplement Only	288	290	291	296
<b>Total Federally Administered</b>	<b>6,954</b>	<b>7,065</b>	<b>7,169</b>	<b>7,300</b>

In addition to Federal SSI recipients SSA administers State Supplementary payments for 23 States and the District of Columbia. SSA administers payments for approximately 2.5 million State Supplementation recipients annually, of which approximately 300,000 do not receive a Federal SSI benefit and only receive the State Supplementary benefit.

**Table 2.12—SSI Recipients, Projected**  
(average over fiscal year, in thousands)

	FY 2008 (Estimate)	FY07 to FY08 Change	FY 2009 (Estimate)	FY08 to FY09 Change
Aged	1,107	- 0.4%	1,106	- 0.1%
Blind or Disabled	6,048	+ 2.6%	6,208	+ 2.6%
<b>Total Federal</b>	<b>7,155</b>	<b>+ 2.2%</b>	<b>7,314</b>	<b>+ 2.2%</b>
State Supplement only	301	+ 1.7%	307	+ 2.0%
<b>Total Federally Administered</b>	<b>7,456</b>	<b>+ 2.1%</b>	<b>7,622</b>	<b>+ 2.2%</b>

<sup>1</sup> Totals may not add due to rounding.

### SSI Disabled vs. Aged Recipient Population

The number of blind or disabled SSI recipients as a percentage of all SSI recipients has steadily increased from 75.5 percent in FY 1993 to 84.1 percent in FY 2007. It is expected to continue to increase to 84.9 percent in FY 2009. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this consistent shift in the population make-up increases overall SSI benefit payments.

**Table 2.13—Blind or Disabled Recipients as a Percentage of Total  
(average over fiscal year, in thousands)**

Fiscal Year	Total	Aged	Blind or Disabled	Blind or Disabled as % of Total
1995	6,070	1,327	4,743	<b>78.1%</b>
2000	6,328	1,203	5,125	<b>81.0%</b>
2005	6,775	1,118	5,657	<b>83.5%</b>
2006	6,878	1,116	5,762	<b>83.8%</b>
2007	7,003	1,111	5,892	<b>84.1%</b>
2008 (estimate)	7,155	1,107	6,048	<b>84.5%</b>
2009 (estimate)	7,314	1,106	6,208	<b>84.9%</b>

### Concurrent SSI/OASDI Recipients

SSI recipients also receiving OASI or DI benefits have their SSI benefit reduced, less applicable exclusions, by the amount of their OASDI benefit. Approximately 35 percent of all SSI recipients (including those only receiving a State Supplement) also receive Social Security benefits. Approximately 57 percent of the SSI aged and 31 percent of the SSI blind and disabled populations receive concurrent payments.

## BENEFIT PAYMENTS

### Maximum Monthly Federal Payments

The maximum monthly Federal Benefit Rate (FBR) is increased each January based on increases in the cost-of-living. A 2.3 percent increase was effective January 2008 and a 2.5 percent increase is projected for January 2009. The FBR increased from \$623 for an individual and \$934 for a couple in calendar year (CY) 2007 to \$637 for an individual and \$956 for a couple in CY 2008. SSA estimates the FBR will increase to \$653 for an individual and \$980 for a couple in CY 2009. Because the COLA is effective January of each year, the maximum benefit rate in the first 3 months of a given fiscal year is lower than in the last 9 months.

**Table 2.14—Maximum Benefit Rates**

	<b>FY 2008</b>		<b>FY 2009</b>	
	<b>First 3 Months</b>	<b>Last 9 Months</b>	<b>First 3 Months</b>	<b>Last 9 Months</b>
Individual	\$ 623	\$ 637	<b>\$ 637</b>	<b>\$ 653</b>
Couple	\$ 934	\$ 956	<b>\$ 956</b>	<b>\$ 980</b>

### Average Monthly Benefit Payments

The amount actually paid to a recipient can vary from the FBR based on their income received (e.g., earnings and Social Security benefits) and the living arrangement 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). The average monthly benefit is expected to increase from \$458 in FY 2007 to \$473 in FY 2008 and \$486 in FY 2009. The increase in the average benefit payment is a factor of annual cost-of-living adjustments and recipient population characteristics.

**Table 2.15—Average Monthly Benefit Payments**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>
Aged	\$ 324	\$ 333	<b>\$ 343</b>
Blind or Disabled	\$ 483	\$ 499	<b>\$ 511</b>
All SSI Recipients	\$ 458	\$ 473	<b>\$ 486</b>

**Annual Cost of Living Adjustments**

Annual cost of living adjustments increase both the maximum and average monthly benefit payment. However, the increase in the average benefit payment, and therefore overall SSI benefit payments, is partially offset by the increase in Social Security benefits resulting from the same COLA for concurrent SSI/OASDI recipients. Social Security benefits are counted as income in the SSI program. Therefore, any increase in Social Security benefits resulting from the annual COLA increases countable income and reduces SSI benefits.

**Program Integrity Funding**

Annual benefit payment estimates are based on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2009 estimate assumes SSA receives the funding to conduct 213,000 SSI CDRs and 1,486,000 non-medical redeterminations.

**Timing of Monthly Benefit Payments**

Monthly Federal SSI benefit payments are made on the first of the month, unless the first falls on a weekend or Federal holiday. In that case, the payment is made on the prior business day at the end of the previous month. When October 1 falls on a weekend or Federal holiday, the payment is made at the end of September and therefore in the prior fiscal year. This timing of payments results in 11, 12, or 13 payments in a given fiscal year.

**Table 2.16—Check Payments by Fiscal Year**

	Number of Check Payments	Federal Benefit Obligations
<b>FY 2003</b>	12	\$ 32,488,105,000
<b>FY 2004</b>	12	\$ 33,803,282,000
<b>FY 2005</b>	13	\$ 38,271,653,000
<b>FY 2006</b>	12	\$ 37,510,765,017
<b>FY 2007</b>	11	<b>\$ 36,481,897,840</b>
<b>FY 2008</b>	12	<b>\$ 41,225,000,000</b>
<b>FY 2009</b>	12	<b>\$ 43,238,000,000</b>

## ADMINISTRATIVE EXPENSES

**Authorizing Legislation:** Sections 201(g)(1) of the Social Security Act.

### PURPOSE AND METHOD OF OPERATION

Administrative expenses for the SSI program are funded from general revenues. Section 201(g)(1) of the Social Security Act provides that administrative expenses for the 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.

This appropriation funds SSI program’s share of administrative expenses incurred through the Limitation on Administrative Expenses (LAE) account. Amounts appropriated are available for current-year SSI administrative expenses, as well as for prior-year administrative expenses that exceeded the amount available through this account for the prior year. If those excess prior year amounts were paid out of the Social Security trust funds, then current year SSI funds must be used to reimburse the Social Security trust funds with interest.

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 (the LAE account). This requires that the trust funds and the SSI account pay their appropriate amounts. The determination is 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 mandates a final settlement by the end of the subsequent fiscal year as required by law.

**Table 2.17—Administrative Expenses: New Budget Authority and Obligations (in thousands)**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY07 to FY08 Change	FY 2009 (Estimate)	FY08 to FY09 Change
<b>Appropriation</b>	\$ 2,950,169	\$ 3,018,520	+ \$ 68,351	<b>\$ 3,149,000</b>	+ \$ 130,480
<b>Obligations <sup>1</sup></b>	(\$ 3,008,969)	(\$ 3,018,000)	+ \$ 9,031	<b>(\$ 3,149,000)</b>	+ \$ 131,000

<sup>1</sup> In FY 2007, SSA partially funded administrative expenses with recoveries of prior-year obligations.

## RATIONALE FOR BUDGET REQUEST

---

The FY 2009 request for SSI administrative expenses is \$3,149,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$217 million specifically for program integrity activities in FY 2009.

These amounts exclude funding made available in the LAE account from State user fees for SSA expenses for administering SSI State supplementary payments. The LAE account assumes funding of up to \$132,641,550 for SSI State Supplement user fees in FY 2008 and up to \$145,000,000 from this source in FY 2009.<sup>1</sup>

---

<sup>1</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$2,358,450 from user fees collected for administration of SSI State Supplementary payments.

## BENEFICIARY SERVICES

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

### PURPOSE AND METHOD OF OPERATION

A majority of the funds to be obligated for this activity in FY 2009 will be used to reimburse Vocational Rehabilitation (VR) agencies for reasonable and necessary costs of services which result in disabled SSI recipients being successfully rehabilitated (section 1615(d) of the Social Security Act). For SSI recipients, VR's objective 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.

**Table 2.18—Beneficiary Services: New Budget Authority and Obligations  
(in thousands)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<i>FY07 to FY08 Change</i>	<b>FY 2009 (Estimate)</b>	<i>FY08 to FY09 Change</i>
<b>Appropriation</b>	<b>\$ 0</b>	<b>\$ 36,000</b>	<b>+ \$ 36,000</b>	<b>\$ 3,000</b>	<b>- \$ 33,000</b>
Obligations Funded from Prior-Year Unobligated Balances	\$ 35,115	\$ 70,000	+ \$ 34,885	<b>\$ 54,000</b>	- \$ 16,000
<b>Obligations</b>	<b>(\$ 35,115)</b>	<b>(\$ 106,000)</b>	<b>+ \$ 70,885</b>	<b>(\$ 57,000)</b>	<b>- \$49,000</b>

A portion of the FY 2009 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 VR 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 BUDGET REQUEST

---

SSA is requesting \$3 million in new budget authority for this activity for FY 2009 because carryover funding of \$55 million will be used to cover most of the estimated obligations in FY 2009. The estimate for FY 2009 for VR services to disabled SSI recipients assumes over 6,000 payment awards for successful rehabilitation and ticket-related cessations. To improve the overall effectiveness of the program, a number of revisions have been proposed in the “Amendments to the Ticket to Work and Self –Sufficiency Program” regulation which is expected to be published early in 2008. The new budget authority request for FY 2009 would ensure that SSA has sufficient funding to serve the potential beneficiaries should the anticipated changes from this new, improved regulation take effect in FY 2009.

The average cost per award under the reimbursement program was estimated in the FY 2008 President’s budget to be \$8,700 in FY 2008. The current estimate reflects a revised cost per case of \$9,300 in FY 2008 which is expected to increase to \$9,600 in FY 2009. 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.

## RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

**Authorizing Legislation:** Sections 1110, 1115, and 1144 of the Social Security Act

### PURPOSE AND METHOD OF OPERATION

SSA conducts research and outreach under sections 1110, 1115, and 1144, as well as section 234 of the Social Security Act. Projects funded under section 234, however, are not a part of this appropriations request.

**Table 2.19—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands)**

	FY 2007 (Actual)	FY 2008 <sup>1</sup> (Estimate)	<i>FY07 to FY08 Change</i>	FY 2009 (Estimate)	<i>FY08 to FY09 Change</i>
<b>Appropriation</b>	<b>\$ 27,000</b>	<b>\$ 26,651</b>	<b>- \$ 349</b>	<b>\$ 35,000</b>	<b>+ \$ 8,349</b>
Net obligations funded from prior-year unobligated balances	\$ 6,232	\$ 26,464	+ \$ 20,232	<b>\$ 8,554</b>	- \$ 17,910
<b>Obligations</b>	<b>(\$ 33,232)</b>	<b>(\$ 53,115)</b>	<b>+ \$ 19,883</b>	<b>(\$ 43,554)</b>	<b>- \$ 9,561</b>

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 outreach regarding Medicare cost-sharing, 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.

<sup>1</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation for research and demonstration projects includes a rescission of \$349,400.

## RATIONALE FOR BUDGET REQUEST

SSA's research budget is designed to provide significant support for key Administration priorities. The budget supports projects such as the *Compassionate Allowances Initiative* that is integral to improving the disability process; projects that provide opportunities for disability beneficiaries to achieve economic independence through work; and projects to assure the solvency of the trust funds by providing analytical and data resources for use in preparing and reviewing reform proposals. 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. Additionally, 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.

SSA's FY 2009 extramural research budget is less than 1 percent of the administrative budget and only a fraction of program expenditures. The discussion that follows describes SSA's planned research and outreach efforts 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.

**Table 2.20—Major Research Areas and Outreach:  
Obligations and New Budget Authority<sup>1</sup>**

	Obligations		
	FY 2007 (Actual)	FY 2008 (Estimate)	FY 2009 (Estimate)
Return-to-Work/New Freedom Initiative	\$ 10.0	\$ 12.8	\$ 10.1
Infrastructure	\$ 6.3	\$ 19.5	\$ 17.9
Solvency	\$ 10.7	\$ 17.0	\$ 12.6
Outreach	\$ 6.2	\$ 3.8	\$ 3.0
<b>Total Obligations</b>	<b>\$ 33.2</b>	<b>\$ 53.1</b>	<b>\$ 43.6</b>
<b>New Budget Authority</b>	<b>\$ 27.0</b>	<b>\$ 26.7</b>	<b>\$ 35.0</b>

<sup>1</sup> Does not include funding authorized under section 234.

## MAJOR RESEARCH AND OUTREACH PROJECTS

---

Below is summary of the major research and demonstration projects, by category, being conducted by SSA:

### **Return to Work/New Freedom Initiative**

SSA's FY 2008 and FY 2009 budgets reflect significant resource commitments for extramural research in the area of returning 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 2009 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. (We plan to fund some of these projects under section 234 authority.) 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 both 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*— The Youth Transition Demonstration (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. Five of those projects remain fully operational while two have ended. The remaining projects include two in New York and one each in California, Colorado and Mississippi.

A second round of YTD site selection began in the fall of 2006, when SSA awarded funding to five organizations to implement pilot projects in 2007. In November of 2007, on the basis of a systematic assessment of the pilot operation and advancement of the SSA research agenda, three of these organizations were selected to fully implement their YTD projects beginning in 2008. Those selected were: The Broadened Horizons Brighter Futures Program, operated by Abilities Inc. of Florida; The Career Transition Program operating in Montgomery County, Maryland; and West Virginia Youth Works which partners with the Human Resource Development Foundation, Inc. Each of these selected organizations will receive funding to operate its project for four years

and will participate in all aspects of the evaluation, including random assignment. Three of the original projects (both New York projects and the Colorado project), as well as the three new projects (Florida, Maryland and West Virginia) will be participating in a supplemental random assignment impact study, for a total of six sites.

The projects focus on youth between the ages of 14 and 25 who receive (or could receive) disability benefits. The overarching goal 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 participants to work and save for their future. Throughout implementation of YTD, project staff receives technical assistance and training. The project has joint funding with section 234, as appropriate, based on the participation of both 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 2007, 333 of 1,118 participants (30 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 2006.

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.

### **Infrastructure Projects**

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:

#### *Compassionate Allowances Initiative*

The Compassionate Allowances (CA) initiative is designed to quickly identify diseases and other medical conditions that invariably qualify under the Listing of Impairments based on minimal objective medical information.

## Supplemental Security Income Program

- CA determinations can be made as soon as the diagnosis and onset date are confirmed and other necessary medical evidence is obtained.
- For example, individuals with catastrophic congenital anomalies (such as the most common form of Down syndrome), acute leukemia, amyotrophic lateral sclerosis, and pancreatic cancer would fall into this category.

The CA initiative is designed to 1) expedite disability determinations for individuals who, often at the time of application, meet SSA's medical criteria for disability; and 2) reduce SSA's disability hearings backlog, by ensuring that such claims are allowed early in the claims process.

Funding of this initiative supports the following activities:

- Interagency Agreements with the National Institutes of Health, including agreements with its individual institutes and grantees;
- Development of an up-to-date, disease-specific medical information database specifically designed to be applicable to SSA's disability criteria;
- Investigation of how advances in medical and information systems technologies can be applied to expedite SSA's processing of compassionate allowances;
- Obtaining expert advice from organizations such as the Institute of Medicine or the National Academy of Social Insurance on discreet medical issues pertaining to SSA's medical criteria for determining disability;
- Development of user-friendly tools designed to aide claimants' interactions with SSA's disability claims processes; and
- Field testing and implementation of tools designed to improve disability processes.

### Evaluation of Ticket to Work

The Ticket to Work and Work Incentives Improvement Act of 1999 requires the Commissioner of Social Security to provide for independent evaluations to assess the effectiveness of the Ticket to Work program. The Act also requires the Commissioner to submit a report to Congress with recommendations for methodology to adjust payment rates to ensure adequate incentives for the provision of services by employment networks (EN).

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 repeated survey of beneficiaries with 4 waves of interviews between 2004 and 2009. SSA submitted the first (post-2003) evaluation report to Congress in August 2004. SSA also released an interim report following the 2004 fiscal year. SSA sent the post-2005 evaluation report to Congress in October 2007 and is completing the post-2006 evaluation report.

The findings thus far indicate that the Ticket program has significant potential but that improvements in beneficiary awareness and EN incentives are needed. Survey findings show that many more beneficiaries are interested in employment and working their way off disability

benefits than is reflected in Ticket to Work program participation. Most beneficiaries remain unaware of the Ticket to Work program despite various efforts by SSA to publicize the program. Among those who are aware of the program, some have tried to use their Ticket but have been unable to find an EN to accept it. Participation by ENs has been disappointing, and the evaluation indicates that the current payment rules are not providing enough revenue to ENs to cover their costs. SSA initiatives to reduce EN costs have helped but have not significantly affected EN profitability. The proposed changes to the Ticket to Work program regulations are designed to address this cost/revenue imbalance and hold promise for reinvigorating the program.

Other Disability Research

Other disability research includes projects which provide broad program analysis and development in support of the SSDI and SSI programs. These projects include studies of program policy issues, the identification of trends in the disability programs, the formulation of SSA policy regarding crosscutting programs or issues related to disability and/or income assistance programs and the development and implementation of policy and procedures on SSDI and SSI work incentives.

**Solvency Initiatives**

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 21<sup>st</sup> 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. The RRC is funded under 5-year cooperative agreements. The current agreements support centers based at the University of Michigan, Boston College, and the National Bureau of Economic Research, which provide the Agency with access to the best analysts on the full range of Social Security issues. 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

## Supplemental Security Income Program

accounts and investment behavior, and lessons from abroad. We expect to award new 5-year agreements in FY 2008.

### 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 been extended well into the 21<sup>st</sup> 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 to the Census Bureau and HRS support improvements to the quality of survey data that are of particular importance for Social Security, more complete linkage of program and survey data, and greater usage of data by researchers.

## Outreach Projects

SSA is responsible for several outreach efforts, including outreach to low-income beneficiaries who may be eligible for additional assistance with medical expenses.

### Medicare Outreach – Section 1144

Medicare Buy-in Outreach, required by section 1144 of the Social Security Act, requires SSA to conduct outreach to SSA beneficiaries and former beneficiaries who may potentially qualify for Medicare cost-sharing assistance. Outreach for Medicare Part A (hospital insurance) and Medicare Part B (medical insurance) is 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.



**Table 2.21—Medicare Outreach: New Budget Authority and Obligations  
(in millions)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>
<b>Appropriation</b>	\$ 3.0	\$ 3.0	<b>\$ 3.0</b>
<b>Obligations</b>	(\$ 2.2)	(\$ 3.0)	<b>(\$ 3.0)</b>

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. Beneficiaries with incomes of 135 percent to less than 150 percent of poverty received outreach letters with subsidized Part D information, without reference to cost-sharing assistance with traditional Medicare. SSA also sent outreach letters to former disability insurance beneficiaries without Medicaid who may be eligible for State Medicaid cost-sharing for their purchase of Medicare Part A.

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*

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 2004, SSA awarded funds to 41 service providers nationwide who currently provide outreach services to the homeless population. Of the 41 service providers, 34 provide outreach efforts through April 2008, and 7 will continue to October 2008. The service providers began enrolling project participants in September 2004. As of October 2007, Homeless Outreach Project & Evaluation (HOPE) grantees enrolled 9,054 homeless individuals in to the HOPE project. Of those, 2,976 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 demonstrate the effectiveness of using skilled medical and social service providers to identify and engage homeless individuals with disabilities and assist them with the application process.

In September 2004, SSA awarded an evaluation contract to Westat Inc. The evaluation report was completed in October 2007.

**Table 2.22—Homeless Outreach: New Budget Authority and Obligations  
(in millions)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>
<b>Appropriation</b>	\$ 4.6	\$ 0.8	<b>\$ 0</b>
<b>Obligations</b>	(\$ 4.0)	(\$ 0.8)	<b>(\$ 0)</b>

---

**RELATED FUNDING SOURCES**

---

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 \$39.4 million for FY 2008 and \$34.3 million for FY 2009. FY 2008 and FY 2009 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 section 234 authorization 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.

# **Limitation on Administrative Expenses**

**CONTENTS**

**APPROPRIATION LANGUAGE..... 86**  
 Language Analysis..... 88

**GENERAL STATEMENT..... 90**  
 Limitation on Administrative Expenses Overview ..... 90  
 FY 2009 President’s Budget ..... 90  
 Performance Targets ..... 92  
 Recent Accomplishments..... 93  
 President’s Management Agenda (PMA) ..... 93  
 Program Assessment Rating Tool (PART)..... 95  
 Annual Performance Plan (APP) ..... 96

**BUDGETARY RESOURCES ..... 97**  
 Budget Authority and Outlays ..... 98  
 Analysis of Changes..... 99  
 Budgetary Resources by Object..... 102

**SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS..... 104**

**BACKGROUND ..... 108**  
 Authorizing Legislation ..... 108  
 Appropriation History ..... 109

**ADDITIONAL BUDGET DETAIL ..... 112**  
 Size and Scope of SSA’s Programs ..... 112  
 Full Time Equivalents and Workyears..... 113  
 Social Security Advisory Board..... 113  
 SSA e-Gov Contributions ..... 114  
 Employment..... 117

TABLES

Table 3.1—Appropriation Language Analysis.....	88
Table 3.2—Key Performance Targets .....	92
Table 3.3—Amounts Available for Obligation (in thousands).....	97
Table 3.4—Budget Authority and Outlays (in thousands) .....	98
Table 3.5—Summary of Changes (in thousands).....	99
Table 3.6—Explanation of LAE Budget Increases (dollars in thousands).....	100
Table 3.7—Explanation of LAE Budget Decreases (dollars in thousands).....	101
Table 3.8—Budgetary Resources by Object (in thousands).....	102
Table 3.9—FY 2008 House Report—Significant Items.....	104
Table 3.10—FY 2008 Senate Report—Significant Items .....	106
Table 3.11— <i>Consolidated Appropriations Act, 2008</i> : Explanatory Statement— Significant Items .....	107
Table 3.12—Authorizing Legislation (dollars in thousands) .....	108
Table 3.13—Appropriations History Table .....	109
Table 3.14—Federal Benefit Outlays (dollars in billions).....	112
Table 3.15—Beneficiaries (average in payment status, in millions).....	112
Table 3.16—SSA Supported Federal and State Workyears .....	113
Table 3.17—SSA e-Gov Contributions (in thousands) .....	114
Table 3.18—Other SSA Expenses/Service Fees Related to e-Gov Projects (in thousands).....	116
Table 3.19—Detail of Full-Time Equivalent Employment .....	117
Table 3.20—Average Grade and Salary .....	117

## APPROPRIATION LANGUAGE

### 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 [\$9,781,842,000] \$9,941,000,000 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] 2009 not needed for fiscal year [2008] 2009 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 \$264,000,000 shall be available for the direct cost associated with conducting continuing disability reviews under titles II and XVI of the Social Security Act and for the direct cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act.*

## Limitation on Administrative Expenses

*In addition to the amounts made available above, and subject to the same terms and conditions, \$240,000,000, for additional continuing disability reviews and redeterminations of eligibility, of which, upon a determination by the Commissioner of Social Security that each such initiative would be at least as cost-effective as redeterminations of eligibility, up to \$40,000,000 shall be available for one or more initiatives to improve the disability process and up to \$34,000,000 shall be available for one or more initiatives to improve asset verification: Provided, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these additional amounts, similar to the reports that were required by section 103(d)(2) of P.L. 104-121 (42 U.S.C. 401 note) for fiscal years 1996 through 2002.*

In addition, [\$135,000,000] \$145,000,000 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 sections in fiscal year [2008] 2009 exceed [\$135,000,000] \$145,000,000, the amounts shall be available in fiscal year [2009] 2010 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. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008.*)

**LANGUAGE ANALYSIS**

The Limitation on Administrative Expenses (LAE) appropriation language provides the Social Security Administration with the funds needed to administer the Old Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI) programs, and to support the Centers for Medicare and Medicaid Services in administering their programs. The LAE account itself is funded by the OASI, DI, and Medicare trusts funds for their share of administrative expenses, by the general fund for the SSI program’s share of administrative expenses, and through applicable user fees. The language provides the limitation on the amounts that may be expended, in total from these separate sources, for the administrative expenses of the Agency.

In addition to the base request, SSA is requesting \$240,000,000 in cap adjustment funding specifically for program integrity workloads including continuing disability reviews (CDRs) and SSI non-medical redeterminations (redeterminations). SSA may use up to \$40,000,000 of these funds to improve the disability process and up to \$34,000,000 on asset verification initiatives, pending determination that these initiatives are at least as cost-effective as redeterminations.

