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A MESSAGE FROM THE COMMISSIONER

Social Security touches the lives of nearly every American, often during times of personal hardship, transition, and uncertainty. Our 80,000 Federal and State employees serve the public through a network of 1,500 offices across the country. Each day, almost 180,000 people visit our field offices and more than 435,000 people call us for a variety of services such as filing claims and asking questions. Our fiscal year (FY) 2013 budget request is consistent with my commitment to be a good steward of our programs and provide these services to the public.

For FY 2013, we are requesting \$11.760 billion for our administrative expenses, a modest increase from FY 2012. I urge Congress to pass this level of funding because we have proven that we deliver. We have drastically reduced the time claimants wait for a hearing decision. In FY 2011, we cut the average wait below one year for the first time since 2003. Wait times were also down in field offices and on our 800-number. Busy signals on our 800-number were the lowest ever. We achieved these improvements even as we have steadily increased our program integrity work as well. Since 2007, we have doubled our Supplemental Security Income (SSI) non-disability redeterminations and increased our medical Continuing Disability Reviews (CDRs) by over 80 percent, and we will conduct even more reviews this fiscal year. The benefits we save through these efforts far outweigh their costs, and we have seen a significant increase in SSI payment accuracy. Through the hard work of our employees and technological advancements, we have increased employee productivity by an average of about four percent in each of the last five years. Few, if any, organizations have accomplished similar improvements.

Despite these remarkable outcomes, in FY 2011 and FY 2012, we received appropriations that were far below what the President requested. In FY 2012, we are operating with \$400 million less than we had in FY 2010. These cuts forced hard choices so that we can direct our limited resources to our most vital services.

Our FY 2013 budget request is lean. We have already curbed lower priority activities so that we can continue to achieve our most important goals – eliminating the hearings backlog and focusing on program integrity work. While we will meet our highest priorities, we simply cannot do all of the other work we are required to do. We expect to lose over 3,000 employees in FY 2012 and over 2,000 more in FY 2013, on top of the more than 4,000 employees we already lost in FY 2011 – a total loss of more than 9,000 Social Security and State Disability Determination Services employees in just three years. When I leave office in 2013, the agency will have about the same number of employees that we had when I arrived in 2007 even though our work has increased dramatically. Retirement and Survivor claims will have

increased by over 30 percent and disability claims will have increased by nearly 25 percent since that time.

When I became the Commissioner, Congress made it clear that the hearings backlog was unacceptable. I committed, by the end of FY 2013, to eliminate the hearings backlog and reduce the average time it takes for a hearing decision to 270 days. Mustering help from across the agency, we remain determined to achieve this goal despite the significant increase in hearing requests. More people filed for disability during the economic downturn, and even more people have pursued appeals. By the end of FY 2013, we will have received nearly one million more hearing requests than we estimated when we established the hearings backlog reduction plan in 2007. In FY 2013, we plan to complete over 960,000 hearings, 75 percent more than we completed in FY 2007. Due to these increases, our ability to promptly hire additional judges and Congress' support of our FY 2013 budget request are vital to meeting this goal.

We will balance the hearings backlog initiative with increased program integrity work. We pay over \$60 billion in benefit payments each month to over 60 million beneficiaries, and we have a duty to pay those benefits promptly and accurately. We have several tools to help minimize improper payments—two of our most cost-effective program integrity tools are medical CDRs and SSI redeterminations. With this budget, we will complete the Budget Control Act levels of these workloads, which will save billions for the taxpayer.

Let me be clear. We still cannot accomplish everything we would like for the American people. Many of our successes are slipping, and it will take us longer than a year to recover from prior year shortfalls. Pending initial disability claims will grow, and callers to our 800-number telephone service will get more busy signals and wait longer for service.

Social Security is indispensable to workers, people with disabilities, seniors, and survivors. Our employees are dedicated and hard-working public servants, and they do what they can to provide good service to the millions of people who count on us. Without your support, we will not meet our service goals for the American people. Conversely, your support will enable us to continue to deliver.



Michael J. Astrue
Commissioner

FY 2013 FUNDING TABLE

	FY 2011 Actual	FY 2012 Enacted ^{1,2,3}	FY 2013 Estimate
BUDGET AUTHORITY (in millions)			
Limitation on Administrative Expenses (LAE)	\$11,424	\$11,446	\$11,760
Research and Demonstrations	\$43	\$8	\$48
Office of the Inspector General (OIG)	\$102	\$102	\$108
Total Budget Authority	\$11,569	\$11,556	\$11,916
WORKYEARS			
Full-Time Equivalents	67,030	64,545	62,761
Overtime	2,039	2,125	2,125
Lump Sum	289	293	293
Total SSA	69,358	66,963	65,179
Disability Determination Services (DDS)	16,739	14,825	14,391
Total SSA/DDS	86,097	81,788	79,570
OIG	578	586	596
Total SSA/DDS/OIG Workyears	86,675	82,374	80,166

¹ Includes program integrity funding from the Disaster Relief Appropriations Act, 2012 (P.L. 112-77.)

² Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President's Budget proposes to provide an additional \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding, which is not included above, would allow SSA to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 currently projected.

³ The FY 2012 enacted LAE Budget Authority is \$11,453 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately \$7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately \$154 million. The available LAE funding for FY 2012 is approximately \$11,446 million.

FY 2013 PERFORMANCE TABLE

	FY 2011 Actual	FY 2012 Enacted ^{1,2}	FY 2013 Estimate
Selected Workload Measures			
Retirement and Survivors Claims Completed (thousands)	4,878	4,918	5,049
Initial Disability Claims Completed (thousands)	3,391	3,173	2,847
Reconsiderations Completed (thousands) ³	832	787	663
Hearings Completed (thousands)	795	875	960
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,409	1,285	1,550
Periodic Medical CDRs (included above, thousands)	345	435	650
SSI Non-Disability Redeterminations Completed (thousands)	2,457	2,622	2,622
800-Number Transactions Handled (millions)	63	63	62
Average Speed of Answer (seconds)	180	285	300
Agent Busy Rate	3%	6%	7%
Social Security Numbers Issued (millions)	17	17	16
Annual Earnings Items Completed (millions)	241	242	251
Social Security Statements Issued (millions)	74	14	158
Selected Outcome Measures			
Initial Disability Claims Pending (thousands)	759	861	1,164
Reconsiderations Pending (thousands) ³	176	184	242
Hearings Pending (thousands)	787	746	544
Average Processing Time for Initial Disability Claims (days)	109	111	137
Annual Average Processing Time for Hearings Decisions (days)	360	338	293
September Average Processing Time for Hearings Decisions (days)	345	321	270
Disability Determination Services Production per Workyear	287	322	322
Office of Disability Adjudication and Review Production per Workyear	109	114	115
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)		(3,800)	(6,000)

¹ Includes program integrity funding from the Disaster Relief Appropriations Act, 2012 (P.L. 112-77.)

² Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President's Budget proposes to provide an additional \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow SSA to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 currently projected.

³ Average Processing Time measures for reconsiderations are currently under development.

OUR PROGRAMS

Whether it is after the loss of a loved one, at the onset of disability, during the transition from work to retirement, or posting covered wages to a worker's earnings record, we touch the lives of virtually every person in America, as well as the lives of many people living abroad. We administer three key programs that serve the public. They are:

OLD-AGE AND SURVIVORS INSURANCE (OASI) – Created in 1935, the OASI program provides retirement and survivors benefits to qualified workers and their families. In FY 2013, we will pay about \$672 billion in OASI benefits to approximately 47 million beneficiaries, including about 90 percent of the population aged 65 and over.

DISABILITY INSURANCE (DI) – Adopted in 1956, the DI program provides benefits for disabled workers and their families. In FY 2013, we will pay about \$143 billion in DI benefits to approximately 11 million disabled workers and their family members.

SUPPLEMENTAL SECURITY INCOME (SSI) – The SSI program, established in 1972, provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2013, we will pay about \$58 billion in Federal and State Supplementation benefits to almost 8.5 million SSI recipients.

WORKLOADS – Our ongoing workloads include:

→ **Claims:** We take claims, evaluate evidence, and determine benefit eligibility and amounts. In FY 2013, we will handle over 5 million retirement, survivor, and Medicare claims; over 2.8 million Social Security and SSI initial disability claims; and 297,000 SSI aged claims.

→ **Appeals:** We have three levels of administrative appeals for claimants who dispute our decisions:

- 1) a reconsideration, which is a complete review of the claim by an employee who did not take part in the initial determination;
- 2) a hearing before an administrative law judge (ALJ); and,
- 3) a request for review to the Appeals Council.

In FY 2013, we will complete approximately 663,000 reconsiderations, 960,000 hearings, and 137,000 Appeals Council reviews. If a claimant disagrees with the Appeals Council's decision or if the Appeals Council decides not to review the case, he or she may file a lawsuit in a Federal district court.

- Program Integrity: Our stewardship responsibilities include conducting non-medical SSI redeterminations and periodic medical CDRs. These reviews save significant program dollars by avoiding improper payments to beneficiaries. For FY 2013, we estimate that every dollar spent on CDRs will yield about \$9 in program savings over 10 years, including Medicare and Medicaid program effects, and that every dollar spent on SSI redeterminations will yield about \$6 in program savings over 10 years, including Medicaid program effects. In FY 2013, we will perform 2.6 million SSI redeterminations and 650,000 periodic medical CDRs.
- Social Security Numbers (SSN): We complete applications for and assign SSNs to every American and to qualifying foreign-born workers. We also complete millions of actions to keep our number holders' records current and accurate. In FY 2013, we will complete requests for approximately 16 million new and replacement Social Security cards.
- Earnings Records: We receive regular updates on the earnings of the working population from employers and post those reported earnings to the workers' records. We link earnings records to SSNs and resolve any discrepancies. In FY 2013, we will post 251 million earnings items to workers' records.
- Social Security Statements: These statements provide updates of the earnings on which workers have paid Social Security taxes and summaries of the estimated benefits workers and their families may receive as a result of those earnings. Full funding of the FY 2013 President's Budget will allow us to resume mailing Social Security Statements to all eligible workers 25 years old or older, 158 million in FY 2013.
- Services After Individuals Become Eligible for Benefits: In FY 2013, we will complete more than 100 million post-entitlement actions for beneficiaries, including issuing emergency payments, re-computing payment amounts, and completing address and other status changes.
- Employment Eligibility Verification (E-Verify): We support the Department of Homeland Security (DHS) with its E-Verify program. We assist DHS in verifying the employment eligibility of newly hired employees by electronically checking employee names, SSNs, dates of birth, and U.S. citizenship status, and we resolve discrepancies. We expect that through E-Verify we will process more than 21.7 million queries in FY 2013.
- Medicare & Medicaid Administration Assistance: For over four decades, we have assisted the Centers for Medicare & Medicaid Services (CMS) in administering the Medicare Hospital Insurance and Supplementary Medical Insurance programs. Over the years, we have received additional Medicare related responsibilities. In addition to determining Medicare

eligibility, in FY 2013, we will handle 1.4 million Medicare prescription drug subsidy applications.

→ Other Activities Mandated by Congress: We also perform many other workloads mandated by Congress, including activities related to: the Employee Retirement Income Security Act of 1974 (ERISA); the Coal Act; Supplemental Nutrition Assistance Program (formerly Food Stamps); SSN Verifications for a wide-range of non-program purposes; the Help America Vote Act; the State Children's Health Insurance Program; Veterans benefits; and the Affordable Care Act.

FY 2013 BUDGET REQUEST

In FY 2013, we will be able to replace staff in the DDSs and in our hearings operation. Replacing some of our staffing losses is critical to meeting our service and stewardship priorities in FY 2013: processing an extremely high number of applications for benefits; providing timely justice on their appeals; and significantly increasing our program integrity work consistent with the Budget Control Act.

Our work is vital to the national economy. Large backlogs in initial disability claims and hearings cause millions of eligible Americans to endure lengthy waits for benefit payments, which can result in financial hardship and gaps in health care coverage. Our program integrity work saves billions of taxpayer dollars each year. In addition, promptly and accurately handling claims on the front end is critical to the integrity of our programs. This budget, building on our productivity improvements, will allow us to achieve our top priorities. We plan to meet our 270-day hearings processing time goal in September 2013 and complete the Budget Control Act levels of program integrity work.

In FY 2013, we will need a minimum administrative budget increase of over \$300 million just to cover our fixed costs, including rent, guards, postage, and employee salaries and benefits. Even with this request, we will only be able to replace about one out of four employees in the rest of the agency, including our field offices and processing centers. We have had to make difficult trade-offs in these lean times. The backlog in initial disability claims will rise, and service in other key areas will deteriorate.

WHAT WE HAVE DONE TO REDUCE OUR COSTS

In FY 2011, we operated with and, in FY 2012, we continue to operate with less funding than we had in FY 2010; thus, we have had to make significant cuts. In FY 2011, we froze hiring across the agency except in our hearing offices, and we will only be able to do some limited critical

hiring in FY 2012. As a result, we expect to lose more than 7,000 Federal and State employees over these two years. We have reduced the hours we are open to the public so that we can complete late day interviews without using overtime, which use of has significantly dropped since 2010.

We were unable to open eight needed new hearings offices and a new teleservice center. Our field and hearing office employees stopped visiting remote service sites to save travel time and costs, and we are beginning to consolidate offices where it makes business sense.

In FY 2011, we suspended mailing the paper Social Security Statements because it costs nearly \$70 million each year. Most workers who would like an estimate of their Social Security retirement benefit can currently use our online Estimator at our [website](#). We also reduced, or completely suspended, the mailing of other lower priority notices.

We looked for a number of small and easy policy improvements to allow our employees to work more efficiently. In 2011, we revised our policies to eliminate subsequent disability applications and give DDSs some flexibility in the order of evaluation steps when it is appropriate to do so. Later in 2012, we will require all claimant representatives to file appeals online using our improved iAppeal application. This change will reduce duplicative work in the field offices and speed the progress of the cases for claimants.

We made these cuts to preserve our highest priorities – meeting our hearings plan commitments and increasing our program integrity work. We will continue to cut costs where we can and to search for creative ways to maximize our resources to best preserve our service to the American people. However, it will be difficult to make further reductions without significantly jeopardizing our service and stewardship efforts.

FY 2011 ACCOMPLISHMENTS

We are a very efficient organization—our administrative costs are less than 1.5 percent of the benefit payments we pay each year. Our fiscal data confirm that we are continuing to work smarter than ever before. In FY 2011, our productivity increased 4.6 percent. I am pleased to report that the average time to complete a hearing is over five months lower than when I first took office. We also completed a record number of retirement and disability claims, about 30 percent more than in FY 2007. Without our employees' hard work and dedication, we would not have been able to keep improving our services and reducing wait times during these difficult times.

We maximized our resources to best to serve the American people. However, due to our reduced funding, we lost over 4,000 employees in FY 2011 while facing unprecedented workloads. Our work is labor-intensive; therefore, the number of employees we have determines the amount of work we can complete. With fewer employees and less overtime, we had to lower some of our performance goals in our FY 2011 Operating Plan to Congress. Most notably, we were not able to complete as much program integrity work as we originally planned in the President's Budget.

Despite the budget constraints, in FY 2011 we achieved the following:

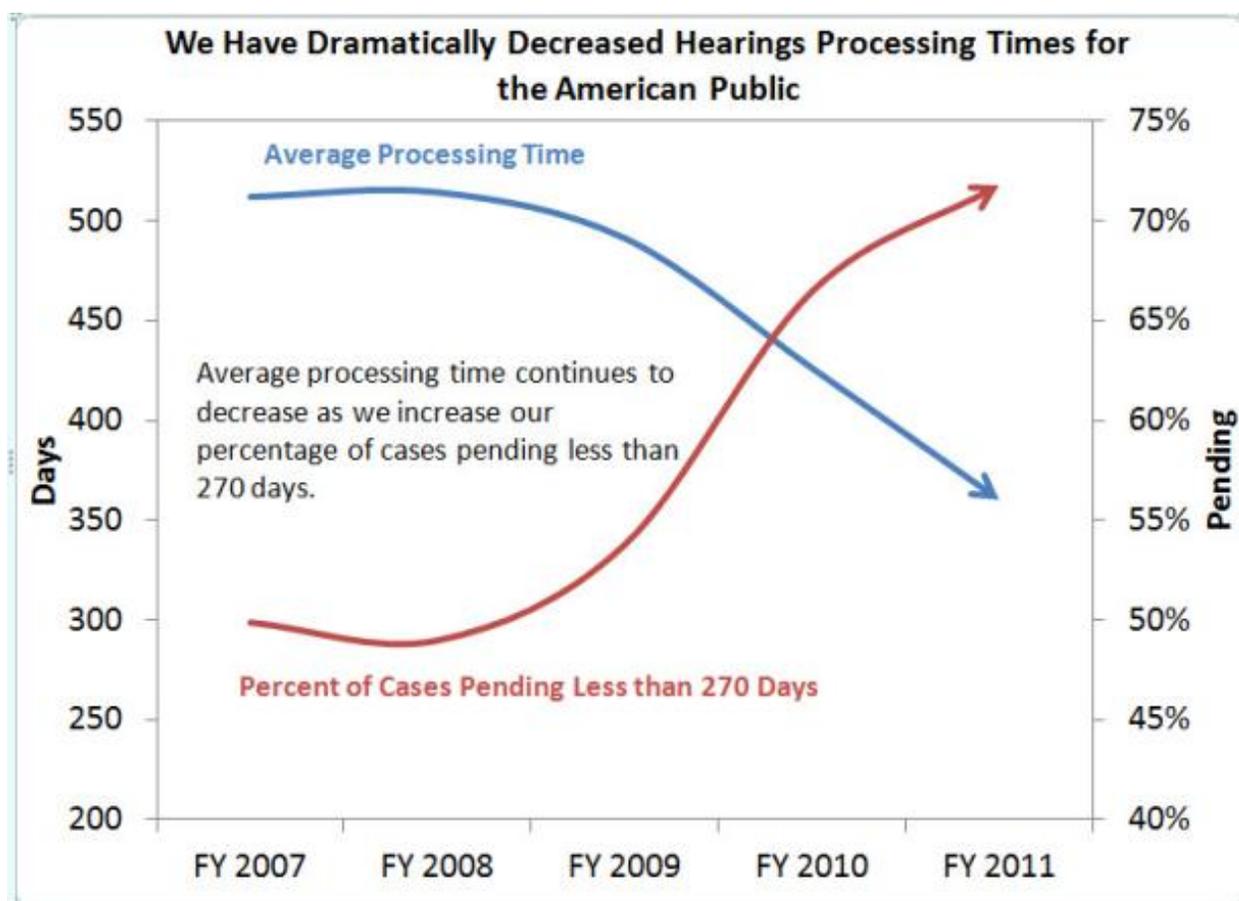
- Set new records for claims and hearings handled by completing over 4.8 million retirement and survivors claims, nearly 3.4 million initial disability claims, and over 795,000 hearings;
- Completed 345,000 periodic medical CDRs and over 2.4 million SSI non-disability redeterminations;
- Handled nearly 63 million 800-number transactions;
- Issued 17 million SSNs;
- Posted 241 million annual earnings reports;
- Beat our average hearings processing time goal of 365 days. We ended the fiscal year at 345 days, keeping us on track for meeting our FY 2013 hearings goal;
- Significantly exceeded our 800-number average speed of answer goal of 267 seconds and busy rate goal of 6 percent, achieving 180 seconds and 3 percent, respectively; and
- Continued to increase online claims, with 41 percent of retirement claims and 33 percent of disability claims filed online.

BEST VALUE FOR THE TAXPAYERS

Eliminating the Hearings Backlog

Since FY 2007 when we implemented our plan to eliminate the hearings backlog, we have made steady improvements each year, despite huge increases in hearing requests. Hearings requests have skyrocketed because more people have been filing for disability benefits due to the economic recession and the aging of the baby boomers. We received over 877,000 hearings requests in FY 2011 compared to about 579,000 in FY 2007. In FY 2011, we completed nearly 50 percent more hearings than in FY 2007 and nearly 25 percent more than we estimated in our original backlog reduction plan.

We continue to experience unprecedented levels of hearings requests. Nonetheless, we are making remarkable progress on reducing the waiting time for decisions. We decreased the average time it takes to complete hearings from a peak of 532 days in August 2008 to 345 days as of September 2011 – a decrease of over one-third and the lowest level since FY 2003.



The increased productivity of our ALJ corps and many small but important initiatives—including enhanced systems for management information, uniform business processes, more effective use of support staff, improved training, more efficient allocation of resources, and development of decisional templates—have brought us closer to our goal of an average of 270 days to decide a case.

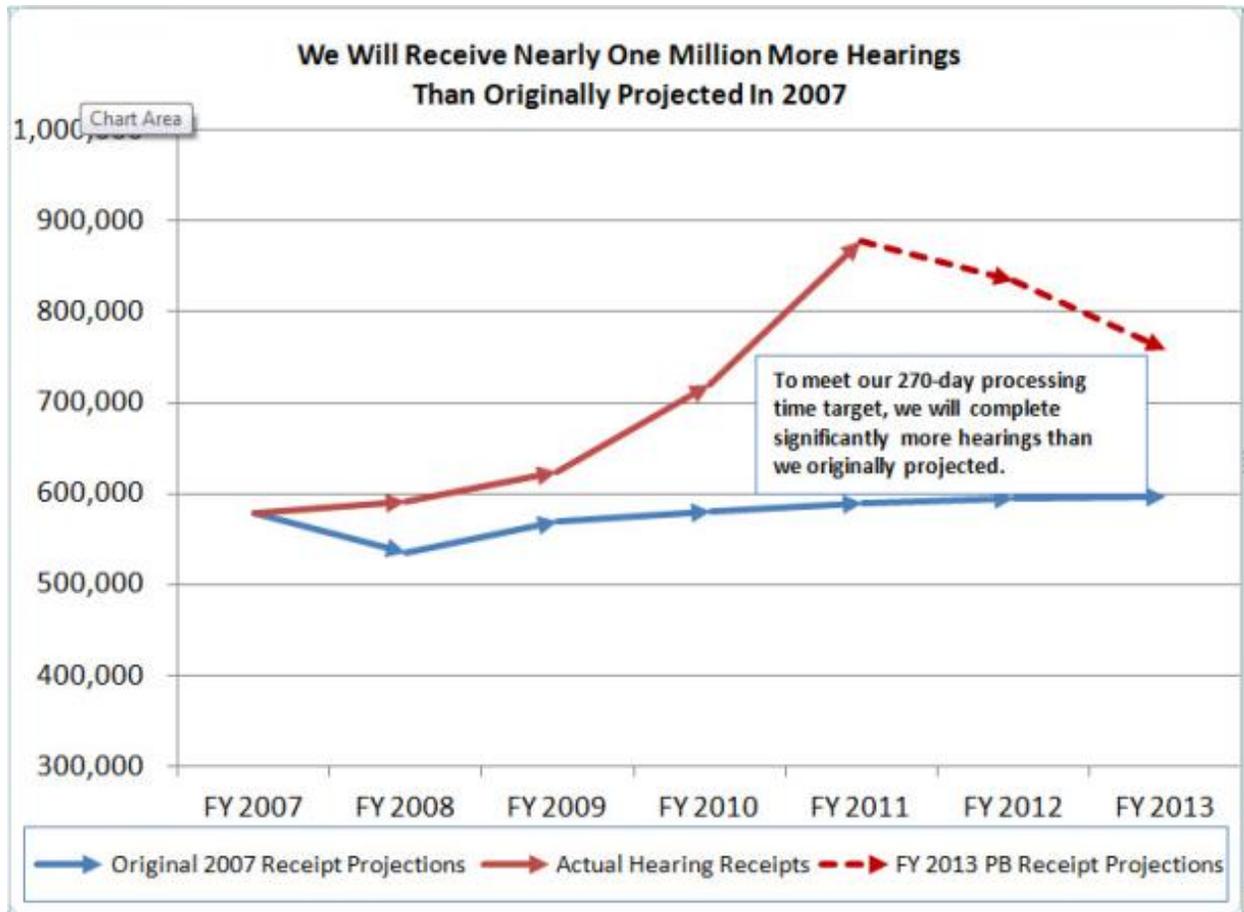
In FY 2011, we built upon our success by implementing the following improvements and efficiencies:

- Set and met weekly workload targets for our hearing offices to more effectively balance work throughout each month;
- Decreased the percentage of hearings pending more than 270 days from about 50 percent in FY 2008 to less than 30 percent at the end of FY 2011;
- Virtually eliminated all cases over 750 days, exceeding our 775 day goal;
- Continued to increase our use of video technology, which is cost-effective, reduces travel expenses and travel time, and gives us flexibility in meeting customer needs;
- Discontinued the scheduling of hearings at temporary remote sites;
- Hired verbatim hearing reporters to replace contractors;
- Adapted and implemented hearing office best practices in all of our National Hearing Centers; and
- Allowed appointed representatives to access their clients' electronic folder to prepare for a hearing, which eliminated the need for our support staff to handle these issues.

With full funding of the FY 2013 President's Budget, we expect to reduce the average wait for a hearing decision to 270 days in September 2013 – a major accomplishment, particularly in this difficult fiscal environment. To reach this ambitious goal, we will need to complete a record number of cases in FYs 2012 and 2013 – nearly 875,000 cases in FY 2012 and over 960,000 in FY 2013, which is nearly double the number we handled ten years ago.

We continue to press on all fronts to reduce the hearings backlog, including shifting our Federal disability units from assisting the State agencies with disability determinations to helping in the hearings process. Because of these efforts, we are steadily decreasing the hearings backlog. However, because only ALJs can hear cases, even these efforts will not allow our current ALJ cadre to keep up with the influx of new hearing requests. Therefore, we are working closely with the Office of Personnel Management to develop a new list of potential candidates from

which we can hire additional ALJs. By 2013, we plan to have a cadre of over 1,500 ALJs along with the necessary support staff.



As we work down the hearings backlog, it increases the number of appealed hearing decisions. Under the Social Security Act, a claimant who is dissatisfied with a decision regarding eligibility or the amount of benefits can pursue administrative remedies (i.e., reconsideration, hearing, and appeal) and, after exhausting these remedies, can file a complaint in Federal court. Working with the Department of Justice, our Office of the General Counsel attorneys handle the court case workload, which is the single largest workload in the Federal courts. We plan to hire approximately 95 additional attorneys mid-year in FY 2012 to position ourselves in FY 2013 to handle the large influx of court cases.

Program Integrity Efforts

We pay over \$60 billion in benefits each month to our beneficiaries; we have a duty to pay those benefits accurately and promptly. We have many tools to help us minimize improper payments. Many of the tools, like our medical CDRs, SSI redeterminations, and the Access to

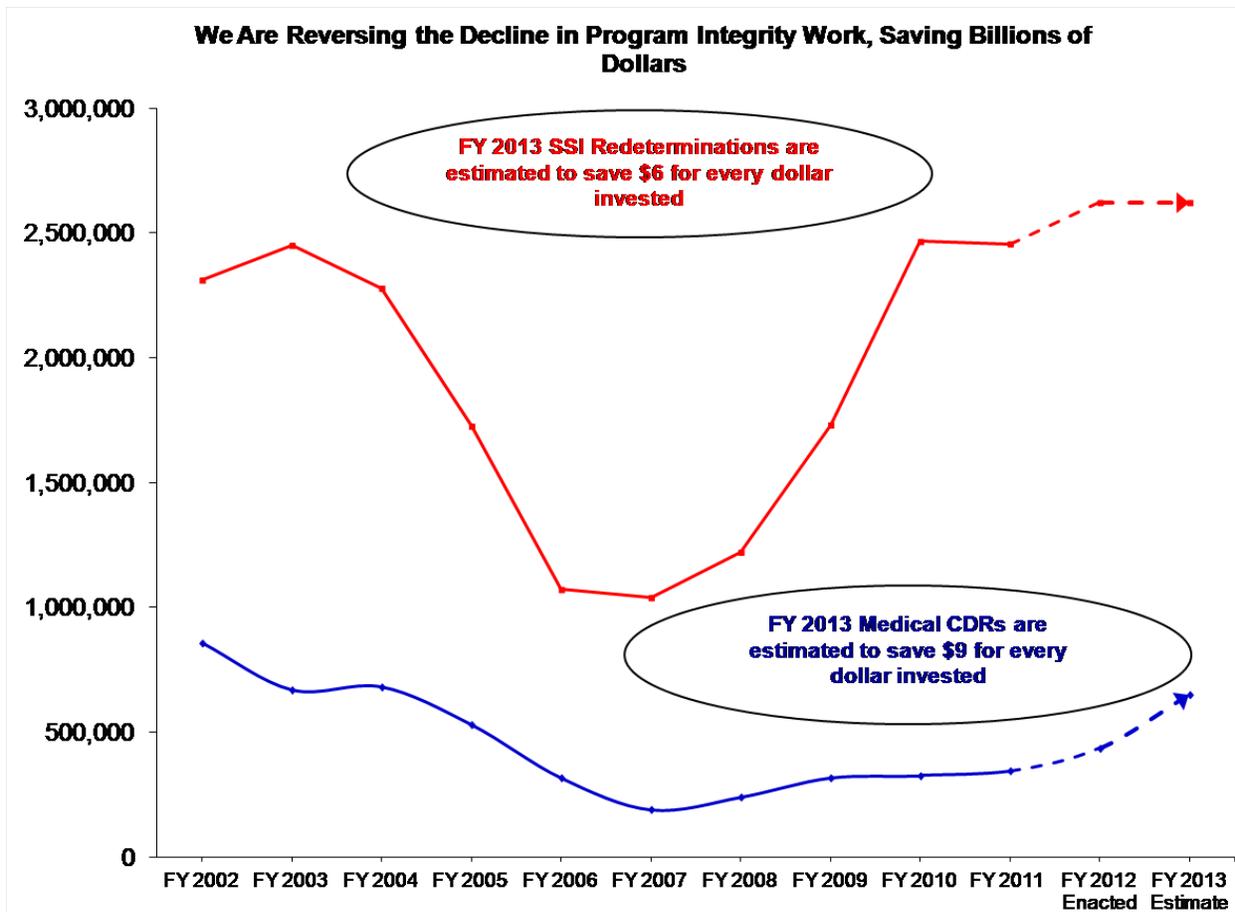
Financial Institution (AFI) initiative, save billions of program dollars with a small investment of administrative resources.

Program Integrity Reviews

We have two types of program integrity reviews for which we receive special funding: CDRs and SSI redeterminations. CDRs are periodic reevaluations to determine if beneficiaries are still disabled or have returned to work and no longer qualify for benefits. In FY 2013, we estimate that every dollar spent on CDRs will yield about \$9 in program savings over 10 years, including Medicare and Medicaid program effects. SSI redeterminations are periodic reviews of non-medical factors of eligibility, such as income and resources. In FY 2013, we estimate that every dollar spent on SSI redeterminations will yield about \$6 in program savings over 10 years, including Medicaid program effects.

The Budget Control Act allows increases to the Government's annual spending caps through FY 2021 for program integrity spending. If Congress appropriates funds for our program integrity work, the discretionary spending limit will increase by a corresponding amount up to a specified level above a \$273 million base. In FY 2013, the Budget Control Act allows a maximum cap adjustment of \$751 million for program integrity funding above a \$273 million base. With a \$1.024 billion total appropriation for program integrity work, we would conduct 650,000 full medical CDRs and 2,622,000 SSI redeterminations in FY 2013. At these volumes, we would complete over 300,000 more medical CDRs and 165,000 more SSI redeterminations than we handled in FY 2011. Our budget requests the levels of program integrity funding as authorized in the Budget Control Act for both FYs 2012 and 2013.

Program integrity reviews save taxpayers billions of dollars but, without adequate funding, these savings will not be realized. Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President's Budget proposes to provide an additional \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow us to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 currently projected.



Initiatives to Reduce Improper Payments

In FY 2010, 99.6 percent of all OASDI payments were free of an overpayment, and 99.8 percent were free of an underpayment. In the SSI program, a needs-based program in which income and resources affect an applicant’s eligibility and benefit amount, 93.3 percent of all payments were free of an overpayment, and 97.6 percent were free of an underpayment. While we have improved our SSI overpayment rate from 89.7 percent in FY 2008, this rate is still unacceptable.

We have developed several cost-effective program initiatives to further prevent or minimize improper payments and improve our payment accuracy. Improper payments include overpayments as well as underpayments. Furthermore, not all overpayments are fraudulent.

Access to Financial Institutions (AFI)

AFI is an electronic process that allows us to identify financial accounts of SSI applicants and recipients that exceed statutory limits. This process has proven very useful in identifying undisclosed accounts. As of June 2011, all 50 States use AFI, achieving our

goal three months ahead of schedule. We will soon complete systems enhancements that will further automate the AFI process. We project roughly \$900 million in lifetime program savings for each year we use the fully implemented process.

Telephone Wage Reporting

SSI recipients can report wage data through a telephone wage reporting system, which automatically processes the wage information into the SSI system. In FY 2011, we processed more than 325,000 monthly wage reports using this system. These reports generally are accurate and require no additional evidence, which saves time in our field offices. Telephone wage reporting has allowed us to increase the number of wage reports we receive, reducing wage-related errors.

We have exceeded our goal of increasing the number of recipients using telephone wage reporting to 28,000 a month by September 2011. As of January 2012, we have nearly 32,000 recipients successfully using the system each month, and we continue to increase that number.

Non-Home Real Property

Undisclosed non-home real property accounts for an estimated \$210 million in SSI improper payments. In FY 2011, we initiated a proof of concept pilot to determine the accuracy and reliability of property ownership data available through two commercial websites, and to assess the cost-effectiveness of using this information to reduce and prevent improper payments. We expect to have results later in FY 2012 that will provide information on how we might improve our ability to identify undisclosed non-home real property.

Cooperative Disability Investigations (CDI) and Other Efforts

One of our most successful efforts against disability fraud is the CDI program, which links our OIG and local law enforcement with Federal and State workers who handle disability cases. By the end of September 2012, we expect to operate 28 CDI units. These units are highly successful at detecting fraud before we make a disability decision and identifying overpayments.

Since its inception in FY 1998, CDI efforts nationwide have resulted in nearly \$3.1 billion in projected savings: \$1.9 billion to our disability programs and \$1.2 billion to other programs,

such as Medicare and Medicaid. Due to the success of the CDI program and our increased efforts to prevent improper payments, we plan to open additional units as resources permit.

Additionally, we have nine attorneys assigned to a United States Attorney's Office as Special Assistants. These attorneys prosecute possible fraud cases referred by OIG that would not otherwise be prosecuted in Federal court. From FYs 2003 through 2010, our attorneys secured over \$36.9 million in restitution orders and 717 convictions or guilty pleas. In FY 2011, we secured nearly \$6.8 million in restitution orders and 97 convictions for identity theft, program fraud, and SSN misuse.

The Initial Disability Claims Backlog

In FY 2011, we received over 3.3 million initial disability claims, the highest in our history. We completed nearly 3.4 million claims, about 230,000 more than FY 2010 and over 860,000 more than in FY 2007, before the economic recession. As a result, initial disability claims pending declined by about 83,000 to 759,000 in FY 2011, and processing times decreased slightly. A large part of this success is because the more than 2,600 DDS employees we hired in FY 2009 and FY 2010 became fully productive in FY 2011.

However, with the hiring freeze in FY 2011 and only limited critical hiring in FY 2012, this level of performance will be short-lived. We anticipate that FY 2013 will be another year with a high level of initial disability claims receipts. As a result, we expect that pending initial disability claims will rise to nearly 861,000 in FY 2012 and to over 1.1 million in FY 2013. Processing times will increase as well, despite tremendous productivity gains.

We will continue to make our disability processes more efficient. For example, our Disability Case Processing System (DCPS) is a common case processing system that will replace 54 different existing systems that support the DDSs. This system will integrate case analysis tools and health information technology. It will allow us to distribute policy changes faster, and it will improve consistency between the DDSs, which will positively affect processing times and the accuracy of disability decisions. We plan to begin testing the initial version of DCPS in FY 2012.

Improving Service

Online Services

In FY 2011, we increased the percentage of online applications for retirement and disability to the highest level ever – 41 percent and 33 percent, respectively. These online services reduced

the time employees spent handling applications, which was vital to dealing with the continued high level of claims. We achieved this success while maintaining high customer satisfaction. We have the three best electronic services in the Federal Government and private sector, as measured by the University of Michigan's American Customer Satisfaction Index public satisfaction survey.

We continue to expand our electronic services. In 2011, we launched Spanish versions of our popular Retirement Estimator application, our Medicare Extra Help application, and our online benefit application. These new services make it easier for the 35 million Americans who may prefer to interact with us in Spanish to do so. We gain both operational flexibility and save about 15 minutes with each online application; therefore, it is critical to our field offices that we continue our impressive progress in this area.

We are developing a secure and easy-to-use online Social Security Statement, which will improve our Statement process by including all of the information available in the traditional mailed Statement and link users to other information and services to help them plan for retirement. In the meantime, in FY 2012, we plan to mail the Statement to workers nearing retirement age (age 60 and older) as well as to workers who turn 25, so that they are aware of the services Social Security provides. We also will mail them on request to people who need a Statement but cannot use the online service. The FY 2013 President's Budget funds the mailing of the Social Security Statements to 158 million eligible workers.

Along with the online Statement, we are working on a new security protocol to authenticate people who are interested in conducting additional business with us online. This new process allows members of the public access to secure personal information online. We are testing the new process, and we plan to begin rolling it out in FY 2012 to allow workers to access their Social Security Statements online. Once we have gained some experience with the new process, we will make additional personalized services available online. We are also enhancing the online disability application to allow users to authorize electronically the release of medical information to the agency, which will eliminate the last paper requirement of the initial disability application and help reduce processing times.

Video Service

A hearing requires a face-to-face interaction; therefore, it is a perfect opportunity to use video services to connect claimants and their representatives to our ALJs. Video hearings give us the flexibility to distribute our workloads more efficiently. For example, the National Hearing Centers, which rely on video hearings, can quickly target support to the most-backlogged hearing offices. We continue to expand our use of video hearings, including the representative

video project, which allows claimant representatives and their clients to participate in hearings at the representative's office. We are using video technology for other services as well. For example, video services allow us to better reach customers in remote sites such as American Indian Tribal centers or in hospitals or homeless shelters.

Telephone Service

Our 800-number is the primary access to our services as we serve over 60 million people a year over the telephone. In the last three years, we have made incredible improvements on our 800-number. We slashed our busy rate by 70 percent, from 10 percent in FY 2008 to only 3 percent in FY 2011. We also reduced the time it takes to reach an agent by nearly 45 percent, from 326 seconds in FY 2008 to 180 seconds in FY 2011. We attribute much of our improved performance to hiring additional teleservice representatives in FY 2009 and 2010, along with several technological advancements to make our 800-number more efficient. However, with staffing losses in FYs 2011 and 2012, we project the busy rate will increase to 7 percent and time spent waiting for an agent to increase to 300 seconds in FY 2013.

We are taking advantage of additional technological advancements that will help us keep pace with industry standards and increase our efficiency. We are replacing our 800-number infrastructure with a new system, called CARE2020, to help us better forecast call volumes, anticipate staffing needs, and distribute incoming calls across the network so callers can more quickly reach an agent. We know that reaching a busy signal is frustrating for people, and we are considering ways to address it. Surveys show that people get frustrated as they navigate through our 800-number menu options. We are reengineering the messages people hear when they call our 800-number to make it easier to navigate our menu.

We will complete the replacement of our outdated telephone systems in our field and hearing offices with a modern, centrally managed Voice over Internet Protocol system. The new telephone system reduces administrative costs, routes calls faster, decreases wait times, and offers more options to callers when they cannot reach a representative, such as providing self-help automated services and the ability to forward their call to the 800-number.

Going Green

In FY 2011, we improved and expanded our various green initiatives. Our electronics recycling programs and increased use of renewable fuels helped us reduce waste and conserve energy. We recycled 100 percent of our excess electronics and ensured that all new contracts adhered to sustainable acquisition requirements. In FYs 2012 and 2013, we will continue to expand our "green" programs and improve our property recycling programs.

IMPORTANCE OF INFORMATION TECHNOLOGY

Our Information Technology (IT) investments have been critical to achieving average annual employee productivity increases of nearly 4 percent each of the last five years. Much of our IT funding is necessary to maintain current services, such as ongoing operational costs for our 800-number service and our online services, and to maintain sufficient computing and data storage capacity. Therefore, it is essential that we have sufficient IT resources to develop applications that help make us more efficient. IT investments have allowed us to create a fully electronic disability process and develop robust and user-friendly online services. Without these IT investments, we would not have been able to keep pace with the recent increases in claims.

CONCLUSION

Understanding the Nation's economic challenges, our FY 2013 budget provides only a modest increase. Even so, after factoring in more than a \$300 million increase in fixed costs, it will effectively provide level funding. As a result, our staffing will contract for the third straight year at the same time that disability claims will have increased nearly 25 percent and retirement and survivors claims will have increased over 30 percent since 2007.

Each year, our dedicated and innovative employees have accomplished impressive productivity gains that have helped us improve our performance. We will continue to pursue technological advancements and simplify our business processes to better support our employees and become more efficient.

We have reduced, postponed, or suspended many lower priority activities so that we can focus on our highest priorities. We will continue to look for ways to reduce costs. However, we cannot sustain our success without sufficient resources. As history has shown, our funding level directly affects our service levels. Over the last couple of decades, when our funding was cut, we were forced to cut back on service and stewardship work — hearings, initial claims, and program integrity. These cuts developed into backlogs and increased improper payments in subsequent years.

Our employees are doing their best to help the people who turn to us for assistance - despite receiving an increasing number of threats of violence in this fiscal climate, but we need adequate and sustained resources to meet the demand. This budget will allow us to meet our hearings plan commitment in 2013 and complete significantly more program integrity work. Nevertheless, we will not be able to handle all of the work we receive.

With your support, we will do our best to serve the public and to reduce billions of dollars in improper payments.

APPENDIX A

OUR RESEARCH BUDGET

In FY 2013, we are requesting \$48 million in new budget authority for research projects designed to explore potential improvements to our programs. While our request represents a significant increase in new budget authority compared to our FY 2012 appropriation, our plan to obligate \$57.3 million in FY 2013 is an increase of only about \$5.9 million over planned FY 2012 obligations. Please see the SSI section of our Congressional Justification for a more complete explanation of our research budget request. The budget request supports projects such as:

Occupational Information System —We need information about work to make a determination of disability under our disability programs. We currently use the Dictionary of Occupational Titles (DOT) and its companion volume, the Selected Characteristics of Occupations, as the primary sources of information about jobs and job requirements. However, the Department of Labor last updated the DOT in 1991 and has no plans to conduct further updates. Since no other classification system exists that provides all the current information we need for our disability programs, we continue to develop strategies to obtain updated and reliable occupational information to evaluate disabilities. In FY 2013, we will design the methodology and data management system for obtaining the occupational information we need: \$13.4 million.

Compassionate Allowances (CAL) —This funding will allow us to continue identifying additional diseases as Compassionate Allowances, which helps us quickly identify claimants who will be eligible for disability benefits due to certain diseases or medical conditions: \$2.2 million.

Listing of Impairments —We will continue to update the Listing of Impairments, which describes disabling impairments for each of the major body systems. These updates improve our ability to decide whether a claimant meets our criteria for disability benefits: \$1.0 million.

Retirement Research Consortium (RRC) —This funding will enable the RRC to conduct research, develop data, disseminate information on retirement and SSA-related social policy, and train scholars and practitioners: \$5.0 million.

Disability Research Consortium (DRC) — We will establish a DRC in FY 2012, which will function like the RRC. Funding for this effort will help address the significant shortage of disability policy research across federal programs and increase our collaboration with outside researchers: \$5.0 million.

Promoting Readiness of Minors in SSI (PROMISE) —The objective of this multi-agency pilot is to improve the health, education, and post-school outcomes of children who receive SSI and to provide improved services and support for their families, helping youths with disabilities transition into working adults. This funding will support outcome-based incentive payments and rigorous evaluation of the pilot: \$7.2 million.

SSI Childhood Disability Study — This study will provide an independent assessment of the SSI program for children with disabilities. The National Academy of Sciences, Institute of Medicine will conduct the study to provide us with an expert assessment of the program. We will consult with a broad range of stakeholders in developing the parameters for the study to ensure the right set of questions are asked and answered: \$5.0 million.

APPENDIX B

OFFICE OF THE INSPECTOR GENERAL (OIG)

The FY 2013 request for OIG is \$107.6 million, an increase of about \$5.3 million above the FY 2012 Enacted Level. OIG's mission is to promote economy, efficiency, and effectiveness in the administration of the Social Security programs and operations and to prevent and detect fraud, waste, abuse, and mismanagement in such programs and operations. To that end, OIG provides an invaluable service by conducting a comprehensive program of audits, evaluations, and investigations, and then recommending changes to improve our programs and operations.

To meet its homeland security responsibilities, OIG will continue to conduct audits and investigations that focus on strengthening the enumeration process and combating SSN misuse.

APPENDIX C

FISCAL YEAR 2013 PRESIDENT'S BUDGET LEGISLATIVE PROPOSALS

Extension of the Payroll Tax Holiday: The FY 2013 President's Budget includes a proposal to prevent tax increases on working families by extending the temporary 2.0-percentage point reduction in the employee Social Security payroll tax rate through the end of calendar year 2012. The reduction would apply to the first \$110,100 of taxable wages. For self-employed individuals, the Social Security payroll tax rate would be reduced from 12.4 percent to 10.4 percent of the first \$110,100 of net taxable self-employment income received. The Social Security Trust Funds would be held harmless and receive transfers from the General Fund of the Treasury equal to any reduction in payroll taxes.

Work Incentives Simplification Pilot (WISP): The FY 2013 President's Budget proposes a five-year reauthorization of our section 234 demonstration authority for the DI program, which would allow us to test program innovations including WISP. WISP would provide beneficiaries with a simple set of work rules that would no longer terminate benefits based solely on earnings. As a result, beneficiaries would have more flexibility to try working, without fear of losing their benefits. WISP also has the potential to reduce improper payments related to work earnings, which is one of our most common causes of overpayments. We will work with Congress on a fully offset package.

Windfall Elimination Provision (WEP) and Government Pension Offset (GPO): The FY 2013 President's Budget includes a proposal to develop automated data exchanges for States and localities to submit useful and timely information on pensions that are based on work not covered by Social Security. This information would reduce improper payments that occur when we are unable to determine that a beneficiary should have been subject to WEP or GPO. The proposal includes mandatory funding for developing and implementing data exchanges and allows for grants to State and local entities for this purpose. The proposal assumes enforcement will begin in FY 2016.

Workers' Compensation Information Reporting: The FY 2013 President's Budget includes a legislative proposal to develop and implement a system to collect information on workers' compensation recipients from States and private insurers. We would use the information to improve the integrity of the workers' compensation reporting process, improve the accuracy of Social Security disability and SSI payments, reduce improper payments, and lessen our reliance on the beneficiary to report this information in a timely manner. We would also provide pertinent collected information to the Secretary of Health and Human Services for child support

enforcement purposes. This proposal includes mandatory funding for developing and implementing a system, with expected use by 2015.

Extend SSI Eligibility for Refugees and other Humanitarian Immigrants: The FY 2013 President's Budget includes a proposal to increase the SSI eligibility period for refugees, asylees, and other noncitizens in refugee-like immigration statuses (i.e., humanitarian immigrants) from a maximum of seven years to a maximum of nine years during FYs 2013 and 2014. Individuals whose benefits expired solely due to the 7-year time limit would be eligible for up to 24 months of extended benefits paid prospectively until the conclusion of the 9-year period or the end of FY 2014, if earlier.

The time-limited SSI eligibility period was temporarily extended to nine years for FYs 2009-2011. However, effective October 2011, the SSI eligibility period for refugees and other humanitarian immigrants reverted to seven years.

Conform Treatment of State and Local Government Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) for SSI: The FY 2013 Budget proposes to conform the treatment of state and local EITC and CTCs to be consistent with the treatment of the Federal EITC and CTC for purposes of determining eligibility for SSI. Currently, the Federal EITC and CTCs are excluded from the SSI income and resource tests. However, state and local versions of these credits are not excluded, resulting in the reduction of loss of SSI benefits for those receiving the credits. This proposal would simplify SSI policy and would eliminate the administrative costs of determining whether such credits are excluded Federal payments or countable state or local payments.

Terminate Stepchild Benefits in the Same Month as Stepparents: The FY 2013 President's Budget proposes a technical correction relating to when Social Security benefits stop due to divorce. A parent and stepchild may receive benefits on the record of a worker, but, if the marriage terminates, they are no longer eligible for benefits. Currently when a stepchild's parent is divorced and no longer eligible for benefits from a former spouse, benefits for the parent terminate in the month before the month in which the divorce becomes final. However, benefits for the stepchild terminate one month later, in the month the divorce becomes final. This proposal would provide equal treatment for the stepchild and his or her parent; both benefits would end in the month before the month in which the divorce becomes final.

Allow SSA To Certify Electronically Additional Railroad Retirement Board (RRB) Benefits: The FY 2013 President's Budget proposes to add the category of divorced spouses of railroad workers to the list of people for whom we would certify the amount of Social Security benefits to the RRB for payment electronically. This change would improve administration and result in fewer errors. In addition, it would ensure consistency with other Social Security benefits to railroad workers and their dependents.

Lower the Electronic Wage Reporting Threshold: Currently the Department of Treasury requires businesses that file 250 or more tax returns per calendar year to file electronically. The FY 2013 President's Budget proposes to modify the Internal Revenue Code so that the Department of Treasury can require more businesses to file electronically. The Budget would lower the electronic wage reporting threshold from 250 to 100 employees. In 2011, the vast majority of employers this size reported electronically. This proposal would reduce the number of paper returns we must process. This change would increase the efficiency and accuracy of this process because electronic returns are generally more accurate than scanned or keyed returns.

Federal Wage Reporting: The FY 2013 President's Budget includes a legislative proposal to revert to quarterly wage reporting. The proposal would not affect reporting on self-employment. Increasing the timeliness of wage reporting would enhance tax administration and improve program integrity for a range of programs.

SOCIAL SECURITY ADMINISTRATION

Summary Table of SSA's Appropriation Request

FY 2013	FTE	Amount
Payments to Social Security Trust Funds		\$ 20,402,000
Supplemental Security Income Program		
FY 2013 Request		\$ 40,043,000,000 ¹
FY 2014 First Quarter Advance		\$ 19,300,000,000
Limitation on Administrative Expenses	62,761	\$ 11,760,000,000 ²
Office of the Inspector General	590	\$ 107,600,000

¹ Excludes \$18,200,000,000, previously appropriated as a first quarter advance for FY 2013.

² Includes \$170,000,000 for SSI State Supplementary user fees and up to \$1,000,000 for non-attorney user fees.

SOCIAL SECURITY ADMINISTRATION FY 2013 PRESIDENT'S BUDGET

Key Tables

Table 1 – Administrative Budget Authority and Other Appropriated Funds ¹
(in millions)

	FY 2011 Actual	FY 2012 ² Estimate	FY 2013 Estimate	Change FY 12/FY 13
<u>Budget Authority</u>				
Base Limitation on Administrative Expenses (LAE)	\$10,754	\$10,536	\$10,565	\$29
Dedicated Program Integrity Funding [included in base]	[\$272]	N/A	N/A	N/A
Program Integrity Base Adjustment	N/A	\$273	\$273	\$0
Program Integrity Cap Adjustment	\$484	\$483 ³	\$751	\$268
User Fees ⁴	\$186	\$154 ⁵	\$171	\$17
Subtotal, LAE Appropriation	\$11,424⁶	\$11,446	\$11,760	\$314
Percent change from FY 2012				2.7%
Research	\$43	\$8	\$48	\$40
Office of the Inspector General (OIG)	\$102	\$102	\$108	\$6
Subtotal, Administrative Budget	\$11,569	\$11,556	\$11,916	\$360
Percent change from FY 2012				3.1%
<u>Other Available Funds</u>				
No-year Information Technology	\$461	\$162	\$0	-\$162
MIPPA – Low-Income Subsidy (LIS)	\$1	\$2	\$2	\$0
Recovery Act ⁷				
Workload Processing	\$4	\$0	\$0	\$0
Economic Recovery Payments – Admin	\$1	\$0	\$0	\$0
National Computer Center Replacement	\$388	\$21	\$88	\$67
OIG Oversight	\$0.2	\$0.8	\$0	-\$0.8
Subtotal, Other Funds Available	\$855	\$186	\$90	(\$96)
TOTAL BUDGETARY RESOURCES	\$12,424	\$11,742	\$12,006	\$264

¹ Totals may not add due to rounding

² Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President's Budget proposes to provide an additional \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding, which is not included above, would allow SSA to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 currently projected.

³ Includes program integrity funding from the Disaster Relief Appropriations Act, 2012 (P.L. 112-77)

⁴ Includes SSI user fees and Social Security Protection Act user fees.

⁵ The FY 2012 enacted SSI user fees budget authority is \$161 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately \$7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately \$154 million.

⁶ The table does not display a \$200 million rescission of no-year information technology (IT) funds enacted in the Additional Continuing Appropriations Amendments, 2011 (P.L. 112-6) or a \$75 million rescission of no-year IT funds enacted in the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

⁷ Funds provided in the American Recovery and Reinvestment Act of 2009 (Recovery Act) (P.L. 111-5).

