



S O C I A L S E C U R I T Y A D M I N I S T R A T I O N

Fiscal Year 2011 Budget Overview

Fulfilling Our Commitments to the American People

FEBRUARY 2010



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A MESSAGE FROM THE COMMISSIONER

For seventy-five years, Americans have depended on Social Security. Retirees, disabled workers, and survivors of younger workers rely on our programs. Due to the downturn in the economy and the aging of the baby boomers, more Americans are turning to us than ever before; we are seeing a significant increase in claims for disability benefits. These increased workloads have exacerbated our already fragile situation. Fortunately, Congress has understood our challenges and the importance of our mission and recently provided us with resources to improve service to the American people. We have made good use of these resources and have demonstrated that we are a sound investment.



When I became Commissioner in 2007, I said that reducing the hearings backlog was a moral imperative. We have made measurable progress. We reduced the backlog of pending hearing cases throughout fiscal year (FY) 2009 and are continuing to make progress in FY 2010. We also are dramatically reducing the oldest, most difficult, and time-intensive cases. While the number of pending cases is still far too high, we are making solid progress toward our goal of eliminating the hearings backlog by the end of FY 2013, making a difference in the lives of some of America's most vulnerable citizens. Yet, although we are committed to getting the backlogs down by 2013, the additional workloads from the recession pose a significant challenge to us.

Sustained, adequate, and timely funding for our agency makes a real difference to the American people. With the additional funding Congress provided over the last few years, we have made significant progress in enhancing service to the public, reducing the hearings backlog, completing hundreds of thousands more claims, and reducing 800-number wait times and busy signals.

With our FY 2010 appropriation, we will continue to increase staffing in hearings offices and in the State Disability Determination Services (DDSs). This past year, we increased the number of field office staff, and our funding will allow us to maintain this higher level. Our FY 2010 hiring plans will ensure that we maintain the momentum we achieved in FY 2009. We will also continue our American Recovery and Reinvestment Act (Recovery Act) efforts, including ongoing responsibilities related to the Economic Recovery Payments we issued in 2009.

We realize that hiring alone will not solve our problems. Thus, we are also exploring and implementing innovative technological approaches and policy changes to help us complete our work more efficiently. For example, we spend a significant amount of time developing the medical evidence in disability cases. Health Information Technology (HIT) is changing that paradigm; HIT will allow us to fully and securely automate the process of requesting and receiving electronic health records. Although in the early stages, HIT has already demonstrated that it can reduce the average case processing time because cases are not delayed while we wait for medical evidence.

While we all hope that the worst of the recession is behind us, it appears that one of the economic drivers related to our workloads—unemployment rate—may remain high into FY 2011. Therefore, we expect that throughout the next two years, new claims, particularly for disability, will continue to increase beyond the expectations of our actuaries outlined in the FY 2010 President’s Budget. Even if new claims for retirement benefits stabilize in FY 2011, we will still be faced with higher levels of the more labor-intensive disability work in FY 2011. We expect state furloughs of workers at the DDSs will continue to constrain our efforts to complete this work. These additional initial disability claims will ultimately result in more hearing requests. Nonetheless, we are confident that with timely, adequate, and sustained funding to support our hard work, we can continue to improve service to the American people.

The FY 2011 President’s Budget allows us to move forward on our key agency priorities of completing retirement claims and reducing the hearings and initial disability claims backlogs. Even during difficult times, we have produced measurable and meaningful results. We are making progress in key workloads while anticipating future trends and preparing for upcoming challenges. Our FY 2011 budget request is critical to fulfilling our commitment to complete retirement claims, eliminate the hearings backlog, reduce the number of pending initial disability claims, address other critical workloads, and maintain our aging infrastructure. A reduction in our funding at this time would reverse the progress we have made over the last two years. We know that millions of people are counting on us, and we appreciate your support as we continue to provide the service the American people need and deserve.



MICHAEL J ASTRUE
COMMISSIONER

BUDGET HIGHLIGHTS

CONTINUING TO SERVE AMERICA

The economic downturn has resulted in a flood of additional disability claims. While the funding provided in the Recovery Act has allowed us to complete more claims in FY 2009 and FY 2010, FY 2011 will be a pivotal year requiring sufficient resources to sustain the progress we have made. We will continue our focus on completing claims and hearings as expeditiously as possible while maintaining accuracy, considering the onslaught of additional work, while we also strive to broaden and strengthen our service delivery channels.

REDUCING THE HEARINGS BACKLOG AND MODERNIZING THE DISABILITY PROCESS

Eliminating the hearings backlog remains our top priority, and we must maintain our focus on this goal despite the other challenges we face. This budget will allow us to remain on track to eliminate the backlog by the end of FY 2013. We will also continue to improve the disability program and to integrate modern health information technology systems into our disability program process.

ADDRESSING TOMORROW'S CHALLENGES TODAY

We are continuing to invest in service and infrastructure improvements that will help us meet tomorrow's challenges. These investments include information technology upgrades and additional program integrity work. We will also be continuing our longstanding tradition of implementing green policies throughout the agency.

CHALLENGES WE FACE

We are requesting \$12.379 billion for our FY 2011 LAE account. Funding at that level will cover our day-to-day operating costs while allowing us to complete additional work. It also will allow us to make key investments to reduce the hearings and initial disability claims backlogs, modernize our IT infrastructure, and improve our service delivery to the public.

Over our seventy-five-year history, we have met the challenges we face and have successfully served the American public. We have increased our productivity year after year. In fact, on average, we have increased productivity by more than three percent in each of the last five years. We are currently confronting myriad challenges, however, made worse by the current economic downturn. Even with these increases in productivity, we will have difficulties keeping up with our rapidly-growing workloads. We will be able to continue our proud record of service only with sustained, adequate, and timely funding and by developing improved systems and policies.

In FY 2011, we will need a minimum administrative budget increase of about \$750 million just to cover our inflationary costs, including maintaining workyears initially funded by ARRA, rent, guards, postage, periodic step increases, career ladder promotions, increased health benefit costs, new employees hired under the Federal Employees Retirement System (FERS), and annual pay increases. We will need funding above that level to keep up with our growing workloads, reduce existing backlogs, and meet rising customer service expectations. We formulated this budget to address the following challenges:

- Increasing demand for service due to the aging of the population and the economic downturn;
- Unacceptable hearings and initial disability claims backlog levels;
- Complex and cumbersome disability process;
- Increasing non-traditional workloads (e.g., immigration and Medicare);
- Increasing enumeration workloads;
- Need to address improper payments;
- Aging computer systems;
- Threats to computer systems that store sensitive and personal information on all Americans;
- Loss of expertise as our employees retire;
- Rising infrastructure costs; and
- State furloughs of DDS employees.



FY 2011 PRESIDENT'S BUDGET

	FY 2010 (enacted)	FY 2011
BUDGET AUTHORITY (in millions)		
Limitation on Administrative Expenses (LAE) ¹	\$11,447	\$12,379
Research and Demonstrations	\$49	\$43
Office of the Inspector General (OIG)	\$103	\$106
Total Budget Authority	\$11,598	\$12,528
OTHER FUNDING (in millions)		
MIPPA - Low-Income Subsidy (LIS)	\$18	\$0
Recovery Act - Workload Processing	\$353	\$0
Recovery Act - Recovery Payment Admin	\$5	\$0
Recovery Act - NCC Replacement	\$10	\$30
Recovery Act - OIG Oversight	<u>\$0.5</u>	<u>\$0.5</u>
Other Funding, Total	\$387	\$31
Total Budgetary Resources	\$11,985	\$12,558
WORKYEARS		
Full-Time Equivalents	66,989	67,603
Overtime	2,850	2,514
Lump Sum	<u>292</u>	<u>292</u>
Total SSA	70,131	70,409
Disability Determination Services (DDS)	<u>15,985</u>	<u>16,969</u>
Total SSA/DDS	86,116	87,378
OIG	596	596
Total SSA/DDS/OIG	86,712	87,974

¹ Includes \$1.86 million in FY 2011 to increase the agency's acquisition capacity and capabilities.

FY 2011 PRESIDENT'S BUDGET

	FY 2010 (enacted)	FY 2011
Selected Workload Measures		
Retirement and Survivors Claims Completed (thousands) ¹	4,718	4,590
Initial Disability Claims Completed (thousands)	3,081	3,317
SSA Hearings Completed (thousands)	725	799
Periodic Continuing Disability Reviews (CDRs) Completed (thousands)	954	1,388
Periodic Medical CDRs (included above, thousands)	329	360
SSI Non-Disability Redeterminations Completed (thousands)	2,422	2,422
800-Number Transactions Handled (millions)	64	66
800-Number Average Speed of Answer (seconds)	269	264
800-Number Agent Busy Rate	8%	7%
Social Security Numbers Issued (millions)	18	19
Annual Earnings Items Completed (millions)	238	245
Social Security Statements Issued (millions)	153	154
Selected Outcome Measures		
Initial Disability Claims Pending (thousands)	1,041	999
SSA Hearings Pending (thousands)	707	657
Average Processing Time for Initial Disability Claims (days)	132	141
Average Processing Time for Hearings Decisions (days)	485	460
Disability Determination Services Production per Workyear	268	275
Office of Disability Adjudication and Review Production per Workyear	108	108
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	(2,200)	(3,100)

¹ We plan to complete all retirement claims that we receive in FY 2011.

OUR PROGRAMS

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

OLD-AGE AND SURVIVORS INSURANCE (OASI) – Created in 1935, the OASI program pays retirement and survivors benefits to qualified workers and their families. In FY 2011, we will pay almost \$595 billion in benefits to more than 44 million beneficiaries, including 90 percent of the population aged 65 and over.

DISABILITY INSURANCE (DI) – Adopted in 1956, the DI program provides benefits for disabled workers and their families. In FY 2011, we will pay nearly \$130 billion in benefits to more than 10 million disabled workers and their family members.

SUPPLEMENTAL SECURITY INCOME (SSI) – The SSI program, established in 1972, provides financial support to aged, blind, or disabled adults and children who have limited income and resources. In FY 2011, we will pay over \$57 billion in benefits to approximately 8 million SSI recipients.

2010 marks an important milestone for us—the seventy-fifth anniversary of Social Security. On August 14, 1935, Franklin D. Roosevelt signed the Social Security Act into law. Since then Social Security has been a cornerstone of our Nation, touching the lives of almost every American at one time or another.

Signing of Social Security Act



August 14, 1935

Our ongoing workloads include:

→ **Claims**

We take claims, evaluate evidence, and determine benefit eligibility and amounts. In FY 2011, we will complete about 4.6 million retirement, survivor, and Medicare claims; approximately 3.3 million Social Security and SSI disability claims; and 326,000 SSI aged claims.

→ **Appeals**

We have three levels of administrative appeals for claimants to dispute our initial and subsequent determinations: first, a reconsideration at the State DDS, which is a complete review of the claim by someone who did not take part in the initial determination; second, a hearing before an administrative law judge (ALJ); and third, an appeal to the Appeals Council. Claimants who are dissatisfied with our final decision may appeal to the Federal courts. In FY 2011, we will complete approximately 870,000 reconsiderations, 799,000 hearings, and 132,000 Appeals Council appeals, and handle almost 20,000 Federal court appeals.

→ **Program Integrity**

We are stewards of the trust funds. We meet our stewardship responsibilities primarily through conducting non-medical redeterminations and medical continuing disability reviews (CDR). These reviews save significant program dollars by avoiding improper payments to beneficiaries. In FY 2011, we will perform over 2.4 million SSI redeterminations and 360,000 periodic medical continuing disability reviews.

→ **Social Security Numbers (SSNs)**

We complete applications for and assign SSNs to every American and to qualifying foreign-born workers. Each year, we complete millions of actions to keep our number holders' records current and accurate. In FY 2011, we will complete requests for approximately 19 million new and replacement Social Security cards.

→ **Earnings Records**

We receive regular updates on the earnings of the working population from employers and post those reported earnings to the workers' records. We link earnings records to SSNs and resolve any discrepancies. In FY 2011, we will post 245 million earnings items to workers' records.

→ **Social Security Statements**

We mail annual statements to workers and former workers aged 25 and older. These statements provide updates of the earnings on which workers have paid Social Security taxes and summaries of the estimated benefits the workers and their families may receive as a result of those earnings. In FY 2011, we will mail 154 million of these statements.

→ **Services After Individuals Become Eligible for Benefits**

We complete millions of actions for beneficiaries after they have been approved for benefits. These actions include issuing emergency payments, recomputing payment amounts, and completing address and other status changes. In FY 2011, we will perform more than 100 million of these actions.

→ **Employment Eligibility Verification – E-Verify**

We collaborate with the Department of Homeland Security (DHS) in administering E-Verify. We assist DHS in verifying the employment eligibility of newly-hired employees by electronically checking employee names, SSNs, dates of birth, and U.S. citizenship status. We also resolve discrepancies with the employee when we are unable to electronically verify that information. We expect that through E-Verify we will process more than 12 million queries in FY 2011.

→ **Medicare and Medicaid Administration Assistance**

For over four decades, we have assisted the Centers for Medicare and Medicaid Services (CMS) in administering the Medicare Hospital Insurance and Supplementary Medical Insurance programs. Over the years, we have received additional Medicare-related responsibilities. For example, in addition to determining Medicare eligibility, in FY 2011, we will complete 1.2 million Medicare prescription drug subsidy applications.

We also perform many other activities mandated by Congress. Examples include activities related to: the Employee Retirement Income Security Act of 1974 (ERISA); the Coal Act; Supplemental Nutrition Assistance Program (formerly Food Stamps); Social Security Number Verifications for a wide-range of non-SSA purposes including state human resource programs and Free Applications for Federal Student Aid for the Department of Education; the Help America Vote Act; the State Children's Health Insurance Program; and the administration of Veterans benefits.

OUR RESEARCH BUDGET

The FY 2011 funding request for research is \$43 million to be combined with \$29 million in prior-year unobligated balances for a total increase of \$18 million over FY 2010. The research budget is designed to provide significant support for key priorities. The budget supports projects such as the Compassionate Allowances initiative that is integral to improving the disability process; projects that offer opportunities for disability beneficiaries to achieve economic independence through work; and projects that provide analytical and data resources for use in preparing and reviewing reform proposals.

Our disability research and demonstration projects are designed to promote self-sufficiency and assist beneficiaries in their efforts to return to work. We are continuing work on a financial literacy and education initiative that is designed to encourage saving and effective retirement planning. Additionally, as the debate moves forward on how best to strengthen and reform Social Security, we must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration.

OFFICE OF THE INSPECTOR GENERAL (OIG)

The FY 2011 request for the OIG is \$106.122 million, an increase of \$3.4 million above the FY 2010 enacted level. OIG's mission is to promote economy, efficiency, and effectiveness in the administration of the Social Security programs and operations and to prevent and detect fraud, waste, abuse, and mismanagement in such programs and operations. To that end, the OIG provides an invaluable service by conducting a comprehensive program of audits, evaluations, and investigations, and then recommending changes to improve our programs and operations.

To meet its homeland security responsibilities, OIG will continue to conduct audits and investigations that focus on strengthening the enumeration process and combating SSN misuse. The OIG will also audit and evaluate our use of funds for carrying out Recovery Act initiatives.

CONTINUING TO SERVE AMERICA

The recession is generating an unprecedented surge of new disability claims and related work for the agency. These claims began flooding the agency in FY 2009, and our latest actuarial projections show that we expect retirement claims to peak in FY 2010 while disability claims, our most labor-intensive workload, will continue to grow into FY 2011. Even after this surge begins to subside, our actuaries project that we will continue to receive even more claims than we projected in the FY 2010 President's Budget, as shown in the graph below:

The Recession Continues to Push All SSA Claims Higher



The support we received from Congress in FY 2009 and FY 2010—both in our annual appropriations and in the Recovery Act—is the principle reason we have been able to keep our head above water in completing this additional work. In FY 2011, however, we will face a new challenge—we will still need to process this higher flow of work, but we will no longer have the additional resources provided by the Recovery Act. These Recovery Act funds have helped us balance our ongoing commitments to core workloads with our recession-related work. We will also be dealing with the ongoing challenge of furloughed DDS employees. We must maintain the momentum we were able to build with Recovery Act funding in order to accomplish our service goals. Without timely, adequate, and sustained funding, the progress we have worked so hard to achieve will be lost and our service to the American people will, unfortunately, deteriorate.

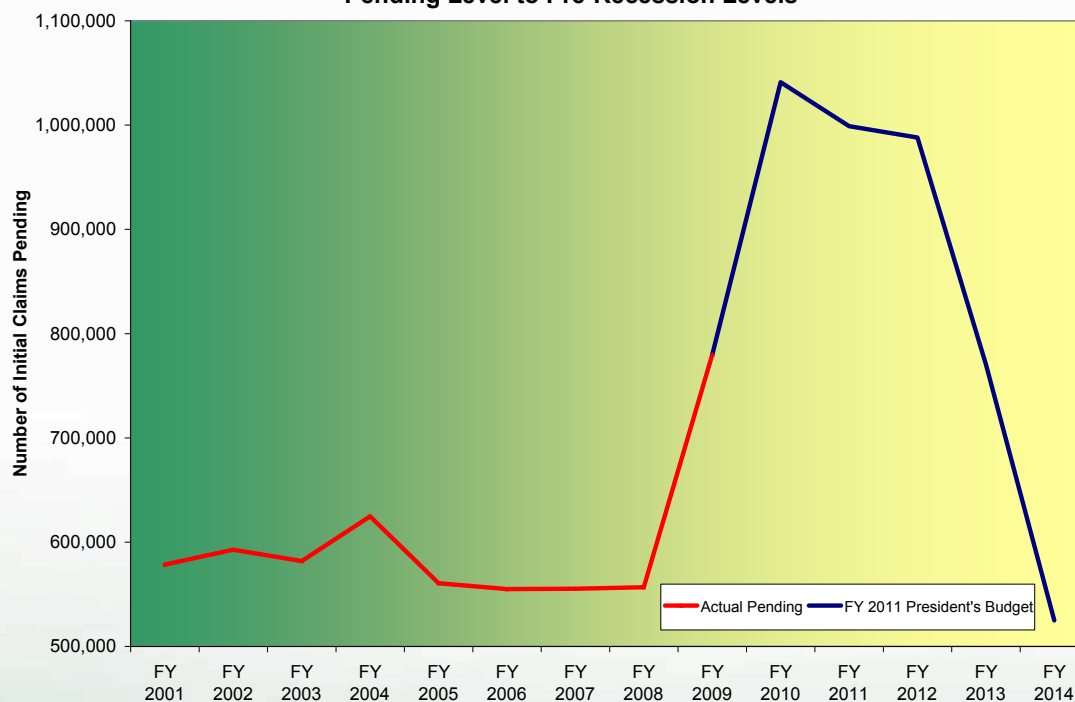
Implementing the Initial Disability Claims Reduction Strategy

We believe that the rising level of pending initial disability claims is unacceptable—we intend to reduce the pending below one million claims in FY 2011—and we are committed to returning to our pre-recession pending level. Achieving this goal will take adequate funding and hard work on our part over the course of the next several years, but we know that this is a goal we must pursue to fulfill our obligations to the American public. Our strategy to reduce the initial disability claims pending level will include hiring and providing overtime in the state agencies that help us to complete disability claims, as well as simplifying policy that will make adjudicating these claims easier. We will provide more detail on our strategy under separate cover. This strategy will return the level of pending initial disability claims to pre-recession levels, as shown in the graph below.

Our strategy to reduce the backlog is already underway with the hiring we accomplished in FY 2009 and the hiring we are undertaking in FY 2010. We will continue to hire additional DDS staff in FY 2011. However, state furloughs of DDS employees have already begun to derail some of our progress in reducing the backlog. We need the full complement of DDS employees to successfully carry out this strategy, and state furloughs of these employees only undermine our efforts.

- Optimize the capacity of the State DDSs in FY 2010 and FY 2011 by hiring additional employees above attrition;
- Increase DDS overtime above current levels to give DDSs maximum flexibility to tackle increasing workloads;
- Hire additional Federal personnel above the level in the FY 2010 President’s Budget to optimize the capacity of the Disability Processing Branches and Disability Processing Units, which provide overflow capability for completing initial disability claims in particularly hard hit areas of the country; and
- Provide additional hires in FY 2011 to States that will be able to assist other States with completing of disability cases.

The Initial Disability Claims Reduction Strategy Will Return the Pending Level to Pre-Recession Levels



Staffing at these levels in FY 2010 and FY 2011 will allow us to accomplish the following:

- Begin reducing the initial disability claims backlog in FY 2011;
- Complete almost 3.1 million initial disability claims in FY 2010 and over 3.3 million in FY 2011;
- Complete 329,000 full medical CDRs in FY 2010 and 360,000 in FY 2011;
- Work down the hearings backlog by completing 10,000 informal remands in the DDSs; and
- Implement a plan to reinstate the reconsideration process in Michigan, which should decrease the number of claims that are directly appealed to the ALJ level.

In addition to these staffing increases, we will also implement several policy simplification initiatives and information technology infrastructure upgrades in FY 2011 as part of the backlog reduction strategy. These include:

- **Expediting Hardware Upgrades.** We will upgrade our computers in the DDSs, allowing examiners to complete work faster with fewer periods of slow response.
- **Expanding Automated Screening Tools.** We are exploring automation tools, particularly automated screening tools, which will help us accelerate the completing of cases.
- **Simplifying Our Policies and Streamlining Our Processes.** We are exploring ways to simplify our policies and streamline our processes to improve our overall initial claims adjudication process. For example, we are modernizing one of our key data collection forms in the disability process, the Adult Disability Report, Form SSA-3368, to streamline data collection and make the form more user-friendly.

ONLINE APPOINTMENT SCHEDULING

In 2009, President Obama launched the SAVE Award, which offered every Federal employee a chance to submit ideas for how the government could save money and perform better. From the tens of thousands of submissions received, the President selected a suggestion from one of our own employees, as one of the four finalists.

We are preparing to implement this suggestion in FY 2011, which will benefit the public by providing the opportunity for certain persons to schedule appointments for service online. This new process should help us guide the public into the correct service channels and could lead to improved service in many parts of the agency.



Enhancing Service in Field Offices and Processing Centers

In FY 2011, we will keep up with our incoming claims workloads, but since claims will continue to grow, some of our less visible work will suffer, and the public could wait longer to make an appointment or to speak with a field office employee on the phone. We are continuing agency-wide efforts to transform the entry-level training of technical employees (beginning with Title II Claims Representatives). This new approach should lead to shorter training times and blended learning tailored to the 21st Century workforce. Another effort targets training in the disability area to ensure that all parts of the agency follow the same policies and procedures in their handling of disability claims and appeals. In addition, we have begun revamping our training for new managers and supervisors to ensure they have the knowledge and skills they need to lead their staffs effectively.

Completion of our telephone system replacement project in 2012 will allow us to implement enhancements that should reduce field office busy rates. This system includes a screening tool that will route callers from field office phone lines to the national automated system for routine business transactions, such as change of address; it also includes an expanded forward-on-busy application that will allow us to transfer callers from busy field offices to the 800-number.

INNOVATION IN PROGRAM INTEGRITY EFFORTS

In 2004, we began the Access to Financial Institutions (AFI) Initiative as a pilot project in New York and New Jersey where we verify identified bank accounts and uncover undisclosed accounts with financial institutions of SSI applicants. We have expanded the AFI to California, and we will begin the process of rolling it out nationwide in FY 2010. This initiative will help us eliminate ineligible applicants at the beginning of the application process before they enter the queue at the DDSs.

We will also use AFI in SSI nonmedical redeterminations, where we expect similar program savings.



Improving National 800-Number Service

We believe that the status quo is not good enough for our 800-number. We plan to devote additional resources to the 800-number in FY 2010, and we will continue that investment in FY 2011. As a result, we will improve several key service measures for the 800-number, including the Average Speed of Answer and the Agent Busy Rate. We plan to replace our national teleservice infrastructure with the CARE (Citizen Access Routing Enterprise) initiative, which will provide state-of-the-art tools to improve service delivery and increase efficiencies by giving citizens additional ways to communicate with us such as web chat and web callback. In FY 2011, we will open our first new teleservice center in more than a decade. This center will service the entire country and will allow us to provide more timely telephone service to the millions of Americans who call our toll-free number.

Improving Online Services

We have begun the process of reinventing our online claims process, and so far, we have had great success. In FY 2009, we rolled out the first phase of iClaims, and we have seen a significant increase in Internet claims as a result. In fact, in FY 2009, online claims represented 83 percent of our total retirement claims growth. This budget depends on 38 percent of all retirement applications and 25 percent of all disability applications being filed online in FY 2010. We expect to reach 50 percent of retirement applications filed online by FY 2012. In FY 2010, we will add the Medicare-only iClaim, as well as improve usability of the applications for online filers. We also plan to launch an online Enumeration Starter Kit in FY 2010, which will allow the public to complete most of their Social Security card applications online before coming into a field office for final processing. This improvement will reduce processing time in the field office because the data the customer enters will propagate into our system, allowing the field office staff to use that information to quickly complete the application when the customer comes into the office.

We are continuing with our Disability Direct initiative, which will streamline the completing of online disability claims over the next several years. Disability Direct has multiple components including building a simplified online application that includes an application for SSI, developing an online suite of services for professional representatives, and integrating electronic medical records and direct data exchanges with medical providers. We believe that over time Disability Direct will help us complete our disability claims more efficiently and effectively.

We are also testing “click-to-talk” and web page collaboration technology to enable our website visitors to obtain live support while they are using our online services. This technology will enable more members of the public to complete their business through the online service channel.



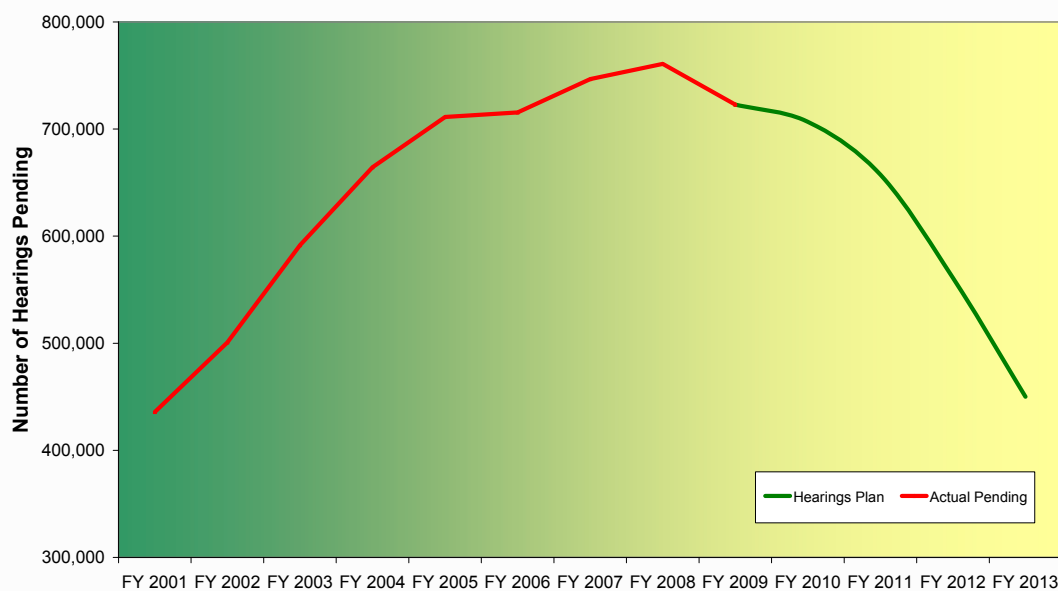
REDUCING THE HEARINGS BACKLOG AND MODERNIZING THE DISABILITY PROCESS

REDUCING THE HEARINGS BACKLOG

The elimination of the hearings backlog by the end of FY 2013 remains the agency's top priority. We are on track to attain the optimal level of pending hearings by FY 2013. Reaching the turning point in FY 2009—when we began reducing the number of pending claims on a monthly basis—was a major accomplishment for the agency, and we ended the year with a pending level 30,000 cases below our FY 2009 target of 755,000.

Although FY 2010 will be a challenging year because we will begin to see the full effect of the recession on our hearings receipts, we anticipate that our FY 2010 funds and the President's FY 2011 budget request will provide us with the resources to maintain our progress in FY 2010 and FY 2011, as shown in the graph below:

The Hearings Backlog Reduction Plan Will Eliminate the Backlog by 2013, Despite the Economic Downturn



The resources we have already devoted to the hearings backlog and will devote in FY 2010 will continue to help us make improvements to our hearings process. We expect those investments to produce the following accomplishments in FY 2010:

- Complete 725,000 hearings;
- Reduce the processing time for hearings from 491 days in FY 2009 to 485 days;
- Open 13 new hearing offices and 3 new satellite offices;
- Open a National Hearing Center (NHC) in St. Louis;

- Hire 183 ALJs in spring and summer 2010, in addition to the 43 we hired in October 2009, to increase our ALJ corps to approximately 1,450;
- Hire the support staff necessary to maintain at least a 4.5 to 1 support staff to ALJ ratio nationally;
- Conduct a proof of concept pilot exploring the feasibility of using Health Information Technology in requesting medical evidence for use in completing hearings; and
- Explore alternative business models such as centralized decision writing units and a virtual senior attorney screening unit.

In FY 2011, we will build on these accomplishments and make further progress to eliminate the hearings backlog by 2013, with significantly lower processing times for the public. We believe that continued investment in the backlog reduction plan is the only way to ensure that we remain on track with this critical agency goal that has such a profound effect on American lives. With the funding requested in this budget, we expect to see the following outcomes in FY 2011:

- Complete 799,000 hearings, an all time high for the agency;
- Open 12 new hearing offices and 4 satellite offices;
- Hire 70 new ALJs, moving toward the goal of reaching a total ALJ level of 1,500 in FY 2012;
- Hire additional support staff to maintain the level of support for our ALJs;
- In-source verbatim hearing reporting as part of the Administration's multi-sector workforce plan;
- Continue successful initiatives such as the senior attorney adjudicator initiatives, informal remands, and centralized printing and mailing;
- If accuracy can be maintained, expand Quick Disability Determinations and Compassionate Allowances to include more types of claims and more medical conditions; and
- Continue to explore potential electronic initiatives such as the development of automated scheduling software and a case analysis tool.



MODERNIZING THE DISABILITY PROCESS

We are also continuing our modernization of the disability process that we began in FY 2008. We believe that these efforts are critical to prevent future backlogs and provide applicants with speedy decisions. We plan to carry out the following projects related to disability modernization in FY 2011:

Health Information Technology

HIT has the potential to revolutionize our disability determination process, from the interview to the initial determination in the State DDSs to the preparation for a hearing before an ALJ. In the long run, we envision a system where we will receive all medical records electronically and special software will be able to scan the records for potential matches with our medical listings. The system will then alert our disability examiners and hearings office staff, allowing them to quickly adjudicate claims, all while keeping the public's sensitive medical information private and secure.

We also see HIT improving our claims application process. Patients are beginning to maintain their own personal health records, including names of doctors and prescriptions. Accessing that information directly from claimants' personal health records would quickly provide us with accurate information. We expect that once fully implemented, HIT will significantly expedite the disability process, leading to quicker decisions, and better service for the American people.



Improve Occupational Information for Making Disability Decisions

We are developing an Occupational Information System (OIS) designed specifically for our disability programs. The OIS will replace the Dictionary of Occupational Titles (DOT). The DOT was originally created by the Department of Labor (DOL) and is a cornerstone of our disability policy and decision making. We rely on the descriptions of work in the DOT to determine whether claimants can do their usual work or any other work in the U.S. economy. However, DOL has not updated the DOT since 1991 and has no plans to do so. DOL's replacement for the DOT, O*NET, does not serve our purposes. It is critical for us to base disability determinations on current job requirements.

