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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.*)

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## LANGUAGE ANALYSIS

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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.

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## SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

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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>



<b>Independent SSA Resource Analysis and Strategy</b>	<b>Actions Taken or To Be Taken</b>
<p>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.</p>	<p>We plan to develop and submit a report proposing a long-range strategic plan.</p>

<b>Annual Social Security Statement Review</b>	<b>Actions Taken or To Be Taken</b>
<p>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.</p>	<p>We will submit a report to the Appropriations, Ways and Means and Finance Committees within the timeframe requested.</p>

<b>Budget Request</b>	<b>Actions Taken or To Be Taken</b>
<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"> <li>• 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;</li> <li>• Annual performance targets for pending cases and processing times for the reconsideration level of appeal;</li> <li>• 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;</li> <li>• 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</li> <li>• Identification of key assumption and cost drivers for each program.</li> </ul>	<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>

<b>Quarterly Report on Unobligated Balances</b>	<b>Actions Taken or To Be Taken</b>
<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**

<b>Report on Impact of Enacted Funding Levels</b>	<b>Actions Taken or To Be Taken</b>
<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>
<b>Operating Plan</b>	<b>Actions Taken or To Be Taken</b>
<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

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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](http://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

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#### 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**

	<b>FY 2011 Actual</b>	<b>FY 2012 Enacted<sup>1,2,3</sup></b>	<b>FY 2013 Estimate</b>
<b>Budget Authority</b> (in millions)	No data		
<b>Limitation on Administrative Expenses (LAE)</b>	\$11,424	\$11,446	\$11,760
<b>Research and Demonstrations</b>	\$43	\$8	\$48
<b>Office of the Inspector General (OIG)</b>	\$102	\$102	\$108
<b>Total Budget Authority<sup>4</sup></b>	<b>\$11,569</b>	<b>\$11,556</b>	<b>\$11,916</b>
<b>OTHER FUNDING</b> (in millions) <sup>5</sup>			
MIPPA – Low-Income Subsidy (LIS)	\$1	\$2	\$2
<b>Total Budgetary Resources<sup>4</sup></b>	<b>\$11,570</b>	<b>\$11,558</b>	<b>\$11,918</b>
<b>Workyears</b>			
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>
<b>Total SSA<sup>4</sup></b>	<b>69,358</b>	<b>66,963</b>	<b>65,179</b>
Disability Determination Services (DDS)	<u>16,739</u>	<u>14,825</u>	<u>14,391</u>
<b>Total SSA/DDS<sup>4</sup></b>	<b>86,097</b>	<b>81,788</b>	<b>79,570</b>
OIG	578	586	596
<b>Total SSA/DDS/OIG<sup>4</sup></b>	<b>86,675</b>	<b>82,374</b>	<b>80,166</b>

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

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Totals may not add due to rounding.

<sup>5</sup> 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**

	<b>FY 2011 Actual</b>	<b>FY 2012 Enacted<sup>1,2</sup></b>	<b>FY 2013 Estimate</b>
<b>Selected Workload Measures</b>	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) <sup>3</sup>	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
<b>Selected Outcome Measures</b>			
Initial Disability Claims Pending (thousands)	759	861	1,164
Reconsiderations Pending (thousands) <sup>3</sup>	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.

<sup>1</sup> 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.

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

<sup>3</sup> Average Processing Time measures for reconsiderations are currently under development.

## RECENT ACCOMPLISHMENTS

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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

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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

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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**

<u>Planned</u>	<u>Actual</u>	<u>Milestone</u>
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
Dec 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)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Available</u>	<u>Total</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Planned</u>		
<b>Obligations</b>	\$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 Obligation<sup>1</sup>**  
(dollars in thousands)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
<b>LAE</b>			
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
<b>Subtotal LAE Resources</b>	<b>\$ 11,913,999</b>	<b>\$ 11,627,522</b>	<b>\$11,760,000</b>
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
<b>Obligations, LAE</b>	<b>\$ 11,838,182</b>	<b>\$ 11,620,422</b>	<b>\$ 11,760,000</b>
<b>Recovery Act Resources</b>			
<b>Unobligated Balances, start-of-year:</b>			
Workload Processing	\$ 6,247	\$ 0	\$ 0
ERP - Admin	\$ 2,375	\$ 0	\$ 0
New NSC	\$ 496,819	\$ 109,119	\$87,985
<b>Subtotal, Recovery Act Resources</b>	<b>\$ 505,441</b>	<b>\$ 109,119</b>	<b>\$ 87,985</b>
<b>Unobligated Balances, lapsing:</b>			
Workload Processing	-\$ 1,822	\$ 0	\$ 0
ERP	-\$ 1,854	\$ 0	\$ 0
<b>Unobligated Balances, end-of-year:</b>			
Workload Processing	\$ 0	\$ 0	\$ 0
ERP	\$ 0	\$ 0	\$ 0
NSC	-\$ 109,119	-\$ 87,985	-\$ 87,985
<b>Obligations, Recovery Act</b>	<b>\$ 392,645</b>	<b>\$ 21,134</b>	<b>\$ 0</b>