Table 2 – SSA Full Time Equivalents and Workyears

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	Change FY 12/FY 13
SSA Full Time Equivalents	67,030	64,545	62,761	-1,784
SSA Overtime/Lump Sum Leave	2,328	2,418	2,418	0
Subtotal, SSA Workyears	69,358	66,963	65,179	-1,784
Disability Determination Services (DDS) Workyears	16,739	14,825	14,391	-434
Subtotal, SSA and DDS Workyears	86,097	81,788	79,570	-2,218
OIG Full Time Equivalents	574	580	590	10
OIG Overtime/Lump Sum Leave	4	6	6	0
Subtotal, OIG Workyears	578	586	596	10
TOTAL SSA/DDS/OIG WORKYEARS	86,675	82,374	80,166	-2,208

**Table 3 – SSA Outlays by Program
(in millions)**

	FY 2011 Actual	FY 2012¹ Estimate	FY 2013 Estimate	Change FY 12/FY 13
<u>Trust Fund Programs</u>				
Old-Age and Survivors Insurance (OASI)	\$599,372	\$638,520	\$679,096	\$40,576
Disability Insurance (DI)	\$131,571	\$140,049	\$146,596	\$6,547
Subtotal, Trust Fund Programs	\$730,943	\$778,569	\$825,692	\$47,123
<u>Proposed OASDI Legislation:</u>				
Reauthorization of DI Demonstration Authority ²	\$0	\$0	\$5	\$5
Subtotal, Proposed OASDI Legislation	\$0	\$0	\$5	\$5
<u>General Fund Programs</u>				
Supplemental Security Income (SSI)	\$56,462	\$51,609	\$58,209	\$6,600
Special Benefits for Certain World War II Veterans	\$7	\$7	\$7	\$0
Recovery Act: Recovery Payments	\$17	\$0	\$0	\$0
Recovery Act: Administrative Expenses	\$36	\$25	\$129	\$104
Subtotal, General Fund Programs	\$56,522	\$51,641	\$58,345	\$6,704
<u>Proposed General Fund Legislation:</u>				
WEP/GPO Enforcement	\$0	\$0	\$13	\$13
W/C Enforcement	\$0	\$0	\$5	\$5
SSI Refugee Extension	\$0	\$0	\$41	\$41
Federal Wage Reporting	\$0	\$0	\$20	\$20
Subtotal, Proposed General Fund Legislation	\$0	\$0	\$79	\$79
TOTAL SSA Outlays, Current Law	\$787,465	\$830,210	\$884,037	\$53,827
Percent change from FY 2012				6.5%
TOTAL SSA Outlays, Proposed Law	\$0	\$0	\$84	\$84
TOTAL SSA Outlays, Current & Proposed Law	\$787,465	\$830,210	\$884,121	\$53,911

¹ Since the Consolidated Appropriations Act, 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President's Budget proposes to provide an additional \$140 million in funding in FY 2012 allowed by the cap adjustment, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow us to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 that we currently expect to handle.

² Reauthorization for 5 years of DI demonstration authority under Section 234 of the Social Security Act, which would allow use of trust fund monies to conduct demonstration projects, including the Work Incentives Simplification Pilot (WISP).

**Table 4 – Current Law Old Age Survivors and Disability Insurance Outlays and Income
(in millions)**

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	Change FY 12/FY 13
<u>Outlays</u>				
OASI Benefits	\$591,490	\$631,189	\$671,996	\$40,807
DI Benefits	\$128,005	\$136,277	\$142,824	\$6,547
Other ¹	\$11,448	\$11,103	\$10,872	-\$231
TOTAL OUTLAYS, Current Law	\$730,943	\$778,569	\$825,692	\$47,123
<u>Income</u>				
OASI	\$692,650	\$729,935	\$751,748	\$21,813
DI	\$106,308	\$110,969	\$113,236	\$2,267
TOTAL INCOME, Current Law	\$798,958	\$840,904	\$864,984	\$24,080

¹ Other includes SSA & non-SSA administrative expenses, beneficiary services, payments to the Railroad Retirement Board, demonstration projects, and FY 2011 quinquennial military service credits.

**Table 5 – Current Law – OASDI Beneficiaries and Average Benefit Payments
(Beneficiaries in thousands)**

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	Change FY 12/FY 13
<u>Average Number of Beneficiaries</u>				
OASI	44,094	45,304	46,656	1,352
DI	10,298	10,733	11,064	331
TOTAL BENEFICIARIES	54,392	56,037	57,720	1,683
<u>Average Monthly Benefit</u>				
Retired Worker	\$1,178	\$1,222	\$1,262	\$40
Disabled Worker	\$1,066	\$1,100	\$1,129	\$29
Projected COLA Payable in January	0.0%	3.6%	1.9%	-1.7%

**Table 6 – Current Law – Supplemental Security Income Outlays
(in millions)**

	FY 2011 Actual	FY 2012¹ Estimate	FY 2013 Estimate	Change FY 12/FY 13
Federal Benefits	\$52,354	\$48,117 ²	\$54,245	\$6,128
Other ³	\$3,819	\$3,744	\$3,979	\$235
Subtotal, Federal Outlays	\$56,173	\$51,861	\$58,224	\$6,363
State Supplementary Benefits	\$3,844	\$3,245	\$3,630	\$385
State Supplementary Reimbursements	\$3,555	\$3,497	\$3,645	\$148
Subtotal, Net State Supp Payments⁴	\$289	\$252	-\$15	\$237
TOTAL OUTLAYS, Current Law	\$56,462	\$51,609	\$58,209	\$6,600

¹ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

² SSI payments due on October 1st in FY 2012 are included with payments for FY 2011. There were 13 monthly payments in FY 2011. There will be 11 payments in FY 2012 and 12 payments in FY 2013

³ Other includes beneficiary services, research, and administrative costs.

⁴ States must reimburse us in advance for State Supplementary Payments. There will always be 12 state reimbursements in each fiscal year, but there can be 11, 12 or 13 benefit payments per fiscal year because a monthly payment is advanced into the end of the previous month anytime the due date falls on a weekend or holiday. Hence, the "Net State Supplementary Payment" numbers vary from year-to-year depending on the timing of the October benefit payments at the beginning and end of each fiscal year.

Table 7 – SSI Recipients and Benefit Payments¹
(Recipients in thousands)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Budget	Change FY 12/FY 13
<u>Average Number of SSI Recipients</u>				
Federal Recipients				
Aged	1,105	1,107	1,114	7
Blind or Disabled	6,652	6,866	7,075	209
SUBTOTAL, FEDERAL RECIPIENTS	7,756	7,972	8,189	217
State Supplement Recipients (with no Federal SSI payment)	254	253	263	10
TOTAL SSI RECIPIENTS, Current Law	8,010	8,225	8,452	227
<i>SSI Recipients Concurrently Receiving OASDI Benefits (included above)</i>	2,741	2,807	2,878	71
<u>Average Monthly Benefit</u>	\$358	\$369	\$380	\$11
Aged				
Blind and Disabled	\$542	\$557	\$570	\$13
AVERAGE, All SSI Recipients	\$516	\$531	\$544	\$13
Projected COLA Payable in January	0.0%	3.6%	1.9%	-1.7%

¹ Totals may not add due to rounding

**Table 8 – Special Benefits for Certain WWII Veterans Overview
(Outlays in millions)**

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	Change FY 12/FY 13
Federal Benefits	\$7	\$6	\$6	\$0
Administration	*	\$1	\$1	\$0
TOTAL OUTLAYS	\$7	\$7	\$7	\$0
Average Number of Beneficiaries (in thousands)	2	1	1	0
Average Monthly Benefit	\$389	\$400	\$408	\$8

**Less than \$500,000*

**Table 9 – Administrative Outlays as a Percent of
Trust Fund Income and Benefit Payments – FY 2013**

	Percent of Income	Percent of Benefit Payments
OASI	0.3%	0.4%
DI	2.7%	2.1%
OASDI (combined)	0.7%	0.7%
SSI (Federal and State)	N/A	7.0%
TOTAL SSA		1.4%

Table 10 – Tax Rates, Wage Base and Economic Assumptions

	CY 2011	CY 2012	CY 2013	Change CY 12/CY 13
<u>Employer/Employee Rates (each)</u>				
OASDI (Social Security)	6.20% /4.20% ¹	6.20% / 4.20% ¹	6.20%	0.0 % / 2.0%
Hospital Insurance (HI) (Medicare)	1.45%	1.45%	1.45%	0.0%
EMPLOYEE TOTAL	5.65%	5.65%	7.65%	2.0%
<u>Self-Employment Rates</u>				
OASDI (Social Security)	10.40% ¹	10.40% ¹	12.40%	2.0%
HI (Medicare)	2.90%	2.90%	2.90% ²	0.0%
TOTAL	13.30%	13.30%	15.30%	2.0%
<u>Cost of Living Adjustments (COLAs)</u>				
January	0.0%	3.6%	1.9% ³	-1.7%
<u>Contribution and Benefit Base</u>				
OASDI	\$106,800	\$110,100	\$114,000 ³	\$3,900
HI	(no cap)	(no cap)	(no cap)	
<u>Annual Retirement Test</u>				
Year Individual Reaches Full Retirement Age	\$37,680	\$38,880	\$40,200 ³	\$1,320
Under Full Retirement Age	\$14,160	\$14,640	\$15,120 ³	\$480
<u>Wages Required for a Quarter of Coverage</u>	\$1,120	\$1,130	\$1,170³	\$40

¹ For calendar year 2011 and the first two months of 2012, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) and the Temporary Payroll Tax Cut Continuation Act of 2011 (P.L. 112-78), reduced employee FICA and SECA contributions from 6.2 percent to 4.2 percent. The self-employed rate was reduced from 12.4 percent to 10.4 percent. There is currently a proposal in Congress to maintain the lower rates for the remainder of the year.

² Two sections in the Affordable Care Act will affect the HI (Medicare rate) beginning in January 2013:

- Broaden Medicare Hospital Insurance Tax Base for High-Income Taxpayers will add an additional HI tax of 0.9% on earned income in excess of \$200,000/\$250,000 (unindexed); and
- Unearned Income Medicare Contribution will add an additional HI tax of 3.8% on investment income for taxpayers with adjusted gross income in excess of \$200,000/\$250,000 (unindexed).

³ Estimate.

Table 11-Selected Performance Measures

	FY 2011 Actual	FY 2012 Estimate^{1,2}	FY 2013 Estimate
<u>Selected Workload Measures</u>			
Retirement and Survivors Claims Completed (thousands)	4,878	4,918	5,049
Initial Disability Claims Completed (thousands)	3,391	3,173	2,847
Reconsiderations Completed (thousands)	832	787	663
Hearings Completed (thousands)	795	875	960
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,409	1,285	1,550
Periodic Medical CDRs (included above, thousands)	345	435	650
SSI Non-Disability Redeterminations Completed (thousands)	2,457	2,622	2,622
800-Number Transactions Handled (millions)	63	63	62
Average Speed of Answer (seconds)	180	285	300
Agent Busy Rate	3%	6%	7%
Social Security Numbers Issued (millions)	17	17	16
Annual Earnings Items Completed (millions)	241	242	251
Social Security Statements Issued (millions)	74	14	158
<u>Selected Outcome Measures</u>			
Initial Disability Claims Pending (thousands)	759	861	1,164
Reconsiderations Pending (thousands) ³	176	184	242
Hearings Pending (thousands)	787	746	544
Average Processing Time for Initial Disability Claims (days)	109	111	137
Annual Average Processing Time for Hearings Decisions (days)	360	338	293
September Average Processing Time for Hearings Decisions (days)	345	321	270
Disability Determination Services Production per Workyear	287	322	322
Office of Disability Adjudication and Review Production per Workyear	109	114	115
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)		(3,800)	(6,000)

¹ Since the Consolidated Appropriations Act, 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President's Budget proposes to provide an additional \$140 million in funding in FY 2012 allowed by the cap adjustment, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow us to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 that we currently expect to handle.

² Includes program integrity funding from the Disaster Relief Appropriations Act, 2012 (P.L. 112-77)

³ Reconsiderations Average Processing Times are currently under development.

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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), 228(g), and 1131(b)(2) of the Social Security Act, [\$20,404,000] \$20,402,000. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012.*)

GENERAL STATEMENT

The Payments to Social Security Trust Funds (PTF) account provides Federal fund payments to the Social Security trust funds for several distinct activities. 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 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 a quinquennial adjustment for military service wage credits.¹ The estimated annual appropriation and resulting obligations for FY 2013 are shown below.

Table 1.1—Annual Appropriation and Obligations

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	FY12 to FY13 Change
Appropriation	\$21,404,000	\$ 20,404,000	\$ 20,402,000	-\$ 2,000
Obligations	\$11,281,122	\$ 20,454,000	\$ 20,452,000	-\$ 2,000

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 Contribution Act (SECA) tax credits, reimbursement for Federal employee union administrative expenses, transfers to offset the financial effects of the Food, Conservation, and Energy Act of 2008, and reimbursements for the loss in FICA tax revenue resulting from the payroll tax holiday provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and extended by the Temporary Payroll Tax Cut Continuation Act of 2011. The permanent appropriation provides that the trust funds are credited for each of these revenue items.

Taxation of Social Security Benefits

The Social Security Amendments of 1983 provide for taxation of up to one-half of Social Security benefits in excess of certain income thresholds. The Omnibus Reconciliation Act of 1993, P.L. 103-66, amended this provision so that up to 85 percent of benefits could be subject to taxation. The additional amounts collected from this 1993 provision are paid to the Hospital

¹ The quinquennial adjustment for military service wage credits is authorized to be appropriated every 5 years, if it is determined necessary. Appropriations are needed to effectuate transfers from the general funds to the trust funds, but not from trust funds to general funds. We initially requested \$1 million in FY 2011 for a transfer from the general funds to the Federal Disability Insurance Trust Fund, but later determined that transfers should instead be made from the trust funds to the general fund in FY 2011.

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 \$29,347 million in FY 2012 and \$31,463 million in FY 2013 from U.S. citizens; taxes imposed on aliens are transferred monthly and will generate estimated income of \$175 million in FY 2012 and \$186 million in FY 2013. The estimates for taxation of benefits reflect normal growth related to benefit levels and the beneficiary population.

FICA and SECA Tax Credits

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.

Reimbursement for Employee Union Expenses

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.

Transfers to Offset Two Coverage Provisions

Section 15361 of P.L. 110-246, the Food, Conservation, and Energy Act of 2008, provides for annual transfers from the general fund of the Treasury to the OASDI trust funds in FYs 2009 through 2017 to roughly offset the financial effects of the law's two coverage provisions. Section 15301 of P.L. 110-246 excludes Conservation Reserve Program payments from SECA coverage for OASDI beneficiaries, and Section 15352 increases the limit for the optional method for computing earnings from self-employment. The transfers will be \$7 million in FY 2012 and \$8 million in FY 2013.

Reimbursement for Payroll Tax Holiday

P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011, amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. The general funds reimburse the trust funds for this loss in tax revenue. The estimated reimbursements from the general funds for the payroll tax holiday are \$47,757 million in FY 2012 and \$858 million in FY 2013. We expect additional adjustments will occur for several years as a result of the payroll tax holiday.

LEGISLATIVE PROPOSAL

The President's Budget includes a proposal to prevent tax increases on working families by extending the temporary 2.0-percentage point reduction in the employee Social Security payroll tax rate through the end of calendar year 2012. The reduction would apply to the first \$110,100 of taxable wages. For self-employed individuals, the Social Security payroll tax rate would be reduced from 12.4 percent to 10.4 percent of the first \$110,100 of net taxable self-employment income received. The Social Security Trust Funds would be held harmless and receive transfers from the General Fund of the Treasury equal to any reduction in payroll taxes.

BUDGETARY RESOURCES

The PTF annual appropriation request for FY 2013 is \$20,402,000. SSA expects to make \$32,546,452,000 in payments to the trust funds in FY 2013, including amounts appropriated under permanent indefinite authority.

Table 1.2—Amounts Available for Obligation

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Annual Appropriation	\$ 21,404,000	\$ 20,404,000	\$ 20,402,000
Permanent Appropriation	\$ 101,986,649,485	\$ 77,297,000,000	\$ 32,526,000,000
Total Appropriation	\$ 102,008,053,485	\$ 77,317,404,000	\$ 32,546,402,000
Unobligated Balance, Start-of-Year	\$ 12,889,471	\$ 12,885,549	\$ 12,835,549
Subtotal Budgetary Resources	\$ 102,020,942,956	\$ 77,330,289,549	\$ 32,559,237,549
Obligations	(\$ 101,997,930,607)	(\$ 77,317,454,000)	(\$ 32,546,452,000)
Unobligated Balance, End-of-Year	\$ 12,885,549	\$ 12,835,549	\$ 12,785,549
Unobligated Balance, Lapsing	\$ 10,126,800	\$ 0	\$ 0

The unobligated balances represent funds appropriated for the Coal Industry Retiree Health Benefits Act (CIRHBA) 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.

ANALYSIS OF CHANGES

The FY 2013 annual appropriation request is \$2,000 less than the FY 2012 estimate. The obligations reported below include CIRHBA activity, funded from unobligated balances carried forward from prior years. These funds were provided in FY 1996 and FY 1997 and remain available until expended.

Table 1.3—Summary of Changes

	FY 2012 Estimate	FY 2013 Estimate	FY12 to FY13 Change
Appropriation	\$ 20,404,000	\$ 20,402,000	-\$ 2,000
Obligations	\$ 20,454,000	\$ 20,452,000	-\$ 2,000

The amounts of the annual appropriation and related obligations are \$2,000 less in FY 2013 than FY 2012 due to a decrease in the reimbursement due the Old-Age and Survivors Insurance Trust Fund for Special Payments for Certain Uninsured Persons.

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. Coal Industry Retiree Health Benefit obligations are funded from prior year unobligated balances.

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

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
<u>Appropriation</u>			
Special Payments for Certain Uninsured Persons	\$ 4	\$ 4	\$ 2
Pension Reform	\$ 6,400	\$ 6,400	\$ 6,400
Unnegotiated Checks	\$ 14,000	\$ 14,000	\$ 14,000
Quinquennial Adj. for Military Wage Credits	\$ 1,000	\$ 0	\$ 0
Coal Industry Retiree Health Benefits	\$ 0	\$ 0	\$ 0
Total Annual Appropriation	\$ 21,404	\$ 20,404	\$ 20,402
<u>Obligations</u>			
Special Payments for Certain Uninsured Persons	\$ 4	\$ 4	\$ 2
Pension Reform	\$ 3,802	\$ 6,400	\$ 6,400
Unnegotiated Checks	\$ 7,471	\$ 14,000	\$ 14,000
Quinquennial Adj. for Military Wage Credits	\$ 0	\$ 0	\$ 0
Coal Industry Retiree Health Benefits	\$ 4	\$ 50	\$ 50
Total Obligations	\$ 11,281	\$ 20,454	\$ 20,452

Payments to Social Security Trust Funds

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, reimbursement for certain union administrative expenses, transfers to offset the financial effects of the Food, Conservation, and Energy Act of 2008, and reimbursements for the employee payroll tax holiday. The actual amount appropriated for these activities is determined by the actual amount collected from, or to be reimbursed for, each activity.

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

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
<u>Appropriation</u>			
Reimb. for Union Administrative Expenses	\$ 11,044	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008 ¹	\$ 8,000	\$ 7,000	\$ 8,000
Employee Payroll Tax Holiday ²	\$ 78,915,000	\$ 47,757,000	\$ 858,000
Taxation of Benefits, U.S.	\$ 22,887,505	\$ 29,347,000	\$ 31,463,000
Taxation of Benefits, Nonresident Alien	\$ 165,000	\$ 175,000	\$ 186,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 101	\$ 0	\$ 0
Total Permanent Appropriation	\$ 101,986,650	\$ 77,297,000	\$ 32,526,000
<u>Obligations</u>			
Reimb. for Union Administrative Expenses	\$ 11,044	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008	\$ 8,000	\$ 7,000	\$ 8,000
Employee Payroll Tax Holiday	\$ 78,915,000	\$ 47,757,000	\$ 858,000
Taxation of Benefits, U.S.	\$ 22,887,505	\$ 29,347,000	\$ 31,463,000
Taxation of Benefits, Nonresident Alien	\$ 165,000	\$ 175,000	\$ 186,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 101	\$ 0	\$ 0
Total Obligations	\$ 101,986,650	\$ 77,297,000	\$ 32,526,000

¹ P.L. 110-246, the Food, Conservation, and Energy Act of 2008 (H.R. 6124) provided that SSA's trust funds would be reimbursed for lost income resulting from enacted changes to the reporting of self-employment income (SECA taxes). The bill established that SSA would be reimbursed from FY 2009 to FY 2017.

² P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (H.R. 4853), reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011 (H.R. 3765) amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. The general funds reimburse the trust funds for the loss in tax revenue (Title VI, Sec 601).

OBLIGATIONS BY OBJECT

The table below displays the obligations by object class for the total PTF account (annually and permanently appropriated funds).

**Table 1.6—Obligations by Object
(in thousands)**

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Other Services	\$ 14,846	\$ 17,400	\$ 17,400
Financial Transfers¹	\$ 23,068,085	\$ 29,543,054	\$ 31,671,052
Financial Transfers: Employee Payroll Tax Holiday	\$ 78,915,000	\$ 47,757,000	\$ 858,000
Total Obligations	\$ 101,997,931	\$ 77,317,454	\$ 32,546,452

¹ Beginning in FY 2011, general fund payments for taxation of benefits are reclassified as Financial Transfers. Previously, these payments were classified as Insurance Claims and Indemnities.

BACKGROUND

AUTHORIZING LEGISLATION

The PTF account is authorized by the sections of the Social Security Act described below.

Table 1.7—Authorizing Legislation (in thousands)

	Amount Authorized	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Special payments for certain uninsured persons (Prouty): Social Security Act (S.S. Act), section 228(g)	Indefinite	\$ 4	\$ 4	\$ 2
Pension reform: S.S. Act, section 1131(b)(2)	Indefinite	\$ 6,400	\$ 6,400	\$ 6,400
Unnegotiated checks: S.S. Act, section 201(m); Social Security Amendments of 1983, section 152	Indefinite	\$ 14,000	\$ 14,000	\$ 14,000
Coal industry retiree health benefits: Internal Revenue Code of 1986, sections 9704 and 9706; Energy Policy Act of 1992, section 19141	Indefinite	\$ 0	\$ 0	\$ 0
Quinquennial adjustment for military service wage credits: S.S. Act, section 217(g)	Indefinite	\$ 1,000	\$ 0	\$ 0
Subtotal Annual PTF Appropriation		\$ 21,404	\$ 20,404	\$ 20,402
Reimbursement for union administrative expenses: FY 2002 Social Security Appropriations Act	Permanent Indefinite	\$ 11,044	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008: P.L. 110-246, section 15361	Permanent	\$ 8,000	\$ 7,000	\$ 8,000
Employee payroll tax holiday: P.L. 111-312, section 601, as amended by Temporary Payroll Tax Cut Continuation Act: P.L. 112-78	Permanent Indefinite	\$ 78,915,000	\$ 47,757,000	\$ 858,000
Taxation of benefits, U.S.: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 22,887,505	\$ 29,347,000	\$ 31,463,000
Taxation of benefits, nonresident aliens: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 165,000	\$ 175,000	\$ 186,000
SECA tax credits: Social Security Amendments of 1983, section 124(b)	Permanent Indefinite	\$ 101	\$ 0	\$ 0
Total Appropriation		\$ 102,008,054	\$ 77,317,404	\$ 32,546,402

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 Service Wage Credits is included in the FY 2008 and FY 2011 enacted appropriations. The FY 2008 appropriation also included funds to administer economic recovery payments to beneficiaries.

Table 1.8—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
2003	\$ 20,400,000	--- ¹	\$ 20,400,000 ²	\$ 20,400,000 ³
2004	\$ 21,658,000	\$ 21,658,000 ⁴	\$ 21,658,000 ⁵	\$ 21,658,000 ⁶
2005	\$ 20,454,000	\$ 20,454,000 ⁷	\$ 20,454,000 ⁸	\$ 20,454,000 ⁹
2006	\$ 20,470,000	\$ 20,470,000 ¹⁰	\$ 20,470,000 ¹¹	\$ 20,470,000 ¹²
Supplemental ¹³				\$ 38,000,000
2007 ¹⁴	\$ 27,756,000	\$ 27,756,000 ¹⁵	\$ 27,756,000 ¹⁶	\$ 20,416,000 ¹⁷
Trust Funds Restoration Act ¹⁸				\$ 1,297,614,000
2008 ¹⁹	\$ 28,140,000	\$ 28,140,000 ²⁰	\$ 28,140,000 ²¹	\$ 28,140,000 ²²
Economic Stimulus Act ²³				\$ 31,000,000
2009	\$ 20,406,000	--- ²⁴	\$ 20,406,000 ²⁵	\$ 20,406,000 ²⁶
2010	\$ 20,404,000	\$ 20,404,000 ²⁷	\$ 20,404,000 ²⁸	\$ 20,404,000 ²⁹
2011 ³⁰	\$ 21,404,000	--- ³¹	\$ 21,404,000 ³²	\$ 21,404,000 ³³
2012	\$ 20,404,000	--- ³⁴	\$ 20,404,000 ³⁵	\$ 20,404,000 ³⁶
2013	\$ 20,402,000			

¹ The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included \$20,400,000.

² S. 2766.

³ Consolidated Appropriations Resolution, 2003 (P.L. 108-7).

⁴ H.R. 2660.

⁵ S. 1356.

⁶ Consolidated Appropriations Act, 2004 (P.L. 108-199).

⁷ H.R. 5006.

⁸ S. 2810.

⁹ Consolidated Appropriations Act, 2005 (P.L. 108-447).

¹⁰ H.R. 3010.

¹¹ H.R. 3010, reported from Committee with an amendment.

¹² Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149).

¹³ FY 2006 Supplemental Appropriation providing for hurricane relief.

Payments to Social Security Trust Funds

- ¹⁴ 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.
- ¹⁵ H.R. 5647.
- ¹⁶ S. 3708.
- ¹⁷ Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).
- ¹⁸ 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.
- ¹⁹ 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.
- ²⁰ H.R. 3043.
- ²¹ S. 1710.
- ²² Consolidated Appropriations Act, 2008 (P.L. 110-161).
- ²³ Appropriation provided by the Economic Stimulus Act of 2008, P.L. 110-185, for agency administrative costs related to stimulus payments to Social Security beneficiaries.
- ²⁴ The House Committee on Appropriations did not report a bill.
- ²⁵ S. 3230.
- ²⁶ Omnibus Appropriations Act, 2009 (P.L. 111-8).
- ²⁷ H.R. 3293.
- ²⁸ H.R. 3293, reported from Committee with an amendment.
- ²⁹ Consolidated Appropriations Act, 2010 (P.L. 111-117).
- ³⁰ Requested \$1 million in FY 2011 for the quinquennial adjustment for military service wage credits from the general funds to the Federal Disability Insurance Trust Fund. However, we later determined that transfers should be made from the trust funds to the general fund in FY 2011.
- ³¹ The House Committee on Appropriations did not report a bill.
- ³² S. 3686.
- ³³ Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).
- ³⁴ The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$20,404,000.
- ³⁵ S. 1599.
- ³⁶ Consolidated Appropriations Act, 2012 (P.L. 112-74).

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 known 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

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	FY12 to FY13 Change
Budget Authority	\$ 4,000	\$ 4,000	\$ 2,000	\$ 2,000

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 either have attained age 72 before 1968 (general fund reimbursed payments), or meet certain minimal insured status requirements if he or she attained age 72 in 1968 or later (trust fund payments, no beneficiaries remain). In FY 2011, the maximum benefit amount was \$276.40. For individuals receiving a government pension, payments under a Federally-aided public assistance program, or payments under the Supplemental Security Income program, Prouty benefits are reduced or withheld, as required by law.

The number of persons receiving benefits under the Prouty amendment decreased gradually as the size of the aged population meeting the eligibility requirements decreased. The last beneficiary passed away in January 2011.

Table 1.10—Special Payments for Certain Uninsured Persons: Obligations

Fiscal Year	Obligations
FY 2005	\$ 54,000
FY 2006	\$ 70,000
FY 2007	\$ 16,000
FY 2008	\$ 13,000
FY 2009	\$ 5,820
FY 2010	\$ 3,350
FY 2011	\$ 3,515
FY 2012 Estimate	\$ 4,000
FY 2013 Estimate	\$ 2,000

RATIONALE FOR BUDGET REQUEST

The FY 2013 President’s budget request is for payment of \$2,000 to the OASI Trust Fund for program costs incurred in FY 2011. Program costs include benefit payments actually made, administrative expenses for maintaining the beneficiary rolls, and interest lost to the trust fund. The FY 2012 request was for payment to the OASI Trust Fund for program costs incurred in FY 2010.

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

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	FY12 to FY13 Change
Budget Authority	\$ 6,400,000	\$ 6,400,000	\$ 6,400,000	\$ 0

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.

Each time an employee leaves employment, which earned the worker vested rights to a pension, SSA receives the necessary information from the IRS, in both paper and electronic format. SSA controls, scans, and keys the paper forms through the Integrated Image-Based Data Capture System (IIBDCS). IIBDCS allows for optical character recognition or manual data entry from an electronic image. IIBDCS transfers the keyed or scanned data to the ERISA mainframe system. This data, along with electronic data received from the IRS, is added to the ERISA Master Files after name verification against the NUMIDENT (SSN record) database takes place. Each month, an activity file of new benefit applications is compared to the ERISA Master Files. SSA sends an ERISA notice of pension plan eligibility to individuals included in both the activity file and the ERISA Master Files. This notice 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

Fiscal Year	Obligations
FY 2006	\$ 1,942,000
FY 2007	\$ 1,125,000
FY 2008	\$ 1,200,000
FY 2009	\$ 813,000
FY 2010	\$ 2,022,000
FY 2011 ¹	\$ 3,802,000
FY 2012 Estimate	\$ 6,400,000
FY 2013 Estimate	\$ 6,400,000

RATIONALE FOR BUDGET REQUEST

The FY 2013 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. The FY 2013 request is the same as in the FY 2012 budget. The table below summarizes the recent trend of pension coverage report receipts:

Table 1.13—Receipts from Pension Coverage Reports

Fiscal Year	Pension Coverage Report Receipts
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
FY 2007	5,397,935
FY 2008	5,554,314
FY 2009	6,073,898
FY 2010	6,334,329
FY 2011²	68,159

¹ Obligations for Pension Reform increased in FY 2011 despite a downturn in report receipts due to costs incurred to support the conversion of ERISA microfilm to computer images, as well as other IT-related costs.

² The IRS has been creating a new paper form (IRS Form 8955-SSA) for filers and a new electronic filing system due to the expiration of a vendor contract. Most pension administrators took advantage of the IRS-granted filing deferral with the assumption they would be able to file two years simultaneously in FY 2012. As a result, pension coverage report receipts were much lower in FY 2011 than the trend established in previous years

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 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	FY12 to FY13 Change
Budget Authority	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 0

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

This appropriation funds the estimated ongoing level of activity and represents the value of interest for unnegotiated OASDI benefit checks.

Table 1.15—Unnegotiated Checks: Obligations

Fiscal Year	Obligations
FY 2007	\$ 10,084,755
FY 2008	\$ 11,169,140
FY 2009	\$ 8,756,319
FY 2010	\$ 7,435,351
FY 2011	\$ 7,471,475
FY 2012 Estimate	\$ 14,000,000
FY 2013 Estimate	\$ 14,000,000

Payments to Social Security Trust Funds

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 1.16—Direct Deposit Participation Rate

	Direct Deposit Participation Rate
December 2004	82%
December 2005	83%
December 2006	84%
December 2007	85%
December 2008	86%
December 2009	87%
December 2010	88%
December 2011	91%

RATIONALE FOR BUDGET REQUEST

The FY 2013 request is for \$14,000,000 to reimburse the OASDI Trust Funds for the value of interest on unnegotiated checks. The FY 2013 request is the same as the FY 2012 estimate.

Table 1.17—Unnegotiated Checks: Budget Authority by Trust Fund

	FY 2013 Estimate
OASI Trust Fund	\$ 11,000,000
DI Trust Fund	\$ 3,000,000
Total	\$ 14,000,000

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: Obligations

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	FY12 to FY13 Change
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Obligations	\$ 3,922	\$ 50,000	\$ 50,000	\$ 0

CIRHBA combined two existing United Mine Workers of America (UMWA) 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 completed initial decisions and reviews on all of the retired miners covered under the provisions of the 1992 CIRHBA. In addition, SSA implemented the Coal Act provisions of the Tax Relief and Health Care Act of 2006 (P.L. 109-432), which significantly affected and restructured CIRHBA. SSA carefully reviewed the legislation, obtained legal advice, and assessed 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.”

SSA devoted considerable time and resources to comply with P.L. 109-432. All court cases challenging SSA’s involvement in the Coal Act are now closed. There is no active litigation. SSA has also completed its obligation to provide yearly data on miner assignments to the UMWA Combined Benefit Fund. However, SSA’s Office of the Actuary continues to compute the per beneficiary premiums on a yearly basis.

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 2013 because the balance of 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 the OASDI trust funds, as necessary, for the costs of granting noncontributory wage credits for pre-1957 military service, as authorized by Section 217(g). Payments to the trust funds for this purpose are authorized to be made every five years.

Table 1.19—Military Service Wage Credits: Budget Authority

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate	FY12 to FY13 Change
Budget Authority	\$ 1,000,000	\$ 0	\$ 0	\$ 0

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 resulted in the transfer of funds from SSA’s trust funds to the general fund of the Treasury each time until the 2000 determination was prepared. In that year, it was determined that the general fund owed a payment to the OASI trust fund instead. The FY 2002 appropriation for this transfer, including interest, was \$414,000,000. Appropriations are not needed whenever quinquennial transfers are determined to be due from the trust funds to the general fund.

We initially requested \$1 million in FY 2011 for a transfer from the general funds to the Federal Disability Insurance Trust Fund, but later analysis by the Office of the Chief Actuary determined

Payments to Social Security Trust Funds

that transfers should instead be made from the OASDI trust funds to the general fund. On December 30, 2010, \$113 million was transferred to the general fund from the OASI trust fund and \$3 million was transferred from the DI trust fund.

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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, [\$37,582,991,000] \$40,043,000,000, 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: *Provided further*, That not more than [\$8,000,000] \$48,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, [2013] 2014.

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 [2013, \$18,200,000,000] 2014, \$19,300,000,000, to remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012.*)

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, and provide beneficiary services to recipients. 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, a portion of this funding is made available for SSA to conduct research and demonstration projects, which is available for two years, providing SSA the authority to carryover unobligated balances into the next fiscal year.

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2013 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 2014 to ensure the timely payment of benefits in case of a delay in the FY 2014 appropriations bill.

Table 2.1—Appropriation Language Analysis

Language provision	Explanation
"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, \$40,043,000,000, to remain available until expended:"	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.
" <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."	Ensures that states do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.
<i>Provided further</i> , That not more than \$48,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, 2014.	Specifies that not more than \$48 million of the SSI appropriation is available for research and demonstration projects. SSA may carryover unobligated balances for use in the subsequent year.
"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."	Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.
"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2014, \$19,300,000,000, to remain available until expended."	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 2014 in the event of a temporary funding hiatus.

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes significant items in the FY 2012 Conference Report, H. Rept. 112-331.

Table 2.2—Appropriations Committee Conference Report—Significant Items

<p>Research and Demonstrations The conferees direct SSA to include in its operating plan funding allocations [for Research and Demonstration activity] by project at the level of detail included in its congressional budget justification and expect advance notification of any subsequent realignment of funds within those activities.</p>	<p>Actions Taken or To Be Taken We will include the information in our operating plan.</p>
<p>Department of Labor (DOL) and SSA Occupational Handbook The conferees urge DOL and SSA to continue to work together on this effort and submit a joint report to the House and Senate Committees on Appropriations, the House Committee on Ways and Means, and the Senate Committee on Finance with a timeline, major milestones, and projected 5-year costs of this project within 180 days of enactment of this bill and to provide annual progress reports thereafter.</p>	<p>Actions Taken or To Be Taken We will work with DOL to submit a report to the Appropriations, Ways and Means and Finance Committees within the timeframe requested.</p>
<p>Budget Request The conferees direct SSA to include the following information in its annual budget requests, operating plans, and reprogramming requests: SSI Extramural Research and Demonstration program, project, and activity details.</p>	<p>Actions Taken or To Be Taken We have included the information in our Congressional Justification and our operating plan, and will include it in any reprogramming requests.</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, Aid to the Blind, and Aid to the Permanently and Totally Disabled. 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 2.3—Summary of Appropriations and Obligations
(in thousands)

	FY 2011 Actual	FY 2012 ¹	FY 2013 Estimate	<i>Change</i>
Appropriation	\$ 55,885,443	\$ 51,269,550	\$ 58,243,000	\$ 6,973,450
Obligations	\$ 56,003,534	\$ 51,929,422	\$ 58,307,270	+ \$ 6,377,848
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 13,400,000	\$18,200,000	\$ 19,300,000	+\$ 1,100,000

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

¹ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

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

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 \$10.94 per SSI check payment in FY 2012 and is expected to increase to \$11.12 in FY 2013. 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 Medicaid and the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp program. 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 qualify for SNAP. Social Security offices work with SSI applicants and recipients in a variety of ways to help them file for SNAP, including informing them of their potential benefits, making applications available to them, and in some cases helping them complete their applications. Social Security also shares applicant data with a number of states in support of SNAP.

Benefit Payments

SSA estimates it will pay \$54.2 billion in Federal benefits to an estimated 8.2 million SSI recipients in FY 2013. Including state supplementary payments, SSA expects to pay a total of \$57.9 billion and administer payments to a total of almost 8.5 million recipients. Federal benefit payments represent approximately 93 percent of Federal SSI spending. Administrative expenses represent approximately 7 percent of spending; beneficiary services and research and demonstration projects make up the remaining less than one percent.

FY 2013 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 2013 is \$58,243,000,000. However, this includes \$18,200,000,000 made available for the first quarter of FY 2013 in the FY 2012 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2013, \$40,043,000,000—the total amount requested for FY 2013 less the advance already received.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$19,300,000,000 for Federal benefit payments in the first quarter of FY 2014. 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 2.4—Appropriation Detail¹
(in thousands)

	FY 2011 Actual	FY 2012²	FY 2013 Estimate	Change
Advance for Federal Benefits ³	\$ 16,000,000	\$ 13,400,000	\$ 18,200,000	
Regular for Federal Benefits	\$ 36,387,000	\$ 34,157,000	\$ 36,045,000	
Subtotal Federal Benefits	\$ 52,387,000	\$ 47,557,000	\$54,245,000	+ \$ 6,688,000
Administrative Expenses	\$ 3,395,515	\$ 3,657,552	\$ 3,950,000	+\$ 292,448
Beneficiary Services	\$ 60,000	\$ 47,000	\$ 0	- \$ 47,000
Research and Demonstration	\$ 42,928	\$7,998	\$ 48,000	\$ 40,002
Subtotal Advanced Appropriation	\$ 16,000,000	\$ 13,400,000	\$ 18,200,000	
Subtotal Regular Appropriation	\$ 39,885,443	\$ 37,869,550	\$ 40,043,000	
Total Appropriation	\$ 55,885,443	\$ 51,269,550	\$ 58,243,000	\$ 6,973,450
Advance for Subsequent Year	\$ 13,400,000	\$ 18,200,000	\$ 19,300,000	+ \$ 1,100,000

¹ Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the Limitation on Administrative Expenses appropriation.

² The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

³ Amount provided or requested in the previous year's appropriation bill.

KEY INITIATIVES

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

Payment Accuracy

For more than 75 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 2010, 93.3 percent of SSI benefit payments were free of overpayment errors and 97.6 percent were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to recipients' incomes, resources, or living arrangements.

While maintaining and improving payment accuracy remains a challenge, 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 arrangements, 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.

Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for 2012, the President's Budget proposes to provide the additional \$140 million in funding allowed by the cap adjustment, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This proposal provides an extra \$46 million, the SSI share of the additional \$140 million in funding allowed by the cap adjustment for program integrity.

The FY 2013 President's budget request includes \$564 million specifically for conducting SSI CDRs and redeterminations, which would allow SSA to conduct approximately 199,000 SSI CDRs and 2,622,000 redeterminations. This funding is estimated to result in almost \$4.7 billion in net program savings over the next 10 years, including Medicaid program effects.

Supplemental Security Income Program

Access to Financial Institutions

Unreported bank accounts are one of the largest causes of overpayments. SSA has implemented Access to Financial Institutions (AFI), which allows us to automatically verify bank assets for SSI applicants and recipients through an electronic system. As of June 2011, all 50 states use AFI for all SSI applicants and recipients alleging financial resources above the current resource threshold. We plan on lowering tolerance levels and increasing bank searches in FY 2012. Along with preventing overpayments, AFI will help us to eliminate ineligible applicants at the beginning of the application process, reducing the workload in the State Disability Determination Services. When we eliminate all tolerance levels, increase the number of bank searches, and fully integrate the process with our systems, we project roughly \$900 million in lifetime program savings for each year that we use the fully implemented AFI process.

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 performance measure 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 2011, SSA's Office of the Inspector General (OIG) received over 15,000 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 to matching the law enforcement data received pursuant to the matching program, Federal law authorizes OIG and SSA to release information back to law enforcement regarding beneficiaries and recipients who have unsatisfied felony arrest warrants or who are violating a condition of probation or parole imposed under Federal or State law. 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.

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 (TOP), which includes Tax Refund Offset (TRO), Administrative Offset (e.g., Federal travel and expense reimbursements), and Federal Salary Offset. Using these debt collection tools, SSA collected \$1.2 billion in SSI overpayments, including Federally-administered state supplement overpayments, in FY 2011. Also in FY 2011, SSA eliminated an additional \$129.2 million through Netting, a process that adjusts SSI overpayments through an automated offset against SSI underpayments.

We began collecting SSI overpayments by TRO in 1998 under the authority of The Deficit Reduction Act of 1984. The Foster Care Independence Act of 1999 extended to the SSI program all of the additional debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs. In FY 2002, SSA expanded the use of TOP by implementing Administrative Offset. SSA further expanded the use of TOP in FY 2006 when the agency implemented Federal Salary Offset, a collection tool used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. In FY 2009, Treasury removed the 10-year statute of limitations on collection of debts via TOP. In FY 2011, TOP enabled the agency to collect \$61.9 million. SSA will implement systems changes to select and notify debtors that have 10-year or greater debts in FY 2012 and begin referring additional debts to Treasury for collection in FY 2013.

In FY 2002, SSA also implemented Credit Bureau Reporting and Cross Program Recovery. In FY 2011, Credit Bureau Reporting contributed to the voluntary repayment of \$20.2 million and the Agency recovered \$80.3 million via Cross Program Recovery.

In FY 2005, SSA implemented Administrative Wage Garnishment, which has collected \$16.9 million in SSI debt through FY 2011. 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;

Supplemental Security Income Program

- Internal Revenue Service records of non-wage income reported via 1099s to detect resources and/or income;
- 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 benefit data to be used in SSI benefit calculations;
- Office of Personnel Management pension data to be used in SSI benefit calculations;
- Railroad Retirement Board match to be used in SSI benefit calculations;
- Department of Homeland Security (DHS) match for deportation information on aliens outside the U.S. for more than 30 continuous days to terminate SSI benefits;
- DHS match for records of aliens who voluntarily leave the U.S; and
- AFI system to electronically request and receive financial account information.

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.

Legislative Proposal

The "SSI Extension for Elderly and Disabled Refugees Act" (Public Law 110-328) extended the seven-year SSI eligibility period for refugees, asylees, and certain other humanitarian immigrants to nine years. This law affected those whose eligibility would have expired between October 1, 2008 through September 30, 2011 by providing benefits for two more years or the end of FY 2011 (whichever came sooner).

The FY 2013 President's budget includes a proposal to allow refugees and asylees to receive SSI an additional two years, in FY 2013 and FY 2014, for a total maximum of nine years of eligibility, consistent with the expired policy established by P.L. 110-328.

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 benefits in case there is a delay in passing that year's appropriation bill. The President's Budget for FY 2013 is \$58,243,000,000, including \$18,200,000,000, requested in advance by the FY 2012 President's Budget.

Table 2.5—Amounts Available for Obligation¹

	FY 2011 Actual	FY 2012 ²	FY 2013 Estimate
Regular Appropriation	\$ 39,885,442,729	\$ 37,869,550,351	\$ 40,043,000,000
Advanced Appropriation	\$ 16,000,000,000	\$ 13,400,000,000	\$ 18,200,000,000
Total Annual Appropriation	\$ 55,885,442,729	\$ 51,269,550,351	\$ 58,243,000,000
Federal Unobligated Balance	\$ 323,994,130	\$ 298,788,750	\$ 198,917,101
Recovery of Prior-Year Obligations	\$ 92,421,330	\$ 0	\$ 0
Offsetting Collections	\$ 464,150	\$ 0	\$ 0
Indefinite Authority ³	\$ 0	\$ 560,000,000	\$ 0
Subtotal Federal Resources	\$56,302,322,339	\$ 52,128,339,101	\$ 58,441,917,101
State Supp. Reimbursements	\$ 3,555,173,363	\$ 3,497,000,000	\$ 3,645,000,000
State Supp. Unobligated Balance	\$ 295,048,360	\$ 0	\$ 252,000,000
Total Budgetary Resources	\$ 60,152,544,062	\$ 55,625,339,101	\$ 62,338,917,101
Federal Obligations	\$ 56,003,533,589	\$ 51,929,422,000	\$ 58,307,270,000
State Supp. Obligations	\$ 3,850,221,723	\$ 3,245,000,000	\$ 3,630,000,000
Total Obligations	\$ 59,853,755,312	\$ 55,174,422,000	\$ 61,937,270,000
Federal Unobligated Balance	\$ 298,788,750	\$ 198,917,101	\$ 134,647,101
State Supp. Unobligated Balance ⁴	\$ 0	\$ 252,000,000	\$ 267,000,000
Total Unobligated Balance	\$ 298,788,750	\$ 450,917,101	\$ 401,647,101

¹ Does not include state supplementary user fees; user fees are included in the Limitation on Administrative Expenses appropriation.

² The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

³ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

⁴ The amount received for the October 1 payment, reimbursed at the end of September in the prior fiscal year is available for use in the subsequent fiscal year.

Supplemental Security Income Program

The SSI annual appropriation was \$55.9 billion in FY 2011. Pursuant to P.L. 112-10, the FY 2011 appropriation included a rescission of almost \$7 million for SSI administrative expenses and \$72,000 for research and demonstration projects. Congress also permanently reduced the SSI administrative expenses unobligated balance by \$90.8 million. The current estimate for FY 2012 is approximately \$51.2 billion. Pursuant to P.L. 112-74, the FY 2012 appropriation included a rescission of about \$7 million for SSI administrative expenses and about \$2,000 for research and demonstration projects.

SSA has the authority to carry over unobligated balances for use in future fiscal years for Federal benefit payments, administrative expenses, and beneficiary services because the amounts appropriated are made available until expended. Research and demonstration funds receive two year appropriations, so these balances can be carried over for use in the following fiscal year. SSA carried over almost \$299 million in Federal unobligated balances into FY 2012. Based on the FY 2012 estimated funding level and obligations, SSA expects to carry over approximately \$199 million into FY 2013.

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 2013 request represents an increase of approximately \$7 billion from the FY 2012 level. The increase in the request is due primarily to an additional month of Federal benefits scheduled for payment in FY 2013 relative to FY 2012.

SSA plans to use indefinite authority to partially fund Federal benefit payments and unobligated balances to partially fund administrative expenses, beneficiary services and research and demonstration projects in FY 2012. In FY 2013, SSA plans to use unobligated balances to partially fund beneficiary services and research and demonstration projects. SSA plans to use approximately \$100 million in unobligated balances and recoveries in FY 2012 and over \$68 million in FY 2013.

Federal Benefit Payments

The increase in the FY 2013 request for Federal benefit payments primarily results from an increase in the number of monthly benefit payments from 11 in FY 2012 to 12 in FY 2013. There were only 11 monthly benefit payments in FY 2012 because the October 2011 payment was made in FY 2011. This increase is also due in part to annual cost-of-living adjustments (COLA) and an increase in SSI recipients. The increase in Federal benefit payments is partially offset by the impact of OASDI COLAs on concurrent SSI/OASDI recipients. Since OASDI benefits are counted as income in the SSI program, the annual OASDI COLA decreases the SSI benefit payment for concurrent recipients.

In FY 2012, SSA expects to use \$560 million in indefinite authority¹, but the FY 2013 request does not anticipate the need for any indefinite authority funding.

Administrative Expenses

The FY 2013 request for administrative expenses is \$292.4 million more than the FY 2012 level, and includes \$320 million in allocation adjustment funding for program integrity work in the SSI program – SSI CDRs and redeterminations. SSA expects to use over \$31 million in carryover of prior-year unobligated balance in FY 2012 for information technology needs. We expect to transfer an additional \$20 million from the trust funds to SSI to administer the program in FY 2012. These funds will be fully repaid at the beginning of FY 2013 out of new budget authority. This transfer will not alter the overall spending levels in FY 2012, as reflected in the Limitation on Administrative Expenses section.

Beneficiary Services

We are not requesting new budget authority in FY 2013 because we have sufficient carry over funding. Our estimate reflects an increase in payments to Employment Networks under the Ticket to Work program and the accumulation of prior-year unobligated balances. In FY 2011, SSA used \$33.8 million in budget authority for beneficiary services. SSA expects to use \$5

¹ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

Supplemental Security Income Program

million of carryover funds in FY 2012, and \$59 million in FY 2013 to cover our estimated obligations.

Research and Demonstration

The request for new budget authority is \$40 million higher than in FY 2012 enacted level. SSA expects to use \$43.4 million of prior year unobligated balances in FY 2012 and \$9.3 million in FY 2013. SSA anticipates using all the carryover in FY 2013.

Table 2.6—Summary of Changes¹

	FY 2012 ²	FY 2013 Estimate	Change
Appropriation	\$ 51,269,550,351	\$ 58,243,000,000	+ \$ 6,973,449,649
Estimated Federal Obligations	\$ 51,929,422,000	\$ 58,307,270,000	+ \$ 6,377,848,000
Obligations Funded from Prior-Year Unobligated Balances and Recoveries	\$ 99,871,649	\$ 64,270,000	- \$ 35,601,649
Obligations Funded from Indefinite Authority ³	\$ 560,000,000	\$ 0	-\$ 560,000,000

¹ Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the Limitation on Administrative Expenses appropriation. Totals may not add due to rounding.

² The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

³ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

**Table 2.7—Explanation of SSI Budget Changes from FY 2012 to FY 2013
(in thousands)**

	FY 2012 Obligations	Change from FY 2012
		Increases
Federal Benefit Payments	\$ 47,557,000	
<ul style="list-style-type: none"> Increase due to adjustment for October 1, 2011 payment paid in FY 2011 resulting in only 11 checks being paid in FY 2012 		+ \$3,655,000
<ul style="list-style-type: none"> Cost-of-living adjustments (COLA)—1.9% beginning January 2013 		+ \$ 1,530,000
<ul style="list-style-type: none"> Net Increase of 217,000 recipients in FY 2013 		+ \$ 1,884,000
Administrative Expenses	\$ 3,657,552	
<ul style="list-style-type: none"> Increase in funding for Program Integrity 		+\$ 29,950
<ul style="list-style-type: none"> Additional base funding 		+\$ 258,498
Beneficiary Services	\$ 47,000	
<ul style="list-style-type: none"> Increase in amount of carryover funding planned for obligation in FY 2013 		+ \$ 54,000
Research and Demonstration	\$ 7,998	
<ul style="list-style-type: none"> Increase in base funding 		+\$ 40,002
Total Increases		+\$ 7,411,450
		Decreases
Federal Benefit Payments – Indefinite Authority	\$ 560,000	- \$ 560,000
<ul style="list-style-type: none"> Effect of OASDI COLA for concurrent SSI/OASDI recipients 		-\$ 341,000
Administrative Expenses – Carryover	\$ 51,448	
<ul style="list-style-type: none"> Decrease in amount of carryover funding planned for obligation in FY 2013 		-\$ 31,056
<ul style="list-style-type: none"> Section 201(g)(1) Authority 		-\$20,392
Beneficiary Services – Carryover	\$ 5,000	
<ul style="list-style-type: none"> Decrease base funding 		-\$ 47,000
Research & Demonstration – Carryover	\$43,424	
<ul style="list-style-type: none"> Decrease in amount of carryover funding planned for obligation in FY 2013 		-\$ 34,154
Total Decreases		- \$ 1,033,602
Total Obligations Requested, Net Change	\$ 51,929,422	+ \$ 6,377,848

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 2.8—New Budget Authority and Obligations by Activity¹
(in thousands)

	FY 2011 Actual	FY 2012^{2,3,4}	FY 2013 Estimate⁵
<u>Federal Benefit Payments</u>			No Data
Appropriation	\$ 52,387,000	\$ 47,557,000	\$ 54,245,000
Obligations	\$ 52,274,301	\$ 48,117,000	\$ 54,245,000
Monthly Check Payments	13	11	12
<u>Administrative Expenses⁶</u>			No Data
Appropriation	\$ 3,395,515	\$ 3,657,552	\$ 3,950,000
Obligations	\$ 3,662,903	\$ 3,709,000	\$ 3,946,000
<u>Beneficiary Services</u>			No Data
Appropriation	\$ 60,000	\$ 47,000	\$ 0
Obligations	\$ 33,809	\$ 52,000	\$ 59,000
<u>Research and Demonstration</u>			No Data
Appropriation	\$ 42,928	\$ 7,998	\$ 48,000
Obligations	\$ 32,521	\$ 51,422	\$ 57,270
Total Appropriation	\$ 55,885,443	\$ 51,269,550	\$ 58,243,000
Total Federal Obligations	\$ 56,003,534	\$ 51,929,422	\$ 58,307,270

¹ Totals may not add due to rounding.

² SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2012 obligations as follows: administrative expenses, \$31 million; beneficiary services, \$5 million; and research and demonstration projects, \$43.4 million.

³ SSA expects to use \$560 million in indefinite authority for FY 2012 Federal benefit obligations. Any carryover results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

⁴ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

⁵ In addition to the FY 2013 President's Budget request, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2013 obligations as follows: beneficiary services, \$59 million; and research and demonstration projects, \$9.3 million.

⁶ We expect to transfer an additional \$20 million from the trust funds to SSI to administer the program in FY 2012, with these funds being fully repaid at the beginning of FY 2013 out of new budget authority.

In FY 2011, SSA used carryover of unobligated balances to partially fund Federal benefit payments and administrative expenses. In FY 2012, SSA plans to use indefinite authority to partially fund Federal benefit payments, and carryover of unobligated balances to partially fund administrative expenses, beneficiary services and research and demonstration projects. In FY 2013, SSA plans to use carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects.

NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

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

Table 2.9—New Budget Authority and Obligations by Object¹
(in thousands)

	FY 2011 Actual	FY 2012²	FY 2013 Estimate
<u>Other Services</u>			No Data
Appropriation	\$ 3,455,515	\$ 3,704,552	\$ 3,950,000
Obligations	\$ 3,696,711	\$ 3,761,000	\$ 4,005,000
<u>Federal Benefits and Research</u>			No Data
Appropriation	\$ 52,429,928	\$ 47,564,998	\$ 54,293,000
Obligations	\$ 52,306,822	\$ 48,168,422	\$ 54,302,270
Total Appropriation	\$ 55,885,443	\$ 51,269,550	\$ 58,243,000
Total Obligations	\$ 56,003,534	\$ 51,929,422	\$ 58,307,270

¹ Totals may not add due to rounding.

² The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

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 2.10—Authorizing Legislation

	FY 2011 Actual	FY 2012¹	FY 2013 Estimate	FY Amount Authorized
Title XVI of the Social Security Act, section 401 of P.L. 92-603 and section 212 of P.L. 93-66, as amended, and section 405 of P.L. 92-216	\$ 55,885,442,729	\$ 51,269,550,351	\$ 58,243,000,000	<i>Indefinite</i>
First Quarter Advance appropriation for subsequent fiscal year	\$ 13,400,000,000	\$ 18,200,000,000	\$ 19,300,000,000	---

¹ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

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 2003 to FY 2014. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

Table 2.11—Appropriation History

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	\$ 10,790,000,000	\$ 10,790,000,000 ¹	\$ 10,790,000,000 ²	\$ 10,790,000,000 ³
Current Year	\$ 24,034,618,000	---	\$ 23,914,392,000 ⁵	\$ 23,914,392,000 ⁶
2003 Total	\$ 34,824,618,000	---	\$ 34,704,392,000	\$ 34,704,392,000
<i>2003 Indefinite</i>				<i>\$ 578,881,680</i>
Q1 Advance	\$ 11,080,000,000	---	\$ 11,080,000,000	\$ 11,080,000,000
Current Year	\$ 26,282,000,000	\$ 26,221,300,000 ⁷	\$ 26,290,000,000 ⁸	\$ 26,237,300,000 ⁹
2004 Total	\$ 37,362,000,000	---	\$ 37,370,000,000	\$ 37,317,800,000
Q1 Advance	\$ 12,590,000,000	\$ 12,590,000,000	\$ 12,590,000,000	\$ 12,590,000,000
Current Year	\$ 28,608,929,000	\$ 28,578,829,000 ¹⁰	\$ 25,327,949,000 ¹¹	\$ 28,586,829,000 ¹²
2005 Total	\$ 41,198,929,000	\$ 41,168,829,000	\$ 37,917,949,000	\$ 41,176,829,000
Q1 Advance	\$ 10,930,000,000	\$ 10,930,000,000	\$ 14,130,000,000	\$ 10,930,000,000
Current Year	\$ 29,533,174,000	\$ 29,533,174,000 ¹³	\$ 29,510,574,000 ¹⁴	\$ 29,369,174,000 ¹⁵
2006 Total	\$ 40,463,174,000	\$ 40,463,174,000	\$ 43,640,574,000	\$ 40,299,174,000
Q1 Advance	\$ 11,110,000,000	\$ 11,110,000,000	\$ 11,110,000,000	\$ 11,110,000,000
Current Year	\$ 29,125,000,000	\$ 29,065,000,000 ¹⁶	\$ 29,023,000,000 ¹⁷	\$ 29,071,169,000 ¹⁸
2007 Total	\$ 40,235,000,000	\$ 40,175,000,000	\$ 40,133,000,000	\$ 40,181,169,000
Q1 Advance	\$ 16,810,000,000	\$ 16,810,000,000	\$ 16,810,000,000	\$ 16,810,000,000
Current Year	\$ 26,911,000,000	\$ 26,948,525,000 ¹⁹	\$ 26,959,000,000 ²⁰	\$ 27,000,191,000 ²¹
2008 Total	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,769,000,000	\$ 43,810,191,000
Q1 Advance	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000
Current Year	\$ 30,414,000,000	-- ²²	\$ 30,429,875,000 ²³	\$ 30,471,537,000 ²⁴
2009 Total	\$ 45,214,000,000	---	\$ 45,229,875,000	\$ 45,271,537,000
<i>2009 Indefinite</i>				<i>\$ 1,602,935,179</i>
Q1 Advance	\$ 15,400,000,000	---	\$ 15,400,000,000	\$ 15,400,000,000
Current Year	\$ 34,742,000,000	\$ 34,742,000,000 ²⁵	\$ 34,742,000,000 ²⁶	\$ 34,742,000,000 ²⁷
2010 Total	\$ 50,142,000,000	---	\$ 50,142,000,000	\$ 50,142,000,000
<i>2010 Indefinite</i>				<i>\$ 458,465,781</i>
Q1 Advance	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000
Current Year	\$ 40,513,000,000	-- ²⁸	\$ 40,513,000,000 ²⁹	\$ 39,983,273,000 ³⁰
2011 Total	\$ 56,513,000,000	---	\$ 56,513,000,000	\$ 55,983,273,000
Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation

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Q1 Advance	\$ 13,400,000,000	No Data	---	\$ 13,400,000,000	\$ 13,400,000,000
Current Year	\$ 38,083,000,000 ³¹	No Data	-- ³²	\$ 37,922,543,000 ³³	\$ 37,582,991,000 ³⁴
2012 Total	\$ 51,483,000,000³⁵	No Data	---	\$ 51,322,543,000	\$ 50,982,991,000
<i>2012 Indefinite</i>	No Data	No Data	No Data	No Data	\$ 560,000,000
Q1 Advance	\$ 18,200,000,000	No Data	---	\$ 18,200,000,000	\$ 18,200,000,000
Current Year	\$ 40,043,000,000 ³⁶	No Data	No Data	No Data	No Data
2013 Total	\$ 58,243,000,000	No Data	No Data	No Data	No Data
Q1 Advance	\$ 19,300,000,000	No Data	No Data	No Data	No Data
Current Year	No Data	No Data	No Data	No Data	No Data
2014 Total					

¹ H.R. 3061.

² S. 1536.

³ The Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002 (P.L. 107-116).

⁴ The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included \$23,906,392,000 for fiscal year 2003 and \$11,080,000,000 for benefit payments for the first quarter of fiscal year 2004.

⁵ S. 2766.

⁶ Consolidated Appropriations Resolution, 2003 (P.L. 108-7).

⁷ H.R. 2660.

⁸ S. 1356.

⁹ Consolidated Appropriations Act, 2004 (P.L. 108-199). Includes \$8,500,000 appropriated in the Social Security Protection Act of 2004 (P.L. 108-203) for purposes of conducting a statistically valid survey to determine how payments made to individuals, organizations, and State or local government agencies that are representative payees for benefits paid under title II or XVI are being managed and used on behalf of the beneficiaries for whom such benefits are paid.

¹⁰ H.R. 5006.

¹¹ S. 2810

¹² Consolidated Appropriations Act, 2005 (P.L. 108-447).

¹³ H.R. 3010.

¹⁴ H.R. 3010, reported from Committee with an amendment.

¹⁵ Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149).

¹⁶ H.R. 5647.

¹⁷ S. 3708

¹⁸ Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5). Of this amount, \$2,937,000,000 was available for administrative expenses.

¹⁹ H.R. 3043.

²⁰ S. 1710.

²¹ Consolidated Appropriations Act, 2008 (P.L. 110-161). The amount does not include a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects in accordance with P.L. 110-161.

²² The House Committee on Appropriations did not report a bill.

²³ S. 3230.

²⁴ Omnibus Appropriations Act, 2009 (P.L. 111-8).

²⁵ H.R. 3293.

²⁶ H.R. 3293, reported from Committee with an amendment.

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- ²⁷ Consolidated Appropriations Act, 2010 (P.L. 111-117).
- ²⁸ The House Committee on Appropriations did not report a bill.
- ²⁹ S. 3686.
- ³⁰ The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). Of this amount, \$3,493,273,000 was available for administrative expenses. The amount does not include a rescission of \$6,987,000 for SSI administrative expenses and \$72,000 for research and demonstration projects in accordance with P.L. 112-10.
- ³¹ Of this amount, not to exceed \$10,000,000 was for Supplemental Security Income Program-related performance-based awards for Pay for Success projects and not more than \$10,000,000 was to provide incentive payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families.
- ³² The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$38,062,428,000 for fiscal year 2012. Of this amount, not more than \$17,428,000 was made available for research and demonstrations under sections 1110 and 1114 of the Social Security Act and remain available until the end of fiscal year 2013. Up to \$10,000,000 of the research funds were to provide incentives payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families. In addition, H.R. 3070 included \$18,200,000,000 for benefit payments for the first quarter of fiscal year 2013.
- ³³ S. 1599.
- ³⁴ Consolidated Appropriations Act, 2012 (P.L. 112-74). Of this amount, not more than \$8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act. The amount does not include a rescission of \$6,377,000 for SSI administrative expenses and \$2,000 for research and demonstration projects in accordance with P.L. 112-74.
- ³⁵ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.
- ³⁶ Of this amount, not more than \$48,000,000 is for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.

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 2013, SSA estimates benefit payments will total \$54.2 billion for nearly 8.2 million Federal SSI recipients.

**Table 2.12—Federal Benefit Payments: New Budget Authority and Obligations
(in thousands)**

	FY 2011 Actual	FY 2012	FY 2013 Estimate	FY 12 to FY 13 Change
Appropriation	\$ 52,387,000	\$ 47,557,000	\$ 54,245,000	+ \$ 6,688,000
Obligations funded from prior year unobligated balances	\$ 0	\$ 0	\$ 0	\$ 0
Indefinite Authority ¹	\$ 0	\$ 560,000	\$ 0	-\$ 560,000
Obligations	\$ 52,274,301	\$ 48,117,000	\$ 54,245,000	+ \$ 6,128,000
Advance for subsequent fiscal year	\$ 13,400,000	\$ 18,200,000	\$ 19,300,000	\$ 1,100,000

RATIONALE FOR BUDGET REQUEST

SSA is requesting \$54.2 billion in new budget authority for Federal benefit payments in FY 2013.

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.

¹ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from 7.1 million in FY 2008 to 7.8 million in FY 2011 and is expected to continue to increase to 8.2 million in FY 2013. The estimated increase in Federal recipients in FY 2013 represents a 2.7 percent increase over the FY 2012 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 2.13—SSI Recipients, Actual¹
(average over fiscal year, in thousands)

	FY 2008	FY 2009	FY 2010	FY 2011
Aged	1,103	1,106	1,105	1,105
Blind or Disabled	6,014	6,198	6,417	6,652
Total Federal	7,117	7,304	7,522	7,756
Year-to-Year Change	1.6%	2.6%	3.0%	3.1%
State Supplement Only	298	285	256	254
Total Federally Administered	7,415	7,589	7,778	8,010

In addition to Federal SSI recipients, SSA currently administers state supplementary payments for 23 states and the District of Columbia. Effective April 1, 2012, Massachusetts will take over the administration of its own supplementary payments. SSA administers payments for approximately 2.5 million state supplement recipients, of which approximately 263,000 do not receive a Federal SSI benefit and only receive the state supplementary payment.

Table 2.14—SSI Recipients, Projected¹
(average over fiscal year, in thousands)

	FY 2012 Estimate	FY 2013 Estimate	FY 12 FY 13 Change
Aged	1,107	1,114	+ 0.6%
Blind or Disabled	6,866	7,075	+ 3.0%
Total Federal	7,972	8,189	+ 2.7%
State Supplement only	253	263	+ 4.0%
Total Federally Administered	8,225	8,452	+ 2.8%

¹ Totals may not add due to rounding.

SSI Disabled vs. Aged Recipient Population

The number of Federal blind or disabled SSI recipients as a percentage of all Federal SSI recipients has steadily increased from 81 percent in FY 2000 to 85.8 percent in FY 2011. It is expected to continue to increase to 86.4 percent in FY 2013. 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 Federal SSI benefit payments.

**Table 2.15—Blind or Disabled Recipients as a Percentage of Total
(average over fiscal year, in thousands)¹**

Fiscal Year	Total Federal	Aged	Blind or Disabled	Blind or Disabled as % of Total
2000	6,328	1,203	5,125	81.0%
2005	6,775	1,118	5,657	83.5%
2006	6,878	1,116	5,762	83.8%
2007	7,003	1,111	5,892	84.1%
2008	7,117	1,103	6,014	84.5%
2009	7,304	1,106	6,198	84.9%
2010	7,522	1,105	6,417	85.3%
2011	7,756	1,105	6,652	85.8%
2012 Estimate	7,972	1,107	6,866	86.1%
2013 Estimate	8,189	1,114	7,075	86.4%

Concurrent SSI/OASDI Recipients

SSI recipients also receiving Old-Age and Survivors Insurance (OASI) or DI benefits have their SSI benefit reduced, less applicable exclusions, by the amount of their Old-Age, Survivors, and Disability Insurance (OASDI) benefit. Approximately 34 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 30 percent of the SSI blind and disabled populations receive concurrent payments.

¹ Totals may not add due to rounding.

BENEFIT PAYMENTS

Maximum Monthly Federal Payments

The maximum monthly federal benefit rate (FBR) is increased each January when there are increases in the cost-of-living. Effective January 2012, there is a 3.6 percent cost-of living increase and a cost-of living adjustment (COLA) of 1.9 percent is projected for January 2013. The FBR increased from \$674 for an individual and \$1,011 for a couple for calendar year (CY) 2011 to \$698 for an individual and \$1,048 for a couple for CY 2012. SSA estimates the FBR will increase to \$712 for an individual and \$1,068 for a couple in CY 2013. The COLA will be effective in January 2013, raising the maximum benefit rate to higher levels than the first 3 months of the fiscal year.

Table 2.16—Maximum Benefit Rates

	FY Fiscal Year 2012		FY Fiscal Year 2013	
	First 3 Months	Last 9 Months	First 3 Months	Last 9 Months
Individual	\$ 674	\$ 698	\$ 698	\$ 712
Couple	\$ 1,011	\$ 1,048	\$ 1,048	\$ 1,068

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 \$516 in FY 2011 to \$531 in FY 2012 and \$544 in FY 2013. The increase in the average benefit payment is driven by COLAs and recipient population characteristics.

Table 2.17—Average Monthly Benefit Payments

	Fiscal Year	Fiscal Year 2012	Fiscal Year 2013
	2011 Actual	Estimate	Estimate
Aged	\$ 358	\$ 369	\$ 380
Blind or Disabled	\$ 542	\$ 557	\$ 570
All SSI Recipients	\$ 516	\$ 531	\$ 544

Cost of Living Adjustments

When applicable, COLAs increase both the maximum and average monthly benefit payment. However, for concurrent SSI/OASDI recipients, increases in SSI benefit payments are partially offset by increases in Social Security benefits resulting from the same COLA. 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 in the SSI benefit computation.

Program Integrity Funding

Annual benefit payment estimates are dependent on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2013 estimate assumes SSA receives the funding to conduct 199,000 SSI CDRs and 2,622,000 non-medical redeterminations.

Timing of Monthly Benefit Payments

Monthly 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 in the prior fiscal year at the end of September. This timing of payments results in 11, 12, or 13 payments in a given fiscal year.

Table 2.18—Check Payments by Fiscal Year

	Number of Check Payments	Federal Benefit Obligations
FY 2005	13	\$ 38,271,653,000
FY 2006	12	\$ 37,510,765,017
FY 2007	11	\$ 36,481,897,840
FY 2008	12	\$ 41,309,722,313
FY 2009	12	\$ 44,987,045,867
FY 2010	12	\$ 47,322,385,581
FY 2011	13	\$ 52,274,301,053
FY 2012	11	\$ 48,117,000,000
FY 2013	12	\$ 54,245,000,000

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 supplementary 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 the SSI program 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 these 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 shares. 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 2.19—Administrative Expenses: New Budget Authority and Obligations
(in thousands)**

	FY 2011 Actual	FY 2012 ¹	FY 2013 Estimate	FY 12 to FY 13 Change
Appropriation	\$ 3,395,515	\$ 3,657,552	\$ 3,950,000	+ \$ 292,448
Obligations Funded from Prior-Year Unobligated Balance	\$ 267,388	\$ 31,056	\$ 0	- \$ 31,056
Section 201 (g)(1) Authority		\$ 20,392	No Data	- \$ 20,392
Obligations	\$ 3,662,903	\$ 3,709,000	\$ 3,946,000	+ \$ 237,000

¹ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

RATIONALE FOR BUDGET REQUEST

The FY 2013 request for SSI administrative expenses is \$3,950,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$320 million for FY 2013 SSI program integrity activities.

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 \$160,695,710 for SSI state supplementary user fees in FY 2012 and up to \$170,000,000 in FY 2013.

BENEFICIARY SERVICES

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

PURPOSE AND METHOD OF OPERATION

Beneficiary services consist of the Vocational Rehabilitation (VR) and Ticket to Work programs. The objective of the programs is to help disabled individuals achieve and sustain productive, self-supporting work activity.

Table 2.20—Beneficiary Services: New Budget Authority and Obligations
(in thousands)

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate	FY 12 to FY 13 Change
Appropriation	\$ 60,000	\$ 47,000	\$ 0	-\$ 47,000
Obligations Funded from Prior-Year Unobligated Balances	\$ 0	\$ 5,000	\$ 59,000	+\$ 54,000
Obligations	\$ 33,809	\$ 52,000	\$ 59,000	+\$ 7,000
Vocational Rehabilitation	\$ 30,067	\$ 47,000	\$ 51,000	+\$ 4,000
Ticket to Work	\$ 3,742	\$ 5,000	\$ 8,000	+\$ 3,000

In the VR program, SSA repays state VR agencies for the reasonable and necessary costs of services that successfully rehabilitate disabled SSI recipients. VR agencies are successful when a disabled recipient performs substantial gainful activity for a continuous period of nine months out of twelve.

A portion of the FY 2013 obligations in the above table will cover estimated payments authorized by the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). Under the Ticket program, SSA pays Employment Networks (ENs) for providing vocational rehabilitation, employment, and other support services to disabled SSI recipients. Recipients select an EN (including state VR agencies), which SSA pays in exchange for their services.

Ticket payments, unlike VR reimbursement payments, are not based on the costs of specific services provided by the EN. SSA pays ENs on either an outcome-milestone payment method or an outcome-payment method. Under the outcome-milestone payment method, SSA pays the EN for each milestone the recipient successfully achieves. The recipient may continue to receive monthly benefit payments when SSA issues a milestone payment. In contrast, SSA will begin issuing outcome payments only after the individual's monthly benefit payments cease. SSA bases outcome-payment amounts 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 not requesting new budget authority for beneficiary services. SSA will use prior-year unobligated balances to cover a portion of FY 2012 and all of FY 2013 obligations. The estimate for FY 2013 assumes 4,400 VR reimbursement payments and 5,100 Ticket beneficiaries with payment, compared to 4,100 and 3,300 in FY 2012, respectively. In addition, the FY 2013 average cost per VR reimbursement payment is \$11,500, an increase from the FY 2012 level of \$11,100.

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

Table 2.21—SSI VR Reimbursement and Ticket to Work Payments

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate	FY 12 to FY 13 Change
VR Reimbursement Payments (distinct beneficiaries with significant work and reimbursement paid)	2,700	4,100	4,400	<i>+ 300</i>
Ticket Beneficiaries with Payments (distinct beneficiaries with significant work and payments to ENs)	2,300	3,300	5,100	<i>+ 1,800</i>

RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

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

PURPOSE AND METHOD OF OPERATION

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

Table 2.22—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands)

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate	FY 12 FY 13 Change
Appropriation	\$ 42,928	\$ 7,998	\$ 48,000	+ \$ 40,002
Obligations funded from prior-year balances		\$ 43,424	\$ 9,270	-\$ 34,154
Obligations	\$ 32,521	\$ 51,422	\$ 57,270	+ \$ 5,848

Section 1110 of the Social Security Act provides authority for conducting broad-based cross-programmatic projects for Social Security (OASDI) and SSI programs. This includes both waiver authorities for the SSI program, as well as projects dealing with specific SSI issues. Under the authority of section 1110, we fund a range of extramural projects: disability policy research, projects to develop effective rehabilitation and return-to-work strategies, financial literacy and education, retirement policy research, evaluations of proposed or newly enacted legislative changes, and projects to maintain and improve basic data about our programs and beneficiaries.

Section 1115 provides the Secretary of Health and Human Services (HHS) 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 requires SSA to conduct outreach to those individuals who are potentially eligible for state-administered Medicaid programs or Medicare prescription drug subsidies under Medicare Part D. We identify these potential beneficiaries, inform them about these programs, and notify state Medicaid agencies. The Centers for Medicare & Medicaid Services, within HHS, oversees both the Medicare and Medicaid programs.

RESEARCH INVESTMENT CRITERIA

To help ensure that our research and demonstration projects reflect the agency's long-term priorities and support the objectives of our Agency Strategic Plan, we have established and continue to develop processes and guidelines for developing, managing, and vetting projects for potential inclusion in our long-term research and demonstration agenda. We employ a variety of methods to ensure: 1) that we meet the funding requirements of the sections of the Act that authorize our extramural research and demonstration activities; and 2) that our extramural research activities meet high standards for relevance, quality, and performance (OMB's investment criteria). For example, we utilize a formally documented process, which is detailed in our Demonstration Guidebook, to oversee the development and management of our long-term demonstration agenda.

In addition, we are consolidating a number of formal and informal review, evaluation, and management processes. Once complete, we will have a single source document that explains how we develop our extramural research and demonstration agenda, and also describes our project management process. This section of our justification highlights some of the more general steps we take to ensure that our research activities meet OMB's research standards:

Relevance

As a distinct element of our budget, the extramural research budget undergoes careful scrutiny both within SSA and by external monitoring authorities. A fundamental step in SSA's review is assuring that each project responds to current issues facing the Social Security retirement, disability and SSI programs. The review process includes obtaining the advice and recommendations of researchers with technical expertise, program managers, and agency executives. We also receive input on our research program from the Social Security Advisory Board.

Moreover, the review process helps ensure that the funding activities reflect SSA's strategic goals and objectives, helps us respond to legislative requirements and other external mandates, and addresses high-priority issues. We direct these activities toward providing policymakers and the public with the analytical and data resources they need to assess the implications of reform proposals.

Our budget request reflects our support of the Administration's and Congress's ongoing goal to provide opportunities for disability beneficiaries to maximize their self-sufficiency through work. We are working collaboratively with the Department of Labor (DOL), the Department of Education (ED), and the Department of Health and Human Services (HHS) in this area. Our budget also includes provisions to increase the American public's basic financial management skills. This is necessary because studies indicate a lack of effective retirement planning on the part of the public.

Quality

We use a competitive, merit-based procurement process to ensure that our extramural research program produces high quality results. We award nearly all of our extramural research projects

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that are conducted by private-sector organizations through competitive contracts or cooperative agreements.

We also generally make use of technical evaluation panels to review projects while they are in progress and to provide feedback and suggestions to the agency and its contractors. These panels include experts in a variety of relevant disciplines, such as statistics, economics, and survey design. They help ensure that SSA-sponsored research projects use methodologies that are consistent with professional standards, that data are compiled using sound statistical procedures, and that analytical techniques and data are appropriate for the problem at hand. In addition, the research that we sponsor through the Retirement Research Consortium (RRC) is subject to academic peer review through seminars, workshops, and working papers.

Performance

We carry out our extramural research and evaluation projects primarily through contracts, jointly funded cooperative agreements, and grants that identify specific deliverables and timetables. The agency has sent a strong message to contractors that they must complete projects on time and within budget. Contracting Officer Technical Representatives (COTR), project officers, administrative staff, and senior executives monitor the progress of all research contracts and agreements.

We produce reports and data files for each research and evaluation project. Where appropriate, we make these reports publicly available or announce their availability in the *Social Security Bulletin* and on the Web. The RRC also disseminates output at annual conferences, on the Web, and through a variety of publications, workshops, and courses. Finally, agency funded research based on Survey of Income and Program Participation (SIPP), Health and Retirement Study (HRS), or the Model of Income in the Near Term (MINT) model are widely cited in both professional publications and the popular press.

RATIONALE FOR BUDGET REQUEST

In FY 2013 we are requesting \$48 million in new budget authority for research projects designed to explore potential improvements to our programs. Our research budget emphasizes continued support for key Congressional and long-standing SSA priorities, such as the development of the Occupational Information System, the Disability Research Consortium, and rigorous evaluation of the Promoting Readiness of Minors in SSI (PROMISE) pilot. We will also commission a new independent study of the SSI program for children.

Because our FY 2012 research and demonstration agenda relies heavily on funds appropriated in prior years, most of our existing funds available for research and demonstrations will be obligated by the end of FY 2012. As a result, we are requesting a \$40 million increase in new budget authority in FY 2013 compared with FY 2012. However, our \$57.3 million in planned obligations in FY 2013 is only a \$5.9 million increase over FY 2012.

Our request will support projects that are integral to improving the disability process and provides analytical and data resources to prepare and review important policy proposals. We plan to fund a number of disability research and demonstration projects designed to promote self-sufficiency and assist individuals in their effort to return to work. Two of these projects, the Youth Transition Demonstration and the PROMISE pilot, test interventions that will improve education and employment outcomes and reduce the dependency of SSI child recipients and their families on SSI benefits.

Additionally, as the debate on how best to strengthen and reform Social Security continues, we must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration. In support of this effort, we plan to continue funding the Retirement Research Consortium (RRC). While the DRC addresses a significant shortage of disability policy research and fosters collaborative research with other federal agencies that serve individuals with disabilities, the RRC will continue to maintain our capability to produce policy-relevant research on retirement.

Finally, due to our existing relationship/frequent interaction with the public, the financial nature of our work, and the strong customer service role that we play, SSA is uniquely positioned to encourage savings. We have a responsibility to help individuals understand the role of Social Security benefits and the need for them to save as they plan for their future. In support of this effort, we are continuing the work of our financial literacy and education initiative that is designed to encourage savings and effective retirement planning by supporting activities of the congressionally established Financial Literacy and Education Commission (FLEC).

Our FY 2013 extramural research budget represents well under one percent of SSA's non-programmatic resources. The table and discussion that follows present the research and outreach efforts we plan to fund in FY 2013 in more detail.

**Table 2.23—Major Research Areas and Outreach:
Obligations and New Budget Authority (in thousands)^{1,2}**

	Obligations ³		
	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
Eliminate Backlogs & Improve the Disability Process	\$ 11,572	\$ 34,344	\$ 39,968
Compassionate Allowances	\$ 2,000	\$ 2,080	\$ 2,200
Consultative Examination Study	\$ 201	\$ 0	\$ 0
Disability Determination Process Small Grants	\$ 0	\$ 300	\$ 300
Disability Research Consortium (DRC)	\$ 0	\$ 5,000	\$ 5,000
Evaluation of Ticket to Work (TTW)	\$ 2,979	\$ 1,600	\$ 0
Listing of Impairments	\$ 0	\$ 0	\$ 1,000
National Beneficiary Survey (NBS)	\$ 0	\$ 5,000	\$ 0
Occupational Information Systems (OIS)	\$ 990	\$ 7,300	\$ 13,400
Other Disability Research	\$ 3,071	\$ 2,182	\$ 1,700
Programmatic Longitudinal Disability Data Repository (PLDDR)	\$ 878	\$ 4,832	\$ 0
Promoting Readiness of Minors in SSI (PROMISE)	\$ 0	\$ 2,800	\$ 7,200
SSI Childhood Disability Study	\$ 0	\$ 0	\$ 5,000
Temporary Assistance to Needy Families (TANF)	\$ 6	\$ 500	\$ 0
WIPA Web-based Data Collection	\$ 0	\$ 1,400	\$ 2,800
Youth Transition Demonstration (YTD)	\$ 1,446	\$ 1,350	\$ 1,368
Improve Our Retiree & Other Core Services	\$ 1,871	\$ 1,554	\$ 1,512
Medicare Outreach	\$ 1,871	\$ 1,554	\$ 1,512
Preserve the Public's Trust in Our Programs	\$ 15,500	\$ 11,324	\$ 11,590
CENSUS Surveys	\$ 1,000	\$ 750	\$ 1,250
Health & Retirement Study	\$ 2,735	\$ 3,000	\$ 3,000
Modernization of Statistical Table Processes	\$ 1,347	\$ 1,550	\$ 1,350
Other Data Development	\$ 263	\$ 290	\$ 290
Retirement Research Consortium (RRC)	\$ 8,117	\$ 5,000	\$ 5,000
Retirement Income Modeling	\$ 2,039	\$ 734	\$ 700
Special Initiative – Encourage Savings	\$ 3,578	\$ 4,200	\$ 4,200
American Life Panel (ALP) Enhancements	\$ 968	\$ 1,000	\$ 1,000
Collaboration with Other FLEC Members	\$ 991	\$ 1,400	\$ 1,400
Health & Retirement Study (HRS) Supplement	\$ 1,500	\$ 1,500	\$ 1,500
Programmatic Development	\$ 119	\$ 300	\$ 300
Total Obligations	\$ 32,521	\$ 51,422	\$ 57,270
New Budget Authority	\$ 42,928	\$ 7,998	\$ 48,000

¹ Does not include funding authorized under section 234.

² Totals may not add due to rounding

³ This amount includes obligations funded from prior-year unobligated balances.

MAJOR RESEARCH AND OUTREACH PROJECTS

Although our extramural research budget represents a small piece of SSA's overall funding, our research and demonstration projects help us to significantly increase the efficiency and accuracy of our mission-critical work. Below is a detailed summary, by category, of the major research and demonstration projects we plan to conduct in FY 2013:

Eliminate Our Disability Hearings Backlog and Prevent Its Recurrence, and Improve the Speed and Quality of the Disability Process

The Social Security and SSI disability programs are the largest Federal programs providing assistance to people with disabilities. Eliminating the disability hearings backlog and improving the disability process are two of our top priorities. Key projects in support of this effort include:

Compassionate Allowances (CAL) Initiative

The CAL initiative identifies diseases and other medical conditions that invariably qualify for allowance under the Listing of Impairments based on minimal objective medical information and that can be fast-tracked for determination as soon as we confirm the diagnosis, onset date and obtain other medical evidence. In FY 2010, we used CAL and the Quick Disability Determination (QDD) initiatives to fast track decisions for over 100,000 claimants.

Under an agreement with the National Institutes of Health's (NIH) Office of Extramural Research that runs through 2015, NIH is responsible for helping to identify additional CAL conditions and providing in-depth analysis of our existing data. NIH also contracts with Boston University (BU) to expand testing of a computer-adaptive tool (CAT) that will provide accurate, uniform, and rapid information collection about individuals' potential to engage in substantial gainful activity.

In FY 2011, NIH recommended 24 potential new conditions for inclusion in the CAL program and developed a method for identifying additional candidate conditions. Moreover, BU initiated development of questions for the first two CAT instruments. To date, our collaboration with NIH has resulted in a productive cross-governmental relationship, significant cost sharing, and scientifically and legally defensible research. In FY 2012, NIH will also issue a request for proposals seeking a contractor to assist with development of the remaining four CAT instruments. In FY 2013, NIH will continue its analysis of SSA data, focusing on identifying new potential CAL conditions and examining our disability adjudication process.

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Disability Determination Process Small Grants Program

This grant program provides one-year stipends to graduate and post-doctoral students to conduct disability research, including research that supports the identification of more claims for fast-tracking under the CAL/QDD process. Other potential research topics include: an examination of severity thresholds in medical conditions that meet CAL criteria; whether current medical listings provide consistent consideration regarding the use of assistive technology for disability determination purposes; the potential for predictive modeling and focusing on information collection instruments; and the relationship between homelessness and disability.

In September 2011, we awarded a five-year grant to Policy Research Inc. (PRI) to run the grant program. PRI targeted graduate programs in public health, social work, occupational medicine, vocational and rehabilitation counseling, public policy and administration, sociology, psychology, education, economics, medicine, and law. Each of the teams PRI convenes to review the proposals will include at least one person with a disability.

Applications for stipend support for the first year of the program were due January 6, 2012. We expect the first award decisions in February 2012 with research activity commencing March 1, 2012. The findings from this initial round of grants are due to us in February 2013. Assuming our first round of stipends is successful, we will fund a second round of stipends in FY 2013.

Disability Research Consortium (DRC)

In recent years we have increased the focus on disability research within our RRC. Recent RRC-funded studies have examined the impact of the increase in the Social Security full retirement age on the Disability Insurance (DI) program and the effect of the DI program on employment and earnings of individuals with disabilities. Beginning in FY 2012, we intend to coordinate similar disability-related research efforts through the establishment of the DRC. In FY 2013, we will fund our second round of DRC grants.

The DRC will build a stronger extramural research capability in the area of disability and related issues that are amenable to empirical investigation, providing policy research that cuts across Federal disability programs. The DRC will plan and execute research in an inclusive and collaborative manner, working with the Federal agencies that administer disability programs, such as the Departments of Veterans Affairs, Labor, Education, and Health and Human Services.

Functioning in a similar manner to our very successful and productive RRC, the DRC will provide research grants through university-based research centers and other non-governmental organizations widely recognized as having expertise in conducting empirical studies of disability programs or having made contributions to disability and rehabilitation research. The DRC will expand the quantity of policy-relevant disability research and fund the availability of expertise in areas of disability research that we do not already have in-house.

Listing of Impairments

As part of our efforts to continuously improve the administration and effectiveness of our disability programs, we have pursued an aggressive schedule for comprehensively updating the medical criteria we use to determine disability, the Listing of Impairments (listings). We reexamine groups of related impairments on a 3-5 year cycle to ensure that these listings remain

clear and medically up-to-date. As part of this process we solicit feedback, perform trend studies, and obtain advice from independent medical experts in a variety of medical and clinical disciplines. The *Committee of Medical Experts to Assist Social Security on Disability Issues*, a standing multidisciplinary expert medical committee convened by the National Academy of Sciences (NAS) Institute of Medicine (IOM), provides us such advice through meetings, workshops/symposiums, and Federal Advisory Committee Act (FACA)-compliant consensus study committees.

The IOM Standing Committee provides us with the most current medical information by conducting surveillance research to identify advancements in new technologies, diagnostics, biomarkers, and methods for detecting medical conditions. The multidisciplinary information that results from this research is critical in identifying opportunities for us to update the listings in an effective, targeted way. Having independent medical experts provide us this information maintains the listings objectivity. Additionally, by using FACA-compliant consensus study committees that include members with clinical expertise concerning particular impairments, we quickly obtain publically available reports that provide us with advice and recommendations on improving the effectiveness of the listings. Finally, we identify the key groups of related impairments that the committee reviews on an as needed basis, including musculoskeletal impairments, mental impairments, and malignant neoplastic diseases (cancer).

Since 2004, we have updated approximately 50 percent of the Listings and are on track to propose revisions in the Federal Register for all Listings by the end of 2012. Listings-related Federal Register Notices in FY 2009 thru FY 2011 (through March) include:

Final Rule

- Malignant Neoplastic Diseases (10/06/2009)
- Hearing Impairments (06/02/10)
- Neurological (Technical correction for neurological listing cross-reference) (03/24/2011)

Notice of Proposed Rulemaking

- Endocrine Disorders (12/14/2009)
- Mental Disorders (08/19/2010)

Advance Notice of Proposed Rulemaking

- Genitourinary Disorders (11/10/2009)
- Impairments Affecting Multiple Body System (11/10/2009)
- Skin Disorders (11/10/2009)

Other Listing-Related Accomplishments

- One-year post-implementation review of Digestive Disorders and Immune System Disorders final rules

In FY 2013, we plan to enter into a new 3-year contract with the IOM to maintain the independent IOM Standing Committee. As directed by the agency, the committee's activities will occur before and during the proposed rule-making stages of the business process. IOM's involvement in this process is essential because the research IOM conducts and the independent, unbiased and authoritative medical and clinical advice IOM provides is critical to increasing the effectiveness of our disability programs.

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The Listings project is appropriately funded through Section 1110 authority because the project increases our stock of knowledge, involves effort that is beyond routine monitoring and evaluation of our operational program, and since it is impractical for SSA to maintain the expert staff required to address all of the medical and clinical disciplines covered by the listings, is necessarily conducted outside the agency. As such, we charge the contract costs associated with this effort to our research budget, however the cost of internal staff work to support the administration of these projects is charged to our Limitation on Administrative Expenses (LAE) budget.

Occupational Information System (OIS)

To determine eligibility for benefits, our adjudicators follow a sequential five-step process to evaluate disability claims. Our focus during the first three steps is on whether the claimant is working and the severity of the claimant's medical conditions. Adjudicators decide the majority of claims at steps four and five in the process, which they then use to determine what type of work the claimant may be capable of performing. In order to make this determination, we require information about available jobs and job requirements throughout the national economy. Our adjudicators and staff use information from the Department of Labor's (DOL) Dictionary of Occupational Titles (DOT) and its companion volume, the Selected Characteristics of Occupations. However, since DOL last updated the DOT in 1991 with no plans for future updates, the information has become outdated and insufficient for our needs. We need a source of current vocational information tailored to our Title II and Title XVI disability programs.

In 2008, we established the Federal Advisory Committee Act-compliant Occupational Information Development Advisory Panel (OIDAP), to provide independent, expert guidance throughout the research and development of an OIS tailored to our needs. In 2010, the OIDAP concluded, consistent with the NAS' independent review of DOL's Occupational Information Network (O*NET), that 1) DOL's O*NET is not suitable for disability adjudication and 2) making the significant and costly changes that would be required to make O*NET suitable for our needs would potentially negatively impact the ability of O*NET to serve the purposes for which it was designed (the full report is accessible under the "Panel Reports and Documents" section of the [ODIAP's website](#)). Moreover, after extensive research, we found that no occupational information resource exists that is acceptable for use in our disability programs. As a result, we established the Office of Vocational Resources Development (OVRD) in 2010 to create an occupational information system designed specifically for use in our disability programs. Once the OIS project is complete, we expect to make the occupational information we develop through the project available electronically to our adjudicators.

In FY 2011, we completed and published a comprehensive OIS research and development plan and business process that we will update annually, the Commissioner appointed a federal expert from DOL's Employment and Training Administration (ETA) to the OIDAP, and we collaborated with and obtained consultative advice through contact with: DOL's Bureau of Labor Statistics and ETA; the U.S. Census Bureau; the Office of Personnel Management; and, the National Institute for Occupational Health and Safety. Several of these federal agencies made presentations to the OIDAP in FY 2011 on their sampling and data collection processes. We will continue to coordinate with these and other federal agencies through the life of the project because these consultations serve as a foundation for developing and evaluating our new [OIS](#).

Also in FY 2011, we continued work on the Occupational and Medical-Vocational Study—a review of adult disability claims to identify and record the primary occupational, functional, and vocational characteristics of adult applicants under our DI and SSI programs. We will complete a report on this effort in FY 2012 and we expect to identify occupations most frequently reported in the reviewed claims. We will use the study results to target our initial rounds of OIS data collection.

Additionally, under our current Blanket Purchase Agreement to recruit, train, and certify job analysts to conduct OIS data collection, we received final reports on benchmarking of job analysis methodologies and business strategies, we completed a survey of selected domestic and international governmental OIS, we identified the scientific and legal standards by which we will conduct the research and development of the OIS, we began to identify the OIS usability standards we will complete in FY 2012, and we began the groundwork for the OIS work taxonomy based on the OIDAP's 2009 recommendations, our program rules, and other recommendations offered by experts and the public. Finally, we awarded contracts to expert consultants in industrial and organizational psychology for advice and support on a range of OIS activities, including the method for completing an OIS work taxonomy that would best support our program and technical needs.

In May 2012, we will submit a joint report with DOL to Congress providing an overview of our OIS project research and development activities, status and collaborative efforts with federal agencies, including the Department of Labor, U. S. Census Bureau, and the Office of Personnel Management.

Already of significance in FY 2012, we recently hired a GS-15 Senior Research Psychologist to oversee the research and design of the OIS. As a result of this critical hire, and in anticipation of additional staffing resources in FY 2012, we expect the project to proceed as planned. In FY 2012 and FY 2013, we plan to accomplish the following:

- Ensure that the OIDAP holds quarterly public meetings;
- Continue to collaborate with DOL, Census, Office of Personnel Management, and other Federal agencies;
- Complete our occupational and medical-vocational study of adult disability claims;
- Identify OIS standards for usability and develop a usability strategy to support OIS evaluation;
- Determine key OIS design elements and develop the work taxonomy needed for instrument development and testing;
- Develop the first version of an occupational title taxonomy to support piloted data collection planned for FY 2014;
- Continue work on a process for recruiting, training, and certifying job analysts to conduct data collection;
- Develop and pre-test the prototype work analysis instruments;
- Develop the prototype OIS sampling plan and obtain requisite OMB clearance;
- Develop and test prototype data collection methods and data management system;
- Develop the prototype OIS data analysis plan; and

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- Develop a study design for a job analysis pilot to test sampling and data collection methods.

We published the OIS Research and Development Plan in 2011 and will update milestones and timelines yearly. We intend to award contracts in FY 2012 that will lead to the development and testing of the work taxonomy and data collection instrument that we will pilot and test in FY 2015. Following analysis of initial data and a review of collection processes, we will conduct the National Pilot in FY 2016.

We use Section 1110 funding for all OIS research and development contracts while our LAE budget pays for the salary and benefits costs of the employees managing the contracts. For more information regarding the OIS project please visit our OIS website at: http://www.ssa.gov/disabilityresearch/occupational_info_systems.html.

Other Disability Research

Other disability research includes projects that provide broad program analysis and development in support of the Social Security Disability Insurance and SSI programs. These projects typically include studies of program policy issues, the identification of trends in the disability programs, the formulation of agency policy regarding cross-cutting 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. Often, these projects address necessary but unforeseen requests for studies from Congress, OMB, or our leadership.

In FY 2013 we intend to use this funding line to continue the Ticket Research File and conduct follow-up research pertaining to Accelerated Benefits and the Mental Health Treatment Study interventions.

Promoting Readiness of Minors in SSI (PROMISE)

PROMISE is a joint pilot demonstration program with the Departments of Education (ED), Health and Human Services and Labor. The goal of the program is to test interventions that improve the health, education, and post-school outcomes of children who receive SSI, including completion of postsecondary education and employment, and to improve family or household outcomes through improved services and supports, such as education and job training for parents.

In FY 2013, ED's Office of Special Education and Rehabilitation Services will award competitive grants to a small number of states. States will use these funds to improve coordination and increase the use of existing services for which children receiving SSI and their families are already eligible, such as those available through the Individuals with Disabilities Education Act, the Vocational Rehabilitation State Grants program, Medicaid's care coordination services, Job Corps, Head Start, and other Workforce Investment Act programs.

Developing and conducting a rigorous evaluation to guide implementation, gather evidence, and validate incentive payments is a key component of PROMISE. In FY 2012, we convened a technical advisory panel to help prioritize the evaluation needs of this project. In FY 2013, we

will develop a methodology for making outcome-based incentive payments and award a contract to evaluate PROMISE pilot interventions.

SSI Childhood Disability Study

SSI pays monthly benefits to more than 1.2 million children with disabilities. We will contract with the Institute of Medicine to provide an independent assessment of the SSI program for children. We will consult with a broad range of stakeholders in developing the parameters for the study to ensure that the right set of questions are asked and answered.

Youth Transition Demonstration (YTD)

YTD is a research study designed to identify services, implement integrated service interventions, and test modified SSI rules (program waivers) that lead to better education and employment outcomes for youths with disabilities. The program waivers promote work and asset accumulation. The evaluation uses a random assignment design in which we randomly choose eligible youth to either receive YTD services or to be in a control group that will remain eligible for non-YTD services in the community.

Preliminary results from three early YTD sites have been promising, indicating that youth receiving YTD services are receiving more employment-promoting services than the control group, are more likely to have received benefits counseling, and are more likely to use certain Social Security work incentives.

In FY 2012 the Florida, Maryland, and West Virginia YTD project sites will close. In the spring of 2012, we will receive 12-month post random assignment follow-up impact analyses for all three sites. The contractor will continue fielding 36-month post random assignment surveys for all 6 sites to fill in gaps and provide information on demographic and socioeconomic variables not available in the administrative data. Impact and process reports for Florida, Maryland, and West Virginia, are due in the third quarter of fiscal year 2012. This research will add to the previously published YTD reports, available on our website:

- Final local evaluations for each of the non-random assignment projects;
- YTD Evaluation Design report;
- Demonstration profiles of the random assignment projects;
- 12-month impact reports of the Erie, Colorado, and Bronx projects; and
- 24-month follow-up report on the Erie, Colorado, and Bronx projects.

The final comprehensive YTD evaluation report, including impact estimates from a 36-month follow-up survey and administrative data for all six random-assignment sites, will be completed in the fourth quarter of FY 2014.

Work Incentive Planning and Assistance (WIPA) Web-based Data Collection

In making employment decisions, our beneficiaries must understand how work affects their cash benefits, medical coverage, and other Federal and State benefits. The WIPA program, as part of our employment strategy for beneficiaries with disabilities, is intended to help beneficiaries navigate the complexities of the various services and supports available.

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As part of our Ticket to Work Evaluation contract we developed and implemented the WIPA web-based data system and have used it to provide independent evaluations of the WIPA program's effectiveness in helping beneficiaries use work incentives and other programs to increase earnings.

In FY 2012, we extended the web-based data collection system contract in order to complete the concluding Ticket Evaluation contract which ends June 30, 2012. With the current WIPA data collection contract ending in FY 2012, it will be necessary for us extend data collection under our current Ticket Evaluation contractor while we develop and compete a new data collection system contract in FY 2013. Given the complexity of this process and the need for seamless use by users, we will need to continue the current data system for an extended period while a new contractor develops, implements, and trains users on the new system. Our increased requirement in FY 2013 stems from our need to fund both the old and new contracts during this transition period.

One of the intents of Section 1110 is to pay for research or demonstration projects that prevent or reduce dependency. In part, we have classified the WIPA project as an extramural project because it meets this criterion. The WIPA program is designed to reduce dependency on SSA disability benefits. We collect WIPA data through the WIPA web-based system and use it to evaluate the success of the WIPA program in meeting this goal. In fact, our recent evaluation report, *Employment Related Outcomes of a Recent Cohort of Work Incentives Planning and Assistance (WIPA) Program Enrollees*, found that receipt of more-intensive WIPA services was significantly associated with: 1) beneficiary employment in 2010; 2) increases in beneficiary earnings between 2009 and 2010; and 3) suspensions and terminations of disability benefits because of earnings.

Improve Our Retiree & Other Cores Services

Medicare Outreach – Section 1144

Section 1144 of the Social Security Act requires that we conduct outreach to Medicare beneficiaries who may qualify for Medicare cost-sharing assistance under the Medicare Savings Programs (MSP) and for the Medicare prescription drug coverage low-income subsidy. In order to meet this requirement, we have targeted our outreach efforts to include income-tested new Medicare beneficiaries, beneficiaries that have experienced a drop in income, and 20 percent of those whom we have previously notified of their potential eligibility.

We use a variety of outreach methods to inform those who potentially qualify for the MSP and/or subsidized Part D. We also sent outreach letters to former disability insurance beneficiaries without Medicaid who lost their free Medicare Part A due to work. These beneficiaries may be eligible to get help from the MSP to pay their monthly Part A premiums.

We are also 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 that assist Medicare beneficiaries with their out-of-pocket medical expenses, including prescription drugs. Furthermore, we are required to make MSP applications available in a number of languages. In addition, we must share Medicare subsidized

prescription drug benefit application information with the States so they can initiate applications for the cost-sharing MSP unless the beneficiary objects.

In FY 2013 we anticipate sending approximately 4 million mailings associated with our Medicare Savings Program outreach efforts.

Preserve the Public's Trust in Our Programs

One of the primary aims of our research program is to preserve the public's trust in our programs by simplifying and streamlining how we do our work. To meet the challenges of our growing workload, our research program provides analyses and data that support our efforts to make Social Security more responsive to the needs of the 21st century workforce. The following project summaries highlight the external efforts we plan to fund in FY 2013 that will help to simplify and streamline our policies, procedures, and business processes, as well as maximize our use of automation:

Census Surveys

The Census Bureau's surveys—primarily the Survey of Income and Program Participation (SIPP) and the Current Population Survey (CPS)—are the foundation for much of our policy analysis and modeling efforts. Improving the overall quality of data from Census Bureau surveys enhances the value and reliability of the analyses we conduct. We support efforts to improve the quality of Census Bureau survey data that are of direct relevance to analyses of the Social Security, SSI, and related income-maintenance programs. In addition, we support efforts by the Census Bureau to improve the ability to match Census Bureau survey data to our administrative data on benefits and earnings.

Beginning in FY 2010, a major focus of our funding has been to contribute to the Census Bureau's re-engineering of SIPP, with a new survey to be fielded in 2014. We rely upon SIPP data matched to our records to study the effects of OASDI, SSI, and related programs and to determine how changes to our programs affect individuals, the economy, and program solvency. Some of the important data elements required for these modeling and analysis efforts are not contained in the Census Bureau's current plan for the re-engineered SIPP.

Related to this project, we recently completed a joint effort with the Census Bureau and the Internal Revenue Service (IRS) to create and evaluate a public-use version of SIPP data that is linked to SSA administrative data (based on largely synthesized information), which is now available on the Census Bureau web site. We consider this accomplishment a major success because it made SIPP broadly available to the public.

Our FY 2013 plans include designing and funding a supplementary data collection to the re-engineered SIPP to meet our research and evaluation needs.

Health and Retirement Study (HRS)

The HRS has become the premier source of data on the retirement-age population, especially when linked with SSA administrative records on benefits and earnings. The study paints an emerging portrait of our aging nation's transition from work to retirement and provides data on health and economic well-being after retirement. HRS data help SSA study and assess a wide range of issues, including pre-retirement saving, health insurance and pension coverage,

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retirement patterns, and projected benefits of disabled and retired workers. The survey collects information on the same sample members every 2 years, allowing SSA researchers to study changes over time. HRS also adds sample members from new birth cohorts every 6 years, allowing SSA researchers to study changes across generations (e.g. people born during the World War II era vs. people born during the Baby Boom).

SSA provides funding for this initiative through Jointly Financed Cooperative Agreements with the National Institute on Aging. This funding supports some key efforts to enhance the usefulness of this survey. One is the production of a user-friendly HRS data file, which was originally developed for use by an SSA contractor and is now also heavily used by outside analysts to facilitate longitudinal analyses. Another effort involves conducting in-person interviews to improve consent rates to a level that will permit the matching of the data to SSA records – a critical requirement of many of our SSA-related analyses. A third is the collection of longitudinal data on consumption patterns of a subset of HRS respondents to expand our understanding of economic well-being.

HRS longitudinal data on the retirement-age population, matched with SSA longitudinal records on benefits and earnings, is the most powerful data source available to address important policy questions on retirement issues. HRS is an important database for estimating some of the relationships underlying the MINT model (Modeling Income in the Near Term). HRS is used in a large percentage of studies funded through our RRC. Countless publications by SSA and RRC researchers are based on HRS data and cover an exceptionally wide range of topics related to changing consumption at retirement, planning for retirement and financial literacy, managing risks in retirement, assessing the effects of the changing pension environment, adequacy of saving for retirement, and effects of Social Security reform options.

Modernization of Statistical Table Processes

The aim of this research and development initiative is to build a system of modernized tools to compile and tabulate our administrative data for research and statistical purposes. Once completed, this system will be used by researchers and policy analysts to provide Congress, SSA management and other stakeholders with fact-based information on SSA's programs and beneficiaries. In support of our effort to develop and maintain a series of detailed statistical databases drawn from the agency's major administrative data files (including the Master Beneficiary Record, Supplemental Security Record, Detailed Earnings File, and Disability Control File) and prepare a broad range of statistical tables, this project funds contracts to research, design, develop, and test modernized tools for producing tabulations and statistics. The last in this series of openly competed contracts will be awarded in FY 2013.

