

Overview of the Social Security Administration

Mission

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

The Social Security Programs and How They Benefit the Public

Few Government agencies touch the lives of as many people as the Social Security Administration (SSA). Almost 53 million people - one in six of the total population - receive monthly Social Security or Supplemental Security Income (SSI) benefit payments. Through their tax revenues, over 95 percent of America's 162 million workers are earning valuable Social Security coverage for themselves and their families. The following table, *Number of Beneficiaries as of September 30th of Each Year*, provides the number of people receiving Old-Age, Survivors, and Disability Insurance (OASDI), SSI, and/or the combined benefits. Over the ten-year period from the beginning of October 1997 through the end of September 2006, the number of Old-Age and Survivors Insurance (OASI) beneficiaries has grown by 7 percent, Disability Insurance (DI) by 39 percent and SSI (includes persons receiving only SSI benefits and those who receive combined SSI and OASDI benefits) by 9 percent.

Number of Beneficiaries as of September 30th of Each Year (in Millions)										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
OASI	37.8	37.9	38.0	38.7	38.9	39.2	39.4	39.6	40.0	40.4
DI	6.1	6.3	6.5	6.6	6.8	7.1	7.5	7.8	8.2	8.5
SSI and OASDI	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5
SSI only	4.2	4.2	4.2	4.2	4.3	4.4	4.4	4.6	4.6	4.7
Total ¹	48.1	48.4	48.7	49.5	50.0	50.7	51.3	52.0	52.8	53.6

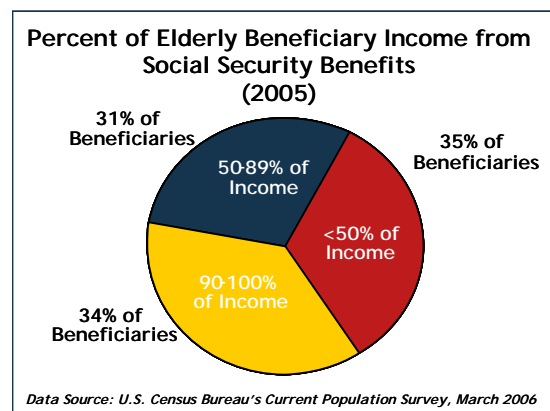
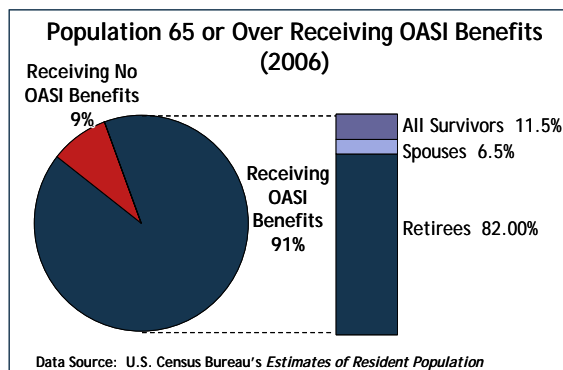
¹Sum of OASI, DI, and SSI only

The OASDI program provides a comprehensive package of protection against the loss of earnings due to retirement, disability and death. Monthly cash benefits are financed through tax revenues paid by workers and their employers and by self-employed persons. Social Security benefits are intended to replace a portion of these lost earnings and people are encouraged to supplement Social Security with savings, pensions, investments, and other insurance. The monthly benefit amount to which an individual (or qualifying survivors) may become entitled under the OASDI programs is based on the individual's taxable earnings during his or her lifetime. The maximum amount of earnings on which contributions were payable in 2006 was \$94,200; it will increase to \$97,500 in 2007.