In FY 2009, we established the Occupational Information Development Advisory Panel, made up of twelve experts with expertise in relevant scientific, academic, professional, and medical fields. The Panel provides us guidance in developing a replacement for the DOT.

The Panel held six meetings in FY 2009 and in September 2009, delivered a report of recommendations to the agency, which we will use to develop the OIS. The Panel will continue to meet at least quarterly and provide guidance on relevant issues throughout the research and development phase of the OIS. In FY 2011, we will begin OIS design and testing, consulting with users throughout the process. This will lay the groundwork for pilot testing scheduled to begin in FY 2012.

Update Medical Listings

The Listings of Impairments describe for each major body system the impairments considered severe enough to prevent an adult from working, or for children, impairments that cause marked and severe functional limitations. We have started the process of updating the Listings on a regular basis in a transparent and open way and have a schedule to ensure we update all of them as needed every five to seven years, which will improve our ability to decide whether an individual meets our criteria for disability benefits. Further, as we update entire body systems we are implementing a process that will allow us to make targeted changes to specific rules as necessary, instead of the entire body system. In the last five years, we have revised approximately half of our Listings.

In FY 2009 we entered into a partnership with the Institute of Medicine to establish a committee of medical experts to assist us in ensuring that the Listings are medically supportable, relevant, and technologically correct.

ADDRESSING TOMORROW'S CHALLENGES TODAY

Our extensive IT infrastructure underlies our ability to meet our service commitments to the American public. This network is an integral part of every step of our service delivery, from the initial claims taking process to the issuance of Social Security benefit checks. We are working to harness IT innovations to make our service delivery more convenient and faster for our customers with improvements in online services, introduction of additional automated services on our 800-number, and self-help terminals in our field offices.

We are working on several large projects that will improve the behind-the-scenes electronic processes at the agency, ultimately resulting in better service to our customers through whichever service channel they select. In FY 2011, these investments include:

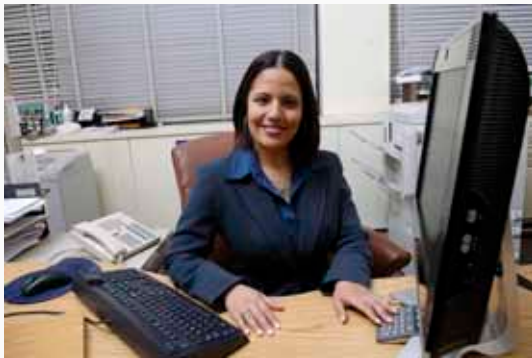
- Continuing with the development of the requirements and pilot implementation of the Disability Case Processing System for the DDS, which will serve as a new common system for reviewing claims in all 54 DDSs;
- Ongoing infrastructure support which will ensure that our employees have access to the technology necessary to serve our customers;
- Replacing our call center network, which will help us to handle our increasing call volumes over the next 10 years; and
- Continuing the outfitting of our Second Support Center (SSC).

We are implementing the President's multi-sector workforce initiative to fully and effectively consider our goals and priorities and human capital needs and to determine which work should be done by Federal employees and which work by contractors. We are identifying the proper role of each sector's labor force and drawing on their respective skills to help us operate at our best. We are looking for opportunities to bring contracted work in-house to best support our IT needs.

SSA's Data Centers

Part of our plan to secure our data network is to strengthen our data center operations, both by bringing online the SSC and by replacing our aging National Computer Center (NCC). Our SSC is complete. It will handle some of our workloads and will provide backup service in the event of a failure at the NCC and then the National Support Center (NSC) when it replaces the NCC.

Thanks to the support we received from Congress in the Recovery Act, our plan to construct a new NSC is progressing on schedule. In conjunction with our partner GSA, we expect to purchase a site in the second quarter of FY 2010, complete a program of requirements for the NSC at the end of FY 2010, and award a design-build contract in the second quarter of FY 2011. We are still anticipating completion of the building in FY 2014.



Program Integrity

In FY 2011, we will continue to increase the total number of reviews we conduct as part of our program integrity efforts. The Administration is committed to implementing a multi-year plan to enhance program integrity efforts throughout Government to make Government more effective and efficient. Program integrity reviews ensure that Americans' tax dollars are spent properly and that beneficiaries continue to be eligible for benefits and are being paid the right amount. Program integrity reviews help to avoid improper payments, which have continued to grow in total dollar amounts as our programs have grown.

The FY 2011 budget includes resources for two types of program integrity efforts: continuing disability reviews (CDRs), which are periodic reevaluations to determine if disability beneficiaries are still disabled, and SSI redeterminations, which are periodic reviews of non-medical factors of eligibility, such as income and resources. In FY 2011, we plan to conduct 360,000 full medical CDRs and 2,422,000 redeterminations. Both CDRs and redeterminations are extremely cost-effective. Our FY 2011 budgeted levels continue our efforts to increase program integrity levels from their low point a few years ago.

We estimate that every dollar spent on CDRs yields at least \$10 in lifetime program savings. Similarly, we estimate that every dollar spent on SSI redeterminations yields \$8 in program savings over 10 years, including savings accruing to Medicaid. In addition, in FY 2011 we will continue nationwide rollout of our Access to Financial Institutions (AFI) project, which automates verification of SSI applicants and recipients' assets held in banks.

Going Green

We have a long history of implementing green policies throughout the agency, and we are committed to extending our green program to new areas in the coming years. Our past accomplishments include green renovation of several large agency buildings, development of a green electronic stewardship plan, and implementation of agency-wide recycling programs. We are actively working on several green initiatives including continuing efforts to move toward payments that eliminate paper checks and transitioning our vehicle fleet to alternative fuel and fuel efficient vehicles. We are also expanding our green purchasing efforts, including exploring training options for our contracting staff.

We are thinking of new and innovative ways to expand our green programs. Ideas that we are exploring include: promoting greener transportation for our employees including carpooling and mass transit; developing green roofs, solar panels, wind turbines, energy efficient lighting, climate control, and other green improvements for our buildings; upgrading to energy efficient IT equipment and enabling our workstations to use power saving technology; enhancing recycling with recyclable plates and utensils in our cafeterias and expanded existing recycling facilities; and committing to make all future new agency buildings green.



CONCLUSION

We must address a multitude of challenges in FY 2011. With our workloads continuing to surge due to the economic downturn, we must continue to work toward our dual goals of completing this additional work while laying the foundation for the future of the agency. Full funding of the FY 2011 President's Budget would allow us to continue on this course. If we do not receive full funding, we risk a service delivery crisis that will plague future claimants and beneficiaries.

We are making a real difference in the service we deliver to the American people. Without the investment Congress has made in the agency since FY 2008, Americans would now be facing longer waits for their claims to be completed, to speak to a representative in our field offices or on the phone, and to have their case heard by an ALJ. Sustained, timely, and adequate funding, along with the hard work and dedication of our employees, has made this progress possible. The FY 2011 President's Budget represents the next step in service improvement throughout the agency.

We cannot fulfill our service commitments to the American people without the continued support of Congress. We are the face of the Federal Government in communities across America, and we must continue to serve the public as they come to us for help in this challenging economic time.

FY 2011 is a pivotal year. The funding requested in this budget, \$12.379 billion for our Limitation on Administrative Expenses account, will allow us to continue on our current path and make strides towards working off the flood of economy-driven work. We thank you for your continued support for the Social Security program. Together we will be successful in building a firm foundation for the future.



SOCIAL SECURITY ADMINISTRATION

Summary Table of SSA's Appropriation Request

FY 2011	FTE	Amount
Payments to Social Security Trust Funds		\$ 21,404,000
Supplemental Security Income Program		
FY 2011 Request		\$ 40,513,000,000 ¹
FY 2012 First Quarter Advance		\$ 13,400,000,000
Limitation on Administrative Expenses	67,603	\$ 12,378,863,280 ²
Office of the Inspector General	590	\$ 106,122,000

¹ Excludes \$16,000,000,000 previously appropriated as a first quarter advance for FY 2011.

² Includes \$185,000,000 for SSI State Supplement user fees and up to \$500,000 for non-attorney payee user fees. Also includes \$1,863,280 to increase SSA's acquisition workforce capacity and capabilities.

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APPROPRIATION LANGUAGE

PAYMENTS TO SOCIAL SECURITY TRUST FUNDS

For payment to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as provided under sections 201(m), 217(g), 228(g), and 1131(b)(2) of the Social Security Act, [\$20,404,000]\$21,404,000. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2010.*)

GENERAL STATEMENT

The Payments to Social Security Trust Funds (PTF) account provides Federal fund payments to the Social Security trust funds for several distinct activities. The purpose of each requested payment is to put the trust funds in the same financial position they would have been in had they not borne the cost of certain benefits or administrative expenses chargeable to general revenues. This account includes payments requiring an annual appropriation and payments made to the trust funds under permanent indefinite authority.

ANNUAL APPROPRIATION

The annual PTF appropriation provides reimbursement to the Social Security trust funds for four non-trust fund activities. These activities include special payments for certain uninsured persons (also known as Prouty Benefits), pension reform, interest on unnegotiated checks, and a quinquennial adjustment for military service wage credits.¹ The estimated annual appropriation and resulting obligations for FY 2011 are shown below.

Table 1.1—Annual Appropriation and Obligations

	FY 2010 Enacted	FY 2011 Estimate²	FY10 to FY11 Change
Appropriation	\$ 20,404,000	\$ 21,404,000	+ \$ 1,000,000
Obligations	(\$ 20,404,000)	(\$ 21,404,000)	(+ \$ 1,000,000)

PERMANENT INDEFINITE AUTHORITY

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

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

¹ The quinquennial adjustment for military service wage credits is authorized to be appropriated every 5 years, if it is determined necessary. The next quinquennial adjustment is due in FY 2011. Appropriations are needed to effectuate transfers from the general funds to the trust funds.

² Does not include an additional \$1,863,280, included in general provisions for the Limitation on Administrative Expenses account, to increase SSA’s acquisition workforce capacity and capabilities.

Payments to Social Security Trust Funds

taxation. The additional amounts collected from this 1993 provision are paid to the Hospital Insurance Trust Fund; no additional income is due the Social Security trust funds as a result of the enactment of the 1993 law.

The taxes are collected as Federal income taxes; subsequently, an equivalent payment to the Social Security trust funds is made from the general funds of the Treasury. Transfers of estimated aggregate tax liabilities arising from Social Security benefits of U.S. citizens are made quarterly and then adjusted as actual receipts are known. The estimated income from these taxes is \$24,203 million in FY 2010 and \$26,686 million in FY 2011 from U.S. citizens; taxes imposed on aliens are transferred monthly and will generate estimated income of \$164 million in FY 2010 and \$171 million in FY 2011. The estimates for taxation of benefits reflect normal growth related to benefit levels and the beneficiary population.

The Social Security Amendments of 1983 also provided for the granting of FICA and SECA tax credits to individuals. The tax credits are granted at the time the individual is taxed and are funded by the general funds of the Treasury through reimbursement to the trust funds. The FICA tax credit applies only to wages earned in calendar year 1984. The SECA tax credit applies from calendar year 1984 through calendar year 1989. There are small periodic adjustments made due to tax credits being applied retroactively.

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

BUDGETARY RESOURCES

The PTF annual appropriation request for FY 2011 is \$21,404,000. SSA expects to make \$26,889,404,000 in payments to the trust funds in FY 2011, including amounts appropriated under permanent indefinite authority.

Table 1.2—Amounts Available for Obligation

	FY 2009 (Actual)	FY 2010 (Enacted)	FY 2011 (Estimate)¹
Annual Appropriation	\$ 20,405,820	\$ 20,404,000	\$ 21,404,000
Permanent Appropriation	\$ 20,812,994,526	\$ 24,378,000,000	\$ 26,868,000,000
Total Appropriation	\$ 20,833,400,346	\$ 24,398,404,000	\$ 26,889,404,000
Adjustments in Expired Accounts	-\$ 371,478		
Subtotal, Adjusted Appropriation	\$ 20,833,028,868	\$ 24,398,404,000	\$ 26,889,404,000
Unobligated Balance, Start-of-Year	\$ 12,942,027	\$ 12,928,608	\$ 12,878,608
Recovery of Prior-Year Obligations	\$ 27,343	\$ 0	\$ 0
Subtotal Budgetary Resources	\$ 20,845,998,238	\$ 24,411,332,608	\$ 26,902,282,608
Obligations	(\$ 20,822,238,609)	(\$ 24,398,454,000)	(\$ 26,889,454,000)
Unobligated Balance, End-of-Year	\$ 12,928,608	\$ 12,878,608	\$ 12,828,608
Unobligated Balance, Lapsing	\$ 10,831,021	\$ 0	\$ 0

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

¹ Does not include an additional \$1,863,280, included in general provisions for the Limitation on Administrative Expenses account, to increase SSA’s acquisition workforce capacity and capabilities.

ANALYSIS OF CHANGES

The FY 2011 annual appropriation request is \$1,000,000 greater than the FY 2010 enacted appropriation. The increase in the request is due to an increase in the estimated obligations for military service credits. The obligations reported below include CIRHBA activity, funded from unobligated balances carried forward from prior years. These funds were provided in FY 1996 and FY 1997 and remain available until expended.

Table 1.3—Summary of Changes

	FY 2010 Enacted	FY 2011 Estimate¹	FY 10 to FY 11 Change
Appropriation	\$ 20,404,000	\$ 21,404,000	+ \$ 1,000,000
Obligations	(\$ 20,454,000)	(\$ 21,454,000)	(+ \$ 1,000,000)

Table 1.4—Explanation of Changes in Budget Authority

	FY 2010 Base Budget Authority	Change from Base
Increases to Budget Authority		
<u>Military Service Credits</u> – Quinquennial adjustment in military service credits, as determined to be necessary	\$ 0	+ \$ 1,000,000
Total Increases		+ \$ 1,000,000
Total Net Change in Budget Authority		+ \$ 1,000,000

¹ Does not include an additional \$1,863,280, included in general provisions for the Limitation on Administrative Expenses account, to increase SSA’s acquisition workforce capacity and capabilities.

BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

The table below displays the budget authority and obligations for each of the PTF activities funded by the annual appropriation. The quinquennial adjustment for Military Service Wage Credits is prepared every five years and is due in FY 2011. Coal Industry Retiree Health Benefit obligations are funded from prior year unobligated balances.

**Table 1.5—New Budget Authority & Obligations, Current Authority
(in thousands)**

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate¹
<u>Appropriation</u>			
Special Payments for Certain Uninsured Persons	\$ 6	\$ 4	\$ 4
Pension Reform	\$ 6,400	\$ 6,400	\$ 6,400
Unnegotiated Checks	\$ 14,000	\$ 14,000	\$ 14,000
Quinquennial Adj. for Military Wage Credits	\$ 0	\$ 0	\$ 1,000
Coal Industry Retiree Health Benefits	\$ 0	\$ 0	\$ 0
Total Annual Appropriation	\$ 20,406	\$ 20,404	\$ 21,404
<u>Obligations</u>			
Special Payments for Certain Uninsured Persons	(\$ 6)	(\$ 4)	(\$ 4)
Pension Reform	(\$ 813)	(\$ 6,400)	(\$ 6,400)
Unnegotiated Checks	(\$ 8,756)	(\$ 14,000)	(\$ 14,000)
Quinquennial Adj. for Military Wage Credits	(\$ 0)	(\$ 0)	(\$ 1,000)
Coal Industry Retiree Health Benefits	(\$ 41)	(\$ 50)	(\$ 50)
Total Obligations	(\$ 9,616)	(\$ 20,454)	(\$ 21,454)

¹ Does not include an additional \$1,863,280, included in general provisions for the Limitation on Administrative Expenses account, to increase SSA's acquisition workforce capacity and capabilities.

Payments to Social Security Trust Funds

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

**Table 1.6—Budget Authority and Obligations,
Permanent Indefinite Authority
(in thousands)**

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate¹
<u>Appropriation</u>			
Reimb. for Union Administrative Expenses	\$ 5,476	\$ 11,000	\$ 11,000
Taxation of Benefits, U.S.	\$ 20,651,438	\$ 24,203,000	\$ 26,686,000
Taxation of Benefits, Nonresident Alien	\$ 156,000	\$ 164,000	\$ 171,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 81	\$ 0	\$ 0
Total Permanent Appropriation	\$ 20,812,995	\$ 24,378,000	\$ 26,868,000
<u>Obligations</u>			
Reimb. for Union Administrative Expenses	(\$ 5,476)	(\$ 11,000)	(\$ 11,000)
Taxation of Benefits, U.S.	(\$ 20,651,438)	(\$ 24,203,000)	(\$ 26,686,000)
Taxation of Benefits, Nonresident Alien	(\$ 156,000)	(\$ 164,000)	(\$ 171,000)
FICA Tax Credits	(\$ 0)	(\$ 0)	(\$ 0)
SECA Tax Credits	(\$ 81)	(\$ 0)	(\$ 0)
Total Obligations	(\$ 20,812,995)	(\$ 24,378,000)	(\$ 26,868,000)

¹ Does not include an additional \$1,863,280, included in general provisions for the Limitation on Administrative Expenses account, to increase SSA's acquisition workforce capacity and capabilities.

OBLIGATIONS BY OBJECT

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

Table 1.7—Obligations by Object
(in thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate¹
Insurance Claims and Indemnities	\$ 20,813,927	\$ 24,381,004	\$ 26,872,004
Other Services	\$ 8,312	\$ 17,400	\$ 17,400
Total Obligations	\$ 20,822,239	\$ 24,398,404	\$ 26,889,404

¹ Does not include an additional \$1,863,280, included in general provisions for the Limitation on Administrative Expenses account, to increase SSA’s acquisition workforce capacity and capabilities.

BACKGROUND

AUTHORIZING LEGISLATION

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

Table 1.8—Authorizing Legislation (in thousands)

	FY 2010 Amount Authorized	FY 2010 Enacted	FY 2011 Amount Authorized	FY 2011 Estimate ¹
Special payments for certain uninsured persons (Prouty): Social Security Act (S.S. Act), section 228(g)	Indefinite	\$4	Indefinite	\$ 4
Pension reform: S.S. Act, section 1131(b)(2)	Indefinite	\$ 6,400	Indefinite	\$ 6,400
Unnegotiated checks: S.S. Act, section 201(m); Social Security Amendments of 1983, section 152	Indefinite	\$ 14,000	Indefinite	\$ 14,000
Coal industry retiree health benefits: Internal Revenue Code of 1986, sections 9704 and 9706; Energy Policy Act of 1992, section 19141	Indefinite	\$ 0	Indefinite	\$ 0
Quinquennial adjustment for military service wage credits: S.S. Act, section 217(g)	Indefinite	\$ 0	Indefinite	\$ 1,000
Subtotal Annual PTF Appropriation		\$ 20,404		\$ 21,404
Reimbursement for union administrative expenses: FY 2008 Appropriation, P.L. 110-161	Indefinite	\$ 11,000	Indefinite	\$ 11,000
Taxation of benefits, U.S.: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 24,203,000	Permanent Indefinite	\$ 26,686,000
Taxation of benefits, nonresident aliens: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 164,000	Permanent Indefinite	\$ 171,000
Total Appropriation		\$ 24,398,404		\$ 26,889,404

¹ Does not include an additional \$1,863,280, included in general provisions for the Limitation on Administrative Expenses account, to increase SSA's acquisition workforce capacity and capabilities.

APPROPRIATION HISTORY

The table below displays the annual appropriation requested by SSA, amounts approved by the House and Senate, and the amount ultimately appropriated by Congress. This does not include amounts appropriated under permanent indefinite authority. The FY 2006 appropriation included a supplemental appropriation for hurricane relief. The FY 2007 appropriation included a one-time reimbursement to the trust funds for an overpayment made from the trust funds to the IRS. The quinquennial adjustment for Military Service Wage Credits is included in the FY 2002 and FY 2008 enacted appropriations, as well as the FY 2011 request.

Table 1.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
2001 ¹	\$ 20,400,000	\$ 20,400,000	\$ 20,400,000	\$ 20,400,000
2002	\$ 434,400,000	\$ 434,400,000	\$ 434,400,000	\$ 434,400,000
2003	\$ 20,400,000	\$ 20,400,000	\$ 20,400,000	\$ 20,400,000
2004	\$ 21,658,000	\$ 21,658,000	\$ 21,658,000	\$ 21,658,000
2005	\$ 20,454,000	\$ 20,454,000	\$ 20,454,000	\$ 20,454,000
2006	\$ 20,470,000	\$ 20,470,000	\$ 20,470,000	\$ 20,470,000
Supplemental ²				\$ 38,000,000
2007 ³	\$ 27,756,000	\$ 20,416,000	\$ 20,416,000	\$ 20,416,000
Trust Funds Restoration Act ⁴				\$ 1,297,614,000
2008 ⁵	\$ 28,140,000	\$ 28,140,000	\$ 28,140,000	\$ 28,140,000
Economic Stimulus Act ⁶				\$ 31,000,000
2009	\$ 20,406,000	\$ 20,406,000	\$ 20,406,000	\$ 20,406,000
2010	\$ 20,404,000	\$ 20,404,000	\$ 20,404,000	\$ 20,404,000
2011⁷	\$ 21,404,000			

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

² FY 2006 Supplemental Appropriation providing for hurricane relief.

³ The FY 2007 request included \$7,340,000 for the quinquennial adjustment to the Federal Disability Insurance Trust Fund for the costs of granting noncontributory credit for military service. This was not appropriated for FY 2007.

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

⁵ Includes \$7,727,000 for the quinquennial adjustment to the Federal Disability Insurance Trust Fund for the costs of granting noncontributory credit for military service.

⁶ Appropriation provided by the Economic Stimulus Act of 2008, P.L. 110-185, for agency administrative costs related to stimulus payments to Social Security Beneficiaries.

⁷ Does not include an additional \$1,863,280, included in general provisions for the Limitation on Administrative Expenses account, to increase SSA's acquisition workforce capacity and capabilities.

SPECIAL PAYMENTS FOR CERTAIN UNINSURED PERSONS

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

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI Trust Fund for the costs of special payments made to certain persons who were not insured for regular Social Security benefits (also known as “Special Age-72 Benefits” or “Prouty Benefits”). Section 228(g) of the Social Security Act, as amended, authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund (with interest) for special monthly benefits paid during the second preceding fiscal year to persons with fewer than three quarters of coverage. The annual appropriation also includes adjustments for prior years, as necessary.

Table 1.10—Special Payments for Certain Uninsured Persons: Budget Authority

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate	FY10 to FY11 Change
Budget Authority	\$ 5,820	\$ 4,000	\$ 4,000	\$ 0

Benefits were authorized in a 1966 amendment to the Social Security Act (the Prouty amendment) providing for special payments to persons aged 72 and over who were too elderly to have worked long enough after passage of the Act to be insured for Social Security benefits. To be eligible under the Prouty amendment, an individual must either have attained age 72 before 1968 (general fund reimbursed payments), or meet certain minimal insured status requirements if he or she attained age 72 in 1968 or later (trust fund payments, no beneficiaries remain). In FY 2009, the maximum benefit amount was \$276.40. For individuals receiving a government pension, payments under a Federally-aided public assistance program, or payments under the Supplemental Security Income program, Prouty benefits are reduced or withheld, as required by law.

The number of persons receiving benefits under the Prouty amendment decreased gradually as the size of the aged population meeting the eligibility requirements decreased. As of September 30, 2009, there was only one person receiving benefits under the general fund reimbursement section of this program; the same as on September 30, 2008.

Table 1.11—Special Payments for Certain Uninsured Persons: Obligations

Fiscal Year	Obligations
FY 2004	\$ 1,258,000
FY 2005	\$ 54,000
FY 2006	\$ 70,000
FY 2007	\$ 16,000
FY 2008	\$ 13,000
FY 2009	\$ 5,820
FY 2010 Enacted	\$ 4,000
FY 2011 Estimate	\$ 4,000

RATIONALE FOR BUDGET REQUEST

The FY 2011 President’s budget request is for payment of \$4,000 to the OASI Trust Fund for program costs incurred in FY 2009. Program costs include benefit payments actually made, administrative expenses for maintaining the beneficiary rolls, and interest lost to the trust fund. The FY 2010 appropriation was for payment to the OASI Trust Fund for program costs incurred in FY 2008.

PENSION REFORM

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

PURPOSE AND METHOD OF OPERATION

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

Table 1.12—Pension Reform: Budget Authority

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate	FY 10 to FY 11 Change
Budget Authority	\$ 6,400,000	\$ 6,400,000	\$ 6,400,000	\$ 0

The Employee Retirement Income Security Act of 1974, P.L. 93-406 (Pension Reform Act, also known as ERISA) established section 1131 of the Social Security Act. This requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors), either upon request or automatically upon application for retirement, survivors, or disability insurance benefits.

Each time an employee leaves employment, which earned the worker vested rights to a pension, SSA receives the necessary information from the IRS, in both paper and electronic format. SSA controls, scans, and keys the paper forms through the Integrated Image-Based Data Capture System (IIBDCS). IIBDCS allows for optical character recognition or manual data entry from an electronic image. IIBDCS transfers the keyed or scanned data to the ERISA mainframe system. This data, along with electronic data received from the IRS, is added to the ERISA Master Files after name verification against the NUMIDENT (SSN record) database takes place. Each month, an activity file of new benefit applications is compared to the ERISA Master Files. Any individual in this activity file that shows a corresponding record for the worker in the ERISA Master Files is sent the required ERISA notice of pension plan eligibility, which includes the information the worker needs to contact the pension plan administrator. SSA staff also resolves exceptions and responds to inquiries from employers and the public.

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

Table 1.13—Pension Reform: Obligations

Fiscal Year	Obligations
FY 2005	\$ 4,291,000
FY 2006	\$ 1,942,000
FY 2007	\$ 1,125,000
FY 2008	\$ 1,200,000
FY 2009	\$ 813,000
FY 2010 Enacted	\$ 6,400,000
FY 2011 Estimate	\$ 6,400,000

RATIONALE FOR BUDGET REQUEST

The FY 2011 budget requests \$6,400,000 to reimburse the OASI Trust Fund for the cost of carrying out SSA’s responsibilities under the Pension Reform Act. The FY 2010 request is the same as in the FY 2009 budget. SSA has continued to receive a large volume of pension coverage reports from the IRS. The table below summarizes the recent trend:

Table 1.14—Receipts from Pension Coverage Reports

Fiscal Year	Pension Coverage Report Receipts
FY 2001	2,016,000
FY 2002	3,003,000
FY 2003	1,570,000
FY 2004	5,621,371
FY 2005	5,363,409
FY 2006	6,003,014
FY 2007	5,397,935
FY 2008	5,554,314
FY 2009	6,073,898

UNNEGOTIATED CHECKS

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

PURPOSE AND METHOD OF OPERATION

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

Table 1.15—Unnegotiated Checks: Budget Authority

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate	FY 10 to FY11 Change
Budget Authority	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 0

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

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

Table 1.16—Unnegotiated Checks: Obligations

Fiscal Year	Obligations
FY 2005	\$ 8,662,115
FY 2006	\$ 9,289,828
FY 2007	\$ 10,084,755
FY 2008	\$ 11,169,140
FY 2009	\$ 8,756,319
FY 2010 Enacted	\$ 14,000,000
FY 2011 Estimate	\$ 14,000,000

RATIONALE FOR BUDGET REQUEST

The FY 2011 request is for \$14,000,000 to reimburse the OASDI Trust Funds for the value of interest on unnegotiated checks.

Table 1.17—Unnegotiated Checks: Budget Authority by Trust Fund

	FY 2011 Estimate
OASI Trust Fund	\$ 11,000,000
DI Trust Fund	\$ 3,000,000
Total	\$ 14,000,000

The FY 2011 request is the same as the FY 2010 estimate. The actual interest reflects the ongoing shift of beneficiaries away from the paper check method of benefit payment to direct deposit. Benefits paid via direct deposit bypass the mechanism in which there is the possibility of an uncashed check. However, the effect of the growth in direct deposit participation on unnegotiated check interest is somewhat offset by increases in the number of beneficiaries and in the average monthly benefit payments. The following table summarizes the recent trend in the percentage of OASDI beneficiaries enrolled in the direct deposit payment program.

Table 1.18—Direct Deposit Participation Rate

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

COAL INDUSTRY RETIREE HEALTH BENEFITS

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

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASDI Trust Funds for work carried out under section 19141 of the Energy Policy Act of 1992 (Public Law 102-486), which established the Coal Industry Retiree Health Benefit Act of 1992 (CIRHBA).

Table 1.19—Coal Industry Retiree Health Benefits: Obligations

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY10 to FY11 Change
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Obligations	(\$ 40,762)	(\$ 50,000)	(\$ 50,000)	\$ 0

CIRHBA combined two existing United Mine Workers of America (UMWA) pension plans into a single fund and required that certain existing coal mine operators pay health benefit premiums for the new combined plan. The law directed the Commissioner of Social Security to:

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

PROGRESS TO DATE

SSA has completed initial decisions and reviews on all of the retired miners covered under these provisions of the 1992 CIRHBA. In addition, SSA has implemented the Coal Act provisions of The Tax Relief and Health Care Act of 2006 (P.L. 109-432), which significantly affected and restructured CIRHBA. SSA carefully reviewed the legislation, obtained legal advice, and assessed how P.L. 109-432 affected existing policies and procedures. SSA complied with the provision that specifically directed the Commissioner to “revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on or after October 1, 2007.”

SSA has devoted considerable time and resources to comply with P.L. 109-432. All court cases challenging SSA’s involvement in the Coal Act are now closed. There is no active litigation. In the past, SSA was obligated to provide yearly data on miner assignments to the UMWA Combined Benefit Fund (CBF). However, this year SSA provided the UMWA CBF with data that should constitute the SSA’s final records on miner assignments and the companies involved in this workload. Currently, the only remaining SSA obligation is to provide yearly per beneficiary premium calculations from the Chief Actuary to the UMWA CBF.

This account provides general fund reimbursement to the trust funds to the extent that the Limitation on Administrative Expenses account advances funds for SSA to carry out this work. Additional funds are not requested for FY 2011 because the \$10,000,000 per year appropriated in FY 1996 and in FY 1997 remains available until expended to reimburse the trust funds.

MILITARY SERVICE WAGE CREDITS

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

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASDI trust funds, as necessary, for the costs of granting noncontributory wage credits for military service. Section 217(g) addresses pre-1957 military service and payments to the trust funds for this purpose are authorized to be made every five years.

Table 1.20—Military Service Wage Credits: Budget Authority

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate	FY10 to FY11 Change
Budget Authority	\$ 0	\$ 0	\$ 1,000,000	+\$ 1,000,000

Pre-1957 Military Service: The 1946 Social Security Amendments provided for payment of Social Security benefits to World War II veterans and their survivors based upon noncontributory wage credits of \$160 for each month of the veteran’s active military service. Subsequent amendments extended the period for which these credits were granted through December 1956. For that period, the Social Security Act did not require contributions to the trust funds based on the wages of individuals in the military service. To finance the additional costs incurred in paying benefits, which are based on periods of military service before 1957 for which no contributions were made, the Social Security Act provides for reimbursement to the OASI and the DI trust funds from the general fund of the Treasury.

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

Following the initial transfers from the general fund to the trust funds in 1983 and 1985, the quinquennial adjustments resulted in the transfer of funds from SSA’s trust funds to the general fund of the Treasury each time until the 2000 determination was prepared. In that year, it was determined that the general fund owed a payment to the OASI trust fund instead. The FY 2002

Payments to Social Security Trust Funds

appropriation for this transfer, including interest, was \$414,000,000. Appropriations are currently not needed to effectuate quinquennial transfers from the trust funds to the general fund.

The Office of the Chief Actuary's most recent analysis for the quinquennial adjustment determined that \$1,000,000 should be transferred to the DI trust fund from the general fund in FY 2011. This request will enable SSA to implement this quinquennial adjustment.