Once the system is complete, it will be utilized by in-house staff to produce customized tabulations and statistics that play a vital role in the work of social science researchers, congressional policymakers, and the public. As a result, SSA will be better positioned to deliver high quality and customized data products in less time and effort and at a reduced cost. For example, in FY 2010 we used approximately 19 FTEs to produce the statistical tables published in our statistical publications and other reports. After modernization, we estimate that the production of these same materials will require about 9 FTEs in FY 2015.

At the end of FY 2011, we completed modernizing the processes that generate our SSI statistics and half of the processes that generate OASDI statistics. In FY 2012, we will complete the modernization of the OASDI processes, begin migrating our data development, management, utilization, and presentation into a modern business analytics enterprise, and assess methods to further automate our processes, present data more effectively, and manage metadata in the new system. In FY 2013, we will begin to create processes that will generate statistics using the earnings data file with a 16 month performance period. At the conclusion of the final contract, we will implement the final recommendations and complete the project.

SSA does not have the staff resources or expertise required to conduct the research and development necessary to develop the modernized system. As such, all contractual costs associated with the current research and development phase of this project are charged to Section 1110. Once the development phase of this project is completed, however the costs to maintain and operate the new system will be funded through our LAE budget.

Other Data Development

A key ingredient to providing information for decision-makers on the Social Security and SSI programs is having appropriate data available to answer questions on a range of pending issues. We develop and maintain a series of detailed statistical databases drawn from our major administrative data systems, prepare a broad range of statistical tables, produce statistical compilations and publications, and develop information for research, evaluation, models and special requests on current policy issues.

This project funds the creation of data that are needed to inform policymakers about important programs, efforts to make data more widely accessible or usable for policy research purposes, and collaboration with other agencies to study issues of policy relevance or to improve data quality and methods of data analysis.

Projects include:

- *Workers' Compensation Statistics*—provides support for the former production of income series on workers' compensation that we produced on a regular basis but that we no longer produce because of staffing losses. We publish these statistics on an ongoing basis in our *Annual Statistical Supplement*.
- *Committee on National Statistics of the National Research Council*—provides support to the committee to improve statistical methods and information on which public policy decisions are based. Committee topics include expanding access to research data, issues in developing cost-of-living indices for federal programs, and data and methods for measuring the effects of changes in social welfare programs.
- *Joint Program in Survey Methodology*—a project jointly sponsored by the Census Bureau and the Interagency Council on Statistical Policy to train the next generation of researchers on methods for survey research in the 21st century.
- *Research on Survey Methodology Program*—a project jointly sponsored by the National Science Foundation and the Interagency Council on Statistical Policy to further the development of new and innovative approaches to surveys that will have broad implications for the field in general and specifically for the federal statistical system.

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Research topics include survey measurement issues, data collection procedures, technological issues related to survey design, and methods for the analysis of survey data.

- *Key Indicators of Well-Being of Older Americans*—provides support to the Federal Interagency Forum on Aging-Related Statistics for an interagency collaboration to produce a chartbook with 37 key indicators about older Americans in five broad areas: population, economics, health status, health risks and behaviors, and health care.

In addition to these specific projects, we will try to respond to new needs and opportunities for expansion and improvement of data as they arise.

This funding provides the leverage to identify needs for data development and to provide financial support, often in collaboration with other federal agencies, to meet those needs. In addition, this funding will help promote research that improves the efficiency and timeliness of our data operations, increases the accuracy and consistency of our statistics, and provides greater ability to retrieve and combine data from multiple systems. All of the external costs associated with the collection and development of the data sets that this project line funds are charged to our Section 1110 appropriation.

Retirement Research Consortium (RRC)

The RRC is one of SSA's key tools for maintaining a strong capability to produce policy-relevant research on retirement, Social Security, and disability. The RRC centers have greatly expanded the amount of policy research on Social Security-related issues and have responded to SSA's specific analytical needs. SSA also funds dissertation and training grants through the RRC to encourage new researchers in retirement and disability.

Through the RRC, SSA funds approximately 60 research projects per year, plus up to seven junior scholar grants and seven dissertation grants. The RRC hosts an annual conference at which recent research findings are presented to an audience including members of the media, academia, government agencies, congressional staff, and SSA executives and staff. The goal of the conference is to foster dialogue between researchers and policymakers. RRC researchers also conduct monthly research seminars at SSA's Washington, DC office to disseminate results to SSA researchers and executives and to solicit feedback on their research. The results of the RRC's research are widely reported in professional journals and conferences and in leading newspapers, radio, and television programs. Each year, we solicit input from all SSA components on priority research questions, which has helped us to focus the RRC's research on topics of direct interest to SSA.

Results of RRC research have been used to enhance our MINT model (Modeling Income in the Near Term), improve simulations of the effects of policy changes, develop a regulation to close a loophole in an unusual benefit claiming strategy, and inform policy makers about the automatic enrollment provision of the Pension Protection Act of 2006. Moreover, a special study was recently carried out by the RRC to assist our Office of Disability Programs with a listing update. A series of studies have also analyzed the effects of the Great Recession on SSA programs and beneficiaries. On-going studies will examine the potential effects of health care reforms on SSA programs.

The RRC is funded via 5-year cooperative agreements, the entire cost of which is charged to our Section 1110 appropriation. Using a fully open and competitive process, we awarded new 5-year agreements to the existing centers that will run through FY 2013. These centers, based at the University of Michigan, Boston College, and the National Bureau of Economic Research, provide us with access to the best analysts on the full range of Social Security issues. This project expands the quantity of policy-relevant research and pays for expertise on areas of research that SSA does not have in-house.

Retirement Income Modeling

Fundamental changes to the Social Security program can have a significant effect on the distribution of benefits, total retirement income, and incidence of poverty. Econometric and simulation models can provide policy makers with detailed information on the effects of changes in government programs on individuals, with projections for years into the future. SSA's MINT model is an important tool for such evaluations. MINT's projections of the aged population have been extended well into the 21st century to enable simulation of additional Social Security policy changes. MINT is particularly well suited for studying the distributional effects both reform proposals that are phased in immediately and fully implemented over time.

SSA continually assesses the functionality of MINT. In the coming years, we expect to enhance MINT to incorporate behavioral responses, model family-level consumption, and improve processing efficiency and turnaround time. MINT is updated frequently to enhance components of the model, add new components, use more recent data, and incorporate the latest assumptions from the Trustees Reports through individual 1 to 2 year contracts. We are also jointly funding 3 to 5 year research grants with the National Institute on Aging (NIA) to inform us about improved methodologies for micro-simulation policy projections.

MINT has been used by SSA, the Government Accountability Office, the Council of Economic Advisors, the House Ways and Means Committee, and OMB. MINT estimates have provided data for numerous congressional policy proposals.

The MINT project provides quality and productivity improvements that we do not have the staffing resources or expertise to make. All costs for the development of MINT are charged to our Section 1110 appropriation. However, most MINT analyses are conducted in-house and the costs associated with in-house staff MINT analyses are funded through our LAE budget.

Special Initiative – Encourage Savings

Due to our existing relationship/frequent interaction with the public, the financial nature of our work, and the strong customer service role that we play, SSA is uniquely positioned to encourage savings. In fact, we believe that we have a responsibility to help individuals understand the role of Social Security benefits and the need for them to save as they plan for their future. As such, we launched a research initiative in 2009 to develop and refine print, web, and other products that we can use to better inform the public about retirement planning options and to encourage savings.

Although we no longer fund the Financial Literacy Research Consortium, it is important to note that those grants produced some exceptional research. For example:

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- RAND’s research found that the use of a “break-even analysis” has the very strong effect of likely encouraging individuals to claim Social Security benefits early.
- Boston College is building a prototype “one-stop” shopping website to help people prepare financially for retirement. It is analogous to what “WebMD” has done in the health and medical area.
- Wisconsin’s research found that even modest amounts of work by young adults with disabilities have very powerful financial rewards.

The following project summaries highlight the FY 2013 external efforts we plan to fund in support of our special initiative to encourage savings:

American Life Panel (ALP) Enhancements

The ALP is an innovative, nationally representative longitudinal internet panel. Through a jointly financed cooperative agreement with NIA, our support will allow an increase in the sample size for the survey, enhance questions relating to financial literacy and cognition, and pilot a Spanish language sample. The survey is important because it will provide a data source that will help to evaluate the financial capability of the target populations enrolled in the programs funded by SSA. It will also allow SSA and other FLEC agencies to conduct rigorous testing of print and web-based products designed to improve the economic security of the Spanish-speaking public. With the exception of staff time related to administering the agreements, all costs for ALP enhancements are charged to our Section 1110 appropriation.

Collaboration with Other FLEC Members

In FY 2013, we anticipate finalizing our transition to a new, targeted financial literacy initiative focusing on collaborative initiatives designed to improve retirement security among vulnerable populations. A substantial component of this effort will be supporting activities of federal agencies that are members of the Treasury-led FLEC. The FLEC, established by Congress in 2003, is a consortium of 22 federal departments, agencies, and entities working together toward the goal of improving the financial literacy and education of persons in the United States.

In particular, we plan to continue supporting Jointly Funded Cooperative Agreements (JFCAs) with key FLEC partners, Treasury, Education, and Housing Urban Development (HUD). Our partnership with Treasury will provide support for research and development initiatives designed to improve employment outcomes, financial literacy and education, asset accumulation, and the overall retirement security of the American public. Our extramural research partnerships with Education and HUD build on existing programs to foster retirement security-related research at historically black colleges and universities and other minority-serving Institutions. All of these partnerships began at the end of FY 2011 or the beginning of FY 2012. We expect to obtain the initial results in FY 2013.

Investing in these collaborative research initiatives is a critical way for SSA to support the FLEC and to help improve financial capability, financial literacy, and retirement security among economically vulnerable groups. Financial literacy and education research is specifically designed to prevent dependency in old age (e.g., dependency on means-tested programs such as SSI) and to promote understanding and effectiveness of Social Security program features. With the exception of our staff time related to administering the programs, all costs for these activities are charged to our Section 1110 appropriation.

Health and Retirement Study (HRS) Supplement

The HRS is an important source of longitudinal data on retirement and aging. However, with low sample sizes, we can only conduct limited research on minority populations. This project will increase the sample size in the HRS for minority and low income populations. The additional sample will have HRS data matched to agency administrative records. As subsequent waves of HRS data are collected, these activities entail initial development and on-going updates or maintenance. The minority expansion will allow researchers to do subgroup analysis of vulnerable populations, which will serve as a public good for other research on minority populations. With the exception of our staff time related to administering the funding agreement, the cost associated with our HRS supplement is charged to our Section 1110 appropriation.

Programmatic Development

Our programmatic development initiatives include research funding for Washington Internship for Native Students (WINS) interns and Intergovernmental Personnel Act (IPA) scholars to conduct programmatic development research.

The WINS program, developed in response to a White House initiative, is a partnership with American University in which students of American Indian, Alaska Native, and Native Hawaiian ancestry intern with various federal agencies for a semester. We utilize the WINS program to enlist uniquely qualified students to perform research on topics relevant to retirement security among native populations. This research is critical because native populations are economically vulnerable and generally understudied. The WINS interns we select have both the unique cultural understanding and research skills necessary to address retirement security issues among American Indian, Alaska Native, and Native Hawaiian populations. With the exception of our staff time related to administering the program, all costs for the WIN program are charged to our Section 1110 appropriation.

We fund recognized scholars to work on defined projects through the IPA program to help create unique and valuable retirement research relevant to SSA's mission. Recent research accomplishments from the IPA program include work on the economic and health implications of long-term unemployment on earnings, Social Security disability benefit receipt, and mortality. Staff time related to administering the program and collaborating with the IPA are charged to our LAE budget, whereas the costs directly related to the IPA are charged to our Section 1110 appropriation.

OTHER PROJECTS OF INTEREST

The following section highlights the results and findings of the Section 1110 projects that are either concluding in FY 2012 or that do not require funding in FY 2013. In addition to these projects, we also recently completed our Section 234-funded Accelerated Benefits Demonstration project. For a more detailed update of all our demonstration projects please consult our latest report to Congress which is available on our [Program Development and Research](#) website.

The Mental Health Treatment Study (MHTS) – Concluded in FY 2011

The MHTS tested how better access to treatment and employment support services would affect outcomes such as medical recovery, functioning, employment, and benefit receipt for SSDI beneficiaries with a primary diagnosis of schizophrenia or affective disorder. We received the final report from our contractor in September 2011. The findings in the report are generally positive. Treatment group participants were more likely to become employed during their 24 months in the study, were employed longer, and had higher wages. They also reported greater improvements in mental health and quality of life.

Going forward, we will focus on best practices identified in the study that may improve services to individuals with schizophrenia or an affective disorder. We will also track outcomes to assess whether the short-term increases in employment eventually rise to Substantial Gainful Activity work levels and result in reductions in benefit payments. We also plan to widely disseminate the final report which includes plans to brief Federal partners. We are scheduled to brief the House Ways and Means' Social Security Subcommittee staff on the findings in late February, 2012. The final report is publicly available on our [Program Development and Research](#) website.

Evaluation of Ticket to Work (TTW) – Concluding in FY 2012

The Ticket to Work and Work Incentives Improvement Act of 1999 required SSA's Commissioner to provide for independent evaluations to assess the effectiveness of the TTW program. In May 2003, we awarded two contracts to Mathematica Policy Research to conduct an independent evaluation of the TTW program.

Our contractor has completed five evaluation reports. All reports are publically available on our [Program Development and Research](#) website. We provided three of these reports to Congress as required under the Social Security Act. The findings through the fourth report indicated that, while the program may have significant potential, we need to improve beneficiary awareness of the program and Employment Network (EN) incentives. Partly in response to these findings, we implemented new regulations for the TTW program in July 2008 to improve EN and beneficiary participation and outcomes. The fifth report consists of nine studies focused on the employment efforts of working-age SSI recipients and SSDI beneficiaries, and SSA work incentives and supports designed to encourage their employment. It finds that many beneficiaries with disabilities are interested in work, are entering the workforce and are not receiving cash benefits for extended periods, but eventually return to the disability rolls. This latest report suggests that we should focus employment programs toward improving long-term employment outcomes for beneficiaries.

In FY 2012, we are completing our sixth evaluation report and have started releasing papers from our seventh, and final, report. These evaluation reports examine whether the new regulations improve the TTW program. Specifically, the evaluations report on the EN and beneficiary participation response to the new TTW rules, beneficiary awareness of the new TTW program, service use, employment, and attitudes toward ticket participation, work, and possible exit from Social Security benefits. It also will include the trends in beneficiary work and benefit outcomes and EN payments under the new rules. Findings thus far indicate that the new regulations have had only a modest effect on the overall rate of beneficiary participation in TTW, but have significantly increased participation under the milestone-outcome payment method. We also found that while the number of ENs increased only modestly, the number of ENs actively taking Tickets increased sharply.

TANF/SSI Disability Transition Project (TSDTP) – No Funding Required in FY 2013

Both welfare agencies and federal disability programs seek to support people with disabilities and help them become more independent. However, the two systems often have differing missions and organization, definitions of disability, operational and financial issues, and work rules and incentives, making it challenging for the Temporary Assistance for Needy Families (TANF) and SSI programs to work together. TANF clients who apply for SSI may also confront conflicting messages from TANF agencies regarding work requirements and benefit eligibility.

To better understand the relationship between the TANF and SSI populations and programs, we collaborated with the Administration for Children and Families (ACF) to launch the TANF-SSI Disability Transition Project in October 2008. Working with ACF, TANF agencies in California, Florida, Michigan, Minnesota, and New York, select counties in these states, and the evaluation firm MDRC, we devised a plan to analyze program data and pilot-test program interventions for TANF clients with disabilities. The project will conclude in September 2012 with our recommendations regarding a larger demonstration project on coordinating the TANF and SSI programs.

For more information, please consult the [Administration for Children and Families'](#) website:

RELATED FUNDING SOURCES

The Commissioner of Social Security has the 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 the annual research appropriation request. OMB directly apportions section 234 funds—estimated at \$29.8 million for FY 2012 and \$18.2 million for FY 2013. The YTD project involves both the SSI and DI programs, so it is funded under both sections 1110 and 234. While section 234 authorization terminated on December 18, 2005, SSA has the authority to continue to conduct projects initiated prior to the expiration date.

The FY 2013 President's Budget request includes proposed legislation to reauthorize Section 234 disability demonstration authority for five years to fund various projects. If reauthorized, one proposal would provide \$10 million for the Work Incentive Simplification Pilot in FY 2013. This project would test eliminating work activity as a basis for determining disability cessation under the DI program.

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APPROPRIATION LANGUAGE

LIMITATION ON ADMINISTRATIVE EXPENSES

For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed \$20,000 for official reception and representation expenses, not more than [10,555,494,000] \$10,565,000,000 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 in such section: *Provided*, That not less than \$2,150,000 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 [2012] 2013 not needed for fiscal year [2012] 2013 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 the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso: *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 5 U.S.C. 7131, 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.

In addition, for *the cost associated with* continuing disability reviews under titles II and XVI of the Social Security Act and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, [274,000,000] \$1,024,000,000 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, of such amount, \$273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and \$751,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: Provided further,* That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104–121 for fiscal years 1996 through 2002.

In addition, [~~\$161,000,000~~] *\$170,000,000* 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 [2012] 2013 exceed [~~\$161,000,000~~] *\$170,000,000*, the amounts shall be available in fiscal year [2013] 2014 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, which shall remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012.*)

[For an additional amount for continuing disability reviews under titles II and XVI of the Social Security Act and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, not more than \$483,484,000 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 such amount is additional new budget authority specified for purposes of subsection 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act

Limitation on Administrative Expenses

of 1985, and shall be treated for such purposes as being included under this heading in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, or any continuing appropriation Act, for fiscal year 2012]. (*Disaster Relief Appropriations Act, 2012.*)

LANGUAGE ANALYSIS

The Limitation on Administrative Expenses (LAE) appropriation language provides the Social Security Administration (SSA) 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 is funded by the OASI, DI, and Medicare trust funds for their share of administrative expenses, by the General Fund of the Treasury 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 a total of \$1,024,000,000 in additional funding specifically for continuing disability reviews (CDR) and SSI non-medical redeterminations of eligibility (redeterminations). This funding level is consistent with the Budget Control Act of 2011 (P.L. 112-25).

In addition to the appropriated amounts, SSA is requesting to spend up to \$170,000,000 in SSI State Supplement user fees and up to \$1,000,000 in non-attorney representative fees.

Table 3.1—Appropriation Language Analysis

<i>Language Provision</i>	<i>Explanation</i>
<p><i>“Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year [2012] 2013 not needed for fiscal year [2012] 2013 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 the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous provision.”</i></p>	<p>The language allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.</p>
<p><i>“In addition, for the cost associated with continuing disability reviews under titles II and XVI of the Social Security Act and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, [\$274,000,000] \$1,024,000,000 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, of such amount, \$273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and \$751,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: Provided further, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104–121 for fiscal years 1996 through 2002.”</i></p>	<p>The language appropriates an additional \$1,024,000,000 for SSA’s CDRs and redeterminations. That amount comprises a base of \$273,000,000 and additional new budget authority of \$751,000,000 for the purposes of an adjustment to the discretionary spending limit as provided in section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985.</p>

Limitation on Administrative Expenses

“In addition, [\$161,000,000] \$170,000,000 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 [2012] 2013 exceed [\$161,000,000] \$170,000,000, the amounts shall be available in fiscal year [2013] 2014 only to the extent provided in advance in appropriations Acts.”

The language makes available up to \$170,000,000 collected from states for administration of their supplementary payments to the SSI program. This assumes the fee will increase from \$10.94 per check in FY 2012 to \$11.12 in FY 2013 according to increases established by statute. SSA receives the amount collected above \$5.00 from each fee.

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

The language provides for the use of up to \$1,000,000 derived from fees charged to non-attorneys who apply for certification to represent claimants.

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The tables below include the significant items in the FY 2012 Conference Report, H. Rept. 112-331 and Senate Report, 112-84.

Table 3.2— Consolidated Appropriations Act, 2012: Conference Report (H. Rept. 112-331)— Significant Items

Information Technology Investments	Actions Taken or To Be Taken
<p>The conferees direct SSA to include information in its congressional budget justification each year regarding LAE expired unobligated balances and the amount made available from these balances without fiscal year limitation for information technology investments. This should include actual or estimated amounts for the prior, current, and budget years. In addition, the conferees direct SSA to include a consolidated information technology plan in its congressional budget justification each year, including the total amount of Information Technology (IT) expenses and the actual or estimated amount paid for with LAE funds and no-year IT funds.</p>	<p>We have included the information in our FY 2013 Congressional Justification.</p>

Independent SSA Resource Analysis and Strategy

Actions Taken or To Be Taken

The conferees provide SSA with up to \$500,000 to contract with the National Academy of Public Administration to develop and submit a report proposing a long-range strategic plan for SSA's consideration. This report shall be conducted in consultation with SSA and its stakeholders and address the following: an evaluation of SSA's existing organizational structure, workforce capacity, physical infrastructure and review of SSA's electronic service delivery and investment in automation and information technology. The report shall be submitted within 180 days of enactment to the House and Senate Committees on Appropriations, the House Committee on Ways and Means and the Senate Committee on Finance.

We plan to develop and submit a report proposing a long-range strategic plan.

Annual Social Security Statement Review

Actions Taken or To Be Taken

The conferees encourage the Commissioner to examine a broad range of options for continuing to provide the information included in the annual statement to the public and request a report no later than March 2012 to examine options to continue to do so. The report should examine the advantages and disadvantages, costs, benefits, and other potential implications to each method considered. The conferees request the Commissioner submit the report to the House and Senate Committees on Appropriations, the House Committee on Ways and Means and the Senate Committee on Finance.

We will submit a report to the Appropriations, Ways and Means and Finance Committees within the timeframe requested.

Budget Request	Actions Taken or To Be Taken
<p>The conferees direct SSA to include the following information in its annual budget requests, operating plans, and reprogramming requests:</p> <ul style="list-style-type: none"> • Annual fiscal year workload table on disability appeals at the same level of detail as provided in the House fiscal year 2011 questions for the record; • Annual performance targets for pending cases and processing times for the reconsideration level of appeal; • Updates on the new national data center project milestones and plans to use the projected IT refresh/replacement, operations, and repair/maintenance funds over the next 5 years to outfit the new facility; • FTE table by major component for the prior actual year at the level of detail as answered in the House fiscal year 2011 hearing question for the record; and • Identification of key assumption and cost drivers for each program. 	<p>We have included the information in our Congressional Justification and our Operating Plan, and will include it in any reprogramming requests, as appropriate.</p>

Quarterly Report on Unobligated Balances	Actions Taken or To Be Taken
<p>The conference agreement includes a general provision that requires the Departments of Labor, Health and Human Services, and Education and the Social Security Administration to report quarterly on unobligated balances, by source year, beginning on October 1, 2012. The conferees direct the Departments of Labor, Health and Human Services, and Education and the Social Security Administration to continue providing quarterly status of funds reports as have been provided during fiscal year 2011.</p>	<p>We will submit a report to the Appropriations Committees within the timeframe requested.</p>

Table 3.3-- Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012: Senate Report (S. Rept. 112-84)—Significant Items

Report on Impact of Enacted Funding Levels	Actions Taken or To Be Taken
<p>The Committee directs SSA to provide a report to the Committees on Appropriations of the House of Representative and the Senate within 30 days of enactment of this act on the impact of enacted funding levels on key workloads and services. [Note: The Committee extended the timeframe to 45 days after enactment.]</p>	<p>The report was submitted to the Appropriations Committees with the Operating Plan.</p>
Operating Plan	Actions Taken or To Be Taken
<p>The Committee recommendation includes provisions which require each department and related agency to submit an operating plan.</p>	<p>The Operating Plan was submitted to the Appropriations Committees.</p>

GENERAL STATEMENT

LIMITATION ON ADMINISTRATIVE EXPENSES OVERVIEW

The LAE account funds the operating expenses of the Social Security Administration and its programs: the OASI and DI 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. The LAE account provides the funds SSA needs to perform its core responsibilities, including completing claims and applications for benefits, conducting hearings to review disputed decisions, ensuring benefits continue to be distributed properly, and maintaining the integrity of the trust funds.

SSA currently employs approximately 65,000 dedicated public service employees through a national network of 1,500 offices. Combined with about 15,000 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 2013 PRESIDENT'S BUDGET

SSA's Programs

For FY 2013, SSA is requesting LAE budget resources of \$11.760 billion. This request will allow us to continue to achieve our two most important goals—eliminating our hearings backlog and focusing on program integrity work. We are maintaining our most basic day-to-day operational responsibilities, we have already curbed lower priority activities so that we can continue to achieve our most important goals.

As the baby boomers continue to retire at high rates, it is essential that we have the resources to complete these applications, as well as to handle the ongoing work after the beneficiaries begin to receive benefits. We expect to complete over 5 million applications for retirement benefits in FY 2013. We will administer \$672 billion in OASI benefit payments to almost 46.7 million beneficiaries.

The DI program has also experienced substantial growth in the number of applications. This budget will fund the staff at the 54 State DDSs who will complete about 2.8 million initial disability claims in FY 2013. However, given the rising caseloads and the need to increase our program integrity efforts, we expect that pending initial disability claims will likely result in 1.1 million people waiting for a decision. Despite these challenges, we will continue to make critical changes to the disability process to improve timeliness, quality, and efficiency. This budget, combined with our improvements to the hearings process, will enable us to complete 960,000 hearings, an all-time high, and to reduce the average processing time to 270 days by the end of FY 2013. See Table 3.27 in the back of this section for more details on the disability appeal workload. In FY 2013, SSA will pay almost \$143 billion in disability insurance benefits to almost 11.1 million beneficiaries.

The SSI program is a nationwide Federal assistance program administered by SSA that guarantees a minimum level of income for 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. We estimate we will pay \$54.2 billion in Federal benefits to almost 8.2 million SSI recipients in FY 2013. Including State supplementary payments, SSA expects to pay a total of almost \$57.9 billion and administer payments to almost 8.5 million recipients.

SSA assists the Centers for Medicare and Medicaid Services (CMS) in administering the Medicare Hospital Insurance (HI), Supplementary Medical Insurance (SMI), and work related to the Prescription Drug programs. The *Affordable Care Act* (ACA) (P.L. 111-148) also created additional responsibilities for SSA, such as administering the reduction in Part D Subsidy for high-income beneficiaries through an income related monthly adjustment amount and developing verification systems in support of Health Exchange Participation.

In FY 2009, Congress appropriated funding through the Medicare Improvements Patients and Providers Act (MIPPA) to SSA for activities related to the implementation of changes to the Low-Income Subsidy (LIS) Prescription Drug program. This funding is available until expended, and we estimate we will spend \$2 million for LIS work in FY 2013.

SSA also collaborates with the Department of Homeland Security in administering the E-Verify program through verifying the employment eligibility of newly-hired employees by electronically checking employee names, Social Security numbers, dates of birth, U.S. citizenship status, and resolving discrepancies with the employee when we are unable to electronically verify that information.

Program Integrity

We have two types of program integrity reviews for which we receive special funding: CDRs, which are periodic reevaluations to determine if beneficiaries are still disabled or have returned to work and no longer qualify for benefits because of their work experience and SSI redeterminations, which are periodic reviews of non-medical factors of eligibility, such as income and resources.

We estimate that every dollar spent on CDRs yields about \$9 in lifetime program savings, including Medicare and Medicaid program effects, and that every dollar spent on SSI redeterminations yields about \$6 in program savings over 10 years, including Medicaid program effects. The estimated lifetime savings per dollar spent on CDRs and redeterminations was revised downward in the FY 2013 President's Budget due to an interaction with a provision in the Affordable Care Act (ACA) that mandates coverage beginning January 2014 for individuals under age 65 with income less than 138 percent of poverty. As a result of this provision, many SSI beneficiaries who would otherwise lose Medicaid coverage due to a CDR or redetermination would continue to be covered. In addition, for SSI disabled adults, the federal matching rate for Medicaid coverage is higher under the new ACA provision, resulting in higher federal Medicaid costs for those who lose coverage under SSI, but remain covered under the new provision.

Limitation on Administrative Expenses

The Budget Control Act allows increases to the Government's annual spending caps through FY 2021 for program integrity purposes. If Congress appropriates funds for our program integrity work, the discretionary spending limit may increase by a corresponding amount up to a specified level. In FY 2013, the Budget Control Act allows a maximum cap adjustment of \$751 million for program integrity funding above a \$273 million base. With a \$1.024 billion total appropriation for program integrity, we would conduct 650,000 full medical CDRs and 2,622,000 SSI redeterminations in FY 2013. At these volumes, we would complete 300,000 more medical CDRs and over 150,000 more SSI redeterminations compared to what we accomplished in FY 2011.

Program integrity reviews save taxpayers billions of dollars, but without adequate funding these savings will not be realized. Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) does not fully fund the cap adjustment for FY 2012, the President's Budget proposes to provide an additional \$140 million program integrity funding in FY 2012 allowed by the cap adjustment, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow us to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 that we currently expect to handle.

In 2004, we began piloting the Access to Financial Institutions (AFI) Initiative, which runs data matches with financial institutions and allows us to quickly and easily identify assets of Supplemental Security Income applicants and recipients that exceed the statutory limits. As of June 2011, all 50 States use AFI. We will soon complete systems enhancements that will further automate the AFI process. We project roughly \$900 million in lifetime program savings for each year we use the fully implemented process.

IT Infrastructure

IT plays a critical role in our day-to-day operations. Our IT investments have helped us achieve average annual employee productivity increases of nearly 4 percent each of the last five years. Most of our IT funding is necessary for ongoing operational costs such as our 800-number service and our online services, both of which help us keep pace with the recent increases in claims. In FY 2011, our IT infrastructure supported the payment of more than \$770 billion in benefits to 60 million people and the maintenance of hundreds of millions of social security numbers and related earnings records for nearly every American.

Strengthening the Acquisition Workforce

SSA will be continuing the focus on strengthening the capabilities of the acquisition workforce through training and development initiatives, information technology enhancements and acquisition management improvements.

Improving the Effectiveness of Disability Programs

SSA will participate in a government-wide review of ways to improve the effectiveness of disability programs through better coordination and alignment of priorities and strategies. This will build on previous efforts that have sought to better coordinate policies and programs across Federal, state and local governments, the service provider community, and employers to improve the effectiveness and efficiency of programs serving individuals with disabilities. While some significant coordination efforts have proven successful, the Administration expects collaboration and innovation to improve efficiency and effectiveness as well as reduce costs even further. The focus of the upcoming review will be to work with agencies authorized to run disability-specific programs and those programs that impact and affect people with disabilities to explore how they can achieve better results for this population by sharing data; defining shared objectives; coordinating goal-setting, integration, implementation and measurement to track progress; and improving management response time when adjustments are needed.

FUNDING REQUEST

The President's FY 2013 request will allow SSA to continue to achieve our most important goals- eliminating the hearings backlog and focusing on program integrity work. The table below provides dollars and workyears funded by this budget:

Table 3.4—Budgetary Request

	<i>FY 2011 Actual</i>	<i>FY 2012 Enacted^{1,2,3}</i>	<i>FY 2013 Estimate</i>
Budget Authority (in millions)	No data		
Limitation on Administrative Expenses (LAE)	\$11,424	\$11,446	\$11,760
Research and Demonstrations	\$43	\$8	\$48
Office of the Inspector General (OIG)	\$102	\$102	\$108
Total Budget Authority⁴	\$11,569	\$11,556	\$11,916
OTHER FUNDING (in millions) ⁵			
MIPPA – Low-Income Subsidy (LIS)	\$1	\$2	\$2
Total Budgetary Resources⁴	\$11,570	\$11,558	\$11,918
Workyears			
Full-Time Equivalents	67,030	64,545	62,761
Overtime	2,039	2,125	2,125
Lump Sum	<u>289</u>	<u>293</u>	<u>293</u>
Total SSA⁴	69,358	66,963	65,179
Disability Determination Services (DDS)	<u>16,739</u>	<u>14,825</u>	<u>14,391</u>
Total SSA/DDS⁴	86,097	81,788	79,570
OIG	578	586	596
Total SSA/DDS/OIG⁴	86,675	82,374	80,166

¹ Includes program integrity funding from the Disaster Relief Appropriations Act, 2012 (P.L. 112-77)

² Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President's Budget proposes to provide an additional \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding, which is not included above, would allow SSA to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 currently projected.

³ The FY 2012 enacted LAE Budget Authority is \$11,453 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately \$7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately \$154 million. The available LAE funding for FY 2012 is approximately \$11,446 million.

⁴ Totals may not add due to rounding.

⁵ Represents anticipated obligations.

PERFORMANCE TARGETS

The President’s FY 2013 request will allow SSA to continue to achieve our most important goals—eliminating the hearings backlog and focusing on program integrity work. The table below lists key performance targets funded by this budget:

Table 3.5—Key Performance Targets

	FY 2011 Actual	FY 2012 Enacted^{1,2}	FY 2013 Estimate
Selected Workload Measures	No data	No data	No data
Retirement and Survivors Claims Completed (thousands)	4,878	4,918	5,049
Initial Disability Claims Completed (thousands)	3,391	3,173	2,847
Reconsiderations Completed (thousands) ³	832	787	663
Hearings Completed (thousands)	795	875	960
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,409	1,285	1,550
Periodic Medical CDRs (included above, thousands)	345	435	650
SSI Non-Disability Redeterminations Completed (thousands)	2,457	2,622	2,622
800-Number Transactions Handled (millions)	63	63	62
Average Speed of Answer (seconds)	180	285	300
Agent Busy Rate	3%	6%	7%
Social Security Numbers Issued (millions)	17	17	16
Annual Earnings Items Completed (millions)	241	242	251
Social Security Statements Issued (millions)	74	14	158
Selected Outcome Measures			
Initial Disability Claims Pending (thousands)	759	861	1,164
Reconsiderations Pending (thousands) ³	176	184	242
Hearings Pending (thousands)	787	746	544
Average Processing Time for Initial Disability Claims (days)	109	111	137
Annual Average Processing Time for Hearings Decisions (days)	360	338	293
September Average Processing Time for Hearings Decisions (days)	345	321	270
Disability Determination Services Production per Workyear	287	322	322
Office of Disability Adjudication and Review Production per Workyear	109	114	115
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	No data - --	(3,800)	(6,000)

SSA’s budget is fully integrated with its Annual Performance Plan (APP), which is included as the final tab in this *Justification of Estimates for Appropriations Committees*. The budget estimates are linked to key performance above and support all of the more detailed measures outlined in the APP.

¹ Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President’s Budget proposes to provide an additional \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow SSA to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 currently projected.

² Includes program integrity funding from the Disaster Relief Appropriations Act, 2012 (P.L. 112-77)

³ Average Processing Time measures for reconsiderations are currently under development.

RECENT ACCOMPLISHMENTS

In FY 2011, SSA's resources were primarily used to complete our service and stewardship workloads, including:

- Set new records for claims and hearings handled by completing over 4.8 million retirement and survivors claims, nearly 3.4 million initial disability claims, and over 795,000 hearings;
- Completed 345,000 periodic medical CDRs and over 2.4 million SSI non-disability redeterminations;
- Handled nearly 63 million 800-number transactions;
- Issued 17 million SSNs;
- Completed 241 million annual earnings reports;
- Beat our hearings processing time goal of 365 days. We ended the fiscal year at 346 days, keeping us on track for meeting our FY 2013 hearings goal;
- Significantly exceeded our 800-number average speed of answer goal of 267 seconds and busy rate goal of 6 percent achieving 180 seconds and 3 percent, respectively; and
- Continued to increase online claims, with 41 percent of retirement claims and 33 percent of disability claims filed online.

In FY 2011, SSA increased online retirement and disability benefit applications to the highest usage ever – 41 percent and 33 percent, respectively. These online services reduced the time employees spent handling applications, which was vital to dealing with the significant increase in claims. We achieved this success while maintaining high customer satisfaction. We have the three best electronic services in the Federal Government and private sector, as measured by the University of Michigan public satisfaction survey.

Since FY 2007 when we implemented our plan to eliminate the hearings backlog, we have made steady improvements each year, despite huge increases in hearing requests. Hearings requests have skyrocketed because more people have been filing for disability benefits due to the economic recession and the aging of the baby boomers. We received nearly 860,000 hearings requests in FY 2011 compared to about 579,000 in FY 2007. In FY 2011, we completed nearly 50 percent more hearings than in FY 2007 and nearly 25 percent more than we estimated in our original backlog reduction plan.

PRIORITY GOALS

We serve the American people in a wide variety of ways, enriching their lives. In support of the Administration's performance improvement efforts, we have embraced the power of goal setting as a way to improve our performance and accountability to the American people. As required by the GPRA Modernization Act of 2010, we established the following ambitious, outcome-focused, Priority Goals, that link directly to our overarching strategic goals and objectives.

- **Faster hearing decisions.**

By the end of FY 2013, we will reduce the average time for a hearing decision from 345 days at the end of FY 2011 to 270 days.

- **Reduce Supplemental Security Income overpayments.**

By the end of FY 2013*, we will increase our SSI overpayment accuracy rate from 93.3percent at the end of FY 2010 to 95 percent.

* FY 2013 data will not be available until April 2014.

- **Increase use of our online services.**

By the end of FY 2013, we will increase our online filing rates from 36 percent at the end of FY 2011 to 48 percent.

We have specific measures and milestones to monitor our progress. Additionally, through our quarterly internal review process, our executives have candid discussions regarding challenges we must overcome and strategies that will support goal achievement.

NATIONAL SUPPORT CENTER

In FY 2009, Congress provided \$500 million for the construction and partial equipping of a new National Support Center (NSC) as part of the American Recovery and Reinvestment Act (Recovery Act). We currently run our nationwide computer operations from the National Computer Center (NCC). Our systems maintain demographic, wage, and benefit information on almost every American. The data housed at the NCC are essential to provide service to the millions of individuals who count on us each day. While once a state-of-the-art data center designed for mainframe use, the NCC is over 30 years old and the facility infrastructure systems have exceeded their useful life. With these Recovery Act funds, we are taking timely action to ensure a new facility will be built and operational as the NCC nears the end of its functional life.

Current Status

In FY 2011, the General Services Administration (GSA) selected and purchased the NSC site in Urbana, Maryland. In January 2012, GSA awarded the design/build contract and has started the design process with the builder. The following schedule provides GSA's key milestones in this project.

Milestone Schedule

Planned	Actual	Milestone
Aug 2010	Aug 2010	Program of Requirements
Feb 2011	Feb 2011	Recommend Site
Sep 2011	Aug 2011	Acquire Site
Mar 2012	Jan 2012	Award Design Build Construction
Dec 2014	TBD	Complete Construction
Deb 2015	TBD	Complete Commissioning

We are currently working with GSA to revise the NSC spending plan as a result of the recent award of the design/build contract. The following table provides actual and planned obligations for the NSC as of January 2012.

Table 3.6- Actual and Planned Obligations for the New NSC
(Dollars in thousands)

	FY 2009	FY 2010	FY 2011	FY 2012	Available	Total
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Planned</u>		
Obligations	\$1,330.4	\$1,850.8	\$388,100.0	\$21,134.0	\$87,584.8	\$500,000.0

FY 2013 to FY 2015 NSC Plans

GSA plans to continue NSC construction in FY 2013 and to complete construction in December 2014. GSA expects to complete commissioning in February 2015. We will transition the information technology (IT) services from the NCC to the NSC over an eighteen-month period, completing the transition in August 2016. We are preparing now by virtualizing and consolidating significant portions of our IT equipment, performing application and asset inventory planning, and formulating a concise migration plan so that we can meet this goal.

SSA-RELATED LEGISLATION ENACTED FEBRUARY 2011 – JANUARY 2012

FY 2012

Temporary Payroll Tax Cut Continuation Act of 2011 (P.L. 112-78, enacted on December 28, 2011)

- Section 101 of the law amends the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010” (Public Law 111-312). It extends, through February 2012, the 2-percentage point reduction to the Social Security payroll (or self-employment) tax rate applicable to employees and the self-employed that applied in 2011.
- As with the provision that is currently in effect for 2011, the amount of revenue that is foregone to the Social Security Trust Funds because of the extension of this payroll tax reduction will be replaced with General Fund transfers of the same amount. Thus, the projected level of OASI and DI Trust Funds will be unaffected by the enactment of this bill.

Disaster Relief Appropriations Act, 2012 (P.L. 112-77, enacted on December 23, 2011)

- This act appropriates nearly \$483 million for continuing disability reviews and redeterminations.

Consolidated Appropriations Act, 2012 (P.L. 112-74, enacted on December 23, 2011)

- This act provides SSA's limitation on administrative expenses account an appropriation of \$10.970 billion for FY 2012.
- The act includes a provision requiring the Commissioner to notify the Committees on Appropriations prior to making unobligated balances available for investment in information technology and telecommunications hardware and software infrastructure.
- The law requires quarterly reporting on the status of balances of appropriations beginning with the first quarter of FY 2013.

Three-Percent Withholding Repeal and Job Creation Act (P.L. 112-56, enacted on November 21, 2011)

- This law amends the Internal Revenue Code to repeal the three-percent tax withholding requirement on payments due to vendors providing goods and services to federal, state, and local governmental entities.
- The law extends through FY 2016 the authority of the Department of Veterans Affairs to obtain veterans' income verification information from the Commissioner of Social Security or the Secretary of the Treasury.
- The law amends the Internal Revenue Code to include social security benefits that are excluded from gross income in the calculation of modified adjusted gross income for purposes of determining eligibility for the tax credit for coverage under a qualified health plan. Additionally, the Secretary of the Treasury must annually estimate the impact of the modification on the income and balances of the Social Security trust funds. Not less than quarterly, the Secretary must transfer from the general fund an amount sufficient to prevent any reduction in the income and balances of such trust funds.

FY 2011

Budget Control Act of 2011 (P.L. 112-25, enacted on August 2, 2011)

- This law establishes limits on government-wide discretionary spending through 2021. It includes enforcement provisions to sequester funds in the event that spending exceeds statutory caps. It also provides adjustments to the caps in each fiscal year to account for funding designated for emergency requirements, disaster relief and program integrity.
- The law includes program integrity initiatives to reduce improper benefit payments under the SSI and SSDI programs. It would adjust the discretionary spending limits in order to permit additional appropriations for conducting CDRs and SSI redeterminations to the extent that such appropriations for program integrity purposes exceed \$273 million a year. The legislation establishes maximum amounts of such additional program integrity funding for FYs 2012-2021.

Limitation on Administrative Expenses

Department of Defense and Full-Year Continuing Appropriations Act of 2011 (P.L. 112-10, enacted on April 15, 2011)

- The law provides SSA's limitation on administrative expenses account an appropriation of \$11.424 billion for FY 2011.
- The law rescinds \$75 million of funds appropriated for SSA for fiscal years 2010 and prior years and available without fiscal year limitation for investment in information technology and telecommunications hardware and software infrastructure.

Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 (P.L. 112-9, enacted on April 14, 2011)

- This law repeals the expansion of information reporting requirements for payments of \$600 or more to corporations, and for other purposes.

Additional Continuing Appropriations Amendments, 2011 (P.L. 112-6, enacted on March 18, 2011)

- This law rescinds \$200 million of funds appropriated for SSA for fiscal years 2010 and prior years for investment in information technology and telecommunications hardware and software infrastructure.

BUDGETARY RESOURCES

The LAE account represents SSA’s 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 the Centers for Medicare and Medicaid Services in administering the HI, SMI, and Medicare Part D programs. The President’s Budget for the LAE account in FY 2013 is \$11.760 billion.

AMOUNTS AVAILABLE FOR OBLIGATION

Table 3.7—Amounts Available for Obligation¹
(dollars in thousands)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
LAE			
LAE Appropriation	\$11,423,607	\$ 11,453,290	\$ 11,760,000
Unobligated Balance, start-of-year	\$ 411,557	\$ 44,632	\$ 0
Recoveries and Transfers	\$ 78,835	\$ 129,600	\$ 0
Subtotal LAE Resources	\$ 11,913,999	\$ 11,627,522	\$11,760,000
Uncollected User Fees	\$0	-\$7,100	\$ 0
Unobligated Balance, lapsing	-\$ 31,184	\$ 0	\$ 0
Unobligated Balance, end-of-year (LAE Carryover)	-\$ 44,632	\$ 0	\$ 0
Obligations, LAE	\$ 11,838,182	\$ 11,620,422	\$ 11,760,000
Recovery Act Resources			
Unobligated Balances, start-of-year:			
Workload Processing	\$ 6,247	\$ 0	\$ 0
ERP - Admin	\$ 2,375	\$ 0	\$ 0
New NSC	\$ 496,819	\$ 109,119	\$87,985
Subtotal, Recovery Act Resources	\$ 505,441	\$ 109,119	\$ 87,985
Unobligated Balances, lapsing:			
Workload Processing	-\$ 1,822	\$ 0	\$ 0
ERP	-\$ 1,854	\$ 0	\$ 0
Unobligated Balances, end-of-year:			
Workload Processing	\$ 0	\$ 0	\$ 0
ERP	\$ 0	\$ 0	\$ 0
NSC	-\$ 109,119	-\$ 87,985	-\$ 87,985
Obligations, Recovery Act	\$ 392,645	\$ 21,134	\$ 0

Table Continued on Next Page

Limitation on Administrative Expenses

Unobligated Balances, start-of-year	\$ 13,666	\$ 12,850	\$ 10,850
Unobligated Balances, end-of-year	-\$ 12,850	-\$ 10,850	-\$ 8,850
Obligations, MIPPA - LIS	\$ 816	\$ 2,000	\$ 2,000
State Children's Health Insurance Program (SHIP)			
Unobligated Balances, start-of-year	\$ 4,239	\$ 3,272	\$ 1,772
Unobligated Balances, end-of-year	-\$ 3,272	-\$ 1,172	\$ 0
Obligations, SCHIP	\$ 966	\$ 1,500	\$ 1,772

¹ Totals may not add due to rounding.

BUDGET AUTHORITY AND OUTLAYS

The LAE account is funded by the Social Security Trust Funds, the General Fund, the Medicare Trust Funds, and applicable user fees. Section 201(g) of the Social Security Act provides that SSA determines 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 approved cost analysis system. In FY 2009, SSA received additional funds from the General Fund of the Treasury, provided by the Recovery Act and the MIPPA.

**Table 3.8—Budget Authority and Outlays
(dollars in thousands)¹**

	FY 2011 Actual	FY 2012 Estimate^{2,3,4}	FY 2013 Estimate
OASI and DI Trust Funds ⁵	\$ 5,699,457	\$ 5,588,002	\$ 5,685,826
HI and SMI Trust Funds	\$ 2,049,941	\$ 2,089,793	\$ 1,950,660
SSA Advisory Board	\$ 2,295	\$ 2,146	\$ 2,150
SSI Administrative Expenses	\$ 3,486,287	\$ 3,611,561	\$ 3,950,364
SSI State Supplement User Fees	\$ 185,627	\$ 153,690	\$ 170,000
Non-Attorney Representative User Fees	\$ 0	\$ 998	\$ 1,000
MIPPA - LIS	N/A	N/A	N/A
Recovery Act	N/A	N/A	N/A
Total Budget Authority	\$ 11,423,607	\$ 11,446,190	\$ 11,760,000
OASI and DI Trust Funds ⁴	\$ 5,761,262	\$ 5,589,810	\$ 5,579,530
HI and SMI Trust Funds	\$ 2,103,790	\$ 2,089,151	\$ 1,910,212
SSI Administrative Expenses	\$ 3,788,619	\$ 3,611,762	\$ 3,875,458
SSI State Supplement User Fees	\$ 185,628	\$ 153,690	\$ 170,000
Non-Attorney Representative User Fees	\$ 0	\$ 500	\$ 200
MIPPA - LIS	\$ 0	\$ 2,000	\$ 2,000
Recovery Act - Workload Processing	\$ 10,230	\$ 0	\$ 0
Recovery Act - Economic Recovery	\$ 520	\$ 0	\$ 0
Recovery Act - New NSC	\$ 24,841	\$ 25,410	\$ 128,767
Total LAE Outlays⁴	\$ 11,876,870	\$ 11,472,323	\$ 11,666,167

¹ Totals may not add due to rounding.

² Includes program integrity funding from the Disaster Relief Appropriations Act, 2012 (P.L. 112-77)

³ Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for FY 2012, the President’s Budget proposes to provide an additional \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding, which is not included above, would allow SSA to complete 569,000 periodic medical CDRs in FY 2012 instead of the 435,000 currently projected.

⁴ The FY 2012 enacted LAE Budget Authority is \$11,453 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately \$7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately \$154 million. The available LAE funding for FY 2012 is approximately \$11,446 million.

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

KEY ASSUMPTIONS AND COST DRIVERS

We continue to do everything we can to reduce our costs. Nevertheless, our costs continue to rise each year along with applications and our beneficiary population. While some of our programs have discrete cost-drivers associated with them, the majority of cost-drivers affect all programs. For example, State furloughs of DDS employees influences the SSI and DI programs, but our aging data center concerns all SSA programs.

- High demand for service due to the aging of the population and the effects of the economic downturn, see [the Social Security Office of the Chief Actuary website](#) and [the actuarial data on beneficiaries](#);
- Unacceptable hearings backlog levels;
- Complex disability process, see the [Social Security Disability Program documents website](#);
- Growing non-traditional workloads (e.g., immigration and Medicare);
- Reducing improper payments and completing Budget Control Act program integrity levels, see [the Social Security Improper Payments website](#);
- Finding additional efficiencies and streamlining business processes;
- Modernizing computer systems, see [SSA's Recovery Act Plan](#);
- Cyber threats;
- Rising infrastructure costs; and
- State furloughs of DDS employees, see [our Furlough Press Releases](#) and [Furlough Information page](#).

Please see our performance table for projected work completed for our major workloads, as well as our productivity numbers.

ANALYSIS OF CHANGES

The FY 2013 request represents a \$306.7 million increase over the FY 2012 Enacted levels. The following tables provide a summary of the changes from the FY 2012 Enacted levels to the FY 2013 President's Budget.

Table 3.9—Summary of Changes from FY 2012 to FY 2013
(dollars in thousands)

	FY 2012 Estimate	FY 2013 Estimate	FY12 to FY13 Change
Total LAE	\$ 11,627,522	\$ 11,760,000	+ \$ 132,478
Appropriation ¹	\$ 11,453,290	\$ 11,760,000	+ \$ 306,710
Amounts Available From Prior Year Unobligated Balances	\$ 174,232	\$ 0	- \$ 174,232
Obligations, LAE	<u>\$ 11,620,422</u>	<u>\$ 11,760,000</u>	+ <u>\$ 139,578</u>
Unobligated Balance, end- of-year	\$ 0	\$ 0	-\$ 0
American Recovery and Reinvestment Act Obligations	<u>\$ 21,134</u>	<u>\$ 0</u>	- <u>\$ 21,134</u>
National Support Center	\$ 21,134	\$ 0	- \$ 21,134
MIPPA - LIS Obligations	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 0</u>
SCHIP	<u>\$ 1,500</u>	<u>\$ 1,772</u>	+ <u>\$ 272</u>
Obligations, Total	<u>\$ 11,645,056</u>	<u>\$ 11,763,772</u>	+ <u>\$ 118,716</u>

¹ The FY 2012 enacted LAE Budget Authority is \$11,453 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately \$7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately \$154 million. The available LAE funding for FY 2012 is approximately \$11,446 million.