Old-Age and Survivors Insurance (OASI) Benefits

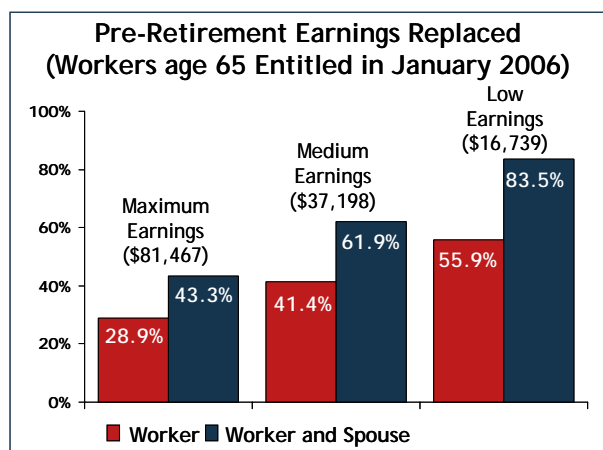
These benefits are financed by the OASI Trust Fund. To qualify for OASI benefits, a worker must have worked in Social Security covered employment or self-employment and paid Social Security taxes (Federal Insurance Contributions Act and/or Self-Employment Contributions Act) for at least 10 years (or 40 credits) over the course of his or her lifetime, with the exception of those workers born before 1929 who need fewer credits to qualify. Working Americans can count on benefits when they retire, with reduced benefits payable as early as age 62. Benefits are also paid to certain members of retired workers' families and to their survivors.

Approximately 97 percent of persons age 20-49 who worked in Social Security-covered employment in 2004 have survivor protection for their children under age 18 and surviving spouses caring for children under age 16. As shown in the chart, *Population 65 or Over Receiving OASI Benefits*, 91 percent of the population over 65 were receiving benefits in 2005. In 2005, Social Security benefits comprised 37 percent of the aggregate share of all income to single people and married couples age 65 and over. Other sources of income include assets (13 percent), earnings (28 percent), and pensions (19 percent) both Government and private.



As shown in the chart, *Percent of Elderly Beneficiary Income from Social Security Benefits*, while many of the Nation's married and single beneficiaries age 65 and older in 2005 have income from other sources, a portion of the elderly population relies heavily on Social Security benefits. Social Security benefits comprise 90 to 100 percent of total income for one-third of the elderly beneficiaries; and for two-thirds of the elderly beneficiaries, it is their major income source (50-100 percent of their income).

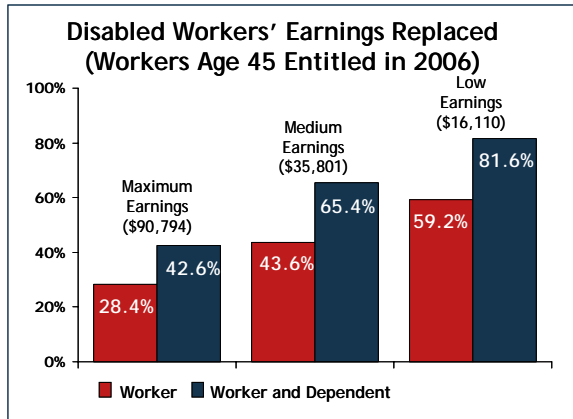
The chart, *Pre-Retirement Earnings Replaced*, shows the earnings replacement rate in 2006 for single workers and couples (e.g., worker with a spouse age 62 or older who is not insured) at various earnings levels. These levels represent average earnings over the worker's career, which are wage-indexed through 2005. The level of pre-retirement (career-average) earnings replaced by Social Security benefits for a worker retiring at full retirement age varies because the benefit formula is progressive. It is weighted in favor of workers who have lower earnings since they have less opportunity to save and invest during their working years.



Disability Insurance Benefits

In addition to being fully insured to qualify for DI benefits, a person must meet a test of recent covered work before becoming disabled. DI benefits provide a continuing income base for eligible workers who have qualifying disabilities and for eligible members of their families. About 9 out of 10 people age 21 through 64, who worked in Social Security-covered employment in 2005, received benefits when they became disabled and met other factors of entitlement. Workers are considered disabled if SSA determines that they have a physical or mental impairment that

prevents them from performing gainful work with earnings above a certain monthly amount. The disability must have lasted, or be expected to last, for a continuous period of not less than 12 months or expect to result in death.



Once benefits begin, they continue for as long as the person is disabled and does not perform substantial gainful work. However, Social Security offers programs that provide incentives for people who would like to try to work. SSA also conducts periodic continuing disability reviews to determine whether beneficiaries are still disabled.

The chart, *Disabled Workers' Earnings Replaced*, shows the earnings replacement rate in 2006 for disabled workers and their dependents at various earnings levels. These levels represent average earnings over the worker's career, wage-indexed through 2005.

The table, *Medium Earnings Replaced – Historical Perspective*, presents a historical perspective on medium earnings replacement for each of the OASI and DI programs.