In addition to the appropriated amounts SSA is authorized to spend up to \$145,000,000 in SSI State Supplemental user fees and up to \$1,000,000 in non-attorney representative fees.

**Table 3.1—Appropriation Language Analysis**

Language Provision	Explanation
<p><i>“Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year [2008] 2009 not needed for fiscal year [2008] 2009 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>Allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.</p>
<p><i>“From funds provided under the first paragraph, not less than \$264,000,000 shall be available for the direct cost associated with conducting continuing disability reviews under titles II and XVI of the Social Security Act and for the direct cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act.”</i></p>	<p>Of the \$9,941,000,000 appropriated for the LAE account, \$264,000,000 shall be available for conducting DI and SSI CDRs and SSI redeterminations of eligibility.</p>

**\*\*Appropriation Language Analysis continued on the next page\*\***



## Limitation on Administrative Expenses

*“In addition to the amounts made available above, and subject to the same terms and conditions, \$240,000,000, for additional continuing disability reviews and redeterminations of eligibility, of which, upon a determination by the Commissioner of Social Security that each such initiative would be at least as cost-effective as redeterminations of eligibility, up to \$40,000,000 shall be available for one or more initiatives to improve the disability process and up to \$34,000,000 shall be available for one or more initiatives to improve asset verification: Provided, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these additional amounts, similar to the reports that were required by section 103(d)(2) of P.L. 104-121 (42 U.S.C. 401 note) for fiscal years 1996 through 2002.”*

“In addition, [\$135,000,000] \$145,000,000 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 sections in fiscal year [2008] 2009 exceed [\$135,000,000] \$145,000,000, the amounts shall be available in fiscal year [2009] 2010 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.”

In addition to the \$9,941,000,000 appropriated, \$240,000,000 is appropriated for additional CDRs and redeterminations. If found to be as cost effective as redeterminations, up to \$40,000,000 of this amount may be used for initiatives to improve the disability process and up to \$34,000,000 of this amount may be used for asset verification initiatives. At the end of the fiscal year the Commissioner must submit to Congress a report on the use of these additional funds.

Makes available up to \$145,000,000 collected from States for administration of their supplementary payments to the SSI program. This assumes the fee will increase from \$9.85 per check in FY 2008 to \$10.12 in FY 2009, according to increases established by statute. SSA receives the amount collected above \$5.00 from each fee.

Provides for the use of up to \$1,000,000 derived from fees charged to non-attorneys who represent claimants. These fees were authorized as part of a 5-year demonstration project, which will end in FY 2009.

## GENERAL STATEMENT

### LIMITATION ON ADMINISTRATIVE EXPENSES OVERVIEW

---

The LAE account funds the operating expenses of the Social Security Administration and its programs: the Old-Age, Survivors and Disability Insurance programs, the SSI program, certain health insurance and Medicare prescription drug functions, and the Special Benefits for Certain World War II Veterans program. With these funds, SSA will provide service to millions of Americans in our field offices, via telephone, or through the Internet at [www.socialsecurity.gov](http://www.socialsecurity.gov). The LAE account provides the funds SSA needs to perform its core responsibilities, including processing claims and applications for benefits, administering hearings to review disputed decisions, ensuring benefits continue to be distributed properly, and maintaining the integrity of the trust funds.

SSA currently employs approximately 60,000 dedicated public servants in over 1,400 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.

### FY 2009 PRESIDENT'S BUDGET

---

#### SSA's Programs

This budget includes \$10.327 billion for SSA's LAE. With this budget, we will keep up with the baby boomers as they become eligible for retirement by processing the 4.3 million applications for retirement benefits that we expect to receive in FY 2009. We will administer \$531 billion in Old Age and Survivors Insurance benefit payments to 42 million beneficiaries.

The Disability Insurance program is also experiencing ongoing growth. This budget will fund the staff at the 54 State DDSs who will process 2.6 million initial disability claims in FY 2009. It will also allow SSA to continue implementing the Hearings Backlog Reduction Plan, a set of initiatives that will contribute to reducing the number of hearings pending to 683,000 cases by the end of FY 2009. SSA will distribute nearly \$110 billion in disability benefits to 9 million beneficiaries.

The Supplemental Security Income program is a nationwide Federal assistance program administered by SSA that guarantees a minimum level of income for needy aged, blind, or disabled individuals. It acts as a safety net for individuals who have little or no Social Security or other income and limited resources. SSA estimates it will pay \$43 billion in Federal benefits to an estimated 7.3 million SSI recipients in FY 2009. Including State Supplementary payments, SSA expects to pay a total of \$48 billion and administer payments to a total of 7.6 million recipients.

## **Limitation on Administrative Expenses**

The funding provided in the FY 2009 budget will also be used to process workloads outside of SSA's core mission. SSA has complex responsibilities related to the Medicare program, immigration, homeland security and data exchange programs.

## **Program Integrity**

The budget includes a special funding mechanism that will provide \$240 million for SSA's program integrity efforts, in addition to the \$264 million already included in the base request, for a total of \$504 million. These efforts protect taxpayers' contributions by reviewing factors that could affect eligibility for benefits or the payment amount. The two most cost-effective efforts are CDRs and SSI redeterminations. CDRs are periodic reevaluations of medical eligibility factors for DI and SSI disability recipients and are estimated to yield \$10 in lifetime program savings for every \$1 spent. The additional funding requested for SSI redeterminations, which are periodic reviews of non-medical factors of SSI eligibility such as income and resources, are estimated to yield \$7 in lifetime program savings for every \$1 spent. SSA plans to process 329,000 medical CDRs and nearly 1.5 million SSI redeterminations in FY 2009. If found to be as cost effective as redeterminations, up to \$40 million may be used for initiatives to improve the disability process and up to \$34 million may be used to expand the Access to Financial Information project, which automates verification of SSI recipients' assets held in banks. In total, SSA estimates this program integrity funding in FY 2009 will result in over \$4 billion in savings over 10 years.

## **Automation**

This budget continues to invest in the Agency's information technology infrastructure. We are seeking new ways to automate workloads to reduce the impact of the ongoing growth to our workloads and increase productivity at SSA. SSA will offer additional services on our website, improve the automated services we offer by telephone, provide more efficient and compassionate service to our disabled clients, and ensure that the sensitive information entrusted to us is protected and can be restored in the case of a disaster.

SSA is working with the 54 State DDSs on plans to pursue the replacement, beginning in FY 2009, of the outdated systems that the States use to process disability claims with a modern, web-based case processing system. If we can resolve the remaining concerns of the State DDSs, we plan to proceed.

We will take advantage of the progress that the medical community is making in automating their services through Electronic Health Records and Personal Health Records. Using automated exchanges in standardized data formats, medical providers will send us requested evidence electronically, allowing us to compare this information to our updated medical listings and use business intelligence tools to make more accurate, consistent and timely decisions.

Most importantly, we will continue with the automation of our hearing offices, expanding video conferencing technology to offer attorneys the ability to participate in video hearings from their own offices. Additional functionality that will be provided to the hearings offices includes scheduling software that automates the complex process of scheduling a hearing and case-pulling software that allows us to identify, classify and extract data from document images.

## PERFORMANCE TARGETS

---

The President's FY 2009 request for SSA will allow SSA to build on the progress we plan to make in FY 2008. The table below lists key performance targets linked to this budget:

**Table 3.2—Key Performance Targets**

	<b>FY 2008</b>	<b>FY 2009</b>
<b>LAE, Budgetary Authority (dollars in millions)</b>	<b>\$ 9,745</b>	<b>\$ 10,327</b>
<b><u>Selected Workload Measures</u></b>		
Retirement and Survivors Claims Processed (thousands)	4,065	4,281
Initial Disability Claims Processed (thousands)	2,582	2,600
SSA Hearings Processed (thousands)	559	644
Periodic CDRs Processed (thousands)	1,065	1,149
Periodic Medical CDRs (included above, thousands)	235	329
SSI Non-Disability Redeterminations Processed (thousands)	1,200	1,486
800-Number Transactions Handled (millions)	63	67
Social Security Numbers Issued (millions)	19	20
Annual Earnings Items Processed (millions)	273	274
Social Security Statements Issued (millions)	148	150
<b><u>Selected Outcome Measures</u></b>		
Initial Disability Claims Pending (thousands)	519	493
SSA Hearings Pending (thousands)	752	683
Average Processing Time for Initial Disability Claims (days) <sup>1</sup>	107	103
Average Processing Time for Hearing Decisions (days)	535	506
Disability Determination Services Production per Workyear	264	267
Office of Disability Adjudication and Review Production per Workyear	101	115
Other Work/Service in Support of the Public—Annual Growth of Backlog (workyears)	3,300	4,800

<sup>1</sup> Disability decisions that receive a technical (non-medical) denial are not included.

## RECENT ACCOMPLISHMENTS

---

In FY 2007, SSA's limited resources were primarily used to process its workloads, including:

- Paying benefits to 54 million people;
- Making decisions on 548,000 hearings;
- Issuing 18 million Social Security cards;
- Processing 270 million earnings items for crediting to workers' earnings records;
- Handling 58 million calls to SSA's 800-number;
- Issuing 147 million Social Security Statements;
- Processing 208,000 medical CDRs;
- Processing 1 million non-disability SSI redeterminations to ensure that recipients continue to meet SSI eligibility; and
- Administering components of the Medicare programs, including subsidy applications, calculating and withholding premiums, making eligibility determinations, and taking applications for replacement Medicare cards.

Since 2001, SSA's efforts to innovate and automate, coupled with the dedication of our staff, have improved productivity by over 15 percent. Given sufficient funding, SSA commits to Agency-wide productivity improvements and achieves them. SSA has continued to maintain its high standards of productivity and looks forward to improvements in FY 2009. The Agency believes that, given the array of services SSA provides and the major workload processing initiatives implemented each year, incremental productivity improvements are sustainable with full funding.

## PRESIDENT'S MANAGEMENT AGENDA (PMA)

---

SSA's budget supports the PMA by emphasizing the President's management reforms. SSA has achieved green—the highest rating possible—for all five of the 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. In FY 2007, SSA implemented a new multi-tiered results-oriented performance management system for employees GS-15 and below who are covered by the American Federation of Government Employees National Agreement.

*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 26 studies involving over 231 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 14<sup>th</sup> 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. In FY 2007, SSA enhanced the system that permits financial users direct access to data. 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.

*Expanded Electronic Government* - SSA is aggressively expanding electronic government with a comprehensive, focused, and results-oriented strategy. The Agency continues to experience increased usage of electronic services. In FY 2007, the public performed 2.9 million electronic transactions with SSA. These transactions include applying for Retirement and Disability Benefits, requesting a Change of Address, a Change of Direct Deposit, a Medicare Replacement Card or a Proof of Income Letter. These services are available to the public over the Internet and through the telephone using the voice recognition capabilities of the Agency's National 800-Number Network.

*Performance Improvement Initiative* - 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. The result has been an Agency-wide productivity increase of two percent on average for five out of six years since 2001. 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.

## Limitation on Administrative Expenses

### Program-Specific Initiative:

*Eliminating Improper Payments* - SSA is responsible for benefit payments that exceed \$650 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 2 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. In addition, SSA had completed two wage reporting pilots as a basis for developing additional strategies aimed toward reducing improper payments and is now undertaking a third.

---

### PROGRAM ASSESSMENT RATING TOOL (PART)

---

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 and identify the strengths and weaknesses of Federal programs. 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. SSA has launched the Integrated Disability Process (IDP), a collaborative initiative that will enable the Agency to address and resolve important disability policy and procedural issues. IDP will result in clear, consistent and simplified policy, procedures and business processes that will allow SSA to work more efficiently so that it can better face the challenges that lie ahead. This new process will also help SSA address differences and difficulties in application of policy and procedures. Further, SSA continues to expand employment opportunities for disabled beneficiaries through the Ticket to Work and Area Work Incentive Coordinators efforts. To improve the OASI program in FY 2009, 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 (APP)**

---

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.



## BUDGETARY RESOURCES

The LAE account represents SSA administrative budget for carrying out its responsibilities under the Social Security Act. This includes administering the OASI, DI, SSI and Special Benefits for Certain WWII Veterans programs and supporting CMS in administering the Federal Hospital Insurance (HI), Federal Supplementary Medical Insurance (SMI), and Medicare Part D programs. The FY 2008 enacted appropriation included a rescission of \$173 million. The President’s budget request for the LAE account in FY 2009 is \$10,327,000,000.

**Table 3.3—Amounts Available for Obligation<sup>1</sup>**  
(in thousands)

	FY 2007 (Actual)	FY 2008 (Enacted)	FY 2009 (Estimate)
Base Appropriation <sup>2, 3</sup>	\$ 9,297,573	\$ 9,917,842	\$ 10,327,000
Rescission (P.L. 110-161)	---	(\$ 173,265)	---
<b>Total Appropriation</b>	<b>\$ 9,297,573</b>	<b>\$ 9,744,577</b>	<b>\$ 10,327,000</b>
Unobligated Balance, start-of-year	\$ 168,483	\$ 207,643	\$ 0
Recoveries and Transfers	<u>\$ 193,593</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Subtotal Budgetary Resources</b>	<b>\$ 9,659,649</b>	<b>\$ 9,952,220</b>	<b>\$ 10,327,000</b>
<b>Obligations</b>	<b>(\$ 9,332,594)</b>	<b>(\$ 9,952,220)</b>	<b>(\$ 10,327,000)</b>
Uncollected User Fees	(\$ 844)	\$ 0	\$ 0
Unobligated Balance, lapsing	(\$ 118,569)	\$ 0	\$ 0
Unobligated Balance, end-of-year	\$ 207,643	\$ 0	\$ 0

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Includes State Supplementation user fees and non-attorney representative payee user fees collected pursuant to section 303 of P.L. 108-203.

<sup>3</sup> The FY 2009 appropriation request includes a total of \$504 million in funding for cost-effective program integrity initiatives (\$264 million base funding and \$240 million cap adjustment funding).

**BUDGET AUTHORITY AND OUTLAYS**

The LAE account is funded by the Social Security Trust Funds, the General Fund, the Medicare Trust Funds, and through applicable user fees. Section 201(g) of the Social Security Act provides that SSA determine the share of administrative expenses that should have been borne by the appropriate trust funds for the administration of their respective programs and the general fund for administration of the SSI program. SSA calculates the administrative costs attributable to each program using its Government Accountability Office (GAO) approved cost analysis system.

**Table 3.4—Budget Authority and Outlays<sup>1</sup>  
(in thousands)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<b>FY 2009 (Estimate)</b>
<b>Total LAE Budget Authority</b>	<b>\$ 9,297,573</b>	<b>\$ 9,744,577</b>	<b>\$ 10,327,000</b>
OASI and DI Trust Funds <sup>2, 3</sup>	4,598,834	4,910,773	5,161,000
HI and SMI Trust Funds	1,626,570	1,679,661	1,869,000
SSA Advisory Board	2,000	2,000	2,000
SSI Administrative Expenses <sup>2</sup>	2,950,169	3,018,520	3,149,000
State Supplementation User Fees	119,000	132,642	145,000
Non-Attorney Representative User Fees	1,000	983	1,000
<b>Total LAE Outlays</b>	<b>\$ 9,157,681</b>	<b>\$ 9,670,243</b>	<b>\$ 10,267,186</b>
OASI and DI Trust Funds <sup>2, 3</sup>	4,681,217	4,834,846	5,133,293
HI and SMI Trust Funds	1,687,870	1,692,665	1,858,361
SSI Administrative Expenses <sup>2</sup>	2,669,340	3,009,815	3,130,232
State Supplementation User Fees	119,000	132,642	145,000
Non-Attorney Representative User Fees	253	275	300

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> In FY 2009, the OASDI and SSI programs reflect inclusion of a total of \$504 million for CDRs and redeterminations. This amount consists of \$264 million in base funding and \$240 million in additional cap funding. If found to be as cost effective as redeterminations, up to \$40,000,000 of the cap adjustment may be used for initiatives to improve the disability process and up to \$34,000,000 may be used to expand the Access to Financial Information project.

<sup>3</sup> OASDI includes funding for administration of the Special Benefits for Certain World War II Veterans.

## ANALYSIS OF CHANGES

The FY 2009 request represents a \$582 million increase over the FY 2008 enacted appropriation. The majority of this increase is attributable to built-in increases including pay increases and rising costs of personnel benefits, rent, and security. The increase in obligations is less than the increase in budget authority requested because of the use of prior-year unobligated balances to fund obligations in FY 2008.

**Table 3.5—Summary of Changes  
(in thousands)**

	FY 2008 (Enacted)	FY 2009 (Estimate)	Changes
<b>Appropriation</b>	<b>\$ 9,744,577</b>	<b>\$ 10,327,000</b>	<b>+ \$ 582,423</b>
Obligations Funded From Prior Year Unobligated Balances <sup>1</sup>	\$ 207,643	\$ 0	- \$ 207,643
<b>Obligations</b>	<b>(\$ 9,952,220)</b>	<b>(\$ 10,327,000)</b>	<b>+ \$ 374,780</b>

Base payroll expenses increase annually due to periodic step increases, career ladder promotions, increased health benefit costs, new employees hired under the Federal Employees Retirement System (FERS) and annual pay increases. The FY 2009 request includes the annualized effect of the January 2008 Federal pay increase of 3.5 percent and an estimated 2.9 percent increase in January 2009. Built-in non-payroll increases include increases in the cost of rent, security, and guard services.

<sup>1</sup> SSA plans to transfer \$176 million from prior year unobligated balances to augment FY 2009 IT funding.

**Table 3.6—Explanation of LAE Budget Increases  
(dollars in thousands)**

	FY 2008 Base		Change from Base	
	Federal WYs	Obligations (thousands)	Federal WYs	Obligations (thousands)
<b><u>BUILT-IN INCREASES</u></b>				
<b>A. <u>Base Payroll Expenses</u></b>	62,295	\$ 5,595,077	---	\$ 250,451
<ul style="list-style-type: none"> <li>• <i>Increases due to periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System</i></li> </ul>			---	+ 84,509
<ul style="list-style-type: none"> <li>• <i>Annualized effect of the January 2008 Federal pay increase of 3.5 percent</i></li> </ul>			---	+ 49,199
<ul style="list-style-type: none"> <li>• <i>Nine-month effect of assumed 2.9 percent Federal pay increase effective January 2009</i></li> </ul>			---	+ 116,743
<b>B. <u>Non-Payroll Costs</u></b> —Mandatory growth in non-payroll costs, including higher costs of rent, security, and guard services	---	\$ 1,885,000	---	+\$ 89,096
<b>C. <u>State Disability Determination Services</u></b> —Mandatory growth in State DDS costs, including pay raises and the cost of medical evidence	---	\$ 1,843,300	---	+\$ 77,796
<b>Subtotal, Built-In Increases</b>			---	<b>+\$ 417,343</b>
<b><u>PROGRAM INCREASES</u></b>				
<b>A. <u>Base Funding for Information Technology (IT)</u></b> —Increase in base funding for IT, including desktop, voice and data communications, infrastructure and costs for major projects	---	\$ 421,200	---	+\$ 82,800
<b>B. <u>Net Increase in program integrity funding</u></b> <sup>1</sup>	---	---	+ 951	+\$ 168,427
<b>C. <u>Increase in essential non-payroll costs</u></b> <sup>1</sup>	---	---	---	+\$ 904
<b>Subtotal, Program Increases</b>			<b>+951</b>	<b>+\$ 252,131</b>
<b>Total Increases</b>			<b>+ 951</b>	<b>+\$ 669,474</b>

<sup>1</sup> The FY 2008 base funding for these activities is included in the base costs above for Base Payroll Expenses, Non Payroll Costs, and State DDS Services.

**Table 3.7—Explanation of LAE Budget Decreases  
(dollars in thousands)**

	FY 2008 Base		Change from Base	
	Federal WYs	Obligations (thousands)	Federal WYs	Obligations (thousands)
<b>PROGRAM:</b>				
A. <u>Decrease in Obligations Funded from Prior-Year Unobligated Balances</u>	---	\$ 207,643	---	- 207,643
B. <u>Decrease in Base LAE Funding—</u> Decrease in non-program integrity funding less built-in increases	---	---	- 708	- \$ 87,051
<b>Total Decreases</b>			<b>- 708</b>	<b>- \$ 294,694</b>
<b>Total LAE Obligations, Net Change</b>	<b>62,295</b>	<b>\$ 9,952,220</b>	<b>+ 243</b>	<b>+ \$ 374,780</b>
Increase in new budget authority needed due to use of unobligated balances to fund obligations in FY 2008 but not FY 2009			---	+ \$ 207,643
<b>Total LAE Budget Authority, Net Change</b>	<b>62,295</b>	<b>9,744,577</b>	<b>+ 243</b>	<b>+ \$582,423</b>

**BUDGETARY RESOURCES BY OBJECT**

**Table 3.8—Budgetary Resources by Object<sup>1</sup>  
(in thousands)**

	FY 2008 (Estimate)	FY 2009 (Estimate)	Change
Personnel Compensation			
Permanent positions	\$ 4,126,963	\$ 4,324,243	+ \$ 197,280
Positions other than permanent	\$ 96,085	\$ 100,675	+ \$ 4,590
Other personnel compensation	\$ 212,654	\$ 221,553	+ \$ 8,899
Special personal service payments	<u>\$ 3,360</u>	<u>\$ 3,501</u>	+ \$ 141
Subtotal, personnel compensation	\$ 4,439,062	\$ 4,649,972	+ \$ 210,910
Personnel Benefits	\$ 1,155,972	\$ 1,218,528	+ \$ 62,556
Travel and transportation of persons	\$ 43,787	\$ 43,787	---
Transportation of things	\$ 8,402	\$ 8,460	+ \$ 58
Rent, communications, and utilities			
Rental payments to GSA	\$ 661,458	\$ 711,158	+ \$ 49,700
Rental payments to others	\$ 1,545	\$ 1,545	---
Communications, utilities, misc.	\$ 352,046	\$ 336,596	- \$ 15,450
Printing and reproduction	\$ 39,614	\$ 39,892	+ \$ 278
Consulting services	\$ 47,110	\$ 46,846	- \$ 264
Other services (DDS, guards, etc.)	\$ 2,898,358	\$ 2,991,304	+ \$ 92,946
Supplies and materials	\$ 46,728	\$ 47,050	+ \$ 322
Equipment	\$ 209,271	\$ 184,111	- \$ 25,160
Land and structures	\$ 3,563	\$ 2,131	- \$ 1,432
Grants, subsidies and contributions	\$ 23,821	\$ 23,989	+ \$ 168
Insurance claims and indemnities	\$ 21,472	\$ 21,623	+ \$ 151
Interest and dividends	<u>\$ 10</u>	<u>\$ 10</u>	---
<b>Total Obligations</b>	<b>\$ 9,952,220</b>	<b>\$10,327,000</b>	<b>+ \$ 374,780</b>
Less obligations funded from prior year unobligated balances	- \$ 207,643	- \$ 0	+ \$ 207,643
<b>Total Budgetary Resources</b>	<b>\$ 9,744,577</b>	<b>\$10,327,000</b>	<b>+ \$ 582,423</b>
<b>Notes:</b>			
Payments to State DDS (funded from Other services and Communications, Utilities, and misc.	\$ 1,843,300	\$ 1,945,500	+ \$ 102,200
Automation Investment Fund (included on previous page – funded from carryover of unexpended prior year balances)	\$12,215	\$0	-\$12,215

<sup>1</sup> Totals may not add due to rounding.

## **Limitation on Administrative Expenses**

The table on the previous page displays estimated LAE obligations by object class in FY 2008 and FY 2009. In FY 2008 SSA expects to fund \$207,643,000 in obligations from prior-year unobligated balances.

The majority of SSA's request is for payment of its personnel costs, including benefits. The remainder of the request is for payments to the State Disability Determination Services, SSA's information technology infrastructure, rental payments to GSA, guard services, postage, and other non-personnel costs.

**SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS**

The table below includes significant items included in the FY 2008 appropriations bill committee reports.