Limitation on Administrative Expenses

**Table 3.10—Explanation of LAE Budget Changes from FY 2012 to FY 2013
(dollars in thousands)**

	FY 2012		Change from FY 2012	
	Federal WYs	Obligations	Federal WYs	Obligations
<u>BUILT-IN INCREASES</u>				
<u>Payroll Expenses</u>	66,963	\$ 6,472,762		\$ 177,683
Increases due to periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System				
Increase due to an additional paid day				18,344
Annualized effect of the January 2012 Federal pay increase				
Nine-month effect of assumed Federal pay increase effective January 2013				21,190
<u>Non-Payroll Costs</u>				
Mandatory growth in non-payroll costs, including higher costs of rent, security, and guard services		\$ 2,073,575		\$ 70,469
<u>State Disability Determination Services</u>				
Mandatory growth in State DDS costs, including pay raises and the cost of medical evidence		\$ 2,216,000		\$ 71,481
Subtotal, Built-In Increases				+\$ 319,633
<u>PROGRAM INCREASES</u>				
<u>Funding for IT</u>				
Increase in funding for IT, including desktop, voice and data communications, infrastructure, costs for major projects, and ongoing operational costs of AFI.		\$ 675,054		\$ 181,947
<u>Social Security Statements</u>		\$8,800		\$62,200
<u>State Children's Health Insurance Program (SCHIP)</u>		\$1,500		\$272
Subtotal, Program Increases				+\$ 244,419
Total Increases				+\$ 564,052

Table Continues on the Next Page

Limitation on Administrative Expenses

	FY 2012		Change from FY 2012	
	Federal WYs	Obligations	Federal WYs	Obligations
<u>PROGRAM DECREASES</u>				
<u>Net Decrease in WYs</u>			- 1,784	-\$ 172,445
<u>Net Decrease in non-payroll costs</u>				-\$ 14,043
<u>Net Decrease in State Disability Determination Services</u>				\$63,481
<u>Recovery Act – New NSC Resources</u>				
Non-personnel Costs		\$ 21,134		-\$ 21,134
<u>Decreases in Obligations Funded from Other Prior-Year Unobligated Balances</u>		\$174,232		-\$ 174,232
Total Decreases			- 1,784	-\$ 445,336
<u>Other Obligations</u>				
MIPPA - LIS		\$ 2,000		\$ 0
Total LAE Obligations, Net Change	66,963	\$ 11,645,056	- 1784	-\$ 118,216

BUDGETARY RESOURCES BY OBJECT

Table 3.11—Budgetary Resources by Object^{1,2}
(dollars in thousands)

	FY 2012	FY 2013	Change
Personnel Compensation			
Permanent positions	\$ 4,665,951	\$ 4,606,486	-\$59,465
Positions other than permanent	\$ 112,390	\$ 111,965	-\$ 425
Other personnel compensation	\$ 216,411	\$ 219,252	\$ 2,841
Special personal service payments	\$ 5,936	\$ 6,077	\$ 141
Subtotal, personnel compensation	\$ 5,000,688	\$ 4,943,780	-\$ 56,908
Personnel Benefits	\$ 1,475,023	\$ 1,537,992	\$ 62,969
Travel and transportation of persons	\$ 43,451	\$ 39,733	-\$ 3,718
Transportation of things	\$ 9,721	\$ 10,008	\$ 287
Rent, communications, and utilities			
Rental payments to GSA	\$ 715,975	\$ 740,527	\$ 24,552
Rental payments to others	\$ 1,087	\$ 1,087	-
Communications, utilities, misc.	\$ 381,824	\$ 476,764	\$ 94,940
Printing and reproduction	\$ 36,741	\$ 31,825	-\$ 4,916
Other services (DDS, guards, etc.)	\$ 3,530,299	\$ 3,525,479	-\$ 4,820
Supplies and materials	\$ 50,611	\$ 50,094	-\$ 517
Equipment	\$ 210,746	\$ 212,542	\$ 1,796
Land and structures	\$ 135,587	\$ 139,067	\$ 3,480
Grants, subsidies and contributions	\$ 32,584	\$ 33,545	\$ 961
Insurance claims and indemnities	\$ 20,713	\$ 21,324	\$ 611
Interest and dividends	\$ 5	\$ 6	\$ 0
Total Obligations	\$ 11,645,056	\$11,763,772	\$ 118,216
Resources not being obligated in the current year (carrying over or lapsing)	\$ 100,608	\$ 96,835	-\$ 3,772
Total Budgetary Resources³	\$ 11,745,664	\$ 11,860,608	\$ 114,444
Payments to State DDS (funded from other services and Communications, utilities, and misc.)	\$ 2,216,000	\$ 2,224,000	\$ 8,000

¹ The obligations include the base LAE appropriation, Recovery Act, LIS, and SCHIP. The table reflects FY 2011 actual and FY 2012 and FY 2013 projections of spending by object class. Resources are not managed at the object class level and SSA has the flexibility within the LAE account to modify projected spending during the budget execution process.

² Totals may not add due to rounding.

³ FY 2012 does not include funding for unrealized State User Fees.

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)**

	2011 Amount Authorized	2011 Actual¹	2012 Amount Authorized	2012 Enacted²	2013 Amount Authorized	2013 Estimate³
Title II, Section 201(g)(1) of the Social Security Act	Indefinite	\$ 11,423,607	Indefinite	\$11,453,290	Indefinite	\$11,760,000

¹ The FY 2011 appropriations include \$484 million in additional funding for program integrity work, \$186 million for SSI State Supplement user fees and up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

² The FY 2012 enacted LAE Budget Authority is \$11,453 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately \$7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately \$154 million. The available LAE funding for FY 2012 is approximately \$11,446 million. The FY 2012 funding includes \$161 million for SSI State Supplement user fees, up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203), and \$483 million in additional funding for program integrity work appropriated in the Disaster Relief Appropriations Act, 2012 (P.L. 112-77).

³ The FY 2013 request includes \$751 million in cap adjustment funding for program integrity work, \$170 million for SSI State Supplement user fees, and up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

APPROPRIATIONS HISTORY

The table below includes the amount requested by the President, passed by the House and Senate Committees on Appropriations, and ultimately appropriated for the LAE account, including any rescissions and supplemental appropriations, for the last 10 years. The annual appropriation includes amounts authorized from SSI State Supplement user fees and, beginning in FY 2005, non-attorney representative user fees.

Table 3.13—Appropriations History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
2003	\$7,937,000,000 ¹	---	\$7,936,000,000 ³	\$7,936,000,000 ⁴
Rescission ⁵				-\$50,862,500
Final				\$7,885,137,500
2004	\$8,530,000,000 ⁶	\$8,361,800,000 ⁷	\$8,530,000,000 ⁸	\$8,361,800,000 ⁹
Rescission ¹⁰				-\$48,626,600
Final				\$8,313,173,400
Medicare Modernization Act ¹¹				\$500,000,000
2005	\$8,878,000,000 ¹²	\$8,798,100,000 ¹³	\$8,622,818,000 ¹⁴	\$8,801,896,000 ¹⁵
Rescission ¹⁶				-\$69,394,400
Final				\$8,732,501,600
2006	\$9,403,000,000 ¹⁷	\$9,279,700,000 ¹⁸	\$9,329,400,000 ¹⁹	\$9,199,400,000 ²⁰
Rescission ²¹				-\$90,794,000
Final				\$9,108,606,000
Hurricane Katrina Funding ²²				\$38,000,000
2007	\$9,496,000,000 ²³	\$9,293,000,000 ²⁴	\$9,093,000,000 ²⁵	\$9,297,573,000 ²⁶
2008	\$9,596,953,000 ²⁷	\$9,696,953,000 ²⁸	\$9,721,953,000 ²⁹	\$9,917,842,000 ³⁰
Rescission ³¹				-\$173,264,731
Final				\$9,744,577,269
Economic Stimulus Act ³²				\$31,000,000
2009	\$10,327,000,000 ³³	---	\$10,377,000,000 ³⁵	\$10,453,500,000 ³⁶
MIPPA – Low Income Subsidy ³⁷				\$24,800,000
Recovery Act ³⁸				\$1,090,000,000
2010	\$11,451,000,000 ³⁹	\$11,446,500,000 ⁴⁰	\$11,446,500,000 ⁴¹	\$11,446,500,000 ⁴²
Rescission ⁴³				\$47,000,000
2011	\$12,378,863,280 ⁴⁴	---	\$12,377,000,000 ⁴⁶	\$11,446,500,000 ⁴⁷
Rescission ⁴⁸				\$22,893,000
Final				\$11,423,607,000
2012	\$12,522,000,000 ⁴⁹	---	\$11,632,448,000 ⁵¹	\$11,474,978,000 ⁵²
Rescission ⁵³				\$21,688,000
Final				\$11,453,290,000 ⁵⁴
2013	\$11,760,000,000 ⁵⁵			

¹ For comparability purposes, amounts do not reflect the Administration’s proposal to charge the full cost of accruing retirement benefits and annuitant health benefits to agency accounts. The FY 2003 Congressional Justification shows \$8,282,753,000, \$345,753,000 more than reflected on this table. The proposed legislation was

-
- not enacted. Total includes \$112,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- ² The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included \$7,936,000,000.
- ³ S. 2766.
- ⁴ Consolidated Appropriations Resolution, 2003 (P.L. 108-7).
- ⁵ A total of \$50,862,500 was rescinded by Consolidated Appropriations Resolution, 2003 (P.L. 108-7).
- ⁶ Total includes \$120,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- ⁷ H.R. 2660.
- ⁸ S. 1356.
- ⁹ Consolidated Appropriations Act, 2004 (P.L. 108-199).
- ¹⁰ A total of \$48,626,600 was rescinded by Consolidated Appropriations Act, 2004 (P.L. 108-199).
- ¹¹ A total of \$500,000,000 was provided to SSA for start-up costs for the implementation of the Medicare Modernization Act of 2003 (P.L. 108-173).
- ¹² Total includes up to \$121,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- ¹³ H.R. 5006.
- ¹⁴ S. 2810.
- ¹⁵ Consolidated Appropriations Act, 2005 (P.L. 108-447). Total includes up to \$124,000,000 from user fees paid by states for Federal administration of SSI State Supplement 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).
- ¹⁶ A total of \$69,394,400 was rescinded by Consolidated Appropriations Act, 2005 (P.L. 108-447).
- ¹⁷ 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 Supplement 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).
- ¹⁸ H.R. 3010.
- ¹⁹ H.R. 3010, reported from Committee with an amendment.
- ²⁰ Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149). Total includes up to \$119,000,000 from user fees paid by states for Federal administration of SSI State Supplement 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).
- ²¹ A total of \$90,794,000 was rescinded by Department of Defense Appropriations Act, 2006 (P.L. 109-148).
- ²² A transfer from Department of Homeland Security for Hurricane Katrina-related costs (appropriated by P.L. 109-234).
- ²³ 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 Supplement 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).
- ²⁴ H.R. 5647.
- ²⁵ S. 3708.
- ²⁶ Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).

Limitation on Administrative Expenses

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- ²⁷ 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 Supplement 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).
- ²⁸ H.R. 3043.
- ²⁹ S. 1710.
- ³⁰ Consolidated Appropriations Act, 2008 (P.L. 110-161). Includes up to \$132,641,550 from user fees paid by states for Federal administration of SSI State Supplement 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).
- ³¹ A total of \$173,264,731 was rescinded by the Consolidated Appropriations Act, 2008 (P.L. 110-161).
- ³² Economic Stimulus Act (P.L. 110-185) provides funds for work related to rebate checks for Title II beneficiaries and disabled veterans.
- ³³ Total includes \$504,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$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 Supplement 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).
- ³⁴ The House Committee on Appropriations did not report a bill.
- ³⁵ S. 3230.
- ³⁶ Omnibus Appropriations Act, 2009 (P.L. 111-8). Total includes \$504,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$264,000,000 in base funding and \$240,000,000 in additional funds. After enactment of the FY 2009 appropriation, \$1,378,700 was transferred from LAE to OIG.
- ³⁷ From the General Fund of the Treasury, the Medicare Improvements for Patients and Providers Act (MIPPA) (P.L. 110-275) provides \$24,800,000 for activities related to the implementation of changes to the Low-Income Subsidy program. The MIPPA total does not include \$24,100,000 for Medicare Savings Program outreach and transmittal of data to states. Also not included is the Children’s Health Insurance Program Reauthorization Act (P.L. 111-3), which appropriated to SSA \$5,000,000 to provide states the option to verify citizenship or nationality for the purposes of determining Medicaid or Children’s Health Insurance Program eligibility.
- ³⁸ The American Recovery and Reinvestment Act (Recovery Act) (P.L. 111-5) provides SSA \$500,000,000 to process growing disability and retirement workloads, \$500,000,000 to replace the National Computer Center, and \$90,000,000 to administer the \$250 economic recovery payments for eligible Social Security and Supplemental Security Income beneficiaries.
- ³⁹ Total includes \$758,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$273,000,000 in base funding and \$485,000,000 in additional funds. Includes up to \$165,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ⁴⁰ H.R. 3293.
- ⁴¹ H.R. 3293, reported from Committee with an amendment.
- ⁴² Consolidated Appropriations Act, 2010 (P.L. 111-117). Total includes \$758,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$273,000,000 in base funding and \$485,000,000 in additional funds. The enacted amount matches the President’s request, after accounting for a technical adjustment resulting from CBO’s scoring of user fees. Total includes up to \$160,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments, and \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ⁴³ \$47,000,000 of Recovery Act Economic Recovery Payment administration funds rescinded by section 318 of P.L. 111-226.

⁴⁴ Total includes \$796,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$283,000,000 in base funding and \$513,000,000 in additional funds. Includes up to \$185,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes \$1,863,280 to increase SSA’s acquisition workforce capacity and capabilities.

⁴⁵ The House Committee on Appropriations did not report a bill.

⁴⁶ S. 3686.

⁴⁷ Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

⁴⁸ A total of \$22,893,000 was rescinded by the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The table does not display a \$200,000,000 rescission of no-year IT funds enacted in the Additional Continuing Appropriations Amendments, 2011 (P.L. 112-6) or a \$75,000,000 rescission of no-year IT funds enacted in the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

⁴⁹ Total includes \$938,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$315,000,000 in base funding and \$623,000,000 in additional funds. Includes up to \$163,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes \$1,863,000 to increase SSA’s acquisition workforce capacity and capabilities.

⁵⁰ The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$12,041,494,000.

⁵¹ S. 1599.

⁵² Consolidated Appropriations Act, 2012 (P.L. 112-74). Total includes \$483,484,000 for continuing disability reviews and SSI redeterminations appropriated in the Disaster Relief Appropriations Act (P.L. 112-77).

⁵³ A total of \$21,688,000 was rescinded by the Consolidated Appropriations Act, 2012 (P.L. 112-74).

⁵⁴ The FY 2012 enacted LAE Budget Authority is \$11,453 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately \$7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately \$154 million. The available LAE funding for FY 2012 is approximately \$11,446 million.

⁵⁵ Total includes \$1,024,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$273,000,000 in base funding and \$751,000,000 in additional funds. Includes up to \$170,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and 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 we administer—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, stewardship and efficiency.

Between the three major programs SSA administers—OASI, DI, and SSI—Federal benefit payment outlays totaled \$771.8 billion in FY 2011; under current law, Federal benefit payment outlays are expected to increase to \$815.6 billion in FY 2012 and \$869.1 billion in FY 2013. At approximately 1.5 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^{1,2}
(dollars in billions)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Old-Age and Survivors Insurance	\$ 591.5	\$ 631.2	\$ 672.0
Disability Insurance	\$ 128.0	\$ 136.3	\$ 142.8
Supplemental Security Income	\$ 52.4	\$ 48.1	\$ 54.2
Total Outlays	\$ 771.8	\$ 815.6	\$ 869.1

Paralleling the growth in benefit payment outlays, the number of Federal beneficiaries of the three major programs SSA administers is expected to increase from 59.6 million in FY 2011 to 61.4 million in FY 2012 and 63.3 million in FY 2013.

Table 3.15—Beneficiaries^{1,3}
(average in payment status, in millions)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Old-Age and Survivors Insurance	44.1	45.3	46.7
Disability Insurance	10.3	10.7	11.1
Supplemental Security Income ⁴	7.8	8.0	8.2
Concurrent Recipients ⁵	-2.5	-2.6	-2.6
Total Beneficiaries	59.6	61.4	63.3

¹ Totals may not add due to rounding.

² Totals do not include payments to recipients of Special Benefits for World War II Veterans.

³ Totals do not include recipients of Special Benefits for World War II Veterans.

⁴ Does not include recipients who only receive a Federally Administered State supplementary payment and no Federal benefit.

⁵ Recipients receiving both DI and SSI benefits.

FULL TIME EQUIVALENTS AND WORKYEARS

The following table summarizes the LAE Federal and State workyears requested for FY 2013.

Table 3.16—SSA Supported Federal and State Workyears

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
LAE Federal Full-Time Equivalents (FTEs) ¹	67,030	64,545	62,761
LAE Federal Overtime/Lump Sum Leave ¹	2,328	2,418	2,418
Total SSA Workyears (excludes OIG)	69,358	66,963	65,179
Total State DDS Workyears	16,739	14,825	14,391
Total SSA/DDS Workyears (excludes OIG)	86,097	81,788	79,570

SOCIAL SECURITY ADVISORY BOARD

This budget includes \$2.15 million for the Social Security Advisory Board in FY 2013. The *Social Security Independence and Program Improvements Act of 1994* mandated the creation of a seven-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. For more information about the Social Security Advisory Board, please visit the [Social Security Advisory Board website](#).

¹ Includes all workyears funded by the Recovery Act, MIPPA and Children's Health Insurance Program Reauthorization Act of 2009.

IT FUND TABLES

Table 3.17— LAE Expired Balances & No-Year IT Account (in thousands)

LAE Expired Accounts	Amounts
LAE unobligated balance from FY 2007-2000	\$269,000
LAE unobligated balance available from FY 2011	\$30,700
Total LAE unobligated balance from FY 2007-2011	\$300,300 ¹
Amounts projected for prior year adjustments	-\$170,700 ²
Total LAE unobligated balance available for transfer from FY 2006-2010	\$129,600
No-Year ITS Account	
Carryover from funds transferred in FY 2010 for FY 2011	\$280,000
Carryover from FY 2010 (Unobligated Balances)	\$105,413
Total carryover from FY 2010 to FY 2011	\$385,413
Funds transferred in FY 2011 for FY 2011(net, after FY 2011 rescissions)	\$76,000 ³
Total FY 2011 no-year ITS funding available	\$ 461,413
FY 2011 Obligations	-\$428,936
Recoveries in FY 2011	\$0
Total carryover into FY 2012	\$32,477
Funds transferred in FY 2012 for FY 2012 (apportioned on 11/22/2011)	\$129,600
Total FY 2012 no-year ITS funding available	\$162,077

¹ Reflects adjustments to the unobligated balances for these years, as well as, transfers totaling \$200 million to the ITS no-year accounts for FY 2012. The \$200 million was then rescinded under the 6th CR for FY 2011. Balances as of 9/30/2011.

² We believe it is essential that these funds remain in the expired LAE accounts (FY2007-2011) to cover potential upward adjustments. Otherwise SSA could face an anti-deficiency violation.

³ A total of \$351 million was transferred in FY 2011 for FY 2011. FY 2011 rescissions totaling \$275 million reduced the available funds from these transfers to \$76 million.

ITS BUDGET AUTHORITY

SSA's FY 2013 Information Technology Systems (ITS) budget provides resources for the acquisition and maintenance of automated data processing (ADP) and telecommunications hardware and software, as well as ADP support services and related contractual services. SSA reviews all information technology (IT) spending to ensure it includes only those projects and activities that are most crucial for the agency's operations and/or have the highest payback. In addition, no-year funding is an essential portion of the total annual IT budget and a significant amount of the IT budget includes of no-year funds.

The table below displays ITS budget authority, split by type of funding, and obligations from FY 2011 through FY 2013

Table 3.18—ITS Budget by Activity

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
Limitation on Administrative Expenses			
One-Year	\$610,020,654 ¹	\$675,053,500 ¹	\$857,000,000
No-Year	\$428,935,831	\$162,077,300	
Subtotal	\$1,038,956,485	\$837,130,800	\$857,000,000
Recovery Act (National Support Center)	\$4,999,505	\$21,134,000	\$0
Other Funding			
Automation Investment Fund	\$2,383,256	\$69,433	\$0
State Children's Health Insurance Program	\$404,600	\$550,000	\$0
Total	\$1,046,743,846	\$858,884,233	\$857,000,000

Below are some of our significant accomplishments during FY 2011, which were made possible in part by the use of No-year funds:

- **Enhancements to on-line services:** This investment area offers SSA services to citizens on-line. Available on-line services include:
 - Apply for Retirement benefits
 - Apply for Disability Benefits
 - Apply for Supplemental Security Income benefits
 - Apply for Medicare benefits
 - Get a replacement Medicare card
 - Get or change a password
 - Find out if you qualify for benefits
 - Estimate your future benefits

¹ One-year funds include regular one-year, base CDRs, additional CDRs, and Access to Financial Institutions

Limitation on Administrative Expenses

- Request proof of income letter
- Change your address or telephone number
- Change or sign up for direct deposit
- Select or change the way you receive information from SSA
- **Disability Workloads:** Investments in this area help to reduce the hearing office backlogs, improve the speed and quality of the disability process and provide modernization and linkage to an electronic disability folder. During FY 2011, the following advances were made in this area:
 - Awarded a contract for the development of a modern, common, case processing system that will integrate the entire disability claims process.
 - Upgraded and enhanced legacy disability systems.
 - Implemented additional functionality to the electronic case analysis (eCat) tool.
 - Expanded Compassionate Allowance functionality to adult internet disability applicants.
 - Streamlined startup activities for the American Recovery and Investment Act (ARRA) contract partners providing data for MEGAHIT (Medical Evidence Gathering and Analysis through Health Information Technology).
- **Access to Financial Institutions:** Because SSI is a means-tested program, we must verify available income and resource levels as factors of eligibility. Historically, financial accounts held by SSI recipients with balances above the resource limit are a leading cause of payment error. To reduce errors, the Access to Financial Institutions (AFI) process replaces the practices of individual self-reporting and direct contacts with financial institutions.
 - As of June 2011, we completed rollout of AFI.
 - After we lower the tolerance to \$0, increase the number of bank searches, and fully integrate the process with our systems, we project roughly \$900 million in lifetime program savings for each year we use the fully implemented process.
- **SSN Randomization:** The SSN Randomization project changes the method of assigning SSNs from the current algorithm method of three digit area assignments to randomization of all nine digits.
 - Over 100 modules affecting 29 applications were updated as a result of this change.
 - To provide adequate SSNs for allocation, a series of unused reserved SSNs are randomly assigned to individuals applying for original SSNs after implementation.
 - The allocation of SSNs in unused and reserved ranges yield over 400 million new SSNs to assign over the next 75 years.
- **Data Center Infrastructure:** The National Computer Center (NCC), which opened in 1980, has been in continuous operation as a data center for more than 30 years.

- SSA's Data Center investment secures and maintains demographic, wage, and benefit information on all American citizens.
- The investment ensures the availability, changeability, stability, and security of SSA's IT operations.
- Implemented desktop power management solution to all desktops and laptops across the agency. These workstations and laptops will now enter a low-power "sleep" state after 60 minutes of inactivity. Implementing this solution brings SSA into compliance with Executive Orders 13423 and 13514, which mandates power management settings for inactive monitors, desktops and laptops
- Implemented zOS1.12, IBM's flagship operating system. SSA's mainframe systems are now more equipped to handle expected workload increases as well as high availability demands.
- Implementation of De-Duplication Technology/appliances. De-Duplication is a method of reducing storage by eliminating redundant data. The use of these devices results in a savings of power, cooling, and floor space. Plans are to install additional devices in FY12.

Below is a list of major initiatives included in the IT budget.

- **IT Infrastructure:** The IT Infrastructure investments initiatives assure the sustained operation of current IT systems and provide an environment to support the growth of the agency's new systems and technical infrastructure. The following are major IT Infrastructure initiatives:
 - Data Center
 - Office Automation
 - Telecommunications
 - Telephone Systems Replacement Project
- **Core Services:** Core Services develop seamless, integrated, customer-centric automation tools that support all service delivery channels and several major business processes of the agency. The following are major Core Services initiatives:
 - Citizen Access Routing Enterprise Through 2020 (CARE Through 2020)
 - Medicare Support Activities
 - Online Claims
 - Title II
- **Disability Process:** Disability Process investments will support the administration of SSA's disability programs and allow the agency's employees to provide quality service that is responsive to the needs of the disabled population. The following are major Disability Process initiatives:
 - Disability Case Processing System (DCPS)
 - Disability Determination Services (DDS) Automation
 - Intelligent Disability (IDib)

Limitation on Administrative Expenses

- **Security and Business Recovery:** The Security and Business Recovery investment implements security policies and procedures within the IT environment at SSA. This investment will ensure that IT resources will be protected from internal and external users' threats, such as unauthorized access, misuse, damage, or loss.
- **High Performing Workforce:** The High Performance Workforce IT initiatives will improve the productivity, efficiency, and quality of the agency's human resource systems and services. Interactive Video Teletraining is a major High Performing Workforce initiative.
- **Program Integrity:** Program Integrity IT investments support the agency's goal to preserve the public's trust in the agency's programs. The agency's goals for Program Integrity are to: minimize improper payments, automate the collection of death information, increase the electronic filing of wage reports and improve earnings record accuracy, strengthen our ability to protect program dollars from fraud, waste, and abuse, ensure that internal control deficiencies affecting our financial statements are corrected, and ensure the safety of SSA's resources during emergencies. Earnings Redesign is a major program integrity initiative.
- **Enterprise Architecture and Planning:** IT investments in this area provide support services, hardware, and software needed to design, develop, and document enhancements to SSA's Enterprise Architecture, explore promising technologies and carry out the responsibilities of the Chief Information Officer.
- **Financial Management Systems:** Financial Management Systems IT investment supports the agency's compliance with applicable accounting principles, standard, and related requirements; management control standards; and policies and requirements prescribed by the Office of Management and Budget and the Department of Treasury. Financial Accounting System is a major Financial Management Systems initiative.
- **Hearings Process:** The Hearings Process investments promote and manage IT projects that directly advance the Commissioner's plan to eliminate the backlog and prevent its recurrence.

SSA E-GOV CONTRIBUTIONS

SSA supports many E-Government initiatives. These initiatives serve citizens, businesses, and Federal employees by delivering high-quality services more efficiently and by providing services that might not otherwise be available. These initiatives are included in the agency’s IT budget.

Table 3.19 – SSA e-Gov Contributions (in thousands)¹

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Disaster Assistance Improvement Plan	\$ 182.51	\$ 64.77	\$ 40.50
E-Federal Health Architecture LoB	\$ 0	\$ 500.00	\$ 0
E-Rulemaking	\$ 70.00	\$ 57.90	\$ 62.41
Financial Management LoB	\$ 44.44	\$ 44.44	\$ 44.44
Geospatial LoB	\$ 15.00	\$ 15.00	\$ 15.00
GovBenefits.gov	\$ 256.74	\$ 231.07	\$ 193.47
Grants.gov	\$ 39.30	\$ 37.71	\$ 30.31
Grants Management LoB	\$ 28.46	\$ 28.46	\$ 28.11
Human Resources Management LoB	\$ 130.44	\$ 130.44	\$ 130.44
IAE-Loans and Grants	\$ 12.96	\$ 12.96	\$ 12.96
Integrated Acquisition Environment (IAE)	\$ 39.12	\$ 93.87	\$ 98.07
Performance Management LOB			\$ 17.00
Total	\$ 818.98	\$ 1,216.63	\$ 672.71

Social Security remains an active contributor to E-Government initiatives.

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

E-Federal Health Architecture Line of Business (LoB) will support integration of the agency’s health information systems into the emerging Nationwide Health Information Network (NHIN).

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.

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

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.

¹ Totals may not add due to rounding.

Limitation on Administrative Expenses

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.

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.

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

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

Performance Management Line of Business modernizes the Federal Government's performance reporting framework by facilitating a transition from print-based GPRA performance plans and reports to a shared, web-based, Government-wide performance portal, as required by the GPRA Modernization Act (Sec. 7 and Sec. 10).

Table 3.20 – Other SSA Expenses/Service Fees Related to e-Gov Projects (in thousands)¹

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Recruitment One-Stop	\$ 414.3	\$ 414.3	\$ 407.3
Enhanced Human Resource Integration	\$ 1,348.4	\$ 1,402.2	\$ 1,468.8
E-Payroll	\$ 14,127.1	\$ 14,127.1	\$ 16,150.8
E-Travel	\$ 1,339.2	\$ 1,339.2	\$ 1256.7
Total	\$ 17,229.0	\$ 17,282.8	\$ 19,283.6

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.

¹ Totals may not add due to rounding.

Recruitment One-Stop provides an online portal (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.

EMPLOYMENT

The following table provides a detailed view of the full-time equivalent employment levels.

Table 3.21—Detail of Full-Time Equivalent Employment

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Limitation on Administrative Expenses Account	66,749	64,245	62,461
Reimbursable Work	281	300	300
	67,030	64,545	62,761

The following table lists the Average Grade and Salary for SSA employees for FY 2011. It includes averages for Executive Service (ES) and General Service (GS) employees.

Table 3.22—Average Grade and Salary

	FY 2011 Actual
Average ES Salary	\$ 165,900
Average GS/WG Grade	10
Average GS/WG Salary	\$ 69,300

Table 3.23—Historical Staff-On-Duty by Major SSA Component¹

	FY 2010 Actual	FY 2011 Actual
Field Offices	31,331	29,652
Teleservice Centers	5,206	4,802
Processing Centers	11,868	11,216
Regional Offices	1,989	1,801
Operations Subtotal	50,394	47,471
Office of Disability Adjudication and Review	10,055	9,963
Systems	3,405	3,384
Office of Quality Performance	1,343	1,271
Headquarters	5,005	4,784
SSA Total	70,202	66,873

¹ Includes full time, part time, and temporary employees

PHYSICIANS' COMPARABILITY ALLOWANCE

Table 3.24—Physicians Comparability Allowance Worksheet

Physicians' Comparability Allowance (PCA) permits agencies to provide allowances to certain eligible Federal physicians who enter into service agreements with their agencies to address recruitment and retention problems (5 U.S.C. 5948). The following worksheet provides details on usage of PCA within SSA from FY 2011-2013.

		PY 2011 (Actual)	CY 2012 (Estimates)	BY 2013* (Estimates)
Number of Physicians Receiving PCAs		5	5	5
Number of Physicians with One-Year PCA Agreements		1	1	1
Number of Physicians with Multi-Year PCA Agreements		4	4	4
Average Annual PCA Physician Pay (without PCA payment)		155,500	155,500	155,500
Average Annual PCA Payment		22,800	22,800	22,800
Number of Physicians Receiving PCAs by Category (non-add)	Category I Clinical Position			
	Category II Research Position			
	Category III Occupational Health			
	Category IV-A Disability Evaluation			
	Category IV-B Health and Medical Admin.	5	5	5

*FY 2013 data will be approved during the FY 2014 Budget cycle.

Maximum annual PCA amount paid to each category of physician:

See tables 3.25 and 3.26 for the maximum annual PCA amount paid to each category of SSA physicians. The amounts shown on the tables have allowed us to successfully recruit and retain our medical officers.

Recruitment and retention problem(s) for each category of physician:

SSA offers PCAs to our medical officers (MO) in order to recruit and retain the highly specialized physicians that we need. MOs are critical to our mission as they possess specialized skills required to write, revise, update, and develop agency medical policy, including medical policy that is used for the evaluation of claims for disability benefits under the Social Security disability insurance program or payments under the Supplemental Security Income program.

The PCA helps to compensate for the decrease in salary that a physician accepts when becoming a civil servant. Our MOs accept a reduction in income under the General Schedule (GS) pay scale, which is capped at the GS 15/step 10.

Also, PCAs continue to be a point of importance among our MOs and are a key factor in our ability to retain our current MOs and recruit new ones. If we do not retain the PCA, our MOs may elect to find employment in other areas or agencies where PCAs are not only offered but also offered at higher amounts than what we offer.

Limitation on Administrative Expenses

SSA must continue to offer PCAs in order to recruit new physician MOs and retain the ones we have as we compete for their services with other government agencies.

Degree to which recruitment and retention problems were alleviated at SSA through the use of PCAs in the prior fiscal year.

Due to current budget constraints, virtually all of SSAs current hiring and hiring for the foreseeable future (including FY 13) is to front-line positions and those dedicated to addressing the hearings backlog. Medical Officer positions do not reside in these components with hiring authority. By authorizing and/or continuing the PCA for incumbents, SSA retained all current Medical Officers in FY 11. It is imperative that SSA retain its current medical officers who are likely to leave for other private sector employers or agencies if we do not offer PCA.

MAXIMUM PHYSICIANS' COMPARABILITY ALLOWANCES

Table 3.25—Maximum Physician’s Comparability Allowances- 1-Year Contract

CATEGORY	PHYSICIANS WITH 24 MONTHS OR LESS OF SERVICE			PHYSICIANS WITH MORE THAN 24 MONTHS OF SERVICE		
	GS-13	GS-14	GS-15/SES	GS-13	GS-14	GS-15/SES
1. Occupational Health	*	*	*	*	*	*
2a. Disability Evaluation	*	*	*	*	*	*
2b. Administration	\$8,000	\$9,000	\$10,000	\$12,000	\$18,000	\$24,000

Table 3.26—Maximum Physician’s Comparability Allowances- 2-Year Contract

CATEGORY	PHYSICIANS WITH 24 MONTHS OR LESS OF SERVICE			PHYSICIANS WITH MORE THAN 24 MONTHS OF SERVICE		PHYSICIANS WITH MORE THAN 24 MONTHS BUT NOT MORE THAN 48 MONTHS OF SERVICE	PHYSICIANS WITH MORE THAN 48 MONTHS OF SERVICE
	GS-13	GS-14	GS-15/SES	GS-13	GS-14	GS-15/SES	GS-15/SES
1. Occupational Health	*	*	*	*	*	*	*
2a. Disability Evaluation	*	*	*	*	*	*	*
2b. Administration	\$12,000	\$13,000	\$14,000	\$18,000	\$24,000	\$27,000	\$30,000

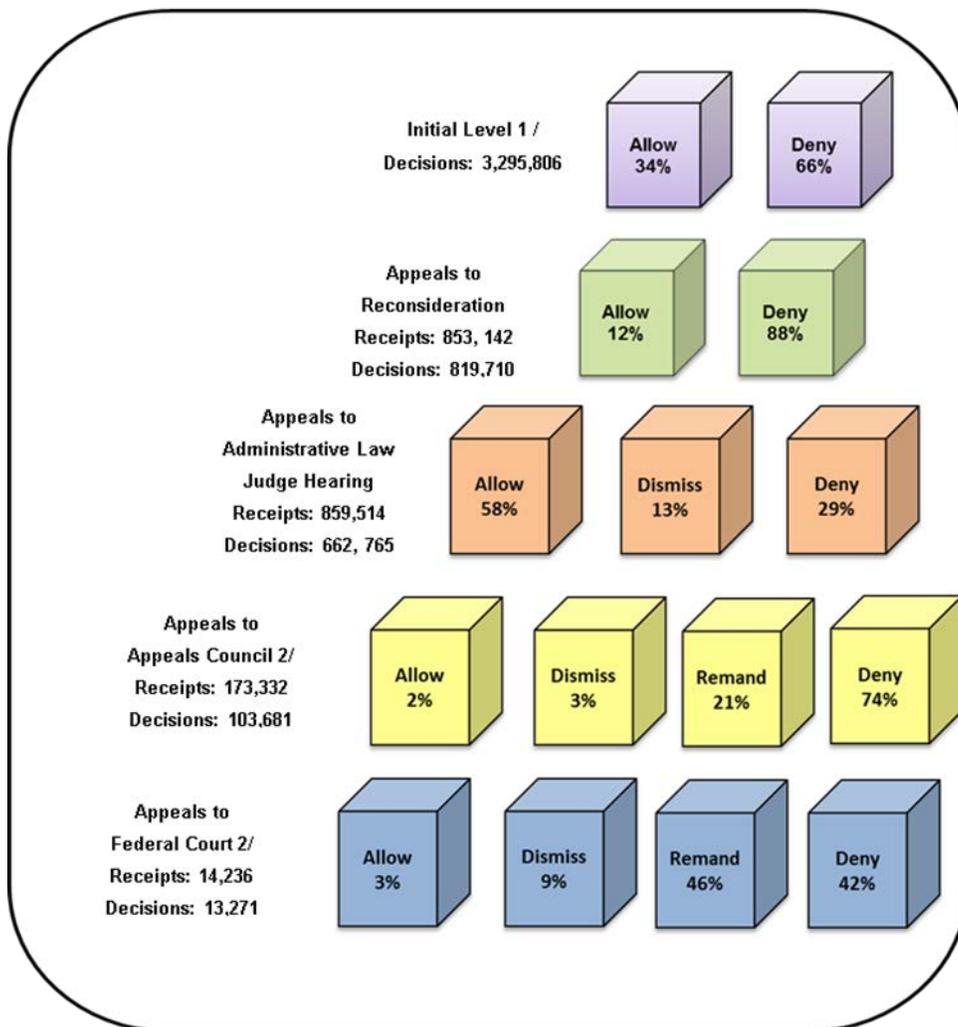
* SSA currently is not experiencing any recruitment or retention problems for the categories of Occupational Health and Disability Evaluation; therefore, no related maximum allowances have been established for these categories. Maximum allowances have been set for the category of Administration because the Commissioner has determined that there is a significant problem recruiting and retaining physicians for a few positions in this category in the Office of Disability Programs and the Office of Personnel.

FY 2011 DISABILITY WORKLOAD

The following table provides data on the FY 2011 disability claims and appeals workload.

Table 3.27—FY 2011 Workload Data Disability Appeals*:

Fiscal Year 2011 Workload Data:
Disability Appeals *



*Includes Title II, Title XVI, and concurrent initial disability determinations and appeals decisions issued in FY 2011, regardless of the year in which the initial claim was filed, and regardless of whether the claimant ever received benefits (in a small number of cases with a favorable disability decisions benefits are subsequently denied because the claimant does not meet other eligibility requirements.) Does not include claims where an eligibility determination was reached without a determination of disability. If a determination or appeals decision was made on Title II and Title XVI claims for the same person, the results are treated as one concurrent decision.

1/About 23% of initial level denials are issued in States that use the Disability Prototype process, which eliminates the reconsideration step of the appeals process. The first level of appeal for these cases is a hearing before an Administrative Law Judge.

2/Federal Court data includes appeals of Continuing Disability Reviews.

Prepared by: SSA, ODPMI (Office of Disability Program Management Information)

Date Prepared: December 20, 2011, Office of Budget Receipt Additions January 10, 2012

Data Sources:

- 1) Initial and Reconsideration Data: SSA State Agency Operations Report
- 2) Administrative Law Judge and Appeals Council data: SSA Office of Disability Adjudication and Review (ODAR)
- 3) Federal Court data: SSA Office of General Counsel

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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, [\$28,942,000] \$30,000,000, together with not to exceed [\$73,535,000] \$77,600,000, 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 of Representatives and the Senate at least 15 days in advance of any transfer. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012.*)

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes significant items in the FY 2012 appropriations bill managers' statement and Senate report.

Table 4.1—Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012: Senate Report (S. Rept. 112-84)—Significant Items

Video Technology	Actions Taken or To Be Taken
<p>The conferees request a report by OIG within 180 days of enactment analyzing legislative and administrative options, including potential challenges, for expanding access to video hearings. The report should analyze the costs and benefits to the claimant, claimant representatives, and taxpayers related to the current use and potential expansion of the use of video hearings by SSA. The report should be sent to the House and Senate Appropriations Committees, the House Committee on Ways and Means and the Senate Committee on Finance.</p>	<p>We will submit a report to the Appropriations, Ways and Means and Finance Committees within the timeframe requested.</p>

GENERAL STATEMENT

OVERVIEW

The Fiscal Year (FY) 2013 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$107,600,000 in total budget authority and 590 full-time equivalents (FTE). This is \$5,317,000 above the funding received from the Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012.

The FY 2013 request provides resources to increase our staffing level by 10 FTEs when compared to our FY 2012 staffing level. The FY 2013 budget request will support spending at an operating level that will allow our auditors and investigators to meet their productivity goals. The budget request will provide funding for a 590 FTE staffing level, mandatory payroll increases (e.g., within-grade increases, scheduled promotions, health benefits, etc.), and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2013, and provides ongoing support for 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. OIG will also conduct, supervise, and coordinate audits and evaluations involving the use of funds for the planning, acquisition, management, and disposal of assets pursued by SSA for the purpose of replacing its National Computer Center (NCC). This budget includes \$850,000 for training, which satisfies all FY 2013 training requirements for OIG. OIG is not required to contribute to the Council of the Inspectors General on Integrity and Efficiency in FY 2013, and no funding has been requested for that purpose.

Table 4.2—Justification

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate	FY12 to FY13 Change
FTE	574	580	590	(+10)
Appropriation	\$ 102,477,000	\$ 102,283,000	\$ 107,600,000	+ \$ 5,317,000
ARRA ¹	\$ 171,000	\$ 814,000	\$ 0	-\$ 814,000
Total Obligations ²	\$ 102,454,000	\$ 103,097,000	\$ 107,600,000	+ \$ 4,503,000
Unobligated balance lapsing	\$ 194,000	\$ 0	\$ 0	+\$ 0

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual ARRA obligation for FY 2009 is \$603,000, \$432,000 for FY 2010, and \$171,000 for FY 2011. The planned ARRA obligation for FY 2012 is \$814,000.

² The actual obligation excluding ARRA for FY 2011 is \$102,283,000. The planned obligation for FY 2012 and FY 2013 is \$103,097,000 and \$107,600,000 respectively.

ONGOING INITIATIVES

Computer Forensic Investigations

Over the past several years, there has been a heightened awareness of the need for robust measures in the protection of government networks and the investigation of incidents of cyber crimes against those networks. With the creation of National Security Presidential Directive 54 and the emphasis placed on the Government's Trusted Internet Connection initiative, the protection of government networks has become a priority. OIG's Electronic Crimes Division (ECD) is charged with providing computer forensic support to the Office of Investigations and SSA. ECD is a partner in the agency's effort to protect Personally Identifiable Information (PII) stored within SSA's networks. However, with the increased focus on network security, ECD must enhance its abilities in the area of Computer Security and Incident Response. ECD seeks to develop the skills and hire personnel to maintain an effective Computer Security Incident Response Team. This team will provide investigative and security support to SSA in the event of a network intrusion.

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 as computer crimes become easier to commit with new technology. To be effective, OIG must keep pace with technological advances. Our FY 2013 budget request includes funds to provide our computer forensic investigators with the equipment, training, and software needed to combat computer crimes.

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's facilities and 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, 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 OIG's efforts critical to the Government-wide fight against terrorism.

Allegation Management and Fugitive Enforcement

The Allegation Management and Fugitive Enforcement Division (AMFED) is responsible for receiving, analyzing, and referring allegations of fraud, waste, and abuse in Social Security programs and operations. AMFED is also responsible for managing the fugitive warrant verification and referral process for Social Security's fugitive enforcement operations.

In FY 2011, these processes contributed significantly to the mission of OIG and Social Security. AMFED received 62,147 allegations. Through the development of referred allegations, SSA identified \$4,497,359 in benefit overpayments. AMFED matched 10,247 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for

apprehension and warrant verification. AMFED referred 16,476 fugitive subjects for benefit suspension. Through data-sharing efforts, 1,161 fugitives were apprehended.

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*. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements, representations, or omissions in connection with obtaining or retaining Disability Insurance benefits or Supplemental Security Income (SSI) payments. Section 1129 also allows for CMPs against representative payees who misuse benefits or payments. 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 misleading manner that falsely implies SSA's approval, endorsement, or authorization. In FY 2011, OIG's CMP program successfully closed 67 Section 1129 cases and 3 Section 1140 cases, resulting in penalties and assessments of \$2,798,172 for the Section 1129 cases and \$62,500 for the Section 1140 cases.

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. Strengthen Strategic and Tactical Planning
2. Improve Customer Service
3. Improve the Timeliness and Quality of the Disability Process
4. Improve Transparency and Accountability
5. Invest in Information Technology Infrastructure to Support Current and Future Workloads
6. Reduce Improper Payments and Increase Overpayment Recoveries
7. Reduce the Hearings Backlog and Prevent its Recurrence
8. Strengthen the Integrity and Protection of the Social Security Number

A summary of each is discussed below:

Issue #1: Strengthen Strategic and Tactical Planning

The environment in which SSA operates continues to change. The number of individuals receiving benefits has increased, and SSA predicts that it will continue to increase by the millions. The agency estimates that 80 million individuals, most from the baby boom generation, will file for benefits over the next 20 years. The population applying for benefits will expect SSA to provide a greater number of services electronically. SSA realizes that it needs to rely more on technology not only to meet customer expectations, but to keep up with a rising workload. As workloads rise, a greater proportion of SSA's workforce will become eligible to retire; 23 percent of SSA's employees are currently eligible. While not every employee retires as soon as he or she is eligible to do so, SSA predicts that over 36 percent of its current workforce will retire by 2019. Given the expectation of leaner future budgets, SSA needs to plan to meet its mission with fewer resources.

At a time when SSA needs to plan to do more with less, SSA lacks long-term plans in a number of critical areas. In a March 2011 report, *The Social Security Administration: A Vision for the Future*, the Social Security Advisory Board recommended that SSA take multiple steps to ensure success in 2020, including rethinking its service delivery strategy, performing a comprehensive review of program policy to reduce complexity, establishing a Systems Modernization Plan, and developing a Human Capital Plan. SSA's Future Systems Technology Advisory Panel's June 2010 report, *Reimagining Social Security*, recommended that SSA establish electronic service delivery as a strategic goal.

A prior OIG report noted that SSA did not have a comprehensive Agency Information Infrastructure Plan to meet potential processing needs for the next 20 years or that would allow the agency to recover quickly if one or more major components of its processing infrastructure failed or was destroyed. While SSA has an information technology (IT) planning process, the process is decentralized and SSA officials agreed that it needed to be strengthened. Further, SSA does not have a long-term (10 years or longer) customer service delivery plan. Instead, SSA uses its Agency Strategic Plan to present incremental steps it must take to reach a greater vision for the agency.

The *Government Performance and Results Act of 1993* (GPRA) mandates that Federal agencies draft strategic plans to help improve service delivery by requiring that Federal managers plan to meet program objectives. The *GPRA Modernization Act of 2010* reaffirms the importance of strategic planning. Under this law, Federal agencies are required to continue drafting strategic plans, including descriptions of the operational processes, skills, technology, and human capital information and other resources required to meet the agencies' strategic goals and objectives. While GPRA-based strategic plans may provide a needed framework, SSA's descriptions within its strategic plans of the programs, processes, and resources needed to meet its mission and strategic objectives have generally been broad-based roadmaps. SSA needs more detailed planning to ensure it achieves the desired outcomes. Additionally, SSA's GPRA-based strategic plans have covered a period of 5 years, and future plans may cover only 4 years based on revised timeframes within the *GPRA Modernization Act*. While planning for the next few years is important, SSA needs a longer-term vision to ensure the agency has the programs, processes, and infrastructure required to provide needed services now and in 10 to 20 years.

Issue #2: Improve Customer Service

SSA acknowledges that it has struggled to maintain the level of service the American people deserve. Many factors challenge SSA, including growing workloads, changing customer expectations, an aging workforce, and budget constraints. For example, SSA is receiving increasing numbers of claims. The agency received 3.3 million disability claims in FY 2011—about 100,000 more than in FY 2010. It also received about 4.8 million retirement and survivor claims (including Medicare applications) in FY 2011. Nearly 80 million baby boomers are expected to file for retirement over the next 20 years—an average of 10,000 per day. Also, SSA is finding that the public expects it to provide services in new ways made possible by technology. Further, the projected retirement of its employees continues to present a challenge to SSA's customer service capability. SSA estimates that over 47 percent of its employees, including 63 percent of its supervisors, will be eligible to retire by FY 2019. This loss of institutional knowledge may adversely affect SSA's ability to deliver the quality service the public expects.

Budget: The budget has also affected SSA's ability to provide service to the public. For example, in March 2011, SSA suspended mailing all Social Security Statements, and in August 2011, SSA began closing field offices 30 minutes earlier each day because of budget constraints. Further, in March 2011, the Commissioner stated SSA's FY 2012 budget would not allow the agency to keep up with representative payee accountings.

Customer Service Plan: Despite these challenges, the public deserves competent, efficient, and responsive service. In April 2011, the President issued Executive Order 13571—*Streamlining Service Delivery and Improving Customer Service*—which requires Federal agencies to develop “. . . a Customer Service Plan to address how the agency will provide services in a manner that seeks to streamline service delivery and improve the experience of its customers.”

SSA has implemented various initiatives to improve customer service, such as clarifying correspondence, expanding the use of online and automated services, and improving telephone and field office services. Historically, SSA issues approximately 390 million notices to the public each year, which makes notices the agency's most common communication method. Therefore, SSA is improving its notices to ensure they are clear, concise, and easily understood.

One of SSA's priorities is to provide the public with more service options through a wide range of online and automated services. The agency is working to implement a new, more secure authentication process to provide a safe environment for people to conduct business with SSA online. In FY 2011, SSA launched a new homepage to help the public more easily find information and services on its website. SSA is also working on an initiative to provide the public with access to a variety of personalized online services, such as verifying earnings history, receiving notices, and requesting routine actions. In 2011, SSA launched Spanish versions of their popular Retirement Estimator application, our Medicare Extra Help application, and our online benefit application.

In FY 2011, SSA completed nearly 63 million actions on its national 800-number. SSA continues to replace its 800-number infrastructure with a new system that will help improve service and increase efficiency. SSA continues to upgrade its field offices to offer improved services, such as videoconferencing for individuals living in rural areas and televisions in field office reception areas to broadcast information about SSA programs.

Representative Payee Program: Providing oversight to ensure representative payees properly manage the Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. SSA appoints representative payees to receive and manage the benefits of beneficiaries who are incapable of managing or directing the management of their finances because of their age or mental or physical impairment. Our reviews continue to identify problems with SSA's representative payee program.

To ensure the benefits of minor children are properly managed, SSA agreed to evaluate the feasibility of identifying all children under age 15 without a representative payee. SSA released a new Web-based electronic representative payee misuse system to store and track misuse allegations. To protect beneficiaries from potential harm resulting from conflict of interest, SSA hired a contractor to perform reviews of organizational representative payees serving in dual roles as both the payee and employer.

Issue #3: Improve the Timeliness and Quality of the Disability Process

SSA is facing a considerable increase in initial and reconsideration claims. In FY 2011, SSA received over 3.3 million initial disability and approximately 853,000 reconsideration claims. The increase in claims is matched by an increase in the number of claims pending completion. For example, at the end of FY 2008, there were almost 557,000 initial claims pending. At the end of FY 2011, there were over 759,000 initial claims pending, an increase of 36 percent over the FY 2008 year-end pending level. Further, while SSA completed over 345,000 medical Continuing Disability Reviews (CDR) in FY 2011, over 1.3 million medical CDRs were pending completion at the FY's end.

In addition to the increased receipts, some disability determination services (DDS) are facing high attrition rates, hiring freezes, and employee furloughs, all of which affect SSA's ability to process the disability workload. In FY 2011, DDS staffing decreased from 18,269 employees to 17,066 employees—a loss of 1,203 employees. With the hiring freeze, DDSs are not allowed to replace the lost staff. At the end of 2011, five States were still furloughing DDS employees.

In November 2010, SSA released its *Strategy to Address Increasing Initial Disability Claim Receipts* (Strategy) to reduce the initial claims backlog to a pre-recession level by FY 2014. The multi-year Strategy includes

- increasing staffing in the DDS and Federal disability processing components;
- improving efficiency through automation;
- expanding the use of screening tools to assist in identifying claims likely to be allowed; and
- refining policies and business processes to expedite case completion.

As part of the Strategy, SSA hired additional DDS employees and plans to maintain higher staffing levels over the next several years. In addition, SSA continues to use overtime in the DDSs.

SSA has taken actions to reduce its initial disability claims backlog—primarily by hiring additional staff using both annual appropriations and funding provided under the *American Recovery and Reinvestment Act of 2009*. SSA has also taken or plans to take actions to reduce initial disability claims to a pending level goal of 525,000 by FY 2014. Based on SSA's projections for initial disability claims receipts, workyears, and productivity, we reported that it appears SSA will meet its goal. However, achieving this goal is dependent upon SSA receiving funding that will enable it to achieve the projections for work years and productivity.

Issue #4: Improve Transparency and Accountability

There have been a number of efforts to make Federal agencies more transparent and accountable. The *Chief Financial Officers Act of 1990* (Pub. L. No. 101-576) provides for the production of complete, reliable, timely, and consistent financial information for use by the Executive Branch of the Government and Congress in the financing, management, and evaluation of Federal programs. The *GPR Act of 1993* (GPR Act) (Pub. L. No. 103-62) and the *GPR Modernization Act of 2010* (Pub. L. No. 111-352) seek to improve Federal program effectiveness and public accountability by focusing on results, service quality, and customer satisfaction. More recently,

the Open Government Directive requires that Federal agencies improve the quality of Government information, publish Government information online, create and institutionalize a culture of open Government, and create an enabling policy framework for open Government.

Transparency

While SSA has increased the transparency of its operations through its *Annual Performance Plans*, *Performance and Accountability Reports*, and *Open Government Plan*, we believe the agency can strengthen public reporting of its performance. Our contractor evaluated SSA's alignment of its Performance Indicators (PI) with its strategic goals and objectives and found that 3 strategic goals and objectives did not have an associated PI, and 16 PIs were ineffective measures of the agency's progress in achieving its strategic goals and objectives.

We believe SSA is more transparent when it measures and publicly reports on the performance of its critical programs or activities. Neither SSA's *Strategic Plan* nor the *Annual Performance Plan* contained a performance measure to publicly track SSA's progress in constructing a new data center, even though the *Strategic Plan* states that all the agency's plans depend on a strong 21st-century data center to replace the aged NCC. Also, SSA does not have a performance measure to track progress in updating its computer programs, even though its *Strategic Plan* noted that its IT infrastructure was resting on a foundation of aging computer programs. The aging computer systems make it difficult to implement new business processes and service delivery models.

Accountability

Sound internal controls help ensure the agency is accountable to its mission and relevant laws, regulations, and policies. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Last year, we reported a significant deficiency in SSA's internal control over information security in our *Report on Management's Assertion about the Effectiveness of Internal Control*. We are reporting the same deficiency this year. Specifically, SSA had not consistently complied with the policies and procedures on periodic reassessments of the content of security access profiles. Additionally, security permissions provided to some employees and contractors were in excess of access required to complete their job responsibilities. Lastly, SSA's mainframe operating system contained configurations that increased the risk of unauthorized access to key financial data and programs.

We also believe SSA can bring greater accountability to its administrative cost allocation. We hired a contractor to review the agency's Cost Analysis System (CAS) given its importance to SSA's ability to provide reliable and timely information on the full costs of the programs it administers. Our contractor found that CAS has certain risks that SSA needs to address to ensure it provides viable calculations of SSA's administrative costs. For example, SSA has not updated the CAS cost allocation methodology in over 30 years to account for changes in business processes, system technology, or Federal accounting standards.