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APPROPRIATION LANGUAGE

SUPPLEMENTAL SECURITY INCOME PROGRAM

For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, [~~\$34,742,000,000~~]~~\$40,513,000,000~~, to remain available until expended: *Provided*, That any portion of the funds provided to a state in the current fiscal year and not obligated by the state during that year shall be returned to the Treasury.

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

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year [~~2011, \$16,000,000,000~~]~~2012, \$13,400,000,000~~, to remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2010.*)

LANGUAGE ANALYSIS

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

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2011 are higher than expected and SSA does not have sufficient unobligated balances to cover the difference. Consistent with previous years, the appropriation also includes an advance appropriation for Federal benefit payments in the first quarter of FY 2012 to ensure the timely payment of benefits in case of a delay in the FY 2012 appropriations bill.

Table 2.1—Appropriation Language Analysis

Language provision	Explanation
"For carrying out titles XI and XVI of the Social Security Act... including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$40,513,000,000, to remain available until expended."	Appropriates funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects under the SSI program. SSA may carryover unobligated balances for use in future fiscal years.
" <i>Provided</i> , That any portion of the funds provided to a state in the current fiscal year and not obligated by the state during that year shall be returned to the Treasury."	Ensures that states do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.
"For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary."	Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.
"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2012, \$13,400,000,000, to remain available until expended."	Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that recipients will continue to receive benefits during the first quarter of FY 2012 in the event of a temporary funding hiatus.

GENERAL STATEMENT

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

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

Table 2.2—Summary of Appropriations and Obligations

	FY 2010 Enacted	FY 2011 Estimate	<i>Change</i>
Appropriation	\$ 50,142,000,000	\$ 56,513,000,000	+\$ 6,371,000,000
Obligations	(\$ 51,072,305,000)	(\$ 56,633,900,000)	+\$ 5,561,595,000
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 16,000,000,000	\$ 13,400,000,000	-\$ 2,600,000,000

PROGRAM OVERVIEW

Eligibility Standards

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

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

Incentives for Work and Opportunities for Rehabilitation

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

The program also includes provisions to help disabled beneficiaries obtain vocational rehabilitation and employment support services. These provisions were revised by legislation establishing the Ticket to Work program, discussed in more detail below.

State Supplementation

Supplementation is mandatory for certain recipients who were on state rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, states are encouraged to supplement the Federal benefit and may elect to have their state supplementation program administered by SSA. States that choose to have SSA administer their program reimburse SSA in advance and SSA makes the payment on behalf of the state. Participating states also reimburse SSA for the cost of administering their program, based on a user fee schedule established by the Social Security Act. The user fee is \$10.45 per SSI check payment in FY 2010 and is expected to increase to \$10.62 in FY 2011. The Department of Treasury receives the first \$5.00 of each fee and SSA retains the amount over \$5.00.

Coordination with Other Programs

SSA plays an important role in helping states administer Medicaid and the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp program. Provisions in the SSI statute ensure that payments made by states or under the Social Security program are not duplicated by SSI benefits.

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

SSI recipients may qualify for SNAP. Social Security offices work with SSI applicants and recipients in a variety of ways to help them file for SNAP, including informing them of their potential benefits, making applications available to them and in some cases helping them complete their applications. Social Security also shares applicant data with a number of States in support of SNAP.

Benefit Payments

SSA estimates it will pay \$52.6 billion in Federal benefits to an estimated 7.8 million SSI recipients in FY 2011. Including state supplementary payments, SSA expects to pay a total of \$56.8 billion and administer payments to a total of 8.1 million recipients.

Federal benefit payments represent approximately 93 percent of Federal SSI spending. Administrative expenses represent approximately 7 percent of spending; beneficiary services and research and demonstration projects make up the remaining less than one percent.

FY 2011 PRESIDENT’S BUDGET REQUEST

The SSI appropriation includes funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects. In total, the President’s budget request for FY 2011 is \$56,513,000,000. However, this includes \$16,000,000,000 made available for the first quarter of FY 2011 in the FY 2010 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2011, \$40,513,000,000—the total amount requested for FY 2011 less the advance already received.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$13,400,000,000 for Federal benefit payments in the first quarter of FY 2012. This advance is to ensure recipients continue to receive their benefits at the beginning of the subsequent fiscal year in case there is a delay in passing that year’s appropriation.

Table 2.3—Appropriation Detail¹

	FY 2010 Enacted	FY 2011 Estimate	Change
Advance for Federal Benefits ²	\$ 15,400,000,000	\$ 16,000,000,000	
Regular for Federal Benefits	\$31,202,000,000	\$ 36,635,000,000	
Subtotal Federal Benefits	\$ 46,602,000,000	\$ 52,635,000,000	+ \$ 6,033,000,000
Administrative Expenses	\$ 3,442,000,000	\$ 3,775,000,000	+ \$333,000,000
Beneficiary Services	\$ 49,000,000	\$ 60,000,000	+ \$11,000,000
Research and Demonstration	\$ 49,000,000	\$ 43,000,000	- \$ 6,000,000
Subtotal Advanced Appropriation	\$ 15,400,000,000	\$ 16,000,000,000	
Subtotal Regular Appropriation	\$ 34,742,000,000	\$ 40,513,000,000	
Total Appropriation	\$ 50,142,000,000	\$ 56,513,000,000	+ \$ 6,371,000,000
Advance for Subsequent Year	\$ 16,000,000,000	\$ 13,400,000,000	- \$2,600,000,000

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

² Amount provided in the previous year’s appropriation bill.

KEY INITIATIVES

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

Payment Accuracy

For 75 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2008, 89.7 percent of SSI benefit payments were free of overpayment errors and 98.3 percent¹ were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to a recipient's income, resources, or living arrangement.

While maintaining and improving payment accuracy remains a challenge, SSA considers it a matter of great importance to continue to improve administration of the SSI program. SSA has taken steps to prevent overpayments before they occur and is addressing the two largest (in dollar amounts) causes of overpayments: unreported wages and unreported bank accounts.

Continuing Disability Reviews and Non-Disability Redeterminations

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

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

The FY 2011 President's budget request includes total spending of \$535 million specifically for conducting SSI CDRs and redeterminations which would allow SSA to conduct approximately 149,000 SSI CDRs and 2,422,000 redeterminations. This funding is estimated to result in almost \$4.1 billion in savings to the SSI program over the next 10 years, with additional savings accruing to Medicaid.

¹ The 98.3% accuracy rate shown here does not contradict the error rate of 1.8% on page 181 of the FY 2009 Performance and Accountability Report. The difference is due to rounding.

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Access to Financial Institutions (AFI)

Unreported bank accounts are one of the largest causes of overpayments. SSA is currently conducting an initiative that allows us to automatically verify bank assets for SSI applicants through an electronic system in New York, New Jersey, and California. Along with preventing overpayments, this initiative will help us to eliminate ineligible applicants at the beginning of the application process before they enter the queues at the State Disability Determination Services. We are beginning the process of rolling it out nationwide this year. The President's Budget provides up to \$10 million to continue implementing this initiative, as part of the additional program integrity funding.

Pre-Effectuation Reviews

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

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

Combating Fraud

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2009, SSA's Office of the Inspector General (OIG) received over 51,000 SSI fraud-related allegations via telephone, correspondence, fax, or email. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition, the Fugitive Felon Program enables SSA to suspend SSI payments to fugitives and parole violators, and allows the agency to provide vital information on their status to law enforcement agencies. Individuals are identified by using an automated data matching process which compares warrant information at the state and federal levels with the SSI rolls.

SSI Simplification

Complexity is inherent in the process of evaluating eligibility and payment levels for the SSI program and in addressing the accuracy of payments that have already been made. SSA remains committed to simplifying the SSI program and is exploring ways to do this in a fair and equitable manner. The President's Budget proposes to simplify the treatment of refundable tax credits by universally excluding them from countable resources for 12 months in all federally funded means-tested programs, including SSI.

Debt Collection

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

The Foster Care Independence Act of 1999 extended to the SSI program all of the debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs. In FY 2009, this enabled the agency to collect \$1.1 billion in SSI overpayments, including Federally-administered state supplement overpayments. Also in FY 2009, SSA recovered an additional \$134 million through Netting, a process that collects SSI overpayments through an automated offset against SSI underpayments.

SSA implemented three collection tools in FY 2002: administrative offset, credit bureau reporting, and cross program recovery. Through FY 2009, administrative offset and credit bureau reporting have contributed to the collection of \$452 million in SSI debt, and cross program recovery has collected \$486.7 million.

In FY 2005, SSA implemented administrative wage garnishment which has collected \$11.2 million in SSI debt through FY 2009. In FY 2006, SSA implemented Federal salary offset, a collection tool that is used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. In the future, SSA plans to implement the remaining authorized collection tools, which include interest charging, administrative cost recovery, and the use of private collection agencies.

Computer Matching Programs

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

SSA's computer matching operations include:

- Prison inmate records to find recipients made ineligible by incarceration;
- Law enforcement agencies match for data on fugitive felons;
- Quarterly matches for wage and unemployment compensation information;
- Monthly nursing home admission and discharge information;
- Internal Revenue Service records of non-wage income to detect unreported assets (primarily bank accounts);

Supplemental Security Income Program

- Bureau of Public Debt's Savings Bond records to detect unreported assets;
- Department of Defense (DOD) records to detect and verify DOD pension information;
- Veterans Administration pension data to offset SSI;
- Office of Personnel Management pension data to offset SSI;
- Railroad Retirement Board match to offset SSI;
- U.S. Department of Homeland Security (DHS) match for deportation information on aliens outside U.S. for more than 30 continuous days to terminate SSI benefits; and
- DHS match for records of aliens who voluntarily leave the U.S.

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

BUDGETARY RESOURCES

The SSI annual appropriation consists of a regular appropriation made available by the current year's appropriation bill and an advance made available by the prior year's appropriation. This advance is for Federal benefit payments in the first quarter of the subsequent fiscal year to ensure recipients continue to receive their benefits in case there is a delay in passing that year's appropriation bill. The President's Budget for FY 2011 is \$56,513,000,000, including \$16,000,000,000 appropriated in advance by the FY 2010 appropriations bill, P.L. 111-117.

Table 2.4—Amounts Available for Obligation¹

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
Regular Appropriation	\$ 30,471,537,000	\$ 34,742,000,000	\$ 40,513,000,000
Advanced Appropriation	\$ 14,800,000,000	\$ 15,400,000,000	\$ 16,000,000,000
Total Annual Appropriation	\$ 45,271,537,000	\$ 50,142,000,000	\$ 56,513,000,000
Federal Unobligated Balance	\$ 1,738,621,753	\$ 590,757,664	\$ 743,369,320
Recovery of Prior-Year Obligations	\$ 226,553,987	\$ 3,200	\$ 0
Indefinite Authority	\$ 1,602,935,179	\$ 559,080,143	N/A
Subtotal Federal Resources	\$ 48,839,647,919	\$ 51,291,841,007	\$ 57,256,369,320
State Supp Reimbursements	\$ 4,104,135,884	\$ 3,799,000,000	\$ 4,142,000,000
State Supp Unobligated Balance	\$ 361,892,438	\$ 305,012,257	\$ 339,012,257
Total Budgetary Resources	\$ 53,305,676,241	\$ 55,395,853,264	\$ 61,737,381,577
Federal Obligations	(\$ 48,284,980,536)	(\$ 51,072,305,000)	(\$ 56,633,900,000)
State Supplement Obligations	(\$ 4,161,016,065)	(\$ 3,765,000,000)	(\$ 4,175,000,000)
Total Obligations	(\$ 52,445,996,601)	(\$ 54,837,305,000)	(\$ 60,808,900,000)
Federal Unobligated Balance	\$ 590,757,664	\$ 743,369,320	\$ 622,469,320
State Supp. Unobligated Balance	\$ 305,012,257	\$ 339,012,257	\$ 306,012,257
Total Unobligated Balance	\$ 895,769,921	\$ 1,082,381,577	\$ 928,481,577

¹ Does not include state supplement user fees; user fees are included in the LAE appropriation.

Supplemental Security Income Program

The SSI annual appropriation was \$45.3 billion in FY 2009 and \$50.1 billion in FY 2010. Because the amounts appropriated are made available until expended, SSA has the authority to carry over unobligated balances for use in future fiscal years. SSA carried over approximately \$591 million in Federal unobligated balances into FY 2010. Based on the FY 2010 appropriation and estimated obligations in FY 2010, SSA expects to carry over about \$743 million into FY 2011.

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

ANALYSIS OF CHANGES

The FY 2011 request represents an increase of more than a \$6 billion over the FY 2010 enacted level. The majority of this increase results from mandatory increases in Federal benefit payments. Along with an increase in SSI recipients, FY 2011 also includes 13 monthly benefit payments, instead of the usual 12, because October 1, 2011 falls on a weekend.

SSA plans to use indefinite authority and carryover of unobligated balances to partially fund Federal benefit payments in FY 2010. SSA plans to use carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects in FY 2010 and FY 2011. SSA plans to use \$262 million in unobligated balances and recoveries in FY 2010 and \$121 million in FY 2011.

Federal Benefit Payments

The increase in the FY 2011 request for Federal benefit payments is due to an increase in SSI recipients and one additional benefit payment during the year. Also, SSA expects to use \$262 million in carryover of prior-year unobligated balances in FY 2010 and \$559 million in indefinite authority, but the FY 2011 request anticipates no carryover and no need to tap indefinite authority funding.

Administrative Expenses

The total request for administrative expenses is \$333 million more than the enacted level in FY 2010. The FY 2011 request includes \$292 million in allocation adjustment funding for program integrity work in the SSI program – SSI CDRs, redeterminations, and asset verification initiatives.

Beneficiary Services

The request for new budget authority in FY 2011 is higher because of the revised projected cost per case and increases due to the revision of the Ticket to Work regulation. This increase also reflects less carryover of unobligated balances available in FY 2011. In FY 2009, SSA used \$44.6 million from prior-year unobligated balances for beneficiary services. SSA expects to use \$33 million of carryover funds in FY 2010, and \$26 million in FY 2011.

Research and Demonstration

The request for new budget authority is lower than in FY 2010. SSA carried over \$35 million of prior-year unobligated balances for research and demonstration projects into FY 2010; SSA expects to use \$5 million of this balance in FY 2010 and \$29 million in FY 2010.

Supplemental Security Income Program

Table 2.5—Summary of Changes¹

	FY 2010 Enacted	FY 2011 Estimate	Change
Appropriation	\$ 50,142,000,000	\$ 56,513,000,000	+ \$ 6,371,000,000
Estimated Obligations	(\$ 51,072,305,000)	(\$ 56,633,900,000)	+ \$ 5,561,595,000
Obligations Funded from Prior-Year Unobligated Balances and Recoveries	\$ 371,224,857	\$ 120,900,000	- \$ 250,324,857
Obligations Funded from Indefinite Authority	\$ 559,080,143	N/A	- \$ 559,080,143

Table 2.6—Explanation of SSI Budget Changes from FY 2010 to FY 2011
(in thousands)

	FY 2010 Base Budget Authority	Change from Base
<u>Increases: Built-In</u>		
<u>Federal Benefit Payments</u>	\$ 46,602,000	+\$ 6,033,000
• Increase of 260,000 recipients in FY 2011		+\$ 1,672,000
• Increase due to use of 2009 carryover and indefinite authority to meet benefit payment needs in FY 2010		+\$ 821,000
• Net increase due to adjustment for October 1, 2011 payment paid in FY 2011		+\$ 3,540,000
<u>Administrative Expenses - Additional base funding</u>	\$ 3,442,000	+\$ 353,038
<u>Beneficiary Services</u>	\$ 49,000	+\$ 11,000
• Revised Ticket to Work & reimbursement projections		+\$ 4,000
• Decrease in amount of carryover funding available for obligation in FY 2011		+\$ 7,000
<u>Research and Demonstration – Increase in planned obligations</u>	\$ 49,000	+\$ 17,595
Total	\$ 50,142,000	+\$ 6,414,633

Table Continues on the Next Page

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

Supplemental Security Income Program

	FY 2010 Base Budget Authority	Change from Base
<u>Decreases: Built-In</u>		
<u>Federal Benefit Payments</u>	\$ 46,602,000	--
<u>Administrative Expenses</u> - <i>Decreased funding for program integrity</i>	\$ 3,442,000	- \$ 20,038
<u>Beneficiary Services</u>	\$ 49,000	--
<u>Research & Demonstration</u> - <i>Increase in amount of carryover funding planned for obligation in FY 2011</i>	\$ 49,000	- \$ 23,595
Total	\$ 50,142,000	- \$ 43,633
Net Change to Budget Authority Requested		+ \$ 6,371,000

NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

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

Table 2.7—New Budget Authority and Obligations by Activity¹
(in thousands)

	FY 2009 Actual	FY 2010 ^{2, 3} Enacted	FY 2011 ⁴ Estimate
<u>Federal Benefit Payments</u>			
Appropriation	\$ 42,027,000	\$ 46,602,000	\$ 52,635,000
Obligations	(\$ 44,987,046)	(\$ 47,423,000)	(\$ 52,635,000)
Monthly Check Payments	12	12	13
<u>Administrative Expenses</u>			
Appropriation	\$ 3,206,537	\$ 3,442,000	\$ 3,775,000
Obligations	(\$ 3,206,537)	(\$ 3,513,000)	(\$ 3,841,000)
<u>Beneficiary Services</u>			
Appropriation	\$ 3,000	\$ 49,000	\$ 60,000
Obligations	(\$ 47,563)	(\$ 82,000)	(\$ 86,000)
<u>Research and Demonstration</u>			
Appropriation	\$ 35,000	\$ 49,000	\$ 43,000
Obligations	(\$ 43,834)	(\$ 54,305)	(\$ 71,900)
Total Appropriation	\$ 45,271,537	\$ 50,142,000	\$ 56,513,000
Total Obligations	(\$ 48,284,981)	(\$ 51,072,305)	(\$ 56,633,900)

In FY 2009, SSA used indefinite authority and carryover of unobligated balances to partially fund Federal benefit payments. Carryover of unobligated balances was also used to partially fund beneficiary services and research and demonstration projects, and recoveries of prior year obligations were used to partially fund administrative expenses. In 2010, we plan to use indefinite authority and carryover of unobligated balances to partially fund Federal benefit payments. In FY 2010 and FY 2011, SSA plans to use carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects. The FY 2011 President's budget request reflects these plans.

¹ Totals may not add due to rounding.

² In addition to the appropriated amounts, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2010 obligations as follows: Federal benefits, \$262 million; administrative expenses, \$71 million; beneficiary services, \$33 million; and research and demonstration projects, \$5 million.

³ SSA expects to use \$559 million in indefinite authority for FY 2010 Federal benefit obligations.

⁴ In addition to the FY 2011 President's budget request, SSA expects to use carryover of prior year unobligated balances for FY 2011 obligations as follows: administrative expenses, \$66 million; beneficiary services, \$26 million; and research and demonstration projects, \$29 million.

NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

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

Table 2.8—New Budget Authority and Obligations by Object¹
(in thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
<u>Other Services</u>			
Appropriation	\$ 3,209,537	\$ 3,491,000	\$ 3,835,000
Obligations	(\$ 3,254,100)	(\$ 3,595,000)	(\$ 3,927,000)
<u>Federal Benefits and Research</u>			
Appropriation	\$ 42,062,000	\$ 46,651,000	\$ 52,678,000
Obligations	(\$ 45,030,880)	(\$ 47,477,305)	(\$ 52,706,900)
Total Appropriation	\$ 45,271,537	\$ 50,142,000	\$ 56,513,000
Total Obligations	(\$ 48,284,981)	(\$ 51,072,305)	(\$ 56,633,900)

¹ Numbers may not add due to rounding.

BACKGROUND

AUTHORIZING LEGISLATION

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

Table 2.9—Authorizing Legislation

	FY 2010 Amount Authorized	FY 2010 Enacted	FY 2011 Amount Authorized	FY 2011 Estimate
Title XVI of the Social Security Act, section 401 of P.L. 92-603 and section 212 of P.L. 93-66, as amended, and section 405 of P.L. 92-216	<i>Indefinite</i>	\$ 50,142,000,000	<i>Indefinite</i>	\$ 56,513,000,000
First Quarter Advance appropriation for subsequent fiscal year	---	\$ 16,000,000,000	---	\$ 13,400,000,000

APPROPRIATION HISTORY

The table below displays the President's budget request, amounts passed by the House and Senate, and the actual amount appropriated, for the period FY 2001 to FY 2011. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

Table 2.10—Appropriation History

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
2001	\$ 33,153,000,000	\$ 32,926,000,000	\$ 33,153,000,000	\$ 33,143,000,000
2002	\$ 31,940,412,000	\$ 31,940,412,000	\$ 31,947,412,000	\$ 31,947,412,000
2003	\$ 34,824,618,000	\$ 34,696,392,000	\$ 34,704,392,000	\$ 34,704,392,000
<i>Indefinite</i>	<i>\$ 578,881,680</i>			
2004	\$ 37,362,000,000	\$ 37,301,300,000	\$ 37,370,000,000	\$ 37,317,800,000
2005	\$ 41,198,929,000	\$ 41,168,829,000	\$ 37,917,949,000	\$ 41,176,829,000
2006	\$ 40,463,174,000	\$ 40,463,174,000	\$ 40,276,574,000	\$ 40,299,174,000
2007 ¹	\$ 40,235,000,000	\$ 40,181,169,000	\$ 40,181,169,000	\$ 40,181,169,000
2008 ²	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,815,500,000	\$ 43,756,170,423
2009	\$ 45,214,000,000	\$ 45,263,000,000	\$ 45,229,875,000	\$ 45,271,537,000
<i>Indefinite</i>	<i>\$ 1,602,935,179</i>			
2010	\$ 50,142,000,000	\$ 50,142,000,000	\$ 50,142,000,000	\$ 50,142,000,000
<i>Indefinite</i>	<i>\$ 559,080,143</i>			
2011	\$ 56,513,000,000			
2012³	\$ 13,400,000,000			

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

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

³ Advance appropriation for the first quarter of FY 2012.

FEDERAL BENEFIT PAYMENTS

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

PURPOSE AND METHOD OF OPERATION

The SSI program was established to pay needy aged, blind and disabled individuals a minimum level of income through Federally-administered monthly cash payments. In many cases, these payments supplement income from other sources, including Social Security benefits and state programs. In FY 2011, SSA estimates benefit payments will total \$52.6 billion for more than 7.8 million Federal SSI recipients.

**Table 2.11—Federal Benefit Payments: New Budget Authority and Obligations
(in thousands)**

	FY 2009 Actual	FY 2010 Enacted	FY09 to FY10 Change	FY 2011 Estimate	FY10 to FY11 Change
Appropriation	\$ 42,027,000	\$ 46,602,000	+ \$ 4,575,000	\$ 52,635,000	+ \$ 6,033,000
Obligations funded from prior year unobligated balances	\$ 1,130,557	\$ 261,917	- \$ 1,095,194	\$ 0	- \$ 261,917
Recovery of Prior-Year Obligations	\$ 226,554	\$ 3	+ \$ 3	\$ 0	- \$ 3
Indefinite Authority	\$ 1,602,935	\$ 559,080	- \$ 1,043,855	\$ 0	- \$ 559,080
Obligations	\$ 44,987,046	\$ 47,423,000	+ \$ 2,435,954	\$ 52,635,000	+ \$ 5,212,000
Advance for subsequent fiscal year	\$ 15,400,000	\$ 16,000,000	+ \$ 600,000	\$ 13,400,000	- \$ 2,600,000

RATIONALE FOR BUDGET REQUEST

SSA is requesting \$52.6 billion in new budget authority for Federal benefit payments in FY 2011.

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

SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from over 6.9 million in FY 2006 to 7.3 million in FY 2009 and is expected to continue to increase to more than 7.8 million in FY 2011. The estimated increase in Federal recipients in FY 2011 represents a 3.4 percent increase over the FY 2010 level. SSA estimates the number of SSI recipients by analyzing a number of factors including applications, award and termination rates, and funding for program integrity initiatives.

Table 2.12—SSI Recipients, Actual¹
(average over fiscal year, in thousands)

	FY 2006	FY 2007	FY 2008	FY 2009
Aged	1,116	1,111	1,103	1,106
Blind or Disabled	5,762	5,892	6,014	6,198
Total Federal	6,878	7,003	7,117	7,304
Year-to-Year Change	1.5%	1.8%	1.6%	2.6%
State Supplement Only	291	296	298	285
Total Federally Administered	7,169	7,300	7,415	7,589

In addition to Federal SSI recipients, SSA administers state supplementary payments for 23 states and the District of Columbia. SSA administers payments for approximately 2 million state supplement recipients annually, of which approximately 300,000 do not receive a Federal SSI benefit and only receive the state supplementary payment.

Table 2.13—SSI Recipients, Projected
(average over fiscal year, in thousands)

	FY 2010 Estimate	FY09 to FY10 Change	FY 2011 Estimate	FY10 to FY11 Change
Aged	1,109	+ 0.3%	1,113	+ 0.4%
Blind or Disabled	6,450	+ 4.1%	6,707	+ 4.0%
Total Federal	7,560	+ 3.5%	7,820	+ 3.4%
State Supplement only	272	- 4.6%	286	+ 5.1%
Total Federally Administered	7,832	+ 3.2%	8,106	+ 3.5%

¹ Totals may not add due to rounding.

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SSI Disabled vs. Aged Recipient Population

The number of blind or disabled SSI recipients as a percentage of all SSI recipients has steadily increased from 78.1 percent in FY 1995 to 84.9 percent in FY 2009. It is expected to continue to increase to 85.8 percent in FY 2011. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this consistent shift in the population make-up increases overall SSI benefit payments.

**Table 2.14—Blind or Disabled Recipients as a Percentage of Total
(average over fiscal year, in thousands)**

Fiscal Year	Total ¹	Aged	Blind or Disabled	Blind or Disabled as % of Total
1995	6,070	1,327	4,743	78.1%
2000	6,328	1,203	5,125	81.0%
2005	6,775	1,118	5,657	83.5%
2006	6,878	1,116	5,762	83.8%
2007	7,003	1,111	5,892	84.1%
2008	7,117	1,103	6,014	84.5%
2009	7,304	1,106	6,198	84.9%
2010 Estimate	7,560	1,109	6,450	85.3%
2011 Estimate	7,820	1,113	6,707	85.8%

Concurrent SSI/OASDI Recipients

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

¹ Totals may not add due to rounding.

BENEFIT PAYMENTS

Maximum Monthly Federal Payments

The maximum monthly Federal Benefit Rate (FBR) is increased each January when there are increases in the cost-of-living. Due to the economic downturn, there was no increase in January 2010 and no increase is projected for January 2011. The FBRs are \$674 for an individual and \$1,011 for a couple in calendar years (CY) 2010 and CY 2011. Because there are no COLAs, the maximum benefit rate in the first 3 months is the same as the last 9 months.

Table 2.15—Maximum Benefit Rates

	FY 2010		FY 2011	
	First 3 Months	Last 9 Months	First 3 Months	Last 9 Months
Individual	\$ 674	\$ 674	\$ 674	\$ 674
Couple	\$ 1,011	\$ 1,011	\$ 1,011	\$ 1,011

Average Monthly Benefit Payments

The amount actually paid to a recipient can vary from the FBR based on their income received (e.g., earnings and Social Security benefits) and the living arrangement of the recipient (e.g., residence in one's own home, the household of another person, or in a nursing home which meets Medicaid standards). The average monthly benefit is expected to increase from \$503 in FY 2009 to \$514 in FY 2010 and FY 2011. The increase in the average benefit payment is a factor of annual cost-of-living adjustments and recipient population characteristics.

Table 2.16—Average Monthly Benefit Payments

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Aged	\$ 352	\$ 359	\$ 360
Blind or Disabled	\$ 530	\$ 540	\$ 540
All SSI Recipients	\$ 503	\$ 514	\$ 514

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Annual Cost of Living Adjustments

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

Program Integrity Funding

Annual benefit payment estimates are based on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2011 estimate assumes SSA receives the funding to conduct 149,000 SSI CDRs and 2,422,000 non-medical redeterminations.

Timing of Monthly Benefit Payments

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

Table 2.17—Check Payments by Fiscal Year

	Number of Check Payments	Federal Benefit Obligations
FY 2004	12	\$ 33,803,282,000
FY 2005	13	\$ 38,271,653,000
FY 2006	12	\$ 37,510,765,017
FY 2007	11	\$ 36,481,897,840
FY 2008	12	\$ 41,309,722,313
FY 2009	12	\$ 44,987,045,867
FY 2010	12	\$ 47,423,000,000
FY 2011	13	\$ 52,635,000,000

ADMINISTRATIVE EXPENSES

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

PURPOSE AND METHOD OF OPERATION

Administrative expenses for the SSI program are funded from general revenues. Section 201(g)(1) of the Social Security Act provides that administrative expenses for the SSI program, including Federal administration of state supplementary payments, may be financed from the Social Security trust funds with reimbursement, including any interest lost, to the trust funds from general revenues.

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

The legislative history of the 1972 amendments (which established this funding mechanism) indicates a desire to obtain economy of administration by giving SSA the responsibility for the SSI program because of its existing field office network and its administrative and automated data processing facilities. Because of the integration of the administration of the SSI and Social Security programs, it was desirable to fund them from a single source (the LAE account). This requires that the trust funds and the SSI account pay their appropriate amounts. The determination is based on a Government Accountability Office (GAO) approved method of cost analysis of the respective expenses of the SSI and Social Security insurance programs, and mandates a final settlement by the end of the subsequent fiscal year as required by law.

**Table 2.18—Administrative Expenses: New Budget Authority and Obligations
(in thousands)**

	FY 2009 (Actual)	FY 2010 (Enacted)	FY09 to FY10 Change	FY 2011 Estimate	FY10 to FY11 Change
Appropriation	\$ 3,206,537	\$ 3,442,000	+ \$ 235,463	\$ 3,775,000	+ \$ 333,000
Obligations	(\$ 3,206,537)	(\$ 3,513,000)	+ \$ 306,463	(\$ 3,841,000)	+ \$ 328,000

RATIONALE FOR BUDGET REQUEST

The FY 2011 request for SSI administrative expenses is \$3,775,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$292 million specifically for program integrity activities in the SSI program in FY 2011.

These amounts exclude funding made available in the LAE account from state user fees for SSA expenses for administering SSI state supplementary payments. The LAE account assumes funding of up to \$160,000,000 for SSI state supplement user fees in FY 2010 and up to \$185,000,000 from this source in FY 2011.

BENEFICIARY SERVICES

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

PURPOSE AND METHOD OF OPERATION

Most of the FY 2011 funds to be obligated will reimburse Vocational Rehabilitation (VR) agencies for reasonable and necessary costs of services which result in disabled SSI recipients being successfully rehabilitated (section 1615(d) of the Social Security Act). For SSI recipients, VR’s objective is to help disabled individuals achieve and sustain productive, self-supporting work activity. SSA provides funds to reimburse VR agencies for costs incurred in successfully rehabilitating SSI recipients. A successful rehabilitation is defined by law as one in which VR services result in performance of substantial gainful activity for a continuous period of nine months out of twelve.