**Table 3.9—FY 2008 House Report—Significant Items**

<b>Disability Hearings and Claims Processing Times and Case Backlogs</b>	<b>Actions Taken or To Be Taken</b>
<p>The Committee is supportive of the Administration’s request for program integrity efforts, including continuing disability reviews and SSI redeterminations, but also provides funds above the budget request to address disability hearings and claims processing times and case backlogs. The average processing time for disability claims appeals currently ranges from 281 days to 848 days. The Administration’s request is not sufficient to achieve key performance improvements. Under the request, average processing times for initial disability claims and hearing decisions will increase and the initial disability claims and hearings backlog will grow. The additional funding is intended to permit SSA to respond to individuals awaiting disability and hearing decisions in a more timely manner.</p>	<p>SSA is using the additional resources to implement the Hearings Reduction Backlog Plan including improving automation, hiring administrative law judges, and taking other steps to increase the number of hearings processed in FY 2008. We will also expedite the processing of initial disability claims and reduce the disability claims backlog.</p>
<b>Operating Plan</b>	<b>Actions Taken or To Be Taken</b>
<p>The Committee includes a new provision requesting each department and related agency to submit an operating plan within 45 days of enactment, detailing any reprogramming of funds which result in a different funding allocation than that in the fiscal year 2008 Act, the accompanying detailed table or budget request.</p>	<p>SSA will submit a report to the Appropriations Committees within the timeframe requested.</p>
<b>Totalization Arrangement</b>	<b>Actions Taken or To Be Taken</b>
<p>The Committee recommends language precluding funds in this Act from being used by the Social Security Administration to administer benefit payments under a totalization arrangement that would be inconsistent with existing law.</p>	<p>SSA will continue to only make benefit payments under totalization arrangements in accordance with existing law.</p>

**\*\*Continued on the Next Page\*\***



## Limitation on Administrative Expenses

<b>Reporting on Official Time</b>	<b>Actions Taken or To Be Taken</b>
<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"><li>• Number of hours of official time that employees spent on union activities;</li><li>• Number of employees who used official time for union activities;</li><li>• Number of employees who spent 100 percent of their time on union activities;</li><li>• Dollar value of the official time spent on union activities;</li><li>• Dollar value of the office space, equipment, telephone use and supplies provided to unions;</li><li>• Benefits and disadvantages of using official time for union activities.</li></ul>	<p>A report on the use of official time in SSA for FY 2007 was forwarded to the Appropriations Committees.</p>

**Table 3.10—FY 2008 Senate Report—Significant Items**

<b>Report on Initiatives to Improve the Disability Process</b>	<b>Actions Taken or To Be Taken</b>
<p>The Committee recommends \$125,000,000 more than the budget request to ensure that the backlog of disability claims will decrease, as opposed to increase as assumed under the budget request. The Committee is concerned that over the past several years resource limitations, increasing legislative mandates and ineffective administrative reform efforts have created a situation where the number of cases awaiting a hearing decision stands at 738,000, leading to average waiting times of 505 days, the highest ever in SSA history. The Committee requests a letter report not later than August 24, 2007, on current and planned initiatives to improve the disability process, including the status and results of the disability service improvement process being piloted in the New England region and efforts to improve the hearing process.</p>	<p>After obtaining extension on the due date from the Committee, SSA reported on the planned initiatives to improve the disability process in a letter report to the Labor-HHS subcommittee of the Senate Committee on Appropriations.</p>
<b>Chronic Fatigue Syndrome (CFS)</b>	<b>Actions Taken or To Be Taken</b>
<p>Researchers at the Centers for Disease Control and Prevention have reported that Chronic Fatigue Syndrome is as disabling as chronic obstructive pulmonary disease, end-stage renal failure, and multiple sclerosis. The Committee has encouraged SSA officials to continue the education of adjudicators at all levels about the functional impact of CFS to ensure that they remain up to date on the appropriate evaluation of disability that results from this condition. Within 60 days of enactment of this act, the Committee requests a report from SSA on these ongoing educational activities as well any plans to update the existing policy ruling on CFS, SSR 99-2p.</p>	<ul style="list-style-type: none"> <li>• The Agency is an active participant/ex officio member of the Health and Human Services' Chronic Fatigue Syndrome Advisory Committee.</li> <li>• The Agency provides training on CFS to all new disability adjudicators.</li> <li>• CFS will be included as part of the Agency's efforts to provide refresher/advanced training to adjudicators via web-based training.</li> <li>• The Agency provides refresher training on CFS via video on demand, which is available to all adjudicators from their computers.</li> <li>• The Agency will review its current policy regarding SSR 99-2p to ensure the policy remains current.</li> <li>• The Agency will survey adjudicators at all levels to determine the effectiveness of SSR 99-2p and whether additional training is needed.</li> <li>• SSA will submit a report to the Appropriations Committee within the timeframe requested.</li> </ul>

**Table 3.11—Consolidated Appropriations Act, 2008: Explanatory Statement—Significant Items**

<b>Agency Operating Plans</b>	<b>Actions Taken or To Be Taken</b>
<p>The amended bill includes a general provision proposed by the House that requires each department and related agency funded through this Act to submit a fiscal year 2008 operating plan within 45 days of enactment of this Act. The Senate bill did not include a similar provision.</p>	<p>SSA will submit a report to the Appropriations Committees within the timeframe requested.</p>
<b>Inspector General Websites</b>	<b>Actions Taken or To Be Taken</b>
<p>The amended bill includes a general provision proposed by the Senate that requires departments, agencies, and commissions funded in the Act to maintain a direct link from their Internet homepage websites to the websites of their Inspector General. The House bill did not include a similar provision.</p>	<p>A link to the Inspector General's fraud reporting webpage can be found under "Contact Us" at <a href="http://www.socialsecurity.gov">www.socialsecurity.gov</a>. A second link can be found in the scroller in the upper left, "<b>Report fraud, waste and abuse</b>—Help us prevent fraud, waste, and abuse in Social Security programs and operations" at the same website.</p>
<b>Fraudulent Social Security Numbers</b>	<b>Actions Taken or To Be Taken</b>
<p>The amended bill includes a general provision proposed by the Senate that prohibits funds in this Act to process claims for credit for quarters of coverage based on work performed under a Social Security number that was not the claimant's number if such use of the Social Security number has been found to be an offense prohibited under section 208 of the Social Security Act. The House bill did not include a similar provision.</p>	<p>SSA will implement this provision as required.</p>

**BACKGROUND**

**AUTHORIZING LEGISLATION**

The LAE account is authorized by section 201(g) of the Social Security Act. The authorization language makes available for expenditure, out of any or all of the Trust Funds, such amounts as Congress deems appropriate for administering title II, title VIII, title XVI, and title XVIII of the Social Security Act for which SSA is responsible and title XVIII of the Act for which the Secretary of Health and Human Services is responsible.

**Table 3.12—Authorizing Legislation  
(dollars in thousands)**

	<b>2008 Amount Authorized</b>	<b>2008 Enacted <sup>1</sup></b>	<b>2009 Amount Authorized</b>	<b>2009 Estimate <sup>2</sup></b>
<b>Title II, Section 201(g)(1) of the Social Security Act</b>	Indefinite	\$ 9,744,577	Indefinite	\$ 10,327,000

<sup>1</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$173,264,731 for SSA’s LAE account. The amount authorized also includes up to \$132,641,550 collected from SSI State Supplementation user fees and up to \$982,530 collected from non-attorney payee

<sup>2</sup> The FY 2009 request includes \$240 million in cap adjustment funding for program integrity work.

**APPROPRIATION HISTORY**

The table below includes the amount requested, passed by the House and Senate, and ultimately appropriated for the LAE account, including any supplemental appropriations and rescissions, for the last ten years. The annual appropriation includes amounts authorized from State Supplementation user fees and, beginning in FY 2005, non-attorney representative payee user fees. Appropriated amounts in FY 2000 through FY 2002 include additional funding for CDRs authorized by Section 303 of P.L 104-121 and Section 10203 of P.L. 105-33.

**Table 3.13—Appropriations History Table**

<b>Fiscal Year</b>	<b>Estimate to Congress</b>	<b>House Passed</b>	<b>Senate Passed</b>	<b>Appropriation</b>
<b>2000</b>	\$6,706,000,000 <sup>1</sup>	\$6,481,000,000	\$6,673,871,000	\$6,596,800,000 <sup>2</sup>
Supplemental <sup>3</sup>	\$35,000,000		\$50,000,000	\$35,000,000
Rescission <sup>4</sup>				-\$24,835,000
Final				<b>\$6,606,965,000</b>
<b>2001</b>	\$7,134,000,000 <sup>5</sup>	\$6,978,036,000	\$7,010,800,000	<b>\$7,124,000,000</b>
<b>2002</b>	\$7,574,000,000 <sup>6</sup>	\$7,568,000,000	\$7,568,000,000	\$7,568,000,000 <sup>7</sup>
Supplemental <sup>8</sup>	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000
Rescission <sup>9</sup>				-\$5,915,000
Final				<b>\$7,569,585,000</b>
<b>2003</b>	\$8,282,753,000 <sup>10</sup>	\$7,936,000,000	\$7,936,000,000	\$7,936,000,000
Rescission <sup>11</sup>				-\$50,862,500
Final				<b>\$7,885,137,500</b>
<b>2004</b>	\$8,530,000,000 <sup>12</sup>	\$8,361,800,000	\$8,530,000,000	\$8,361,800,000
Rescission <sup>13</sup>				-\$48,626,600
Final				<b>\$8,313,173,400</b>
<b>2005</b>	\$8,878,000,000 <sup>14</sup>	\$8,798,100,000	\$8,622,818,000	\$8,801,896,000 <sup>15</sup>
Rescission <sup>16</sup>				-\$69,394,400
Final				<b>\$8,732,501,600</b>
<b>2006</b>	\$9,403,000,000 <sup>17</sup>	\$9,279,700,000	\$9,329,400,000	\$9,199,400,000 <sup>18</sup>
Rescission <sup>19</sup>				-\$90,794,000
Supplemental <sup>20</sup>				\$38,000,000
Final				<b>\$9,146,606,000</b>
<b>2007</b>	\$9,496,000,000 <sup>21</sup>	\$9,297,573,000 <sup>22</sup>	\$9,297,573,000 <sup>22</sup>	<b>\$9,297,573,000</b>
<b>2008</b>	\$9,596,953,000 <sup>23</sup>	\$9,969,953,000	\$9,871,953,000	\$9,917,842,000 <sup>24</sup>
Rescission				-\$173,264,731
Final				<b>\$9,744,577,269</b>
<b>2009</b>	\$10,327,000,000 <sup>25</sup>			

## Limitation on Administrative Expenses

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> 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.
- <sup>4</sup> A total of \$24,835,000 was rescinded by P.L. 106-113, Consolidated Appropriations Act, 2000.
- <sup>5</sup> 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.
- <sup>6</sup> 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.
- <sup>7</sup> 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.
- <sup>8</sup> 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).
- <sup>9</sup> 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.
- <sup>10</sup> 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.
- <sup>11</sup> A total of \$50,862,500 was rescinded by P.L. 108-7, Consolidated Appropriations Resolution, 2003.
- <sup>12</sup> Total includes \$120,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments.
- <sup>13</sup> A total of \$48,626,600 was rescinded by P.L. 108-199, Consolidated Appropriations Bill.
- <sup>14</sup> Total includes up to \$121,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments.
- <sup>15</sup> 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).
- <sup>16</sup> A total of \$69,394,400 was rescinded by P.L. 108-447, Consolidated Appropriations Bill.
- <sup>17</sup> 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).

## Limitation on Administrative Expenses

- <sup>18</sup> 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).
- <sup>19</sup> A total of \$90,794,000 was rescinded by P.L. 109-148, Department of Defense Appropriations Act, 2006.
- <sup>20</sup> A transfer from Department of Homeland Security for Hurricane Katrina-related costs (P.L. 109-234).
- <sup>21</sup> 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).
- <sup>22</sup> The amounts passed by the House and Senate reflect the amounts included in the Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5).
- <sup>23</sup> Includes a total of \$477,000,000 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 \$264,000,000 in base funding and \$213,000,000 in additional funds. Includes up to \$135,000,000 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).
- <sup>24</sup> Includes up to \$132,641,550 from user fees paid by States for Federal administration of SSI State Supplemental payments. Also includes up to \$982,530 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>25</sup> Includes a total of \$504,000,000 in funding designated for continuing disability reviews (CDRs) and SSI redeterminations. Total consists of \$264,000,000 in base funding and \$240,000,000 in additional funds. Includes up to \$145,000,000 from user fees paid by States for Federal administration of SSI State Supplemental 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).

**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.

Between the three major programs SSA administers—OASI, DI, and SSI—Federal benefit payment outlays totaled \$612.7 billion in FY 2007; under current law, Federal benefit payment outlays are expected to increase to \$646.6 billion in FY 2008 and \$683.4 billion in FY 2009. At less than 2 percent of total outlays, SSA's administrative expenses continue to be a small fraction of overall program spending, demonstrating the Agency's cost-conscious approach to managing its resources.

**Table 3.14—Federal Benefit Outlays<sup>1</sup>  
(dollars in billions)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>
Old-Age and Survivors Insurance	\$ 479.7	\$ 502.5	\$ 530.6
Disability Insurance	\$ 97.0	\$ 102.9	\$ 109.5
Supplemental Security Income	\$ 36.0	\$ 41.2	\$ 43.2
<b>Total Outlays</b>	<b>\$ 612.7</b>	<b>\$ 646.6</b>	<b>\$ 683.4</b>

Paralleling the growth in benefit payment outlays, the number of beneficiaries of the three major programs SSA administers is expected to increase from 53.8 million in FY 2007 to 54.7 million in FY 2008 and 56.0 million in FY 2009.

**Table 3.15—Beneficiaries<sup>1</sup>  
(average in payment status, in millions)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>
Old-Age and Survivors Insurance	40.7	41.2	42.0
Disability Insurance	8.7	9.0	9.3
Supplemental Security Income <sup>2</sup>	7.0	7.2	7.3
Concurrent Recipients <sup>3</sup>	(2.6)	(2.6)	(2.7)
<b>Total Beneficiaries</b>	<b>53.8</b>	<b>54.7</b>	<b>56.0</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Does not include recipients who only receive a Federally Administered State Supplementary payment and no Federal benefit.

<sup>3</sup> Recipients receiving both OASDI and SSI benefits.



**FULL TIME EQUIVALENTS AND WORKYEARS**

---

The following table summarizes the total Federal and State workyears that the President’s FY 2009 LAE and OIG budgets for SSA will support.

**Table 3.16—SSA Supported Federal and State Workyears**

	FY 2008	FY 2009
SSA Full-Time Equivalents (FTEs)	60,654	60,897
Overtime/Lump Sum Leave	2,236	2,255
<b>Total SSA Workyears (including OIG)</b>	<b>62,890</b>	<b>63,152</b>
Total DDS Workyears	13,580	13,669
<b>Total SSA/DDS Workyears</b>	<b>76,470</b>	<b>76,821</b>

**SOCIAL SECURITY ADVISORY BOARD**

---

This budget includes \$2 million for the Social Security Advisory Board in FY 2009. 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**

The SSA support for the President’s E-Government Initiatives is 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. These initiatives, along with SSA-specific IT investments, form the basis for the Agency IT budget. The capital asset plans and business case summaries (Exhibit 300s) for each major SSA investment are located at [www.socialsecurity.gov/exhibit300/](http://www.socialsecurity.gov/exhibit300/).

**Table 3.17—SSA e-Gov Contributions<sup>1</sup>  
(in thousands)**

	FY 2008	FY 2009
<b>GovBenefits.gov<sup>2</sup></b>	\$ 313.8	\$ 323.8
<b>Disaster Assist Improvement Plan</b>	\$ 476.4	\$ 476.4
<b>E-Rulemaking<sup>2</sup></b>	\$ 135.0	\$ 48.2
<b>Business Gateway</b>	\$ 120.0	\$ 88.7
<b>Grants.gov</b>	\$ 77.3	\$ 74.6
<b>E-Travel</b>	-	\$ 431.8
<b>Integrated Acquisition Environment<sup>2</sup></b>	\$ 44.3	\$ 39.8
<b>IAE-Loans and Grants</b>	\$ 13.0	\$ 13.0
<b>E-Authentication<sup>2</sup></b>	\$ 94.7	\$ 167.5
<b>Financial Management LoB</b>	\$ 44.4	\$ 44.4
<b>Human Resources Management LoB</b>	\$ 130.4	\$ 130.4
<b>Grants Management LoB</b>	\$ 28.5	\$ 28.5
<b>Geospatial LoB</b>	\$ 15.5	\$ 15.0
<b>Budget Formulation and Execution LoB</b>	*	*
<b>IT Infrastructure LoB</b>	\$ 80.0	-

\* Funding level is pending agreement between SSA and OMB.

Social Security remains an active contributor, participating in E-Government Presidential Initiatives and assisting in seven Lines of Business (LoB): Human Resources, Financial Management, Information Systems Security, Grants Management, Budget Formulation, Geospatial, and IT Infrastructure. SSA also participates in related E-Government Implementation initiatives.

<sup>1</sup> Funded from ITS budget.

<sup>2</sup> GovBenefits.gov and E-Authentication are service fees in FY 2008 and FY 2009; E-Rulemaking and Integrated Acquisition Environment are service fees in FY 2009 only.

## Limitation on Administrative Expenses

SSA's Electronic Death Record (EDR) System, part of the E-Vital initiative in which SSA was the managing partner, received the Government Computer News (GCN) 2007 GCN Award. GCN Awards are presented annually to projects and leaders that exemplify the success and results from combining vision and IT innovations with an attention to detail and a willingness to collaborate.

**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.

**Disaster Assist Improvement Plan** will provide a unified point of access to disaster management-related information, mitigation, response, and recovery information.

**E-Rulemaking** improves collaboration across government on regulatory matters and provides a central web-based environment for the public to review and comment on SSA regulatory actions while reducing administration costs.

**Business Gateway** eliminates multiple Web sites searching to locate and access government information, services, legal/regulatory requirements, and forms required by the business community.

**Grants.gov** provides a single, online portal and central storehouse of information on grant programs for all federal grant applicants.

**Grants Management LoB** is developing solutions to standardize and streamline the grants management process government-wide. GM LoB is pursuing a consortia based approach to share operations and maintenance (O&M) costs, and development, modernization, and enhancement (DME) costs across agencies, decreasing the burden that any one grant-making agency must bear. Business processes as available through consortium lead agencies will decrease agency reliance on manual and paper-based grants processing.

**E-Travel** provides a government wide web-based service to consolidate federal travel through leveraging administrative, financial and information technology best practices.

**Integrated Acquisition Environment and IAE-Loans and Grants** creates a secure environment to facilitate the acquisition of goods and services.

**E-Authentication** offers the promise of utilizing common, convenient and secure credentials issued by trusted third party Federation credential providers (both government and commercial).

**Financial Management LoB** reduces non-compliant systems by leveraging common standards and shared service solutions in Federal financial operations.

**Human Resources Management LoB** provides common core functionality to support the strategic management of Human Capital government-wide.

**Geospatial LoB** maximizes geospatial investments by leveraging resources and reducing redundancies. Offering a single point of access to map-related data will allow SSA to improve mission delivery and increase service to citizens.

**IT Infrastructure LoB** offers government-wide common solutions for IT infrastructure consolidation and optimization.

**Table 3.18—Other SSA Expenses/Service Fees Related to e-Gov Projects<sup>1</sup>  
(in thousands)**

	FY 2008	FY 2009
Recruitment One-Stop	\$ 382.9	\$ 398.3
Enhanced Human Resource Integration	\$ 109.2	\$ 1,489.3
E-Payroll	\$13,681.0	\$13,681.0
E-Travel	-	\$ 548.0

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.

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

**Enhanced Human Resource Integration** initiative is developing policies and tools to streamline and automate the electronic exchange of standardized human resource data needed for the creation of an official employee record across the Executive Branch.

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

**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.

<sup>1</sup> Funded from Other Objects budget.

**EMPLOYMENT**

The following table provides a detailed view of the Full-Time Equivalent Employment rates by account for FY 2007 through FY 2009

**Table 3.19—Detail of Full-Time Equivalent Employment**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>
Limitation on Administrative Expenses Account	60,814	59,764	59,993
Reimbursable Work	262	300	300
<b>SSA Proper</b>	<b>61,076</b>	<b>60,064</b>	<b>60,293</b>
Office of the Inspector General	597	590	604
<b>All Programs</b>	<b>61,673</b>	<b>60,654</b>	<b>60,897</b>

The following table lists the Average Grade and Salary for SSA employees from FY 2007 through FY 2009. It includes averages for Executive Service (ES) and General Service (GS) employees.

**Table 3.20—Average Grade and Salary**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>	<b>Change</b>
<b>Average ES Salary</b>	\$ 155,200	\$ 159,200	<b>\$ 162,700</b>	+ \$ 3,500
<b>Average GS Grade</b>	10	10	<b>10</b>	---
<b>Average GS Salary</b>	\$ 63,500	\$ 65,200	<b>\$ 66,600</b>	+ \$ 1,400

# **Office of the Inspector General**

## CONTENTS

<b>APPROPRIATION LANGUAGE.....</b>	<b>120</b>
<b>GENERAL STATEMENT.....</b>	<b>121</b>
Overview.....	121
Ongoing Initiatives .....	121
SSA’s Significant Management Issues .....	123
Monetary Benefits.....	127
Strategic Planning .....	128
Transfer Authority .....	129
<b>BUDGETARY RESOURCES.....</b>	<b>130</b>
Analysis of Changes .....	130
Budget Authority by Activity .....	132
Budget Authority by Object.....	133
<b>BACKGROUND .....</b>	<b>134</b>
Authorizing Legislation .....	134
Appropriation History.....	135
<b>OIG’S ORGANIZATIONAL STRUCTURE AND MISSION.....</b>	<b>137</b>
General Purpose .....	137
Rationale for the Budget Request .....	139

**TABLES**

Table 4.1—Justification ..... 121

Table 4.2—2007 Performance Measure Results ..... 128

Table 4.3—Amounts Available for Obligation (in thousands)..... 130

Table 4.4—Summary of Changes..... 130

Table 4.5—Explanation of OIG Budget Changes ..... 131

Table 4.6—Budget Authority by Activity (in thousands) ..... 132

Table 4.7—Budget Authority by Object..... 133

Table 4.8—Authorizing Legislation ..... 134

Table 4.9—Appropriation History Table..... 135

Table 4.10—Detail of Full-Time Equivalent Employment ..... 139

Table 4.11—Average Grade and Salary ..... 139



**APPROPRIATION LANGUAGE**

## OFFICE OF INSPECTOR GENERAL

## (INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [\$26,451,000] \$28,000,000, together with not to exceed [\$67,098,000] \$70,127,000, 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. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008.*)

## GENERAL STATEMENT

### OVERVIEW

The fiscal year (FY) 2009 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$98,127,000 in total budget authority and 604 full-time equivalents (FTE). This is \$6,212,099 above the FY 2008 funding level and \$3,080,000 above the FY 2008 President's Budget.

For FY 2008, OIG's funding level is \$91,914,901 in support of 590 FTEs; 14 FTEs below the 604 FTEs estimated in the FY 2009 President's Budget. The FY 2009 request provides resources needed to restore an adequate complement of staff that was reduced during FY 2008 due to the congressional funding level and a 1.747 percent across-the-board rescission. The FY 2009 budget request will restore support spending to an operating level that will allow our auditors and investigators to meet their productivity goals. The budget requested will provide funding for mandatory payroll increases (e.g., pay raises, health benefits, etc.) and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2009 and provides ongoing support of the major initiatives already in place. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security Number (SSN) misuse.

**Table 4.1—Justification**

	FY 2008 (Enacted)	FY 2009 (Estimate)	Change
FTE	590	604	+ 14
Dollars	\$ 91,914,901	<b>\$ 98,127,000</b>	+ \$ 6,212,099

### ONGOING INITIATIVES

#### Computer Forensic Investigations

The protection of personally identifiable information (PII) has become one of the most critical issues facing SSA. SSA's business process is solely reliant on PII. The loss of PII can be devastating to both the individual and the agency that sustained the loss. Many of SSA's networked computer systems contain the personal information of every American citizen and resident who has been assigned an SSN. To assure an efficient use of resources in detecting and prosecuting information technology malfeasance, such as the illegal use of PII, OIG created an Electronic Crimes Team (ECT). The ECT applies advanced computer forensic skills in using state-of-the-art technology to resolve complex cases. Furthermore, the ECT, under both SSA's *Critical Federal Infrastructure Protection Plan* and the *Federal Information Security Management Act* (FISMA), provides support in the event of an intrusion into SSA's network.

OIG recognizes the potential for fraud against SSA through the use of computer technology. Techniques used to compromise computer systems are on the rise nationally, and computer crimes become easier to commit with new technology. To be effective, OIG must keep pace with technological advances. Our FY 2008 budget request included funds to provide our computer forensic investigators with the equipment, training and software needed to combat computer crimes. However, the budget reduction in FY 2008 resulted in a significant cutback in these planned expenditures. Our FY 2009 budget request allows us to restore funding for this key initiative.

### **Homeland Security**

OIG continues to make homeland security issues a priority with audit and investigative work that has both a direct and indirect impact on the Government's effort in this area. OIG's audits address the security of SSA facilities and SSA information, SSA's process for issuing SSNs, and the use and protection of SSNs. OIG investigates SSN misuse and identity theft and works to secure critical infrastructure sites directed at ensuring that individuals with access are not misrepresenting their identities and backgrounds. 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 critical to the Government-wide fight against terrorism.

OIG receives allegations of SSN misuse via a toll-free telephone call, through the Internet, a letter, or facsimile sent to the OIG Allegation Management Division (i.e., the OIG Hotline). FY 2008 funding levels may adversely impact OIG's ability to react in a timely manner to these allegations, thereby compromising OIG's ability to fulfill its homeland security responsibilities. For example, limited staffing may require a reduction in the hours our hotline will be available to receive calls from the public. Limited FY 2008 funding will also curtail OIG's efforts to modernize its phone systems and contact center operations. FY 2009 funding will enable the OIG Hotline to resume full operational status and to enhance its efficiency through improved technology.