Accountability includes using budgeted funds efficiently and effectively. Each FY, SSA does not spend approximately 1 percent of its administrative budget to cover adjustments to existing obligations. SSA can transfer the unspent administrative funds that are not used to cover adjustments to an account for IT investment. Based on a historical review, we found that SSA did not need to leave any funds unspent at the end of the FY to cover adjustments.

Issue #5: Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA faces the challenge of how to best use technology to meet its increasing workloads. SSA will not be able to manage its current and future workloads without the proper IT infrastructure. The agency uses a variety of technologies, including telephone service, the Internet, and videoconferencing to deliver service to its customers. We, along with other organizations including SSA's Advisory Board and the Future Systems Technology Advisory Panel, have concerns regarding the agency's lack of IT strategic planning, as well as its IT physical infrastructure, system modernization efforts, security of sensitive information, and IT service delivery.

SSA's primary IT investment over the next few years is the replacement of the NCC. Increased workloads and growing telecommunication services have strained the NCC's ability to support the agency's business. The agency has taken or plans to take action to address the NCC's sustainability through 2014; however, the agency has projected that its new facility will not be operational before 2016.

Another major challenge facing SSA is the modernization of its systems and applications. SSA's systems modernization is constrained by multiple underlying challenges. The first is that the foundation of SSA's IT infrastructure is an outdated database management system called the Master Data Access Method (MADAM), which SSA developed in the 1980s. There is a concern that future operating system changes may render MADAM unusable, and the technical knowledge and skills needed to remedy the situation in a timely manner may not be available. Consequently, future operating system changes could lead to prolonged outages. Further, the agency's continued reliance on MADAM exposes it to significant risks, including delays in its ability to improve its systems functionality.

Further, some of SSA's legacy applications are in Common Business Oriented Language (COBOL), which constrains SSA's modernization efforts. Studies of SSA's use of COBOL have identified challenges, including cumbersome maintenance, lengthy redevelopment time, and potential loss of institutional knowledge as experienced COBOL programmers retire. In addition, COBOL restricts SSA from developing more sophisticated Web services to enable the agency to meet the growing needs of its customers. SSA plans to transition existing COBOL legacy applications to more modern programming languages.

The agency faces another challenge to keep the sensitive information it houses secure. SSA's FY 2009, 2010, and 2011 Financial Statement Audits identified a significant deficiency in the agency's control of access to its sensitive information. SSA assembled a workgroup to address the access control weaknesses identified as a significant deficiency. The workgroup is testing a commercial tool to manage its employee and contractor access.

Finally, SSA must provide additional electronic services to meet the growing needs of its customers. Because of the economic times and baby boom generation retirements, more individuals are filing for retirement and disability benefits. In FY 2011, 41 percent of all retirement applications and 33 percent of initial disability applications were filed online. To keep field offices from being overwhelmed by increasing workloads, it is the agency's goal to increase electronic filings to 50 percent by 2013. To address this challenge and reduce the workload in field offices, SSA offers over 30 electronic services. Further, SSA has researched

Internet authentication solutions to secure such online initiatives as Ready Retirement, replacement SSN cards, and other automated services.

Issue #6: Reduce Improper Payments and Increase Overpayment Recoveries

Workers, employers, and taxpayers who fund SSA's programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the agency administers, some payment errors will occur. SSA is responsible for issuing over \$700 billion in benefit payments annually to about 60 million people. Given the large overall dollars involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or under-payments.

In November 2009, the President issued Executive Order 13520 on reducing improper payments; and in March 2010, the Office of Management and Budget (OMB) issued guidance for implementing it. Also, in July 2010, the *Improper Payments Elimination and Recovery Act* (IPERA) was enacted. OMB issued guidance on implementing IPERA in April 2011. As a result, all agencies with high-priority programs—those with significant improper payments—are required to intensify their efforts to eliminate payment errors. OMB designated SSA's programs as high-risk.

SSA does identify the major causes of improper payments and takes steps to address them. SSA has developed automated tools to address the more troublesome computation issues. SSA also implemented its Access to Financial Institutions project to reduce Supplemental Security Income (SSI) payment errors by identifying undisclosed financial accounts with balances that place recipients over the SSI resource limit. Further, SSA uses a variety of methods to collect the debt related to overpayments. Collection techniques include internal methods, such as benefit withholding and billing with follow-up.

The CDR is a powerful tool for reducing improper payments. Through completion of CDRs, SSA periodically verifies that individuals are still disabled and eligible for disability payments. Available data indicates that SSA will save about \$9 for every \$1 spent on CDRs. However, the agency has cut back on this workload over the past several years.

Issue #7: Reduce the Hearings Backlog and Prevent its Recurrence

At the forefront of congressional and agency concerns is the timeliness and accuracy of SSA's disability decisions at the hearings adjudicative level. SSA has made progress with its plans to eliminate the hearings backlog and improve average processing time to 270 days by the end of 2013, though increases in hearing receipts and higher than expected Administrative Law Judge (ALJ) attrition hindered progress in FY 2011. As the end of FY 2011, SSA's hearings backlog was approximately 787,000 cases—about 82,000 cases higher than the backlog at the end of FY 2010 and 62,000 higher than its goal for FY 2011. However, SSA continued to improve the timeliness of hearing decisions. The cumulative average processing time for hearings dropped to 360 days as of the end of FY 2011, compared to 426 days as of the end of FY 2010. In addition, SSA is facing significant budgetary challenges in meeting the 2013 goal of eliminating the pending hearings backlog. Based on our 2012 backlog projections, we concluded that SSA will

miss its goal to eliminate the backlog by 2013 if ALJ availability, productivity, or projected hearing receipts varied by as little as 1 percent.

SSA is also facing increased scrutiny of the hearings process itself. Members of Congress have expressed concerns about ALJ adherence to the agency's policies and procedures, as well as their ability to demonstrate good stewardship of taxpayer dollars. Other concerns, such as ALJ workloads, variances in ALJ decisional outcomes, management controls over the hearings process, and quality reviews of ALJ decisions have also come to the forefront. We have begun work to address these issues, which we expect to complete in FY 2012. We will also continue focusing our audit resources on other hearing-related areas to determine whether agency processes are working as intended, including payments to claimant representatives, processing of complaints from the public, and availability of electronic services for the public.

Since May 2007, the agency has been implementing the Commissioner's plan to eliminate the backlog of hearing requests and prevent its recurrence. The agency continued to implement the plan through a variety of initiatives including: 1) expanding the list of diseases and conditions covered under compassionate allowances; 2) increasing adjudicatory capacity through additional hiring, new hearing offices, and the use of senior attorney adjudicators; 3) reducing the volume of aged cases in the hearings pipeline; and 4) improving hearing efficiency with automation and improved business processes, such as the expansion of video hearings.

Issue #8: Strengthen the Integrity and Protection of the Social Security Number

In FY 2011, SSA issued approximately 17 million new and replacement SSN cards and received approximately \$580 billion in employment taxes related to earnings under assigned SSNs. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits due them.

Since the SSN's inception, SSN collection and use has significantly increased nationwide. These unique nine-digit numbers have become commonly used identifiers, and therefore, are valuable as illegal commodities. It has become, in effect, a de facto national identifier, and the Social Security card is used to establish identity and to access other services in American society. While SSA has strengthened controls in the enumeration process and worked to better protect SSNs in its records, the agency has little control over an SSN's collection, use, and disclosure by external entities once it is assigned. To better protect SSNs and assist SSA in improving the accuracy of its earnings records, we believe Congress and the agency should continue seeking measures to limit the collection, use, and disclosure of SSNs—in addition to other measures discussed below.

We commend the agency for numerous improvements in its enumeration process. Nevertheless, we continue to have concerns regarding SSN assignment and protection. For example, the agency has no authority to curb the unnecessary collection and use of SSNs. Our audit and investigative work have taught us that the more SSNs are unnecessarily used, the higher the probability they could be used to commit crimes throughout society. We are also concerned that some noncitizens that are authorized to work by the Department of Homeland Security (DHS), but will only be in the United States for a few months, are permitted to obtain SSNs that are valid for life. Further, we believe controls over the issuance of SSN Printouts are insufficient to prevent improper access to these sensitive documents and disclosure of personally identifiable information. Finally, we are concerned with the growth in the demand for SSN Printouts,

because the proof of identity required for obtaining these is less than that required for SSN replacement cards.

Maintaining the integrity of the SSN and Social Security programs also involves properly posting earnings reported under SSNs. SSA needs accurate earnings records to determine both the eligibility for Social Security benefits and the amount of those benefits. SSA expends scarce resources correcting earnings data when employers report incorrect information. While SSA cannot control all the factors associated with erroneous wage reports, it can improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the agency's employee verification programs, and enhancing employee verification feedback to provide employers with sufficient information on potential employee issues. SSA has been working to eliminate paper wage reports while migrating to an electronic earnings record process, because paper wage reports are more error-prone, labor-intensive, and expensive to process. Further, SSA continues to support E-Verify, a DHS program that allows employers to verify electronically whether newly hired employees are authorized to work in the United States under immigration law. With SSA's assistance, DHS has made program improvements.

MONETARY BENEFITS

In FY 2011, OIG issued 110 audit reports with recommendations, identifying over \$1.6 billion in questioned costs and over \$1.1 billion in Federal funds that could be put to better use. OIG also received over 103,000 allegations of fraud, effected over 1,300 criminal prosecutions, and obtained a return of over \$410 million in investigative accomplishments, comprised of over \$81 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$328 million in projected SSA savings. Our FY 2013 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

STRATEGIC PLANNING

FY 2011 was the first year under OIG's 5-year Strategic Plan (FY 2011-FY 2015). 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 15 separate performance measures. All of these measures are designed to support OIG's core mission to inspire public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2011, OIG successfully met 14 out of 15 performance measures. The specific results for FY 2011 are as follows:

Table 4.3—2011 Performance Measure Results

Goal	Target	Result
<i>Impact</i>		
1. Maintain an annual acceptance rate of at least 88% for all audit recommendations.	88%	85%
2. Achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency, and effectiveness of SSA.	85%	89%
3. Ensure at least 80% of all cases opened during the last FY directly relate to improper payments within SSA's Title II and Title XVI Programs.	80%	93%
4. Achieve a successful conclusion on at least 75% of all Title II and Title XVI cases closed during the FY.	75%	87%
<i>Value</i>		
5. Generate a positive return for every tax dollar invested in OIG activities that places us in the top 10% of all OIG's for return on investment.	Top 10%	9%
6. Evaluate and respond to 90% of all allegations received within 45 days.	90%	96%
7. Complete investigative fieldwork on 75% on all cases within 180 days.	75%	89%
8. Respond to 95% of constituent-based congressional inquiries within 21 days.	95 %	96%
9. Take action on 90% of CMP subjects within 30 days of receipt.	90%	91%
10. Achieve a positive external user assessment rating of 85% for product-service quality.	85%	93%
11. Issue 85% of final audit reports within 1 year of the entrance conference with SSA.	85%	90%
12. Complete 85% of requests for legal advice and review within 30 days.	85%	99%
<i>People</i>		
13. Achieve an annual attrition rate of 5% or less.	≤ 5 %	3%
14. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvements are needed.	75%	77%
15. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90%	99%

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 appropriations from both the general fund and the trust funds. The President's budget request for FY 2013 consists of \$30,000,000 appropriated from the general fund and \$77,600,000 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 4.4—Amounts Available for Obligation
(in thousands)**

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
General Funds Annual	\$ 28,942	\$ 28,887	\$ 30,000
Trust Funds Annual Transfer	\$ 73,535	\$ 73,396	\$ 77,600
Total Appropriation	\$102,477	\$ 102,283	\$ 107,600
ARRA ¹	\$ 171	\$ 814	\$ 0
Total Budgetary Resources	\$ 102,648	\$ 103,097	\$ 107,600
Total Obligations ²	\$ 102,454	\$ 103,097	\$ 107,600
Unobligated balance lapsing	\$ 194	\$ 0	\$ 0

ANALYSIS OF CHANGES

The FY 2013 request represents a \$5,317,000 increase over the FY 2012 enacted level. These increases can be attributed to an increase in base expenses for employee benefits, as well as an increase in training, rent, and support services.

Table 4.5—Summary of Changes

	FY 2012 Enacted	FY 2013 Estimate	FY12 to FY13 Change
General Fund Appropriation	\$ 28,887,000	\$ 30,000,000	+ \$ 1,113,000
Trust Fund Appropriation	\$ 73,396,000	\$ 77,600,000	+ \$ 4,204,000
Total Appropriation	\$ 102,283,000	\$ 107,600,000	+ \$ 5,317,000
ARRA (Planned Obligations)	\$ 814,000	\$ 0	- \$ 814,000
Total Obligations	\$ 103,097,000	\$ 107,600,000	+ \$ 4,503,000

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual ARRA obligation for FY 2009 is \$603,000, \$432,000 for FY 2010, and \$171,000 for FY 2011. The planned ARRA obligation for FY 2012 is \$814,000.

² The actual obligation excluding ARRA for FY 2011 is \$102,283,000. The planned obligation for FY 2012 and FY 2013 is \$103,097,000 and \$107,600,000 respectively.

Table 4.6—Explanation of OIG Budget Changes

	FY 2012 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<u>BUILT-IN INCREASES</u>				
Base Payroll Expenses	586 (580)	\$ 89,311,000	+10 (+10)	+ \$3,904,000
<ul style="list-style-type: none"> Change in base payroll expenses related to career ladder promotions and within-grade increases 	---	---	---	+ \$ 1,490,000
<ul style="list-style-type: none"> Change in base expenses for employee benefits including health benefits and new employees hired under the Federal Retirement System (FERS) 	---	---	---	+ \$ 2,291,000
<ul style="list-style-type: none"> All other payroll changes, including overtime and awards 	---	---	---	+ \$ 123,000
Non-Payroll Costs - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	---	\$ 8,640,000	---	+ \$ 621,000
<ul style="list-style-type: none"> Rent 	---	\$ 4,900,000	---	+ \$ 1,050,000
<ul style="list-style-type: none"> CIGIE Contribution 	---	\$246,000	---	---
Subtotal, Built-in increases	586 (580)	\$ 103,097,000	+10 (+10)	+ \$ 5,575,000
<u>PROGRAM INCREASES</u>				
Increase for operations and maintenance of facilities and equipment	---	---	---	\$ 0
Subtotal, Program Increases	---	---	---	\$ 0
Total Increases	586 (580)	\$ 103,097,000	+10 (+10)	+ \$ 5,575,000

Table Continues on the Next Page

	FY 2012 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<u>BUILT-IN DECREASES</u>				
Base Payroll Expenses —Decrease in all other payroll costs, including one less paid day	---	---	---	---
Non-Payroll Costs	---	---	---	- \$ 814,000
CIGIE Contribution	---	---	---	- \$ 258,000
Subtotal, Built-in decreases	---	---	---	- \$ 1,072,000
<u>PROGRAM DECREASES</u>				
Decrease in costs for training, other support, services, and supplies	---	---	---	---
Subtotal, Program Decreases				
Total Decreases		\$ 0		- \$1,072,000
Net Change	586 (580)	\$ 103,097,000	+10 (+10)	+ \$ 4,503,000

BUDGET AUTHORITY BY ACTIVITY

The table below displays budget authority, split by type of funding, and obligations. This table also includes FTEs.

**Table 4.7—Budget Authority by Activity
(in thousands)**

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
General Funds	\$ 28,942	\$ 28,887	\$ 30,000
OASDI Trust Fund Transfers	\$ 73,535	\$ 73,396	\$ 77,600
Total Appropriation	\$ 102,477	\$ 102,283	\$ 107,600
ARRA ¹	\$ 171	\$814	\$0
Total Budgetary Authority	\$ 102,648	\$ 103,097	\$ 107,600
Obligations ²	\$ 102,454	\$ 103,097	\$ 107,600
Unobligated balance lapsing	\$ 194	\$ 0	\$ 0
FTEs	574	580	590

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual ARRA obligation for FY 2009 is \$603,000, \$432,000 for FY 2010, and \$171,000 for FY 2011. The planned ARRA obligation for FY 2012 is \$814,000.

² The actual obligation excluding ARRA for FY 2011 is \$102,283,000. The planned obligation for FY 2012 and FY 2013 is \$103,097,000 and \$107,600,000 respectively.

BUDGET RESOURCES BY OBJECT

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

Table 4.8—Budget Resources by Object

	FY 2011	FY 2012	FY 2013	<i>FY12 to FY13 Change</i>
Full-time permanent	\$ 64,270,000	\$ 65,241,000	\$ 68,585,000	+ \$ 3,344,000
Other than full-time permanent	\$ 179,000	\$ 180,000	\$ 182,000	+ \$ 2,000
Other compensation	\$ 204,000	\$ 205,000	\$ 207,000	+ \$ 2,000
Subtotal, Personnel Compensation	\$ 64,653,000	\$ 65,626,000	\$ 68,974,000	+ \$ 3,348,000
Civilian personnel benefits	\$ 23,333,000	\$ 23,685,000	\$ 24,241,000	+ \$ 556,000
Total, Compensation and Benefits	\$ 87,986,000	\$ 89,311,000	\$ 93,215,000	+ \$ 3,904,000
Travel	\$ 3,147,000	\$ 2,800,000	\$ 2,900,000	+ \$ 100,000
Transportation of things	\$ 60,000	\$ 50,000	\$ 55,000	+ \$ 5,000
Rental payments to GSA	\$ 4,731,000	\$ 4,900,000	\$ 5,950,000	+ \$ 1,050,000
Rental payments to others	\$ 86,000	\$ 80,000	\$ 80,000	\$ 0
Communications, utilities, and others	\$ 349,000	\$ 325,000	\$ 325,000	\$ 0
Printing and reproduction	\$ 4,000	\$ 4,000	\$ 4,000	\$ 0
Other services ¹	\$ 3,935,000	\$ 4,327,000	\$ 3,771,000	- \$ 556,000
Supplies and materials	\$ 432,000	\$ 300,000	\$ 300,000	\$ 0
Equipment	\$ 1,761,000	\$ 1,000,000	\$ 1,000,000	\$ 0
Insurance Claims	\$ 2,000	\$ 0	\$ 0	\$ 0
Adjustments	- \$ 39,000	\$ 0	\$ 0	\$ 0
Total Budgetary Resources	\$ 102,454,000	\$ 103,097,000	\$ 107,600,000	+ \$ 4,503,000

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual ARRA obligation for FY 2009 is \$603,000, \$432,000 for FY 2010, and \$171,000 for FY 2011. The planned ARRA obligations for FY 2012 is \$814,000.

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 4.9—Authorizing Legislation

	FY 2012 Authorized	FY 2012 Enacted	FY 2013 Authorized	FY 2013 Estimate
Office of the Inspector General (P.L. 103-296)	Indefinite	\$ 102,283,000	Indefinite	\$ 107,600,000

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 2003 to FY 2013.

Table 4.10—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
General Funds	\$ 21,000,000	---	\$ 21,000,000	\$ 20,863,500
Trust Funds	\$ 62,000,000	---	\$ 62,000,000	\$ 61,597,000
2003 Total	\$ 83,000,000	---	\$ 83,000,000	\$ 82,460,500
General Funds	\$ 25,000,000	\$ 24,500,000	\$ 20,863,000	\$ 24,355,400
Trust Funds	\$ 65,000,000	\$ 63,700,000	\$ 61,597,000	\$ 63,324,200
2004 Total	\$ 90,000,000	\$ 88,200,000	\$ 82,460,000	\$ 87,679,600
General Funds	\$ 26,000,000	\$ 25,748,000	\$ 26,000,000	\$ 25,542,000
Trust Funds	\$ 66,000,000	\$ 65,359,000	\$ 66,000,000	\$ 64,836,100
2005 Total	\$ 92,000,000	\$ 91,107,000	\$ 92,000,000	\$ 90,378,100
General Funds	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	\$ 25,740,000
Trust Funds	\$ 67,000,000	\$ 66,805,000	\$ 67,000,000	\$ 65,736,000
2006 Total	\$ 93,000,000	\$ 92,805,000	\$ 93,000,000	\$ 91,476,000
General Funds	\$ 27,000,000	\$ 26,435,000	\$ 25,740,000	\$ 25,902,000
Trust Funds	\$ 69,000,000	\$ 67,976,000	\$ 65,736,000	\$ 66,149,000
2007 Total	\$ 96,000,000	\$ 94,411,000	\$ 91,476,000	\$ 92,051,000
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	\$ 25,988,901
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	\$ 65,926,000
2008 Total	\$ 95,047,000	\$ 95,047,000	\$ 96,047,000	\$ 91,914,901
General Funds	\$ 28,000,000	---	\$ 28,000,000	\$ 28,000,000
Trust Funds	\$ 70,127,000	---	\$ 70,127,000	\$ 70,127,000
2009 Total	\$ 98,127,000	---	\$ 98,127,000	\$ 98,127,000
ARRA ²²	N/A	N/A	N/A	\$ 2,000,000
General Funds	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000
Trust Funds	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000
2010 Total	\$ 102,682,000	\$ 102,682,000	\$ 102,682,000	\$ 102,682,000
General Funds	\$ 30,000,000	---	\$ 30,000,000	\$ 28,942,000
Trust Funds	\$ 76,122,000	---	\$ 76,122,000	\$ 73,535,000
2011 Total	\$ 106,122,000	---	\$ 106,122,000	\$ 102,477,000
General Funds	\$ 30,000,000	---	\$ 28,942,000	\$ 28,887,000
Trust Funds	\$ 77,113,000	---	\$ 73,535,000	\$ 73,396,000
2012 Total	\$ 107,113,000	---	\$ 102,477,000	\$ 102,283,000
General Funds	\$ 30,000,000			
Trust Funds	\$ 77,600,000			
2013 Total	\$ 107,600,000			

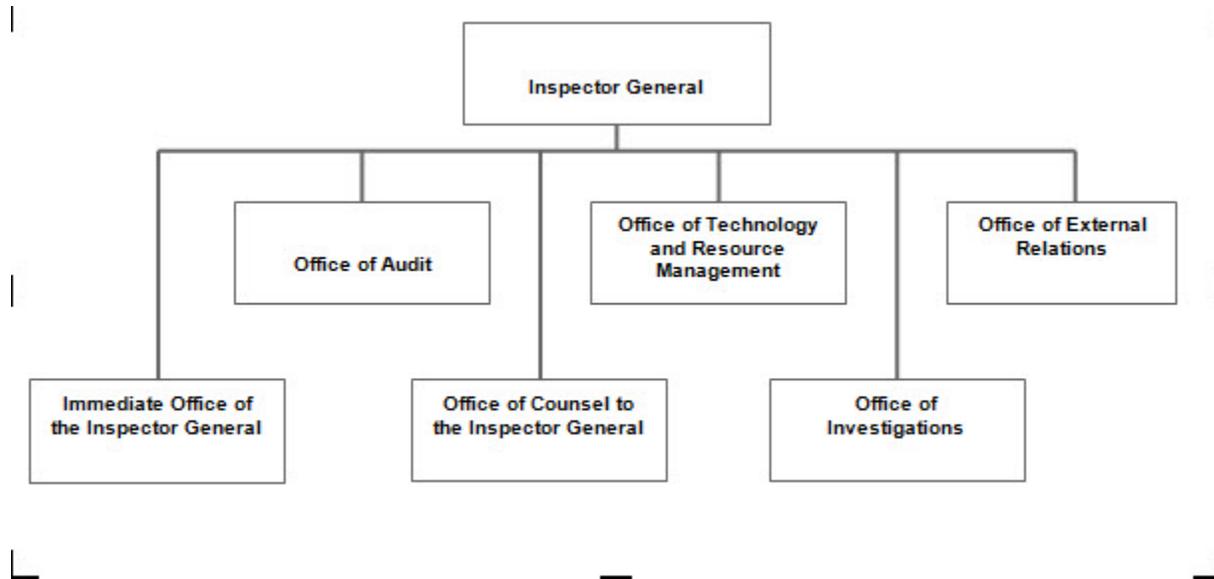
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- ¹ The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included \$21,000,000 from general funds and \$62,000,000 from trust funds, totaling \$83,000,000.
- ² S. 2766
- ³ Consolidated Appropriations Resolution, 2003 (P.L. 108-7). The \$21,000,000 in general 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.
- ⁴ H.R. 2660.
- ⁵ S. 1356.
- ⁶ Consolidated Appropriations Act, 2004 (P.L. 108-199). The \$24,500,000 in general 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.
- ⁷ H.R. 5006.
- ⁸ S. 2810.
- ⁹ Consolidated Appropriations Act, 2005 (P.L. 108-447). The \$25,748,000 in general 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.
- ¹⁰ H.R. 3010.
- ¹¹ H.R. 3010, reported from Committee with an amendment.
- ¹² Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149). The \$26,000,000 in general 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 the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148).
- ¹³ H.R. 5647.
- ¹⁴ S. 3708.
- ¹⁵ Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).
- ¹⁶ H.R. 3043.
- ¹⁷ S. 1710.
- ¹⁸ Consolidated Appropriations Act, 2008 (P.L. 110-161). The \$26,451,000 in general 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.
- ¹⁹ The House Committee on Appropriations did not report a bill.
- ²⁰ S. 3230.
- ²¹ Omnibus Appropriations Act, 2009 (P.L. 111-8).
- ²² OIG received \$2,000,000 through the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). OIG will conduct necessary oversight and audit of SSA programs, projects, and activities, assessing whether SSA used the resources as intended by the Act, and will identify any instances of fraud, waste, error, and abuse.
- ²³ H.R. 3293.
- ²⁴ H.R. 3293, reported from Committee with an amendment.
- ²⁵ Consolidated Appropriations Act, 2010 (P.L. 111-117).
- ²⁶ The House Committee on Appropriations did not report a bill.
- ²⁷ S. 3686.
- ²⁸ Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The \$29,000,000 in general funds and \$73,682,000 in trust funds included in the language for this account for FY 2011 were reduced by \$58,000 and \$147,000 respectively, in accordance with P.L. 112-10.
- ²⁹ The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$30,000,000 from general funds and \$77,113,000 from trust funds, totaling \$107,113,000.

³⁰ S. 1599.

³¹ Consolidated Appropriations Act, 2012 (P.L. 112-74). The \$28,942,000 in general funds and \$73,535,000 in trust funds included in the language for this account for FY 2012 were reduced by \$55,000 and \$139,000 respectively, in accordance with P.L. 112-74.

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

GENERAL PURPOSE



As mandated by the *Inspector General Act of 1978*, as amended, 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.

OIG is comprised of six components: The Immediate Office of the Inspector General (IO), Office of Audit (OA), Office of Counsel to the Inspector General (OCIG), Office of Technology and Resource Management (OTRM), Office of Investigations (OI), and the Office of External Relations (OER).

Immediate Office of the Inspector General

IO provides the Inspector General (IG) and the Deputy Inspector General with staff assistance on the full range of their responsibilities. IO also administers a comprehensive Quality Assurance and Professional Responsibility program, and conducts Quality Control reviews that ensure the adequacy of OIG compliance with its policies and procedures, internal controls, and professional standards. In addition, IO oversees the Organizational Health Committee (OHC). The purpose of the OHC is to be 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. In doing this, the committee acts as a representative of all OIG employees.

Office of Audit

OA conducts and/or supervises comprehensive financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives and operational functions are achieved effectively and efficiently. Financial audits, required by the *Chief Financial Officers' Act of 1990*, assess whether SSA's financial statements fairly present the agency'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 focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program and operational fraud, waste, and abuse, as well as inefficiency and ineffectiveness.

Office of Counsel to the Inspector General

OCIG provides independent authoritative legal advice, guidance, and counsel to the IG and senior staff on a wide range of issues, including regulatory strategy, policy directives, and interpretation of new and emerging authorities and agency responsibilities. OCIG reviews materials to ensure sufficiency and compliance with regulatory and statutory requirements. OCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCIG is also responsible for the CMP program, including imposition of penalties and assessments and the settlement and litigation of CMP cases.

Office of Technology and Resource Management

OTRM provides administrative and management support to OIG by providing information resource management; systems security and software development; and the coordination of budget, procurement, telecommunications, facilities, equipment, and human resources activities. OTRM also administers the Fugitive Felon Program and the OIG Fraud Hotline, and manages the Electronic Crimes program. In addition, OTRM is responsible for strategic planning, organizational performance management, and reporting.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations, including wrongdoing by individuals such as applicants, grantees, or contractors perpetrating criminal activity against SSA programs and operations. OI also investigates allegations of employee misconduct in the performance of their official duties. This office serves as the OIG liaison to the Department of Justice on all matters relating to investigations of SSA programs and personnel. OI works with other investigative agencies and organizations on special projects and assignments.

Office of External Relations

OER manages OIG's public affairs programs, develops OIG's media and public information policies, and serves as the primary contact for those seeking information about OIG. OER responds to inquiries from the media and the public and prepares OIG publications and presentations for internal and external organizations. OER coordinates interagency activities as well as OIG participation in SSA and other Federal events. OER also coordinates input on pending and proposed legislation, and prepares congressional correspondence and testimony.

RATIONALE FOR THE BUDGET REQUEST

The budget request for FY 2013 is \$107,600,000 and 590 FTEs, which reflects an increase of \$5,317,000 from the FY 2012 annual appropriations level. The FY 2013 funding increase will provide funding for a 590 FTE staffing level, mandatory payroll increases (such as within-grade increases and benefit-rate increases) and for related support costs.

Table 4.11—Detail of Full-Time Equivalent Employment and Workyears

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
FTEs	574	580	590
Overtime/Lump Sum Leave	4	6	6
Total	578	586	596

Table 4.12—Average Grade and Salary

	FY 2011 Actual
Average ES Salary	\$ 169,400
Average GS Grade	13
Average GS Salary	\$ 98,700

ANNUAL PERFORMANCE PLAN FOR FISCAL YEAR 2013



AND REVISED FINAL PERFORMANCE PLAN FOR FISCAL YEAR 2012

Our Mission

Deliver Social Security services that meet the changing needs of the public

Our Vision

Provide the highest standard of considerate and thoughtful service for generations to come

Our Motto

Social Security Benefits America

Our Service Principles

We serve with empathy, creativity, integrity, and “an unbeatable determination to do the job at hand” by following these service principles:

Adherence to the law

Clarity

Commitment to best demonstrated practices

Cultural sensitivity

Honesty

Prevention of waste, fraud, and abuse

Protection of privacy and personal information

Recruitment and training of the best public servants

Safety of the public and our employees

Summary of Our Goals and Objectives

Deliver Quality Disability Decisions and Services

Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog

Improve Our Disability Policies, Procedures, and Tools

Expedite Cases for the Most Severely Disabled Individuals

Provide Quality Service to the Public

Increase the Use of Our Online Services

Increase Public Satisfaction with Our Telephone Services

Expand the Use of Video Services

Improve the Clarity of Our Notices

Preserve the Public's Trust in Our Programs

Increase Efforts to Accurately Pay Benefits

Recover Improper Payments

Maintain Accurate Earnings Records

Make Our Administrative Operations Even More Efficient

Strengthen Our Workforce and Infrastructure

Strengthen Our Workforce – Recruit, Train, Develop, and Retain Superior Employees

Maintain Secure and Reliable Information Technology Services

Increase Efficiency of Our Physical Infrastructure

Our Organization

Our current organization is comprised of over 80,000 Federal and State employees. We deliver services through a nationwide network of 1,500 offices that include regional offices, field offices, (including Social Security card centers), teleservice centers, processing centers, hearing offices (including satellite offices and National Hearing Centers), the Appeals Council, and our headquarters in Baltimore, Maryland. We also have a presence in several United States embassies around the globe.

Our field offices and Social Security card centers are the primary points of contact for in-person interaction with the public. Our teleservice centers primarily handle telephone calls to our National 800 Number. Employees in our processing centers primarily handle Social Security retirement, survivors, and disability payments but also perform a wide range of other functions, which include answering telephone calls to our National 800 Number. We depend on State employees in 54 State and territorial Disability Determination Services to make disability determinations. The administrative law judges in our hearing offices and the Appeals Council make decisions on appeals of denied Social Security and Supplemental Security Income claims. The vast majority of our employees serve the public directly or provide support to employees who do. A chart illustrating our organizational structure and the function of each component is available on our website at www.socialsecurity.gov/org.

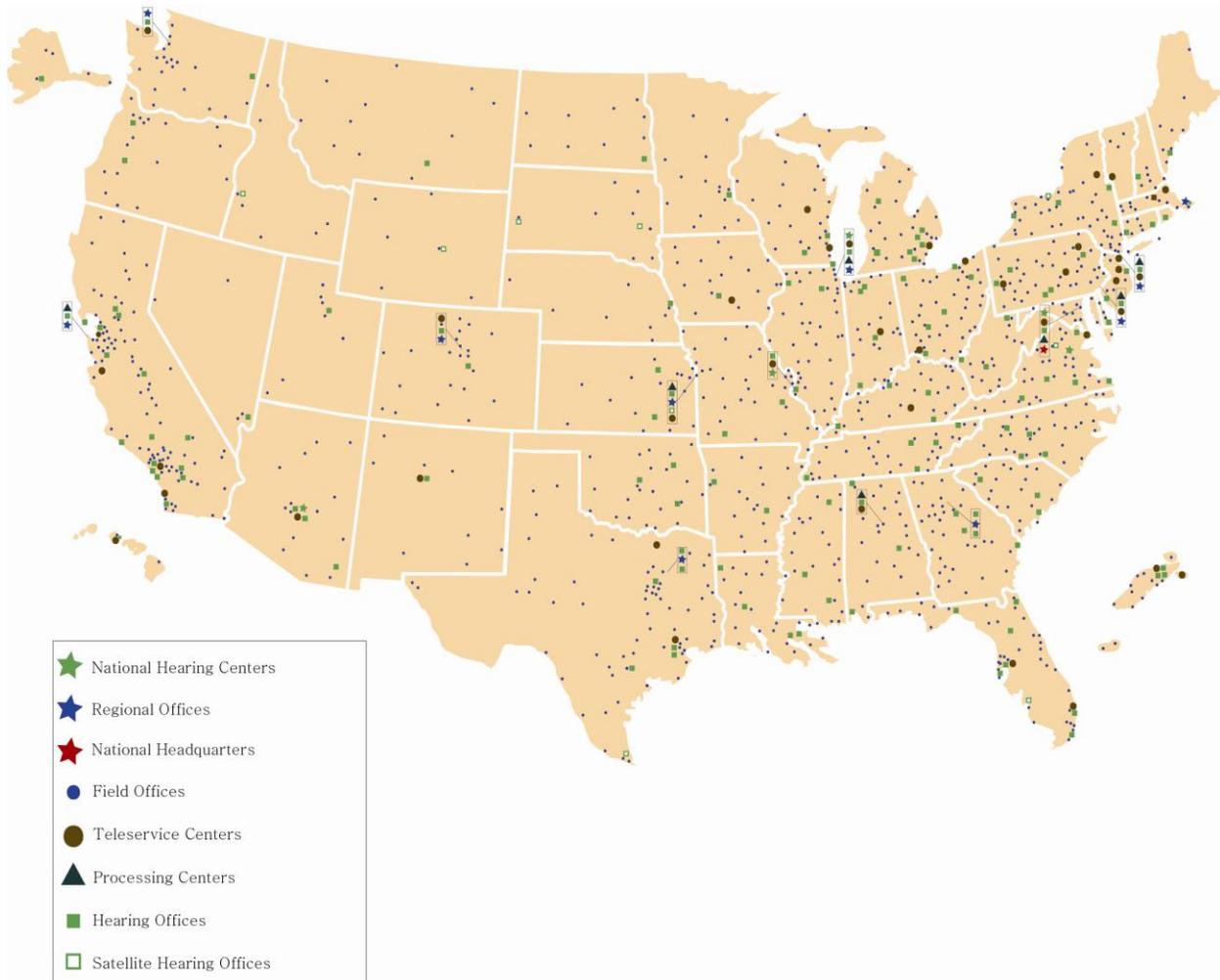


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PERFORMANCE MEASURES AT-A-GLANCE

The following chart lists our performance measures and targets for FY 2012 and FY 2013. We use these performance measures to gauge our progress in meeting our strategic goals and objectives as outlined in our Agency Strategic Plan.

STRATEGIC GOAL 1: Deliver Quality Disability Decisions and Services					
Strategic Objective 1.1: Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
1.1a	Complete the budgeted number of hearing requests	875,000	960,000	DCDAR	13
1.1b	Achieve the budgeted goal for SSA hearings case production per workyear	114	115	DCDAR	13
1.1c NEW	Minimize average wait time from hearing request to decision	321 days (September Only)	270 days (September Only)	DCDAR	14
1.1d	Eliminate the oldest pending hearing requests	Less than 0.5% of pending hearing requests 725 days or older	Less than 0.5% of pending hearing requests 700 days or older	DCDAR	14
1.1e NEW	Reduce the percentage of Appeals Council cases pending 365 days or over	Less than 20% of Appeals Council cases pending 365 days or over	Less than 19% of Appeals Council cases pending 365 days or over	DCDAR	15

STRATEGIC GOAL 1:					
Deliver Quality Disability Decisions and Services					
Strategic Objective 1.2: Improve Our Disability Policies, Procedures, and Tools					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
1.2a	Minimize average processing time for initial disability claims	111 days	137 days	DCO	19
1.2b	Complete the budgeted number of initial disability claims	3,173,000	2,847,000	DCO	20
1.2c	Disability Determination Services cases production per workyear	322	322	DCO	20
1.2d NEW	Complete the budgeted number of disability claims at the reconsideration level	787,000	663,000	DCO	21
1.2e	Achieve the target number of initial disability claims pending	861,000	1,164,000	DCO	21
1.2f NEW	Achieve the target number of disability claims pending at the reconsideration level	184,000	242,000	DCO	22
1.2g	Update the medical Listing of Impairments	Publish 5 rules for public comment and 2 final rules	Develop and submit at least 3 regulatory actions to make targeted revisions to the Listings as needed	DCRDP	22
1.2h	Increase the percentage of disability cases evaluated using health Information Technology	500% above FY 2011 performance	200% above FY 2012 performance	DCS	23
1.2i	Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work	119,466	121,855	DCRDP	23
1.2j	Improve Disability Determination Services decisional accuracy rate for initial disability decisions	97%	97%	DCQP	24
Strategic Objective 1.3: Expedite cases for the Most Severely Disabled Individuals					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
1.3a	Achieve the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances	5.5% (September Only)	5.75% (September Only)	DCRDP	26

STRATEGIC GOAL 2: Provide Quality Service to the Public					
Strategic Objective 2.1: Increase the Use of Our Online Services					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
2.1a NEW	Increase the percentage of claims filed online	42% (Last Quarter Only)	48% (Last Quarter Only)	DCO	29
2.1b	Complete the budgeted number of retirement, survivors, and Medicare claims	4,918,000	5,049,000	DCO	29
Strategic Objective 2.2: Increase Public Satisfaction with Our Telephone Services					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
2.2a	Achieve the target speed in answering National 800 Number calls	285 seconds	300 seconds	DCO	32
2.2b	Achieve the target busy rate for National 800 Number calls	6%	7%	DCO	32
2.2c	Maintain the percent of people rating our services as "excellent," "very good," or "good"	83.5%	83.5%	DCQP	33
Strategic Objective 2.3: Expand the Use of Video Services					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
2.3a NEW	Complete the planned number of video hearings	140,000	154,000	DCDAR	35
Strategic Objective 2.4: Improve the Clarity of Our Notices					
There is no performance measure for this objective.					

STRATEGIC GOAL 3:					
Preserve the Public's Trust in Our Programs					
Strategic Objective 3.1: Increase Efforts to Accurately Pay Benefits					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
3.1a	Complete the budgeted number of Supplemental Security Income non-disability redeterminations	2,622,000	2,622,000	DCO	40
3.1b	Complete the budgeted number of full medical continuing disability reviews	435,000	650,000	DCO DCQP	41
3.1c	Percent of Supplemental Security Income payments free of overpayment and underpayment error	95.0% (O/P) 98.8% (U/P)	95.0% (O/P) 98.8% (U/P)	DCQP	42
3.1d	Maintain 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)	DCQP	43
Strategic Objective 3.2: Recover Improper Payments					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
3.2a NEW	Expand and enhance our debt collection tools	Implement Treasury offset program for programmatic delinquent debt over 10 years old	TBD	DCQP	45
Strategic Objective 3.3: Maintain Accurate Earnings Records					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
3.3a	Reduce the percentage of paper Forms W-2 completed	14%	13%	DCO	48
3.3b	Achieve the target percentage for correctly assigning original Social Security Numbers	99.0%	99.0%	DCO	48
Strategic Objective 3.4: Make Our Administrative Operations Even More Efficient					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
3.4a	Receive an unqualified audit opinion on SSA's financial statements	Receive an unqualified opinion	Receive an unqualified opinion	DCBFM	50

STRATEGIC GOAL 4: Strengthen Our Workforce and Infrastructure					
Strategic Objective 4.1: Strengthen Our Workforce – Recruit, Train, Develop, and Retain Superior Employees					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
4.1a NEW	Recruit and hire veterans and disabled veterans	Veteran Hiring: 26.72%	Veteran Hiring: Maintain the overall veteran hiring percentage at 26.72%	DCHR	54
		Disabled Veteran Hiring: 14.59%	Disabled Veteran Hiring: Increase the disabled veteran hiring by 1 percentage point above FY 2012 performance		
4.1b NEW	Employ individuals with targeted disabilities	2.0%	2.05%	DCHR	55
4.1c NEW	Conduct mandatory employee training on diffusing difficult encounters with the public	Develop the safety and security training curriculum	90% of employees trained	DCHR	55
Strategic Objective 4.2 Maintain Secure and Reliable Information Technology Services					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
4.2a NEW	Percentage of enterprise-wide systems availability	99.5%	99.5%	DCS	57
Strategic Objective 4.3 Increase Efficiency of Our Physical Infrastructure					
Performance Measure		FY 2012 Target	FY 2013 Target	Responsible Official	Page
4.3a NEW	Reduce energy intensity by 30 percent by 2015	7%	7%	DCBFM	59

STRATEGIC GOAL 1: Deliver Quality Disability Decisions and Services

TO ACHIEVE THIS GOAL WE WILL

- Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog
- Improve Our Disability Policies, Procedures, and Tools
- Expedite Cases for the Most Severely Disabled Individuals

For over 50 years, we have helped disabled workers and their families replace lost income due to a severe disability. Over the last five years, our disability workloads have grown significantly due in part to baby-boomers reaching their disability-prone years and an economic downturn with high unemployment. Since FY 2007, initial disability claim receipts have increased by nearly 30 percent. In FY 2011, we received nearly 3.3 million initial disability applications, over 30,000 more than we received in FY 2010. We anticipate receiving nearly 3.3 million in FY 2012 and over 3.1 million in FY 2013.

Consequently, the number of appeals has also grown. Since 2007, eliminating our hearings backlog has been our top priority. In FY 2011, we received a record number of requests for a hearing – nearly 860,000 requests, which is 20 percent more than we received FY 2010. In FY 2007, almost half of all claimants who requested hearings had waited more than 270 days for a hearing decision, and some waited up to 1,400 days. At the end of FY 2011, 29 percent of hearing requests were over 270 days old and virtually no cases were over 775 days old. We have achieved this shift by continuing to work the oldest of our pending hearing cases first. Each year since 2007 we have reduced our threshold to define an aged case. In FY 2012, we will focus our efforts to complete those cases pending 725 days or more.

At the end of FY 2008, the average wait for a hearing decision peaked at nearly 18 months. Since that time, we have steadily reduced the wait. In FY 2011, we cut the average wait to below one year for the first time since 2003. The increased productivity of our ALJ corps and many small but important initiatives, including enhanced systems for management information, uniform business processes, more effective use of support staff, improved training, more efficient allocation of resources, and development of decisional templates, have helped us achieve this progress. These actions combined with some additional staff will help us reach our goal of making hearing decisions in an average of 270 days in September 2013.

STRATEGIC OBJECTIVE 1.1: REDUCE THE WAIT TIME FOR HEARING DECISIONS AND ELIMINATE THE HEARINGS BACKLOG

STRATEGIES	<ul style="list-style-type: none"> ➤ Eliminate Our Oldest Cases First ➤ Expedite Cases That Do Not Require a Hearing ➤ Enhance Electronic Tools That Improve Productivity and Quality ➤ Target Our National Resources to Meet Workload Demands
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In FY 2007, we began implementing our Plan to Eliminate the Hearings Backlog and Prevent its Recurrence, www.socialsecurity.gov/appeals. This plan outlined measures for improving hearing office procedures and business processes, increasing our ability to hear and decide cases, increasing efficiency through automation, and accelerating the review of cases that are likely to result in a favorable decision. We have since adjusted our plan to deal with the increase in the number of hearing requests. Reducing the average wait for a hearing decision to 270 days by the end of FY 2013 remains our number one priority.

Our efforts to reduce the wait time for hearing decisions and eliminate our backlog include:

Maintaining Staffing Levels: We continue to press on all fronts to reduce the hearing backlog, including shifting our Federal disability units from assisting the State agencies with disability determinations to helping in the hearings process. Because of these efforts, we are steadily decreasing the hearing backlog. However, because only ALJs can hear cases, even these efforts will not allow our current ALJ cadre to keep up with the influx of new hearings requests. Therefore, we are working closely with the Office of Personnel Management because we need a new list of potential candidates from which we can hire additional ALJs. By 2013, we plan to have a cadre of over 1,500 ALJs along with the necessary support staff.

Maximizing Use of National Hearing Centers (NHC) and the National Case Assistance Center (NCAC): Our NHCs continue to serve as an integral component in eliminating the hearings backlog. These offices conduct all hearings via video conference. This alternative business model gives us flexibility to swiftly target assistance to heavily backlogged areas across the country. Our five NHCs have proven to be a cost-effective option to improve service to claimants awaiting a hearing. They are located in Falls Church, Virginia; Albuquerque, New Mexico; Baltimore, Maryland; Chicago, Illinois; and St. Louis, Missouri. Our NCAC in St. Louis, Missouri provides decision-writing and case-preparation assistance to backlogged hearing offices throughout the country. As workloads change, we will modify the NCAC's mission to meet those shifting needs. For example, in FY 2011, in addition to providing case-preparation and decision-writing assistance, the NCAC began assisting with our non-disability workloads.

Expediting Hearing Decisions: Attorney adjudicators screen cases, and when appropriate, issue fully favorable decisions without the need for an ALJ hearing. In FY 2011, we expedited over 53,000 fully favorable decisions under this initiative. One component of our screening efforts is our Virtual Screening Unit (VSU). Under the VSU initiative, up to 100 attorney adjudicators review disability hearings cases of some of the most backlogged hearing offices without having to leave their assigned duty stations. In FY 2011, the VSU issued over 11,700 dispositions.

Reducing the Backlog at the Appeals Council: As our ALJs have been deciding more cases, the Appeals Council has been receiving many more requests for review than it can complete. In FY 2011, the Appeals Council received over 173,000 requests for review, 17 percent more than anticipated. This influx of work resulted in an increase of 13 days to the average wait for an Appeals Council decision in FY 2011. To address this increase, we have increased the number of staff in the Office of Appellate Operations. Additionally, we continue to focus on deciding the oldest cases first. We are striving to decrease the percentage of cases pending over 365 days.

Performance Measures – Strategic Objective 1.1

1.1a: Complete the budgeted number of hearing requests

Fiscal Year	2012		2013	
Target	875,000		960,000	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	575,380	660,842	737,616	795,424

Data definition: The number of hearing requests completed in the current fiscal year.

Data source: Case Processing and Management System

1.1b: Achieve the budgeted goal for SSA hearings case production per workyear

Fiscal Year	2012		2013	
Target	114		115	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	103	105	105	109

Data definition: This indicator represents the average number of hearings completed per direct workyear used. A direct workyear represents actual time spent processing cases. It does not include time spent on training, 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, and Training Reports (Regional reports on new staff training, ongoing training, and special training)

1.1c: Minimize average wait time from hearing request to decision

September	2012		2013	
Target	321 days		270 days	
Historical Performance				
September	2008	2009	2010	2011
Performance	509 days	472 days	390 days	345 days

Data definition: The average processing time for hearing request dispositions is the cumulative processing time for all hearing requests completed during the last month of the fiscal year divided by the total number of hearing requests completed during the last month of the fiscal year.

Data source: Case Processing and Management System

Note: This performance measure is new for FY 2012. This measure was previously referred to as “Achieve the budgeted goal for average processing time for hearing requests.”

1.1d: Eliminate the oldest pending hearing requests

Fiscal Year	2012		2013	
Target	Less than 0.5% of pending hearing requests 725 days or older		Less than 0.5% of pending hearing requests 700 days or older	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	281 of 135,160 cases remained pending 900 days or older (.21%)	228 of 166,838 cases remained pending 850 days or older (.14%)	47 of 139,026 cases remained pending 825 days or older (.03%)	103 of 111,792 cases remained pending 775 days or older (.09%)

Data definition: The percentage of oldest hearing requests pending. The oldest hearing requests are those cases that are pending, or will be pending, 725 days or more at the end of the fiscal year. We derive the percentage by dividing the total number of hearing requests pending 725 days or more at the end of the fiscal year by the total number of oldest hearing requests, identified at the beginning of the fiscal year.

Data source: Case Processing and Management System

1.1e: Reduce the percentage of Appeals Council cases pending 365 days or over

Fiscal Year	2012	2013
Target	Less than 20% of Appeals Council cases pending 365 days or over	Less than 19% of Appeals Council cases pending 365 days or over

Data definition: The percentage of oldest Appeals Council cases pending. The oldest Appeals Council cases are those cases that are pending, or will be pending, 365 days or over at the end of the fiscal year. The percentage is derived by dividing the total number of Appeals Council cases pending 365 days or over at the end of the fiscal year by the total number of Appeals Council cases pending at the end of the fiscal year.

Data source: Appeals Review Processing System

Note: This performance measure is new for FY 2012.

STRATEGIC OBJECTIVE 1.2 IMPROVE OUR DISABILITY POLICIES, PROCEDURES, AND TOOLS

STRATEGIES	<ul style="list-style-type: none"> ➤ Enhance and Expand Our Electronic Tools to Support Policy Compliant Determinations at All Levels of Decision-Making ➤ Replace the Outdated Dictionary of Occupational Titles with a New Occupational Information System to Aid in the Medical and Vocational Analysis of Disability Claims ➤ Develop and Implement a Common Disability Case Processing System for All 54 State Disability Determination Services ➤ Review Best Practices Learned from Our Prototype Test and Apply Them Nationwide for a More Consistent Disability Process ➤ Eliminate the Use of Paper Authorization to Request Medical Evidence ➤ Regularly Update the Listing of Impairments, Which Describes Impairments Severe Enough to Prevent an Individual from Working, to Reflect Current Medical Knowledge ➤ Develop and Test Proposals that Simplify Our Disability and Work Incentive Programs
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We continue to find ways to improve our disability process. We regularly update our disability policies, procedures, and tools to keep up with the rapid advances in medicine and technology. Over the years, testing for and treatment of impairments has changed. We are committed to modernizing our disability decision-making processes to provide better service to the public. We are making fundamental changes in the way we request and receive medical information to determine disability.

We continue to update the medical and vocational information we use to make disability determinations by revising our Listing of Impairments and developing the Occupational Information Systems (OIS). In addition, we are developing automated systems to improve efficiency, such as the Disability Case Processing System (DCPS), which will unify separate DDS systems into one common system for the entire Nation. We will also continue to use health Information Technology (IT) in our disability process to help us obtain medical evidence almost instantaneously, and we will improve Return-to-Work programs for people who want to work.

Our efforts to improve our disability policies, procedures, and tools to provide better service to the public include:

Updating Our Listing of Impairments: One of the most effective tools used to make disability decisions is the Listing of Impairments (Listings). The Listings allow us to determine if a claimant is disabled when his or her impairment meets specified medical criteria, without the need to consider age, education, or work experience. The Listings improve the consistency and accuracy of our decisions throughout all levels of the disability process. Working with the Institute of Medicine (IOM), we have established a committee of medical experts to advise us on medical advancements that are relevant to our Listings. This committee will help ensure that our Listings are medically supportable, relevant, and technologically and scientifically current.

In FY 2011, we published final rules in the Federal Register for endocrine disorders and a correction to cross-reference in the childhood neurological Listings. At the end of calendar year 2011, we published a Notice of Proposed Rulemakings (NPRM) for impairments that affect multiple body systems. Currently, we are working on NPRMs for growth impairment, genitourinary, respiratory, neurological, skin,

immune (HIV), digestive, special senses (vision), musculoskeletal, and cardiovascular disorders and final rules for mental disorders. We are also working on Social Security Rulings addressing endocrine disorders, fibromyalgia, and psychological testing and evaluating disability in young adults.

In calendar year 2012, we will request public comment for growth impairment, genitourinary, respiratory, neurological, skin, immune (HIV), digestive, special senses (vision), musculoskeletal, cardiovascular and malignant neoplastic disorders. We also plan to publish final rules for mental impairments that affect multiple body systems, and genitourinary disorders. Additionally, we plan to publish Social Security Rulings addressing endocrine disorders and psychological testing. In calendar year 2013, we plan to publish final rules for cardiovascular, growth impairments, respiratory, neurological, skin, immune (HIV), digestive, special senses (vision), musculoskeletal and malignant neoplastic disorders. We also plan to make targeted revisions to the Listings as needed.