**Table 2.19—Beneficiary Services: New Budget Authority and Obligations
(in thousands)**

	FY 2009 Actual	FY 2010 Enacted	FY09 to FY10 Change	FY 2011 Estimate	FY10 to FY11 Change
Appropriation	\$ 3,000	\$ 49,000	+ \$ 46,000	\$ 60,000	+ \$ 11,000
Obligations Funded from Prior-Year Unobligated Balances	\$ 44,563	\$ 33,000	- \$11,563	\$ 26,000	- \$ 7,000
Obligations	(\$ 47,563)	(\$ 82,000)	+ \$ 34,437	(\$ 86,000)	+ \$4,000

A portion of the FY 2011 obligations will be used to cover estimated payments authorized under the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). This law provides SSI disabled recipients with a Ticket to offer to an employment network (EN) (including a state VR agency choosing to be paid as an EN in exchange for VR and employment services, and other support services. The original regulation for implementing the Ticket to Work Program was published on December 28, 2001 and was effective January 28, 2002. The roll out of the Ticket program was completed in September 2004.

A revision of the Ticket to Work regulation, published on May 20, 2008, was effective July 21, 2008. This revised regulation increases up-front costs by increasing the frequency and levels of payments to providers. This revision also allows a Ticket holder to receive VR services to meet his/her intensive up-front service needs. After the VR case is closed, his/her Ticket may be assigned to an EN to receive ongoing support services.

Ticket payments, unlike reimbursement payments, are not based on the costs of specific services provided by the EN. The EN is paid based on either an outcome-milestone payment method or an outcome-payment method. Under the outcome-milestone payment method, the EN is paid for

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each milestone the recipient successfully achieves. SSA does not have to stop monthly benefit payments before a milestone payment can be made. In order for SSA to make an outcome payment, however, the individual must not be receiving monthly benefit payments due to work or earnings. Outcome-payment amounts are based on the prior year's national average disability benefit payable under Title XVI. Outcome payments are payable for a maximum of 60 months (consecutive or otherwise).

RATIONALE FOR BUDGET REQUEST

SSA is requesting \$60 million in new budget authority for this activity. The estimate for FY 2011 assumes 8,600 payment awards for successful rehabilitation and ticket-related cessations. The new budget authority request for FY 2011 includes the projected increases due to the revision of the Ticket to Work regulation.

The average cost per award under the reimbursement program was estimated in the FY 2010 President's Budget to be \$9,600 in FY 2010. The current estimate reflects a revised cost per case of \$9,400 in FY 2010 which is expected to increase to \$9,600 in FY 2011. The average cost per award reflects current trends in rehabilitation costs, advances in expensive medical technology, and increases due to the latest rule revision.

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

RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

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

PURPOSE AND METHOD OF OPERATION

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

Table 2.20—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 09 to FY 10 Change	FY 2011 Estimate	FY 10 to FY 11 Change
Appropriation	\$ 35,000	\$ 49,000	+ \$ 14,000	\$ 43,000	- \$ 6,000
Net obligations funded from prior-year unobligated balances	\$ 8,834	\$ 5,305	- \$ 3,529	\$ 28,900	+ \$ 23,595
Obligations	(\$ 43,834)	(\$ 54,305)	+ \$ 10,471	(\$ 71,900)	+ \$ 17,595

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

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

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

RATIONALE FOR BUDGET REQUEST

SSA’s research budget is designed to provide significant support for key priorities and includes a \$17.6 million increase in obligations over FY 2010. The budget supports projects such as the *Compassionate Allowances Initiative* and the *Development of the Occupational Information System* that are integral to improving the disability process; projects that provide opportunities for disability beneficiaries to achieve economic independence through work; and projects providing analytical and data resources for use in preparing and reviewing policy proposals. SSA’s disability research and demonstration projects are designed to promote self-sufficiency and assist individuals in their effort to return to work. SSA is also continuing work on a financial literacy and education initiative that is designed to encourage saving and effective retirement planning. Additionally, as the debate on how best to strengthen and reform Social Security continues, SSA must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration.

SSA’s FY 2011 extramural research budget is less than 1 percent of the administrative budget and only a fraction of program expenditures. The discussion that follows describes SSA’s planned research and outreach efforts and how those efforts satisfy the Office of Management and Budget’s research and development investment criteria. Funding for research by major category is summarized in the following table.

**Table 2.21—Major Research Areas and Outreach:
Obligations and New Budget Authority (in millions) ¹**

	Obligations		
	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
Eliminate Backlogs & Improve the Disability Process	\$ 18.5	\$ 21.3	\$ 28.8
Improve Our Retiree & Other Core Services	\$ 2.3	\$ 3.2	\$ 4.7
Preserve the Public’s Trust in Our Programs	\$ 14.0	\$ 14.8	\$ 16.1
Special Initiative – Encourage Savings	\$ 9.0	\$ 15.0	\$ 22.3
Total Obligations	\$ 43.8	\$ 54.3	\$ 71.9
New Budget Authority	\$ 35.0	\$ 49.0	\$ 43.0

¹ Does not include funding authorized under section 234.

MAJOR RESEARCH AND OUTREACH PROJECTS

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

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

Eliminating the disability hearings backlog and improving the disability process are the Agency's top two priorities. The Social Security and SSI disability programs are the largest Federal programs providing assistance to people with disabilities. This research area includes projects to advance the Compassionate Allowances initiative, to update and improve the Listings of Impairments, and to develop an Occupational Information System.

Key projects are as follows:

Compassionate Allowances Initiative

The Compassionate Allowances initiative is designed to quickly identify diseases and other medical conditions that invariably qualify for allowance under the Listing of Impairments based on minimal objective medical information. These determinations can be made as soon as the diagnosis and onset date are confirmed and other medical evidence is obtained.

SSA executed an over-arching Memorandum of Understanding with the National Institutes of Health (NIH) to cover interagency agreements (IAA) with various NIH institutes. The first IAA was signed in February 2008 with the Rehabilitation Medicine Department of the Clinical Research Center. The scope of the original agreement has expanded substantially, resulting in a new five year agreement. In FY 2011, NIH will continue to analyze SSA data. Additionally, Boston University will expand its testing of the Computer Adaptive tool using an external survey center.

Listings of Impairments

SSA has entered into a 3-year contract with the National Academy of Sciences, Institute of Medicine (IOM) to establish a standing committee of medical experts to ensure that our listings are always medically supportable, relevant, and technologically current. As part of our contract with IOM, the standing committee will evaluate medical literature, major studies, and emerging technologies to inform the agency of potential listings revisions. In FY 2011, the IOM will deliver reports on specific body systems that we will use to revise the listings.

Occupational Information System

SSA needs information about work to make a determination of disability under its disability programs. SSA uses the Dictionary of Occupational Titles (DOT) and its companion volume, the Selected Characteristics of Occupations, as the primary sources of information about jobs and job requirements. However, the Department of Labor (DOL) last updated the DOT in 1991 and has no plans to conduct further updates. Instead, the DOL has developed the Occupational Information Network (O*NET) for career exploration and education. SSA, after conducting research, found that O*NET is not suitable for disability evaluation. No other occupational

Supplemental Security Income Program

classification systems exist that provide all the current information SSA needs for its disability programs.

As a result, SSA is developing an Occupational Information System (OIS) designed specifically for its disability programs. To accomplish this task, SSA will conduct research to obtain occupational information critical to evaluating disability, including information not contained in the DOT, and to investigate medical-vocational issues to improve and update SSA policies. This project will provide SSA with legally defensible occupational information that is optimal for disability evaluation. Also, the outcomes of investigations of medical-vocational issues will enable SSA to update its disability evaluation policies and process.

In addition to research conducted by SSA staff in FY 2009, the Commissioner established the Occupational Information Development Advisory Panel to provide guidance to SSA in the development of a new OIS. The panel is comprised of 12 individuals with expertise in relevant scientific, academic, professional, and medical fields, such as occupational analysis, vocational rehabilitation and assessment, psychiatry, psychometrics, ergonomics and physical therapy, disability claimant representation, and the SSA disability evaluation policies and processes. The panel held six meetings and delivered a report of recommendations to the agency entitled *Content Model and Classification Recommendations for the Social Security Administration Occupational Information System* in September 2009.

In FY 2011, the panel will continue to meet at least quarterly and provide guidance on relevant issues throughout the research and development phase of the OIS. Also in FY 2011, SSA project staff and contractors, as needed, will test OIS design issues, develop and test appropriate instruments for use in job analysis and data collection, and conduct various needs and claims studies to lay the groundwork for pilot testing to begin in FY 2012.

Temporary Assistance to Needy Families – Supplemental Security Income (TANF-SSI) Disability Transition Project

In 2004, the Government Accountability Office recommended that SSA and the HHS' Administration for Children and Families (ACF) collaborate to improve coordination between the SSI program and the Temporary Assistance for Needy Families (TANF) program, given the number of individuals and families served by both of these programs. SSA has partnered with ACF to conduct the TANF/SSI Disability Transition Project to link state and local TANF caseload data to SSA administrative to better understand the extent of the overlap between the two programs. The project is also examining promising program innovations to serve individuals with a disability more effectively. SSA and ACF jointly funded a multi-year research contract with evaluation contractors MDRC and the Lewin Group to analyze TANF-SSA administrative data, examine local program innovations, and provide recommendations for a demonstration.

In FY 2011, we plan to utilize funds to conclude the pilot tests that were begun in FY 2010 and award a separate contract for a full evaluation.

Predictive Modeling – Reconsideration Claims

This effort will determine if a predictive model is feasible at reconsideration. The steps involved include:

- Analyzing reconsideration claims, nationally, to identify the data most valuable in predicting whether a case at the reconsideration level will be allowed (analysis to be performed in FY 2010); and
- Building a reconsideration predictive model in FY 2011 to be deployed in late FY 2011 or early FY 2012 if the data supports the prediction of reconsideration allowances.

Predictive Modeling for reconsideration claims would also allow for expedited processing and improve service.

Youth Transition Demonstration

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

Recent YTD accomplishments include the completion of service delivery in three projects in FY 2009. The implementation of the interventions and services at the YTD projects have resulted in local initiatives to sustain many of the services and supports that have been provided to transition-age youth after the SSA funding has ceased. For example, in California the participating school districts became Employment Networks (EN) for the Ticket to Work (TTW) program, allowing the types of services and supports provided under the YTD projects to continue.

In the first half of FY 2010, we will complete the first 12-month follow-up impact analysis and we will know the early effects of the YTD projects. Reports already completed are the (1) Demonstration Profiles of the Random Assignment Projects Report; (2) YTD Evaluation Design Report; and (3) Implementation and Lessons Learned from the Original Projects Report.

In FY 2011 the focus will be on employment services for these sites and the follow-up survey administered 12 months after random assignment. These surveys will fill in gaps and provide information on demographic and socioeconomic variables not in the administrative data. This will also provide outcomes such as work efforts, hourly wages, and attitudes towards work. This information will be very important in analyzing outcomes in the areas of education and self-efficacy.

Evaluation of Ticket to Work

The Ticket to Work and Work Incentives Improvement Act of 1999 requires the Commissioner of Social Security to provide for independent evaluations to assess the effectiveness of the Ticket to Work (TTW) program. In May 2003, SSA awarded two 5-year contracts to Mathematica Policy Research to conduct an independent evaluation of the Ticket program.

Our contractor has completed 4 evaluation reports, three of which have been provided to Congress as required under the Act. The findings thus far indicate that the Ticket program has significant potential but that improvements in beneficiary awareness and EN incentives are needed. In July of 2008, SSA implemented changes to the TTW program to improve EN and beneficiary participation and outcomes.

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Evaluation reports in FY 2011 will examine whether the new regulations improve the TTW program. Specifically, the evaluations will report on the EN and beneficiary participation response to the new TTW rules, beneficiary awareness of the new TTW program, service use, employment, and attitudes toward ticket participation, work, and possible exit from SSA benefits. It will also include the trends in beneficiary work and benefit outcomes and EN payments under the new rules.

Longitudinal Programmatic Disability Data Repository Project (formerly Longitudinal Programmatic Disability Data Files)

SSA has a critical need to examine more longitudinal data to identify trends within the disability program to make better-informed policy decisions.

To address this need we have planned a multi-year project to create a repository of disability data files and databases in a centralized location. This data repository will modernize the role and functions of the current Disability Research File and eliminate the current time-intensive processes. The new system will utilize state-of-the-art technologies that will modernize and automate the process and will be built with at least 20 rolling years of data, including the current year, on a continuous basis.

FY 2011 will continue FY 2010 Phase One activities devoted to the analysis of many data sources/files within SSA to select the appropriate data to be used for disability trends and research.

The remaining step in the actual development of the longitudinal data repository are anticipated to be completed in phases.

- Phase Two (to be performed in FYs 2012 and 2013) will focus on the initial development of the data repository by compiling initial claims data and beneficiary specific data such as earnings and demographic data. This phase will also include development of web-based presentation of this data that offers data-mining functionality via pivot tables, drop-down boxes, and other available sorting tools.
- Phase Three (to be performed in FY 2014) will include enhanced detailed data analysis, delivery, and presentation methods that utilize advanced data-mining and business-intelligence tools. This phase will offer significantly advanced user options, including standardized reports, multi-dimensional query capabilities, and charting and graphing options.
- Phase Four (to be performed in FY 2015) will include custom and ad hoc queries and reports required by Congress. This phase will also present that data via a web-based format with data-mining capabilities, consistent with the formats and functionalities developed in Phases Two and Three.

Other Disability Research

Other disability research includes projects that provide broad program analysis and development in support of the Social Security Disability Insurance (SSDI) and SSI programs. These projects include studies of program policy issues, the identification of trends in the disability programs, the formulation of SSA policy regarding cross-cutting programs or issues related to disability and/or income assistance programs, and the development and implementation of policy and procedures on SSDI and SSI work incentives.

In FY 2011, SSA intends to initiate Accelerated Benefits follow-up research, initiate a research project applying the Mental Health Treatment Study (MHTS) Interventions to Beneficiaries with Traumatic Injuries, and initiate Expansion of MHTS.

Improve Our Retiree & Other Cores Services

Medicare Outreach – Section 1144

Medicare Buy-in Outreach, section 1144 of the Social Security Act, requires SSA to conduct outreach to SSA beneficiaries and former beneficiaries who may potentially qualify for Medicare cost-sharing assistance. We target outreach to income-tested new Medicare-eligible beneficiaries, those who have experienced a drop in income, and 20 percent of those who have been previously notified.

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

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
Appropriation	\$ 3.0	\$ 3.0	\$ 3.3
Obligations	(\$2.3)	(\$ 3.0)	(\$ 3.3)

Section 1144 was amended by the Medicare Prescription Drug legislation to include those potentially eligible for transitional assistance Medicare prescription drug cards and subsidized prescription drug benefits under Medicare Part D. Since 2004, SSA has done a variety of letters and outreach to reach potential eligibles for subsidized Part D. SSA also sent outreach letters to former disability insurance beneficiaries without Medicaid who may be eligible for state Medicaid cost-sharing for their purchase of Medicare Part A.

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

For FY 2011, SSA anticipates approximately 8 million mailings regarding the Medicare Savings Program outreach efforts providing information useful to beneficiaries.

Other Policy Evaluation

The research budget includes funds to evaluate proposals to change the Social Security programs, produce as needed additional policy-relevant data, and improve the quality of statistics on the aged and persons with disabilities. While the number and type of proposals we will be asked to evaluate in FY 2011 is not known, it is anticipated that we may be asked to analyze for example the interactions between universal savings accounts and the SSI program. Furthermore, in response to the financial crisis of 2008 we also expect in FY 2011 to conduct a number of studies that possibly evaluate the effects of the financial crisis on the consumption and expenditures of retirees and near retirees as well as changes in labor force participation, retirement, and claiming of Social Security benefits.

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Preserve the Public's Trust in Our Programs

SSA's research program provides analyses and data that support the Agency's efforts to make Social Security more responsive to the needs of the 21st century workforce. SSA uses both internal and external resources to meet this challenge.

Retirement Research Consortium

The Retirement Research Consortium (RRC) is one of SSA's key tools for maintaining a strong capability for research on Social Security solvency. The RRC is funded under 5-year cooperative agreements. The current agreements support centers based at the University of Michigan, Boston College, and the National Bureau of Economic Research, which provide the Agency with access to the best analysts on the full range of Social Security issues. Work produced by the RRC includes analyses on retirement behavior, the well-being of the retiree population, savings trends, the impact of aging societies, Social Security reform, individual accounts and investment behavior, and lessons from abroad. At the end of FY 2008, using a fully open and competitive process, SSA awarded new 5-year agreements to the existing centers that run through FY 2013.

Retirement Income Modeling

Econometric and simulation models can provide policy makers with detailed information on the effects of changes in Social Security on individuals and the economy, with projections for years into the future. SSA's MINT model (Modeling Income in the Near Term) has become one of the most important tools for evaluating the effects of Social Security reform proposals on the distribution of retirement income. MINT's projections of the aged population have been extended well into the 21st century to enable simulation of additional Social Security policy changes. SSA analysts have used MINT to provide distributional analysis on how baby boom retirees will fare under reform proposals compared to current law.

Increased funding in FY 2011 is primarily intended to support updating MINT to the most current data. The budget also supports models that provide long-term projections and consider the effects of changes in Social Security on the economy as well as some small jointly financed cooperative arrangements with the National Institute on Aging to study factors affecting the wealth and retirement of elderly Americans and the financial crisis of 2008.

Data Development

Good data form the foundation upon which model development efforts and analytical capability are built. SSA's administrative data are useful in addressing many policy issues, but they often provide an incomplete picture of the effects of current and proposed policies. Consequently, SSA must seek cost-effective methods for obtaining the necessary data from other sources. As part of this effort, the agency will in FY 2011 continue to provide support for the Census Bureau's Survey of Income and Program Participation (SIPP) and the National Institute on Aging's Health and Retirement Study (HRS). SSA's expenditures to the Census Bureau and HRS support improvements to the quality of survey data that are of particular importance for Social Security, more complete linkage of program and survey data, and greater usage of data by researchers.

Special Initiative – Encourage Savings

Financial Literacy and Education

The Financial Literacy and Education initiative is designed to develop and implement projects that increase the ability of the American public to successfully plan for retirement, and supports broader Federal goals to improve financial literacy and education among the public. The initiative will meet these objectives by developing, testing, and refining effective print, web-based, and other products that can be used to better inform the public about retirement planning topics.

A main component of FY 2009 efforts was the establishment of a Financial Literacy Research Consortium (FLRC) which was awarded to three research centers: Boston College, the Rand Corporation, and the University of Wisconsin. The FLRC, a five year research program, will be producing initial research findings by the end of FY 2010. SSA plans to conduct larger scale projects based on successful pilots from the FLRC or other supported research.

Funds requested in FY 2011 are to support the anticipated testing of certain successful extramural projects. SSA will also continue to support data development projects, such as the minority expansion to the Health and Retirement Study, to facilitate financial literacy research. Additionally, it includes funds to support government members of the Financial Literacy and Education Commission (FLEC) to enhance their own financial education research initiatives.

RELATED FUNDING SOURCES

The Commissioner of Social Security has the authority to conduct research and demonstration projects under section 234 of the Social Security Act. The Commissioner uses trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. Funds for these demonstration projects, authorized under the 1999 Ticket to Work Act and funded from the trust funds, are not part of this appropriation request. OMB directly apportions section 234 funds—estimated at \$28.3 million for FY 2010 and \$21 million for FY 2011. Because the YTD project involves both the SSI and DI programs, it is funded under both sections 1110 and 234. While section 234 authorization terminated on December 18, 2005, SSA has the authority to continue to conduct projects initiated prior to the expiration date. No new projects may be pursued under section 234.

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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 [\$45,000]\$20,000 for official reception and representation expenses, not more than [\$10,800,500,000]\$11,678,000,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: *Provided*, That not less than \$2,300,000 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 [2010]2011 not needed for fiscal year [2010]2011 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: *Provided further*, That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to 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.

From funds provided under the first paragraph, not less than [\$273,000,000] \$283,000,000 shall be available for the cost associated with conducting 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.

Limitation on Administrative Expenses

In addition to the amounts made available above, and subject to the same terms and conditions, [~~\$485,000,000~~]~~\$513,000,000~~, for additional continuing disability reviews and redeterminations of eligibility, of which[, upon a determination by the Office of the Chief Actuary that such initiative would be at least as cost-effective as redeterminations of eligibility,] up to [~~\$34,000,000~~]~~\$10,000,000~~ shall be available [for one or more initiatives to improve] *to complete implementation of asset verification initiatives: Provided, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these additional amounts, similar to the reports that were required by section 103(d)(2) of Public Law 104-121 for fiscal years 1996 through 2002.*

In addition, [~~\$160,000,000~~]~~\$185,000,000~~ 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 [2010]~~2011~~ exceed [~~\$160,000,000~~]~~\$185,000,000~~, the amounts shall be available in fiscal year [2011]~~2012~~ only to the extent provided in advance in appropriations Acts.

In addition, up to [~~\$1,000,000~~]~~\$500,000~~ 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, 2010.*)

LANGUAGE ANALYSIS

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

In addition to the base request, SSA is requesting \$513,000,000 in cap adjustment funding specifically for program integrity workloads including continuing disability reviews (CDRs) and SSI non-medical redeterminations (redeterminations). The request also allows SSA to spend up to \$10,000,000 to complete implementation of the Access to Financial Institutions initiative. This process will help us identify individuals who have financial accounts exceeding the SSI resource limits.

In addition to the appropriated amounts, SSA is requesting to spend up to \$185,000,000 in SSI State Supplement user fees and up to \$500,000 in non-attorney representative fees.

Table 3.1—Appropriation Language Analysis

Language Provision	Explanation
<p><i>“Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year [2010]2011 not needed for fiscal year [2010]2011 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure.”</i></p>	<p>Allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.</p>
<p><i>“From funds provided under the first paragraph, not less than [\$273,000,000]\$283,000,000 shall be available for the cost associated with conducting 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.”</i></p>	<p>Of the \$11,678,000,000 appropriated for the LAE account, \$283,000,000 shall be available for conducting DI and SSI CDRs and SSI redeterminations of eligibility.</p>

Appropriation Language Analysis continued on the next page

Language Provision	Explanation
<p>“In addition to the amounts made available above, and subject to the same terms and conditions, [\$485,000,000]\$513,000,000, for additional continuing disability reviews and redeterminations of eligibility, of which[, upon a determination by the Office of the Chief Actuary that such initiative would be at least as cost effective as redeterminations of eligibility,] up to [\$34,000,000]\$10,000,000 shall be available [for one or more initiatives to improve] to complete implementation of asset verification <i>initiatives</i>: <i>Provided</i>, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these additional amounts, similar to the reports that were required by section 103(d)(2) of Public Law 104-121 for fiscal years 1996 through 2002.”</p>	<p>In addition to the \$11,678,000,000 appropriated, \$513,000,000 is appropriated for additional CDRs and redeterminations. Up to \$10,000,000 of this amount may be used to complete asset verification initiatives. At the end of the fiscal year, the Commissioner must submit to Congress a report on the use of these additional funds.</p>
<p>“In addition, [\$160,000,000]\$185,000,000 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 [2010]2011 exceed [\$160,000,000]\$185,000,000, the amounts shall be available in fiscal year [2011]2012 only to the extent provided in advance in appropriations Acts.”</p>	<p>Makes available up to \$185,000,000 collected from states for administration of their supplementary payments to the SSI program. This assumes the fee will increase from \$10.45 per check in FY 2010 to \$10.62 in FY 2011, according to increases established by statute. SSA receives the amount collected above \$5.00 from each fee.</p>
<p>“In addition, up to [\$1,000,000]\$500,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended.”</p>	<p>Provides for the use of up to \$500,000 derived from fees charged to non-attorneys who represent claimants. In the past 5 years, the amount of fees collected has ranged from a high of \$242,000 in FY 2005 to a low of \$155,000 in FY 2008. These fees were authorized as part of a 5-year demonstration project, which will end in FY 2010. Note: Authorization for this program expires in March 2010 and has not been reauthorized to date.</p>

GENERAL STATEMENT

LIMITATION ON ADMINISTRATIVE EXPENSES OVERVIEW

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

SSA currently employs approximately 65,000 dedicated public service employees in over 1,400 offices nationwide. Combined with almost 17,000 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 2011 PRESIDENT'S BUDGET

SSA's Programs

For FY 2011, SSA is requesting LAE budget resources of almost \$12.4 billion. This request will fund our day-to-day operational responsibilities and will allow us to make key investments in addressing our increasing disability and retirement workloads, in program integrity, and in our IT infrastructure.¹

As the baby boomers continue to enter our retirement rolls at increasing rates, it is essential that we have the resources to not only pay for inflationary increases in our daily operating expenses, but also to continue to make progress in dealing with this great influx of work. We expect to complete approximately 4.6 million applications for retirement benefits in FY 2011. We will administer \$594 billion in OASI benefit payments to 44.2 million beneficiaries.

The Disability Insurance program is also experiencing ongoing growth. This budget will fund the staff at the 54 State DDSs who will complete about 3.3 million initial disability claims in FY 2011. It will also allow SSA to continue implementing the Hearings Backlog Reduction Plan and the initial disability claims reduction strategy and make critical changes to the disability process to improve timeliness, quality, and efficiency. These changes will align SSA's disability policy with modern medical technology and knowledge while reducing the number of hearings

¹ The capital asset plans and business case summaries (Exhibit 300s) for each major SSA IT investment are located at www.socialsecurity.gov/exhibit300/.

pending to 657,000 cases by the end of FY 2011. SSA will distribute approximately \$130 billion in disability insurance benefits to 10.4 million beneficiaries.

The Supplemental Security Income (SSI) program is a nationwide Federal assistance program administered by SSA that guarantees a minimum level of income for needy aged, blind, or disabled individuals. It acts as a safety net for individuals who have little or no Social Security or other income and limited resources. SSA estimates it will pay \$53 billion in Federal benefits to an estimated 7.8 million SSI recipients in FY 2011. Including State supplementary payments, SSA expects to pay a total of \$57 billion and administer payments to approximately 8.1 million recipients.

SSA assists the Centers for Medicare and Medicaid Services in administering the Medicare Hospital Insurance (HI), Supplementary Medical Insurance (SMI), and work related to the Prescription Drug programs. In FY 2009, Congress also 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 shall be available until expended. 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

The budget includes a special funding mechanism that will provide \$513 million for SSA's program integrity activities, in addition to the \$283 million already included in the base request, for a total of \$796 million. These activities protect taxpayers' trust in our programs by reviewing factors that could affect eligibility for benefits or the payment amount. The two most cost-effective efforts are CDRs and SSI redeterminations. CDRs are periodic reevaluations of medical eligibility factors for DI and SSI disability recipients and are estimated to yield \$10 in lifetime program savings for every \$1 spent. Redeterminations are also a proven investment, by ensuring that SSI recipients are receiving the correct benefit amount based on non-medical factors of eligibility. In FY 2011 we estimate that redeterminations will provide a return on investment of better than \$8 in program savings over 10 years for each \$1 spent, including savings accruing to Medicaid. SSA plans to complete 360,000 medical CDRs and 2.4 million SSI redeterminations in FY 2011. In addition, up to \$10 million may be used to complete implementation of the Access to Financial Institutions project, which automates verification of SSI recipients' assets held in banks. In total, SSA estimates this program integrity funding in FY 2011 will result in over \$7 billion in savings over 10 years, including Medicare and Medicaid savings.

IT Infrastructure

Our extensive IT infrastructure underlies our ability to meet our service commitments to the American public. This network is an integral part of every step of our service delivery, from the initial claims taking process to the issuance of Social Security benefit checks. We are working to harness IT innovations to make our service delivery more convenient and faster for our

Limitation on Administrative Expenses

customers with improvements in online services, introduction of additional automated services on our 800-number, and self-help terminals in our field offices.

IT plays a critical role in our day-to-day operations. Our computers maintain demographic, wage, and benefit information on almost every American. We complete an average of over 75 million business transactions per day. Currently, our IT infrastructure supports the payment of more than \$700 billion in benefits to 56 million people and supports the maintenance of hundreds of millions of SSNs and related earnings records for nearly every American, as well as medical records of millions of Americans who have filed disability claims with us. Without our continued investment to maintain this infrastructure, all of the data we house as well as our daily operations would be threatened by service shutdowns and potential data breaches.

As individuals accept and use the Internet to conduct more complex and sensitive transactions, secure online service options are essential to providing a quality service experience. SSA is investing in IT to provide improved, customer-focused technology that allows the American public access to a stable, easy-to-use, convenient, and secure suite of services 24 hours a day, 7 days a week.

Investments in New IT Projects

Ready Retirement (RR) focuses on public education, simplified enrollment, and streamlined adjudication. We continue to enhance our *Ready Retirement* initiative, which will continue to streamline the claims application process. This initiative is also expanding the *iClaim* application, a tool that enables individuals to file electronically for retirement, spouses, and disability benefits from the comfort and convenience of their homes or offices. On average, individuals are able to complete the application in as little as 15 minutes – far shorter than the 45 minutes it often took to complete the former online application. Much of this reduction stems from simplifying and streamlining our policies and procedures. For example, *iClaim* only asks questions pertinent to an applicant's personal situation based on information in our files (e.g., age, earnings, citizenship, and military service). In February 2010, we will implement another major release of *iClaim*. This release will enable users to file an abbreviated Internet application for Medicare only benefits. Since the full retirement age is now higher than age 65 for those born after 1942, many people are interested in filing for Medicare only while delaying their actual retirement benefits. All of our work in this area helps us with program simplification by making it easier for people to apply for benefits.

Disability Direct will automate the completion of online disability claims. It will improve the online disability claim and appeals process by streamlining the collection of information, which will improve our labor-intensive disability workload. This streamlined process will provide more time for employees to handle other workloads. It will also fulfill the public's expectation of convenient, effective, and secure electronic service delivery options.

Health Information Technology (HIT) will enable us to take advantage of the progress that the medical community is making in automating their services. HIT will provide us with complete and accurate medical records more quickly, improving the speed and quality of our disability decisions. In FY 2010, the Personal Health Records (PHR) Planning & Analysis effort will

continue to leverage access to PHRs as part of the claims intake process. The Recovery Act funding will expand and enhance our HIT initiatives.

FUNDING REQUEST

The President’s FY 2011 request will allow SSA to build on the progress we plan to make in FY 2010. The table below lists dollars and workyears linked to this budget:

Table 3.2—Budgetary Request¹

	FY 2010	FY 2011
Budget Authority (in millions)		
Limitation on Administrative Expenses (LAE)	\$11,447	\$12,379 ²
Research and Demonstrations	\$49	\$43
Office of the Inspector General (OIG)	\$103	\$106
Total Budget Authority	\$11,598	\$12,528
OTHER FUNDING (in millions) ³		
MIPPA – Low-Income Subsidy (LIS)	\$18	\$0
Recovery Act (ARRA) - Workload Processing	\$353	\$0
Recovery Act - Recovery Payment Admin	\$5	\$0
Recovery Act – New National Support Center (NSC)	\$10	\$30
Recovery Act – OIG Oversight	\$0.5	\$0.5
Other Funding, Total	\$387	\$31
Total Budgetary Resources	\$11,985	\$12,558
Workyears		
Full-Time Equivalents	66,857	67,603
Overtime	2,850	2,514
Lump Sum	292	292
Total SSA	69,999	70,409
Disability Determination Services (DDS)	15,985	16,969
Total SSA/DDS	85,984	87,378
OIG	596	596
Total SSA/DDS/OIG	86,580	87,974

¹ Totals may not add due to rounding.

² Includes \$1,863,280 to increase SSA’s acquisition workforce capacity and capabilities.

³ Represents anticipated obligations.