Finally, the FY 2008 funding level will not support OIG's participation on various task force operations. FY 2009 funding will allow OIG to resume this critical function.

### **Fugitive Enforcement**

OIG assists law enforcement agencies in the apprehension of fugitive felons and parole violators, positively impacting communities throughout the United States. OIG identifies these individuals via automated data matches between SSA's beneficiary rolls and Federal and State warrant databases. OIG works with law enforcement to locate these individuals and refers the case to the local Social Security office to suspend Supplemental Security Income (SSI) and Disability Insurance (DI) payments.

In FY 2007, OIG worked with SSA to further refine and improve this process. These efforts contributed to the arrest of 14,319 fugitives and monetary savings of \$2,293,063. However, FY 2008 funding levels may adversely impact OIG's ability to efficiently respond to law enforcement agencies we support through this program. The FY 2009 request includes adequate funding to achieve similar results demonstrated during FY 2007.

## Civil Monetary Penalty Program

OIG improves SSA program integrity through its administration of the Civil Monetary Penalty (CMP) enforcement statutes. This authority, delegated by the Commissioner of Social Security, allows OIG to impose CMPs against violators of sections 1129 and 1140 of the *Social Security Act*. CMP authority extends to penalize representative payees for the misuse of benefits. Section 1140 of the Act enables OIG to impose penalties against individuals or entities that use SSA's program words, letters, symbols, or emblems in advertisements or other communications in a manner that falsely implies SSA's 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 its 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 Management
5. Systems Security and Critical Infrastructure Protection
6. Service Delivery and Electronic Government

The FY 2009 budget provides resources needed to restore our FY 2007 staffing levels dedicated to addressing each of these issues. 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. Because the SSN is so heavily relied on as an identifier, it is also valuable as an 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.

SSA has made significant strides in providing greater protection for the SSN. However, OIG is concerned that SSA has few mechanisms to curb the unnecessary collection and use of SSNs. OIG's audit and investigative work has confirmed that the more SSNs are unnecessarily used, the higher the probability that these numbers could be used to commit crimes throughout society.

### Issue #2: Management of the Disability Process

SSA administers the DI and SSI programs, which provide benefits to individuals based on disability. Fraud is an inherent risk in these programs. Individuals may feign or exaggerate symptoms to become eligible for disability benefits. In addition, monitoring medical

improvements for disabled individuals is important to ensure those individuals who are no longer disabled are removed from the disability rolls.

OIG continues to work with SSA to address the integrity of the disability programs through the Cooperative Disability Investigations (CDI) Program. The CDI Program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. Since the CDI Program's inception in FY 1998 through May 2007, the CDI units have been responsible for over \$882 million in projected savings to SSA's disability programs and over \$540 million in projected savings to non-SSA programs.

### **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 under statutory, contractual, administrative, or other legally applicable requirements. Examples of improper payments include payments made to ineligible recipients, duplicate payments, and payments in the incorrect amount. The risk of improper payments increases in programs with a significant volume of transactions, with complex criteria for computing payments, and with an emphasis on expediting payments. The scope and complexity of SSA's programs significantly heightens the risk for improper payments.

In January 2007, the Office of Management and Budget issued a report entitled *Improving the Accuracy and Integrity of Federal Payments*. This report noted that eight Federal programs, including SSA's Old Age, Survivors and Disability Insurance and SSI programs, accounted for more than 89 percent of the improper payments in FY 2006.

OIG will continue to work with SSA to identify and address improper payments in its programs. For example, in a November 2006 review entitled, *Title II Disability Insurance Benefits with a Workers' Compensation (WC) Offset*, OIG found that the percentage of payments in error identified in this report declined significantly when compared to the percentage reported in OIG's prior WC offset audits. However, OIG still identified about 25,377 disability insurance claims that had payment errors totaling approximately \$149 million. SSA agreed to implement OIG's recommendations regarding this workload.

### **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 2007, OIG conducted 61 administrative cost audits for SSA's State Disability Determination Services. In 32 of the 61 audits, OIG identified internal control weaknesses. 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. Contracting is increasingly seen as an effective way to support Federal agencies in managing increasing workloads with diminished levels of staff. OIG will review multiple contracts to

ensure SSA is receiving the services for which it is paying and that there are proper internal controls in place to ensure effective oversight of contractors.

SSA develops multi-year strategic and annual performance plans that establish both its strategic and performance goals. 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. OIG will continue to assess SSA's ability to manage performance and meet the goals established to accomplish its mission and serve the American public.

### **Issue #5: Systems Security and Critical Infrastructure Protection**

The vulnerability of critical infrastructures and the unique risks associated with networked computing have been recognized for some time. SSA's information security challenge is to understand and mitigate system vulnerabilities. SSA must ensure the security of sensitive data such as PII; otherwise, the public will be justifiably reluctant to use SSA's electronic services. Under the Federal Information Security Management Act (FISMA), OIG independently evaluates SSA's security program. Since the inception of FISMA, OIG has worked with the Agency to resolve numerous security issues. OIG continuously monitors SSA's efforts to protect PII, as well as its implementation of new technologies, to make certain the information security program is operating effectively.

### **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 benefit applicants, 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, expanding the use of the Internet to provide faster and better access to Government services and information (e-Government), and managing human capital.

#### Medicare Prescription Drug Program

The *Medicare Prescription Drug, Improvement and Modernization Act of 2003* requires that SSA undertake several Medicare-related responsibilities. These responsibilities include making low-income subsidy determinations under Medicare Part D, establishing appeals procedures for subsidy eligible determinations, and periodically reviewing income and resources to verify continued eligibility.

#### 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. SSA reports there are approximately 5.3 million representative payees who manage annual benefit payments for approximately 7.1 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* requires that SSA conduct periodic site reviews of certain types of representative payees. During these reviews, SSA assesses the representative payee's performance by examining beneficiaries'

records, reviewing the representative payee's financial records, and interviewing beneficiaries. If a representative payee is problematic or suspected of misusing benefits, OIG will conduct an audit or investigation at SSA's request.

Electronic Government

SSA's e-Government strategy is based on the deployment 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 online and voice-enabled telephone transactions to increase opportunities for the public to conduct SSA business electronically in a private and secure environment. SSA has five goals in support of its vision for e-Government, namely to: (1) offer citizens the e-Government services they want and need; (2) protect online security, privacy, and integrity of the SSA benefit payment process; (3) pursue e-Government partnerships and collaborations with other Government agencies and private-sector organizations; (4) implement e-Government programs that offer sound business case justification; and (5) 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.

Managing Human Capital

SSA, like many other Federal agencies, is being challenged to address its human capital shortfalls. As of January 2007, the Government Accountability Office continued to identify strategic human capital management on its list of high-risk Federal programs and operations. In addition, Strategic Management of Human Capital is one of five Government-wide initiatives in the President's Management Agenda. SSA projects its DI rolls will increase by 42 percent in the ten years ending 2009. Further, by FY 2010, 30 percent of current SSA employees will be eligible to retire. This will result in a loss of institutional knowledge that will affect SSA's ability to deliver quality service to the public. This, combined with workload increases and the incredible pace of technological change, will have a profound impact on the public's expectations and SSA's ability to meet those expectations. OIG will continue to monitor the Agency's activities in this area and will offer recommendations through its continued audit work.

## MONETARY BENEFITS

---

In FY 2007, OIG issued 108 audit reports with recommendations, identifying over \$1.2 billion in questioned costs and over \$3.1 billion in Federal funds that could be put to better use. OIG also received 113,530 allegations of fraud, effected 2,420 criminal convictions and obtained a return of over \$380 million in investigative accomplishments, comprised of over \$74 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$306 million in projected SSA savings. The OIG CMP program successfully closed 597 section 1129 cases resulting in penalties and assessments exceeding \$4.3 million. However, we do not expect our FY 2008 results to match our FY 2007 results due to our limited FY 2008 funding level. Our FY 2009 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, cover mission-critical travel and restore our staffing to FY 2007 levels.



## STRATEGIC PLANNING

FY 2007 was the second year under OIG's 5-year Strategic Plan. OIG operates within a framework set by three general goals: the *Impact* OIG's investigations, audits, and legal activities have on SSA's effectiveness and efficiency; the *Value* OIG brings to SSA, Congress, and the public; and the strategies OIG uses to cultivate the talents of its *People*. These general goals are further broken down into 14 separate performance measures. All of these measures are designed to support OIG's core mission of inspiring public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2007, OIG successfully met the targets for all 14 performance measures. The specific results for FY 2007 are as follows:

**Table 4.2—2007 Performance Measure Results**

Goal	Target	Result
<b>Impact</b>		
1. Maintain an annual acceptance rate of at least 85% for all recommendations.	85 %	97 %
2. Through FY 2010, achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency and effectiveness of SSA. <sup>1</sup>	85 %	90 %
3. Achieve a positive action on at least 80% of all cases closed during the FY.	80 %	93 %
<b>Value</b>		
4. Generate a positive return of \$4 for every tax dollar invested in OIG activities.	\$4 to \$1	\$51 to \$1
5. Evaluate and respond to 90% of all allegations received within 30 days.	90 %	95 %
6. Complete investigative fieldwork on 75% on all cases within 180 days.	75 %	92 %
7. Respond to 90% of congressional requests within 21 days.	90 %	99 %
8. Take action on 90% of CMP subjects within 30 days of receipt.	90 %	95 %
9. Achieve a positive internal and external user assessment rating of 85% for product-service quality.	85 %	88 %
10. Issue 75% of final audit reports within 1 year of the entrance conference with SSA.	75 %	93 %
11. Complete 80% of requests for legal advice and review within 30 days.	80 %	98 %
<b>People</b>		
12. Achieve an annual attrition rate of 5% or less.	≤ 5 %	4 %
13. Conduct an annual employee job- satisfaction survey and implement corrective action plans to identify areas where improvement is needed.	81 %	83% <sup>2</sup>
14. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90 %	96 %

<sup>1</sup> The implementation rate is the cumulative percentage for fiscal years 2002 through 2006.

<sup>2</sup> Based on a 49% response rate, 83% of OIG employees indicated that they are either satisfied or very satisfied with their jobs.

## TRANSFER AUTHORITY

---

The budget request includes language providing authority to transfer an amount of 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 to 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.

## BUDGETARY RESOURCES

The OIG annual appropriation consists of appropriation from both the general fund and the trust funds. The President's Budget request for FY 2009 consists of \$28,000,000 appropriated from the general fund and \$70,127,000, which will 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.

**Table 4.3—Amounts Available for Obligation  
(in thousands)**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY 2009 (Estimate)
<b>General Funds</b>			
Annual Appropriation	\$ 25,902	\$ 25,989	<b>\$ 28,000</b>
Subtotal General Funds	\$ 25,902	\$ 25,989	<b>\$ 28,000</b>
<b>Trust Funds</b>			
Annual Transfer	\$ 66,149	\$ 65,926	<b>\$ 70,127</b>
Subtotal Trust Funds	\$ 66,149	\$ 65,926	<b>\$ 70,127</b>
<b>Total Appropriation</b>	<b>\$ 92,051</b>	<b>\$ 91,915</b>	<b>\$ 98,127</b>
<b>Obligations</b>	<b>\$ 91,403</b>	<b>\$ 91,915</b>	<b>\$ 98,127</b>
Unobligated balance lapsing	(\$ 648)	---	---

## ANALYSIS OF CHANGES

The FY 2009 request represents a \$6,212,099 increase over the FY 2008 enacted level. These increases can be attributed to annual pay raises and to an increase in base expenses for employee benefits, as well as an increase in training and support services.

**Table 4.4—Summary of Changes**

	FY 2008 (Enacted)	FY 2009 (Estimate)	Change
General Fund Appropriation	\$ 25,988,901	<b>\$ 28,000,000</b>	+ \$ 2,011,099
Trust Fund Appropriation	\$ 65,926,000	<b>\$ 70,127,000</b>	+ \$ 4,201,000
<b>Total Appropriation</b>	<b>\$ 91,914,901</b>	<b>\$ 98,127,000</b>	<b>+ \$ 6,212,099</b>
Total Obligations	(\$ 91,914,901)	<b>(\$ 98,127,000)</b>	

Table 4.5—Explanation of OIG Budget Changes

	FY 2008 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<b><u>BUILT-IN INCREASES</u></b>				
A. <b><u>Base Payroll Expenses</u></b>	595 (590)	\$ 81,213,000	19 (14)	+ \$ 5,789,099
• Annualization of the January 2008 Federal pay increase of 3.5 percent	---	---	19 (14)	+ 560,000
• Nine-month effect of assumed 2.9 percent Federal pay increase effective January 2009	---	---	---	+ 1,379,000
• Change in base payroll expenses related to career ladder promotions and within-grade increases	---	---	---	+ 1,793,000
• Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS)	---	---	---	+ 1,387,000
• All other payroll changes, including overtime and awards	---	---	---	+ 670,099
B. <b><u>Non-Payroll Costs</u></b> —All other built-in nonpayroll changes, including travel management support and equipment	---	\$ 10,701,901	---	+ \$ 715,000
<b>Subtotal, Built-in increases</b>	<b>595 (590)</b>	<b>\$ 91,914,901</b>	<b>19 (14)</b>	<b>+ \$ 6,504,099</b>
<b><u>PROGRAM INCREASES</u></b>				
A. <b><u>Increase for operations and maintenance of facilities and equipment</u></b>	---	---	---	+ \$ 493,000
<b>Subtotal, Program Increases</b>	---	---	---	<b>+ \$ 493,000</b>
<b>Total Increases</b>	<b>595 (590)</b>	<b>\$ 91,914,901</b>	<b>19 (14)</b>	<b>+ \$ 6,997,099</b>

\*\*Table continued on the next page\*\*

	FY 2008 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<b><u>BUILT-IN DECREASES</u></b>				
A. <b><u>Base Payroll Expenses</u></b> —Decrease in all other payroll costs, including one less paid day	---	---	---	- \$ 242,000
B. <b><u>Non-Payroll Costs</u></b> —Decrease in rental payments to GSA	---	---	---	- \$ 83,000
<b>Subtotal, Built-in decreases</b>	---	---	---	<b>- \$ 325,000</b>
<b><u>PROGRAM DECREASES</u></b>				
A. <b><u>Decrease in costs for training, other support services, and supplies</u></b>	---	---	---	- \$ 460,000
<b>Subtotal, Program Decreases</b>	---	---	---	<b>- \$ 460,000</b>
<b>Total Decreases</b>	---	---	---	<b>- \$ 785,000</b>
<b>Net Change</b>	<b>595 (590)</b>	<b>\$ 91,914,901</b>	<b>19 (14)</b>	<b>+ \$ 6,212,099</b>

### BUDGET AUTHORITY BY ACTIVITY

The table below displays budget authority, split by type of funding, and obligations. This table also includes the Full Time Equivalents (FTE).

**Table 4.6—Budget Authority by Activity  
(in thousands)**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY 2009 (Estimate)
General Funds	\$ 25,902	\$ 25,989	<b>\$ 28,000</b>
OASDI Trust Fund Transfers	\$ 66,149	\$ 65,926	<b>\$ 70,127</b>
<b>Total Appropriation</b>	<b>\$ 92,051</b>	<b>\$ 91,915</b>	<b>\$ 98,127</b>
(Obligations)	(\$ 91,403)	(\$ 91,915)	<b>(\$ 98,127)</b>
(FTEs)	(597)	(590)	<b>(604)</b>

## BUDGET AUTHORITY BY OBJECT

The table below displays the breakdown of budget authority by object class.

**Table 4.7—Budget Authority by Object**

	FY 2008	FY 2009	Difference
Full-time permanent	\$ 58,299,000	<b>\$ 62,325,000</b>	+ \$ 4,026,000
Other than full-time permanent	\$ 1,140,000	<b>\$ 1,225,000</b>	+ \$ 85,000
Other compensation	\$ 1,471,000	<b>\$ 1,520,000</b>	+ \$ 49,000
Subtotal, Personnel Compensation	\$ 60,910,000	<b>\$ 65,070,000</b>	+ \$ 4,160,000
Civilian personnel benefits	\$ 20,303,000	<b>\$ 21,690,000</b>	+ \$ 1,387,000
Total, Compensation and Benefits	\$ 81,213,000	<b>\$ 86,760,000</b>	+ \$ 5,547,000
Travel	\$ 2,154,000	<b>\$ 2,655,000</b>	+ \$ 501,000
Transportation of things	\$ 75,000	<b>\$ 84,000</b>	+ \$ 9,000
Rental payments to GSA	\$ 5,100,000	<b>\$ 5,017,000</b>	- \$ 83,000
Rental payments to others	\$ 100,000	<b>\$ 100,000</b>	---
Communications, utilities, and others	\$ 520,000	<b>\$ 547,000</b>	+ \$ 27,000
Printing and reproduction	\$ 15,000	<b>\$ 23,000</b>	+ \$ 8,000
Other services	\$ 2,237,901	<b>\$ 2,298,000</b>	+ \$ 60,099
Supplies and materials	\$ 100,000	<b>\$ 93,000</b>	- \$ 7,000
Equipment	\$ 400,000	<b>\$ 550,000</b>	+ \$ 150,000
Land and structures	---	---	---
<b>Total budgetary resources</b>	\$ 91,914,901	<b>\$ 98,127,000</b>	+ \$ 6,212,099

# BACKGROUND

## AUTHORIZING LEGISLATION

The Office of the Inspector General is authorized necessary expenses to carry out the provisions of the Inspector General Act of 1978.

**Table 4.8—Authorizing Legislation**

	<u>FY 2008 (Estimate)</u>	<u>FY 2008 (Authorized)</u>	<u>FY 2009 (Estimate)</u>	<u>FY 2009 (Authorized)</u>
<b>Office of the Inspector General P.L. 103-296</b>	<b>Indefinite</b>	<b>\$ 91,914,901</b>	<b>Indefinite</b>	<b>\$ 98,127,000</b>

## APPROPRIATION HISTORY

The table below displays the President's Budget request, amounts passed by the House and Senate, and the actual amount appropriated for the period FY 1999 to FY 2009.

**Table 4.9—Appropriation History Table**

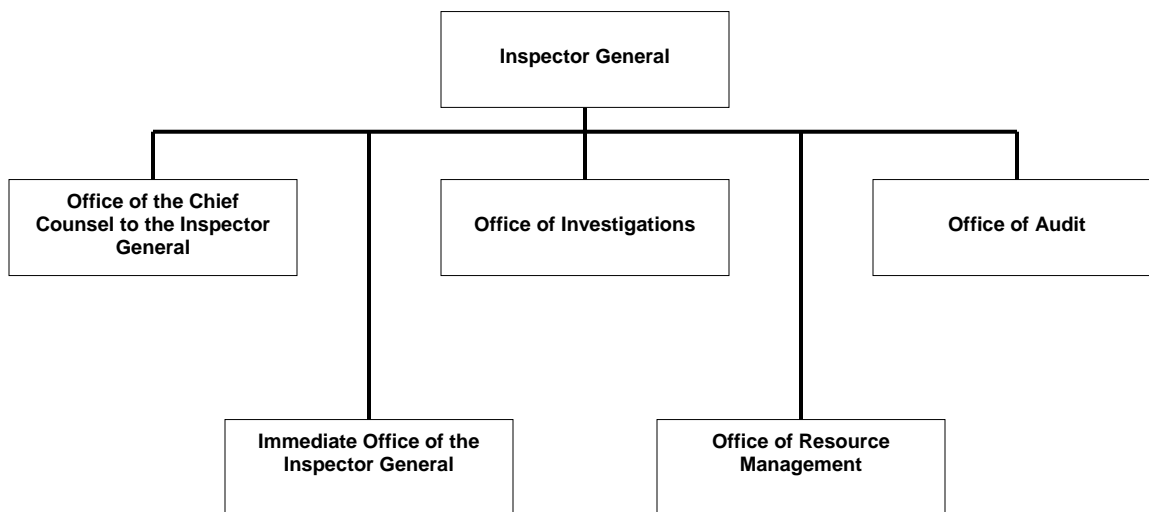
Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
FY 1999 Total	\$ 52,000,000	\$ 56,000,000	\$ 50,212,000	<b>\$ 56,000,000</b>
General Funds	\$ 12,000,000	\$ 12,000,000	\$ 11,082,000	<b>\$ 12,000,000</b>
Trust Funds	\$ 40,000,000	\$ 44,000,000	\$ 39,130,000	<b>\$ 44,000,000</b>
FY 2000 Total <sup>1</sup>	\$ 66,000,000	\$ 56,000,000	\$ 66,000,000	<b>\$ 65,752,000</b>
General Funds	\$ 15,000,000	\$ 12,000,000	\$ 15,000,000	<b>\$ 14,944,000</b>
Trust Funds	\$ 51,000,000	\$ 44,000,000	\$ 51,000,000	<b>\$ 50,808,000</b>
FY 2001 Total	\$ 73,000,000	\$ 65,752,000	\$ 69,444,000	<b>\$ 69,444,000</b>
General Funds	\$ 17,000,000	\$ 14,944,000	\$ 16,944,000	<b>\$ 16,944,000</b>
Trust Funds	\$ 56,000,000	\$ 50,808,000	\$ 52,500,000	<b>\$ 52,500,000</b>
FY 2002 Total <sup>2</sup>	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	<b>\$ 74,944,000</b>
General Funds	\$ 19,000,000	\$ 19,000,000	\$ 19,000,000	<b>\$ 18,985,800</b>
Trust Funds	\$ 56,000,000	\$ 56,000,000	\$ 56,000,000	<b>\$ 55,958,200</b>
FY 2003 Total <sup>3</sup>	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	<b>\$ 82,460,500</b>
General Funds	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	<b>\$ 20,863,500</b>
Trust Funds	\$ 62,000,000	\$ 62,000,000	\$ 62,000,000	<b>\$ 61,597,000</b>
FY 2004 Total <sup>4</sup>	\$ 90,000,000	\$ 88,200,000	\$ 82,460,000	<b>\$ 87,679,600</b>
General Funds	\$ 25,000,000	\$ 24,500,000	\$ 20,863,000	<b>\$ 24,355,400</b>
Trust Funds	\$ 65,000,000	\$ 63,700,000	\$ 61,597,000	<b>\$ 63,324,200</b>
FY 2005 Total <sup>5</sup>	\$ 92,000,000	\$ 91,107,000	\$ 92,000,000	<b>\$ 90,378,100</b>
General Funds	\$ 26,000,000	\$ 25,748,000	\$ 26,000,000	<b>\$ 25,542,000</b>
Trust Funds	\$ 66,000,000	\$ 65,359,000	\$ 66,000,000	<b>\$ 64,836,100</b>
FY 2006 Total <sup>6</sup>	\$ 93,000,000	\$ 92,805,000	\$ 93,000,000	<b>\$ 91,476,000</b>
General Funds	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	<b>\$ 25,740,000</b>
Trust Funds	\$ 67,000,000	\$ 66,805,000	\$ 67,000,000	<b>\$ 65,736,000</b>
FY 2007 Total	\$ 96,000,000	\$ 91,944,000	\$ 91,476,000	<b>\$ 92,051,000</b>
General Funds	\$ 27,000,000	\$ 25,872,000	\$ 25,740,000	<b>\$ 25,902,000</b>
Trust Funds	\$ 69,000,000	\$ 66,072,000	\$ 65,736,000	<b>\$ 66,149,000</b>
FY 2008 Total <sup>7</sup>	\$ 95,047,000	\$ 95,047,000	\$ 96,047,000	<b>\$ 91,914,901</b>
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	<b>\$ 25,988,901</b>
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	<b>\$ 65,926,000</b>
FY 2009 Total	\$ 98,127,000			
General Funds	\$ 28,000,000			
Trust Funds	\$ 70,127,000			



- <sup>1</sup> 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.
- <sup>2</sup> 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
- <sup>3</sup> 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.
- <sup>4</sup> 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.
- <sup>5</sup> 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.
- <sup>6</sup> 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.
- <sup>7</sup> The \$26,451,000 in appropriated funds and \$67,098,000 in trust funds included in the language for this account for FY 2008 were reduced by \$462,099 and \$1,172,000 respectively, in accordance with P.L. 110-161.

## OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

### GENERAL PURPOSE



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 works to 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 projects focused on issues of concern to SSA, Congress and the 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 2009 is \$98,127,000 and 604 FTEs, which reflects an increase of \$6,212,099 from FY 2008 funding levels. The FY 2009 funding increase will be used to restore an adequate complement of staff reduced in FY 2008 and for personnel costs (such as within-grade increases, Federal pay raises and benefit-rate increases) for current staff and related support costs.