Developing an OIS: We rely on the occupational information found in the Department of Labor's (DOL), Dictionary of Occupational Titles (DOT) to determine whether claimants can do their past work or any other work in the U.S. economy. DOL no longer updates the DOT; consequently, we developed a long-term strategy, working with the DOL, to replace the DOT with a new OIS that addresses our specific needs for vocational information. In FY 2011, we completed a comprehensive research and development plan that will guide our OIS efforts. We are conducting an Occupational Medical-Vocational Study to help us prioritize our efforts to collect new work information for those occupations found most frequently among our disability claimants.

We awarded a Blanket Purchase Agreement to ICF International (ICF) to: 1) benchmark job analysis methodologies and techniques; and 2) research and evaluate processes and business strategies for recruiting, training, and certifying job analysts required for OIS data collection. ICF submitted final recommendations and reports in October 2011. These reports, which are available on our website, identified existing job analysis practices and recruitment, training, and credentialing practices that may be useful in developing a job analysis.

In FY 2012 and FY 2013, we will conduct the following activities:

- Complete the work taxonomy and develop and test the work analysis instrument(s);
- Develop a sampling approach for collecting OIS data;
- Develop standards and processes for OIS data collection, data management, and analysis; and
- Develop plans for testing a prototype OIS data collection and analysis system.

Simplifying the Disability Application Process: Currently, we cannot decide a disability application until the claimant submits a signed application, a Disability Report, and a signed Authorization to Disclose Information. We simplified our online disability report and reduced the amount of information we request for claimants with a condition that is on our Compassionate Allowance list. Claimants must sign an Authorization to Disclose Information form, which we use to request relevant medical and non-medical information from third parties, such as doctors and medical treatment facilities. In FY 2012, we plan to begin implementation of the electronic Authorization to Disclose Information with adult first-party filers, making it possible to have a completely electronic disability process. In FY 2013, we plan to build a process for third-party filers, childhood claims, and continuing disability reviews.

Developing a Disability Case Processing System (DCPS): DCPS will replace 54 different legacy systems in the DDSs and Federal disability units with a unified system. DCPS will support consistent case processing, improved quality, and seamless workload sharing across State and Federal components. DCPS will also improve productivity by streamlining interactions with medical providers, copy services, and other vendors by using industry standards for electronic medical records.

In FY 2010, we awarded the DCPS development contract to Lockheed Martin. We have since completed the planning and analysis phase, and we are currently working on Detailed Systems and User Interface Specifications. In FY 2012, we plan to test the initial (beta) version of DCPS in the Idaho DDS. Iterative beta releases of DCPS will follow in the Illinois, Missouri, Nebraska, and New York DDSs. We selected the five beta sites because they provide a diverse representation of the full disability determination community. After we have tested the new systems, we will rollout it out nationally.

Employing the Electronic Claims Analysis Tool (eCAT): eCAT is a web-based application developed to guide decision makers through the five-step sequential evaluation process. eCAT produces a detailed, policy compliant case explanation, which records the pertinent documentation and analysis necessary to support the determination. This explanation enables an independent reviewer to understand the user's actions and conclusions throughout the development and adjudication of the claim. eCAT is operational in every DDS with the exception of Texas and Arkansas. All DDSs will use eCAT on all of their eligible cases by October 2012. Through cross-component collaboration and input from the user community, we continue to refine eCAT with increased functionality and enhancements.

Using health IT for Quicker Disability Decisions: Obtaining medical records electronically plays a key role in streamlining the disability determination process. Each year, we request approximately 15 million medical records from almost 500,000 providers to help make decisions on over 3 million initial disability claims. With this promising technology, we have the potential to reduce the time it takes for us to obtain medical records significantly, which in turn should decrease the amount of time it takes to complete a disability claim. In FY 2010, we awarded 12 contracts to various medical networks and providers to expand the use of health IT to exchange medical records in 11 new States.

Under these contracts, in FY 2011, seven providers with facilities in Wisconsin, Washington, California, Oregon, Texas, Minnesota, and Idaho began to provide us with electronic medical records. In FY 2012, we expect to receive electronic medical records from the remaining five providers with facilities in Indiana, Ohio, New Mexico, and Michigan. We plan to expand our use of health IT to identify additional facilities and partners, for example Kaiser Permanente, who are ready to exchange medical records electronically. Additionally, we are working on a joint initiative with VA and DOD to exchange electronic health data. This project will provide us with faster access to medical information for Wounded Warriors who may be eligible for disability benefits.

Improving Employment Support Programs: We continue to improve our efforts to advance the quality and the results of our employment support and work incentives planning programs. Disabled beneficiaries who want to work and attain self-sufficiency may receive services and support under the Ticket to Work and Self Sufficiency Program and the Vocational Rehabilitation (VR) Cost Reimbursement Program. Over the past year, we have taken several actions to enhance the quality of services and supports provided by Employer Networks (EN). These are entities that coordinate and deliver employment services under the Ticket program. We are requiring ENs to provide ongoing employment support for job retention and setting clear performance goals to ensure that ENs are supporting beneficiaries to gain and sustain long-term employment, economic security, and financial independence.

We published an online EN Report Card that enables beneficiaries to evaluate ENs on objective criteria and allows them to choose ENs that best meet their needs, interests, and employment goals. These changes are helping us better monitor EN performance and improve the value and results of the program. We are improving our beneficiary outreach and education efforts by expanding use of our Ticket Call Center, the Internet, and social media such as YouTube, Facebook, and Twitter. Similarly, to increase beneficiary access while reducing program costs, we are holding all Work Incentive Seminar Events as webinars.

The number of Tickets assigned or in use has increased 42 percent from over 200,000 on May 1, 2008, prior to revising our regulations, to over 280,000 on December 1, 2011. From May 1, 2008 to December 1, 2011, the number of beneficiaries with Tickets in use who have had benefits suspended or terminated because they successfully returned to work increased 174 percent. In FY 2012, Mathematica Policy Research, Inc. (MPR) will complete an evaluation report covering the effects of the 2008 Ticket to Work regulations. We will use the results of the evaluation to identify how we can continue to improve both the Ticket and VR programs.

Performance Measures – Strategic Objective 1.2

1.2a: Minimize average processing time for initial disability claims

Fiscal Year	2012		2013	
Target	111 days		137 days	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	106 days	101 days	111 days	109 days

Data definition: The average processing time is the overall cumulative number of elapsed days (including processing times for transit, technical determinations, medical determinations, and quality review) from the date of filing through the date payment is made or the denial notice is issued for all initial claims that require a medical determination. The total number of days to process all initial disability claims requiring a medical determination is divided by the total number of initial disability claims requiring a medical determination that we process during the fiscal year.

Data source: Chicago Claims Goals Report sourced by Social Security Unified Measurement System Title 2 and Title 16 Processing Time

1.2b: Complete the budgeted number of initial disability claims

Fiscal Year	2012		2013	
Target	3,173,000		2,847,000	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	2,607,282	2,812,918	3,161,314	3,390,936

Data definition: The number of Social Security and Supplemental Security Income initial disability claims that the State Disability Determination Services and other agency components complete in the current fiscal year up to the budgeted number.

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

1.2c Disability Determination Services cases production per workyear

Fiscal Year	2012		2013	
Target	322		322	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	266	274	273	287

Data definition: The average number of all Disability Determination Services (DDS) cases produced per workyear expended. A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.). It is inclusive of all staff on the DDS payroll, including doctors under contract to the DDS. The DDS case production per workyear is a national target.

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

1.2d: Complete the budgeted number of disability claims at the reconsideration level

Fiscal Year	2012	2013
Target	787,000	663,000

Data definition: The number of Social Security and Supplemental Security Income disability claims completed at the reconsideration level in the State Disability Determination Services and other agency components in the current fiscal year up to the budgeted number.

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

Note: This performance measure is new for FY 2012.

1.2e: Achieve the target number of initial disability claims pending

Fiscal Year	2012		2013	
Target	861,000		1,164,000	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	556,670	779,854	842,192	759,023

Data definition: The number of Social Security and Supplemental Security Income initial disability claims pending in the State Disability Determination Services and other agency components in the current fiscal year.

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

1.2f: Achieve the target number of disability claims pending at the reconsideration level

Fiscal Year	2012	2013
Target	184,000	242,000

Data definition: The number of Social Security and Supplemental Security Income disability claims pending at the reconsideration level in the State Disability Determination Services and other agency components in the current fiscal year.

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

Note: This performance measure is new for FY 2012.

1.2g: Update the medical Listing of Impairments

Fiscal Year	2012	2013	
Target	Publish 5 rules for public comment and 2 final rules	Develop and submit at least 3 regulatory actions to make targeted revisions to the Listings as needed	
Historical Performance			
Fiscal Year	2009	2010	2011
Performance	Published 8 Social Security Rulings in the Federal Register	Published 3 final regulations and 1 Notice of Proposed Rulemaking	Published 2 regulatory actions and 1 Social Security Ruling

Data definition: We will develop regulatory actions or Social Security Rulings related to updating the medical Listing of Impairments for publication in the Federal Register. Regulatory actions include Advance Notice of Proposed Rulemaking, Notice of Proposed Rule Making, Final Rules, or Ruling, or other Federal notice.

Data source: Office of Retirement and Disability Policy Workplan

1.2h: Increase the percentage of disability cases evaluated using health Information Technology

Fiscal Year	2012	2013
Target	500% above FY 2011 performance	200% above FY 2012 performance
Historical Performance		
Fiscal Year	2010	2011
Performance	Established Baseline (3,000)	108% above FY 2010 baseline (6,235)

Data definition: The percentage increase in the number of disability cases evaluated using medical evidence gathered through health Information Technology (health IT) over the prior year.

Data source: Health Information Technology Management Information System

1.2i: Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work

Fiscal Year	2012	2013	
Target	119,466	121,855	
Historical Performance			
Fiscal Year	2009	2010	2011
Performance	105,843	117,124	Available July 2012

Data definition: The total number of Social Security, Supplemental Security Income, and concurrent beneficiaries who used their Ticket to sign up with an Employment Network or State Vocational Rehabilitation Agency and who have recorded earnings in the Disability Control File in any month of the calendar year.

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

1.2j: Improve Disability Determination Services decisional accuracy rate for initial disability decisions

Fiscal Year	2012		2013	
Target	97%		97%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	97%	97%	98%	98%

Data definition: Net accuracy is the percentage of correct initial State disability determinations and is based on the net error rate (i.e., the number of corrected deficient cases with changed disability decisions), plus the number of deficient cases not corrected within 90 days from the end of the period covered by the report, divided by the number of cases reviewed.

Data source: Disability Quality Assurance Databases

STRATEGIC OBJECTIVE 1.3

EXPEDITE CASES FOR THE MOST SEVERELY DISABLED INDIVIDUALS

STRATEGIES	<ul style="list-style-type: none"> ➤ Expand the Number of Medical Conditions Included in the CAL Process, Allowing Us to Quickly Target the Most Obvious Disabled Individuals for Allowances Based on Objective Medical Evidence that We Can Obtain Quickly ➤ Refine the QDD Predictive Model to Maximize Its Capacity to Accurately Identify Cases, and Thereby Increase the Percentage of Individuals Served by the QDD Process ➤ Expand the Current Pilot to Further Improve Service for Wounded Warriors
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We are committed to providing benefits quickly to claimants whose medical conditions are so serious that they obviously meet our disability standards. Our two initiatives, Quick Disability Determination (QDD) and Compassionate Allowances (CAL), use technology to identify claimants with the most severe disabilities and allow us to expedite our decisions on those cases while maintaining accuracy. These fast track initiatives have been two of our greatest successes in recent years. We can approve some cases in a matter of days instead of months or years. We continue to refine our QDD screening model and expand the number of conditions used to identify claimants with the most severe disabilities. Additionally, we are working closely with the Department of Defense (DOD) to expedite decisions for Wounded Warriors.

Our efforts to expedite cases for the most severely disabled individuals include:

Expanding QDD: The QDD process uses predictive modeling and computer-based screening tools to screen initial applications. QDD identifies cases where a favorable disability determination is highly likely and medical evidence is readily available; e.g., low birth-weight babies, certain cancers, and end-stage renal disease. We have used QDD nationally since February 2008.

We are refining the QDD model to ensure it continues to select cases with high potential for the QDD process. In FY 2011, we refined the QDD model to take optimal advantage of the changes to the revised adult disability report. In FY 2012, we improved the QDD model's ability to understand the terminology used by claimants to describe their medical conditions. With the refinements to the QDD predictive model, we expect to maintain the high quality of cases selected for QDD processing, while increasing the number of claimants served through the QDD process.

Expanding CAL: The CAL process allows us to quickly target the most obviously disabled applicants based on available objective medical information. We award benefits in nearly all CAL cases if we receive confirmation of the diagnosis with objective medical evidence and the applicant meets our non-disability criteria. In FY 2011, we added 12 new conditions involving severe heart disease to our list of CAL conditions. In FY 2012, we added 13 new conditions involving the immune system and neurological disorders, bringing the total number of conditions in this expedited disability process to 113. We plan to further expand our list of CAL conditions through consultations with medical, research, and advocacy communities.

Expediting Disability Applications for Wounded Warriors: This initiative allows us to expedite cases for military service members who became disabled on or after October 1, 2001 while on active military service. We ensure expedited processing of Wounded Warrior claims by “flagging” the claim for priority processing. This flag stays with the claim through all decision-making levels. We are also expanding a pilot initiative currently underway with the DOD to gain faster access to medical information to speed the application process for Wounded Warriors.

Performance Measures – Strategic Objective 1.3

1.3a: Achieve the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances

September	2012		2013	
Target	5.5%		5.75%	
Historical Performance				
September	2009	2010	2011	
Performance	3.8%	4.6%	5.9%	

Data definition: We derive the percentage by dividing the total number of initial disability cases identified as a Quick Disability Determination or Compassionate Allowance, or both, by the total number of electronic initial disability cases filed in the last month of the current fiscal year.

Data source: Executive and Management Information System and Management Information Disability

STRATEGIC GOAL 2: Provide Quality Service to the Public

TO ACHIEVE THIS GOAL WE WILL

- Increase the Use of Our Online Services
- Increase Public Satisfaction with Our Telephone Services
- Expand the Use of Video Services
- Improve the Clarity of Our Notices

We touch the lives of virtually every person in America, as well as many people living abroad. We offer a wide range of service options to the public. We provide face-to-face service through our community-based field offices and card centers. The public may also visit us online at www.socialsecurity.gov, call us toll-free at 1-800-772-1213, or write to us. These options save time and money as the public can conduct business without traveling to a local field office. In various remote locations, we use video technology for face-to-face service. We remain committed to maintaining personal interaction with the public no matter which service method they choose.

Providing quality service is essential, especially today as the baby boomers move through their most disability prone years before retiring. Based on the most recent economic assumptions, we believe that retirement applications will continue to remain at high levels. In FY 2013, we estimate that retirement and survivor claims will be over 30 percent higher compared to FY 2007 before the recession began. We developed several new, easy-to-use online services, which have allowed us to better handle the significant increase of benefit applications. Our goal is to provide applicants and their representatives with a wide variety of online services, including the ability to apply for a range of benefits and update their records. We are also making improvements to our field and hearing office telephone services, as well as our National 800 Number infrastructure. In addition, we are expanding our use of video technology and using plain language principles to simplify the letters we send to the public.

STRATEGIC OBJECTIVE 2.1 INCREASE THE USE OF OUR ONLINE SERVICES

STRATEGIES	<ul style="list-style-type: none"> ➤ Develop Creative Outreach Strategies to Market Online Services ➤ Increase the Number of Electronic Services that Enable Individuals to File for Any Benefit and Access and Update Personal Information ➤ Enhance Usability and Continue to Incorporate Best-in-Business Features in Our Existing Online Services ➤ Explore Offering Online Services Through Mobile Devices ➤ Explore Online Support Options, Including Click to Talk, Screen Sharing, and Instant Messaging ➤ Simplify Business Processes to Maximize the Benefits of Online Services
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We strive to provide the best online services in government. In fact, we have the three highest rated electronic services in the Federal government as measured by the American Customer Satisfaction Index: iClaim-our online benefit application, the Retirement Estimator, and Medicare Part D Extra Help with Prescription Drug coverage. Our website provides helpful information about our programs and services to the public, employers, other government agencies, businesses, and stakeholders. Users can conduct business at their convenience and at their own pace, without the need to travel to a field office and wait to meet with one of our representatives.

We review all applications filed online and contact the applicant if we need further information. Online benefit applications reduce the average time our employees spend completing claims, which frees them to handle more complicated workloads. Use of our online services continues to increase with these easy-to-use tools. We expect our online filing rates to increase to 48 percent at the end of FY 2013.

We provide much of our online information in Spanish and 14 other languages. Additionally, most of our Internet documents are accessible to anyone who needs to use screen readers, screen magnifiers, or voice recognition software.

We will enhance our online services with the following initiatives:

Improving Services to Our Spanish-Speaking Customers: The U.S. Census Bureau projects the Spanish-speaking population will nearly triple, from 46.7 million to 132.8 million, by the year 2050. We conduct approximately 5.4 percent of calls to our National 800 Number in Spanish and an increasing number of field office visitors expect to conduct their business with us in Spanish. In late FY 2011, we launched a Spanish version of the Internet Medicare Extra Help Application, which allows Medicare beneficiaries to file for extra help to pay for monthly premiums, annual deductibles, and co-pays related to the Medicare Prescription Drug program. In early FY 2012, we launched our online Spanish retirement application.

Nationwide Marketing Campaign: We use public service announcements on television, radio, billboards, buses, and in airport terminals to promote online services. We are emphasizing the availability of bilingual services. At a local level, our offices find creative and cost-effective ways to inform the community about the advantages of using our online services. Additionally, we use social media and targeted relevant keyword searches on Google and Bing to more effectively direct web users to our online service options.

Electronic Services for Appointed Representatives: Representatives transact business with us on behalf of applicants who file for disability benefits. In FY 2010, we provided authorized claimant

representatives access to their clients' electronic disability folder (eFolders) on a limited basis. In FY 2011, we expanded access to cases at the hearing and appeals levels and granted access to more than 6,000 representatives. In FY 2012 and FY 2013, we will expand access to eFolders at multiple appeal levels. In early FY 2012, we improved our online appeals application (iAppeals). Beginning in March 2012, we will require authorized representatives to use the iAppeals application to receive direct fee payment.

Performance Measures – Strategic Objective 2.1

2.1a: Increase the percentage of claims filed online

Last Quarter	2012	2013
Target	42%	48%

Data definition: The percentage of initial Social Security disability, retirement, spouses, and Medicare claims filed online in the last quarter of the fiscal year. We derive the percentage by dividing the number of initial Social Security disability, retirement, spouses, and Medicare claims filed online in the last quarter of the fiscal year by the total number of initial Social Security disability, retirement, spouses, and Medicare claims that could be filed online in the last quarter of the fiscal year.

Data source: Social Security Unified Measurement System, MI Central, and Local Management Information Report

Note: This performance measure is new for FY 2012. Data from the first three quarters of each year will be publicly available.

2.1b: Complete the budgeted number of retirement, survivors, and Medicare claims

Fiscal Year	2012		2013	
Target	4,918,000		5,049,000	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	104% (4,236,455)	104% (4,742,218)	101% (4,700,990)	106% (4,877,955)

Data definition: The percent of retirement, survivors, and Medicare claims completed in the current fiscal year up to the budgeted number.

Data source: Work Measurement Transition Database

STRATEGIC OBJECTIVE 2.2

INCREASE PUBLIC SATISFACTION WITH OUR TELEPHONE SERVICES

STRATEGIES	<ul style="list-style-type: none"> ➤ Develop and Implement Best-in-Business Features that Will Enhance the Caller’s Experience, Regardless of Whether the Caller Uses Automated Telephone Service or Speaks with an Employee ➤ Implement a New Post-Call Survey to Obtain Immediate Feedback on our National 800 Number Service ➤ Develop and Evaluate Pilots to Allow Callers to Bypass Automated Phone Service ➤ Increase the Use of Management Information Tools to Redirect Calls from Field Offices to the National 800 Number to Reduce Delays
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Our telephone service remains the most popular option for conducting business with us. Callers can speak to a telephone agent during business hours or use our automated services that are available 24 hours a day, seven days a week. We answer questions about Social Security benefits, schedule appointments to file claims, and depending on the situation, we can take benefit applications. Beneficiaries call to complete specific transactions, such as change of address, new request for or change of direct deposit information, replacement of a Medicare card, or request for a benefit verification statement.

In FY 2011, our National 800 Number received over 76 million calls, and we completed nearly 63 million transactions. We have significantly reduced both the busy signals and the wait time to speak with an agent. Since FY 2008, we cut our busy rate by 70 percent, from 10 percent in FY 2008 to only 3 percent in FY 2011. We reduced the time spent waiting for an agent by nearly 45 percent, from 326 seconds in FY 2008 to 180 seconds in FY 2011. We attribute much of our improved performance to hiring additional teleservice representatives in FY 2009 and FY 2010, along with several technological advancements. However, with staffing loses in FY 2011, FY 2012, and FY 2013, we project the busy rate will increase to 7 percent and time spent waiting for an agent will increase to 300 seconds in FY 2013.

We are taking advantage of additional technological advancement that will help us keep pace with industry standards and increase our efficiency. We are replacing our National 800 Number infrastructure with a new system, called Citizens Access Routing Enterprise through 2020 (CARE2020), to help us better forecast call volumes, anticipate staffing needs, and distribute incoming calls across the network so callers can more quickly reach agents. We know that reaching a busy signal is frustrating for people, and we are considering ways to address it. Surveys show that people get frustrated as they navigate through our National 800 Number menu options. We are reengineering the messages people hear when they call our National 800 Number to make it easier to navigate our menu.

We will continue to improve our telephone service and expect our efforts to increase public satisfaction. We used a vendor to develop a new National 800 Number customer satisfaction survey. We began using this new survey in July 2011 and we will continue to use it throughout 2012. This new survey will enable us to obtain real-time actionable data so we can quickly assess customer satisfaction with the new redesigned menu and call flow.

In FY 2012, we will continue improving our telephone services with the following:

Improvements to Our National 800 Number Services:

Replacing Our National 800 Number Infrastructure: We will continue to enhance our automated telephone services so that more people can successfully complete their business with us by phone. In FY 2011, we began implementation of CARE2020, a replacement of our National 800 Number telecommunications infrastructure. The new technology will help us forecast call volumes, anticipate staffing needs, and better distribute incoming calls across the network so callers can more quickly reach agents. We expect to complete implementation of CARE2020 in FY 2012.

Scheduling Voice Callback (SVC): This feature allows a caller to schedule a call back from us if the expected wait time exceeds 3 minutes. Callers selecting this option provide their phone number and hang up, but they maintain their place in our call queue. We then automatically return the call and connect them with a telephone agent. This service saves callers' time, lessens frustration, and enables our agents to focus quickly on the caller's business. We plan to incorporate this popular feature in our new National 800 Number telecommunications infrastructure.

Providing Real-Time Assistance to Online Visitors: We are exploring the use of web support technologies to improve the level of customer service to our online users. As part of the click-to-communicate (C2C) initiative, we are considering using three web support technologies: Click-to-Talk, Screen Sharing, and Instant Messaging. We will begin planning and analysis for C2C in FY 2012. We are currently piloting Network Online Web (NOW) support as a precursor to the C2C initiative. The NOW support pilot began in September 2010 and will assist us in developing a strategy for incorporating web support technologies into our business procedures. However, implementation of these technologies is dependent on the transition to the new National 800 Number telecommunications infrastructure.

Improvements to Our Field and Hearing Offices Telephone Services:

Expanding the Telephone System Replacement Project (TSRP): This project is a multi-year replacement of the aged local telephone systems in over 1,400 of our field and hearing offices across the country. The new telephone system provides technology to better manage calls. We expect to complete the TSRP project in FY 2012.

The Field Office Automation Project (FOAP) will allow field office callers the option of transferring to the National 800 Number for assistance. Depending on available resources, we anticipate adding several enhancements to our field office telephone systems. For example, in FY 2013, we plan to add a feature that will provide callers with an estimated time they can expect to wait to speak to a representative.

Performance Measures – Strategic Objective 2.2

2.2a: Achieve the target speed in answering National 800 Number calls

Fiscal Year	2012		2013	
Target	285 seconds		300 seconds	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	326 seconds	245 seconds	203 seconds	180 seconds

Data definition: We calculate the speed of answer by dividing the wait time of all National 800 Number calls answered by agents by the number of all National 800 Number calls answered by agents in the fiscal year. Wait time begins from the time the caller is transferred to the agent queue (waiting for an agent) and continues until an agent answers the call.

Data source: Report generated by Cisco router software

2.2b: Achieve the target busy rate for National 800 Number calls

Fiscal Year	2012		2013	
Target	6%		7%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	10%	8%	5%	3%

Data definition: We calculate the Agent Busy Rate as the number of National 800 Number busy messages divided by the number of National 800 Number calls requesting agent service in the fiscal year. The caller receives a busy message when the number of calls offered exceeds the number of telephone lines available or when the agent queue has reached its maximum capacity of waiting calls.

Data source: Report generated by Cisco router software

2.2c: Maintain the percent of people rating our services as “excellent,” “very good,” or “good”

Fiscal Year	2012		2013	
Target	83.5%		83.5%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	81%	81%	78.2%	81.4%

Data definition: The percent is derived by dividing the number of respondents who rate overall service as “excellent,” “very good,” or “good” on a six-point scale ranging from “excellent” to “very poor” in the fiscal year by the total number of respondents.

Data source: We based the overall satisfaction rating on Service Satisfaction Surveys of National 800 Number callers; field office callers; visitors to field offices (including Social Security Card Centers beginning in FY 2011) and hearings offices; and individuals who used one of our transactional Internet services. The Internet Report Card Survey, which began in FY 2010 with iClaim and Medicare Part D Subsidy applications, added online change of address and direct deposit actions to the types of transactions sampled in FY 2011. The FY 2012 Internet Report Card Survey will add a sample of individuals who completed the online medical form for a disability initial claim or appeal. The FY 2013 survey will incorporate online request for information, such as a benefit verification.

Note: Prior to FY 2009, historical data included surveys of National 800 Number callers, field office callers, and visitors to field offices and hearing offices only. Starting in FY 2009 and continuing in FY 2010, we expanded the data source to include individuals who filed an application online. In FY 2009, we included results of a special survey of iClaims in the calculation of the performance indicator; in FY 2010, we implemented an annual Internet Report Card Survey, starting with an iApplication sample that included iClaims and the online application for Medicare Part D Subsidy (i1020), for use in the performance indicator calculation. The FY 2011 Office Visitor Survey added Social Security Card Centers to the types of field offices included.

STRATEGIC OBJECTIVE 2.3

EXPAND THE USE OF VIDEO SERVICES

STRATEGIES

- Expand the Use of Video Services to Balance Our Workloads
- Expand the Use of Third-Party Video Hearings

Video technology is an important part of our efforts to reduce the hearings backlog. We use it to help us balance workloads across the country, reduce travel for the public and our employees, and better serve remote areas. Our National Hearing Centers give us needed flexibility to quickly support the most backlogged hearing offices. Video technology reduces the need for our staff to travel between offices and to remote sites to hold hearings, which saves travel costs and frees up more time for our judges to decide cases. Video conferencing also provides an efficient and innovative way to provide service to segments of the public with unique service needs, such as connecting our offices to American Indian Tribal Centers or Veterans Administration hospitals to provide service in those locations.

We will expand our video services with the following initiatives:

Expanding Video Hearing Capacity: We continue to increase our video hearing capacity each year.

Expanding the Representative Video Project (RVP): RVP allows attorney and non-attorney representatives of claimants to participate in hearings from their offices using their own video conferencing equipment. At the end of FY 2011, 81 approved representatives held over 2,600 hearings using RVP. We are adding more sites each month as representatives see the value of this initiative.

Expanding Video Service Delivery (VSD): It can be difficult for some people to visit a field office because they are in rural locations or places without public transportation. VSD enables us to provide service to people located at more convenient third-party sites, such as hospitals, libraries, community centers, American Indian Tribal centers, and homeless shelters. Based on our business needs, we will expand VSD in FY 2012 and FY 2013 depending on available resources.

Performance Measure – Strategic Objective 2.3

2.3a: Complete the planned number of video hearings

Fiscal Year	2012		2013	
Target	140,000		154,000	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	55,869	86,320	120,624	129,775

Data definition: The number of video hearings completed in the current fiscal year.

Data source: Case Processing and Management System

Note: This performance measure is new for FY 2012.

STRATEGIC OBJECTIVE 2.4

IMPROVE THE CLARITY OF OUR NOTICES

STRATEGIES	<ul style="list-style-type: none"> ➤ Improve the Readability, Clarity, and Tone of Our Supplemental Security Income Post-Eligibility Notices ➤ Revamp Our Title II Notice System to Make Notices More Complete and Easier to Understand ➤ Modernize Our Notice Architecture So That We Can Implement New or Revised Language More Efficiently and Effectively ➤ Incorporate Plain Language Principles in Our Notices
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Notices are one of our principal means of communicating with the public. We send hundreds of millions of notices to the public explaining the programs that we administer. Our notices communicate decisions, payment, and other important information. The notices also inform claimants and beneficiaries of their rights and responsibilities under our programs, including appeal rights.

Our notices must be accurate, easy-to-read, and clearly explain any necessary actions to provide the best customer service. Clear notices allow us to serve the public effectively and reduces unnecessary calls to our National 800 Number and visits to our field offices. We continue to assess and improve our notices. Our notice clearance process ensures all new notice language meets our notice standards and clear writing guidelines and complies with the Plain Writing Act of 2010.

We are developing a secure and easy-to-use online Social Security Statement, which will improve our Statement process by including all of the information available in the traditionally mailed Statements and link users to other information and services to help them plan for retirement. In the meantime, in FY 2012, we plan to mail the Statement to workers nearing retirement age (age 60 and older) as well as to workers who turn age 25, so they are aware of the services we provide. We will also mail Statements on request to people who cannot use the online service. The FY 2013 President’s Budget funds the mailing of the Social Security Statement to 158 million eligible workers.

In FY 2012 and FY 2013, we plan to improve the readability, clarity, and tone of Supplemental Security Income notices explaining payment changes, and notices advising recipients their benefits will stop due to work. We also plan to improve language in our highest volume notices, such as the letter acknowledging our receipt of a hearing request.

We are also evaluating how we can use technology to generate notices more efficiently and effectively. For example, we will conduct planning and analysis on a new Enterprise Communication Architecture to determine if we can simplify our notice production. We are also exploring technology that will allow us to produce notices in different formats to better serve our diverse public. We apply the principles of open government—transparency, participation, and collaboration—to our notice development process. We also solicit feedback from advocates and other interested persons to provide us with input regarding the content and clarity of our notices.

STRATEGIC GOAL 3: Preserve the Public's Trust in Our Programs

TO ACHIEVE THIS GOAL WE WILL

- Increase Efforts to Accurately Pay Benefits
- Recover Improper Payments
- Maintain Accurate Earnings Records
- Make Our Administrative Operations Even More Efficient

We take our responsibility to be good stewards of the fund entrusted to us very seriously, and we have a well-deserved reputation for providing excellent financial management of our programs. We pay over \$60 billion in benefits each month. Our most important responsibility is to accurately and promptly pay these benefits to the individuals that are entitled. To preserve the public's trust in our programs, we must continue to invest in enhanced program integrity activities. Together our stewardship and service missions serve a common purpose—making our programs more effective and efficient.

We make very few errors in the administration of our retirement and survivors programs, with an accuracy rate in recent years between 99.7 percent and 99.9 percent. However, the disability programs are more complex, and the improper payments that do occur are generally related to the complexity of these programs. In the Social Security disability program, our payment accuracy rate is between 99.0 and 99.3 percent.

The Supplemental Security Income (SSI) program provides payments to disabled adults and children with limited income and resources. SSI payments can change from month to month based on changes in a recipient's income, resources, and living arrangements. Our payment accuracy rate with respect to SSI overpayments has been a challenge -- one we have worked hard to address. For the second year in a row, we have increased SSI overpayment accuracy, achieving 93.3 percent accuracy in FY 2010.

We are committed to preventing fraud and abuse. We collaborate with other Federal agencies to investigate and prosecute fraud, expand forensic computer crime detection capabilities, and strengthen fraud prevention by adding new checks and balances in our processes.

We operate very efficiently, holding administrative costs to just 1.5 percent of benefit payments. Nevertheless, we extend our stewardship efforts to our administrative payments to grantees, contractors, businesses, and employees.

Our strategic goal aligns with the President's challenge to Federal agencies to aggressively reduce improper payments government-wide. For more information on reducing improper payments, visit our website at www.ssa.gov/improperpayments.

In addition, we commit to continuing our long history of conducting analyses and providing data to the Administration, Congress, and stakeholders on proposals for Social Security reform.

STRATEGIC OBJECTIVE 3.1

INCREASE EFFORTS TO ACCURATELY PAY BENEFITS

STRATEGIES	<ul style="list-style-type: none"> ➤ Explore New Business Processes for Completing Our Program Integrity Activities ➤ Develop New Tools and Automated Means for Beneficiaries to Report Changes that May Affect Their Payment Amount ➤ Automate Internal Business Processes to Make It Easier for Our Employees to Make Changes Quickly and Accurately ➤ Collaborate with Other Federal Agencies to Find Innovative Ways to Detect Fraud ➤ Pursue Additional Data Sharing Agreements with Private Industry and Government Agencies ➤ Enhance Predictive Models and Automation Tools to Help Identify Elements of Benefit Eligibility ➤ Explore Innovative Methods to Communicate Reporting Responsibilities to Beneficiaries
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Our program integrity workloads are critical to ensuring well-run programs and accurate payments. Despite rising workloads, we have been steadily increasing our program integrity efforts. As a result, the SSI overpayment accuracy rate for FY 2010 rose to 93.3 percent, which is a significant improvement over the FY 2009 rate of 91.6 percent. Our success in improving the SSI overpayment accuracy rate is encouraging and demonstrates the value of additional resources for program integrity efforts. We are committed to increasing our program integrity efforts, and we have many tools to help us minimize improper payments.

We will further increase our efforts to accurately pay benefits by:

Conducting Continuing Disability Reviews (CDR): To ensure we pay disability benefits only to those who continue to meet our medical requirements, we periodically conduct CDRs. We conduct two types of CDRs: full medical reviews and mailers. Using computer-scoring models, we identify cases for which conducting a full medical review would not be cost effective. In these cases, we use a questionnaire (mailer) to solicit key information about a disabled beneficiary’s medical condition and recent medical treatment, education, training, and attempts to return to work. The mailer form is usually sent to beneficiaries who, on the basis of statistical analyses, have a low probability of medical improvement were a full CDR done. A full medical CDR requires a new medical evaluation and disability determination by our DDS examiners. In FY 2013, we estimate that every dollar spent on CDRs will yield about \$9 in program savings over 10 years, including Medicare and Medicaid program effects. We plan to increase the number of periodic medical CDRs by conducting 435,000 full medical CDRs in FY 2012 and 650,000 full medical CDRs in FY 2013.

Conducting SSI Redeterminations: Because SSI is a means-tested program, changes in recipients’ living arrangements or in the amount of their income or resources can affect their ongoing eligibility or the amount of their payment. To ensure the accuracy of SSI payments, we conduct redeterminations, which are periodic reviews of non-medical factors of eligibility. In FY 2013, we estimate that every dollar spent on SSI redeterminations will yield about \$6 in program savings over 10 years, including Medicaid program effects. We expect to conduct 2.6 million SSI redeterminations in both FY 2012 and FY 2013.

Using Predictive Modeling in the SSI Redetermination Process: We use a statistical scoring model to identify cases for redetermination that have a high-likelihood of error because we do not have the resources to conduct an annual redetermination on every SSI recipient. This statistical model uses various income, resource, and living arrangement variables to predict likely SSI overpayments. Using this scoring model, we expect the cases targeted for review in FY 2012 to result in the prevention and recovery of approximately \$3.2 billion in total lifetime SSI overpayments. If we had relied on random case selection rather than using a predictive model, we project that only about \$1.8 billion in total lifetime savings would have been prevented and recovered in that year. In FY 2012, we are enhancing the model, using additional recipient living arrangement information to target likely SSI overpayments.

Expanding the Access to Financial Institutions (AFI) Initiative: A leading cause of SSI overpayments is unreported assets in financial accounts. We traditionally verify assets through beneficiary self-reporting and direct contact with financial institutions. Before AFI, direct contact with financial institutions required our employees to mail a form to the financial institution. This process was time consuming for both financial institutions and our employees. The AFI process automates the verification of SSI applicants' and recipients' assets held by financial institutions. We partnered with a vendor to create a web-based system that allows our offices to electronically submit and receive asset information from financial institutions and to search for undisclosed financial accounts. In FY 2011, we completed our nationwide rollout of AFI and plan to integrate it with our SSI claims systems in FY 2012. When we fully implement AFI, we project roughly \$900 million in lifetime SSI program savings for each year we use the fully implemented process.

Promoting Use of the SSI Telephone Wage Reporting System (SSITWR): Wages continue to be a major source of payment error in the SSI program because we do not always receive accurate or timely monthly wage information. To facilitate timely reporting, we established a dedicated telephone number to allow recipients and their representative payees – persons who receive SSI benefits on behalf of recipients who cannot manage their own benefits – to report monthly wages by calling and using a combination of touch-tone entry and voice-recognition software.

Our software system automatically enters the wage data into the SSI system. This process is more efficient than if the recipient visited a field office, and we manually entered the report of wages into our system. The improved efficiency of SSITWR allows us to process wage reports early enough to adjust the next SSI payment, thereby preventing improper payments.

We are currently conducting a Payee Outreach Pilot. In FY 2011, we mailed notices to a group of representative payees for working SSI recipients. The notices asked the payees to start using SSITWR to report the recipient's wages to us. We are exploring expanding this pilot.

Expanding the Use of Electronic Death Data Exchange with Foreign Governments: We have expanded the use of electronic death data exchange with foreign governments to ensure we do not pay benefits to deceased people who resided outside of the United States. In FY 2012, we expect to implement reciprocal exchanges with Germany, South Korea, Norway, Belgium, and the United Kingdom. In FY 2013, we expect to implement reciprocal exchanges with Canada and other partners.

Using Electronic Data Exchanges: We will continue to explore opportunities to increase electronic data exchanges with the States and other government agencies to eliminate the need for online filers to provide us evidentiary documents, such as birth and death certificates, proof of citizenship, and Forms W-2. These exchanges make the online application process more accurate, efficient, and convenient.

Expanding Our Cooperative Disability Investigation (CDI) Program: We will continue to work collaboratively with our Office of Inspector General (OIG), the State DDSs, and with State and local law enforcement agencies to resolve allegations of fraud in our disability programs through our CDI units.

Our CDI units help prevent payments to people who are not disabled or reduce improper payments to beneficiaries who have failed either to report medical improvement or work activity. In FY 2011, CDI investigations led to the denial or termination of 3,315 claims and saved approximately \$281.2 million to our Disability Insurance (DI) and SSI programs, and \$182.5 million to non-SSA programs, such as Medicare and Medicaid. Moreover, since the program's inception through September 2011, the CDI program efforts nationwide have resulted in \$1.9 billion in projected savings to our DI and SSI programs and \$1.2 billion to non-SSA programs.

The CDI program blends investigative techniques with a collaborative approach that acknowledges the complexity of our disability programs. At the end of FY 2011, the CDI Program consisted of 24 CDI units operating in 21 States. Each unit consists of an OIG Special Agent who serves as the CDI Unit Team Leader, personnel from State or local law enforcement, and personnel from our agency and the State DDS. We plan to add four new units in FY 2012. In FY 2013, we will expand the program as funding permits.

Performance Measures – Strategic Objective 3.1

3.1a: Complete the budgeted number of Supplemental Security Income non-disability redeterminations

Fiscal Year	2012		2013	
Target	2,622,000		2,622,000	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	1,220,664	1,730,575	2,465,878	2,456,830

Data definition: The number of non-disability Supplemental Security Income redeterminations completed in the fiscal year up to the target. This number includes scheduled and unscheduled reviews, as well as targeted redeterminations.

Data source: Integrated SSA Unified Measurement System Counts Report

3.1b: Complete the budgeted number of full medical continuing disability reviews

Fiscal Year	2012		2013	
Target	435,000		650,000	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	245,388	316,960	324,567	345,492

Data definition: The number of full medical continuing disability reviews (CDRs) completed in the fiscal year up to the target. This number represents only full medical reviews completed by the State Disability Determination Services and other agency components and cases where we initiated a review but one was not conducted because the individual failed to cooperate.

Data source: Continuing Disability Review Tracking Files

Note: Prior to FY 2012, performance included reviews completed by the State Disability Determination Services and other agency components, reviews conducted by questionnaires (mailers) that do not require a medical review, and cases where we initiated a review but one was not conducted because the individual failed to cooperate.

In FY 2011, we completed 1,408,897 CDRs, including 345,492 medical CDRs and 1,063,405 mailers that did not require a medical review.

In FY 2010, we completed 956,182 CDRs, including 324,567 medical CDRs and 631,615 mailers that did not require a medical review.

In FY 2009, we completed 1,101,983 CDRs, including 316,960 medical CDRs and 785,023 mailers that did not require a medical review.

In FY 2008, we completed 1,091,303 CDRs, including 245,388 medical CDRs and 845,915 mailers that did not require a medical review.

3.1c: Percent of Supplemental Security Income payments free of overpayment and underpayment error

Overpayment Accuracy Rate

Fiscal Year	2012		2013	
Target	95.0%		95.0%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	89.7%	91.6%	93.3%	Available April 2012

Underpayment Accuracy Rate

Fiscal Year	2012		2013	
Target	98.8%		98.8%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	98.3%	98.4%	97.6%	Available April 2012

Data definition: We determine the SSI payment accuracy rate free of overpayment and underpayment error by an annual review of a statistically valid sample of the beneficiary rolls. The payment accuracy is based on a non-medical review of sampled individuals receiving SSI payments during the fiscal year. We determine the overpayment accuracy rate by dividing the total overpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent. We determine the underpayment accuracy rate by dividing the total underpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent.

Data source: SSI Stewardship Report

Note: Our Annual Performance Plan and Congressional Justification, issued in February 2011, reflected an FY 2011 SSI overpayment accuracy rate target of 92 percent. Because of the lag in producing actual performance data, we did not receive FY 2010 SSI overpayment accuracy data until April 2011. The increase in our FY 2010 accuracy rate prompted us to revise the FY 2011 SSI overpayment accuracy rate target to 93.3 percent. We will receive actual FY 2011 SSI overpayment accuracy performance data in April 2012.

3.1d: Maintain percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error

Overpayment Accuracy Rate

Fiscal Year	2012		2013	
Target	99.8%		99.8%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	99.7%	99.6%	99.6%	Available April 2012

Underpayment Accuracy Rate

Fiscal Year	2012		2013	
Target	99.8%		99.8%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	99.9%	99.9%	99.8%	Available April 2012

Data definition: We determine the Old-Age, Survivors, and Disability Insurance (OASDI) payment accuracy rate free of overpayment and underpayment error by an annual review of a statistically valid sample of the beneficiary rolls. The payment accuracy is based on a non-medical review of sampled individuals receiving OASDI payments during the fiscal year. We determine the overpayment accuracy rate by dividing the total overpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent. We determine the underpayment accuracy rate by dividing the total underpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent.

Data source: OASDI Stewardship Report

STRATEGIC OBJECTIVE 3.2 RECOVER IMPROPER PAYMENTS

STRATEGIES

- Maximize Our Use of Proven Debt Collection Tools and Techniques
- Implement New Tools for Debt Collection
- Develop Recommended Changes to Laws, Regulations, and Policies to Enhance Our Ability to Collect Debt

Although we strive to pay benefits accurately and timely, the complexity of our disability programs can lead to improper payments. In FY 2011, we recovered \$3.2 billion of Social Security and SSI overpayments from overpaid beneficiaries. We use benefit withholding to recover overpayments from debtors currently receiving payments. When overpaid individuals are no longer receiving benefits, we offer them the opportunity to repay the debt via monthly installment payments. If the debtor does not agree to an acceptable repayment plan or defaults on an established agreement, we use our external collection techniques to recover the overpayments.

We have enhanced our debt collection program focusing on the use of established external debt collection procedures. These include our participation in the Department of Treasury's (Treasury) Treasury Offset Program (TOP), which allows us to offset Federal Tax refunds, Federal annuities, and Federal salaries to collect our delinquent debts. We also use Administrative Wage Garnishment, which allows us to garnish a debtor's private sector wages. We also report delinquent debts to credit bureaus.

We will continue improving our debt collection program by:

Maximizing Our Use of Proven Debt Collection Tools and Techniques: Referrals of delinquent debts to TOP are an effective recovery method for individuals who are no longer entitled to our program benefits. Since our initial implementation in 1992, we have recovered \$2 billion dollars through TOP. In 2009, Treasury enhanced TOP by amending their regulations to allow for collection of legally enforceable, non-tax debts beyond the prior 10-year statute of limitation. In FY 2011, we published regulatory changes authorizing us to refer delinquent debts to TOP beyond 10 years. By the end of FY 2012, we will implement the systems changes to identify and notify our debtors. As a result of this enhancement, we will begin referring additional debts to Treasury for collection starting in FY 2013.

Implementing New Tools for Debt Collection: We have statutory authority to offset of eligible State payments due to debtors as a way to collect delinquent debts. To offset the payment, the issuing State must have previously entered into a reciprocal agreement with Treasury. In FY 2011, we published the regulatory changes authorizing us to offset eligible State payments issued by participating States. As resources permit, we will implement the required systems enhancements to employ State Payment Offset.

Performance Measure – Strategic Objective 3.2

3.2a: Expand and enhance our debt collection tools

Fiscal Year	2012	2013
Target	Implement Treasury Offset Program for programmatic delinquent debt over 10 years old	TBD

Data definition: Develop and implement internal processes to allow SSA to begin pursuing, through the Department of Treasury Offset Program, programmatic debts that have been delinquent for longer than 10 years.

Data source: The External Collection Operation Master File

Note: This performance measure is new for FY 2012.

STRATEGIC OBJECTIVE 3.3

MAINTAIN ACCURATE EARNINGS RECORDS

STRATEGIES

- Encourage More Employers to File W-2s Online
- Work with the Internal Revenue Service to Improve Wage Reporting
- Continue to Modernize Our Earnings Systems

Enumeration is our process of assigning Social Security numbers (SSN) and issuing Social Security cards. Each year we issue approximately 17 million original and replacement Social Security cards. We also verify SSNs more than one billion times a year through a variety of electronic exchanges with public and private organizations. The purpose of the SSN is to allow us to record a worker's earnings history. We base Social Security benefit amounts on a worker's lifetime earnings, so it is critical that we maintain accurate earnings records and credit the correct amount of earnings to the right person. In FY 2011, we completed and posted more than 249 million items to workers' records.

Maintaining accurate earnings records is resource intensive and highly complex. We receive the majority of these earnings reports electronically; however, over 3.8 million are still paper reports, which make them more error prone, labor intensive, and expensive to process. In addition, the automated systems we use to process this workload are aging.

Our efforts to enhance our enumeration process include:

Strengthening the Social Security Number Application Process (SSNAP): SSNAP is a web-based enumeration system used to record information and evidence submitted during the interview for an SSN. SSNAP is available in all field offices (including Social Security Card Centers), teleservice centers, and Foreign Service posts. We are currently revising SSNAP to guide users through the mandatory in-person interview for applicants who are age 12 or older and applying for original SSNs. Interview questions, which differ depending on the person's citizenship, help determine if we previously assigned an SSN. As resources permit, we will continue to develop and implement enhancements that will help us enforce enumeration policy and meet legislative requirements.

Expanding Enumeration-at-Entry (EAE): Initially, this program allowed immigrants age 18 or older to apply for an SSN with the Department of State (DOS) as part of their visa application. Upon arrival in the U.S., the DHS forwards immigrants' enumeration data to us. In collaboration with these agencies, we expanded EAE in FY 2009 to handle requests for children under the age of 18 who applied for immigrant visas and an SSN. In FY 2012, we are proactively working with DOS and DHS to expand the EAE process to those persons applying for admission to the United States under certain non-immigration visa classifications. These improvements will reduce field office workloads, provide cost savings, increase our capabilities to prevent the issuance of multiple SSNs, and improve the integrity of the enumeration process.

Implementing Use of DHS Auto Cards: We will work with DHS to support its transmission of data directly to our enumeration system. We will be able to automatically and securely assign an SSN and issue a Social Security card, to certain categories of foreign-born individuals who are currently residing in the U.S. without further action by our employees. In FY 2013, we plan to implement this process for non-citizens applying for a work permit for the first time. Future releases will include expansion to non-immigrants (e.g., in the U.S. with a valid visitor visa) whose status changes to permanent resident status and people who become naturalized citizens.

Assessing Foreign Identity Documents Used to Issue Social Security Numbers: To deter fraud and improper SSN issuance, we evaluate documents originating outside the United States to determine their

validity. We establish and continually update a country-specific listing of acceptable documents for use in processing SSN applications.

Our efforts to maintain accurate earnings records include:

Continuing the Earnings Redesign Initiative: We are redesigning our systems to make our earnings process more efficient and accurate. In addition, we are working with the Internal Revenue Service to enhance the earnings data exchanges for improved wage reporting.

Expanding Use of Social Security Number Verification Services (SSNVS): SSNVS allows registered users (i.e. third parties and employers) to determine, almost instantaneously, if the reported name and SSN of an employee matches our records. We can post employee wages correctly only when employers report employee wages under the correct name and SSN. We will continue to work with the business community to encourage additional employers and private sector companies to use this service.

Increasing Electronic Wage Report (EWR) Filing: We will continue to work toward eliminating paper wage reports while migrating to an electronic earnings record process. Annually, we receive over 3.8 million paper wage reports from employers that contain over 32 million paper Forms W-2s. Paper wage reports are more error-prone, labor intensive, and expensive to process; accordingly, we will continue to encourage employers and third party submitters to use the Business Services Online EWR suite of services to file Forms W-2 for their employees and customers electronically. We will inform employers about EWR online and through promotional materials, payroll conferences, articles in trade publications, and direct contact.

Performance Measures – Strategic Objective 3.3

3.3a: Reduce the percentage of paper Forms W-2 completed

Fiscal Year	2012		2013	
Target	14.0%		13.0%	
Historical Performance				
Fiscal Year	2009	2010	2011	
Performance	16%	15%	14.4%	

Data definition: The percentage of paper Forms W-2 processed to completion. We derive the percentage by dividing the number of paper Forms W-2 processed to completion by the total number of Forms W-2 processed to completion. Data are reported cumulatively for the current calendar year, as Forms W-2 are processed for the prior tax year.

Data source: Earnings Modernization Operational Data Store Management Information Reports

3.3b: Achieve the target percentage for correctly assigning original Social Security numbers

Fiscal Year	2012		2013	
Target	99.0%		99.0%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	99.9%	99.9%	99.9%	Available May 2012

Data definition: We derive the percentage using a statistically valid sample of original Social Security Numbers assigned in the fiscal year. We divide the number of correctly assigned Social Security Numbers by the total number sampled. We consider the Social Security Number assigned correctly when: 1) the individual did not receive a Social Security Number that belongs to someone else; 2) the individual did not receive more than one Social Security Number, except where permitted; and 3) the individual is eligible to receive a Social Security Number based on supporting documentation.

Data source: Enumeration Quality Review

STRATEGIC OBJECTIVE 3.4

MAKE OUR ADMINISTRATIVE OPERATIONS EVEN MORE EFFICIENT

STRATEGIES

- Use Technology to Achieve Savings
- Use Efficient Acquisition Strategies to Achieve Savings

We are committed to sound management practices. As responsible stewards, we continually review our business processes and use technology to make our operations more efficient. We continue to seek new ways to increase our efficiency. For example, we spend about \$1 billion annually to obtain mission essential goods and services. By focusing on reducing high-risk acquisitions and aggressively seeking vendor discounts, we saved over \$273 million in FY 2011 in acquisition costs.

In accordance with Executive Order 13589, Promoting Efficient Spending, we examined the key administrative areas targeted by the Executive Order and identified ways to cut costs where possible and eliminate practices that are outdated or unnecessary. Even prior to the issuance of the Executive Order, we took steps to reduce expenditures in many administrative areas, identifying opportunities to promote efficient and effective spending.

We will make our administrative operations more efficient by:

Increasing Use of Technology as Alternatives to Travel: We significantly increased the use of video hearings to reduce travel expenses while simultaneously handling more hearings, transferring workloads between locations, and providing better service to claimants in remote areas. In FY 2012, we also plan to reduce training travel costs through Distance Learning Technology, an initiative that replaces some face-to-face training with video training.

Ensuring the Integrity of Our Annual Financial Statements: As mandated by the Chief Financial Officers Act of 1990, each year our Office of the Inspector General (OIG) or an independent external auditor audits our financial statements in accordance with applicable standards. We strive to obtain an unqualified audit opinion, which attests to the fair presentation of our financial statements and demonstrates our commitment to sound financial management practices. This opinion assures the public and Congress that: 1) our financial statements conform to generally accepted accounting principles; 2) we fairly state that our internal controls over financial reporting are operating effectively; and 3) we are in compliance with laws and regulations. Our commitment to a strong internal control environment is unwavering, and FY 2011 marked the 18th consecutive year we received an unqualified opinion on our financial statements.