Table Continued on Next Page

**Limitation on Administrative Expenses**

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

<sup>1</sup> 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)<sup>1</sup>

	FY 2011 Actual	FY 2012 Estimate <sup>2,3,4</sup>	FY 2013 Estimate
OASI and DI Trust Funds <sup>5</sup>	\$ 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
<b>Total Budget Authority</b>	<b>\$ 11,423,607</b>	<b>\$ 11,446,190</b>	<b>\$ 11,760,000</b>
OASI and DI Trust Funds <sup>4</sup>	\$ 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
<b>Total LAE Outlays<sup>4</sup></b>	<b>\$ 11,876,870</b>	<b>\$ 11,472,323</b>	<b>\$ 11,666,167</b>

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

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

<sup>3</sup> 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.

<sup>4</sup> 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.

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

## KEY ASSUMPTIONS AND COST DRIVERS

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

<sup>1</sup> 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
<b><u>BUILT-IN INCREASES</u></b>				
<b><u>Payroll Expenses</u></b>	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
<b><u>Non-Payroll Costs</u></b>				
Mandatory growth in non-payroll costs, including higher costs of rent, security, and guard services		\$ 2,073,575		\$ 70,469
<b><u>State Disability Determination Services</u></b>				
Mandatory growth in State DDS costs, including pay raises and the cost of medical evidence		\$ 2,216,000		\$ 71,481
<b>Subtotal, Built-In Increases</b>				<b>+\$ 319,633</b>
<b><u>PROGRAM INCREASES</u></b>				
<b><u>Funding for IT</u></b>				
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
<b><u>Social Security Statements</u></b>		\$8,800		\$62,200
<b><u>State Children's Health Insurance Program (SCHIP)</u></b>		\$1,500		\$272
<b>Subtotal, Program Increases</b>				<b>+\$ 244,419</b>
<b>Total Increases</b>				<b>+\$ 564,052</b>

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Limitation on Administrative Expenses

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

## BUDGETARY RESOURCES BY OBJECT

**Table 3.11—Budgetary Resources by Object<sup>1,2</sup>**  
**(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
<b>Total Obligations</b>	<b>\$ 11,645,056</b>	<b>\$11,763,772</b>	<b>\$ 118,216</b>
Resources not being obligated in the current year (carrying over or lapsing)	\$ 100,608	\$ 96,835	-\$ 3,772
<b>Total Budgetary Resources<sup>3</sup></b>	<b>\$ 11,745,664</b>	<b>\$ 11,860,608</b>	<b>\$ 114,444</b>
Payments to State DDS (funded from other services and Communications, utilities, and misc.)	\$ 2,216,000	\$ 2,224,000	\$ 8,000

<sup>1</sup> 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.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> 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)**

	<b>2011 Amount Authorized</b>	<b>2011 Actual<sup>1</sup></b>	<b>2012 Amount Authorized</b>	<b>2012 Enacted<sup>2</sup></b>	<b>2013 Amount Authorized</b>	<b>2013 Estimate<sup>3</sup></b>
<b>Title II, Section 201(g)(1) of the Social Security Act</b>	Indefinite	\$ 11,423,607	Indefinite	\$11,453,290	Indefinite	\$11,760,000

<sup>1</sup> 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).

<sup>2</sup> 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).