**Table 4.10—Detail of Full-Time Equivalent Employment**

	FY 2007 (Actual)	FY 2008 (Estimate)	FY 2009 (Estimate)
<b>Office of the Inspector General</b>	<b>597</b>	<b>590</b>	<b>604</b>

**Table 4.11—Average Grade and Salary**

	FY 2007 (Actual)	FY 2008 (Estimate)	FY 2009 (Estimate)	Difference
Average ES Salary	\$ 163,500	\$ 168,400	\$ 173,500	<b>+ \$ 5,100</b>
Average GS Grade	12	12	12	- - -
Average GS Salary	\$ 94,500	\$ 100,100	\$ 106,100	<b>+ \$ 6,000</b>

# **Annual Performance Plan**

---

# Table of Contents

---

<b>Executive Summary .....</b>	<b>1</b>
<b>The Social Security Programs and How They Benefit the American Public .....</b>	<b>2</b>
<b>The Strategic Planning Process .....</b>	<b>3</b>
<b>At a Glance: Annual Performance Plan for FY 2009 and Revised Final Performance Plan for FY 2008 .....</b>	<b>5</b>
<b>SSA’s Major Management Challenges .....</b>	<b>8</b>
<b><u>Appendices</u></b>	
<b>Appendix A: How the Social Security Administration Measures Performance .....</b>	<b>9</b>
Strategic Goal 1 .....	9
Strategic Goal 2 .....	21
Strategic Goal 3 .....	33
Strategic Goal 4 .....	35
<i>Program Assessment Rating Tool (PART)</i> .....	37
<b>Appendix B: Major Program Evaluations Covering FY 2008 – FY 2009 .....</b>	<b>41</b>
<b>Appendix C: Data Verification and Validation .....</b>	<b>43</b>
<b>Appendix D: <i>Federal Information Security Management Act</i> .....</b>	<b>45</b>
<b>Appendix E: Social Security Administration’s Performance Measure Changes Since FY 2007 .....</b>	<b>46</b>

## ***EXECUTIVE SUMMARY: ANNUAL PERFORMANCE PLAN FOR FY 2009 AND REVISED FINAL PERFORMANCE PLAN FOR FY 2008***

The Social Security Administration (SSA) has a longstanding tradition of providing high-quality service that the public expects and deserves. The Agency also has a reputation for protecting the integrity of the Social Security programs.

Limited resources, new responsibilities and increased workloads are threatening this reputation and will ultimately have a dramatic effect on millions of Americans in terms of service. Applicants for disability benefits have been particularly hard hit; waiting time for a hearing currently averages 17 months and in some cases can take three years. To meet these challenges, the Agency's priorities have been redirected and a comprehensive plan of fundamental business process reforms is being developed.

The Annual Performance Plan (APP) demonstrates SSA's commitment to meeting the needs of the almost 60 million beneficiaries and recipients that the Agency serves. The APP also embodies innovations, new strategies and technologies to address additional workload and management challenges. These challenges include providing services to 80 million baby boomers, ensuring the integrity of the Social Security Number, and developing a new Human Capital Plan to address staffing issues. Following are examples of innovations and improvements that SSA will use to accomplish its strategic goals and objectives:

- Implementation of the Hearing Backlog Reduction Plan
- Expansion of the Quick Disability Determination (QDD) nationwide
- Expansion of the SSN Program Verification Service
- Increase in the availability of electronic services

SSA is working to close the gap between limited resources and increasing workloads by working more efficiently, increasing productivity, and streamlining workload processes. FY 2008 is the start of a multi-year plan to restore the levels of service and accountability that the Agency has achieved in prior years.

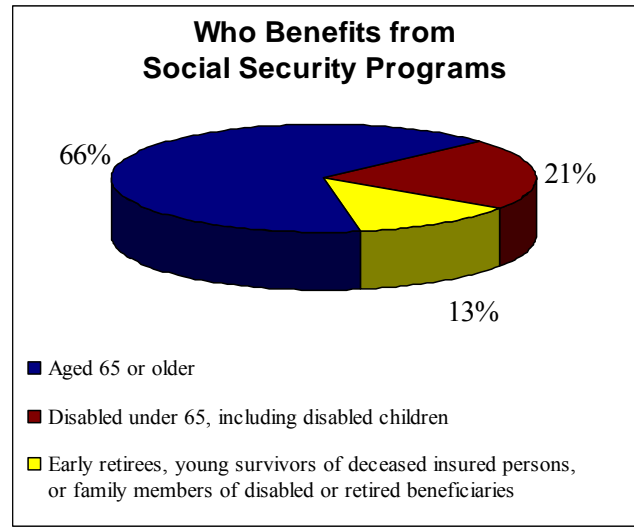
## **SOCIAL SECURITY PROGRAMS AND HOW THEY BENEFIT THE AMERICAN PUBLIC**

The Social Security Administration (SSA) touches the lives of virtually every person in America. Whether it is after the loss of a loved one, at the onset of disability, or during the transition from work to retirement, the Agency's programs and employees provide support to the people of this country, often during times of personal hardship, transition, and uncertainty.

The Agency administers one of the Nation's largest entitlement programs – the Old-Age, Survivors, and Disability Insurance (OASDI) program, commonly referred to as Social Security. Monthly cash benefits are financed through payroll taxes paid by workers and employers and by self-employed persons, and the amount of benefits is based on an individual's taxable earnings during his or her lifetime.

SSA also administers the Supplemental Security Income (SSI) program, which is designed to provide income for or supplement the income of aged, blind, or disabled adults and children with limited income and resources. Unlike Social Security benefits that are paid from the OASDI Trust Fund, SSI payments are financed by general tax revenues. Qualified recipients receive monthly cash payments in order to raise their income to a minimum level guaranteed by the SSI program.

The impact of Social Security programs on the economy of this nation and the lives of its people cannot be overstated. In fiscal year (FY) 2007, SSA paid Social Security or SSI benefits to nearly one in six people. Sixty-six percent of beneficiaries were aged 65 or older, while approximately 21% were disabled and under age 65. The remaining 13% were early retirees, young survivors of deceased insured persons, or family members of disabled or retired beneficiaries.



The average monthly Social Security benefit payment for September 2007 was \$963, while the average SSI monthly payment totaled \$467.10. In September 2007, SSA paid nearly \$48 billion in Social Security benefits and over \$3.5 billion in SSI payments.

In FY 2007, the Agency also:

- Paid benefits to over 54 million persons every month;
- Made decisions on nearly 656,000 appeals;
- Issued over 17.6 million new and replacement Social Security cards;
- Processed over 265 million earnings items for crediting to workers' earnings records;
- Handled over 57 million transactions via our toll-free number;
- Issued over 146 million *Social Security Statements*;
- Completed more than 764,000 periodic continuing disability reviews;
- Processed over one million non-disability SSI redeterminations to ensure that SSI eligibility is still met; and
- Administered components of the Medicare programs, including processing subsidy applications, calculating and withholding premiums, determining eligibility, and taking applications for replacement Medicare cards.



# THE STRATEGIC PLANNING PROCESS

SSA uses performance-based budgeting to ensure that we meet our considerable workload challenges. A performance-based budget consists of a results-oriented framework in which strategic goals are paired with related long-term outcomes and annual performance measures. This process begins with a comprehensive strategic plan, a vision of the Agency's future.

In January 2006, SSA published the *Agency Strategic Plan (ASP)* for FY 2006 - FY 2011, and now is developing a new ASP for FY 2008 - FY 2013.

This *Annual Performance Plan*, based on the FY 2006 – FY 2011 ASP, details how SSA will use our appropriated funds to accomplish the strategic goals set forth in the ASP; specifically, how SSA will increase performance, accountability, effectiveness, and efficiency in FY 2008 and FY 2009. Included are environmental factors that can affect the accomplishment of strategic objectives, as well as the means and strategies to achieve performance results.

## **Strategic Goal 1 - *To deliver high-quality, citizen-centered service***

Direct service is provided through our field offices, teleservice centers, program service centers, and hearing offices, as well as by our partners in the State Disability Determination Services (DDS) throughout the United States and its territories.

Service to the public requires not only a high degree of professionalism and compassion, but also accuracy, productivity, cost-effectiveness, timeliness, and service satisfaction. The Agency is firmly committed to continuously assessing Social Security programs and services to meet the needs of current and future generations.

## **Strategic Goal 2 - *To protect the integrity of Social Security programs through superior stewardship***

Workers, employers, the self-employed, and taxpayers, who fund the Social Security and SSI programs, deserve to have their tax dollars properly managed.

Superior stewardship, however, goes beyond sound money management. It includes strengthening the integrity of the Social Security number, securing SSA's information systems, and protecting the integrity and privacy of the personal information that SSA maintains.

## **Strategic Goal 3 - *To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations***

The aging of the Nation's population has profound, long-term implications on the sustainable solvency of Social Security programs. New patterns of work and earnings, marriage, divorce, and childbearing affect the characteristics of families. Individuals are living longer and healthier lives. The first wave of the baby boomer generation (those born from 1946 through 1964) will be eligible to retire in 2008. Without changes to the Social Security program, there will not be enough workers to generate a sufficient taxable income base to support scheduled benefits.

Consequently, SSA is educating the public about the program's financial challenges and its possible effect on future beneficiaries. The Agency also is working with elected officials and other executive agencies providing critical information necessary to address the long-term solvency of Social Security. Through these actions, the Agency can better assist Congress and the President in designing any necessary program and legislative changes to secure Social Security for meeting the needs of current and future generations.

**Strategic Goal 4 - To strategically manage and align staff to support the mission of the Agency**

Regardless of how effectively SSA uses its resources, one key to success is ensuring that our workforce can handle its growing workloads. SSA staffing has been affected in two ways:

- Before this year, constrained resources over the last six years have resulted in a much smaller SSA workforce.
- The same trends that are causing increases in retirement applications and disability claims in field offices also are

resulting in a retirement wave of SSA staff.

The Agency expects the retirement wave to peak between FYs 2008 and 2010. Over the next five years, 39% of our current workforce will become eligible for retirement.

To address the retirement wave, SSA developed and continues to update a strategic *Human Capital Plan* detailing how SSA will use staffing to meet the Agency's mission and goals. Under that plan, SSA will hire and retain the employees it needs with the skills necessary to continue SSA's tradition of excellent public service.

## **AT A GLANCE: ANNUAL PERFORMANCE PLAN FOR FY 2009 AND REVISED FINAL PERFORMANCE PLAN FOR FY 2008**

The FY 2006 – FY 2011 ASP reflects SSA’s commitment to deliver high-level service, foster program integrity and sound stewardship, address program solvency, and maintain a high-performing staff. It is the basis for this *Annual Performance Plan*. The following chart lists the performance measures and targets for FY 2008 – FY 2009. These measures are publicly reported and meet the requirements set forth in the *Government Performance and Results Act of 1993* (GPRA). More detailed information about the measures can be found in *Appendix A* of this document.

<b>Strategic Goal 1: To deliver high-quality, citizen-centered service</b>				
<b>Strategic Objective 1.1: Make the right decision in the disability process as early as possible</b>				
Performance Measures		FY 2008 Target	FY 2009 Target	Page
1.1a	Percent of initial disability claims receipts processed by the Disability Determination Services up to the budgeted level <sup>1</sup>	100%	100%	10
1.1b	Minimize average processing time for initial disability claims to provide timely decisions	107 days	103 days	10
1.1c	Disability Determination Services net accuracy rate for combined initial disability allowances and denials	97%	97%	11
1.1d	Achieve budgeted goal for SSA hearings processed (at/above the FY 2008 goal)	559,000	644,000	12
1.1e	Maintain the number of SSA hearings pending (at/below FY 2008 goal)	752,000	683,000	12
1.1f	Achieve target percentage of hearing level cases pending over 365 days	56%	50%	12
1.1g	Achieve target percentage of hearing level cases pending 900 days or more	Less than 1% of universe of over 900 day cases pending	n/a	13
1.1h	Achieve the budgeted goal for average processing time for hearings	535 days	506 days	13
1.1i	Achieve the budgeted goal for average processing time for requests for review (appeals of hearing decisions)	242 days	242 days	14
1.1j	Decrease the number of pending requests for review (appeals of hearing decisions) over 365 days	28%	27%	14

<b>Strategic Objective 1.2: Increase employment for people with disabilities by expanding opportunities</b>				
Performance Measures		FY 2008 Target	FY 2009 Target	Page
1.2a	Number of Disability Insurance and Supplemental Security Income beneficiaries, with Tickets in use, who work	Establish a new baseline	20% above CY 2008 baseline	16
1.2b	Number of quarters of work earned by Disability Insurance and Supplemental Security Income disabled beneficiaries during the calendar year	Establish a baseline	TBD	17

<sup>1</sup> The budgeted level is 2,582,000 for FY 2008 and 2,600,000 for FY 2009.

**Strategic Objective 1.3: Improve service through technology, focusing on accuracy, security, and efficiency**

Performance Measures		FY 2008 Target	FY 2009 Target	Page
1.3a	Percent of Retirement and Survivors Insurance claims receipts processed up to the budgeted level <sup>2</sup>	100%	100%	18
1.3b	Improve service to the public by optimizing the speed in answering 800-number calls	330 seconds	330 seconds	19
1.3c	Improve service to the public by optimizing the 800-number busy rate for calls offered to Agents	10%	10%	19
1.3d	Percent of individuals who do business with SSA rating the overall service as “excellent,” “very good,” or “good”	83%	83%	20

**Strategic Goal 2: *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**

Performance Measures		FY 2008 Target	FY 2009 Target	Page
2.1a	Process Supplemental Security Income non-disability redeterminations to reduce improper payments	1,200,000	1,486,000	22
2.1b	Number of periodic continuing disability reviews processed to determine continuing entitlement based on disability to help ensure payment accuracy	1,065,000	1,149,000	23
2.1c	Percent of Supplemental Security Income payments free of overpayment and underpayment error	96% O/P 98.8% U/P	96% O/P 98.8% U/P	23
2.1d	Percent of Old-Age, Survivors and Disability Insurance payments free of overpayment and underpayment error	99.8% O/P 99.8% U/P	99.8% O/P 99.8% U/P	24

**Strategic Objective 2.2: Strengthen the integrity of the Social Security Number issuance process to help prevent misuse and fraud of the Social Security Number and card**

Performance Measures		FY 2008 Target	FY 2009 Target	Page
2.2a	Percent of original Social Security Numbers issued that are free of critical error	95%	95%	28
2.2b	Percent of Social Security Number receipts processed up to the budgeted level <sup>3</sup>	96% (18,240,000)	96% (19,200,000)	28

<sup>2</sup> The budgeted level is 4,065,000 for FY 2008 and 4,281,000 for FY 2009.

<sup>3</sup> The budgeted level is 19,000,000 for FY 2008 and 20,000,000 for FY 2009.

Strategic Objective 2.3: Ensure the accuracy of earnings records so that eligible individuals can receive the proper benefits due them				
Performance Measures		FY 2008 Target	FY 2009 Target	Page
2.3a	Issue annual SSA-initiated <i>Social Security Statements</i> to eligible individuals age 25 and older	100%	100%	30

Strategic Objective 2.4: Manage Agency finances and assets to link resources effectively to performance outcomes				
Performance Measures		FY 2008 Target	FY 2009 Target	Page
2.4a	Receive an unqualified opinion on SSA's financial statements from the auditors	Receive an unqualified opinion	Receive an unqualified opinion	32

Strategic Goal 3: <i>To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations</i>				
Strategic Objective 3.1: Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs				
Performance Measures		FY 2008 Target	FY 2009 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	33

Strategic Goal 4: <i>To strategically manage and align staff to support the mission of the Agency</i>				
Strategic Objective 4.1: Recruit, develop, and retain a high-performing workforce				
Performance Measures		FY 2008 Target	FY 2009 Target	Page
4.1a	Enhance SSA's recruitment program to support future workforce needs	Implement the recruitment evaluation, including collecting initial baseline data, and develop an evaluation report	Develop and implement an action plan based on the findings from the recruitment evaluations	35

## **SSA'S MAJOR MANAGEMENT CHALLENGES**

SSA faces its share of challenges. Like any federal agency committed to the principles of good government, accountability, and integrity, SSA continually seeks to improve Agency programs and processes. SSA is addressing management and performance challenges identified in audits conducted by the Government Accountability Office (GAO), Congress' investigative arm, and by SSA's Office of the Inspector General (OIG). SSA will report on its progress in the *FY 2008 Performance and Accountability Report*.

- I.** Social Security Number Protection (OIG)
- II.** Management of the Disability Process (OIG)
- III.** Improper Payments and Recovery of Overpayments (OIG)
- IV.** Systems Security and Critical Infrastructure Protection (OIG)
- V.** Service Delivery and Electronic Government (OIG & GAO)
- VI.** Improvement of the Disability Determination Process and Return to Work Initiatives (GAO)
- VII.** Attention to the Disability Insurance program – added to the High-Risk List in 2003 (GAO)
- VIII.** Monitoring of the Supplemental Security Income program – removed from the High-Risk List in 2003. (GAO)
- IX.** Internal Control Environment and Performance Management (OIG)
- X.** Promoting Information Security (GAO)
- XI.** Investing in Human Capital (GAO)
- XII.** Reforms to Strengthen Social Security (GAO)

## **APPENDIX A: HOW THE SOCIAL SECURITY ADMINISTRATION MEASURES PERFORMANCE**

Before performance can be improved, it must first be measured. SSA uses performance measures to assess progress towards achieving goals articulated in the *Agency Strategic Plan*. Once a performance measure is identified, a target that represents an optimal level of performance is set. SSA uses a combination of output and outcome measures to determine the most effective use of resources needed to carry out the Agency's mission and goals.

SSA has also developed automated tools to assist senior staff in determining the full and marginal costs of achieving specific performance results. These tools enable SSA to determine the level of resources required to maintain core workloads; process special workloads; reduce backlogged disability claims, hearings and appeals; and improve productivity and fiscal stewardship.

The Agency's budget request clearly defines performance commitments, both in terms of the public service and program integrity workloads that the Agency will handle and the outcomes it

expects to achieve. SSA's planning and budget activities reflect evaluation and feedback from Congress, the Social Security Advisory Board, the Government Accountability Office, and SSA's Office of the Inspector General.

SSA's executive leadership also works diligently to emphasize the relationship between resources and results. Performance data are discussed at monthly meetings between the Commissioner and his senior staff. These meetings enable SSA to link performance directly to the Agency's budget to ensure that its priorities reflect the needs and expectations of Congress and the public.

This document contains twenty-six performance measures. Data collection methods and verification processes are described for each measure as well as the means by which data quality and integrity are ensured. The performance measures link directly to SSA's mission and objectives and provide a balanced view of overall Agency performance.

### **Strategic Goal 1: *To deliver high quality, citizen-centered service***

#### **ENVIRONMENTAL FACTORS**

SSA faces immediate and considerable challenges in providing high-quality, citizen-centered service. This is especially true given the Agency's current and anticipated staffing losses and the hiring limitations that are expected to prevent SSA from filling many of these positions.

As the first baby boomers began to retire in January 2008, approximately 23% of the Agency's employees were eligible for retirement. By 2015, that figure jumps to 54% with nearly 42% of SSA staff projected to actually retire. More critically, nearly 9,000 employees who provide direct service to the public are expected to retire between 2007 and 2010. It is vital that SSA hire and train new employees to prevent a significant drain on the Agency's institutional knowledge and expertise.

Another important consideration involves the numerous changes in law, medicine, technology, and society that have occurred since the Social Security disability and SSI programs were established – changes that have fundamentally and forever altered the concept of disability. The workplace has become more accessible because of legislation and advances in technology. Physical conditions that were once considered permanently or completely disabling are now perceived differently.

Technological improvements also affect the way the Agency delivers service by telephone and in person. For example, recent Agency surveys indicate one in three callers are now willing to use automated telephone services.

Although SSA has a history of enhancing the level of service it provides through automation and innovation, SSA's ability to meet Agency responsibilities is heavily dependent on the amount of resources it receives. Without

adequate resources, SSA cannot maintain a sufficient size staff or continue to make essential investments in technology, both of which are necessary to continue a high level of public 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

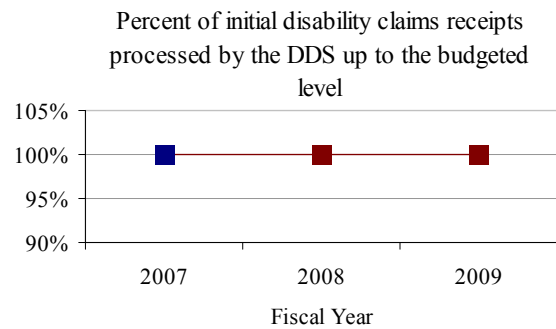
*Performance Measure 1.1a*

**Percent of initial disability claims receipts processed by the Disability Determination Services up to the budgeted level\***

Fiscal Year	2008	2009
<b>Targets</b>	100%	100%

**FY 2007 Historical Performance**

Fiscal Year	2007
<b>Actuals</b>	100%



\* The budgeted level is 2,582,000 for FY 2008 and 2,600,000 for FY 2009. The budgeted level for FY 2007 was 2,530,000.

**Data definition:** In the Disability Determination Services, the number of Social Security and Supplemental Security Income 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.

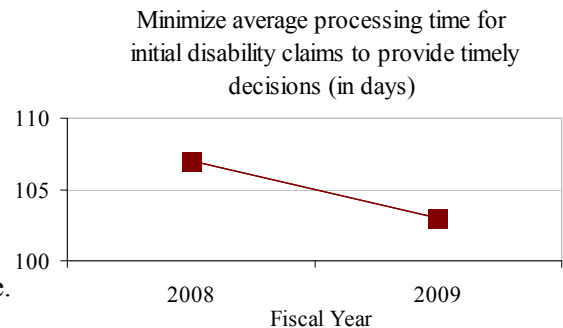
**Data source:** *National Disability Determination Services System and Disability Operational Data Store*

**Frequency reported:** Monthly

*Performance Measure 1.1b*

**Minimize average processing time for initial disability claims to provide timely decisions\* \*\***

Fiscal Year	2008	2009
<b>Targets</b>	107 days	103 days



\* This is a new performance measure for FY 2008.

\*\*This is also a *Program Assessment Rating Tool* measure.



**Data definition:** This is the fiscal year average processing time for Social Security and Supplemental Security Income disability claims combined. Processing time is measured from the application date (or protective filing date, if applicable) to either the date of the denial notice or the date the system completes processing an award. This includes “revised time,” “transit time,” and “field office, Disability Determination Services, and Disability Quality Branch times,” as well as protective filing times for awarded and medically denied claims.

**Note:** Disability claims that receive a technical (non-medical) denial at the field office are not included in this count. Cases sent to the Disability Determinations Services and sent back to the field office for a technical denial are also not included in the count. Also excluded are disability claims processed by the Disability Processing Branches in the Program Service Centers and disability claims processed by the Office of Central Operations, the Federal Disability Determinations Services, and the Disability Determination Services in Guam and the U.S. Virgin Islands. Without these technical or non-medical denials, the average processing time is approximately 20 days higher.

**Data source:** *Social Security Unified Measurement System*

**Frequency reported:** Monthly

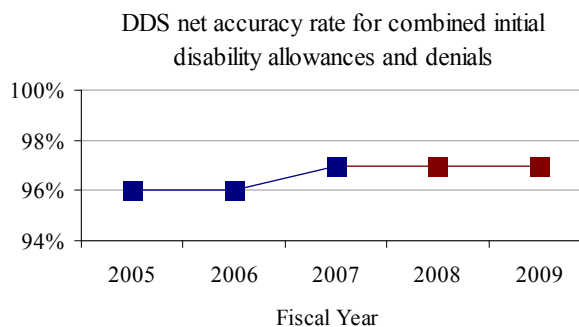
*Performance Measure 1.1c*

**Disability Determination Services (DDS) net accuracy rate for combined initial disability allowances and denials\***

Fiscal Year	2008	2009
<b>Targets</b>	97%	97%

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	96%**	96%**	97%**



\* This is also a *Program Assessment Rating Tool* measure.

\*\*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.