Conducting Onsite Security Control and Audit Reviews: We will continue to conduct ongoing Onsite Security Control and Audit Reviews in our field offices, teleservice centers, processing centers, DDSs, and hearing offices to ensure they follow established security policies and procedures and that management controls are in place to deter and detect waste, fraud, and abuse. These reviews identify issues before they escalate. We require office managers to submit a corrective action plan providing details on the actions they will take to correct any deficiency cited during the review. We monitor these corrective plans to ensure we address and resolve each deficiency.

Open Government: We are committed to the principles of transparency in Government. In FY 2011, we added new charts and datasets throughout the year that responded to public demand and support agency accountability. By the end of FY 2011, we had over 30 datasets available to the public on topics such as the timeliness, efficiency, and quality of our workload processing. We will add new information in FY 2012 that will improve the public's knowledge of the agency and its operations. We are following

strict protocols for assuring the protection of personal information and the security of agency data in accordance with laws, regulations, and best practices.

In FY 2010, we published our first Open Government Plan (Plan), www.socialsecurity.gov/open/story-2010-06-24-open-government-plan.html, which is our framework for incorporating the principles of transparency, participation, and collaboration into our plans for achieving our mission. In FY 2012, using public and employee input, we will refresh our Plan with new milestones for future years. Information about our refreshment activities is available at www.socialsecurity.gov/open.

Performance Measure – Strategic Objective 3.4

3.4a: Receive an unqualified audit opinion on SSA’s financial statements

Fiscal Year	2012		2013	
Target	Receive an unqualified opinion		Receive an unqualified opinion	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	Received an unqualified opinion			

Data definition: The receipt of an unqualified audit opinion from an independent auditor. We receive an unqualified opinion on the financial statements when an independent auditor determines that agency financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Data source: The independent auditor report

STRATEGIC GOAL 4: Strengthen Our Workforce and Infrastructure

TO ACHIEVE THIS GOAL WE WILL

- Strengthen Our Workforce-Recruit, Train, Develop, and Retain Superior Employees
- Maintain Secure and Reliable Information Technology Services
- Increase Efficiency of Our Physical Infrastructure

We face many challenges in providing quality service to the public. It is through the dedication and commitment of our employees and State partners, the disability determination services, that we have been able to sustain dedicated and compassionate public service. One of our challenges continues to be the loss of institutional knowledge from the retirement of our employees. Our recruitment and retention efforts must attract a multi-generational, multi-cultural workforce with the competencies needed for our mission critical positions. It is imperative that we find new and innovative ways to pass on institutional knowledge as our experienced employees leave.

Although we have a history of high productivity, process improvements alone cannot offset the significant increases in our workloads and loss of staff. To meet our service delivery challenge, we rely upon a large and complex information technology (IT) infrastructure, which includes very sensitive national databases, hundreds of software applications, large back-end computer platforms, and thousands of networked computers, printers, telephones, and other devices. In addition, we are striving to provide a professional, safe, and secure environment for our workforce and the public while working toward achieving even greater savings by minimizing waste and reducing energy consumption.

We must continue to make strategic investments in our employees for a strong and productive workforce that, when combined with investments in our IT and physical infrastructures, will equip our employees with the necessary tools to tackle our challenges.

STRATEGIC OBJECTIVE 4.1

STRENGTHEN OUR WORKFORCE-RECRUIT, TRAIN, DEVELOP, AND RETAIN SUPERIOR EMPLOYEES

STRATEGIES	<ul style="list-style-type: none"> ➤ Recruit and Retain a Highly-Skilled, Multi-Generational and Multi-Cultural Workforce, Including Veterans, Individuals with Disabilities, and Bilingual Employees ➤ Sustain a Positive Work Environment that Values Diversity and Inclusion and Encourages Employee Innovation and Input ➤ Offer High-Value Learning and Leadership Development Opportunities ➤ Refresh Our Training and Technical Support Resources
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The landscape of the Federal workplace and its workforce continues to change, as do the needs of the public that we serve. We must be prepared to meet the 21st century business demands by having a diverse, highly skilled, and agile workforce. Technological advances have changed the way the public conducts business with us. Technology has not only changed our service delivery methods, but it has also changed our physical workplace. The advent of portable electronic work is changing our traditional business models.

Our workforce is quickly approaching retirement age. By 2015, almost 33 percent of our workforce, including 48 percent of our supervisors, will be eligible to retire. In FY 2011, we lost over 4,000 employees due to retirement and other reasons. We expect this trend to continue. During this same timeframe, the baby boomer retirement wave continues to have a significant effect on our workloads. Consequently, even as our workloads continue to remain high, the size of our workforce is decreasing.

In order to ensure continued success, we have expanded our development programs so that we can seamlessly pass the leadership of our agency to a well-prepared generation of new leaders. We are committed to embrace “learning” over “training.” For example, we are pursuing peer-to-peer education opportunities using Intranet sites and social media so that employees can share questions and best-demonstrated practices. In that way, knowledge exchange is not confined by geographical location.

Our new hires will continue to reflect our record of being one of the most diverse agencies in the Federal Government. Additionally, we will continue to make special efforts to recruit veterans and people with disabilities, particularly our own beneficiaries in the Ticket to Work program.

We will continue to strengthen our workforce by:

Employment of Veterans and Individuals with Disabilities: We have long recognized the rich talent pool that exists within the veteran and disabled populations. From FY 2010 to FY 2011, we increased permanent veteran hiring by over 9 percentage points, which significantly exceeded our commitment of a 3-4 percentage point increase. During the same time, we also increased our hiring of disabled veterans by over 4 percentage points, which exceeded our 1-2 percentage point goal. Overall, 26.7 percent of our permanent hires were veterans and 13.6 percent were disabled veterans.

The percentage of employees with disabilities in our workforce has increased from 8.15 percent in FY 2008 to 8.52 percent in FY 2011. However, the percentage of employees with targeted disabilities in our workforce has decreased from 2.03 percent in FY 2008 to 1.99 percent in FY 2011. To maintain our high level of veteran and disabled hiring and employment, we established two operational plans to help integrate proven practices for recruitment, development, support, and retention into our ongoing

human capital strategies: the Veterans Employment Initiative Operational Plan and the Increasing the Employment of Individuals with Disabilities Operational Plan. Both plans outline our long-term direction concerning leadership commitment, skill development and employment, marketing and outreach, and access to information through information gateways.

Diversity and Inclusion: We have a long-standing record of being among the most diverse public sector Federal agencies. We continually strive to recruit, promote, and retain a highly skilled diverse workforce that draws from all segments of society. In FY 2012, we will develop our Diversity and Inclusion (D&I) Strategic Plan highlighting our proven best practices for attaining and retaining a diverse workforce, and providing a work environment that draws upon our collective talents and enables our employees to participate to their full potential. The D&I Plan will align with the Government-wide Diversity and Inclusion Strategic Plan and supports Presidential Executive Order 13583, “Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce.”

Career Development Programs: We have one of the most robust career development programs in the Federal sector. We offer three distinct development programs to develop future leaders. These programs include the Senior Executive Service Candidate Development Program (SES CDP), Advanced Leadership Program (ALP), and the Leadership Development Program (LDP). In FY 2011, we announced and selected participants for our sixth SES CDP class since acquiring independent agency status in 1995. In FY 2012, we will solicit and select participants for the ALP and LDP programs.

Learning Opportunities: We will establish more innovative training solutions, such as virtual conferences, video teleconferencing, and simulations in FY 2012 and FY 2013. We are also improving training for our front-line employees. The safety of our employees and visitors to our offices has always been our top priority. To that end, in FY 2012, we are developing a curriculum that will give employees new tools to deal with difficult customers. We will implement this curriculum in FY 2013.

Performance Measures – Strategic Objective 4.1

4.1a: Recruit and hire veterans and disabled veterans

Veteran Hiring

Fiscal Year	2012		2013	
Target	26.72%		Maintain the overall veteran hiring percentage at 26.72%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	12.93%	15.07%	17.33%	26.72%

Disabled Veteran Hiring

Fiscal Year	2012		2013	
Target	14.59%		Increase the disabled veteran hiring by 1 percentage point over FY 2012 performance	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	6.04%	7.50%	8.72%	13.59%

Data definition for Veteran Hiring: For a given fiscal year, the percentage of overall permanent hires who are veterans (i.e., an employee who has been discharged or released from active duty in the armed forces under honorable conditions and has a 5-point or 10-point veteran’s preference).

Data definition for Disabled Veteran Hiring: For a given fiscal year, the percentage of overall permanent hires who are disabled veterans (i.e., an employee who has been discharged or released from active duty in the armed forces under honorable conditions and has a 10-point preference due to a service-connected disability.) This category is a subset of the overall veterans hiring statistic.

Data includes full-time permanent and part-time permanent employees only.

Data source: Human Resources Operational Data Store

Note: This performance measure is new for FY 2012.

4.1b: Employ individuals with targeted disabilities

Fiscal Year	2012		2013	
Target	2.0%		2.05%	
Historical Performance				
Fiscal Year	2008	2009	2010	2011
Performance	2.03%	2.02%	1.99%	1.99%

Data definition: The percentage of the on-duty workforce, as of the end of the fiscal year (September 30), who self-identified as an individual with a targeted disability (i.e. an employee who has self-identified with the following physical and/or mental impairment: deafness, blindness, missing extremities, partial paralysis, complete paralysis, and other impairment such as epilepsy, severe intellectual disability, psychiatric disability, and dwarfism.) Data include full-time permanent and part-time permanent employees only.

Data source: Human Resources Operational Data Store

Note: This performance measure is new for FY 2012.

4.1c: Conduct mandatory employee training on diffusing difficult encounters with the public

Fiscal Year	2012		2013	
Target	Develop the safety and security training curriculum		90% of employees trained	

Data definition: The number of new and existing employees trained on safety and security measures when encountering irate and aggressive customers. We will train front-line employees first.

Data source: Safety and Security Website and the Learning Management System

Note: This performance measure is new for FY 2012.

STRATEGIC OBJECTIVE 4.2

MAINTAIN SECURE AND RELIABLE INFORMATION TECHNOLOGY SERVICES

STRATEGIES	<ul style="list-style-type: none"> ➤ Complete Infrastructure Changes to Restore National IT Operations Within One Day in the Event of a Disaster Affecting Either of Our Two Data Centers ➤ Use Advanced Cyber-Security Tools and Techniques to Protect Our Data and Systems ➤ Utilize Proven New Technologies to Improve IT Cost, Performance, and Data-Loss Risk ➤ Incrementally Modernize Our Older Software Applications Based on Business Opportunity and Technical Risk ➤ Maintain Systems Performance While Transitioning to Our New Data Center
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Our Information Technology (IT) infrastructure includes investments in computer hardware and software, telecommunications, data, and the processes by which we manage this technology. Our robust IT infrastructure enables high workforce productivity and public satisfaction in the services we offer. We design and implement cost effective IT solutions in the face of constrained budgets, increasing growth in IT demand and services, cyber-security risks, and technology obsolescence that occurs as the technology industry constantly changes.

Continued investments in our IT infrastructure will ensure that we will maintain secure and reliable technology services for our workforce and the public we serve. We will implement several strategies to strengthen both our day-to-day operations and ongoing technology modernization efforts.

We will maintain secure and reliable IT services by:

Enhancing Our Infrastructure: We will complete infrastructure changes to restore national IT operations within one day in the event of a disaster affecting either of our two data centers. We will implement several technologies including high-speed disk replication, dynamic load balancing with high bandwidth connectivity between data centers, increased data center capacity, and automatic failover and staging systems. We will test our critical system recovery processes on an annual basis.

Protecting Our Systems and Data: We will deploy tools and techniques to maintain privacy and protection of our data, systems, and business processes. We will continue to strengthen our information security program to meet the standards and requirements of the 2002 Federal Information Security Management Act by training our employees and implementing effective cyber security technologies.

Improving IT Cost and Performance: We will use proven new technologies to lower IT cost and improve performance. As part of our capital planning and investment control processes, we evaluate the cost of IT projects in light of their return on investment. We appropriately adopt new technologies, which provide stable and high performing environments. We are implementing Service-Oriented Architecture (SOA) technology to enhance code reusability and to reduce development costs.

Modernizing Older Software Applications: We will incrementally modernize our older software applications based on business opportunity and technical risk. We evaluate current software applications in light of how these meet strategic business goals and their conformance to our Enterprise Architecture plans. These evaluations support our decision process for identifying applications to retire,

renovate, or maintain. We are progressively increasing the number of open software applications in use.

Maintaining Systems Performance While Transitioning to Our New Data Center: As we prepare for the move to our new National Support Center in 2015, we are implementing several infrastructure enhancements to ensure continued system performance. These enhancements include: isolating our pre-production and network environments from our core computing environment; reducing the number of operating systems we support; implementing additional virtualization technologies wherever technically feasible and cost-effective and; configuring tiered architectures to meet application cost and performance requirements.

Performance Measure – Strategic Objective 4.2

4.2a: Percentage of enterprise-wide systems availability

Fiscal Year	2012	2013
Target	99.50%	99.50%
Historical Performance		
Fiscal Year	2010	2011
Performance	99.84%	99.89%

Data definition: We define enterprise availability as a weighted total availability of service channel mission critical applications for all our customers. An application is considered available when the end user can perform all business functions within the application with reasonable response times. Six different service channels (online, DDS eDIB, Internet, telephone, data exchange, and weekend outage) and accompanying applications are included.

Data source: Change, Asset, and Problem Reporting System (Data is limited to Critical Application Severity 1 outages.)

Note: This performance measure is new for FY 2012.

STRATEGIC OBJECTIVE 4.3 INCREASE EFFICIENCY OF OUR PHYSICAL INFRASTRUCTURE

STRATEGIES	<ul style="list-style-type: none"> ➤ Implement Green Solutions that Improve Our Environment and Make Our Operations More Efficient ➤ Improve Real Property Management and Optimize Maintenance Costs ➤ Increase Oversight of Space Acquisition Activities to Ensure Cost-Conscious Decision Making, Taking Telework Opportunities into Consideration ➤ Continue to Redesign and Equip Our Offices to Enhance Security and Privacy and Foster Employee Satisfaction and Productivity
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We must provide a professional, safe, and secure environment for our workforce and the public. We also have a responsibility to the public to conduct business in an efficient, economical, and environmentally sound manner. We are reviewing our current office structure to identify opportunities to consolidate offices and reduce our carbon footprint. Cancellation of leases has resulted in cost savings of nearly \$15 million through the beginning of FY 2012. We are working toward achieving even greater savings by minimizing waste and reducing energy consumption.

In an effort to meet this responsibility, we recycle and purchase energy efficient lighting, electronics, and appliances and continue to provide sustainable acquisition language in agency contracts. We began these practices before release of Executive Order 13423, “Strengthening Federal Environment, Energy, and Transportation Management,” which directed Federal agencies to improve their environmental, energy, and transportation processes.

In support of Executive Order 13423 and Executive Order 13514, “Federal Leadership in Environmental, Energy, and Economic Performance,” we replaced 100 percent of our gasoline vehicles eligible for replacement with alternative fuel or low greenhouse gas emissions vehicles. As a result, we rank sixth in reducing petroleum and third in increased alternative fuel usage among 21 Federal agencies. We continue to find new and innovative ways to expand our “green” programs and use “green” solutions to improve our environment. By December 2012, we will complete our Environmental Management System plan, which sets forth ambitious energy and water conservation goals consistent with Executive Orders 13423 and 13514.

We will increase the efficiency of our physical infrastructure by:

Greening Our Fleet: We developed a Greenhouse Gas Reduction Goal and Sustainability Performance Plan to meet the requirements of Executive Order 13514. To further our sustainable practices, we will increase our purchase of renewable energy. One hundred percent of our new vehicle purchases are alternative fuel vehicles. Nationwide, we converted over 82 percent of our light-duty vehicles to alternative fuel vehicles, and at our headquarters, we converted 70 percent of these vehicles. We will continue to meet the Executive Order requirements to increase consumption of alternative fuels by 10 percent and reduce petroleum consumption by 2 percent annually. We continue to allow other Federal agencies to access alternative fuel pumps that we have installed. To expand our “green” programs in FY 2012 and FY 2013, we expect to purchase more renewable energy for our headquarters buildings, thereby reducing our greenhouse gas emissions.

Recycling and Redesign Waste: In FY 2012, we will implement single-stream recycling at our headquarters’ complex to increase the amount of recyclable materials we divert from the waste stream. Also in FY 2012, we plan to deploy new recycling stations in high visibility areas with more foot traffic

than our current recycling centers. We continue to conduct research and consider additional options for expanding our recycling program. We are currently exploring the possibility of implementing composting in the cafeterias of several of our facilities.

Purchasing and Managing Environmentally Sound Electronics: We purchase desktop computers, laptops, and monitors that are silver-rated or better by the Electronic Product Environmental Assessment Tool. We implemented power management on desktop and laptop computers, which allows computers to revert to the “sleep” mode during periods of inactivity, thereby reducing power usage and greenhouse gas emissions. In FY 2012 and FY 2013, we will continue our efforts to purchase and manage environmentally friendly electronics.

Converting to Sustainable, “Green” Energy Sources: We will continue to explore sustainable energy sources (solar, wind, etc.) and will employ where economically feasible. We also monitor our offices to ensure we meet energy efficiency standards.

Performance Measure – Strategic Objective 4.3

4.3a: Reduce energy intensity by 30 percent by 2015

Fiscal Year	2012	2013
Target	7%	7%
Historical Performance		
Fiscal Year	2010	2011
Performance	6.8%	1.4%

Data definition: Energy intensity is energy consumption per square foot of building space. Executive Order 13514 requires agencies to improve energy efficiency and reduce greenhouse gas emissions through reduction of energy intensity by 30 percent by the end of FY 2015 as it relates to the baseline of the agency’s energy use in fiscal year 2003. We measure the decrease in energy consumption for FY 2012 compared to the FY 2003 usage baseline.

Data source: Department of Energy Federal Energy Management Program Greenhouse Gas Reduction Inventory

Note: This performance measure is new for FY 2012.

Appendix A

Priority Goals

We have identified three agency Priority Goals in response to the President’s challenge for Federal agencies to cut waste, save money, and deliver better service. These goals support our overarching strategic goals set forth in our FY 2013 – 2016 Agency Strategic Plan. Our Priority Goals are aggressive and we expect to achieve them within a 24-month period. We regularly review our progress, and take necessary actions to improve our outcomes and reduce costs.

Priority Goals	Strategies to Achieve Priority Goals	Goal Leader(s)
<p>Faster hearing decisions By the end of FY 2013, we will reduce the average time for a hearing decision from 345 days at the end of FY 2011 to 270 days.</p> <p>(Refer to performance measure 1.1c, Minimize average wait time from hearing request to decision, on page 14)</p>	<ul style="list-style-type: none"> • Eliminate our oldest cases first • Expedite cases that do not require a hearing • Enhance electronic tools that improve productivity and quality • Target our national resources to meet workload demands 	<p>Lisa Markowski Executive Coordinator for Backlog Initiatives, Office of Disability Adjudication and Review</p>
<p>Reduce Supplemental Security Income (SSI) overpayments By the end of *FY 2013, we will increase our SSI overpayment accuracy rate from 93.3 percent at the end of FY 2010 to 95 percent. *FY 2013 data will not be available until April 2014.</p> <p>(Refer to performance measure 3.1c, Percent of SSI payments free of overpayment and underpayment error, on page 42)</p>	<ul style="list-style-type: none"> • Develop new tools and automated means for recipients to report changes that may affect their payment amount • Automate internal business processes to make it easier for our employees to make changes quickly and accurately • Pursue additional data sharing agreements with private industry and government agencies • Enhance predictive models and automation tools to help identify elements of eligibility • Explore innovative methods to communicate reporting responsibilities to recipients 	<p>Joanne Gasparini Executive Lead for Improper Payments, Office of Quality Performance</p>

Priority Goals	Strategies to Achieve Priority Goals	Goal Leader(s)
<p>Increase use of our online services By the end of FY 2013, we will increase our online filing rates from 36 percent at the end of 2011 to 48 percent.</p> <p>(Refer to performance measure 2.1a, Increase the percentage of claims filed online, on page 29)</p>	<ul style="list-style-type: none"> • Develop creative outreach strategies to market online services • Enhance usability and continue to incorporate best-in-business features in our existing online services • Explore offering online services through mobile devices • Explore online support options, including click to talk, screen sharing, and instant messaging • Simplify business processes to maximize the benefits of online services 	<p>Sylviane Haldiman Associate Commissioner, Office of Electronic Services</p>

Further, in response to the President's challenge to create a more effective, efficient, innovative, and responsive government, the Office of Management and Budget is establishing Federal Priority Goals. These goals will complement government-wide management improvement goals and agency Priority Goals. Per the GPRA Modernization Act, P.L. 111-352, requirement to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to performance.gov for information on Federal Priority Goals and the agency's contributions to those goals, where applicable.

In addition, Federal agencies are focusing on ways to eliminate wasteful spending and get the most from taxpayer dollars. To target low-priority activities, agencies are using such criteria as how well programs/activities align with their missions, identification of duplicative efforts with other internal or external programs/activities, and determination of relative consequences or benefits to the public. The 2013 Cuts, Consolidations, and Savings (CCS) Volume of the President's Budget identifies the lower-priority program activities under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at <http://www.whitehouse.gov/omb/budget>.

Appendix B

FY 2012 Major Evaluations

We routinely evaluate our programs by conducting a variety of studies and surveys to determine if they are effective. We continue to build on our collection of program data, research, and analyses to identify our program strengths and weaknesses. We use information from program evaluations to develop strategies to address the major challenges we face and to improve the day-to-day administration of our programs. We complete many of our evaluations annually while others may be one-time efforts.

STRATEGIC GOAL 1 – DELIVER QUALITY DISABILITY DECISIONS AND SERVICES	
EVALUATION	DESCRIPTION
Disability Initial Claims Report Card	Surveys persons who file for disability benefits regarding perceptions of the initial disability application processes
Evaluation of Ticket to Work Program	Evaluates the progress of the Ticket to Work Program as required under the Ticket to Work and Work Incentives Improvement Act of 1999
Hearing Process Report Card Survey	Surveys persons who file for disability benefits regarding perceptions about the entire hearing process
Quality Review Assessment of Senior Attorney Advisor Disability Decisions	Assesses the accuracy of favorable hearing decisions made by non-administrative law judge decision-makers (e.g., Attorney Adjudicators)
The Office of Quality Performance Denial Review	Assesses the accuracy of initial and reconsideration-level medical denials

STRATEGIC GOAL 2 – PROVIDE QUALITY SERVICE TO THE PUBLIC	
EVALUATION	DESCRIPTION
Field Office Telephone Service Evaluation	Evaluates our accuracy in handling the publics' calls to field offices
National 800 Number Telephone Service Evaluation	Evaluates our accuracy in handling the publics' calls to the National 800 Number
Overall Service Satisfaction Surveys	<ul style="list-style-type: none"> • Telephone Service Satisfaction Surveys evaluate callers' satisfaction with our National 800 Number and field office telephone services • Office Visitor Surveys evaluate visitors' satisfaction with our field offices (including Social Security Card Centers) and hearing offices • Internet Transaction Surveys evaluate users' satisfaction with online transactional services
Prospective Client Survey	Surveys people between the ages of 50 and 64 to identify service expectations and preferences of the upcoming wave of retirees
Special Notice Option Survey	Surveys visually impaired people who have requested their Social Security notices in a special format, such as Braille, to measure satisfaction with notices received in the requested format
STRATEGIC GOAL 3 – PRESERVE THE PUBLIC'S TRUST IN OUR PROGRAMS	
EVALUATION	DESCRIPTION
Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds	Reports on the financial and actuarial status of the two Social Security trust funds – the Old-Age and Survivors Trust Fund and the Disability Trust Fund
Annual Report of the Supplemental Security Income Program	Reports annually to the President and the Congress on the status of the Supplemental Security Income program and provides projections of program participation and costs through at least 25 years
Enumeration Quality Review	Assesses the accuracy of original Social Security Numbers assigned during the fiscal year
Pre-effectuation Review of Disability Determinations	Assesses the accuracy of disability initial and reconsideration allowances made by State Disability Determination Services as required in the Social Security Act
Retirement, Survivors, and Disability Insurance Stewardship Review	Measures the accuracy of payments to persons receiving Social Security retirement, survivors, or disability benefits

STRATEGIC GOAL 3 – PRESERVE THE PUBLIC’S TRUST IN OUR PROGRAMS (CONTINUED)

EVALUATION	DESCRIPTION
Safeguard Activity Report	Advises the Internal Revenue Service (IRS) of minor changes to procedures or safeguards described in the Safeguard Procedure Report
Safeguard Review	Evaluates the use of Federal tax information and the measures we employ to protect this information; this is an onsite evaluation completed in collaboration with the IRS
Safeguard Procedures Report	Details the security measures we are taking to ensure the confidentiality of the Federal tax information provided to us by the IRS
Supplemental Security Income (SSI) Stewardship Review	Reviews non-medical factors of eligibility; conducted to measure the accuracy of payments made to persons receiving SSI benefits

STRATEGIC GOAL 4 – STRENGTHEN OUR WORKFORCE AND INFRASTRUCTURE

EVALUATION	DESCRIPTION
Federal Employee Viewpoint Survey (formerly the Annual Employee Survey/Federal Human Capital Survey)	Assesses employee perspectives of organizational performance across several major human capital areas; including recruitment, development, performance culture, leadership, job satisfaction, and personal work experiences
Federal Information Security Management Act Report	Reports to Congress whether our overall information technology security programs and practices comply with the Federal Information Security Management Act of 2002
Human Capital Accountability System	Monitors and evaluates the results of our human capital strategies, policies, and programs, as well as our adherence to merit system principles; it includes cyclical Human Resources Management and Delegated Examining Unit Assessments of components across the agency and an annual Human Capital Management Report
Management Directive (MD)-715	Provides policy guidance and standards for establishing and maintaining effective affirmative action programs
New Hire Survey	Monitors employee perspectives on recruitment, hiring, on-boarding and training activities
Office of Civil Rights and Equal Opportunity Quality Assurance Program	Assesses the effectiveness of our Equal Employment Opportunity programs and our compliance with regulatory requirements, policy, and directives

Appendix C

How We Manage Performance

The Government Performance and Results Act of 1993 (GPRA), as amended by the Government Performance and Results Modernization Act of 2010, provides a foundation for performance planning, reporting, and budgeting. GPRA requires each Federal agency to prepare an Annual Performance Plan (APP) outlining how it will use the budget to achieve its mission. In our APP, we established high-level, agency-wide performance measures and targets linked directly to the strategic goals in our Agency Strategic Plan (ASP):

- Goal 1 – Deliver Quality Disability Decisions and Services;
- Goal 2 – Provide Quality Service to the Public;
- Goal 3 – Preserve the Public’s Trust in Our Programs; and
- Goal 4 – Strengthen Our Workforce and Infrastructure.

Our FY 2013 APP outlines our performance measures and targets. These measures provide a balanced view of overall agency performance, which is achieved through close coordination among our executive leadership and with other local, State, and Federal agencies and stakeholders. We will report our actual performance each year in the Performance and Accountability Report. This APP, modeled after our ASP, conforms to the following hierarchy:

- Strategic Goal – Our four strategic goals reflect the Commissioner’s key priorities and provide a roadmap to achieving our mission.
- Strategies – Our strategies represent what we plan to achieve over the span of our ASP.
- Strategic Objective – We have 14 strategic objectives that articulate what we want to achieve.
- Performance Measure – We have 35 performance measures to determine our progress towards achieving our strategic objectives and goals.
- Performance Target – Our targets indicate the level of performance we expect to achieve each year.

To effectively and efficiently carry out our mission, we use a mixture of output and outcome-oriented performance measures to assist our executive leadership in their decision making process. We consistently review progress, overall trend data, and the likelihood of meeting planned performance levels. Quarterly data-driven management reviews ensure that executives regularly review agency performance on top priorities and make changes if necessary.

Monthly, our Performance Improvement Officer provides our executive leadership with an Agency Tracking Report. The Report uses a “stop light” approach to display the status of monthly progress towards achieving performance targets established at the beginning of the fiscal year. The Report helps executives quickly diagnose potential problem areas and take corrective action. The executive responsible for an underperforming measure then provides a brief explanation of why performance is behind expectation and the possible solutions. We will ensure the accuracy, credibility, and reliability of the data used to measure progress towards our performance goals.

Social Security Administration Data Integrity Systems and Controls: We generate performance data for the Annual Performance Plan's quantifiable measures, including the budgeted output measures, through automated management information and workload measurement systems, as a by-product of programmatic and administrative operations. The performance data for several accuracy and public satisfaction indicators comes from surveys and workload samples designed to achieve very high levels (usually 95 percent confidence level) of statistical validity.

SSA's Office of Quality Performance (OQP) performs stewardship reviews, which are the primary measure of quality of the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. Review findings provide the basis for reports to Congress and other monitoring authorities. The review provides an overall accuracy measurement of payments to all beneficiaries currently on the rolls. We base the review on a monthly sample selection from the payment rolls consisting of beneficiaries receiving a payment in the sample month. For each sampled case, we interview the recipient or representative payee, make collateral contacts as needed, and redevelop all non-medical factors of eligibility as of the current sample month.

OQP's *Transaction Accuracy Reviews* (TAR) focus on field office (FO) and Program Service Center quality and measure operational compliance with procedural requirements, as defined by the Program Operations Manual System (POMS). When POMS instructions are not followed and further development of the case is needed, OQP completes the required development action to bring the issue in question into compliance with POMS and determines whether there is a payment effect. If an error is apparent from the material in the FO file that does not require any further development, the OQP reviewer cites an error and determines the payment impact.

We provide feedback about quality to the adjudicating FO in all cases. In FY 2011, the TAR sample totaled approximately 3,850 for Social Security (Title II) and 8,500 for the SSI (Title XVI) program. These reviews produce national data on the adjudicative quality of approximately 8 million Title II claims and 3 million Title XVI claims, and scheduled and unscheduled redeterminations processed each year. Please note that in FY 2011, the OASDI TAR reduced the Title II sample to 3,850 cases and added a validation review of policy that streamlines issues such as proof of age, citizenship, month of election, etc. The results of this review will provide us with data to validate whether or not the new policy streamlining procedures achieve the desired outcome.

Based on TAR findings, targeted reviews will focus on specific problems that we identify and for which we test solutions at the national or regional level. Targeted samples may not be limited to a POMS compliance standard, depending on the nature of the issue. We issue an annual report covering the entire fiscal year. We will also generate on a flow basis analytical reports focusing on specific subject areas.

Program Performance Report: We issue an annual Performance and Accountability Report (PAR) to report our progress in meeting the Government Performance and Results Act goals and performance measures. The PAR describes our comprehensive review of management and security controls for administrative and programmatic processes, as well as accounting controls in our financial management systems. We use the results to ensure that appropriate controls are in place to prevent unauthorized systems access and to increase confidence in the reliability of performance data. Also, in the PAR are the results of the audit of our financial statements and internal controls by an independent accounting firm under contract with SSA's Office of the Inspector General.

Role of SSA's Office of the Inspector General (OIG): OIG improves our programs and operations and protects them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. The Inspector General provides timely, useful, and reliable information and recommendations to Administration officials, the Congress, and the public. The Office of Audit

conducts performance audits of our programs and operations and makes recommendations to ensure the effective and efficient achievement of program objectives.

In terms of data integrity, the Office of Audit completes audits of selected performance measures and the performance data that supports them. In FY 2011, the OIG contracted with KPMG LLP to review three performance indicators (PIs). The objectives of the reviews were to:

- Comprehend and document the sources of data collected to report on the specified PIs.
- Identify and test critical controls (both electronic data processing and manual) of systems from which the specified performance data were gathered.
- Test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for each of the specified PIs.
- Recalculate each measure to ascertain its accuracy.

For the three measures reviewed, KPMG did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the audited PIs.

Appendix D

Agency Challenges

Our programs provide a safety net for the public and contribute to the increased financial security for the elderly and disabled. Each month, we pay more than \$60 billion in benefits to almost 60 million beneficiaries. These benefits not only provide a lifeline to our beneficiaries and their families, but also are vital to the Nation's economy. In the chart below, we show the major challenges we face as we look toward the future. We also align the Commissioner's priorities with the Office of the Inspector General's (OIG) top issues facing our management, located at www.ssa.gov/oig/ADOBEPDF/mgmt%20challenges%202011.pdf. In addition, we identify the performance measures that help us gauge progress toward resolving these challenges, as well as show the agency official responsible for resolving them. For a detailed description of how we address these challenges, see pages 11–59.

OIG Major Management Challenges	Strategic Goals and Performance Measures to Address Challenges with Responsible Official
<p>Reduce the Hearings Backlog and Prevent Its Recurrence</p> <p>Improve the Timeliness and Quality of the Disability Process</p>	<p>Strategic Goal 1 – Deliver Quality Disability Decisions and Services</p> <p><u>DCDAR</u></p> <ul style="list-style-type: none"> • 1.1a Complete the budgeted number of hearing requests • 1.1b Achieve the budgeted goal for SSA hearings case production per workyear • 1.1c Minimize average wait time from hearing request to decision • 1.1d Eliminate the oldest pending hearing requests • 1.1e Reduce the percentage of Appeals Council cases pending 365 days or over <p><u>DCO</u></p> <ul style="list-style-type: none"> • 1.2a Minimize average processing time for initial disability claims • 1.2b Complete the budgeted number of initial disability claims • 1.2c Disability Determination Services cases production per workyear • 1.2d Complete the budgeted number of disability claims at the reconsideration level • 1.2e Achieve the target number of initial disability claims pending • 1.2f Achieve the target number of disability claims pending at the reconsideration level <p><u>DCRDP</u></p> <ul style="list-style-type: none"> • 1.2g Update the medical Listing of Impairments • 1.2i Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work • 1.3a Achieve the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances <p><u>DCS</u></p> <ul style="list-style-type: none"> • 1.2h Increase the percentage of disability cases evaluated using health Information Technology <p><u>DCQP</u></p> <ul style="list-style-type: none"> • 1.2j Improve Disability Determination Services decisional accuracy rate for initial disability decisions

OIG Major Management Challenges	Strategic Goals and Performance Measures to Address Challenges with Responsible Official
<p>Improve Customer Service</p>	<p>Strategic Goal 2 – Provide Quality Service to the Public</p> <p><u>DCO</u></p> <ul style="list-style-type: none"> • 2.1a Increase the percentage of claims filed online • 2.1b Complete the budgeted number of retirement, survivors, and Medicare claims • 2.2a Achieve the target speed in answering National 800 Number calls • 2.2b Achieve the target busy rate for National 800 Number calls <p><u>DCQP</u></p> <ul style="list-style-type: none"> • 2.2c Maintain the percent of people rating our services as “excellent,” “very good,” or “good” <p><u>DCDAR</u></p> <ul style="list-style-type: none"> • 2.3a Complete the planned number of video hearings
<p>Reduce Improper Payments and Increase Overpayment Recoveries</p> <p>Strengthen the Integrity and Protection of the Social Security Number</p> <p>Improve Transparency and Accountability</p>	<p>Strategic Goal 3 – Preserve the Public’s Trust in Our Programs</p> <p><u>DCO</u></p> <ul style="list-style-type: none"> • 3.1a Complete the budgeted number of SSI non-disability redeterminations • 3.3a Reduce the percentage of paper Forms W-2 completed • 3.3b Achieve the target percentage of correctly assigning original Social Security Numbers <p><u>DCO and DCQP</u></p> <ul style="list-style-type: none"> • 3.1b Complete the budgeted number of full medical continuing disability reviews <p><u>DCQP</u></p> <ul style="list-style-type: none"> • 3.1c Percent of SSI payments free of overpayment and underpayment error • 3.1d Maintain percent of Old-Age, Survivors, and DI payments free of overpayment and underpayment error • 3.2a Expand and enhance our debt collection tools <p><u>DCBFM</u></p> <ul style="list-style-type: none"> • 3.4a Receive an unqualified audit opinion on SSA’s financial statements
<p>Invest in Information Technology Infrastructure to Support Current and Future Workloads</p> <p>Implement the American Recovery and Reinvestment Act Effectively and Efficiently</p>	<p>Strategic Goal 4 – Strengthen our workforce and infrastructure</p> <p><u>DCHR</u></p> <ul style="list-style-type: none"> • 4.1a Recruit and hire veterans and disabled veterans • 4.1b Employ individuals with disabilities • 4.1c Conduct employee training on diffusing difficult encounters with the public <p><u>DCS</u></p> <ul style="list-style-type: none"> • 4.2a Percentage of enterprise-wide systems availability <p><u>DCBFM</u></p> <ul style="list-style-type: none"> • 4.3a Reduce energy intensity by 30 percent by 2015

Appendix E

Changes to Performance Measures, Data Definitions, and Data Sources

FY 2012 New Performance Measures	
Number	Performance Measure Title
1.1c	Minimize average wait time from hearing request to decision
1.1e	Reduce the percentage of Appeals Council cases pending 365 days or over
1.2d	Complete the budgeted number of disability claims at the reconsideration level
1.2f	Achieve the target number of disability claims pending at the reconsideration level
2.1a	Increase the percentage of claims filed online
2.3a	Complete the planned number of video hearings
3.2a	Expand and enhance our debt collection tools
4.1a	Recruit and hire veterans and disabled veterans
4.1b	Employ individuals with targeted disabilities
4.1c	Conduct mandatory employee training on diffusing difficult encounters with the public
4.2a	Percentage of enterprise-wide systems availability
4.3a	Reduce energy intensity by 30 percent by 2015

Performance Measures Eliminated in FY 2012	
Achieve the target number of hearing requests pending	We eliminated this measure because it did not indicate whether we were achieving our strategic objective to improve our workload management practices throughout the hearing process. Additionally, this measure was overly influenced by hearing receipts, a factor outside of our control
Achieve the budgeted goal for average processing time for hearing requests	This measure was replaced by “Minimize average wait time from hearing request to decision”
Achieve the target to eliminate the oldest Appeals Council requests for review pending	We have successfully eliminated the oldest Appeals Council requests for review pending over the last few years. This measure was replaced by “Reduce the percentage of Appeals Council cases pending 365 days or over”
Achieve the target average processing time for Appeals Council requests for review	We have successfully reduced Appeals Council average processing time over the last few years and want to now focus on eliminating Appeals Council cases pending 365 days or over
Achieve the target percentage of disability claims filed online	We are now measuring all online claims, including disability claims
Increase the number of Disability Insurance and Supplemental Security Income disability beneficiaries who earn four quarters of work credit during the calendar year	This measure does not fully convey the success of our return-to-work programs
Achieve the target percentage of retirement claims filed online	We are now measuring all online claims, including retirement claims
Increase the number of responses received through the Access to Financial Institutions program	The outcome of this program is reflected in SSI overpayment accuracy
Replace gasoline-powered vehicles with alternative-fuel vehicles	The success of this effort reduced our targets to 10 vehicles or less
Develop and implement an agency Environmental Management System	In FY 2012, will meet our milestone for developing and implementing an agency Environmental Management System

Carryover Performance Measures with Title Changes		
Number	FY 2012 New Title	FY 2011 Old Title
1.1d	Eliminate the oldest pending hearing requests	Achieve the target to eliminate the oldest hearing requests pending
1.2a	Minimize average processing time for initial disability claims	Minimize average processing time for initial disability claims to provide timely decisions
1.2j	Improve Disability Determination Services decisional accuracy rate for initial disability decisions	Disability Determination Services net accuracy rate for combined initial disability allowances and denials
2.1b	Complete the budgeted number of retirement, survivors, and Medicare claims	Percent of retirement, survivors, and health insurance claims receipts completed up to the budgeted level
2.2c	Maintain the percent of people rating our services as "excellent," "very good," or "good"	Percent of individuals who do business with SSA rating the overall services as "excellent," "very good," or "good"
3.1b	Complete the budgeted number of full medical continuing disability reviews	Increase the budgeted number of continuing disability reviews
3.1d	Maintain percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error	Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error
3.3a	Reduce the percentage of paper Forms W-2 completed	Reduce the target percentage of paper Forms W-2 completed

Carryover Performance Measures with Data Definition Changes		
Number	FY 2012 New Data Definition	FY 2011 Old Data Definition
1.1a	The number of hearing requests completed in the current fiscal year.	The number of hearing requests completed in the current fiscal year up to the number budgeted.
1.1b	This indicator represents the average number of hearings completed per direct workyear used. A direct workyear represents actual time spent processing cases. It does not include time spent on training, ALJ travel, leave, holidays, etc.	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, ALJ travel, leave, holidays, etc.
1.2a	The average processing time is the overall, cumulative number of elapsed days, (including processing times for transit, technical determinations, medical determinations, and quality review from the date of filing through the date payment is made or the denial notice is issued) for all initial claims that require a medical determination. The total number of days to process all initial disability claims requiring a medical determination is divided by the total number of initial disability claims requiring a medical determination that are processed during the fiscal year.	The average processing time is the overall, cumulative number of elapsed days, including State Disability Determination Services, Federal Assistance Units, and field office processing times, from the date of filing through the date payment is made or the denial notice is issued for all initial claims that require a medical determination. The total number of days to process all initial disability claims requiring a medical determination is divided by the total number of initial disability claims requiring a medical determination that are processed during the fiscal year.

Carryover Performance Measures with Data Definition Changes (continued)		
Number	FY 2012 New Data Definition	FY 2011 Old Data Definition
1.2i	The total number of Social Security, Supplemental Security Income, and concurrent beneficiaries who used their Ticket to sign up with an Employment Network or State Vocational Rehabilitation Agency and who have recorded earnings in the Disability Control File in any month of the calendar year.	The total number of Disability Insurance, Supplemental Security Income, and Concurrent beneficiaries who used their Ticket to sign up with an Employment Network or State Vocational Rehabilitation Agency and who have recorded earnings in the Disability Control File in any month of the calendar year.
2.1b	The percent of retirement, survivors, and Medicare claims completed in the current fiscal year up to the budgeted number.	The percent of retirement, survivors, and health insurance claims receipts completed in the current fiscal year up to the budgeted number.
2.2a	We calculate the speed of answer by dividing the wait time of all National 800 Number calls answered by agents by the number of all National 800 Number calls answered by agents in the fiscal year. Wait time begins from the time the caller is transferred to the agent queue (waiting for an agent) and continues until an agent answers the call.	Speed of answer is calculated by dividing the wait time of all National 800 Number calls by the number of all National 800 Number calls answered by agents in the fiscal year. Wait time begins from the time the caller is transferred to an agent (in queue) until an agent answers the call.
2.2b	We calculate the Agent Busy Rate as the number of National 800 Number busy messages divided by the number of National 800 Number calls requesting agent service in the fiscal year. The caller receives a busy message when the number of calls offered exceeds the number of telephone lines available or when the agent queue has reached its maximum capacity of waiting calls.	The Agent Busy Rate is calculated as the number of National 800 Number busy messages divided by the number of National 800 Number calls requesting agent service in the fiscal year. The caller receives a busy message when an agent is not available to answer the call because the queue has reached its maximum capacity of waiting calls. When this happens, we provide the option of returning to the Main Menu or calling back at another time.

Carryover Performance Measures with Data Definition Changes (continued)		
Number	FY 2012 New Data Definition	FY 2011 Old Data Definition
3.1b	The number of full medical continuing disability reviews (CDRs) completed in the fiscal year up to the target. This number represents only full medical reviews completed by the State Disability Determination Services and other agency components and cases where we initiated a review but one was not conducted because the individual failed to cooperate.	The number of continuing disability reviews (CDRs) completed in the fiscal year up to the target. This number includes medical reviews completed by the State Disability Determination Services and other agency components, reviews conducted by questionnaires (mailers) that do not require a medical review, and cases where we initiated a review but one was not conducted because the individual failed to cooperate.
3.3a	The percentage of paper Forms W-2 processed to completion. We derived the percentage by dividing the number of paper Forms W-2 processed to completion by the total number of Forms W-2 processed to completion. Data are reported cumulatively for the current calendar year, as Forms W-2 are processed for the prior tax year.	The percentage of paper Forms W-2 processed to completion. The percentage is derived by dividing the number of paper Forms W-2 processed to completion by the total number of Forms W-2 processed to completion.

Carryover Performance Measures with Data Source Changes		
Number	FY 2012 New Data Source	FY 2011 Old Data Source
1.1b	Office of Disability Adjudication and Review, Monthly Activity Report, the Case Processing and Management System, Payroll Analysis Recap Report, Travel Formula, and Training Reports (Regional reports on new staff training, ongoing training, and special training)	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 percent of their time in travel status), and Training Reports (Regional reports on new staff training, ongoing training, and special training)
1.2a	Chicago Claims Goals Report sourced by Social Security Unified Measurement System Title 2 and Title 16 Processing Time	Old-Age, Survivors, and Disability Insurance Initial Claims Operational Data Store and Supplemental Security Income Initial Claims Operational Data Store
2.2c	We base the overall satisfaction rating is based on Service Satisfaction Surveys of National 800 Number callers; field office callers; visitors to field offices (including Social Security Card Centers beginning in FY 2011) and hearings offices; and individuals who used one of our transactional Internet services. The Internet Report Card Survey, which began in FY 2010 with iClaim and Medicare Part D Subsidy applications, added online change of address and direct deposit actions to the types of transactions sampled in FY 2011. The FY 2012 Internet Report Card Survey will add a sample of individuals who completed the online medical form for a disability initial claim or appeal. The FY 2013 survey will incorporate online request for information, such as a benefit verification	Overall satisfaction rating is based on Service Satisfaction Surveys of National 800 Number callers; field office callers; visitors to field offices and hearings offices; and, starting in FY 2009, individuals who used one of our transactional Internet services. In FY 2009, we included results of a special survey of applicants who filed for benefits online. The FY 2010 performance indicator included results of the first annual Internet Report Card Survey, which added online applicants for Medicare Part D Subsidy along with iClaim filers. Additional cohorts of individuals using transactional Internet services are to be added incrementally to Internet Report Card Survey each year from FY 2011 - FY 2013 in the following categories: changes to beneficiary records; completion of medical forms; and information requests (such as request for benefit verification)

Appendix F

Key Management Officials and Board Members

Commissioner	Michael J. Astrue
Deputy Commissioner	Carolyn W. Colvin
Chief Actuary	Stephen C. Goss
General Counsel	David F. Black
Inspector General	Patrick P. O’Carroll, Jr.
Deputy Commissioner, Budget, Finance, and Management	Michael G. Gallagher
Deputy Commissioner, Communications	James J. Courtney
Deputy Commissioner, Disability Adjudication and Review	Glenn E. Sklar
Deputy Commissioner, Human Resources	Reginald F. Wells, Ph.D
Deputy Commissioner, Legislation and Congressional Affairs	Scott L. Frey
Deputy Commissioner, Operations	Mary E. Glenn-Croft
Deputy Commissioner, Quality Performance	Ronald T. Raborg
Deputy Commissioner, Retirement and Disability Policy	David A. Rust
Deputy Commissioner, Systems	G. Kelly Croft

BOARD OF TRUSTEES

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Secretary of the Treasury, and
Managing Trustee of the Trust Funds

Kathleen Sebelius
Secretary of Health and
Human Services, and Trustee

Charles P. Blahous III
Trustee

Carolyn W. Colvin
Deputy Commissioner of Social Security
and Secretary, Board of Trustees

Hilda L. Solis
Secretary of Labor, and
Trustee

Michael J. Astrue
Commissioner of Social
Security, and Trustee

Robert D. Reischauer
Trustee

SOCIAL SECURITY ADVISORY BOARD

Marsha Rose Katz, Acting Chair
Jagadeesh Gokhale

Dorcas R. Hardy
Mark J. Warshawsky

Summary of Key Management Officials' Responsibilities

Commissioner of Social Security (COSS) —manages all agency programs and staff.

Deputy Commissioner of Social Security (DCOSS) — serves as the alter ego for the Commissioner. In addition, the DCOSS is the accountable official for improper payments and serves as the Chief Operating Officer responsible for improving agency management and performance.

Chief Actuary (CAct) — plans and directs program actuarial estimates and analyses for the retirement, survivors, disability, and Supplemental Security Income programs and for any proposed changes in those programs and trust funds. CAct provides technical and consultative services to the Commissioner, to the Board of Trustees of the Social Security Trust Funds, and to its staff.

General Counsel (GC) — advises the Commissioner, Deputy Commissioner, and all subordinate organizational components (except the Inspector General) on legal matters.

Inspector General (IG) —promotes economy, efficiency, and effectiveness in the administration of our programs and operations and prevents and detects fraud, waste, abuse, and mismanagement.

Deputy Commissioner for Budget, Finance and Management (DCBFM) —directs our comprehensive management programs including budget, acquisition and grants, facilities and supply management, and security and emergency preparedness.

Deputy Commissioner for Communications (DCCOMM) — conducts our national public information and outreach programs, leads our efforts to improve the clarity, tone, and readability of our notices, and fosters the transparency of our operations.

Deputy Commissioner for Disability Adjudication and Review (DCDAR) — administers our nationwide appeal and review program in accordance with relevant Federal laws.

Deputy Commissioner for Human Resources (DCHR) — administers our human resources programs, including training, human capital initiatives, personnel and employee relations, labor management, and civil rights and equal opportunity.

Deputy Commissioner for Legislation and Congressional Affairs (DCLCA) — develops and conducts our legislative program, serves as our liaison to Congress, and analyzes legislative and regulatory initiatives.

Deputy Commissioner for Operations (DCO) — directs our national network of field offices, National 800 Number teleservice centers, and processing centers. Oversees the State Disability Determination Services.

Deputy Commissioner for Quality Performance (DCQP) — directs our quality management program by conducting quality reviews, studies and statistical analyses of our programs, business processes, and service delivery. The DCQP also serves as the Performance Improvement Officer.

Deputy Commissioner for Retirement and Disability Policy (DCRDP) — advises the COSS on major policy issues and is responsible for all major activities in the areas of program policy planning, policy research and evaluation, statistical programs and overall policy development, analysis and implementation.

Deputy Commissioner for Systems (DCS) — Serves as the Chief Information Officer. Directs the strategic management of our systems and databases and the development, validation, and implementation of any new systems. Directs the conduct of systems and operational integration and

strategic planning processes, and the implementation of a comprehensive systems configuration management, data base management, and data administration program.

Appendix G

Glossary of Acronyms

A

AFI	Access to Financial Institutions
ALJ	Administrative Law Judge
ALP	Advanced Leadership Program
APP	Annual Performance Plan
ARPS	Appeals Review Processing System
ASP	Agency Strategic Plan

C

CARE2020	Citizens Access Routing Enterprise through 2020
C2C	Click-to-communicate
CAct	Chief Actuary
CAL	Compassionate Allowances
CCS	Cuts, Consolidations, and Savings
CDI	Cooperative Disability Investigation
CDR	Continuing Disability Review
COSS	Commissioner of Social Security

D

DCBFM	Deputy Commissioner for Budget, Finance and Management
DCCOMM	Deputy Commissioner for Communications
DCDAR	Deputy Commissioner for Disability Adjudication and Review
DCHR	Deputy Commissioner for Human Resources
DCLCA	Deputy Commissioner for Legislation and Congressional Affairs
DCO	Deputy Commissioner for Operations
DCOSS	Deputy Commissioner of Social Security
DCPS	Disability Case Processing System
DCQP	Deputy Commissioner for Quality Performance
DCRDP	Deputy Commissioner for Retirement and Disability Policy
DCS	Deputy Commissioner for Systems
DDS	Disability Determination Service
DHS	Department of Homeland Security
DI	Disability Insurance
DOD	Department of Defense
DOL	Department of Labor
DOS	Department of State
DOT	Dictionary of Occupational Titles
D&I	Diversity and Inclusion

E

EAE	Enumeration-at-Entry
eCAT	Electronic Claims Analysis Tool
eDib	Electronic Disability
eFolder	Electronic Disability Folder
EN	Employment Network

EO	Executive Order
EWR	Electronic Wage Reporting
F	
FO	Field Office
FOAP	Field Office Automation Project
FY	Fiscal Year
G	
GC	General Counsel
GPRA	Government Performance and Results Act
GPRAMA	Government Performance and Results Modernization Act
H	
health IT	Health Information Technology
HIV	Human Immunodeficiency Virus
I	
iAppeals	Internet Appeal Application
iClaim	Internet Benefit Application
IG	Inspector General
IOM	Institute of Medicine
IRS	Internal Revenue Service
IT	Information Technology
L	
LDP	Leadership Development Program
Listings	Listing of Impairments
M	
MPR	Mathematica Policy Research, Inc
N	
NCAC	National Case Assistance Center
NCC	National Computer Center
NHC	National Hearing Center
NOW	Network Online Web
NPRM	Notice of Proposed Rulemaking
O	
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of Inspector General
OIS	Occupational Information System
OQP	Office of Quality Performance
P	
PAR	Performance and Accountability Report
PI	Performance Indicator
POMS	Program Operations Manual Systems
Q	
QDD	Quick Disability Determinations

R

RVP Representative Video Project

S

SES CDP Senior Executive Service Candidate Development Program

SOA Service-Oriented Architecture

SSA Social Security Administration

SSDI Social Security Disability Insurance

SSI Supplemental Security Income

SSITWR SSI Telephone Wage Reporting System

SSN Social Security Number

SSNAP Social Security Number Application Process

SSNVS Social Security Number Verification Services

SVC Schedule Voice Callback

T

TAR Transaction Accuracy Review

TBD To Be Determined

TOP Treasury Offset Program

TSRP Telephone System Replacement Project

V

VA Department of Veterans Affairs

VR Vocational Rehabilitation

VSD Video Service Delivery

VSU Virtual Screening Unit



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