Medium ¹ Earnings Replaced Historical Perspective						
	1956	1966	1976	1986	1996	2006
Disabled Worker ²	NA	33.7%	45.7%	43.5%	43.7%	43.6%
Retired Worker ³	28.3%	28.4%	41.6%	41.9%	42.9%	41.4%

¹ 'Medium' earnings refer to career-average earnings at about 100 percent of the national average wage index.

² Based on a 45-year-old disabled worker - Data are not available for disability benefit payments for 1956 since the disability program, which began in 1957, was only extended to workers under age 50 in 1960.

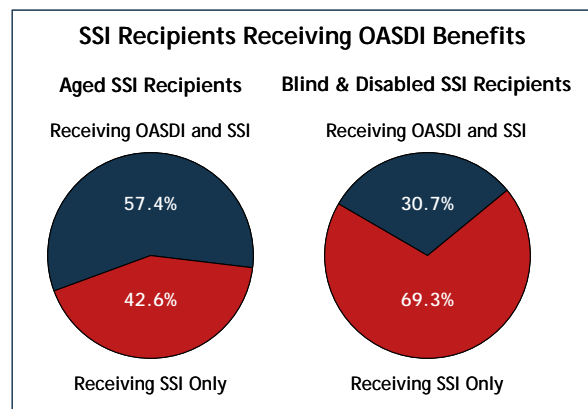
³ Based on a 65-year-old retired worker.

Supplemental Security Income Program

SSA also administers the SSI program. SSI is a means-tested program designed to provide or supplement the income of aged, blind or disabled people with limited income and resources. SSI payments and related administrative expenses are financed from general tax revenues, not the Social Security OASDI Trust Funds (from which OASDI benefits are paid). Children, as well as adults, can receive payments based on disability or blindness.

The definition of disability for adults used in the SSI program, as well as continuing disability review procedures, is the same as that used in the DI program, with the exception of statutory blindness for which different rules apply. There is a separate definition of disability for children seeking SSI benefits. There are general provisions to encourage working and special incentives for those recipients who are disabled or blind. The Federal benefit rate and eligibility requirements are uniform nationwide; however, most States provide a supplement to the Federal SSI benefit.

In September 2006, 35.2 percent of all SSI recipients also received Social Security benefits. For most recipients, SSI is their sole source of income. For 3.9 percent of the recipients, earnings were a source of additional income. As illustrated in the chart, *SSI Recipients Receiving OASDI Benefits*, more aged recipients (57.4 percent) receive Social Security benefits than blind and disabled recipients (30.7 percent).

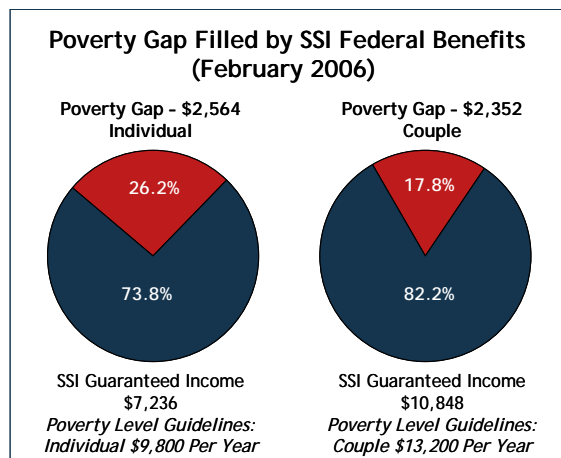


How Social Security Benefits the American Public

Social Security touches the lives of virtually every person in America. Whether after the loss of a loved one, at the onset of disability, or during the transition from the workforce to retirement, Social Security programs and employees are available to support the people of this country. Widely considered the Nation's most successful domestic Federal program, Social Security provides a basic level of protection to all covered workers based on their past earnings. SSI provides a backup for the Social Security program by guaranteeing a minimum level of income to needy aged and disabled adults and children.

It is clear that Social Security and SSI benefits play a significant role in the improved economic security of the Nation's people. Poverty among elderly has been reduced by 34 percent over the past 30 years, decreasing from 15.3 percent in 1975 to 10.1 percent in 2005. Poverty rates of the elderly are expected to decline further in the future because earnings, on which Social Security benefits and pensions are based, tend to increase more rapidly than the poverty thresholds, which are indexed to price growth. In 1936, when Social Security Numbers were first assigned to workers, most of the Nation's elderly were living in poverty. Today, monthly benefits are an important part of the quality of life of the elderly and millions more who are protected in the event of disability or death.