**Note:** Deficient cases corrected after the 90-day period are still counted as a deficiency.

**Data source:** *Disability Quality Assurance Databases*

**Frequency reported:** Monthly

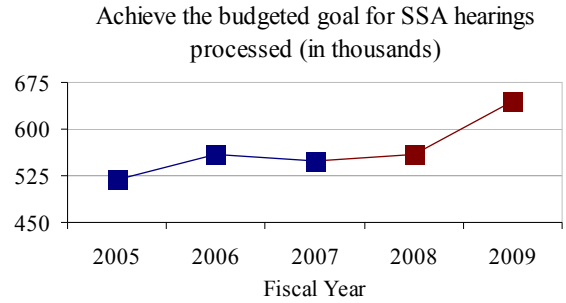
*Performance Measure 1.1d*

**Achieve the budgeted goal for SSA hearings processed (at or above the FY 2008 goal)**

Fiscal Year	2008	2009
<b>Targets</b>	559,000	644,000

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	519,359	558,978	547,951



**Data definition:** SSA hearings processed by the Office of Disability Adjudication and Review

**Data source:** *Case Processing and Management System*

**Frequency reported:** Monthly

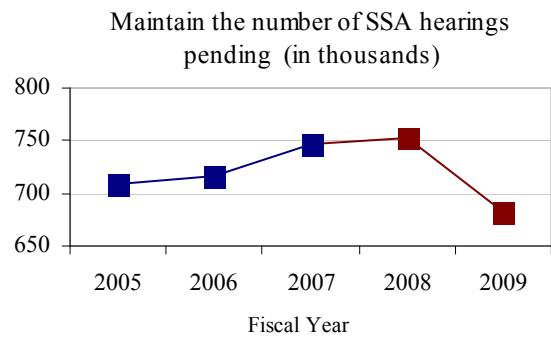
*Performance Measure 1.1e*

**Maintain the number of SSA hearings pending (at or below the FY 2008 goal)**

Fiscal Year	2008	2009
<b>Targets</b>	752,000	683,000

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	708,164	715,568	746,744



**Data definition:** SSA hearings pending in the Office of Disability Adjudication and Review

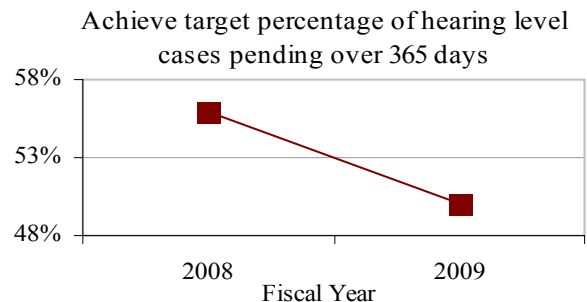
**Data source:** *Case Processing and Management System*

**Frequency reported:** Monthly

*Performance Measure 1.1f*

**Achieve target percentage of hearing level cases pending over 365 days\***

Fiscal Year	2008	2009
<b>Targets</b>	56%	50%



\* This is a new performance measure for FY 2008.

**Data definition:** Measured from the date of request

for hearing, this represents the number of cases that have been pending for more than 365 days as a percentage of the total number of cases pending at the hearing level. Included in the pending caseload would be remands as well as postentitlement actions. Remands are measured from the remand order date. A remand is an order by either the Appeals Council or a Federal Court returning a claim to a previous level decision maker for further action. Cases may be remanded for various reasons including: new evidence submitted with an appeal; a change in regulations; an error of law by the previous decision-maker; or an abuse of discretion.

**Data source:** *Case Processing and Management System and Disability Adjudication Reporting Tools*

**Frequency reported:** Monthly

### *Performance Measure 1.1g*

**Achieve target percentage of hearing level cases pending 900 days or more\***

Fiscal Year	2008	2009
<b>Targets</b>	Less than 1% of universe of over 900 day cases pending **	n/a

\* This is a new performance measure for FY 2008.

\*\*SSA began FY 2008 with 135,160 cases which are or will become 900 days old in FY 2008.

**Data definition:** Cases pending over 900 days or more include all cases which are, or will be, pending over 900 days during FY 2008, measured from request for hearing date or date of remand (whichever is later), except those cases that fall within an exception, such as prison cases.

**Data source:** *Case Processing and Management System*

**Frequency reported:** Monthly

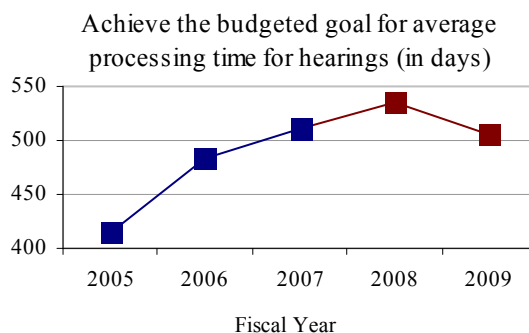
### *Performance Measure 1.1h*

**Achieve the budgeted goal for average processing time for hearings\***

Fiscal Year	2008	2009
<b>Targets</b>	535 days	506 days

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	415 days	483 days	512 days



\* This is also a *Program Assessment Rating Tool* measure.

**Data definition:** The average elapsed time, from the hearing request date until the date of disposition, for cases at the hearing level (disability and non-disability cases) processed during all months of the fiscal year. Remands are measured from remand order date.

**Note:** Beginning in FY 2006, this measure no longer included Medicare hearings.

**Data source:** *Case Processing and Management System*

**Frequency reported:** Monthly

*Performance Measure 1.1i*

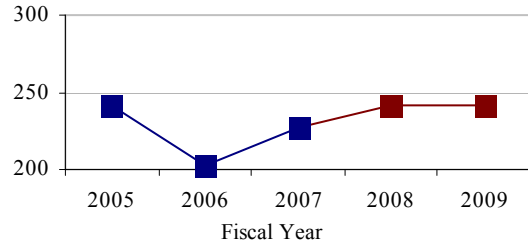
**Achieve the budgeted goal for average processing time for requests for review  
(appeals of hearing decisions)**

Fiscal Year	2008	2009
<b>Targets</b>	242 days	242 days

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	242 days	203 days	227 days

Achieve the budgeted goal for average processing time for requests for review (appeals of hearing decisions) (in 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 Automated Processing System*, which is the date the decision is date stamped, released, and mailed.

**Data source:** *Appeals Council Automated Processing System*

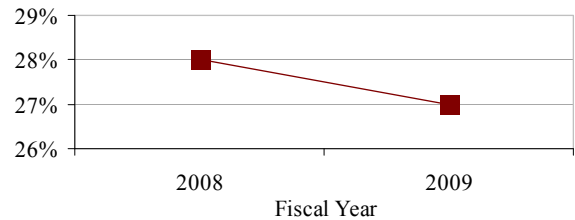
**Frequency reported:** Monthly

*Performance Measure 1.1j*

**Decrease the number of pending requests for review  
(appeals of hearing decisions) over 365 days\***

Fiscal Year	2008	2009
<b>Targets</b>	28%	27%

Decrease the number of pending requests for review over 365 days



\* This is a new performance measure for FY 2008.

**Data definition:** The indicator is calculated by dividing the total number of aged requests for review by the total number of pending requests for review. Aged requests for review are those cases where more than 365 days have elapsed since the date of the request for review.

**Data source:** *Appeals Council Automated Processing System*

**Frequency reported:** Monthly

## **MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 1.1**

Despite the challenges posed by the complexity of and increase in the volume of disability claims and appeals, SSA has a moral obligation to provide benefits as quickly as possible to applicants who are clearly disabled. In response, the Agency has developed two initiatives – compassionate allowances and the Quick Disability Determination (QDD) process – to identify these cases and expedite them through the adjudicatory process.

***Compassionate Allowances:*** Compassionate allowances are a way of quickly identifying diseases and other medical conditions that obviously meet the definition of disability under the *Social Security Act* and can be confirmed with minimal medical information. This initiative targets individuals who have filed for benefits that are clearly disabled and will allow SSA to approve the claims as soon as the diagnosis is confirmed or medical evidence is obtained.

SSA published an advance notice of proposed rulemaking to solicit the public's views on what standards the Agency should use for making compassionate allowances, methods SSA might use to identify compassionate allowances and suggestions for how to implement those standards and methods. In December 2007, SSA held the first of four public hearings planned for FY 2008. Based on the results of these hearings and the comments received from the proposed rule, the Agency will determine the best course of action for the implementation of the compassionate allowances initiative.

***Quick Disability Determination Process:*** A complementary tool is the Quick Disability Determination process, which accelerates claims where there is a high probability that the claimant is disabled and where evidence of the claimant's alleged disabling condition is readily available.

Since August 2006, SSA has successfully used this process in the Boston region (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont), where 96% of closed QDD cases were approved and 94% had decision times of 20 days or less.

National rollout of the QDD process began on October 9, 2007 with Arizona, New Jersey, and North Dakota. By the end of October, the Agency had rolled out another 15 State Disability Determination Services (DDS). Sixteen additional States were rolled out in November, while five other States, Guam, Puerto Rico, the U.S. Virgin Islands, and the District of Columbia were added in December. National rollout is expected to be completed by February 2008.

***Revising and Updating the Listing of Impairments for Determining Disability:*** SSA also remains committed to updating the listing of impairments to take into account advances in medical care and treatment. The listing describes, for each of the major body systems, impairments that are considered severe enough to prevent a person from doing any substantial gainful activity. Within the past 12 months, SSA published a final regulation covering visual impairments and the Agency will soon publish final regulations for the digestive and immune systems. In addition, SSA anticipates publishing a notice of proposed rulemaking this fiscal year for mental impairments, malignant neoplastic diseases, and respiratory disorders.

There also have been key initiatives implemented with respect to the hearings process. Disability hearings have been a growing workload for SSA, and eliminating the hearings backlog is one of the most important challenges now facing the Agency. Although SSA does not anticipate completely eliminating this backlog until 2013, considerable progress in addressing this workload has already been made.

At the beginning of FY 2007 (October 1, 2006), more than 63,000 cases were over 1,000 days old. In response to its pledge to Congress and the public, the Agency concentrated on eliminating this pending workload by the end of the year. Through determination and much hard work, this goal was accomplished and SSA is continuing efforts to eliminate the remaining backlogs by focusing on the following strategies.

**Increasing Capacity to Make Decisions on Hearings Requests:** A centralized administrative law judge (ALJ) staff was created to conduct video hearings for offices with significant backlogs, thus reducing the need for local judges to travel to some remote sites. Other options being explored include the use of senior attorney advisors to issue fully favorable decisions, the use of re-employed ALJs, and the hiring of new ALJs. Also, the Agency has proposed new rules to improve the efficiency of processing claims at the hearing levels and expects to issue new rules in early calendar year 2008.

SSA also plans to remand cases to the State Disability Determination Services to issue fully favorable determinations, update claims files, and implement a medical expert screening process. Finally, the National Hearing Center, which opened in December 2007, uses a streamlined business process to electronically hear cases from those hearing offices with the largest backlogs.

**Using the Findings Integrated Template (FIT):** FIT was developed to improve the quality of hearing decisions. Automated guides include the applicable statutory and regulatory requirements to ensure all relevant issues are addressed in the decision. Originally piloted in 40 hearing offices, the template was modified

and improved based on feedback from these offices and released to all hearing offices in January 2006. As of December 2007, 99% of ALJs were using FIT. ALJs now report that the decision drafts are of higher quality, and they spend less time editing the documents.

**Image Management Software:** SSA is also conducting a “proof of concept” study with a software vendor to automate the hearing office file preparation process for the electronic folder. The objective is to test and establish a document management process using imaging software that will extract information from claim file images. Use of this software will greatly reduce the time it now takes hearing office staff to manually search claim file images and enter data into the electronic folder. Other benefits will include less time identifying and deleting duplicate information and the ability to quickly identify potential “on-the-record” decisions.

SSA is working directly with the software developers to ensure the product meets the Agency’s needs. In addition, SSA is evaluating the best method for integrating the software into its mainframe architecture. SSA awarded a contract in September 2007 to develop the necessary software. A pilot is scheduled to begin in April 2008, and full implementation is expected to begin in October 2008.

**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 Disability Insurance and Supplemental Security Income beneficiaries, with Tickets in use, who work**

Calendar Year	2008	2009
Targets	Establish a new baseline	20% above CY 2008 baseline

**Data definition:** Count the number of Disability Insurance, Supplemental Security Income, and concurrent beneficiaries who have used their Ticket to sign up with an Employment Network (EN) or State Vocational Rehabilitation (VR) agency and who have recorded earnings in the *Disability Control File* in any month of the calendar year. The data are provided on a calendar year basis and reported in

June of the following year. Performance measure language has been changed from “assigned” to “in use” to be consistent with this data definition. Beginning with FY 2008, under new regulations, Tickets will be counted as “in use” when they are being used with an EN or State VR agency, whereas under the pre-FY 2008 system they were counted when assigned.

**Data source:** The “Verify Update Earnings Screen’s Work and Earnings Reports” data field in the Disability Control File

**Frequency reported:** Annually

*Performance Measure 1.2b*

**Number of quarters of work earned by Disability Insurance and Supplemental Security Income disabled beneficiaries during the calendar year\***

Calendar Year	2008	2009
<b>Targets</b>	Establish a baseline	To be determined

\* This is a new measure for FY 2008.

**Data definition:** Measures overall effectiveness of all work incentive programs and reflects results of Return-to-work education and outreach activities and improvements to the Ticket and other work incentive programs. It also reflects work by beneficiaries with disabilities at increasingly significant levels over a significant period of time. A "quarter" is earned for each \$1050 earned in a year, up to a limit of four quarters in any calendar year. The value of a “quarter” will be tied to the threshold for any worker to earn a Social Security quarter of coverage in a given calendar year and will index year-to-year with the quarter of coverage.

**Data source:** *Master Earnings File*

**Frequency reported:** Annually

**MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 1.2**

SSA is in the midst of a fundamental policy shift from a “disabled for life” approach to one that is focused on enhancing the productive capabilities of beneficiaries with disabilities. In doing so, the Agency recognizes there are multiple barriers faced by beneficiaries who wish to begin or return to work. Through a combination of regulatory initiatives and demonstration projects, SSA is now identifying and striving to remove these barriers.

**Accelerated Benefits Demonstration:** This demonstration project would provide immediate health benefits and employment supports to newly entitled Disability Insurance beneficiaries who do not have medical insurance coverage. Recruitment began in October 2007 and a final report is expected in 2011.

**Benefit Offset National Demonstration:** One concern many individuals with disabilities share when returning to work is the possible termination of their benefits. The Benefit Offset National Demonstration is intended to offer a gradual rather than an abrupt reduction in benefits for disabled Social Security beneficiaries who work and earn more than a specific amount. The project is currently under design and is scheduled to begin enrolling participants in 2009.

**Mental Health Treatment Study:** This program will provide mental health disorder treatment and employment supports not covered by other insurance. The purpose of the study will be to determine the impact these services have on outcomes, such as medical recovery, employment, and benefit receipt for certain disabled Social Security beneficiaries.

Recruitment for this project began in October 2006 and a final evaluation is expected in 2010.

**Youth Transition Demonstration Project:**

Designed to enable youth with disabilities to maximize their self-sufficiency, multiple government agencies, school systems, private-sector providers, and employers have been

brought together to create enhanced transition programs, better services, and service delivery systems. Ultimately, these activities may lead to reductions in federal and State expenditures for Supplemental Security Income, Medicaid, and other public benefits; increases in public revenues; and a better quality of life for persons with disabilities.

**Strategic Objective 1.3: Improve service through technology, focusing on accuracy, security, and efficiency**

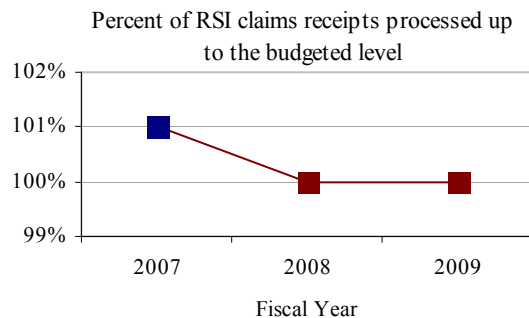
- Allow the public to more easily interact with the Social Security Administration by increasing partnerships with government and non-governmental organizations to share data and processes
- Improve and expand service capabilities by making optimal use of technology, including telephone and other electronic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

**Long - Term Outcomes**

*Performance Measure 1.3a*

**Percent of Retirement and Survivors Insurance claims receipts processed up to the budgeted level\* \*\***

Fiscal Year	2008	2009
<b>Targets</b>	100%	100%
<b>FY 2007 Historical Performance</b>		
Fiscal Year	2007	
<b>Actuals</b>	101%	



\* The budgeted level is 4,065,000 for FY 2008 and 4,281,000 for FY 2009. The budgeted level for FY 2007 was 3,837,000.

\*\*This is also a *Program Assessment Rating Tool* measure.

**Data definition:** In the regional offices, field offices, teleservice centers, program service centers, and the Office of Central Operations, 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 Store*

**Frequency reported:** Monthly



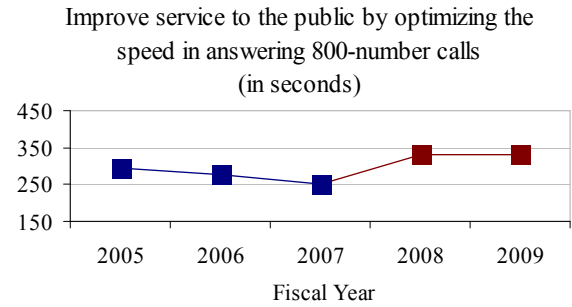
### *Performance Measure 1.3b*

#### **Improve service to the public by optimizing the speed in answering 800-number calls**

Fiscal Year	2008	2009
Targets	330 seconds	330 seconds

#### **FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
Actuals	296 seconds	278 seconds	250 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 calculation. Average speed of answer does not include callers who hang up after being in queue. A lower average speed of answer and busy rate are indicators of better customer service.

**Data source:** Report generated by Cisco router software

**Frequency reported:** Monthly

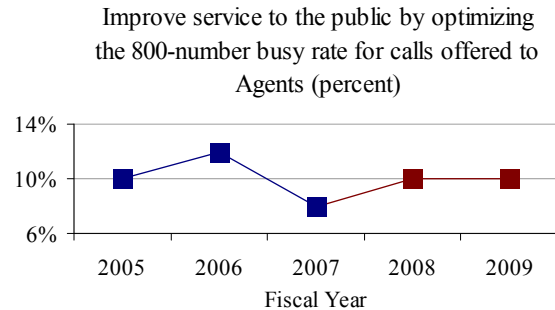
### *Performance Measure 1.3c*

#### **Improve service to the public by optimizing the 800-number busy rate for calls offered to Agents**

Fiscal Year	2008	2009
Targets	10%	10%

#### **FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
Actuals	10%*	12%*	8%*



\* 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. A lower busy rate and average speed of answer are indicators of better customer service.

**Data source:** Report generated by Cisco router software

**Frequency reported:** Monthly

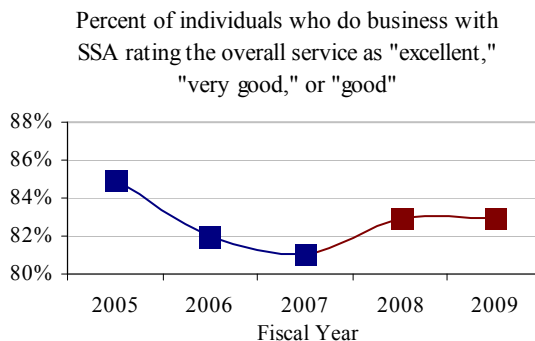
### *Performance Measure 1.3d*

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

Fiscal Year	2008	2009
<b>Targets</b>	83%	83%

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	85%	82%	81%



\* This is also a *Program Assessment Rating Tool* measure.

**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, field office callers, and field office and Hearings Office visitors

**Frequency reported:** Annually

### **MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 1.3**

As a recognized leader in the field of information technology, SSA realizes that increased investment in this area is critical if the Agency is going to survive in an environment of escalating workloads and a retiring workforce. In fact, improving automation initiatives is the Agency’s primary course for continuing and improving service while enhancing productivity. Transforming the information technology environment will be costly, but the price of not investing in these changes would be even more costly to the Agency and the American public.

Specific strategies for improving service through technology include:

***Enhancements to the Internet Social Security Benefits Application (ISBA):***

Public demand for online services continues to increase. The American Customer Satisfaction Index results show the public wants the option to apply for benefits through a single, easy-to-use, secure Internet application. In FY 2007, there was an 11% increase in usage of Social Security’s online retirement application over the previous fiscal year.

The Agency is planning several enhancements to the application in FY 2008 to meet the expected increase in demand for online services. In addition to various usability improvements, more automated customer service options will be added. The online application will also be expanded to permit third parties to begin the application process to protect potential benefits for incapacitated individuals who are unable to file their own applications.

SSA also will remove two questions that exclude users from completing an online application for benefits, thereby increasing the number of successful claims submitted online. For individuals filing for disability benefits, an enhancement to ISBA will allow information to flow seamlessly into the documentation that is required for all disability applications. In addition, because of the increase in the full retirement age for individuals born January 2, 1938 or later, SSA will expand ISBA to include Medicare-only claims.

**Use of Video Technology:** SSA currently uses video technology to take claims and provide additional services to residents in three western States – North Dakota, Wyoming, and South Dakota. SSA has also entered into a joint venture with the University of North Dakota, the General Services Administration, local government, and tribal leaders to establish video networks. Although persons in remote areas of the country may live far from a field office, video technology extends to them many of the services traditionally offered in that setting.

The Agency plans to expand the video network to provide additional sites and services and is considering locations in Montana. Because areas that offer video conferencing have seen significant increases in the number of claims filed, SSA is also working to establish links between claimants and the DDSs.

At the hearings level, SSA uses video equipment to conduct hearings, thereby reducing the need for ALJs to travel and increasing the availability of witnesses for hearings. Since 2004, the Agency has held over 120,000 hearings using video technology. And, while there are nearly 400 video-equipped hearing rooms, SSA continues to expand its video hearing capacity.

In addition, the Agency has opened a National Hearing Center, which conducts exclusively video hearings using electronic folders. SSA also plans to expand its efforts to co-locate hearing sites with field offices in order to share video technology and further extend its network.

**eService Program:** To the extent possible, SSA must provide online options to offset the rapidly growing gap between the resources needed and the resources available to handle the projected growth in the volume and complexity of Agency

workloads. With baby boomers joining the beneficiary rolls in record numbers in coming years, SSA cannot afford to continue with business as usual.

The vision of eService is a virtual SSA where the public, businesses, and Government agencies can conduct all business through secure, electronic channels.

**Generations Online:** In an effort to better engage the senior population, SSA developed a tutorial to assist seniors in conducting three simple but common transactions on Social Security's Internet site: changing an address and/or phone number, requesting direct deposit, and requesting a password needed to conduct other Social Security business online.

**Retirement Estimator:** An enhancement to the online claims process would provide real-time estimates of benefit amounts based on the individual's earnings.

**Telephone Systems Replacement Project:** SSA is planning a multi-year replacement of the current telephone system with a system that will support the transmission of voice (sound) over the Internet. A single system that carries voice and data would save administrative costs and support other technological improvements, particularly at the field office level. For example, local offices would be able to re-route calls during disasters and other emergencies and provide the public with the option of accessing their office of choice from any location within the continental United States.

**Strategic Goal 2: *To protect the integrity of Social Security programs through superior stewardship***

### **ENVIRONMENTAL FACTORS**

The Social Security program is the largest domestic social program in the world. The Old-Age, Survivors, and Disability Insurance Trust Funds paid out over \$575 billion in benefits to over 49 million beneficiaries in 2007. The size and scope of the program represent enormous stewardship challenges for SSA.

The Agency has core, ongoing stewardship efforts that are critical to the elimination of improper payments. An example is ensuring the correct earnings are credited to the right worker. Ensuring the accuracy of individual earning records and the benefit payments that are based on these records is a resource-intensive and

complex task. Despite an exceptional record by the Agency, employer error and misuse of the Social Security Number by undocumented workers have resulted in almost \$500 billion dollars that cannot be properly credited to individuals and must be placed in an earnings suspense file.

Another common occurrence involves individuals who fail to change their names when they marry or divorce, thus creating name/SSN mismatches. SSA continues to implement new technology to ensure earnings record accuracy and further protect the integrity of the Trust Funds.

The elimination of improper payments in the SSI program is heavily dependent on the availability

of resources to conduct core stewardship functions, particularly redeterminations and continuing disability reviews. SSA has been working to reduce the number of improper payments by initiating new computer matching agreements with other agencies and organizations, improving its ability to detect undisclosed financial accounts, conducting wage reporting pilots, and implementing improvements to its debt recovery program.

In addition to these core workloads, SSA also performs work that supports other federal agencies. For example, SSA cooperates with the Department of Homeland Security to operate E-Verify, the employment eligibility verification system. Additional information on E-Verify may be found on page 31 of this document.

**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 payments
- Maintain the Agency’s stewardship accuracy rates for Old-Age, Survivors, and Disability Insurance payments
- Increase the percent of outstanding debt that is in a collection arrangement
- Remain current with Disability Insurance and Supplemental Security Income continuing disability reviews
- Finish processing special disability cases
- Reduce the backlog of workers’ compensation cases

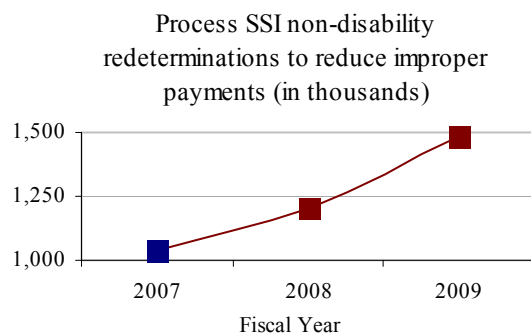
*Performance Measure 2.1a*

**Process Supplemental Security Income (SSI) non-disability redeterminations to reduce improper payments**

Fiscal Year	2008	2009
<b>Targets</b>	1,200,000	1,486,000

**FY 2007 Historical Performance**

Fiscal Year	2007
<b>Actuals</b>	1,038,948



**Data definition:** All non-disability eligibility redeterminations of Supplemental Security Income 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.