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

<sup>1</sup> 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.
- <sup>2</sup> The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included \$7,936,000,000.
- <sup>3</sup> S. 2766.
- <sup>4</sup> Consolidated Appropriations Resolution, 2003 (P.L. 108-7).
- <sup>5</sup> A total of \$50,862,500 was rescinded by Consolidated Appropriations Resolution, 2003 (P.L. 108-7).
- <sup>6</sup> Total includes \$120,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- <sup>7</sup> H.R. 2660.
- <sup>8</sup> S. 1356.
- <sup>9</sup> Consolidated Appropriations Act, 2004 (P.L. 108-199).
- <sup>10</sup> A total of \$48,626,600 was rescinded by Consolidated Appropriations Act, 2004 (P.L. 108-199).
- <sup>11</sup> 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).
- <sup>12</sup> Total includes up to \$121,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- <sup>13</sup> H.R. 5006.
- <sup>14</sup> S. 2810.
- <sup>15</sup> 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).
- <sup>16</sup> A total of \$69,394,400 was rescinded by Consolidated Appropriations Act, 2005 (P.L. 108-447).
- <sup>17</sup> Includes a total of \$601,000,000 in earmarked funding for continuing disability reviews in FY 2006. Total consists of \$412,000,000 in base funding and \$189,000,000 in additional funds. Includes up to \$131,000,000 from user fees paid by states for Federal administration of SSI State 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).
- <sup>18</sup> H.R. 3010.
- <sup>19</sup> H.R. 3010, reported from Committee with an amendment.
- <sup>20</sup> 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).
- <sup>21</sup> A total of \$90,794,000 was rescinded by Department of Defense Appropriations Act, 2006 (P.L. 109-148).
- <sup>22</sup> A transfer from Department of Homeland Security for Hurricane Katrina-related costs (appropriated by P.L. 109-234).
- <sup>23</sup> Includes a total of \$490,000,000 in funding designated for continuing disability reviews in FY 2007. Total consists of \$289,000,000 in base funding and \$201,000,000 in additional funds. Includes up to \$119,000,000 from user fees paid by states for Federal administration of SSI State 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).
- <sup>24</sup> H.R. 5647.
- <sup>25</sup> S. 3708.
- <sup>26</sup> Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).

## Limitation on Administrative Expenses

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- <sup>27</sup> Includes a total of \$477,000,000 in funding designated for SSI redeterminations and continuing disability reviews (CDRs). The base and cap adjustment requests for 2008 include both CDRs and SSI redeterminations, whereas previous cap adjustment requests were for CDRs only. Total consists of \$264,000,000 in base funding and \$213,000,000 in additional funds. Includes up to \$135,000,000 from user fees paid by states for Federal administration of SSI State 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).
- <sup>28</sup> H.R. 3043.
- <sup>29</sup> S. 1710.
- <sup>30</sup> 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).
- <sup>31</sup> A total of \$173,264,731 was rescinded by the Consolidated Appropriations Act, 2008 (P.L. 110-161).
- <sup>32</sup> Economic Stimulus Act (P.L. 110-185) provides funds for work related to rebate checks for Title II beneficiaries and disabled veterans.
- <sup>33</sup> 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).
- <sup>34</sup> The House Committee on Appropriations did not report a bill.
- <sup>35</sup> S. 3230.
- <sup>36</sup> 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.
- <sup>37</sup> 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.
- <sup>38</sup> 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.
- <sup>39</sup> 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).
- <sup>40</sup> H.R. 3293.
- <sup>41</sup> H.R. 3293, reported from Committee with an amendment.
- <sup>42</sup> 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).
- <sup>43</sup> \$47,000,000 of Recovery Act Economic Recovery Payment administration funds rescinded by section 318 of P.L. 111-226.

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- <sup>44</sup> 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.
- <sup>45</sup> The House Committee on Appropriations did not report a bill.
- <sup>46</sup> S. 3686.
- <sup>47</sup> Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).
- <sup>48</sup> 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).
- <sup>49</sup> 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.
- <sup>50</sup> The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$12,041,494,000.
- <sup>51</sup> S. 1599.
- <sup>52</sup> 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).
- <sup>53</sup> A total of \$21,688,000 was rescinded by the Consolidated Appropriations Act, 2012 (P.L. 112-74).
- <sup>54</sup> 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.
- <sup>55</sup> 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<sup>1,2</sup>**  
(dollars in billions)

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
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
<b>Total Outlays</b>	<b>\$ 771.8</b>	<b>\$ 815.6</b>	<b>\$ 869.1</b>

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<sup>1,3</sup>**  
(average in payment status, in millions)

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

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

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

<sup>3</sup> Totals do not include recipients of Special Benefits for World War II Veterans.

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

<sup>5</sup> Recipients receiving both DI and SSI benefits.

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**FULL TIME EQUIVALENTS AND WORKYEARS**


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

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

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

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**SOCIAL SECURITY ADVISORY BOARD**


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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](#).

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<sup>1</sup> 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 &amp; 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 <sup>1</sup>
Amounts projected for prior year adjustments	-\$170,700 <sup>2</sup>
Total LAE unobligated balance available for transfer from FY 2006-2010	<b>\$129,600</b>
<b>No-Year ITS Account</b>	
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 <sup>3</sup>
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
<b>Total FY 2012 no-year ITS funding available</b>	<b>\$162,077</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 <sup>1</sup>	\$675,053,500 <sup>1</sup>	\$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
<b>Total</b>	<b>\$1,046,743,846</b>	<b>\$858,884,233</b>	<b>\$857,000,000</b>

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

<sup>1</sup> 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)<sup>1</sup>**

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

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.