PERFORMANCE TARGETS

The President’s FY 2011 request will allow SSA to build on the progress we plan to make in FY 2010. The table below lists key performance targets linked to this budget:

Table 3.3—Key Performance Targets

	FY 2010	FY 2011
<u>Selected Workload Measures</u>		
Retirement and Survivors Claims Completed (thousands) ^{1, 2}	4,718	4,590
Initial Disability Claims Completed (thousands) ¹	3,081	3,317
SSA Hearings Completed (thousands) ¹	725	799
Periodic CDRs Completed (thousands)	954	1,388
Periodic Medical CDRs (included above, thousands)	329	360
SSI Non-Disability Redeterminations Completed (thousands)	2,422	2,422
800-Number Transactions Handled (millions)	64	66
800-Number Average Speed of Answer	269	264
800-Number Agent Busy Rate	8%	7%
Social Security Cards Issued (millions)	18	19
Annual Earnings Items Completed (millions)	238	245
Social Security Statements Issued (millions)	153	154
<u>Selected Outcome Measures</u>		
Initial Disability Claims Pending (thousands) ¹	1,041	999
SSA Hearings Pending (thousands) ¹	707	657
Average Processing Time for Initial Disability Claims (days) ³	132	141
Average Processing Time for Hearing Decisions (days)	485	460
Disability Determination Services Production per Workyear	268	275
Office of Disability Adjudication and Review Production per Workyear	108	108
Other Work/Service in Support of the Public—Annual Growth of Backlog (workyears)	(2,200)	(3,100)

¹ The FY 2010 measures will be achieved through the combination of our annual LAE appropriation and with funds from the American Recovery and Reinvestment Act.

² We plan to complete all retirement claims that we receive in FY 2011.

³ Disability decisions that receive a technical (non-medical) denial are not included.

RECENT ACCOMPLISHMENTS

In FY 2009, SSA's resources were primarily used to complete workloads, including:

- Paying benefits to over 56 million people;
- Making decisions on 661,000 hearings;
- Issuing 17 million Social Security cards;
- Completing 262 million earnings items for crediting to workers' earnings records;
- Handling 67 million transactions through SSA's 800-number;
- Issuing 151 million Social Security Statements;
- Completing 317,000 medical CDRs;
- Completing 1.7 million non-disability SSI redeterminations to ensure that recipients continue to meet SSI eligibility; and
- Administering components of the Medicare programs, including subsidy applications, calculating and withholding premiums, making eligibility determinations, and taking applications for replacement Medicare cards.

Over the past 5 years, SSA's efforts to innovate and automate, coupled with the dedication of our staff, have improved productivity by an average of over 3 percent per year. SSA has continued to maintain its high expectations for productivity improvement and looks forward to improvements in FY 2011. The agency believes that, given the array of services SSA provides and the major workload processing initiatives implemented each year, incremental productivity improvements are sustainable with full funding.

SAVE Award

In 2009, President Obama launched the SAVE Award, which offered every Federal employee a chance to submit ideas for how the Government could save money and perform better. From the tens of thousands of submissions received, the President selected a suggestion from an SSA employee, Christine Dickson from our Birmingham Hearing Office, as one of the four finalists. We are making preparations to begin implementing this suggestion in FY 2011, which will benefit the public by providing the opportunity for certain individuals to schedule appointments for service online. This new process should help us guide the public into the correct service channels, and could lead to improved service in many parts of the agency.

HIGH-PRIORITY PERFORMANCE GOALS

Our country faces extraordinary challenges, and we must transform our Government to operate more effectively and more efficiently. In support of the President's Government-wide initiative to build a high-performance Government capable of addressing the challenges of the 21st century, we have identified high-priority performance goals as part of the FY 2011 budget and performance plan that will be a particular focus over the next 2 years. These goals are a subset of those used to regularly monitor and report performance in our Annual Performance Plan (APP) and Performance and Accountability Report. Our high priority performance goals are:

- **Increase the Number of Online Applications:** By 2012, achieve an online filing rate of 50 percent for retirement applications.

Limitation on Administrative Expenses

- **Issue More Decisions for People Who File for Disability:** SSA will work towards achieving the agency's long-term outcomes of lowering the disability backlogs and accurately completing claims. We will complete 3.317 million initial disability claims and 799,000 hearing requests. Additionally, we aim to fast-track 6.5 percent of initial disability cases.
- **Improve SSA's Customers' Service Experience on the Telephone, in Field Offices, and Online:** To alleviate field office workloads and to provide a variety of services the public expects, SSA will improve telephone service on the National 800-Number and in the field offices.
- **Ensure Effective Stewardship of Social Security Programs by Increasing Program Integrity Efforts:** SSA will improve program integrity efforts by minimizing improper payments and strengthening the agency's efforts to protect program dollars from waste, fraud, and abuse.

Within each goal, we have specific measures for FY 2011 to monitor our progress. For a more thorough discussion on SSA's high-priority performance goals, refer to the APP tab of this document.

AMERICAN RECOVERY AND REINVESTMENT ACT

In FY 2009, Congress recognized that SSA was receiving substantially increased numbers of new claims and other work as a result of the economic downturn, and that we also needed to replace our aging national data center. To help us process this additional work, Congress provided the agency with over \$1 billion in additional resources in the American Recovery and Reinvestment Act (ARRA). SSA is spending our ARRA funds effectively, and these funds are making a real difference in the service we can offer to the American people.

SSA received \$500 million, available through FY 2010, to help address our increasing disability and retirement workloads. This funding allowed us to invest in the front-line operational areas of the agency, so that we can process our additional recession-related work. The funding also supports information technology acquisitions for the additional workload processing funded from the Recovery Act and will allow us to invest in Health Information Technology Initiatives.

SSA also received a critical \$500 million, available until expended, to build our new National Support Center (NSC). The NSC will house critical computer operations that are necessary to the prompt and accurate payment of benefits to many Americans and will store data necessary to provide service to all Americans.

In addition, as part of the American Recovery and Reinvestment Act (ARRA), Social Security beneficiaries and SSI recipients received a one-time economic recovery payment of \$250. SSA received \$90 million, available until expended, to cover the administrative cost associated with issuing payments and sending notices to all eligible beneficiaries.

The Social Security Administration has made excellent and timely progress in meeting the goals outlined in our ARRA program plans. We completed the targeted number of claims, despite the growth in our workloads; met our ARRA hiring goals; issued the economic recovery payments

ahead of schedule; and are moving ahead to complete the new NSC. Below is a summary of each plan’s measures and status:

Table 3.4—ARRA Program Plan Measures and Status

Program Plan	Measure	Status
Disability and Retirement Workload Plan	<ol style="list-style-type: none"> 1. Number of Initial Disability Claims Completed FY 2009 Target: 50,000 FY 2010 Target: 183,000 2. Number of Retirement Claims Completed FY 2009 Target: 243,000 FY 2010 Target: 869,000 3. Number of Hearings Completed FY 2009 Target: 37,000 FY 2010 Target: 64,500 4. Number of Staff Hired FY 2009 Target: 2,115 SSA and 300 State Disability Determination Service employees hired 	<p>FY 2009 – 53,095</p> <p>FY 2009 – 317,395</p> <p>FY 2009 – 28,507¹</p> <p>Hiring target met in FY 2009</p>
One-Time Economic Recovery Payment (ERP) Plan – Administrative Expenses	<ol style="list-style-type: none"> 1. By April 6, 2009, create initial list of eligible Economic Recovery Payment recipients based on Social Security and SSI eligibility in November 2008, December 2008, or January 2009. 2. By April 30, 2009, mail notices discussing the Economic Recovery Payments to the individuals receiving Social Security or SSI benefits who have been identified to date as being eligible to receive the payment. 3. Number of initial eligible recipients certified to the Department of the Treasury by May 14, 2009 for the May 2009 Economic Recovery Payments. 4. Number of additional eligible recipients certified to the Department of Treasury for the Economic Recovery Payments through December 2010. 	<p>Met timely (4/4/09)</p> <p>Met timely (4/24/09)</p> <p>52,021,985</p> <p>NA</p>
National Support Center Plan	<p>Schedule:</p> <ul style="list-style-type: none"> • FY 2010, 2nd quarter (March 2010) Planning, developing site criteria, conducting research and studies, and ultimately purchasing land required for the construction of the National Support Center including the development of a program of requirements (scope of work), a detailed project plan and timeline. • FY 2011, 1st quarter (October 2010) Expect solicitation for a design/build contract. • FY 2011, 2nd quarter (March 2011) Expect contract award for the design and construction. The contract will be awarded by the General Services Administration. • FY 2014, 1st quarter (October 2013) <ol style="list-style-type: none"> 1. Construction On Schedule 2. Construction On Budget 3. Design On Schedule 4. Energy Energy performance can be measured and tracked for compliance with energy requirements. 	<p>NA</p> <p>NA</p> <p>On Schedule</p> <p>NA</p>

¹ We exceeded our overall hearings completed goal by 13,000, but more of the hearings were funded by our regular appropriation rather than by the Recovery Act funds in FY 2009.

SSA-RELATED LEGISLATION ENACTED OCTOBER 2008 – JANUARY 2010

FY 2010

Defense Appropriations Act, 2010 (P.L. 111-118, enacted on December 19, 2009)

- This act eliminates the 8-month time limit on SSI eligibility for certain Iraqi and Afghan refugees who have provided service to the United States. This provision became effective upon enactment. The time-limited eligibility period for these individuals is now the current 7-year window (up to 9 years through September 30, 2011) applicable to other refugees.
- This act requires the poverty level for 2010, as calculated by the Department of Health and Human Services, to not be published before March 1, 2010. The 2009 poverty level remains in effect until the March 1 publication date. SSA uses the Federal Poverty Level in Medicare Low Income Subsidy determinations.

Consolidated Appropriations Act, 2010 (P.L. 111-117, enacted on December 16, 2009)

- This act provides SSA's LAE account an annual appropriation of \$11,446,500,000.
- This law prohibits any appropriated funds from being used to process any claim for credit for a quarter of coverage based on work performed under a social security account number that is not the claimant's number and the performance of such work under such number formed the basis for a conviction for fraud against the Social Security program.

No Social Security Benefits for Prisoners Act of 2009 (P.L. 111-115, enacted on December 15, 2009)

- This act amends titles II and XVI of the Social Security Act to prohibit retroactive payments to individuals during periods for which such individuals are prisoners, fugitive felons, or probation or parole violators.
- SSA will not pay these retroactive benefits until the beneficiary is no longer a prisoner, probation or parole violator, or fugitive felon.

National Defense Authorization Act for Fiscal Year 2010 (P.L. 111-84, enacted on October 28, 2009)

- The legislation contains several provisions related to Federal employee benefits.
- It allows the head of a Federal agency to waive the dual compensation rules for Civil Service Retirement System (CSRS) and the Federal Employee's Retirement System (FERS) annuitants who are re-employed in order to fulfill functions critical to the mission of the agency or any component of the agency. The waiver cannot be applied to annuitants working more than 520 hours in a six month period, 1,040 hours in a 12-month period, or for more than a total of 3,120 hours. Limits apply to the total number of individuals hired under the waiver. The waiver authority terminates 5 years after enactment. The Office of Personnel Management will promulgate regulations for the administration of this provision.
- It allows the head of a Federal agency to waive the annual limitations on premium and aggregate pay for Federal civilian employees working overseas.

Limitation on Administrative Expenses

- The act extends to Federal employees retired under the CSRS the opportunity to work for the Department of Defense and collect an unreduced CSRS pension.
- It extends to Federal employees who separated before March 1, 1991, eligibility to receive an actuarially reduced annuity under CSRS. (Previous limit on eligibility was October 1, 1990.)
- It provides Federal employees covered under the FERS with credit for unused sick leave for pension computation purposes. The credit is phased-in, with FERS awards before December 31, 2013, receiving 50 percent of unused sick leave. After 2013, 100 percent of sick leave will be credited.
- It allows Federal employees under FERS to redeposit withdrawn contributions, with interest, into their retirement account. The return of these withdrawals allows the additional service (upon which the withdrawal was based) to be included in the calculation of pensions.
- It provides Federal employees with retirement credit for service performed in the District of Columbia to be used in the calculation of FERS or CSRS pensions, as applicable.

Department of Homeland Security Appropriations Act, 2010 (P.L. 111-83, enacted on October 28, 2009)

- This act renames the Department of Homeland Security's Basic Pilot program as E-Verify, and extends program, for which SSA provides support, until September 30, 2012.

FY 2009

WIPA and PABSS Reauthorization Act of 2009 (P.L. 111-63, enacted on September 18, 2009)

- This legislation extends, through fiscal year 2010, funding authorization for the Work Incentives Planning and Assistance program and the Protection and Advocacy for Beneficiaries of Social Security program.

Edward M. Kennedy Serve America Act (P.L. 111-13, enacted on April 21, 2009)

- This act reauthorizes and reforms the national service laws.
- Among other provisions, this law requires the Corporation for National and Community Service (CNCS) to study the feasibility of using data matching to verify statements of citizenship, nationality, or status as a permanent resident. CNCS would have to determine whether it could use the Department of Education's data match against our records and those of the Department of Homeland Security or whether they could establish a comparable system.

Omnibus Appropriations Act, 2009 (P.L. 111-8, enacted on March 11, 2009)

- This provides SSA's LAE account an annual appropriation of \$10,453,500,000.
- This law extends until September 30, 2009, E-Verify, a Department of Homeland Security program for which SSA provides support.
- This law prohibits any appropriated funds from being used to process any claim for credit for a quarter of coverage based on work performed under a social security account number that is not the claimant's number and the performance of such work under such number formed the basis for a conviction for fraud against the Social Security program.

Limitation on Administrative Expenses

American Recovery and Reinvestment Act of 2009 (P.L. 111-5, enacted on February 17, 2009)

- This law directed the Department of the Treasury to provide a one-time recovery payment of \$250 to most individuals eligible for Social Security, SSI, Veterans Disability, or Railroad Retirement. In May 2009, SSA certified more than 50 million such payments to Treasury for current Social Security and SSI recipients.
- The legislation appropriated \$90 million to remain available until expended to SSA's LAE account for costs incurred in carrying out the provision.
- The Act also provided \$500 million to SSA for expenses related to the replacement of the National Computer Center and \$500 million for processing of disability and retirement workloads and IT acquisitions in support of workload processing.
- The Act made available up to \$40 million of the workload funding for health information technology research and activities to facilitate the adoption of electronic medical records.
- SSA is providing reports on the implementation of this Act; the reports can be found at: <http://www.ssa.gov/recovery/>.

Children's Health Insurance Program (CHIP) Reauthorization Act of 2009 (P.L. 111-3, enacted on February 4, 2009)

- This law provides states the option to verify an individual's declaration of citizenship or nationality for purposes of Medicaid and/or CHIP eligibility through an electronic comparison of the information provided by the individual with information in SSA records, effective January 1, 2010.
- The law appropriated \$5 million to SSA to remain available until expended to carry out SSA's responsibilities under this provision.

ANNUAL PERFORMANCE PLAN (APP)

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

BUDGETARY RESOURCES

The LAE account represents SSA’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 2011 is \$12.379 billion.

AMOUNTS AVAILABLE FOR OBLIGATION

Table 3.5—Amounts Available for Obligation¹
(dollars in thousands)

	FY 2009² Actual	FY 2010 Enacted	FY 2011 Estimate
LAE Appropriation ³	\$ 10,453,500 ⁴	\$ 11,446,500 ⁵	\$ 12,378,863 ⁶
Recovery Act ⁷ :			
Workload Processing	\$ 175,000	\$ 325,000	\$ 0
Economic Recovery Payment - Admin	\$ 60,000	\$ 0	\$ 42,125
New NSC	\$ 20,000	\$ 0	\$ 30,000
MIPPA - LIS ⁸	\$ 24,800	\$ 0	\$ 0
Total Amounts Available	\$ 10,733,300	\$ 11,771,500	\$ 12,450,988
Unobligated Balance, start-of-year⁹	\$ 242,625	\$ 299,909	\$ 210,000
LAE Carryover	\$ 242,625	\$ 213,285	\$ 205,000
Recovery Act:			
Workload Processing	\$ 0	\$ 27,888	\$ 0
Economic Recovery Payment - Admin	\$ 0	\$ 22,125	\$ 5,000
New NSC	\$ 0	\$ 18,670	\$ 0
MIPPA - LIS	\$ 0	\$ 17,942	\$ 0
Unobligated Balance, Reapportioned to Future Years	\$ 0	(\$ 20,794)	\$ 0
Recovery Act:			
Economic Recovery Payment - Admin	\$ 0	(\$ 12,125)	\$ 0
New NSC	\$ 0	(\$ 8,670)	\$ 0
Recoveries and Transfers	\$ 192,679	\$ 0	\$ 0
Total Resources Available	\$ 11,411,229	\$ 12,050,615	\$ 12,660,988
Obligations	(\$ 10,728,393)	(\$ 12,045,615)	(\$ 12,613,863)
Uncollected User Fees	(\$ 821)	\$ 0	\$ 0
Unobligated Balance, lapsing	(\$ 139,483)	\$ 0	(\$ 47,125) ¹⁰
Unobligated Balance, end-of-year	\$ 299,909	\$ 5,000 ¹⁰	\$ 0

¹ Totals may not add due to rounding.

Limitation on Administrative Expenses

² FY 2009 Total Base Appropriation includes \$1,378,700 transferred to OIG for the financial statement audit.

³ Includes SSI State Supplement user fees and non-attorney representative payee user fees collected pursuant to section 303 of P.L. 108-203.

⁴ Includes a total of \$504 million in funding for cost-effective program integrity initiatives (\$264 million base funding and \$240 million cap adjustment funding).

⁵ Includes a total of \$758 million in funding for cost-effective program integrity initiatives (\$273 million base funding and \$485 million cap adjustment funding).

⁶ Includes a total of \$796 million in funding for cost-effective program integrity initiatives (\$283 million base funding and \$513 million cap adjustment funding).

⁷ The American Recovery and Reinvestment Act of 2009 provided SSA with a total of \$1,090 million to help address the increasing disability and retirement workloads, replace SSA's current National Computer Center, and to administer the \$250 economic recovery payments to Social Security and Supplemental Security Income beneficiaries.

⁸ Medicare Improvements for Patients and Providers Act of 2008 provides, from the General Fund of the Treasury, \$24.8 million for SSA activities related to implementation of changes to the Low-Income Subsidy program.

⁹ FY 2011 Unobligated Balance, start-of-year reflects \$205 million in anticipated additional recoveries assumed available in FY 2011, but not reflected in unobligated balance, end-of-year FY 2010.

¹⁰ Reflects funding for economic recovery payments that we do not anticipate spending under current provisions of the Recovery Act.

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 (GAO) approved cost analysis system. In FY 2009, SSA received additional funds from the General Fund of the Treasury, provided by the American Recovery and Reinvestment Act (ARRA) and the Medicare Improvement Patients and Providers Act (MIPPA).

Table 3.6—Budget Authority and Outlays¹
(dollars in thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
OASI and DI Trust Funds ²	\$ 5,222,963	\$ 5,735,200	\$ 6,188,203 ⁴
HI and SMI Trust Funds	\$ 1,876,000	\$ 2,106,000	\$ 2,227,860
SSA Advisory Board	\$ 2,000	\$ 2,300	\$ 2,300
SSI Administrative Expenses	\$ 3,206,537	\$ 3,442,000	\$ 3,775,000
SSI State Supplement User Fees	\$ 145,000	\$ 160,000	\$ 185,000
Non-Attorney Representative User Fees ³	\$ 1,000	\$ 1,000	\$ 500
MIPPA - LIS	\$ 24,800	N/A	N/A
ARRA	\$ 1,090,000	N/A	N/A
Total Budget Authority	\$ 11,568,300	\$ 11,446,500	\$ 12,378,863
OASI and DI Trust Funds ²	\$ 5,004,668	\$ 5,695,261	\$ 6,124,400
HI and SMI Trust Funds	\$ 1,804,835	\$ 2,091,734	\$ 2,204,784
SSI Administrative Expenses	\$ 3,236,498	\$ 3,420,958	\$ 3,734,616
SSI State Supplement User Fees	\$ 145,000	\$ 160,000	\$ 185,000
Non-Attorney Representative User Fees ³	\$ 179	\$ 167	\$ 167
MIPPA - LIS	\$ 6,824	\$ 17,976	N/A
ARRA - Workload Processing	\$ 128,909	\$ 371,092	\$ 0
ARRA - Economic Recovery Payment - Admin	\$ 36,580	\$ 6,295	\$ 0
ARRA - New NSC	\$ 0	\$ 11,330	\$ 30,000
Total LAE Outlays	\$10,363,493	\$ 11,774,812	\$ 12,278,967

¹ Totals may not add due to rounding.

² OASDI includes funding for administration of the Special Benefits for Certain World War II Veterans.

³ The authority for the Non-Attorney Representative User Fees will expired March 2010. SSA plans to seek a 2-year extension of the authority through 2012.

⁴ Includes \$1,863,280 to increase SSA’s acquisition workforce capacity and capabilities.

ANALYSIS OF CHANGES

The FY 2011 request represents a \$932.5 million increase over the FY 2010 enacted appropriation. The majority of this increase is attributable to built-in increases including pay increases and the rising costs of personnel benefits, rent, and security. The increase in obligations is less than the increase in total budget authority requested due mostly to the use of higher prior-year unobligated balances to fund obligations in FY 2009.

Table 3.7—Summary of Changes from FY 2010 to FY 2011
(dollars in thousands)

	FY 2010 Enacted	FY 2011 Estimate	Changes
Total Appropriation	\$ 11,659,785	\$ 12,583,863	+ \$ 924,078
Base LAE	\$ 11,446,500	\$ 12,378,863	+ \$ 932,363
Obligations Funded From Prior Year Unobligated Balances ¹	\$ 213,285	\$ 205,000	- \$ 8,285
ARRA	\$372,888	\$ 77,125	- \$ 295,763
Workload Processing	\$ 352,888	\$ 0	- \$ 352,888
Economic Recovery Payment - Admin ²	\$ 10,000	\$ 47,125	+ \$ 37,125
New NSC	\$ 10,000	\$ 30,000	+ \$ 20,000
MIPPA - LIS	\$ 17,942	\$ 0	- \$ 17,942
Obligations	(\$ 12,045,615)	(\$ 12,613,863)	+ \$ 568,248
Unobligated Balance, end-of-year ³	\$ 5,000	\$ 0	- \$ 5,000

Base payroll expenses increase annually due to periodic step increases, career ladder promotions, increased health benefit costs, new employees hired under the Federal Employees Retirement System (FERS) and annual pay increases. The FY 2011 request includes the annualized effect of the January 2010 Federal pay increase of 2.0 percent and a 1.4 percent increase in January 2011. Built-in non-payroll increases include increases in the cost of rent, security, and guard services.

¹ FY 2011 Unobligated Balance reflects anticipated additional recoveries assumed available in FY 2011, but not reflected in unobligated balance, end-of-year FY 2010.

² FY 2011 amounts available reflects carryover and amounts not previously apportioned. Under the current provisions of the Recovery Act, SSA does not anticipate any further need to spend the remaining ERP funding.

³ FY 2011 Unobligated Balance, end-of-year reflects \$47,125,000 in Economic Recovery Payment funding that will lapse.

Table 3.8—Explanation of LAE Budget Changes from FY 2010 to FY 2011
(dollars in thousands)

	FY 2010 Base		Change from FY 2010 Base	
	Federal WYs	Obligations (thousands)	Federal WYs	Obligations (thousands)
<u>BUILT-IN INCREASES</u>				
Base Payroll Expenses	69,999	\$ 6,610,057		\$ 451,965
<ul style="list-style-type: none"> Increases due to periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System 				+ \$ 85,197
<ul style="list-style-type: none"> Annualized effect of the January 2010 Federal pay increase of 2.0 percent 				+ \$ 30,762
<ul style="list-style-type: none"> 9-month effect of assumed 1.4 percent Federal pay increase effective January 2011 				+ \$ 63,949
<ul style="list-style-type: none"> Maintain workyears funded by ARRA and LIS 				+ \$ 272,057
Base Non-Payroll Costs				
Mandatory growth in non-payroll costs, including higher costs of rent, security, and guard services		\$ 2,146,209		+ \$ 132,270
State Disability Determination Services		\$ 2,357,000		+ \$ 178,611
Mandatory growth in State DDS costs, including pay raises and the cost of medical evidence				+ \$ 108,611
Maintain workyears funded by ARRA				+ \$ 70,000
Subtotal, Built-In Increases				+ \$ 762,846
<u>PROGRAM INCREASES</u>				
Net increase in WYs to process increased workloads				
Includes workyears for additional claims, hearings, program integrity and ongoing operational costs of AFI.			410	+ \$ 34,034
Net Increase in State Disability Determination Services¹				+ \$ 165,389
To process additional workloads (+984 WYs)				

Table Continues on the Next Page

¹ Base funding included in base payroll and state costs.

Limitation on Administrative Expenses

	FY 2010 Base		Change from FY 2010 Base	
	Federal WYs	Obligations (thousands)	Federal WYs	Obligations (thousands)
Net Increase in base essential non-payroll costs Includes ongoing operational costs of AFI				+ \$ 5,158
ARRA – National Support Center Resources Non-personnel Costs		\$ 10,000		+ \$ 20,000
Subtotal, Program Increases			410	+ \$ 224,581
Total Increases			410	+ \$ 987,427
<u>PROGRAM DECREASES:</u>				
Base Funding for Information Technology (IT)² Decrease in base funding for IT, including desktop, voice and data communications, infrastructure, costs for major projects, and ongoing operational costs of AFI		\$ 646,064		- \$ 11,064
ARRA - Economic Recovery Payment		\$ 5,000		- \$ 5,000
ARRA – Workload Processing³		\$ 24,000		- \$ 352,888
Medicare Improvements for Patient and Providers Act (MIPPA)⁴				- \$ 17,942
Funding for the National Expansion of the Access to Financial Institutions (AFI) initiative		\$ 34,000		- \$ 24,000
Decrease in Obligations Funded from Prior-Year Unobligated Balances		\$ 213,285		- \$ 8,285
Total Decreases				- \$ 419,179
Total LAE Obligations, Net Change	69,999	\$12,045,615	410	+ \$568,248

The table on the next page displays estimated LAE obligations by object class in FY 2010 and FY 2011. In FY 2010, SSA expects to fund \$213,285,000 in obligations from prior-year unobligated balances. In addition, FY 2010 funding reflects appropriations through the American Recovery and Reinvestment Act and the Medicare Improvement Patients and Providers Act (Low-Income Subsidy).

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

² Planned obligations for Information Technology also include obligations funded from prior-year unobligated balances in the amounts of \$202 million in FY 2010 and \$205 million in FY 2011.

³ \$24 million in base obligations represents ITS funds for Health Information Technology

⁴ Base funding included in base payroll.

BUDGETARY RESOURCES BY OBJECT

Table 3.9—Budgetary Resources by Object^{1,2}
(dollars in thousands)

	FY 2010 Enacted	FY 2011 Estimate	Change
Personnel Compensation			
Permanent positions	\$4,854,355	\$4,947,611	+\$93,256
Positions other than permanent	\$99,150	\$112,153	+\$13,003
Other personnel compensation	\$292,607	\$270,347	-\$22,260
Special personal service payments	\$2,263	\$2,331	+\$68
Subtotal, personnel compensation	\$5,248,375	\$5,332,442	+\$84,067
Personnel Benefits	\$1,387,182	\$1,498,058	+\$110,876
Travel and transportation of persons	\$76,868	\$76,738	-\$130
Transportation of things	\$8,436	\$8,442	+\$6
Rent, communications, and utilities			
Rental payments to GSA	\$663,360	\$712,362	+\$49,002
Rental payments to others	\$2,043	\$2,043	\$0
Communications, utilities, misc.	\$409,266	\$417,775	+\$8,509
Printing and reproduction	\$46,410	\$45,985	-\$425
Other services (DDS, guards, etc.)	\$3,622,350	\$3,926,978	+\$304,629
Supplies and materials	\$55,322	\$55,363	+\$41
Equipment	\$374,213	\$362,230	-\$11,983
Land and structures	\$86,073	\$109,680	+\$23,607
Grants, subsidies and contributions	\$40,523	\$40,554	+\$31
Insurance claims and indemnities	\$25,193	\$25,212	+\$19
Interest and dividends	\$0	\$0	\$0
Total Obligations	\$12,045,615	\$12,613,863	+\$568,249
Resources not being obligated in the current year (carrying over or lapsing)	\$5,000	\$47,125	-\$42,125
Total Budgetary Resources	\$12,050,615	\$12,660,988	+\$610,374
Notes:			
Payments to State DDS (funded from other services and Communications, utilities, and misc.	\$2,287,000	\$2,631,000	+\$344,000
Automation Investment Fund (included on previous page – funded from carryover of unexpended prior year balances)	\$707	\$0	-\$707

¹ Totals may not add due to rounding.

² The budgetary resources include the base LAE appropriation and funding for work associated with ARRA and LIS.

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes significant items included in the FY 2010 appropriations bill committee and conference reports.

Table 3.10—FY 2010 House Committee Report—Significant Items

Report on Work-Related CDRs and Other Workloads	Actions Taken or To Be Taken
The Committee requests that SSA provide a report by December 15, 2010 on its progress in eliminating delays in processing work-related CDRs and other workloads essential to the work-related CDR process, including work reports and work reviews.	SSA will submit a report to the Appropriations Committees within the timeframe requested.

Table 3.11—Consolidated Appropriations Act, 2010: Conference Report—Significant Items

Agency Operating Plans	Actions Taken or To Be Taken
The bill continues a provision requesting each department and related agency funded through this Act to submit an operating plan within 45 days of enactment of this Act that details at the program, project, and activity level any funding allocations for fiscal year 2010 that are different than those specified in this Act, the accompanying detailed table in the statement of the managers on the conference report accompanying this Act, or the fiscal year 2010 budget request.	SSA will submit a report to the Appropriations Committees within the timeframe requested.
Fraudulent Social Security Numbers	Actions Taken or To Be Taken
The bill contains a provision prohibiting funds in this Act to process claims for credit for quarters of coverage based on work performed under a Social Security number that was not the claimant’s number if such use of the Social Security number has been found to be an offense prohibited under section 208 of the Social Security Act.	SSA will continue to comply with this provision.
Totalization Arrangement	Actions Taken or To Be Taken
The bill contains a provision precluding funds in this Act from being used by the Social Security Administration to administer benefit payments under a totalization arrangement that would be inconsistent with existing law.	SSA will continue to comply with this provision.

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)**

	2010 Amount Authorized	2010 Enacted¹	2011 Amount Authorized	2011 Estimate²
Title II, Section 201(g)(1) of the Social Security Act	Indefinite	\$ 11,446,500	Indefinite	\$ 12,378,863

¹ Pursuant to P.L. 111-117, the FY 2010 appropriation includes \$485 million in cap adjustment funding for program integrity work, up to \$160,000,000 collected from SSI State Supplement user fees, and up to \$1,000,000 collected from non-attorney payee.

² The FY 2011 request includes \$513 million in cap adjustment funding for program integrity work and \$185,000,000 for SSI State Supplement user fees and up to \$500,000 for non-attorney payee. Includes \$1,863,280 to increase SSA’s acquisition workforce capacity and capabilities.

APPROPRIATION HISTORY

The table below includes the amount requested, passed by the House and Senate, and ultimately appropriated for the LAE account, including any supplemental appropriations or other legislation providing appropriations as well as rescissions, for the last ten years. The annual appropriation includes amounts authorized from SSI State Supplement user fees and, beginning in FY 2005, non-attorney representative payee user fees. Appropriated amounts in FY 2001 through FY 2002 include additional funding for CDRs authorized by Section 303 of P.L 104-121 and Section 10203 of P.L. 105-33. The FY 2010 appropriation and the FY 2011 estimate also include additional funding for CDRs and redeterminations.