**Note:** Beginning in FY 2007, the data definition was changed to include targeted redeterminations.

**Data source:** *Redetermination Service Delivery Objective Report, Limited Issue Service Delivery Objective Report, Post-eligibility Operational Data Store*

**Frequency reported:** Monthly

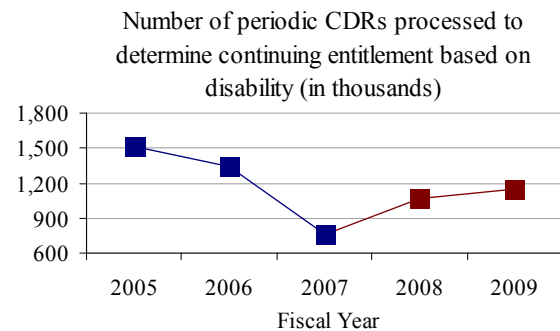
### *Performance Measure 2.1b*

#### **Number of periodic continuing disability reviews processed to determine continuing entitlement based on disability to help ensure payment accuracy**

Fiscal Year	2008	2009
Targets	1,065,000	1,149,000

#### **FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
Actuals	1,515,477	1,337,638	764,852



**Data definition:** Count includes periodic reviews and other continuing disability reviews (CDR) processed by the Disability Determination Services and through mailers not requiring medical reviews.

**Note:** The FY 2008 target of 1,065,000 includes 235,000 medical CDRs and 830,000 CDR mailers not requiring medical review. The FY 2009 target of 1,149,000 includes 329,000 medical CDRs and 820,000 CDR mailers not requiring medical review. Data provided from Disability Operational Data Store used to calculate a portion of the performance indicator is not archived or maintained for audit purposes.

**Data source:** *Disability Operational Data Store* and the continuing disability review tracking files

**Frequency reported:** Monthly

### *Performance Measure 2.1c*

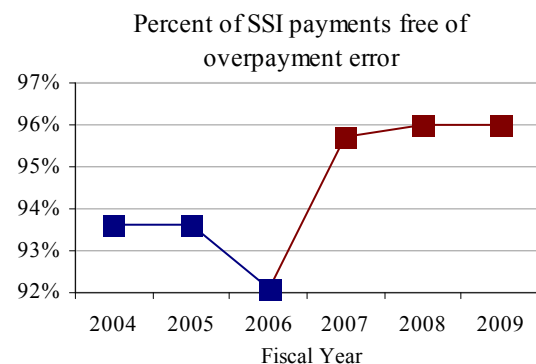
#### **Percent of Supplemental Security Income payments free of overpayment and underpayment error\***

##### **Overpayment Accuracy Rate**

Fiscal Year	2007	2008	2009
Targets	95.7%	96%	96%

#### **FY 2004 – FY 2006 Historical Performance**

Fiscal Year	2004	2005	2006
Actuals	93.6%**	93.6%**	92.1%

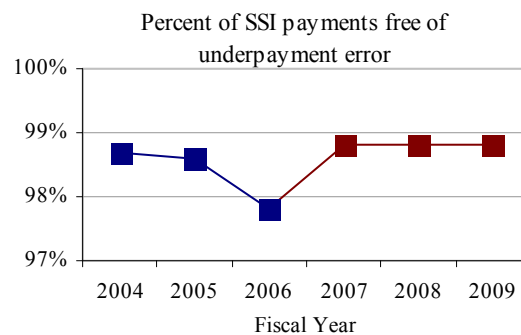


**Underpayment Accuracy Rate**

Fiscal Year	2007	2008	2009
<b>Targets</b>	98.8%	98.8%	98.8%

**FY 2004 – FY 2006 Historical Performance**

Fiscal Year	2004	2005	2006
<b>Actuals</b>	98.7%**	98.6%**	97.8%



\* This is also a *Program Assessment Rating Tool* measure.

\*\*Rounded up to the nearest tenth if  $\geq .05$  and down if  $\leq .04$

**Data definition:** The Supplemental Security Income payment accuracy rate free of overpayment and underpayment error is determined by an annual review of a statistically valid sample of the beneficiary rolls. Stewardship review findings, such as accuracy rates, are *estimates* based on the results of random samples. These estimates are expressed in terms of the degree of confidence that the estimate is somewhere between two values and the measure of precision provides information about the size of the interval. For example, in FY 2005, SSI precision at the 95% confidence level ranged from 92.7% to 94.5% for overpayments and from 98.3% to 98.9% for underpayments. Separate rates are determined for overpayment error dollars and underpayment error dollars. The accuracy rates are computed by dividing the error dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100% to determine the accuracy rate. The current measuring system captures the accuracy rate of the non-medical aspects of eligibility for SSI payment outlays.

**Note:** The SSI Stewardship Report is based on a monthly sample of 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.

**Data source:** *Supplemental Security Income Stewardship Report*

**Frequency reported:** Annually

*Performance Measure 2.1d*

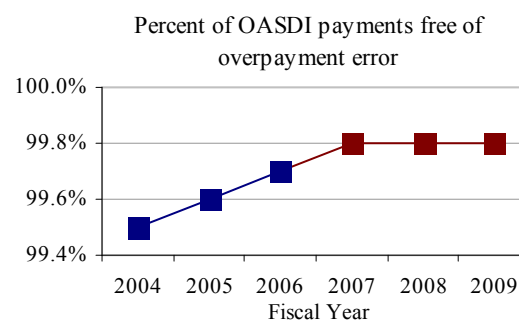
**Percent of Old-Age, Survivors, and Disability Insurance payments  
free of overpayment and underpayment error\***

**Overpayment Accuracy Rate**

Fiscal Year	2007	2008	2009
<b>Targets</b>	99.8%	99.8%	99.8%

**FY 2004 – FY 2006 Historical Performance**

Fiscal Year	2004	2005	2006
<b>Actuals</b>	99.5%**	99.6%**	99.7%**

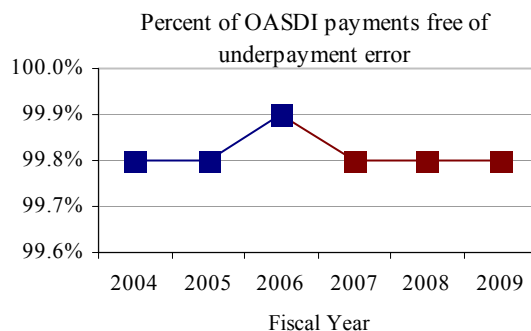


### Underpayment Accuracy Rate

Fiscal Year	2007	2008	2009
Targets	99.8%	99.8%	99.8%

### FY 2004 – FY 2006 Historical Performance

Fiscal Year	2004	2005	2006
Actuals	99.8%**	99.8%**	99.9%**



\* This is also a *Program Assessment Rating Tool* measure.

\*\*Rounded up to the nearest tenth if  $\geq .05$  and down if  $\leq .04$

**Data definition:** The Old-Age, Survivors, and Disability Insurance (OASDI) payment accuracy rate free of overpayment and underpayment error is determined by an annual review of a statistically valid sample of the beneficiary rolls. Stewardship review findings, such as accuracy rates, are *estimates* based on the results of random samples. These estimates are expressed in terms of the degree of confidence that the estimate is somewhere between two values and the measure of precision provides information about the size of the interval. For example, in FY 2005, overall OASDI precision at the 95% confidence level ranged from 99.25% to 99.86% for overpayments and from 99.65% to 99.98% 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. The percentage is subtracted from 100% to attain the accuracy rate.

**Note:** The basis of the Retirement and Survivors Disability Insurance payment accuracy (Stewardship) report is a monthly randomly selected sample of cases from Retirement and Survivors Disability Insurance payment rolls of 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% by phone and 25% by home visit), collateral contacts are made, as needed, and all factors of eligibility are redeveloped for the current sample month.

**Data source:** *Old-Age, Survivors, and Disability Insurance Stewardship Report*

**Frequency reported:** Annually

## **MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 2.1**

In support of the *President's Management Agenda* (PMA) program initiative, *Eliminating Improper Payments*, SSA has undertaken 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 2006, SSA achieved "yellow" for status and "green" for progress on the *PMA Program Initiatives Scorecard* and has maintained these scores through September 2007.

### **Detection and Prevention Activities**

**Continuing Disability Reviews:** SSA helps ensure the integrity of the disability program by conducting continuing disability reviews (CDR)

and determining whether beneficiaries continue to be entitled to benefits based on their medical conditions. CDRs are cost-effective, returning more than \$10 in lifetime program benefits for every \$1 spent. To make the process even more efficient, SSA has developed the CDR mailer/statistical scoring model to screen cases and identify those in which a full medical review would not be cost-effective. Remaining cases are then referred for the full medical CDR.

In FY 2007, another statistical scoring tool – the *Diary Model* – was developed to more accurately assign dates when individual disability cases should be selected for review based on the medical condition and expectation of medical improvement. Over time, the *Diary*

*Model* will save SSA millions of dollars because valuable Agency resources will not be needed to review cases where there is no reasonable expectation of improvement or recovery.

SSA also continues to focus on large-scale sampling of CDRs to maintain program integrity. These samples are conducted to ensure sufficient data for ongoing process assessment as well as periodic adjustments to the model.

Despite these efforts, overall Agency resource constraints in recent years have led SSA to process fewer CDRs. This has created an estimated backlog of more than one million CDRs required on cases that have been selected for medical review.

### ***Cooperative Disability Investigation (CDI)***

***Units:*** The purpose of the CDI unit is to develop evidence sufficient to resolve allegations of fraud in SSA's disability programs. This effort supports the Agency's strategic goal of ensuring the integrity of Social Security programs with zero tolerance for fraud and abuse.

Because of the CDI units and their partnerships with local law enforcement, SSA can:

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

The CDI program represents one of Social Security's most successful anti-fraud initiatives. From the inception of the program in 1998 through March 2007, the Agency has seen more than \$776 million in total program savings. In addition to these tangible results, the public's awareness of the CDI program through notices, publications, and/or online Questions and Answers has likely discouraged additional fraud.

### ***Supplemental Security Income***

***Redeterminations:*** The most powerful tool the Agency has to detect and prevent overpayments

is the SSI redetermination process. A redetermination is a periodic review of the non-medical factors of SSI eligibility. The estimated benefit from FY 2006 redeterminations totaled \$969 million in recovered or prevented overpayments (estimated recoveries of retroactive overpayments plus prevention of future overpaid monthly payments) and identification of \$803 million in underpayments. And, like the CDR process, the redetermination process is extremely cost-effective, saving SSA \$7 in lifetime program benefits for every \$1 in additional funding spent.

***Access to Financial Information:*** SSA expects to eliminate a substantial number of improper SSI payments that result from unreported or under-reported financial accounts.

The *Foster Care Independence Act of 1999* requires SSI applicants, recipients, and deems (persons whose income and resources are considered to be available to the SSI claimant or recipient) to provide authorization for SSA to access "any and all financial records from any and all financial institutions."

A web-based system automates the consent form and handles the routing and receipt of the verifications. A key feature of the system is its ability to search for undisclosed accounts at nearby financial institutions. The Agency is developing a proposal for national expansion of the system and examining the feasibility of integrating it with the *Modernized SSI Claims System* (the system used by SSA to process most SSI claims and post-eligibility actions).

***Other Activities:*** To encourage wage reporting and to prevent overpayments, SSA has developed an automated, telephone-based monthly wage reporting system. The Agency has also created an SSI Monthly Wage Reporting website, which contains helpful hints on making wage reporting faster and easier.

### **Recovery of Overpayments**

Stewardship responsibilities require that SSA recover as much debt as possible. SSA has a stringent debt collection program and is committed to using every available means to collect debts owed. Legislation has provided the



Agency with a number of tools to recoup delinquent debts:

**Treasury Offset Program:** This collection tool incorporated the Tax Refund Offset and added the option of an administrative offset. The administrative offset is used to collect delinquent OASDI debts from a federal payment other than a tax refund, such as a federal annuity.

**Non-Citizen Benefit Clarification and Other Technical Amendments Act of 1998:** This legislation authorized mandatory cross-program recovery to collect SSI debt owed by former recipients from any Social Security benefits due. Up to 10% of these benefits may be withheld to recover the SSI overpayment. If the debt occurred from willful misrepresentation or concealment of material information, then 100% of the Social Security benefit may be withheld. Recovery also may begin without written permission from the beneficiary.

**Social Security Protection Act of 2004:** This law expanded the *Non-Citizen Benefit Clarification and Other Technical Amendments Act of 1998* by allowing SSA unlimited withholding of retroactive benefits for the recovery of overpayments from either SSI payments or Social Security benefits even when the debtor was still eligible for SSI payments.

**Federal Salary Offset:** Allows the collection of delinquent SSI and Social Security debt from the salaries of federal employees.

**Non-Entitled Debtor System:** This database identifies, records, controls, and resolves debts owed by individuals who are not currently receiving Social Security or SSI benefits. The current program targets representative payees who have received overpayments on the record of deceased Social Security beneficiaries, but expansion to other debtors is anticipated.

**Administrative Wage Garnishment:** This collection tool allows SSA to order employers to withhold 15% of the debtor's wages, which are sent to SSA and applied to the outstanding debt each payday until the debt is paid in full.

**Other Activities:** Future debt collection plans include interest charging, referrals to private collection agencies, and expansion of the Non-Entitled Debtor System to include SSI Representative Payees, attorneys, and non-attorney representatives.

SSA is also developing other methods for increasing the recovery of overpayments by building a scoring system that prioritizes unresolved debts. These procedures will help balance debt workloads with operational resources and ensure resources are expended on debt with the most potential for recovery.

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

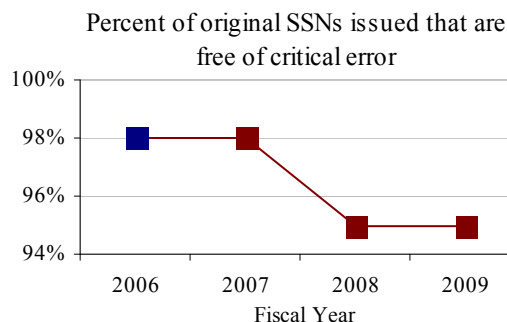
## Performance Measure 2.2a

### Percent of original Social Security Numbers issued that are free of critical error

Fiscal Year	2007	2008	2009
<b>Targets</b>	98%	95%	95%

#### FY 2006 Historical Performance

Fiscal Year	2006
<b>Actuals</b>	98%*



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

**Data definition:** The rate is based on an annual review of applications for original Social Security Number (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 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 and Enumeration-at-Entry processes are included in the review, as well as field office processed SS-5 transactions for original SSNs.

**Note:** In the *Annual Performance Plan for FY 2008 and Revised Final Plan for FY 2007*, this data definition was incorrectly stated. The definition has now been corrected above and includes SSNs issued via Enumeration-at-Birth, Enumeration-at-Entry, and SS-5s processed in field offices for original SSNs.

**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

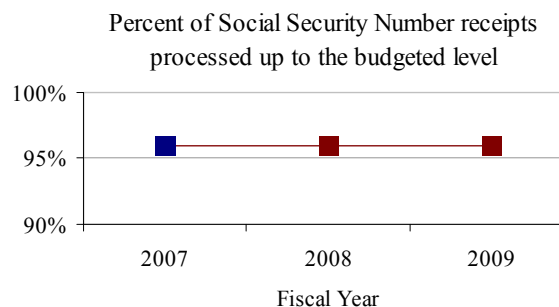
## Performance Measure 2.2b

### Percent of Social Security Number receipts processed up to the budgeted level\*

Fiscal Year	2008	2009
<b>Targets</b>	96% (18,240,000)	96% (19,200,000)

#### FY 2007 Historical Performance

Fiscal Year	2007
<b>Actuals</b>	96% (17,280,000)



\* The budgeted level is 19,000,000 for FY 2008 and 20,000,000 for FY 2009. The budgeted level for FY 2007 was 18,000,000.

**Data definition:** In the regional offices, field offices, and the Office of Central Operations, the original and replacement Social Security Number (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 the issuance of an SSN, an EAB, or an EAE.

**Data source:** *Social Security Unified Measurement System Enumeration Operational Data Store*

**Frequency reported:** Monthly

## **MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 2.2**

Enumeration is the process of assigning and issuing Social Security Numbers (SSNs). The Agency's commitment to safeguarding the integrity of this process originates from its stewardship of public trust. Additional enhancements became necessary because of the *Intelligence Reform and Terrorism Prevention Act of 2004* (IRTPA), P.L. 108-458. These enhancements have contributed to significant improvements in the Agency's enumeration and verification processes.

***Improving the Accuracy of the Enumeration at Birth (EAB) Process:*** Using information from hospital birth records, SSA can assign SSNs to newborns. Because the information is obtained directly from the Bureau of Vital Statistics, errors and the possibility of fraud are minimized. The EAB system was further modified when SSA's Office of the Inspector General and the Government Accountability Office made recommendations to prevent the assignment of multiple SSNs to the same child and to restrict the assignment of SSNs to unnamed children.

***Strengthening the Integrity of the Social Security Card:*** Additional standards for safeguarding SSN cards and increasing detection of their fraudulent issuance and use have been established. With certain exceptions, SSA now limits the number of replacement SSN cards an individual may receive to three per year and no more than ten in a lifetime. The Agency has also added new security features to the card. Further enhancements are planned for FY 2008.

### ***Enacting Additional Evidentiary***

***Requirements:*** SSA has implemented stricter evidentiary standards for SSN card applicants by revising the list of acceptable documents that are required for proof of identity. Acceptable identification is evaluated on a case-by-case basis according to age and circumstances. Documents must have been issued after the birth

record and be current and unexpired. And, although birth records are not considered proof of identity, new regulations require that verification of any birth record submitted by a U.S.-born individual age one or older when applying for an SSN, must be verified through the State Bureau of Vital Statistics (unless submitted through the EAB process).

***Enhancing the SSN Verification Process:*** IRTPA required that, by December 2007, fraud indicators be added to the SSN verification routines used by employers and by State agencies issuing driver's licenses and identity cards. On August 25, 2007, such indicators were added to the verification routines used by these agencies and in verification routines used internally by SSA employees.

***Strengthening the Enumeration-at-Entry Process (EAE):*** The EAE process enables SSA to issue SSN cards using data collected during the immigration process. SSA receives the information directly from the Department of Homeland Security, United States Citizenship and Immigration Services (USCIS). The Department of State collects enumeration information from adult applicants applying for admission into the United States as permanent residents and sends that data to USCIS. In turn, USCIS electronically sends the applicant's enumeration data directly to SSA when the individual is admitted to the United States.

In accordance with recent SSA Office of Inspector General audit recommendations, the Agency has taken 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 all modifications are fully operational, SSA and the Departments of State

and Homeland Security will consider expansion of the EAE process to other groups of non-citizens, e.g., non-immigrants who are legally authorized to work, but who are not seeking permanent resident status.

**Streamlining the Enumeration Operation:** Social Security Card Centers are designed to provide better public service by redirecting all

enumeration-related business to a single facility with a highly-trained, specialized staff. Currently, there are five centers in operation: Brooklyn, NY; Jamaica (Queens), NY; Las Vegas, NV; North Phoenix, AZ, and Downtown Phoenix, AZ. Residents of these cities must go to the Social Security Card Center to transact all SSN-related business.

**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

*Performance Measure 2.3a*

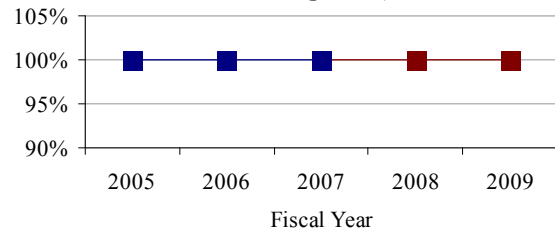
**Issue annual SSA-initiated Social Security Statements to eligible individuals age 25 and older**

Fiscal Year	2008	2009
<b>Targets</b>	100%	100%

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	100%	100%	100%*

Issue annual SSA-initiated Social Security Statements to eligible individuals age 25 and older (percent)



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

**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 a mailing address can be determined). The *Statement* contains information about Social Security benefit programs, financing facts, and provides personal benefit estimates. The *Statement* provides individuals the opportunity to review their earnings history and verify their earnings record for accuracy and completeness.

**Data source:** *Executive and Management Information System*

**Frequency reported:** Monthly

**MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 2.3**

As required by law, SSA issues annual *Social Security Statements* to all eligible individuals (workers age 25 and older who are not yet in benefit status and for whom a current mailing address can be determined). In FY 2007, SSA issued *Social Security Statements* to over 146 million individuals.

The *Social Security Statement* contains:

- An estimate of potential monthly Social Security retirement, disability, survivor and auxiliary benefits and a description of benefits under Medicare;
- The amount of wages paid to the employee or income from self-employment; and

- The aggregate taxes paid toward Social Security and Medicare.

The objectives of the *Social Security Statement* are to:

- **Educate the public about Social Security programs.** The *Statement* contains information about the various benefits to which a worker may be entitled.
- **Assist in financial planning.** The *Statement* provides workers with information about potential retirement, disability, and survivor benefits. It also contains information about planning for retirement.
- **Verify and ensure the accuracy of a worker's earnings record.** The *Statement* encourages individuals to review their earnings history and report any discrepancies as soon as possible so that corrections can be made sooner rather than later. This will avoid incorrect benefit payments in the future.

To ensure that the *Statement* meets its objectives, the Agency has an ongoing *Statement* evaluation plan that includes focus group testing, formal surveys, and an audit of existing internal sources of management information.

SSA also helps ensure the accuracy of earnings records by supporting E-Verify, a Department of Homeland Security (DHS) program that allows employers to electronically verify the employment eligibility status of newly-hired employees. Worksite enforcement is important to successful immigration reform. A critical component of worksite enforcement is a strong employee verification system, such as E-Verify.

As of November 2007, there were over 30,000 employers participating in the E-Verify program at nearly 125,000 employer sites nationwide. The information submitted to E-Verify by the employer is first sent to SSA to verify that the SSN, name, and date of birth match information in SSA's records. For individuals alleging U.S. citizenship, SSA confirms citizenship status, thereby confirming work authorization status. For non-citizens, if alleged data matches SSA records, DHS determines the current work authorization status and notifies the employer of the results. Approximately 92% of these initial verification queries are confirmed within seconds.

If E-Verify is unable to confirm that the SSN, name, date of birth, and alleged citizenship status match SSA's record or cannot determine employment eligibility from DHS' records, a "Tentative Non-Confirmation" message is sent to the employer. Employers have been given procedures to resolve discrepancies. However, if the discrepancy cannot be resolved and the system cannot confirm employment eligibility after the employer resubmits the information, the employer may terminate the new hire.

SSA and DHS continue to work to improve the operation of the current voluntary system in order to make it more efficient for employers and employees. SSA has also begun to lay the groundwork to increase its capacity to handle substantially heavier volumes of verification transactions. Additionally, SSA and DHS are working on initiatives to reduce the number of "Tentative Non-Confirmation" messages being generated to employers about employees who are ultimately determined to be authorized to work.

**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 two 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*

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

<b>Fiscal Years</b>	<b>Targets</b>
<b>2008 - 2009</b>	Receive an unqualified opinion

**FYs 2005 - 2007 Historical Performance**

<b>Fiscal Years</b>	<b>Actuals</b>
<b>2005 - 2007</b>	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

**MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 2.4**

This objective focuses on the management aspects of administering Social Security programs and staff/resources. 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 Onsite Security Control and Audit Reviews in its field, hearings, and regional offices. The reviews

enable the Agency to identify systemic or widespread problems in the areas of time and attendance certification, refunds and remittances, third party drafts, acquisitions, systems security, enumeration, physical security, and administrative matters before they can lead to material weaknesses. Offices are required to correct any deficiencies in a timely manner.

**Strategic Goal 3: *To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations.***

**ENVIRONMENTAL FACTORS**

Solvency is affected by a host of demographic, socio-economic, and program-specific factors. Such factors include the size and characteristics of the beneficiary population, benefit amounts, the size of the work force, the level of workers' earnings, projected birth and mortality rates, immigration, marriage and divorce rates, retirement age patterns, disability incidence and termination rates, wage increases, and inflation.

Although overall birth and death rates are declining, death rates for individuals age 65 and older are declining more slowly. This means fewer workers will be paying into the Trust Funds at a time when beneficiaries are living longer. This contributes directly to the impending financial solvency issue.

Long-term projections by the Social Security Board of Trustees indicate, under the intermediate assumptions, the program will begin experiencing cash-flow deficits in 2017 and will be unable to meet all the scheduled benefit payments in 2041 on a timely basis. The Board also reports that present tax rates will be sufficient to pay only 75% of scheduled benefits in 2041 and 70% of scheduled benefits in 2081.

Concluding *The 2007 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds*, 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. Making adjustments sooner will allow them to be spread over more generations. Social Security plays a critical role in the lives of this year's 50 million beneficiaries and 163 million covered workers and their families. With informed discussion, creative thinking, and timely legislative action, we will work with Congress and others to ensure that Social Security continues to protect future generations."

To this end, SSA is actively involved in educating the American public on the solvency issues and working with the Administration and Congress on proposals to address these issues. To date, consensus has not been reached on a set of reforms that would achieve sustainable solvency.