The portion of the population with enough work credits to be qualified for Social Security benefits has grown steadily over the years. The percentage of people aged 20 and over with enough work credits to qualify for Social Security benefits increased from 77 percent in 1970 to 87 percent in 2006. Although men are more likely than women to have sufficient credits, the gender gap is shrinking. The proportion of men with enough work credits to qualify for Social Security benefits has remained essentially stable at 91 percent. By contrast, the proportion of women with enough covered work has increased from 63 percent in 1970 to 83 percent today.

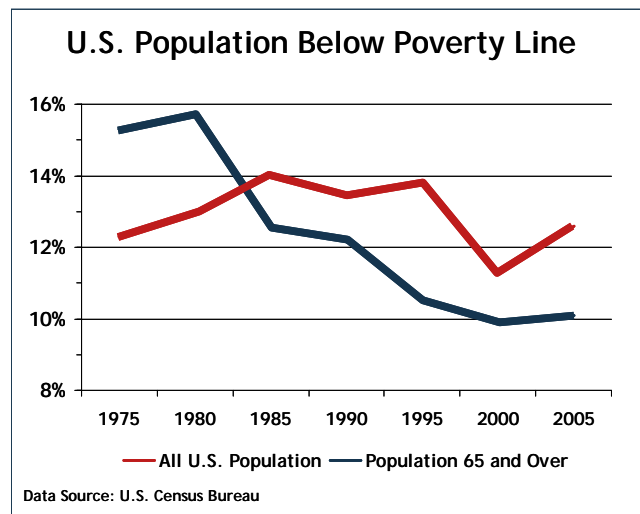


The chart, *Poverty Gap Filled by SSI Federal Benefits*, shows that SSI recipients with little or no income may receive the full SSI Federal benefit, which is 73.8 percent of the Federal poverty level for an individual and 82.2 percent for a couple. The portion of the poverty gap not filled by Federal SSI may be filled by State SSI supplemental payments. Also, SSI recipients may be eligible for food stamps, Medicaid, low income housing and other social services.

As shown in the chart, *U.S. Population Below Poverty Level*, the percentage of the population age 65 and over in the United States who live below the Federal poverty level has been consistently lower than that of the general population since the

1980s. In 2005, the poverty rate of the elderly was 10.1 percent compared with 12.6 percent for the total population.

Rates of poverty and program coverage provide an indication of how Social Security and SSI benefits are improving the lives of the Nation's people. However, the Agency's programs are not the only factors that affect the economic status of the aged and survivor populations and persons with disabilities. Savings, investments, other public and private retirement plans, medical coverage, other Government programs, and the state of the economy also play important roles. Moreover, most of the important features of SSA's programs are established by law and can only be altered by Congress, not the Agency.



As discussions continue on how best to strengthen the Social Security programs for the future, the Agency's goal is to ensure that the public has the information needed to understand the issues and to provide analyses and estimates for the Administration and the Congress. SSA provides information to educate the public about the financing challenges facing the Social Security programs through various outreach initiatives and SSA's *Frequently Asked Questions* website. SSA also conducts numerous analyses related to fiscal distributional and administrative aspects of Social Security programs.

Workloads

In FY 2006, as in prior years, SSA's administrative resources were primarily used to process its priority workloads. These workloads included:

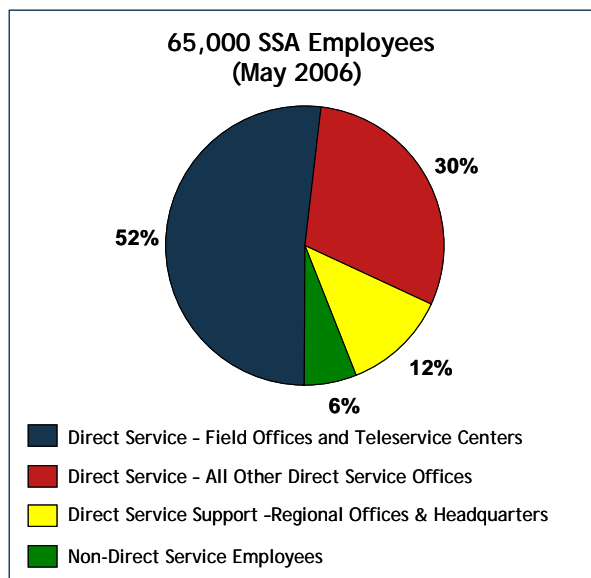
- Paying benefits to over 53 million people every month;
- Making decisions on nearly 1.2 million hearings and appellate actions;
- Issuing over 17 million new and replacement Social Security cards;
- Processing over 265 million earnings items for crediting to workers' earnings records;
- Handling nearly 60 million calls to SSA's 800-number;
- Issuing over 143 million Social Security Statements;
- Processing over 1.3 million periodic continuing disability reviews;
- Processing over 1 million non-disability SSI redeterminations to ensure that SSI eligibility is still met;
- Helping administer the Medicare programs, including calculating and withholding premiums, making eligibility determinations, and taking applications for replacement Medicare cards; and
- Processing millions of actions to keep beneficiary records current and accurate.

Agency Organization

SSA has been the primary face of the Federal Government, providing direct service to the American public at critical junctures in their lives and administering programs that touch the lives of over 95 percent of all Americans. Providing service in a respectful, responsive, and reliable way is part of the Agency's value-driven culture, supporting an employee population that is dedicated to providing quality service. The Agency is highly regarded by the public as well as other Federal agencies. Overall, the public views the Agency's performance and service favorably. Moreover, SSA has ranked among the premier agencies in Government service for over 70 years. As the Federal agency charged with managing and delivering important programs for many people across the country, the Agency's success is dependent upon how well it manages its resources to meet the needs of the American people. SSA's administrative expenses, driven by the size of the programs the Agency administers – both in terms of the amount of work done and the number of people employed – are less than 2 percent of total outlays.

SSA's organization is centrally managed with a nationwide network of over 1,500 offices, which includes Field Offices, Regional Offices, Teleservice (800-Number) Centers, Program Service Centers, Hearing Offices, and State Disability Determination Services. People can also conduct business and obtain information via SSA's website at www.socialsecurity.gov.

SSA's organizational structure is designed to provide timely, accurate and responsive service to the public. By integrating support services for all of its programs, SSA enhances efficiency, avoids duplication of effort, and increases opportunities to provide one-stop service to the public. SSA's Field Offices are the primary points for face-to-face contact with the public. Teleservice Centers offer national toll-free telephone service at 1-800-SSA-1213. The Program Service Centers process a wide variety of workloads, as well as answer 800-number calls. The Office of Central Operations, which includes the Data Operations Center, processes disability-related workloads, international and earnings operations, and also has an expanding role in answering 800-number calls. The Hearing Offices make decisions on appeals of SSA determinations.



As shown on the chart, 65,000 SSA Employees, approximately 61,000 of SSA's 65,000 employees deliver direct service to the public or directly support the services provided by the Agency's front-line workers. The public is most familiar with the almost 34,000 employees in SSA's 1,318 Field Offices (including Resident Stations) and 35 Teleservice Centers.

They are also served by about 19,500 employees in the Program Service Centers, the Office of Central Operations, the Hearing Offices, the Office of General Counsel, the Office of the Inspector General, the Office of Public Inquiries, the Office of Quality Performance, and by staff providing direct service via the Internet. Another 7,700 employees in Regional Offices and Headquarters directly support the services delivered by Social Security's front-line workers. Additionally, the disability programs depend on the work of over 16,000 employees in State Disability Determination Services.

SSA's remaining employees in non-direct service perform equally important functions in developing information technology and public information products, ensuring sound fiscal stewardship, developing and implementing uniform program policies and procedures, and supporting the workforce by providing, maintaining and safeguarding the Agency's facilities. Whether within SSA or at the Disability Determination Services, each and every employee in front-line and staff positions plays an important role in the success of Social Security programs.

In FY 2006, SSA restructured its organization to improve management of its appeals process and increase Agency efficiency and quality. The reorganization created two additional executive components that report directly to the Commissioner. The first, the Deputy Commissioner for the Office of Disability Adjudication and Review, administers the hearing and appeals programs. The second, the Chief Quality Officer, focuses on the Agency's five dimensions of quality: accuracy, productivity, cost, timeliness and service.

Organization of the Social Security Administration