Table 3.13—Appropriations History Table

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
2001	\$7,134,000,000 ¹	\$6,978,036,000	\$7,010,800,000	\$7,124,000,000
2002	\$7,574,000,000 ²	\$7,568,000,000	\$7,568,000,000	\$7,568,000,000 ³
Rescission ⁴				-\$5,915,000
Final				\$7,562,085,000
September 11 th Funding ⁵				\$7,500,000
2003	\$7,937,000,000 ⁶	\$7,936,000,000	\$7,936,000,000	\$7,936,000,000
Rescission ⁷				-\$50,862,500
Final				\$7,885,137,500
2004	\$8,530,000,000 ⁸	\$8,361,800,000	\$8,530,000,000	\$8,361,800,000
Rescission ⁹				-\$48,626,600
Final				\$8,313,173,400
Medicare Modernization Act ¹⁰				\$500,000,000
2005	\$8,878,000,000 ¹¹	\$8,798,100,000	\$8,622,818,000	\$8,801,896,000 ¹²
Rescission ¹³				-\$69,394,400
Final				\$8,732,501,600
2006	\$9,403,000,000 ¹⁴	\$9,279,700,000	\$9,329,400,000	\$9,199,400,000 ¹⁵
Rescission ¹⁶				-\$90,794,000
Final				\$9,108,606,000
Hurricane Katrina Funding ¹⁷				\$38,000,000
2007	\$9,496,000,000 ¹⁸	\$9,297,573,000 ¹⁹	\$9,297,573,000 ¹⁹	\$9,297,573,000
2008	\$9,596,953,000 ²⁰	\$9,969,953,000	\$9,871,953,000	\$9,917,842,000 ²¹
Rescission				-\$173,264,731
Final				\$9,744,577,269
Economic Stimulus Act ²²				\$31,000,000
2009	\$10,327,000,000 ²³	\$10,453,500,000	\$10,453,500,000	\$10,453,500,000 ²⁴
MIPPA – Low Income Subsidy ²⁵				\$24,800,000
ARRA ²⁶				\$1,090,000,000
2010	\$11,451,000,000 ²⁷	\$11,446,500,000	\$11,446,500,000	\$11,446,500,000 ²⁸
2011	\$12,378,863,280 ²⁹			

¹ Includes \$91,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes an additional \$450,000,000 to remain available until September 30, 2002, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

² Includes \$106,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes an additional \$433,000,000 to remain available until September 30, 2003, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

³ Includes \$100,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes, as requested, an additional \$433,000,000 to remain available until September 30, 2003, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

⁴ A total of \$5,915,000 was rescinded by P.L. 107-206. \$3,400,000 was applied to base expenses; \$2,515,000 was applied to cap adjustment funding for continuing disability reviews.

⁵ The President requested and the Congress provided \$7,500,000 in emergency response funding to SSA for infrastructure and security costs related to the events of September 11, 2001 (P.L. 107-117).

⁶ 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.

⁷ A total of \$50,862,500 was rescinded by P.L. 108-7, Consolidated Appropriations Resolution, 2003.

⁸ Total includes \$120,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.

⁹ A total of \$48,626,600 was rescinded by P.L. 108-199, Consolidated Appropriations Bill.

¹⁰ 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)

¹¹ Total includes up to \$121,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.

¹² 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).

¹³ A total of \$69,394,400 was rescinded by P.L. 108-447, Consolidated Appropriations Bill.

¹⁴ 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).

¹⁵ 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).

¹⁶ A total of \$90,794,000 was rescinded by P.L. 109-148, Department of Defense Appropriations Act, 2006.

¹⁷ A transfer from Department of Homeland Security for Hurricane Katrina-related costs (P.L. 109-234).

¹⁸ 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).

¹⁹ The amounts passed by the House and Senate reflect the amounts included in the Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5).

²⁰ 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

Limitation on Administrative Expenses

\$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).

²¹ 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).

²² Economic Stimulus Act (P.L. 110-185) provides funds for work related to rebate checks for Title II beneficiaries and disabled veterans.

²³ Total includes \$504,000,000 in funding designated for SSI redeterminations and continuing disability reviews. Total consists of \$264,000,000 in base funding and \$240,000,000 in additional funds. Includes up to \$145,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

²⁴ Total includes \$504,000,000 in funding designated for SSI redeterminations and continuing disability reviews. Total consists of \$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.

²⁵ 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 Medicare Improvements for Patients and Providers Act 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.

²⁶ The American Recovery and Reinvestment Act (ARRA) (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.

²⁷ Total includes \$758,000,000 in funding designated for SSI redetermination and continuing disability reviews. Total consists of \$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).

²⁸ Total includes \$758,000,000 in funding designated for SSI redetermination and continuing disability reviews. Total consists of \$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).

²⁹ Total includes \$796,000,000 in funding designated for SSI redetermination and continuing disability reviews. Total consists of \$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.

ADDITIONAL BUDGET DETAIL

SIZE AND SCOPE OF SSA'S PROGRAMS

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

Between the three major programs SSA administers—OASI, DI, and SSI—Federal benefit payment outlays totaled \$704.3 billion in FY 2009; under current law, Federal benefit payment outlays are expected to increase to \$744.6 billion in FY 2010 and \$776.5 billion in FY 2011. At approximately 1.6 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 Outlays¹
(dollars in billions)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
Old-Age and Survivors Insurance	\$ 544.6	\$ 573.6	\$ 594.2
Disability Insurance	\$ 115.0	\$ 123.6	\$ 129.7
Supplemental Security Income	\$ 44.8	\$ 47.4	\$ 52.6
Total Outlays	\$ 704.3	\$ 744.6	\$ 776.5

Paralleling the growth in benefit payment outlays, the number of Federal beneficiaries of the three major programs SSA administers is expected to increase from 56.0 million in FY 2009 to 57.8 million in FY 2010 and 59.6 million in FY 2011.

Table 3.15—Beneficiaries¹
(average in payment status, in millions)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
Old-Age and Survivors Insurance	42.0	43.2	44.2
Disability Insurance	9.4	9.8	10.4
Supplemental Security Income ²	7.3	7.6	7.8
Concurrent Recipients ³	(2.6)	(2.7)	(2.8)
Total Beneficiaries	56.0	57.8	59.6

¹ Totals may not add due to rounding.

² Does not include recipients who only receive a Federally Administered State supplementary payment and no Federal benefit.

³ Recipients receiving both DI and SSI benefits.

Limitation on Administrative Expenses

FULL TIME EQUIVALENTS AND WORKYEARS

The following table summarizes the LAE Federal and state workyears that the President's Budget for FY 2011 will support.

Table 3.16—SSA Supported Federal and State Workyears

	FY 2010¹	FY 2011
LAE Full-Time Equivalents (FTEs)	66,989	67,603
LAE Overtime/Lump Sum Leave	3,142	2,806
Total SSA Workyears (excludes OIG)	70,131	70,409
Total DDS Workyears	15,985	16,969
Total SSA/DDS Workyears (excludes OIG)	86,116	87,378

SOCIAL SECURITY ADVISORY BOARD

This budget includes \$2.3 million for the Social Security Advisory Board in FY 2011. 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.

¹ Includes all WYs funded by MIPPA and CHIP.

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 3.17 – SSA e-Gov Contributions (in thousands)¹

	FY 2010	FY 2011
Disaster Assist Improvement Plan	\$ 176.1	\$ 182.5
E-Rulemaking	\$ 70.1	\$ 70.0
Financial Management LoB	\$ 44.4	\$ 44.4
Geospatial LoB	\$ 15.0	\$ 15.0
GovBenefits.gov	\$ 336.0	\$ 348.3
Grants.gov	\$ 49.9	\$ 49.9
Grants Management LoB	\$ 28.5	\$ 28.5
Human Resources Management LoB	\$ 130.4	\$ 130.4
IAE-Loans and Grants	\$ 13.0	TBD
Integrated Acquisition Environment (IAE)	\$ 37.2	\$ 39.1
Total	\$ 900.7	\$ 908.1

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

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

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

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.

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.

¹ Totals may not add due to rounding.

Limitation on Administrative Expenses

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.

Table 3.18 – Other SSA Expenses/Service Fees Related to e-Gov Projects (in thousands)¹

	FY 2010	FY 2011
Recruitment One-Stop	\$ 334.2	\$ 334.2
Enhanced Human Resource Integration	\$ 1,500.0	\$ 1,274.2
E-Payroll	\$ 14,127.1	\$ 14,127.1
E-Travel	\$ 1,316.1	\$ 1,270.2
Total	\$ 17,277.3	\$ 17,005.6

In addition to making annual contributions to the managing partners of certain e-Gov projects, SSA also funds various ongoing business services that are related to e-Gov projects. These funds are part of SSA's ongoing budget and pay for services provided by other agencies under authority of the Economy Act.

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.

¹ Totals may not add due to rounding.

EMPLOYMENT

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

Table 3.19—Detail of Full-Time Equivalent Employment

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
Limitation on Administrative Expenses Account ¹	63,187	66,689	67,303
Reimbursable Work	287	300	300
SSA Proper (excludes DDS and OIG)	63,474	66,989	67,603

The following table lists the Average Grade and Salary for SSA employees from FY 2009 through FY 2011. It includes averages for Executive Service (ES) and General Service (GS) employees.

Table 3.20—Average Grade and Salary

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate	<i>Change</i>
Average ES Salary	\$ 161,900	\$ 164,200	\$ 166,600	+ \$ 2,400
Average GS Grade	10	10	10	0
Average GS Salary	\$ 64,700	\$ 65,600	\$ 66,300	+ \$ 700

¹ Includes all FTEs funded by MIPPA and CHIP.

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APPROPRIATION LANGUAGE

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [~~\$29,000,000~~] *\$30,000,000*, together with not to exceed [~~\$73,682,000~~] *\$76,122,000*, to be transferred and expended as authorized by section 201(g) (1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the “Limitation on Administrative Expenses”, Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: *Provided*, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House of Representatives and the Senate. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2010.*)

GENERAL STATEMENT

OVERVIEW

The Fiscal Year (FY) 2011 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$106,122,000 in total budget authority and 590 full-time equivalents (FTE). This is \$3,440,000 above the funding received from the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2010. This supersedes OIG's initial budget request of \$109,463,000.

The FY 2011 request provides resources needed to maintain the FY 2010 staffing level. The FY 2011 budget request will support spending at an operating level that will allow our auditors and investigators to meet their productivity goals. The budget request will provide funding for a 590 FTE staffing level, mandatory payroll increases (e.g., pay raises, health benefits, etc.), and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2011, and provides ongoing support for the major initiatives already in place. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security number (SSN) misuse. OIG will also conduct, supervise, and coordinate audits and evaluations involving the use of funds for the planning, acquisition, management, and disposal of assets pursued by SSA for the purpose of replacing its National Computer Center (NCC). Additional funding under the American Recovery and Reinvestment Act of 2009 (ARRA) will provide OIG with resources to monitor the agency's use of ARRA funding for workload processing, Economic Recovery Payments, and replacing the NCC. This funding is available through 2012.

Table 4.1—Justification

	FY 2010 Enacted	FY 2011 Estimate	Change
FTE	590	590	\$ 0
Appropriation	\$102,682,000	\$ 106, 122,000	+ \$ 3,440,000
ARRA	\$ 2,000,000	N/A	N/A

ONGOING INITIATIVES

Computer Forensic Investigations

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

OIG recognizes the potential for fraud against SSA through the use of computer technology. Techniques used to compromise computer systems are on the rise nationally as computer crimes become easier to commit with new technology. To be effective, OIG must keep pace with technological advances. Our FY 2011 budget request includes funds to provide our computer forensic investigators with the equipment, training, and software needed to combat computer crimes.

Homeland Security

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

Allegation Management and Fugitive Enforcement

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

In FY 2009, these processes contributed significantly to the mission of OIG and Social Security. AMFED received 46,290 allegations. Through the development of referred allegations, SSA identified \$5,141,097 in benefit overpayments. AMFED matched 110,460 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for

apprehension and warrant verification. AMFED referred 83,316 fugitive subjects for benefit suspension. Through data-sharing efforts, 16,377 fugitives were apprehended.

Civil Monetary Penalty Program

OIG improves SSA program integrity through its administration of the Civil Monetary Penalty (CMP) enforcement statutes. This authority, delegated by the Commissioner of Social Security, allows OIG to impose CMPs against violators of Sections 1129 and 1140 of the *Social Security Act*. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements, representations, or omissions in connection with obtaining or retaining Disability Insurance benefits or Supplemental Security Income (SSI) payments. Section 1129 also allows for CMPs against representative payees who misuse benefits or payments. Section 1140 of the Act enables OIG to impose penalties against individuals or entities that use SSA's program words, letters, symbols, or emblems in advertisements or other communications in a misleading manner that falsely implies SSA's approval, endorsement, or authorization. In FY 2009, OIG's CMP program successfully closed 199 cases, resulting in penalties and assessments of almost \$5 million.

SSA'S SIGNIFICANT MANAGEMENT ISSUES

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

1. Implement the *American Recovery and Reinvestment Act* Effectively and Efficiently
2. Reduce the Hearings Backlog and Prevent its Recurrence
3. Improve the Timeliness and Quality of the Disability Process
4. Reduce Improper Payments and Increase Overpayment Recoveries
5. Improve Customer Service
6. Invest in Information Technology Infrastructure to Support Current and Future Workloads
7. Strengthen the Integrity and Protection of the Social Security Number
8. Improve Transparency and Accountability

The FY 2011 budget provides resources needed to address each of these issues. A summary of each is discussed below:

Issue #1: Implement the *American Recovery and Reinvestment Act Effectively and Efficiently*

On February 17, 2009, the President signed into law the *American Recovery and Reinvestment Act of 2009* (ARRA), Public Law (P.L.) 111-5. The Administration stated its commitment to invest ARRA funds with an unprecedented level of transparency and accountability so Americans know how their tax dollars are being spent. Under ARRA, SSA was provided:

- \$500 million to replace SSA's NCC,
- \$500 million to process the additional disability and retirement workloads SSA is receiving as a result of the economic downturn as well as information technology (IT) acquisitions and research in support of these workloads, and
- \$90 million to reimburse costs for processing a one-time, \$250 payment to millions of qualified individuals receiving Social Security benefits and SSI.

Congress provided \$2 million for us to oversee SSA programs, projects, and activities funded by ARRA. In addition, we will review, as appropriate, concerns raised by the public about specific investments using funds made available by ARRA.

Specific challenges facing SSA are as follows:

Overall ARRA Implementation.

Ensure ARRA requirements and related Office of Management and Budget (OMB) implementation guidance are followed and ensure ARRA projects are properly managed.

Disability and Retirement Workloads

- Hire and train sufficient personnel and fund additional overtime to enhance SSA's ability to: (1) eliminate hearings backlogs and prevent its recurrence; (2) improve the speed and quality of the disability process; and (3) improve retiree and other core services.
- Make investments in technology that enhance SSA's ability to: (1) eliminate the hearings backlog and prevent its recurrence; (2) improve the speed and quality of the disability process; and (3) improve retiree and other core services.
- Measure the affect of ARRA funding on: (1) hearings backlogs; (2) speed and quality of the disability process; and (3) improvements to retiree and other core services.

Replacement of the NCC

- Ensure proper overall project management.
- Ensure proper site selection, proper facility, and infrastructure construction oversight.
- Ensure IT investments support SSA's strategic IT vision and plan.
- Ensure the facility complies with the *National Environmental Policy Act*.

Issue #2: Reduce the Hearings Backlog and Prevent its Recurrence

At the forefront of congressional and agency concern is the timeliness of SSA's disability decisions at the hearings adjudicative level. The average processing time at the hearings level has increased—from 293 days at the end of FY 2001 to 493 days at the end of August 2009. Additionally, the pending hearings workload grew to approximately 734,000 by the end of August 2009—up from 392,387 cases at the end of FY 2001.

In his May 23, 2007, testimony to Congress, the Commissioner of Social Security announced a plan to eliminate the backlog of hearing requests and prevent its recurrence. The Commissioner's plan focused on: (1) compassionate allowances, (2) improving hearing office procedures, (3) increasing adjudicatory capacity, and (4) increasing efficiency with automation and improved business processes. The agency's goal is to eliminate the hearings backlog by 2013 and improve average processing time to 270 days. In our September 2009 review of the Office of Disability Adjudication and Review's (ODAR) aged claim initiative, we found that the initiative had been successful in targeting aged claims and focusing hearing offices' efforts on this workload. Overall, we found that sustained leadership and focus, clear workload milestones, flexibility in moving workloads between offices, and use of management information reports has allowed ODAR to reduce aged claims and return to its earlier policy of hearing the oldest claims first.

OIG will continue to monitor SSA's activities in this area and will offer recommendations through its continued audit work. A June 2009 evaluation of the ePulling initiative is one example of the importance of OIG's work. We found ODAR was facing challenges with the accuracy of the ePulling software, which in turn was increasing ePulling's case preparation times. In August 2009, ODAR management decided to discontinue the ePulling initiative.

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

For more than a decade, SSA has pursued several initiatives to improve the disability claims process. In addition to the hearings backlog, SSA is facing a considerable increase in initial and reconsideration claims at the Disability Determination Services (DDSs). In FY 2009, initial receipts began increasing as a result of the economic downturn. By the end of the third quarter of FY 2009, receipts were 13 percent higher than FY 2008, and initial claims pending were about 25 percent higher than in FY 2008. Reconsideration appeals are also up 12 percent as compared to FY 2008.

Along with the increased receipts, some DDSs are facing high attrition rates, hiring freezes, and employee furloughs, all of which affect SSA's ability to process the disability workload. SSA is also facing a large backlog of full medical continuing disability reviews (CDRs). From FY 2003 to FY 2008, the number of full medical CDRs conducted by SSA decreased by 60 percent. The backlog of CDRs means that beneficiaries who no longer qualify for disability are receiving payments improperly.

SSA is developing a multi-year plan to reduce the initial claims backlog to an optimum level. Further, ARRA provided SSA with \$500 million to assist with increases in retirement and disability workloads. We will continue to work with SSA as it improves the disability process and addresses the workload backlogs. For example, in our December 2008 report, *Disability Claims Overall Processing Times*, we reported how long it took, on average, for a claimant to go through the entire disability process from the claimant's perspective. We believe the processing times determined in our review will assist SSA and Congress in making decisions about the disability programs. Our May 2009 report, *National Rollout of Quick Disability Determinations (QDD)* provided SSA an independent confirmation that QDD was working as intended. Additionally, in our March 2009 evaluation, *Impact of State Employee Furloughs on the Social Security Administration's Disability Programs*, we reported to SSA the impact that furloughs and other DDS issues, such as hiring freezes, have on SSA's disability programs as well as the flow of money in the economy.

We will also continue to work with SSA to address disability program integrity through the Cooperative Disability Investigations program. The program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. The program is managed in a cooperative effort between SSA's Offices of Operations, Inspector General, and Disability Programs. Since the program's inception in FY 1998 through June 2009, the 20 Cooperative Disability Investigations units, operating in 18 States, have been responsible for over \$1.3 billion in projected savings to SSA's disability programs and over \$777 million in projected savings to non-SSA programs.

Issue #4: Reduce Improper Payments and Increase Overpayment Recoveries

Workers, employers, and taxpayers who fund SSA and SSI programs deserve to have their tax dollars effectively managed. As such, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the agency administers some payment errors will occur.

Since SSA is responsible for issuing timely benefit payments for complex entitlement programs to millions of people, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In FY 2008, SSA issued over \$647 billion in Old-Age, Survivors and Disability Insurance (OASDI) and SSI payments to about 54 million people. A January 2009 OMB report, *Improving the Accuracy and Integrity of Federal Payments*, noted that 12 Federal programs—including SSA's OASDI and SSI programs—accounted for about 90 percent of improper payments in FY 2008.

SSA has been working to improve its ability to prevent over- and underpayments by agreeing to and then implementing OIG audit recommendations. For example, in March 2008, we issued a report identifying \$7.6 million in overpayments to auxiliary beneficiaries because SSA did not have their SSNs on its payment records; and as a result, SSA's data-matching efforts did not detect that these individuals were incorrectly paid. When we issued the report, SSA had already recovered \$3.1 million (41 percent) of the improper payments.

We also issued a report in April 2009 that estimated SSA overpaid approximately \$3.1 billion to about 173,000 disabled beneficiaries because of work activity. Although the agency identified about \$1.8 billion of these overpayments to approximately 141,000 beneficiaries, we estimated SSA failed to detect about \$1.3 billion in overpayments to approximately 49,000 beneficiaries. As of March 2009, the agency had recovered about \$615 million of the approximately \$3.1 billion overpaid due to work activity. Furthermore, we estimated about 24,000 of the 49,000 beneficiaries were no longer entitled to disability benefits because of work activity. Finally, we estimated SSA would continue to incorrectly pay about \$382 million annually to individuals who are no longer entitled to disability benefits if it does not take action.

Issue #5: Improve Customer Service

SSA's Strategic Plan recognizes that a high level of customer service is essential to meet the public's needs and expectations. Improved customer service includes SSA's efforts to: (1) increase the use of on-line services; (2) provide accurate, clear, and up-to-date information to the public; (3) improve telephone services; and (4) improve services provided by local field offices.

SSA faces many challenges including shifting demographics, growing workloads, changing customer expectations, and an aging workforce. As a result of the recent economic downturn and the leading edge of baby boomer retirements, SSA is being inundated with retirement and disability claims. SSA acknowledges that increasing workloads and the loss of expertise due to employee retirements will strain its ability to deliver the quality service the public expects. Over the last few years, the public has dealt with longer waits in local field offices and has faced increased telephone busy rates.

Representative Payee Process

Providing oversight to ensure representative payees properly manage the Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. Some beneficiaries are not able to manage or direct the management of their finances because of their youth or mental and/or physical impairment. For such individuals, SSA appoints a representative payee who receives and manages the benefit payments of the beneficiary. As of September 20, 2009, SSA reported that approximately 5.4 million representative payees manage \$58.6 billion in annual benefits for 7.5 million beneficiaries. While representative payees provide a valuable service for beneficiaries, SSA must provide appropriate safeguards to ensure they meet their responsibilities to the beneficiaries they serve.

Managing Human Capital

SSA, like many other Federal agencies, is challenged to address its human capital shortfalls. The projected retirement of its employees presents a significant challenge to SSA's customer service capability. Over 60 percent of SSA employees deliver direct services, mainly in field offices and teleservice centers. The agency projects that 53 percent of its employees, including 70 percent of supervisors, will be eligible to retire by FY 2017. It is expected this will result in a loss of institutional knowledge that will affect SSA's ability to deliver quality service to the public.

Issue #6: Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA's IT systems are critical to meeting its mission and goals, which affect the lives of nearly all Americans. Therefore, it is imperative that the agency have a clear IT vision that anticipates its current and future needs. SSA's current IT strategic plans are short-term, tactical plans that do not provide a detailed description of how the agency intends to address its IT processing needs 10 to 20 years into the future. As SSA progresses in implementing solutions to address its IT processing requirements, it needs to have a more strategic and integrated approach to its IT planning efforts.

SSA's primary IT investment over the next few years is the replacement of the NCC. The NCC houses the infrastructure that supports the Social Security programs provided to the public and other services provided to Federal, State, international, and private agencies. The NCC was built in 1979, and increasing workloads and expanding telecommunication services are severely straining its ability to support the agency's business.

Further, SSA's aging telephone system is being stretched beyond its capacity. In FY 2008, SSA's national 800-number network handled about 58 million calls. Call volumes, estimated to reach 68 million by 2010, have surpassed the agency's ability to keep pace with its workloads. One way SSA is addressing this need is through the use of Voice over Internet Protocol (VoIP) telephone systems. VoIP places telephone calls through the Internet, which allows SSA to fully integrate its telephone system and computer network. Thus, VoIP provides faster call routing to any geographic location, the ability for calls to follow the users between locations across the network, and quicker access to caller information.

Also, SSA needs to replace its aging on-line and in-office benefit applications. SSA plans to develop new applications to assist in gathering benefit information. The new applications will be simpler for claimants to use and help agency employees work more efficiently when processing benefit applications. For example, SSA initiated a Self Help eServices pilot that offers field office visitors the option of using field office computers to conduct their business through the agency's eServices. Self Help computers were available to visitors as early as October 2007, but a national expansion was phased in through February and March 2009 to 58 sites.

As reliance on electronic processing and technology grows and the agency's workload increases, so does the need to ensure SSA's IT infrastructure is designed to meet future needs. SSA needs to focus its efforts on: (1) strengthening its IT strategic planning process and related documents; (2) identifying ways to accelerate planning, constructing, and operating the new National Support Center (NSC); (3) developing contingency plans for addressing its IT processing requirements and disaster recovery procedures in the event the Second Support Center and/or the new NSC are not operational within the scheduled timeframes; (4) using industry best practices to aid in its IT strategic planning; and (5) establishing controls and a detailed strategy for timely maintenance, repairs, upgrades, and replacement of critical IT infrastructure in the new NSC to prevent the current situation at the NCC from recurring.

Issue #7: Strengthen the Integrity and Protection of the Social Security Number

Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and that eligible individuals receive the full benefits due them. The SSN is heavily relied on in U.S. society as an identifier and is valuable as an illegal commodity. To its credit, over the last decade, SSA has implemented numerous improvements in its SSN assignment, or enumeration process. Properly assigning SSNs, protecting SSN information, and accurately posting workers' earnings reported under SSNs are critical missions.

While we applaud the agency for its efforts, we continue to have concerns regarding SSN assignment and protection. For example, the agency has few mechanisms to curb the unnecessary collection and use of SSNs. Our audit and investigative work have taught us that the more SSNs are unnecessarily used, the higher the probability that these numbers could be used to commit crimes throughout society. We are also concerned about the practice of assigning SSNs to noncitizens that will only be in the United States for a few months but are allowed to obtain SSNs that are *valid for life*. We also remain concerned with SSA's plans to expand the Enumeration at Entry process to other classes of noncitizens until it implements the significant improvements we recommended in two audit reports issued in 2005 and 2008.

Properly posting earnings ensures that eligible individuals receive the full retirement, survivors, and/or disability benefits due them. SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefit payments. SSA spends scarce resources correcting earnings data when incorrect information is reported. While SSA cannot control all the factors associated with erroneous wage reports, it can improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the agency's employee verification programs, and enhancing employee verification feedback to provide employers with sufficient information on potential employee issues.

Issue #8: Improve Transparency and Accountability

Transparency and accountability are critical factors in the level of trust and confidence the American public has in its Government, including SSA. If tax dollars are not spent wisely or efficiently, the goals SSA is trying to accomplish are undermined. Mismanagement and waste, as well as a lack of transparency for citizens into Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

Sound financial reporting and effective performance measurement support both concepts of transparency and accountability. Per the *Chief Financial Officers Act of 1990*, OIG oversees an audit of SSA's financial statements each year to ensure that SSA provides clear and accurate financial information to the Administration, Congress, and the public. Similarly, the *Government Performance and Results Act* requires that the agency develop objective, quantifiable, and measurable goals and outcome-based performance measures each year, which are reported publicly in annual performance and accountability plans and reports. The plans and reports help hold the agency accountable for achieving results, and public reporting of the agency's progress in meeting its goals adds transparency to its operations. Beginning in

Office of the Inspector General

FY 2010, we will evaluate the quality of SSA's performance measures and goals to ensure they are focused on the critical programs and tasks SSA needs to successfully achieve to meet its mission.

Effective internal controls help ensure SSA is accountable to its mission. In FYs 2010 and 2011, we will complete a number of audits that determine the effectiveness of the controls SSA has in place over its programs and systems. For example, we will review the effectiveness of the controls in place over payments released from SSA's Single Payment System.

As part of its efforts to be accountable, SSA must ensure that its partners provide the services they are contracted to provide efficiently and effectively. In FY 2008, SSA spent over \$985 million on contracts and grants that provided many services, including guard services, computer system development and support, and research on disability and retirement issues. We will review multiple contracts and grants in FYs 2010 and 2011 to ensure SSA is getting the services for which it paid and has proper controls in place to ensure effective oversight of contractors.

MONETARY BENEFITS

In FY 2009, OIG issued 104 audit reports with recommendations, identifying over \$3.1 billion in questioned costs and over \$4.4 billion in Federal funds that could be put to better use. OIG also received over 129,000 allegations of fraud, effected over 4,100 criminal prosecutions (includes sentencings and pre-trial diversions), and obtained a return of over \$338 million in investigative accomplishments, comprised of over \$51 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$286 million in projected SSA savings. Our FY 2011 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

STRATEGIC PLANNING

FY 2009 was the fourth year under OIG's 5-year Strategic Plan. OIG operates within a framework set by three general goals: the *Impact* OIG's investigations, audits, and legal activities have on SSA's effectiveness and efficiency; the *Value* OIG brings to SSA, Congress, and the public; and the strategies OIG uses to cultivate the talents of its *People*. These general goals are further broken down into 14 separate performance measures. All of these measures are designed to support OIG's core mission to inspire public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2009, OIG successfully met all 14 performance measures. The specific results for FY 2009 are as follows:

Table 4.2—2009 Performance Measure Results

Goal	Target	Result
<i>Impact</i>		
1. Maintain an annual acceptance rate of at least 85% for all recommendations.	85%	98%
2. Through FY 2010, achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency, and effectiveness of SSA. ¹	85%	88%
3. Achieve a positive action on at least 75% of all cases closed during the FY.	75%	75%
<i>Value</i>		
4. Generate a positive return of \$6 for every tax dollar invested in OIG activities.	\$6 to \$1	\$85 to \$1
5. Evaluate and respond to 90% of all allegations received within 45 days.	90%	96%
6. Complete investigative fieldwork on 75% on all cases within 180 days.	75%	89%
7. Respond to 90% of congressional requests within 21 days.	90%	100%
8. Take action on 90% of CMP subjects within 30 days of receipt.	90%	97%
9. Achieve a positive external user assessment rating of 85% for product-service quality.	85%	92%
10. Issue 78% of final audit reports within 1 year of the entrance conference with SSA.	78%	92%
11. Complete 85% of requests for legal advice and review within 30 days.	85%	98%
<i>People</i>		
12. Achieve an annual attrition rate of 5% or less.	≤ 5 %	4%
13. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvement is needed.	75%	78%
14. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90%	99%

¹ The implementation rate is the cumulative percentage for FYs 2004 through 2008.

TRANSFER AUTHORITY

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

BUDGETARY RESOURCES

The OIG annual appropriation consists of appropriations from both the general fund and the trust funds. The President's budget request for FY 2011 consists of \$30,000,000 appropriated from the general fund and \$76,122,000 which will be transferred and expended as authorized by Section 201(g) (1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

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

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
General Funds Annual	\$ 28,000	\$ 29,000	\$ 30,000
Trust Funds Annual Transfer	\$ 70,127	\$ 73,682	\$ 76,122
Total Appropriation	\$ 98,127	\$ 102,682	\$ 106,122
SSA Transfer to OIG	\$ 1,379		
ARRA (Planned Obligations)	\$ 603	\$ 500	\$ 500
Total Budgetary Resources	\$ 100,109	\$ 103,182	\$ 106,622
Obligations	\$ 99,142	\$ 103,182	\$ 106,622
Unobligated balance lapsing	(\$ 967)	(\$ 0)	\$ 0

ANALYSIS OF CHANGES

The FY 2011 request represents a \$3,440,000 increase over the FY 2010 enacted level. These increases can be attributed to annual pay raises and to an increase in base expenses for employee benefits, as well as an increase in training and support services.