**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**

Fiscal Years	Targets
2008 – 2009	Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms

## FYs 2005 - 2007 Historical Performance

Fiscal Years	Actuals
2005 – 2007	Conducted analysis for Congress and the Administration on key issues related to implementing Social Security reforms

**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.

**Note:** Dependent on research funding, requests, and legislative proposals and changes.

**Data source:** Office of Policy records (consists primarily of various micro simulation models, e.g., *Modeling Income in the Near Term*, *Financial Eligibility Model*, *Social Security and Accounts Simulator*, and surveys, e.g., *Survey of Income and Program Participation*, *Health and Retirement Study*)

**Frequency reported:** Monthly

### **MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 3.1**

To accomplish this objective, SSA provides 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 would cost and attempting to determine the effects of a given proposal on specific demographic segments of the population (distributional analysis).

Through the Office of the Chief Actuary, SSA provides cost estimates for numerous congressional and other proposals to sustain solvency, including possible effects on the Unified Budget (which includes Trust Fund receipts and payments), the Trust Fund operations, and the cash flow between the Trust Funds and the general funds of the Treasury.

SSA also prepares distributional analyses on projected outcomes under current law and proposed changes to current law. The Agency develops and maintains several projection models for undertaking such analyses and it produces more than a dozen periodical reports that provide detailed statistical data on program size and trends.

In addition, SSA maintains Retirement Research Centers at Boston College - <http://www.bc.edu/centers/crr/index.shtml>, the University of Michigan - <http://www.mrrc.isr.umich.edu/>, and the National Bureau of Economic Research - <http://www.nber.org/programs/ag/rrc/rrchome.html>

The Centers conduct research on Social Security solvency and reform, retirement planning and risk management, measures of retiree well-being, and trends in labor force participation.

Finally, SSA continues to:

- Undertake multiple research demonstrations that will provide support, including employment support, to both disability applicants and beneficiaries;
- Communicate 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 (<http://www.socialsecurity.gov/>);
- Issue the annual *Social Security Statement* to eligible individuals age 25 and older; and
- Enhance the *Statement* as an educational tool for retirement planning.



**Strategic Goal 4: *To strategically manage and align staff to support the mission of the Agency***

**ENVIRONMENTAL FACTORS**

One of the greatest challenges now facing SSA is staffing. By 2015, almost 54% of current employees will be eligible for retirement. As a result, while workloads increase due to the disability and retirement needs of the baby boomers, the Agency is in danger of losing that segment of its workforce that is most experienced and knowledgeable about the administration of its programs.

Additionally, increased diversity in the overall population and the introduction of new recruits to the Agency establishes a clear business case for diversity in SSA’s workforce – from both a multicultural and multigenerational perspective. SSA must be prepared to provide bilingual and multilingual services so that all members of the public can comfortably conduct their business with the Agency.

Also, to maintain high productivity, SSA must remain knowledgeable and attentive to the different needs and expectations of current and

future employees of several different generations.

These factors, along with SSA’s need to utilize technological advances, respond to changes in economic conditions, and continue making improvements in the efficient and effective delivery of its programs, will have a significant effect on the Agency’s workforce. Without balanced and effective human capital planning, these factors may significantly impact SSA’s operations and compromise the high-quality of service the Agency is known to provide.

In light of the peak retirement period that is beginning, SSA must continue to complement its existing human capital efforts with new initiatives that address current and future workforce challenges. The Agency has made substantial progress thus far; however it is imperative that it continues to effect positive change through sound planning and evaluation.

**Strategic Objective 4.1: 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*

**Enhance SSA’s recruitment program to support future workforce needs**

<b>Fiscal Years</b>	<b>Targets</b>
<b>2009</b>	Develop and implement an action plan based on the findings from the recruitment evaluations
<b>2008</b>	Implement the recruitment evaluation, including collecting initial baseline data and develop an evaluation report

## FY 2007 Historical Performance

Fiscal Year	Actual
2007	Developed methodology to evaluate selected elements of the SSA recruitment strategy

**Data definition:** The recruitment evaluation developed in FY 2007 focuses on the following six elements of SSA’s multifaceted recruitment strategy: 1) co-ordination of nationwide recruitment; 2) on-campus recruitment; 3) creation of an Internet strategy; 4) automation of staffing and recruiting; 5) maximum use of hiring authorities; and 6) diversity recruitment. In FY 2008, the evaluation will be implemented according to the timeline described in the evaluation plan and a report of the findings will be developed. In FY 2009, an action plan which addresses the findings presented in the evaluation report will be developed and implemented, also according to an established timeline.

**Data source:** Office of Human Resources records, which include the evaluation plan documented in FY 2007, baseline data collected and resultant report in FY 2008, the action plan developed in FY 2009, and documentation of completion of the actions identified in the evaluation and action plans

**Frequency reported:** Monthly

### **MEANS AND STRATEGIES FOR STRATEGIC OBJECTIVE 4.1**

Despite having a capable, creative, and highly committed workforce, maintaining a high level of performance will be challenging given the unavoidable loss of experienced employees in the next few years, particularly at a time when workloads will experience record growth.

Over the years, SSA has refined its human capital management structure – creating an effective and efficient framework that encompasses recruitment, hiring, leadership and succession management, employee development and training, retention strategies, effective performance management, and accountability. SSA’s balanced methods have framed efforts to ensure the Agency has the right employees, in the right jobs, at the right time.

This framework also addresses each dimension of the *President’s Management Agenda* initiative for the *Strategic Management of Human Capital*. SSA has maintained a “green” status score since June 2004 by successfully completing planned activities, continuing with initiatives already underway, and adding new measures that will further improve the management of human capital.

SSA continues to:

- Update retirement wave analyses to review the current state of the Agency’s workforce, identify trends in projected losses, and provide empirical data to support decisions regarding the Agency’s recruitment, knowledge management, professional development, and succession planning efforts;
- Achieve workforce diversity, implement balanced recruitment and outreach strategies, and where necessary, implement targeted initiatives for underrepresented populations, such as veterans and individuals with disabilities. These strategies include cutting-edge marketing through the Internet and print media as well as strengthened collaboration with organizations supporting veterans and individuals with disabilities;
- Implement SSA’s long-range strategy to minimize skill and knowledge gaps in mission-critical occupations by identifying critical competencies for success in those positions, assessing possible skill gaps in the current workforce, and developing and implementing plans to address any gaps found. 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;

- Maximize implementation of employee-focused programs that address the needs of the Agency's employees regardless of their age or stage in their career, e.g., family friendly services, career development, financial literacy, and educational seminars;
- Ensure continuity of leadership, knowledge management, and succession planning through SSA's professional development programs and extensive training for current and future leaders at all levels in the Agency;
- Leverage new development, performance

management, and internal human resources processes;

- Refine a performance management system that enables supervisors and managers to differentiate among levels of performance, communicate effectively with employees, and ensure employee performance and expectations are aligned with the Agency's mission and goals; and
- Monitor and measure the Agency's human capital programs for accountability and results through its internal tracking and assessment procedures.

## Program Assessment Rating Tool (PART)

The Office of Management and Budget developed the *Program Assessment Rating Tool* (PART) as a diagnostic tool to assess the effectiveness of Federal programs. The PART is comprised of twenty-five generic questions that are used government-wide to assess program effectiveness. The review helps identify program strengths and weaknesses, so that the executives who make key budget and management decisions are better informed. All factors that influence and reflect program performance are considered, including program purpose and design; performance measurement, evaluation, and strategic planning; program management; and program results. Because the rating tool includes a consistent series of analytical questions, it allows programs to show

improvements over time and comparisons between similar programs.

SSA administers three programs that are currently evaluated by the PART: Old Age and Survivors Insurance; Disability Insurance; and Supplemental Security Income. Each program has been assessed as moderately effective (the second highest rating possible).

Most of the performance measures used in the PART evaluation are also *Government Performance and Results Act* (GPRA) performance measures. In addition, the PART review includes non-GPRA measures. The following section describes these non-GPRA PART measures.

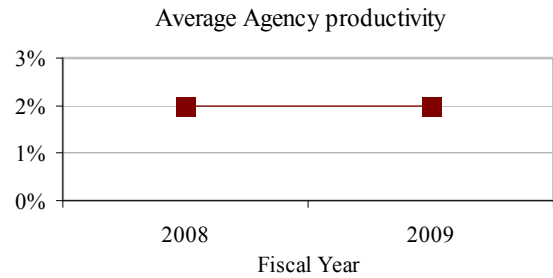
## Non-GPRA PART Annual Performance Measures

### Average Agency productivity

Fiscal Year	2008	2009
<b>Targets</b>	2%	2%

#### FY 2001 – FY 2007 Historical Performance

Fiscal Year	2001 - 2007
<b>Actuals</b>	Since FY 2001, the base year, SSA has exceeded the goal of improving productivity by 2% on average for five out of six years.



**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.

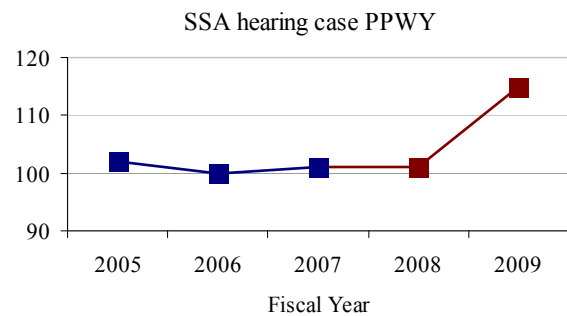
**Data source:** *Managerial Cost Accounting System*

### SSA hearing case production per workyear (PPWY) (includes all hearings, not just initial disability)

Fiscal Year	2008	2009
<b>Targets</b>	101	115

#### FY 2005 – FY 2007 Historical Performance

Fiscal Year	2005	2006	2007
<b>Actuals</b>	102* **	100*	101*



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

\*\*FY 2005 included Medicare and SSA hearings.

**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 and Management System, Payroll Analysis Recap Report, Travel Formula* (based on the assumption that ALJs spend an average of 10% of their time in travel status), and *Training Reports* (regional reports on new staff training, ongoing training, and special training)

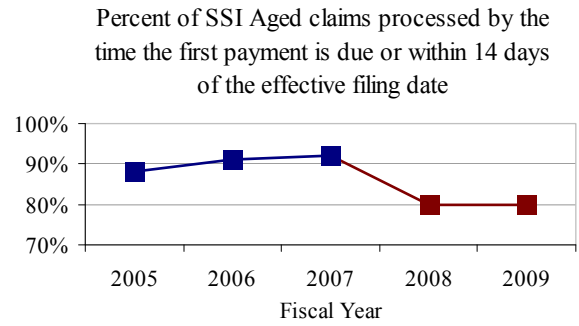
**Frequency reported:** Monthly

**Percent of SSI aged claims processed by the time the first payment is due or within 14 days of the effective filing date**

Fiscal Year	2008	2009
<b>Targets</b>	80%	80%

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	88%*	91%*	92%*



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

**Data definition:** This rate reflects the number of SSI Aged applications completed through the SSA operational system (i.e., award or denial notices are triggered) before the first regular continuing payment is due or not more than 14 days from the effective filing date, if later, divided by the total number of SSI Aged applications processed. The first regular continuing payment due date is based on the first day of the month that all eligibility factors are met and payment is due. This definition came into effect beginning FY 2001.

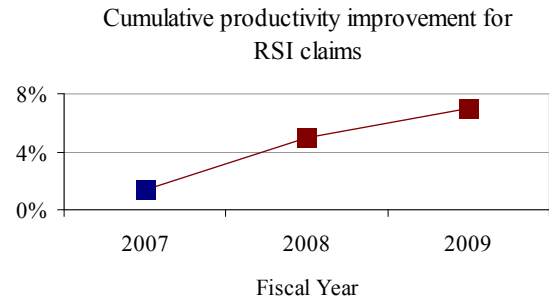
**Data source:** *Title XVI Operational Data Store*

**Cumulative productivity improvement for Retirement and Survivors Insurance claims (compared to FY 2005)**

Fiscal Year	2008	2009
<b>Targets</b>	5%	7%

**FY 2007 Historical Performance**

Fiscal Year	2007
<b>Actuals</b>	1.4%



**Data definition:** Retirement and Survivors Insurance (RSI) claims are calculated at the Agency level and the percent increase will be calculated using FY 2005 (571 claims processed per workyear) as the base. A 16% increase from this base means that the goal in FY 2013 is for SSA to process 662 claims per workyear. The RSI claims productivity per workyear number includes all retirement benefit claims, survivors benefit claims, and initial claims for Medicare.

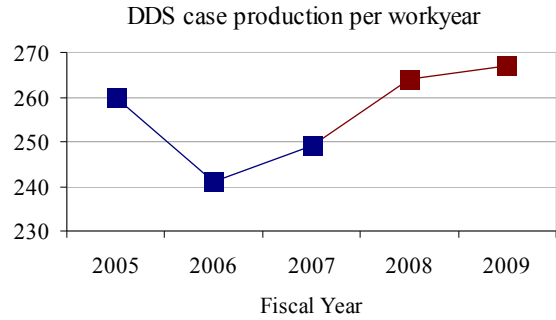
**Data source:** *The SSA Workload Trend Report*

**Disability Determination Services case production per workyear**

Fiscal Year	2008	2009
<b>Targets</b>	264	267

**FY 2005 – FY 2007 Historical Performance**

Fiscal Year	2005	2006	2007
<b>Actuals</b>	260*	241*	249*



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

**Data definition:** This indicator represents the average number of Disability Determination Services (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 and Disability Operational Data Store*

**Frequency reported:** Monthly

## **APPENDIX B: MAJOR PROGRAM EVALUATIONS COVERING FY 2008 – FY 2009**

<b>Strategic Goal 1: <i>To deliver high-quality, citizen-centered service</i></b>		
<b>Evaluation</b>	<b>Description</b>	<b>Completed</b>
<i>Service Satisfaction Survey</i>	Surveys overall public satisfaction with service	Annually in September
<i>Internet Services Satisfaction Surveys</i>	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
<i>Telephone Services Satisfaction Surveys</i>	Surveys satisfaction related to improvements in telephone services made available to the public through SSA's 800-number or in local field offices	Contingent on Agency information needs
<i>Congressional Report on the Evaluation of the Ticket to Work Program and Adequacy of Incentives</i>	Evaluates the progress of activities and the success of the Ticket to Work Program and any recommendations for program modifications	Biennially (December 2007 & December 2009)
<i>Disability Initial Claims and Appeals Satisfaction Surveys</i>	Surveys disability claimants at the initial and appeal levels to obtain a "report card" on satisfaction with the initial claims and hearings processes	Annually
<i>Enumeration Review</i>	Reviews enumeration process to determine the quality of Social Security Number issuance	Annually

<b>Strategic Goal 2: <i>To protect the integrity of Social Security programs through superior stewardship</i></b>		
<b>Evaluation</b>	<b>Description</b>	<b>Completed</b>
<i>Safeguard Procedures Report/Activity Report</i>	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 to the Office of Management and Budget</i>	Reports the status of SSA's information security program	Annually
<i>Retirement, Survivors, and Disability Insurance Stewardship Review</i>	Reports on dollar accuracy of payment outlays	Annually
<i>Supplemental Security Income (SSI) Stewardship Report</i>	Reports on dollar accuracy of payment outlays	Annually
<i>SSI Annual Report</i>	Reports on the status of the SSI program	Annually in May

**Strategic Goal 3: *To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations***

<b>Evaluation</b>	<b>Description</b>	<b>Completed</b>
<i>Trustees Report</i>	Board of Trustees Report on the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds	Annually in April
<i>Evaluation of Changing Benefit Structures</i>	Evaluates the distributional impact of changing Old-Age, Survivors, and Disability Insurance and SSI benefits	Ongoing

**Strategic Goal 4: *To strategically manage and align staff to support the mission of the Agency***

<b>Evaluation</b>	<b>Description</b>	<b>Completed</b>
<i>Retirement Wave Report</i>	Projects likely employee retirement rates in mission-critical occupations and in major SSA components	Annually
<i>Strategic Human Capital Plan</i>	Outlines how SSA's Human Capital goals, objectives, and strategies ensure employees are in place with the skills necessary to continue SSA's tradition to deliver high-quality service	Annually
<i>Strategic Leadership Succession Plan</i>	Identifies how the Agency's succession management strategies for the recruitment, selection, and development of leaders will be implemented and evaluated	Annually
<i>Human Capital Accountability Plan</i>	Provides the Agency a system by which SSA can monitor and evaluate the results of its human capital strategies, 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 come from surveys and workload samples designed to achieve very high levels of statistical validity (generally, a 95% confidence level).

SSA performs stewardship reviews, which are the primary measure of quality in the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. These findings also 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 and 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.

The Agency's *Transaction Accuracy Reviews* focus on field office (FO) and program service center quality and measures operational compliance with procedural requirements contained in the Agency's *Program Operations Manual Systems* (POMS). When POMS instructions are not followed and further development of the case is needed, SSA completes the required development action to bring the issue in question into compliance with POMS instructions and determines whether there is a payment error. If an error is apparent from the material in the FO file and does not require any further development, the Agency reviewer cites an error and determines the payment impact. Quality feedback is provided to the adjudicating FO in all cases. The sample of *Transaction Accuracy Reviews* includes about 20,000 cases annually (10,000 each for the

OASDI and SSI programs). These reviews produce national and regional data on the adjudicative quality of approximately five million OASDI claims and 4.2 million SSI claims, redeterminations, and targeted redeterminations processed each year.

Depending on *Transaction Accuracy Reviews* findings, targeted reviews focus on specific problems that are identified and tested for solutions at the national or regional level. Targeted samples are not necessarily limited to a POMS compliance standard, depending on the nature of the issue. *Transaction Accuracy Reviews* reports are provided every 6 months and address a rolling 12-month review period, while analytical reports focusing on specific subject areas are generated on a flow basis.

Field assistance visits to FOs comprise a third element of this process. In conjunction with the Regional Commissioners, Regional Offices of Quality Performance staff will conduct these visits to identify where work process improvements can be made.

### *Performance and Accountability Report (PAR)*

The annual *Performance and Accountability Report* (PAR) is used to report SSA's progress in meeting the *Government Performance and Results Act* (GPRA) goals and performance measures that are described in Appendix A of this document. 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. It also includes the results from audits of SSA's financial statements and internal controls by an independent accounting firm under contract with SSA's Office of the Inspector General.

### *Roles of the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG)*

GAO and OIG play key roles in assuring SSA's data systems for measuring performance are reliable. This ensures the 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. In FY 2007, the OIG contracted PricewaterhouseCoopers LLP to perform the *Government Performance and Results Act* (GPRA) audits. The objectives of these audits were to:

- Assess and test SSA's internal controls over the development and reporting of performance data for selected annual performance indicators;
- Assess and test the application controls related to the performance indicators;
- Assess the overall reliability of the performance indicators' computer processed data;
- Test the accuracy of results presented and disclosed in the PAR;
- Assess the meaningfulness of the performance indicators; and
- Report the results of the testing to the OIG and SSA Management.

OIG initiated seven audits on 14 GPRA performance measures in FY 2007. Three of these audits, known as "historical" audits because they were based on work completed in FY 2007, addressed five performance measures and the following issues were identified:

- Four of the performance measures' data were reliable.
- One of the performance measures' data was unreliable because SSA programmers had direct access rights to the performance measure data. It should be noted that SSA management has since removed all programmers' direct access. Furthermore, the auditors were able to re-calculate the data for this measure and found no errors.
- One performance measure did not have complete documentation of its policies and procedures. This issue has been resolved and the action was noted in the final audit report.
- One performance measure did not clearly support a Strategic Objective. This issue was resolved within the FY 2007 PAR by expanding the performance measure discussion.

The other four audits, addressing nine performance measures, are known as "real-time" audits. OIG agreed to implement a "real-time" auditing approach since SSA's systems are unable to maintain, in a cost-effective manner, a full fiscal year's worth of detail-level data related to several of its performance measures. The following issues relating to the reliability of the computerized data were identified:

- Five of the performance measures' data were reliable.
- Three of the performance measures' data were unreliable because SSA programmers had direct access rights to the performance measure data. It should be noted that SSA management has since removed all programmers' direct access. The auditors found no errors during the data recalculation of these measures.
- One of the performance measures' data was unreliable because the User Identification and password settings for a program were inadequate. This issue will not be resolved because the system used to maintain the data will be replaced in 2008. The new system will contain the necessary User Identification and password settings. The auditors found no errors during the data re-calculation of this measure.

## **GAO**

In June 2005, GAO acknowledged in its *Major Management Challenges at the Social Security Administration* that SSA has:

- Continued to strengthen the integrity of the SSI program;
- Taken steps to improve its programs that provide support for individuals with disabilities;
- Made important progress since FY 2003 in addressing weaknesses in policies, procedures, and practices in key information technology areas; and
- 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.

## **APPENDIX D: FEDERAL INFORMATION SECURITY MANAGEMENT ACT**

The goals of the *Federal Information Security Management Act of 2002* (FISMA) 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 Report* 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 major program requirements within 18 months of enactment of FISMA, the Agency continues to evaluate and enhance its security program annually. A congressional report card rates SSA'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."

SSA has also 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: SOCIAL SECURITY ADMINISTRATION'S PERFORMANCE MEASURE CHANGES SINCE FY 2007**

Deleted Performance Measures	
<u>Number</u> Feb 2007	Performance Measure
1.1b	Maintain the number of initial disability claims pending in the Disability Determination Services (at or below the FY 2008/2009 goal)
1.1e	Average processing time for initial disability claims
1.1i	Agency decisional accuracy rate (ADA)
1.2b	Number of Supplemental Security Income disabled beneficiaries earning at least \$100 per month
1.3d	Maximize public use of electronic services to conduct business with SSA
1.3e	Increase the percent of employee reports (W-2 forms) filed electronically and processed to completion
1.3g	Improve workload information using <i>Social Security Unified Measurement System</i> (SUMS)
2.1d	Percent of outstanding Supplemental Security Income debt in a collection arrangement
2.1f	Percent of outstanding Old-Age, Survivors and Disability Insurance debt in a collection arrangement
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
2.4a	Continue to achieve 2 percent, on average, annual productivity improvements
2.4b	Disability Determination Services case production per workyear
2.4c	SSA hearings case production per workyear
2.4d	Enhance efforts to improve financial performance using the <i>Managerial Cost Accountability Systems</i> (MCAS)
2.4f	Get to 'green' on the <i>President's Management Agenda</i> initiatives status scores
4.1a	Minimize skill and knowledge gaps in mission-critical positions
4.1b	Align employee performance with Agency mission and strategic goals

<b>New Performance Measures</b>	
<b>Number Revised Final</b>	<b>Performance Measure</b>
1.1b	Minimize average processing time for initial disability claims to provide timely decisions
1.1f	Achieve target percentage of hearing level cases pending over 365 days
1.1g	Achieve target percentage of hearing level cases pending 900 days or more
1.1j	Decrease the number of pending requests for review (appeals of hearing decisions) over 365 days
1.2b	Number of quarters of work earned by the Disability Insurance and Supplemental Security Income disabled beneficiaries during the calendar year

<b>Changed Title of Performance Measures</b>		
<b>Number Revised Final</b>	<b>Old Title of Performance Measure</b>	<b>New Title of Performance Measure</b>
1.1a	Percent of initial disability claims receipts processed up to the budgeted level	Percent of initial disability claims receipts processed by the Disability Determination Services up to the budgeted level
1.1d	Number of SSA hearings processed	Achieve budgeted goal for SSA hearings processed (at/below the FY 2008 goal)
1.1c	DDS net accuracy rate (allowances and denials combined)	Disability Determination Services net accuracy rate for combined initial disability allowances and denials
1.1h	Average processing time for SSA hearings	Achieve the budgeted goal for average processing time for hearings
1.1i	Average processing time for hearings appeals	Achieve the budgeted goal for average processing time for requests for review (appeals of hearing decisions)
1.3b	Optimize the speed in answering 800-number calls	Improve service to the public by optimizing the speed in answering 800-number calls
1.3c	Optimize the 800-number busy rate offered to Agents	Improve service to the public by optimizing the 800-number busy rate for calls offered to Agents
2.1a	Number of Supplemental Security Income non-disability redeterminations processed to help ensure payment accuracy	Process Supplemental Security Income non-disability redeterminations to reduce improper payments

**Changed Title of Performance Measures**

<b><u>Number Revised Final</u></b>	<b>Old Title of Performance Measure</b>	<b>New Title of Performance Measure</b>
2.1b	Number of periodic CDRs processed to determine continuing entitlement based on disability	Number of periodic continuing disability reviews processed to determine continuing entitlement based on disability to help ensure payment accuracy
2.1c	Percent of SSI payments free of overpayments (O/P) and underpayments (U/P)	Percent of Supplemental Security Income payments free of overpayment and underpayment error
2.1d	Percent of Old-Age, Survivors and Disability Insurance (OASDI) payments free of O/P and U/P	Percent of Old-Age, Survivors and Disability Insurance payments free of overpayment and underpayment error