<sup>1</sup> 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)<sup>1</sup>**

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

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.

<sup>1</sup> 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**

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

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**

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

**Table 3.23—Historical Staff-On-Duty by Major SSA Component<sup>1</sup>**

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

<sup>1</sup> 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.

		<b>PY 2011 (Actual)</b>	<b>CY 2012 (Estimates)</b>	<b>BY 2013* (Estimates)</b>
Number of Physicians Receiving PCAs		<b>5</b>	<b>5</b>	<b>5</b>
Number of Physicians with One-Year PCA Agreements		<b>1</b>	<b>1</b>	<b>1</b>
Number of Physicians with Multi-Year PCA Agreements		<b>4</b>	<b>4</b>	<b>4</b>
Average Annual PCA Physician Pay (without PCA payment)		<b>155,500</b>	<b>155,500</b>	<b>155,500</b>
Average Annual PCA Payment		<b>22,800</b>	<b>22,800</b>	<b>22,800</b>
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.	<b>5</b>	<b>5</b>	<b>5</b>

\*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

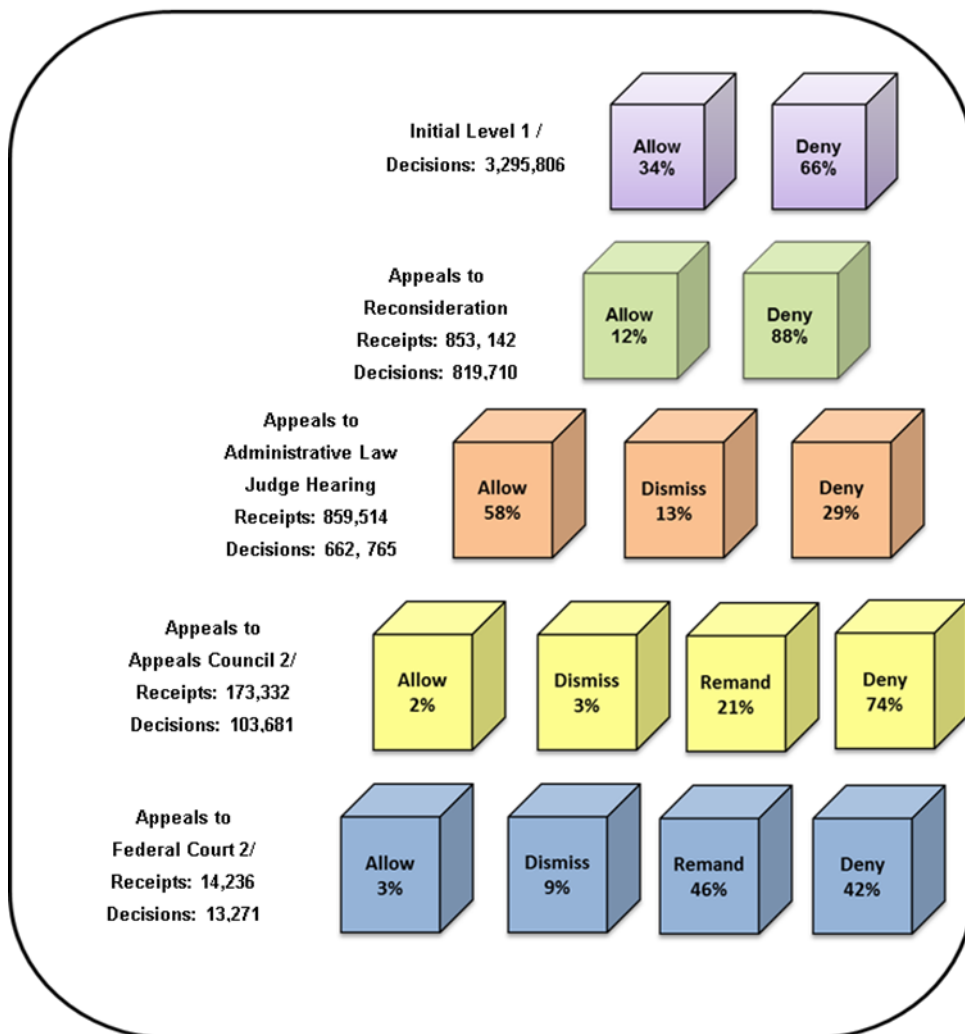
\* SSA currently is not experiencing any recruitment or retention problems for the categories of Occupational Health and Disability Evaluation; therefore, no related maximum allowances have been established for these categories. Maximum allowances have been set for the category of Administration because 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