Table 4.4—Summary of Changes

	FY 2010 Enacted	FY 2011 Estimate	Change
General Fund Appropriation	\$ 29,000,000	\$ 30,000,000	+ \$ 1,000,000
Trust Fund Appropriation	\$ 73,682,000	\$ 76,122,000	+ \$ 2,440,000
Total Appropriation	\$ 102,682,000	\$ 106,122,000	+ \$ 3,440,000
ARRA (Planned Obligations)	\$ 500,000	\$ 500,000	\$ 0
Total Obligations	(\$ 103,182,000)	(\$ 106,622,000)	+ \$ 3,440,000

Table 4.5—Explanation of OIG Budget Changes

	FY 2010 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<u>BUILT-IN INCREASES</u>				
Base Payroll Expenses	596 (590)	\$ 89,900,000	(0) (0)	+ \$ 2,942,000
• Annualization of the January 2010 Federal pay increase of 2.0 percent	---	---		+ \$ 320,000
• Nine-month effect of assumed 1.4 percent Federal pay increase effective January 2011	---	---	---	+ \$768,000
• Change in base payroll expenses related to career ladder promotions and within-grade increases	---	---	---	+ \$ 929,000
• Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS)	---	---	---	+ \$800,000
• All other payroll changes, including overtime and awards	---	---	---	+ \$ 125,000
Non-Payroll Costs - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	---	\$ 13,036,000	---	+ \$ 489,000
• CIGIE Contribution	---	\$ 246,000	---	+ \$ 9,000
Subtotal, Built-in increases	596 (590)	\$ 103,182,000	(0) (0)	+ \$ 3,440,000
<u>PROGRAM INCREASES</u>				
Increase for operations and maintenance of facilities and equipment	---	---	---	\$ 0
Subtotal, Program Increases	---	---	---	\$ 0
Total Increases	596 (590)	\$ 103,182,000	(0) (0)	+ \$ 3,440,000

Table Continues on the Next Page

	FY 2010 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<u>BUILT-IN DECREASES</u>				
Base Payroll Expenses —Decrease in all other payroll costs, including one less paid day	---	---	---	---
Non-Payroll Costs —Decrease in rental payments to GSA	---	---	---	---
Subtotal, Built-in decreases				
<u>PROGRAM DECREASES</u>				
Decrease in costs for training, other support, services, and supplies				
Subtotal, Program Decreases				
Total Decreases		\$ 0		\$ 0
Net Change	596 (590)	\$ 103,182,100	(0) (0)	+ \$ 3,440,000

BUDGET AUTHORITY BY ACTIVITY

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

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

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
General Funds	\$ 28,000	\$ 29,000	\$ 30,000
OASDI Trust Fund Transfers	\$ 70,127	\$ 73,682	\$ 76,122
Total Appropriation	\$ 98,127	\$ 102,682	\$ 106,122
SSA Transfer to OIG	\$ 1,379		
ARRA	\$ 2,000	N/A	N/A
Total Budgetary Authority	\$ 101,506	\$ 102,682	\$ 106,122
(Obligations) ¹	(\$ 99,142)	(\$103,182)	(\$ 106,622)
(FTEs)	(576)	(590)	(590)

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual obligations for FY 2009 is \$603,000. The planned obligations for FY 2010 and FY 2011 are \$500,000 each year.

BUDGET RESOURCES BY OBJECT

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

Table 4.7—Budget Resources by Object

	FY 2010	FY 2011	Difference
Full-time permanent	\$ 64,581,000	\$ 66,880,000	+ \$ 2,299,000
Other than full-time permanent	\$ 1,269,000	\$ 1,314,000	+ \$ 45,000
Other compensation	\$ 1,575,000	\$ 1,631,000	+ \$ 56,000
Subtotal, Personnel Compensation	\$ 67,425,000	\$ 69,825,000	+ \$ 2,400,000
Civilian personnel benefits	\$ 22,475,000	\$ 23,275,000	+ \$ 800,000
Total, Compensation and Benefits	\$ 89,900,000	\$ 93,100,000	+ \$ 3,200,000
Travel	\$ 2,113,000	\$ 2,184,000	+ \$ 71,000
Transportation of things	\$ 42,000	\$ 56,000	+ \$ 14,000
Rental payments to GSA	\$ 5,350,000	\$ 5,835,000	+ \$ 485,000
Rental payments to others	\$ 46,000	\$ 48,000	+ \$ 2,000
Communications, utilities, and others	\$ 383,000	\$ 400,000	+ \$ 17,000
Printing and reproduction	\$ 4,000	\$ 4,000	0
Other services ¹	\$ 4,194,000	\$ 3,746,000	- \$ 448,000
Supplies and materials	\$ 250,000	\$ 300,000	+ \$ 50,000
Equipment	\$ 900,000	\$ 949,000	+ \$ 49,000
Total Budgetary Resources	\$ 103,182,000	\$ 106,622,000²	+ \$ 3,440,000

¹ Includes the FY 2010 and FY 2011 ARRA resources of \$500,000 for each year.

² Includes \$755,000 for training.

BACKGROUND

AUTHORIZING LEGISLATION

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

Table 4.8—Authorizing Legislation

	FY 2010 Authorized	FY 2010 Estimate	FY 2011 Authorized	FY 2011 Estimate
Office of the Inspector General (P.L. 103-296)	Indefinite	\$ 102,682,000	Indefinite	\$ 106,122,000

APPROPRIATION HISTORY

The table below displays the President's budget request, amounts passed by the House and Senate, and the actual amount appropriated for the period FY 2002 to FY 2011.

Table 4.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
General Funds	\$ 19,000,000	\$ 19,000,000	\$ 19,000,000	\$ 18,985,800
Trust Funds	\$ 56,000,000	\$ 56,000,000	\$ 56,000,000	\$ 55,958,200
2002 Total ¹	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	\$ 74,944,000
General Funds	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	\$ 20,863,500
Trust Funds	\$ 62,000,000	\$ 62,000,000	\$ 62,000,000	\$ 61,597,000
2003 Total ²	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	\$ 82,460,500
General Funds	\$ 25,000,000	\$ 24,500,000	\$ 20,863,000	\$ 24,355,400
Trust Funds	\$ 65,000,000	\$ 63,700,000	\$ 61,597,000	\$ 63,324,200
2004 Total ³	\$ 90,000,000	\$ 88,200,000	\$ 82,460,000	\$ 87,679,600
General Funds	\$ 26,000,000	\$ 25,748,000	\$ 26,000,000	\$ 25,542,000
Trust Funds	\$ 66,000,000	\$ 65,359,000	\$ 66,000,000	\$ 64,836,100
2005 Total ⁴	\$ 92,000,000	\$ 91,107,000	\$ 92,000,000	\$ 90,378,100
General Funds	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	\$ 25,740,000
Trust Funds	\$ 67,000,000	\$ 66,805,000	\$ 67,000,000	\$ 65,736,000
2006 Total ⁵	\$ 93,000,000	\$ 92,805,000	\$ 93,000,000	\$ 91,476,000
General Funds	\$ 27,000,000	\$ 25,872,000	\$ 25,740,000	\$ 25,902,000
Trust Funds	\$ 69,000,000	\$ 66,072,000	\$ 65,736,000	\$ 66,149,000
2007 Total	\$ 96,000,000	\$ 91,944,000	\$ 91,476,000	\$ 92,051,000
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	\$ 25,988,901
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	\$ 65,926,000
2008 Total ⁶	\$ 95,047,000	\$ 95,047,000	\$ 96,047,000	\$ 91,914,901
General Funds	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000
Trust Funds	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000
2009 Total	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000
ARRA ⁷	N/A	N/A	N/A	\$ 2,000,000
General Funds	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000	\$29,000,000
Trust Funds	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000	\$73,682,000
2010 Total	\$ 102,682,000	\$ 102,682,000	\$ 102,682,000	\$102,682,000
General Funds	\$ 30,000,000			
Trust Funds	\$ 76,122,000			
2011 Total	\$ 106,122,000			

¹ The \$19,000,000 in appropriated funds and \$56,000,000 in trust funds included in the language for this account for FY 2002 were reduced by \$14,200 and \$41,800, respectively, in accordance with P.L. 107-206.

² The \$21,000,000 in appropriated funds and \$62,000,000 in trust funds included in the language for this account for FY 2003 were reduced by \$136,500 and \$403,000, respectively, in accordance with P.L. 108-7.

³ The \$24,500,000 in appropriated funds and \$63,700,000 in trust funds included in the language for this account for FY 2004 were reduced by \$144,600 and \$375,800, respectively, in accordance with P.L. 108-199.

⁴ The \$25,748,000 in appropriated funds and \$65,359,000 in trust funds included in the language for this account for FY 2005 were reduced by \$206,000 and \$522,900, respectively, in accordance with P.L. 108-447.

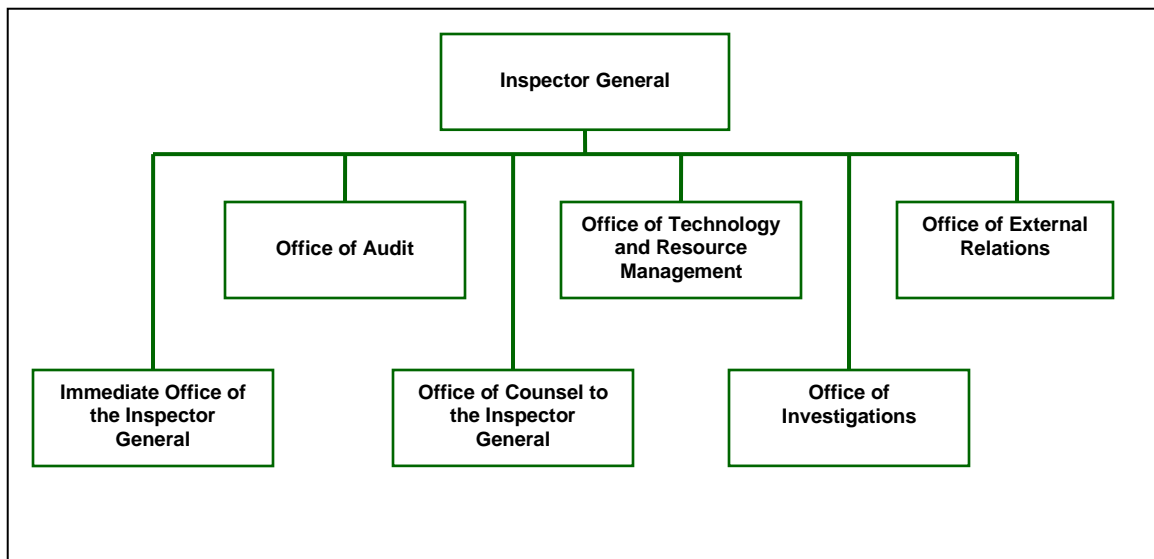
⁵ The \$26,000,000 in appropriated funds and \$66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by \$260,000 and \$664,000, respectively, in accordance with P.L. 109-148.

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

⁷ OIG received \$2,000,000 through ARRA, passed on February 17, 2009. OIG will conduct necessary oversight and audit of SSA programs, projects, and activities, assessing whether SSA used the resources as intended by the Act, and will identify any instances of fraud, waste, error, and abuse.

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

GENERAL PURPOSE



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

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

Immediate Office of the Inspector General

IO provides the Inspector General (IG) and the Deputy Inspector General with staff assistance on the full range of their responsibilities. The IO also administers a comprehensive Quality Assurance and Professional Responsibility program, and conducts Quality Control reviews that ensure the adequacy of OIG compliance with its policies and procedures, internal controls, and professional standards. In addition, the IO oversees the Organizational Health Committee (OHC). The purpose of the OHC is to be an agent of positive change by discussing, evaluating, and presenting to senior management employee issues and proposed solutions that affect the operations, administration, and efficiency of OIG. In doing this, the committee acts as a representative of all OIG employees.

Office of Audit

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

Office of Counsel to the Inspector General

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

Office of Technology and Resource Management

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

Office of Investigations

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

Office of the Inspector General

Office of External Relations

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

RATIONALE FOR THE BUDGET REQUEST

The budget request for FY 2011 is \$106,122,000 and 590 FTEs, which reflects an increase of \$3,440,000 from the FY 2010 annual appropriations level. The FY 2011 funding increase will be used for personnel costs (such as within-grade increases, Federal pay raises and benefit-rate increases) for current staff and related support costs.

Table 4.10—Detail of Full-Time Equivalent Employment and Workyears

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
FTEs	576	590	590
Overtime/Lump Sum Leave	5	6	6
Total	581	596	596

Table 4.11—Average Grade and Salary

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	Difference
Average ES Salary	\$ 164,110	\$ 168,200	\$ 172,400	+ \$ 4,200
Average GS Grade	13	13	13	0
Average GS Salary	\$ 94,900	\$ 97,200	\$ 99,700	+ \$ 2,500

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HIGH PRIORITY PERFORMANCE GOALS

Our country faces extraordinary challenges, and we must transform our government to operate more effectively and more efficiently. In support of the President's Government-wide initiative to build a high-performance Government capable of addressing the challenges of the 21st century, we have identified high priority performance goals as part of the FY 2011 budget and performance plan that will be a particular focus over the next 2 years. These goals are a subset of those used to regularly monitor and report performance in our Annual Performance Plan (APP) and Performance and Accountability Report. Our high priority performance goals are:

- **Increase the Number of Online Applications:** By 2012, achieve an online filing rate of 50 percent for retirement applications. In 2011, our goal is to:
 - Achieve 44 percentage of total retirement claims filed online and
 - Achieve 27 percentage of total initial disability claims filed online.
- **Issue More Decisions for People Who File for Disability:** SSA will work towards achieving the agency's long-term outcomes of lowering the disability backlogs and accurately completing claims. SSA will also ensure clearly disabled individuals will receive an initial claims decision within 20 days. Finally, SSA will reduce the time it takes an individual to receive a hearing decision to an average of 270 days by 2013. In order to efficiently issue decisions in 2011, SSA's goal is to:
 - Complete 3.317 million out of a total of 4.316 million initial disability claims.
 - Achieve 6.5 percent of initial disability cases identified as a *Quick Disability Determination* or a *Compassionate Allowance*.
 - Complete 799,000 out of a total of 1.456 million hearing requests.
- **Improve SSA's Customers' Service Experience on the Telephone, in Field Offices, and Online:** To alleviate field office workloads and to provide the variety of services the public expects, we will improve telephone service on the National 800-Number and in the field offices. By 2011, our goal is to:
 - Achieve an average speed of answer of 264 seconds by the National 800-Number.
 - Lower the busy rate for National 800-Number calls from 8 percent to 7 percent.
 - Raise the percent of individuals who do business with SSA rating the overall services as "excellent," "very good," or "good" from 81 percent in 2009 to 83.5 percent.
- **Ensure Effective Stewardship of Social Security Programs by Increasing Program Integrity Efforts:** We will improve program integrity efforts by minimizing improper payments and strengthening the agency's efforts to protect program dollars from waste, fraud, and abuse. In 2011, our goal is to:
 - Complete 359,800 out of a total of approximately 2 million medical continuing disability reviews, an increase of 9.4 percent over FY 2010.
 - Complete 2.422 million Supplemental Security Income non-disability redeterminations in FY 2011.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

In FY 2009, Congress recognized that SSA was receiving substantially increased numbers of new claims and other work as a result of the economic downturn, and also needed to replace our aging national data center. To help us handle this additional work, Congress provided us with over \$1 billion in additional resources in the *American Recovery and Reinvestment Act* (also called ARRA or the Recovery Act). We are spending our ARRA funds effectively, and these funds are making a real difference in the service we can offer to the American people.

We received \$500 million, available through FY 2010, to help address our increasing disability and retirement workloads. This funding allowed us to invest in the front line operational areas of the agency, so that we can handle our additional recession-related work. The funding also supports information technology acquisitions for the additional workload processing funded from the *Recovery Act* and will allow us to invest in Health Information Technology initiatives.

We also received a critical \$500 million, available until expended, to build our new National Support Center (NSC). The NSC will house critical computer operations that are necessary to the prompt and accurate payment of benefits to many Americans and will store data necessary to provide service to all Americans.

In addition, as part of the ARRA, Social Security beneficiaries and SSI recipients received a one-time economic recovery payment of \$250. SSA received \$90 million, available until expended, to cover the administrative cost associated with issuing payments and sending notices to all eligible beneficiaries.

The Social Security Administration has made excellent and timely progress in meeting the goals outlined in our ARRA program plans. We completed the targeted number of claims, despite the growth in our workloads; met our ARRA hiring goals; issued the economic recovery payments ahead of schedule; and are moving ahead to complete the new NSC. Below is a summary of each plan's measures and status:

ARRA DISABILITY AND RETIREMENT WORKLOAD PLAN				
Measure		FY 2009 Target	FY 2009 Status	FY 2010 Target
1	Number of initial disability claims completed	50,000	53,095	183,000
2	Number of retirement claims completed	243,000	317,395	869,000
3	Number of hearings completed	37,000	28,507 ¹	64,500
4	Number of staff hired <i>[includes SSA and Disability Determination Service (DDS) employees hired]</i>	2,115 SSA & 300 DDS staff hired	2,115 SSA & 300 DDS staff hired	N/A

¹ We exceeded our overall hearings completed goal by 13,000, but more of the hearings were funded by our regular appropriation than by the Recovery Act funds in FY 2009.

ONE-TIME ECONOMIC RECOVERY PAYMENT (ERP) PLAN ~ ADMINISTRATIVE EXPENSES		
Measure		FY 2009 Status
1	By April 6, 2009, create initial list of eligible Economic Recovery Payment recipients based on Social Security and SSI eligibility in November 2008, December 2008, or January 2009.	Met timely (4/4/09)
2	By April 30, 2009, mail notices discussing the Economic Recovery Payments to the individuals receiving Social Security or SSI benefits who have been identified to date as being eligible to receive the payment.	Met timely (4/24/09)
3	Number of initial eligible recipients certified to the Department of the Treasury by May 14, 2009 for the May 2009 Economic Recovery Payments.	52,021,985
4	Number of additional eligible recipients certified to the Department of Treasury for the Economic Recovery Payments through December 2010.	N/A

NATIONAL SUPPORT CENTER PLAN		
Schedule		
Timeframe	Activity	
FY 2010, 2nd quarter (March 2010)	Planning, developing site criteria, conducting research and studies, and purchasing land required for the construction of the National Support Center, including the development of a program of requirements (scope of work), a detailed project plan and a timeline.	
FY 2011, 1st quarter (October 2010)	Expect solicitation for a design/build contract	
FY 2011, 2nd quarter (March 2011)	Expect contract award for the design and construction. The contract will be awarded by the General Services Administration.	
FY 2014, 1st quarter (October 2013)	Expect construction completion date	
Measure	FY 2009 Status	
1	Construction on schedule	N/A
2	Construction on budget	N/A
3	Design on schedule	N/A
4	Energy performance will be measured and tracked for compliance with energy requirements	N/A

GUIDE TO THE FY 2011 AND REVISED FINAL FY 2010 ANNUAL PERFORMANCE PLAN

HEARINGS

PAGE	PERFORMANCE MEASURE
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APPEALS COUNCIL

PAGE	PERFORMANCE MEASURE
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PAGE	PERFORMANCE MEASURE
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25	2.2b: Achieve the target number of initial disability claims pending
29	2.3a: Update the medical <i>Listing of Impairments</i>
29	2.3b: Increase the percentage of disability claims completed using <i>Health Information Technology</i>

GUIDE TO THE FY 2011 AND REVISED FINAL FY 2010 ANNUAL PERFORMANCE PLAN

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PAGE	PERFORMANCE MEASURE
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51	4.3a: Reduce the target percentage of paper <i>Forms W-2</i> completed
53	4.5a: Receive an unqualified audit opinion on SSA’s financial statements

“GREEN” SOLUTIONS

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AT-A-GLANCE
ANNUAL PERFORMANCE PLAN FOR FY 2011
AND REVISED FINAL ANNUAL PERFORMANCE PLAN FOR FY 2010

We continually seek to improve our business processes, policies, and procedures to uphold the principles of good government, accountability, integrity, and transparency. These principles form the basis of the *Government Performance and Results Act (GPRA)*, passed in 1993, to improve government performance and ensure accountability by linking budget to performance and connecting resources to results. GPRA requires all federal agencies to establish performance measures and target goals. Each year, our Annual Performance Plan defines these measures and targets, and describes how we will strategically achieve better performance in a given fiscal year.

The following chart lists our performance measures and targets for FY 2010 and FY 2011. We use these performance measures to gauge our progress in meeting our strategic goals and objectives as outlined in our *Agency Strategic Plan* (<http://www.socialsecurity.gov/asp/index.htm>). These measures specifically address how we will improve performance, accountability, effectiveness, and efficiency over the next two fiscal years.

STRATEGIC GOAL 1:				
ELIMINATE OUR HEARINGS BACKLOG AND PREVENT ITS RECURRENCE				
Strategic Objective 1.1: Increase our capacity to hear and decide cases				
	Performance Measure	FY 2010 Target	FY 2011 Target	Page
1.1a	Complete the budgeted number of hearing requests	725,000	799,000	14
Strategic Objective 1.2: Improve our workload management practices throughout the hearing process				
	Performance Measures	FY 2010 Target	FY 2011 Target	Page
1.2a	Achieve the target number of hearing requests pending	707,000	657,000	17
1.2b	Achieve the target to eliminate the oldest hearing requests pending	Less than 0.5% of hearing requests pending 825 days or older	Less than 0.5% of hearing requests pending 800 days or older	17
1.2c	Achieve the budgeted goal for average processing time for hearing requests*	485 days	460 days	18
1.2d	Achieve the target to eliminate the oldest Appeals Council requests for review pending	Less than 1% of Appeals Council requests for review pending 700 days or older	Less than 1% of Appeals Council requests for review pending 650 days or older	18

*This measure is also a *Program Performance Measure* (see page 56)

Strategic Objective 1.2: Improve our workload management practices throughout the hearing process				
Performance Measure		FY 2010 Target	FY 2011 Target	Page
1.2e	Achieve the target average processing time for Appeals Council requests for review	370 days	340 days	19

**STRATEGIC GOAL 2:
IMPROVE THE SPEED AND QUALITY OF OUR DISABILITY PROCESS**

Strategic Objective 2.1: Fast-track cases that obviously meet our disability standards				
Performance Measures		FY 2010 Target	FY 2011 Target	Page
2.1a	Achieve the target percentage of initial disability cases identified as a <i>Quick Disability Determination</i> or a <i>Compassionate Allowance</i>	4.5%	6.5%	22
2.1b	Complete the budgeted number of initial disability claims	3,081,000	3,317,000	22
2.1c	Minimize average processing time for initial disability claims to provide timely decisions*	132 days	141 days	23

Strategic Objective 2.2: Make it easier and faster to file for disability benefits online				
Performance Measure		FY 2010 Target	FY 2011 Target	Page
2.2a	Achieve the target percentage of initial disability claims filed online	25%	27%	25
2.2b	Achieve the target number of initial disability claims pending	1,041,000	999,000	25

Strategic Objective 2.3: Regularly update our disability policies and procedures				
Performance Measures		FY 2010 Target	FY 2011 Target	Page
2.3a	Update the medical <i>Listing of Impairments</i>	Develop and submit at least 3 regulatory actions or <i>Social Security Rulings</i>	Develop and submit at least 3 regulatory actions or <i>Social Security Rulings</i>	29
2.3b	Increase the percentage of disability claims completed using <i>Health Information Technology</i>	Establish Baseline	250% above FY 2010 baseline	29

*This measure is also a *Program Performance Measure* (see page 56)

STRATEGIC GOAL 3:				
IMPROVE OUR RETIREE AND OTHER CORE SERVICES				
Strategic Objective 3.1: Dramatically increase baby boomers' use of our online retirement services				
Performance Measures		FY 2010 Target	FY 2011 Target	Page
3.1a	Percent of retirement and survivors claims receipts completed up to the budgeted level*	100% (4,718,000)	100% (4,590,000)	32
3.1b	Achieve the target percentage of retirement claims filed online	38%	44%	33
Strategic Objective 3.3: Improve our telephone service				
Performance Measures		FY 2010 Target	FY 2011 Target	Page
3.3a	Achieve the target speed in answering National 800 Number calls	269 seconds	264 seconds	35
3.3b	Achieve the target busy rate for National 800 Number calls	8%	7%	36
Strategic Objective 3.4: Improve service for individuals who visit our field offices				
Performance Measure		FY 2010 Target	FY 2011 Target	Page
3.4a	Percent of individuals who do business with SSA rating the overall services as "excellent," "very good," or "good"*	83.5%	83.5%	38
Strategic Objective 3.5: Process our Social Security Number workload more effectively and efficiently				
Performance Measure		FY 2010 Target	FY 2011 Target	Page
3.5a	Achieve the target percentage for correctly assigning original Social Security Numbers	99%	99%	41

*This measure is also a *Program Performance Measure* (see page 56)

**STRATEGIC GOAL 4:
PRESERVE THE PUBLIC’S TRUST IN OUR PROGRAMS**

Strategic Objective 4.1: Curb improper payments

Performance Measures		FY 2010 Target	FY 2011 Target	Page
4.1a	Complete the budgeted number of Supplemental Security Income non-disability redeterminations	2,422,000	2,422,000	45
4.1b	Complete the budgeted number of continuing disability reviews	954,000	1,388,000	45
4.1c	Percent of Supplemental Security Income payments free of overpayment (O/P) and underpayment (U/P) error*	91% (O/P)	91.5% (O/P)	46
		98.8% (U/P)	98.8% (U/P)	
4.1d	Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment (O/P) and underpayment (U/P) error*	99.8% (O/P)	99.8% (O/P)	47
		99.8% (U/P)	99.8% (U/P)	

Strategic Objective 4.3: Maintain accurate earnings record

Performance Measure		FY 2010 Target	FY 2011 Target	Page
4.3a	Reduce the target percentage of paper <i>Forms W-2</i> completed	17%	16.5%	51

Strategic Objective 4.5: Protect our programs from waste, fraud, and abuse

Performance Measure		FY 2010 Target	FY 2011 Target	Page
4.5a	Receive an unqualified audit opinion on SSA’s financial statements	Receive an unqualified opinion	Receive an unqualified opinion	53

Strategic Objective 4.6: Use “green” solutions to improve our environment

Performance Measures		FY 2010 Target	FY 2011 Target	Page
4.6a	Replace gasoline-powered vehicles with alternative-fuel vehicles	50 vehicles	36 vehicles	55
4.6b	Develop and implement an agency <i>Environmental Management System</i>	Provide training needed for implementation	Establish performance objectives	55

*This measure is also a *Program Performance Measure* (see page 56)

STRATEGIC GOAL 1: ELIMINATE OUR HEARINGS BACKLOG AND PREVENT ITS RECURRENCE

Long-Term Outcomes	<ul style="list-style-type: none"> • Reduce the number of pending hearings to 466,000 by FY 2013; • Reduce the time it takes an individual to receive a hearing decision to an average of 270 days; • Increase productivity by automating labor-intensive tasks necessary to issue a hearing decision; and • Establish standardized electronic hearing business processes.
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Since 1954, we have helped disabled workers and their families cope with the loss of income caused by severe disability. In recent years, we have experienced an unprecedented backlog of hearings. This backlog has significantly affected our ability to provide the level of service the public deserves. For some, the long wait has led to homelessness and the loss of family and friends, and some individuals have died while waiting for a hearing. We are aggressively working down our hearings backlog by improving our processes, adding new staff, and using new technologies.

The elimination of the hearings backlog remains the agency’s top priority. We are on track to reach the optimal level of pending hearings by FY 2013. We reached the turning point in FY 2009, when we began reducing the number of pending claims each month. By the end of FY 2009, we had reduced our pending hearings by nearly 38,000 cases.

We continue to concentrate on completing our oldest pending hearing cases. In FY 2010, we will focus on cases pending 825 days or more. We will continue to lower the aged-case threshold incrementally as we work towards our long-term goal of reducing the time it takes an individual to receive a hearing decision to an average of 270 days by 2013. We expect to reduce the number of pending hearings to 466,000 by FY 2013, our optimal pending level necessary to ensure a sufficient “pipeline” of cases to maximize the efficiency of our hearings process.

To help us achieve these goals, we will automate labor-intensive tasks, establish a standardized electronic hearings business process, and hire the support staff necessary to maintain at least a 4.5 to 1 national ratio of support staff to administrative law judge (ALJ).

The short and long-term state of the economy, the aging baby boomers, and the significant growth in hearings receipts anticipated in FYs 2010 and 2011 will pose more challenges and undoubtedly continue to influence our decisions about future hearing level initiatives. We anticipate receiving approximately 86,000 more hearing requests in FY 2010 than FY 2009. In spite of the additional workloads caused by the economic downturn, we are adjusting to changing circumstances and are still on track to eliminate the hearings backlog by 2013.

Strategic Objective 1.1

Increase our capacity to hear and decide cases

We continue to implement the agency's *Plan to Eliminate the Hearings Backlog and Prevent its Recurrence*, <http://www.socialsecurity.gov/appeals/> or http://www.socialsecurity.gov/appeals/Backlog_Reports/Annual_Backlog_Report_FY_2008-Jan.pdf. Our plan includes improving hearing office procedures, increasing our ability to hear and decide cases, increasing efficiency through automation and improving business processes, and accelerating review of cases that are likely to result in a favorable decision. Although we do not anticipate eliminating this backlog until 2013, we have made significant progress to that end.

To accomplish our goal we will:

- **Increase staffing levels:** The ability to increase our ALJ corps and support staff is vital to our efforts to meet demands of increased hearing receipts and to reduce the amount of time individuals must wait for a decision. In FYs 2010 and 2011, we will hire new ALJs with the goal of reaching a total ALJ level of 1,500 by early 2012. We will also hire additional support staff to maintain at least a 4.5 to 1 national ratio of support staff to ALJ.

New Hearing Offices Opening in FY 2010	
<u>Hearing Offices</u> <ul style="list-style-type: none">• Akron, OH• Anchorage, AK• Covington, GA• Fayetteville, NC• Livonia, MI• Madison, WI• Mt. Pleasant, MI• Phoenix, AZ• St. Petersburg, FL• Tallahassee, FL• Toledo, OH• Topeka, KS• Valparaiso, IN	<u>Satellite Offices</u> <ul style="list-style-type: none">• Boise, ID• Fort Myers, FL• Harlingen, TX <u>Office Expansions</u> <ul style="list-style-type: none">• Las Vegas, NV• Sioux Falls, SD (satellite office)

- **Open new hearing offices:** New hearing offices are critical to eliminating the hearings backlog, responding to increasing workload demands and population shifts, and improving our service to the public. It is important that we began new space actions early and with an eye to the future to ensure that we would have fully functional hearing offices where and when we need them because it normally takes up to two years to establish a new hearing office. As shown in the chart above, an additional 16 offices are on track to open during FY 2010, and we are expanding 2 existing offices. In addition, we will open two centralized units to assist with our pulling, decision writing, and screening initiatives. We are also evaluating the number of new offices we can open in FY 2011 and the locations for these offices if we receive the full President's Budget.
- **Maximize use of National Hearing Centers:** The National Hearing Centers (NHC) play a crucial role in increasing our adjudicatory capacity. These sites handle only electronic cases and conduct all hearings via video conference. As a result, NHCs give us the flexibility to swiftly target assistance to areas of the country with the highest pending workloads. These

facilities are cost-efficient and better serve individuals who have been waiting the longest for a hearing decision. We now have four NHCs located in Falls Church, Virginia; Albuquerque, New Mexico; Baltimore, Maryland; and Chicago, Illinois. We will open our fifth NHC in St. Louis, Missouri in FY 2010.

- **Expand video hearing capacity:** We continue to increase our video hearing capacity across the country in order to improve our service to the public. Video hearing technology minimizes travel to hearing sites for individuals, their representatives, expert witnesses, and ALJs. In remote areas, this secure technology enables individuals to attend a video hearing rather than travel long distances to a hearing site. Additionally, video hearings allow ALJs to be more productive by providing them more time to hold hearings and issue decisions. Through our *Representative Video Project*, attorney and non-attorney representatives for individuals who have filed a request for a hearing may use their own video conferencing equipment to participate in hearings from their own office. We are also furnishing more hearing offices with video equipment so offices with available resources can assist other, more heavily backlogged, hearing offices.
- **Expedite hearing decisions:** We will continue to refine automated screening tools to identify cases where we may be able to issue fully-favorable decisions without a hearing. As part of this initiative, our most experienced Senior Attorney Adjudicators review pending hearing requests identified during the screening process to determine if they can issue fully-favorable decisions based on evidence already in our files. This process conserves ALJ resources for more complex cases that require a face-to-face hearing. In light of the increased workload resulting from the economic downturn, we will expand this initiative in FY 2010.

Performance Measure ~ Strategic Objective 1.1

1.1a: Complete the budgeted number of hearing requests

Fiscal Year	2010	2011	
Target	725,000	799,000	
FY 2007 – FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	547,951	575,380	660,842

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

Data source: *Case Processing and Management System*

Frequency reported: Monthly

Strategic Objective 1.2

Improve our workload management practices throughout the hearing process

We are improving the way we perform work in hearing offices by establishing best demonstrated practices, increasing automation, and testing a variety of models to determine the most efficient methods of doing our work. Our transition from paper to electronic disability folders provides opportunities to further automate and standardize our hearings processes.

- **Streamline and automate case tasks:** We are using automation to simplify the business process and increase productivity. We are refining the following initiatives to automate select tasks and functions in the hearing process:
 - ***Centralized Print and Mail:*** This process moves notice printing and mailing tasks from hearing offices to a centralized print/mail facility, thereby freeing hearing office staff from routine tasks, such as producing, folding, and mailing notices, and allowing more time for more complex case preparation functions. We have extended this functionality to all hearing offices for a limited number of notices and will continue to add additional notices as resources permit.

➤ **eSignature:** This new capability allows both ALJs and Senior Attorney Adjudicators to sign decisions electronically, thus eliminating the need for a wet signature. This functionality saves time and paper, and provides the capability to centrally print and mail decisions.

➤ **Auto-scheduling:** Although still in the developmental stage, this technology will provide an automated calendar function to assist with the scheduling of hearings based on the availability of the hearing site, ALJ, the applicant and their representative, and expert witnesses. Currently, scheduling a hearing is a very time consuming, labor-intensive process. Automating this function could significantly reduce the time required to coordinate the availability of all hearing participants and reduce hearing postponements and cancellations. Due to the complexity of this technology, we do not expect to have a completed system until FY 2012.

- **Eliminate use of temporary sites:** We use a variety of sites to hold hearings, including

temporary space in hotels, motels, courthouses, schools, and conference centers. The increased use of electronic disability files makes holding hearings in temporary space more difficult as we are generally not able to connect to our automated system at these sites. We are reducing the use of temporary hearing sites. In FY 2010, we plan to replace approximately 35 temporary sites with permanent remote sites, new hearing offices, and permanent remote rooms in field offices. We will replace 6 more sites in FY 2011. These changes will allow us to operate more efficiently and provide applicants with a more convenient, secure, and professional environment for their hearing.

- **Establish standardized electronic hearings business process:** The standardized electronic business process provides a detailed description of the most efficient and effective methods for performing the core electronic case processing tasks in the hearing office. It also standardizes the day-to-day operations and incorporates best practices for hearing offices nationwide. We

Use of Modeling to Improve Hearing Office Business Processes

Predictive Modeling:

We are developing predictive models to help us analyze and predict how long it should take to process a hearing request. This information will help us better manage our resources, stay on track to eliminate our backlog, and improve service delivery.

For example, the predictive models will help identify:

- Current and potential bottlenecks in the hearing process; and
- The most effective and efficient staffing levels and position mix.

Econometric Forecasting:

We also are developing models that forecast changes based on conditions external to the agency, such as the economy, demographic changes, and social conditions.

For example, this type of forecasting model will help us predict:

- How many hearing requests we may receive in the future; and
- Changes in the characteristics of individuals filing for disability.

began rolling out the process to 30 hearing offices in FY 2009. Our roll out will continue through FY 2010 until all hearing offices are using this standardized process.

- **Avoid a backlog at the Appeals Council:** As we increase our capacity to hear and decide cases, we are mindful of the resulting effect on the Appeals Council workloads. We expect over 119,000 Appeals Council receipts in FY 2010, an increase of almost 13,000 over FY 2009. More requests, coupled with our emphasis on completing the oldest and more complex Appeals Council cases, will significantly increase the overall time to process these cases. As a result, we estimate the average processing time for an Appeals Council decision will increase significantly between FYs 2008 and 2010. We will closely monitor Appeals Council workloads and take necessary action to reduce pending levels and processing time by hiring additional Administrative Appeals Judges and support staff and implementing early screening initiatives.

As part of a long-term business process improvement effort, the Appeals Council recently implemented the *Appeals Review Processing System* (ARPS), a new web-based processing system that links to the electronic folder. We plan to develop a web-based document generating system that will allow the propagation of information directly from ARPS into final action documents. This system will reduce keying errors in the drafting of final decisions, remands, dismissals, and denials of review and is expected to be available in FY 2011. Also in FY 2011, the Appeals Council intends to refine its electronic case analysis tool by adding enhancements similar to the State Disability Determination Services electronic case analysis tool. These enhancements will improve data gathering and will provide further data propagation to enhance the quality of the Appeals Council's actions. Integrating these analytical tools and document generation systems will improve consistency, reduce errors, and speed case processing.

Performance Measures ~ Strategic Objective 1.2

1.2a: Achieve the target number of hearing requests pending

Fiscal Year	2010	2011	
Target	707,000	657,000	
FY 2007 – FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	746,744	760,813	722,822

Data definition: The number of hearing requests pending at the end of the fiscal year compared to the target.

Data source: *Case Processing and Management System*

Frequency reported: Monthly

1.2b: Achieve the target to eliminate the oldest hearing requests pending

Fiscal Year	2010	2011	
Target	Less than 0.5% of hearing requests pending 825 days or older	Less than 0.5% of hearing requests pending 800 days or older	
FY 2008 – FY 2009 Historical Performance			
Fiscal Year	2008	2009	
Performance	Less than 1% of hearings pending 900 days or older	Less than 1% of hearings pending 850 days or older	

Data definition: The percentage of oldest hearing requests pending. The oldest hearing requests are those cases that are pending, or will be pending, 825 days or more at the end of the fiscal year. The percentage is derived by dividing the total number of hearing requests pending 825 days or more at the end of the fiscal year by the universe of oldest hearing requests identified at the beginning of the fiscal year.

Data source: *Case Processing and Management System*

Frequency reported: Monthly

1.2c: Achieve the budgeted goal for average processing time for hearing requests

Fiscal Year	2010	2011	
Target	485 days	460 days	
FY 2007 – FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	512 days	514 days	491 days

Data definition: The average processing time for hearing request dispositions compared to the target. The average processing time is the cumulative processing time for all hearing requests processed divided by the total number of hearing requests processed in the fiscal year.

Data source: *Case Processing and Management System*

Frequency reported: Monthly

Note: This measure is also a *Program Performance Measure*.

1.2d: Achieve the target to eliminate the oldest Appeals Council requests for review pending

Fiscal Year	2010	2011
Target	Less than 1% of Appeals Council requests for review pending 700 days or older	Less than 1% of Appeals Council requests for review pending 650 days or older
FY 2009 Historical Performance		
Fiscal Year	2009	
Performance	Less than 1% of Appeals Council pending 750 days or older	

Data definition: The percentage of oldest Appeals Council requests for review pending. The oldest requests for review are those cases that are pending, or will be pending, 700 days or more at the end of the fiscal year. The percentage is derived by dividing the total number of requests for review pending 700 days or more at the end of the fiscal year by the universe of oldest Appeals Council requests for review identified at the beginning of the fiscal year.

Data source: *Appeals Review Processing System*

Frequency reported: Monthly

1.2e: Achieve the target average processing time for Appeals Council requests for review

Fiscal Year	2010	2011	
Target	370 days	340 days	
FY 2007 – FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	227 days	238 days	261 days

Data definition: The average processing time for Appeals Council requests for review dispositions compared to the target. The average processing time is the cumulative processing time for all Appeals Council requests for review dispositions divided by the total number of Appeals Council requests for review processed in the fiscal year.

Data source: *Appeals Review Processing System beginning March 2008; ACAPS prior to March 2008*

Frequency reported: Monthly

STRATEGIC GOAL 2: IMPROVE THE SPEED AND QUALITY OF OUR DISABILITY PROCESS

Long-Term Outcomes	<ul style="list-style-type: none"> • Ensure individuals who are clearly disabled receive a decision within 20 calendar days of filing; • Reach an online filing rate of 25 percent for disability applications by 2012; • Regularly update our regulations and policies to incorporate the most recent medical advances; • Develop and implement a common case processing system for the Disability Determination Services; and • Make it easier for disabled individuals to return to work.
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We are responsible for the Nation’s two primary Federal disability programs: Social Security Disability Insurance and Supplemental Security Income. The combination of the economic downturn and baby boomers entering their most disability-prone years is resulting in a significant growth in our disability workloads. We anticipate receiving over 3.3 million disability applications in FY 2010, an all time high for the agency and about 750,000 more than in FY 2008.

It is increasingly difficult to complete disability applications due to the significant growth in disability applications, the increased complexity of those applications, advances in medical treatments, and outdated policies and procedures. Although we fully fund State Disability Determination Services, they operate under numerous state personnel and budget rules. State decisions to implement across-the-board hiring freezes and furloughs at some Disability Determination Services greatly slow the disability claims process. Furthermore, as pending levels grow, the amount of time it will take to complete an initial disability claim will increase. Despite all our hard work and dedication, we ended FY 2009 with initial disability claims pending at an all time high of nearly 800,000 cases. Although we plan to complete almost 270,000 more claims, we estimate that the pending level will exceed 1 million cases by the end of FY 2010.

We believe that the pending level of initial disability claims is unacceptable, and we are committed to returning to our pre-recession pending level of 525,000 claims by FY 2014. Our strategy to reduce the initial disability claims pending level includes encouraging states to avoid hiring freezes and furloughs, hiring additional Disability Determination Services employees, increasing Disability Determination Services overtime to give them maximum flexibility to tackle increasing workloads, implementing policy simplifications that will make adjudicating claims easier, and adding personnel to staff both Federal and State units that handle initial disability claims for areas of the country hit particularly hard. While we will work hard to achieve this goal, it will take sustained, adequate, and timely resources. We will provide more detail on our strategy to reduce the number of initial disability claims pending under separate cover.

Strategic Objective 2.1

Fast-track cases that obviously meet our disability standards

We are obligated to provide benefits quickly to individuals whose medical conditions are so serious that they obviously meet our disability standards. The *Quick Disability Determination* and the *Compassionate Allowances* processes enable us to fast-track certain cases by using computer technology to identify those applicants with the most severe disabilities.

We will continue to refine our fast-tracking capabilities while maintaining accuracy as follows:

- **Expand *Quick Disability Determinations* (QDD):** The QDD process uses a computer predictive model to screen initial applications to identify cases where a favorable disability determination is highly likely and medical evidence is quickly and easily obtainable; e.g. low birth-weight babies, certain cancers, and end-stage renal disease. On average, the Disability Determination Services process allowances on those cases identified as QDD in about 12 days. QDD has been used nationally since February 2008. We continue to refine the QDD predictive model and use it to its maximum capacity to accurately identify these cases.
- **Expand *Compassionate Allowances* (CAL):** The CAL process, implemented nationally in 2008, uses automation to quickly identify individuals clearly disabled by virtue of their disease or condition. Currently, we can favorably decide these cases based on confirmation of the diagnosis alone for 50 impairments and conditions (25 rare diseases and 25 cancers), such as amyotrophic lateral sclerosis or inoperable breast cancer. We allow nearly all CAL cases if we receive supporting documentation and non-disability criteria are satisfied. Individuals with severe disabilities can be approved for disability benefits in a matter of days instead of months or years. We are continuing to expand our initial list of CAL conditions through public hearings and consultations with medical, research, and advocacy communities.
- **Use *Electronic Records Express* (ERE):** We are committed to providing viable options for medical and school entities to transmit records to us electronically. ERE provides electronic options for submitting health and school records related to disability cases. Information may be sent electronically to our secure website or through fax to us or our partners, the State Disability Determination Services. These records are automatically associated with an applicant's electronic disability folder. We will continue to expand ERE, our first service channel to support electronic medical records. In Strategic Objective 2.3, *Regularly update our disability policies and procedures*, we describe our next evolutionary step to enable receipt and analysis of standardized electronic medical data through *Health Information Technology*.

Performance Measures ~ Strategic Objective 2.1

2.1a: Achieve the target percentage of initial disability cases identified as a *Quick Disability Determination* or a *Compassionate Allowance*

Fiscal Year	2010	2011
Target	4.5%	6.5%
FY 2009 Historical Performance		
Fiscal Year	2009	
Performance	3.8%	

Data definition: The percentage is derived by dividing the total number of initial disability cases identified as a *Quick Disability Determination* or a *Compassionate Allowance* or both by the total number of electronic initial disability cases filed in the last month of the current fiscal year.

Data source: *Executive and Management Information System, Management Information Disability (MIDIB)*

Frequency reported: Annually

2.1b: Complete the budgeted number of initial disability claims

Fiscal Year	2010	2011	
Target	3,081,000	3,317,000	
FY 2007 – FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	2,529,721	2,607,282	2,812,918

Data definition: The number of Social Security and Supplemental Security Income initial disability claims completed in the Disability Determination Services and other agency components in the current fiscal year up to the budgeted number.

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

Frequency reported: Monthly

2.1c: Minimize average processing time for initial disability claims to provide timely decisions

Fiscal Year	2010	2011
Target	132 days	141 days
FY 2008 – FY 2009 Historical Performance		
Fiscal Year	2008	2009
Performance	106 days	101 days

Data definition: The average processing time is the overall, cumulative number of elapsed days, including both Disability Determination Services and field office processing times, from the date of filing through the date payment is made or the denial notice is issued for all initial claims that require a medical determination. The total number of days to process all initial disability claims requiring a medical determination is divided by the total number of initial disability claims requiring a medical determination that are processed during the fiscal year.

Data source: *Social Security Unified Measurement Systems*

Frequency reported: Monthly

Note: This measure is also a *Program Performance Measure*.

Strategic Objective 2.2
Make it easier and faster to file for disability benefits online

We anticipate that initial disability claims receipts will peak in FY 2010 at over 3.3 million, over 10 percent more than in FY 2009 and nearly 30 percent more than in FY 2008. In FY 2009, we received our one-millionth online disability claim. To handle this anticipated workload growth, as well as fulfill the rapidly growing expectation for convenient, effective, and secure electronic service delivery options, we will continue to implement *Disability Direct*.

Disability Direct is an initiative that makes it easier and faster for individuals to apply for disability benefits online by using *iClaim*, a tool that enables individuals to file electronically for benefits from the comfort and convenience of their homes or offices. *Disability Direct* provides a simplified, secure, and user-friendly application process. It streamlines the process by only asking questions relevant to the applicant, making it easier and faster to file for disability benefits online. *Disability Direct* also includes links, prompts, and other tools to assist applicants. In FY 2009, we launched an aggressive marketing strategy to increase public awareness of both the availability and

advantages of *iClaim*. As a result, we expect to see continuing increases in the number of disability claims filed online in FY 2010 and beyond.

There are three foundational projects under the *Disability Direct* initiative designed to provide significant workload efficiencies: the *Appointed Representative Suite of Services*; the *Streamlined Application*; and the *Claims Data Web Service*.

- **Develop the *Appointed Representative Suite of Services*:** Increasingly, representatives transact business with us on behalf of applicants who file for disability benefits. To meet this demand for service from representatives (such as attorneys, non-attorneys, representative payees, and third parties) and alleviate workloads in our field offices, we are developing an *Appointed Representative Suite of Services*, a comprehensive package of online services for representatives. This will allow individual representatives at all levels (initial, reconsideration, hearing, and Appeals Council) of the disability process to register online, manage their representative profile, and have access to their clients' electronic folders. These services will focus on expanding registration and folder access to third parties, simplifying the process of submitting appeals, and documenting a representative's appointment.
- **Expand the *Streamlined Application Project*:** As part of the *Streamlined Application* project, we will release a simplified *Adult Disability Report*, which is used to obtain basic information needed to complete the claim for a person filing for disability, such as medical sources and employment history. This allows applicants and/or their representatives to minimize their completion time and improve the quality of disability information we receive.
- **Pilot the *Claims Data Web Service (CDWS)*:** The CDWS pilot will allow third parties to submit application data electronically to field offices. This service has the potential to eliminate manual keying of data for over 100,000 paper applications and appeals received annually from third-party providers, such as representatives, hospitals, and social workers.

We expect these initiatives and other disability-related projects to contribute to an increase in online disability claims applications, the number of appointed representatives managing their SSA workload with us electronically, and the number of fully electronic disability claims we complete.

We believe that the rising level of pending initial disability claims is unacceptable. We intend to reduce the number of pending claims below one million in FY 2011 and we are committed to returning to our pre-recession pending level by FY 2014. Achieving this goal will take adequate funding and hard work on the part of everyone at the agency over the course of the next several years, but we believe that this is a goal we must pursue to fulfill our obligations to the American public. Our strategy to reduce the initial disability claims pending level will include hiring and overtime in the state Disability Determination Services that help us to complete more claims, as well as improved online options and policy simplifications that will make adjudicating these claims easier.

Performance Measure -- Strategic Objective 2.2

2.2a: Achieve the target percentage of initial disability claims filed online

Fiscal Year	2010	2011
Target	25%	27%
FY 2009 Historical Performance		
Fiscal Year	2009	
Performance	21%	

Data definition: The percentage of initial Social Security disability claims filed online. The percentage is derived by dividing the number of initial Social Security disability claims filed online by the total number of initial disability claims that could be filed online in the current fiscal year.

Data source: *Executive and Management Information System, Electronic Service Delivery, Localized Management Information Report*

Frequency reported: Monthly

2.2b: Achieve the target number of initial disability claims pending

Fiscal Year	2010	2011	
Target	1,041,000	999,000	
FY 2007 - FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	555,317	556,670	779,854

Data definition: The number of Social Security and Supplemental Security Income initial disability claims pending in the Disability Determination Services and other agency components in the current fiscal year.

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

Frequency reported: Monthly

Note: This is a new performance measure for FY 2010.

Strategic Objective 2.3

Regularly update our disability policies and procedures

With the dramatic growth in the number of people applying for disability benefits, we cannot continue to process claims as we have in the past. Over the years, testing for, and treatment of impairments have changed. By comparison, the way we request and receive medical information to determine disability has not changed in any fundamental way in years.

Therefore, we will update our disability policies and procedures and use automation as follows:

- **Adapt our systems to *Health Information Technology (HIT)*:** Obtaining medical evidence is a critical and time consuming part of our disability determination process. Each year, we request over 15 million medical records on behalf of our disability applicants and store more than 400 million medical documents. In FY 2009, we became the first government agency to use the *Nationwide Health Information Network (NHIN)*, the Department of Health and Human Services' initiative to provide a secure connection to access electronic medical records. The NHIN provides safe, secure, and almost instantaneous access to medical records, thereby significantly shortening the time it takes to make a disability decision. In partnership with MedVirginia, we use the NHIN to obtain electronic medical records in some disability cases in Virginia. We will continue to work with the Office of the National Coordinator for Health Information Technology, MedVirginia, and other NHIN cooperative members to expand this effort.

Additionally, we are using \$24 million of the resources we received under the *American Recovery and Reinvestment Act*, to expand our use of HIT. We will award competitive contracts to fund technological support to healthcare organizations that will provide us with medical records through the NHIN. We expect to award contracts to health information exchanges, regional health information organizations, general medical service providers and facilities, and specialty care providers and facilities in early 2010.

Further, we will continue to collaborate with the Department of Health and Human Services, the Department of Veterans Affairs, other federal and state agencies, health care providers, and insurers, to develop uniform clinical coding and medical report formats to standardize electronic storage and exchange of medical records. Such standardization will allow us to not only identify disabling conditions quickly and automatically, but will allow us to search our vast database of medical records to track trends in disability claims and design more objective methods to identify disabling conditions.

- **Improve Return to Work Programs:** We are continuing to improve our two return to work programs: the *Ticket to Work Program* and the *Vocational Rehabilitation (VR) Cost Reimbursement Program*. Under the *Ticket to Work Program*, we issue *Tickets* to eligible disabled individuals who, in turn, may choose to assign their *Tickets* to an Employment Network (EN) to obtain employment services, VR services, or other support services. In 2008, we implemented new regulations revising the *Ticket to Work Program* to provide more incentives and to increase participation. Since our new regulations were effective, we have seen significant increases in return to work activity under the program. As of

November 2009, over 273,000 beneficiaries had *Tickets* in use either with an EN or received services from a VR agency. The number of beneficiaries with *Tickets* in use who worked in calendar year 2008 increased by 39 percent (to nearly 97,000) over calendar year 2007.

Over the next 2 years, we will continue to promote participation in the *Ticket* program among disabled individuals and service providers with our *Work Incentive Seminar Events* (WISE). WISE provides individuals receiving disability benefits with the information they will need to assign their *Ticket* and obtain the necessary supports to return to work. We will continue to recruit and train potential ENs by going into local communities to inform employers and other partners about the advantages of becoming an EN.

In FY 2010, we will propose changes to the regulations governing our *Vocational Rehabilitation Services Cost Reimbursement Program* and request public comment on these changes. Under the VR services program, we pay state VR agencies to provide services to individuals receiving disability benefits that will facilitate their ability to work. We have not modified the VR services program, a key component of our return to work strategy, since the creation of the *Ticket to Work Program* in 1999. We plan to make design changes that will ensure greater coordination between, and expand the success of, both programs. Specifically, we will formalize the rules necessary to transition individuals from receiving VR services to long-term EN support. With regulation changes that will create a smooth transition between the two programs, we expect to increase the likelihood that disabled individuals will work and earn at a level considered to be gainful employment.

We will also conduct research and demonstration projects to study ways to improve and simplify our services, and address the varied needs of individuals with disabilities. One project, *Benefit Offset National Demonstration*, will determine the effect of alternate methods of treating work activity in the Social Security Disability Insurance program. This project will allow individuals to experience a gradual reduction in their benefits, eliminating the abrupt loss of cash benefits when a disabled individual works and earns over a specific amount (for 2010, individuals can earn up to \$1,000 a month, unless they are blind, then the level is \$1,640 a month). Participants will maintain ongoing eligibility for health care benefits and other supports linked to Social Security Disability Insurance eligibility.

- **Update our *Listing of Impairments*:** One of the most effective tools we have for adjudicating disability claims is the *Listing of Impairments*, which allows us to determine if an individual is disabled when his or her impairment meets specified criteria, without the need to consider age, education, or work experience. The *Listing of Impairments* improves the consistency and accuracy of our decisions throughout all levels of the disability process. In the last 5 years, we have published final regulations for 8 of the 14 adult body systems so they now reflect updated advancements in medicine and technology. We are on schedule to review and update, as needed, all of the medical *Listings* every 5 years, which will improve our ability to decide whether an applicant meets our criteria for disability benefits. To support this initiative, we have also entered into a partnership with the *Institute of Medicine* to establish a committee of medical experts to assist us in ensuring that the *Listings* are medically supportable, relevant, and technologically current.

- **Develop an *Occupational Information System*:** We rely on the occupational information found in the *Dictionary of Occupational Titles* (DOT), produced by the Department of Labor, to determine whether individuals can do their usual work or any other work in the U.S. economy. The Department of Labor no longer updates the DOT; consequently, we developed a long-term strategy to create a new *Occupational Information System*. To support this effort, we established an Occupational Information Development Advisory Panel, which held its inaugural meeting in February 2009. The Panel's mission is to provide independent advice and recommendations on plans and activities to replace the DOT and help us to create an occupational information system tailored specifically for our disability programs and decision process.
- **Expedite requests for medical records:** Currently, we must obtain written authorization from applicants to send to their medical sources to acquire their medical records when they apply for disability benefits. This written authorization is the single remaining paper document currently required in our otherwise fully electronic disability case process. We will continue to work, in collaboration with advocates, to enable individuals applying for disability benefits to electronically grant permission for us to obtain their medical records rather than grant permission via a paper medical release form that requires a wet signature. Moving away from an antiquated paper process will reduce the burden on all parties involved and provide more timely decisions to disabled applicants, while still protecting the confidentiality of their personal information.
- **Develop a *Disability Case Processing System*:** The *Disability Case Processing System* will allow us to move from 54 separate State Disability Determination Services systems to a common, uniform system for the entire nation. Currently, each State Disability Determination Services has its own unique processing system. A common system will help us take advantage of rapidly changing health care industry technology, provide the foundation for a seamless electronic disability case processing system, and reduce our maintenance costs so we can spend more on service improvements. Our State Disability Determination Services partners agree that we need a common system. In FY 2010, we will continue to work closely with them to develop requirements and design the new system. In FY 2011, we plan to start a phased-in roll out of the new system.
- **Employ the *Electronic Claims Analysis Tool* (eCAT):** We continue to refine a web-based tool, eCAT, to assist examiners in the Disability Determination Services in making disability determinations. This tool aids examiners in documenting, analyzing, and adjudicating disability claims in accordance with our regulations and policies to yield consistent, policy-compliant outcomes. We are currently using eCAT in Disability Determination Services in eight states: Virginia, Connecticut, Colorado, Delaware, Michigan, New Jersey, North Carolina, and Louisiana. In FY 2010, we will continue to expand use of eCAT.
- **Reinstitute the Reconsideration Step:** In FY 2000, we began a pilot in 10 states that eliminated the reconsideration step as a way to streamline the disability adjudication process. We plan to reinstitute the reconsideration step in these states, and we will begin the process in FY 2011 in Michigan. This step will result in more employment in the Michigan Disability Determination Services, and it will help to reduce the hearing backlog in the state, which has one of the worst hearing backlogs in the country. By allowing individuals to receive a decision on their cases at the reconsideration step, we will approve some individuals for benefits sooner, and eliminate unnecessary hearings.

Performance Measures ~ Strategic Objective 2.3

2.3a: Update the medical *Listing of Impairments*

Fiscal Year	2010	2011
Target	Develop and submit at least 3 regulatory actions or <i>Social Security Rulings</i>	Develop and submit at least 3 regulatory actions or <i>Social Security Rulings</i>
FY 2009 Historical Performance		
Fiscal Year	2009	
Performance	Developed and submitted 8 regulatory actions or <i>Social Security Rulings</i>	

Data definition: Regulatory actions include *Advance Notice of Proposed Rulemaking*, *Notice of Proposed Rule Making*, *Final Rules*, or *Ruling*, or other *Federal Register* notice. We will develop regulatory actions or *Social Security Rulings* related to updating the medical *Listings of Impairments* for publication in the *Federal Register*.

Data source: *Office of Retirement and Disability Policy Workplan*

Frequency reported: Annually

2.3b: Increase the percentage of disability claims completed using *Health Information Technology*

Fiscal Year	2010	2011
Target	Establish Baseline	250% above FY 2010 baseline

Data Definition: The percentage increase in the number of disability claims completed using medical evidence gathered through *Health Information Technology* over the prior year.

Data source: *Medical Evidence Gathering and Analysis through Health Information Technology (MEGAHIT)* system

Frequency reported: Monthly

Note: This is a new performance measure for FY 2010.

STRATEGIC GOAL 3: IMPROVE OUR RETIREE AND OTHER CORE SERVICES

<p>Long-Term Outcomes</p>	<ul style="list-style-type: none"> • Achieve an online filing rate of 50 percent for retirement applications by 2012; • Improve the clarity of our correspondence; • Improve telephone service on our National 800 Number and in our field offices; and • Further automate our Social Security card application process.
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As the baby-boom generation retires and the economic downturn continues, an unprecedented number of Americans are filing claims for disability and retirement benefits. In addition to handling retirement and disability claims, we provide many other core services, such as handling claims for survivors and Supplemental Security Income benefits; issuing new and replacement Social Security Security cards; posting earnings to workers' records; handling calls to our National 800 Number and field offices; issuing annual *Social Security Statements*; and serving the public in our community-based field offices. To address the significant growth in our workloads, we must transform the way we deliver service by developing a wide range of online and automated services. Our ultimate goal is to provide applicants and their representatives with the ability to apply for a range of benefits and to update their records online.

First Baby Boomer Applies Online for Social Security



Kathleen Casey-Kirschling, recognized as the nation's first baby boomer, filed her online retirement application on October 15, 2007. Almost 4 million baby boomers became eligible to retire in 2009.

Strategic Objective 3.1

Dramatically increase baby boomers' use of our online retirement services

Nearly 80 million baby boomers will file for retirement benefits over the next 20 years – an average of 10,000 per day. With this wave of new applications, it is essential that we provide multiple service options, which include easy, user-friendly online and automated services. In FY 2009, we launched our national effort to promote Social Security's new and improved online application for retirement benefits, which was a tremendous success. We received more than twice as many retirement claims online compared to the prior year, and we expect further increases in FY 2010 and beyond.

We are enhancing our online services with the following initiatives:

- **Refine *Ready Retirement*:** We continue to enhance our *Ready Retirement* initiative, which will continue to streamline the claims application process. This initiative is also expanding the *iClaim* application, a tool that enables individuals to file electronically for retirement and disability benefits from the comfort and convenience of their homes or offices. On average, individuals are able to complete the application in as little as 15 minutes – far shorter than the 45 minutes it often took to complete the former online application. Much of this reduction stems from simplifying and streamlining our policies and procedures. For example, *iClaim* only asks questions pertinent to an applicant's personal situation based on information in our files (e.g., age, earnings, citizenship, and military service).

In FY 2010, we will implement another major release of *iClaim*. This release will enable users to file an abbreviated Internet application for Medicare only benefits. Since the full retirement age is now higher than age 65 for those born after 1942, many people are interested in filing for Medicare only while delaying their actual retirement benefits.
- **Expand the use of electronic data exchanges:** We will continue to explore opportunities to increase electronic data exchanges with the States and other government agencies to eliminate the need for online filers to bring or mail us evidentiary documents, such as birth and death certificates, proof of citizenship, and *Forms W-2*. Electronic data exchanges transform the application process from paper to fully electronic, thus making it more efficient and convenient.
- **Provide online tools to plan for retirement:** We have greatly improved the information available to an individual who is trying to decide the optimum date for retirement with our *Retirement Estimator*. This quick and secure online financial planning tool eliminates the need

iClaim Feedback from Individuals Filing for Retirement

- "I was pleasantly surprised to find such an excellent and easy to follow process. Great Job!"
- "It was all good. I have been trying to get to an office somewhere, but haven't. I just decided to see if there was a website where I could apply."
- "Great website layout. Easy to use and understand."

to manually key in years of earnings information and provides comparisons of various retirement scenarios. We will continue to refine and enhance our *Retirement Estimator* based on feedback from users. We are also developing a Spanish version of the *Retirement Estimator*.



To encourage individuals close to retirement to apply online for Social Security retirement benefits, we will continue to expand on our nationwide marketing campaign with actress Patty Duke as the celebrity spokesperson. We currently have an instructional CD, *Social Security Online Retirement Application*, posted to our website, as well as a Webinar, *Retire Online: It's So Easy* at <http://mwww.ba.ssa.gov/webinars/webinar1.htm>. We also have a page on YouTube http://www.ba.ssa.gov/instructions/Online_Application/oa.htm. We will continue to seek “out-of-the-box” venues, such as using Google and national organizations and advocacy group websites. We will refine our marketing techniques as we gain more experience and feedback.

In addition, we are partnering with national organizations and advocacy groups to post information about our online retirement services on their websites and in their newsletters and trade magazines. We are also marketing these online services at national conferences by conducting presentations, disseminating relevant materials, and staffing high-impact exhibits.

Performance Measures - Strategic Objective 3.1

3.1a: Percent of retirement and survivors claims receipts completed up to the budgeted level

Fiscal Year	2010	2011	
Target	100% (4,718,000)	100% (4,590,000)	
FY 2007 - FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	100.7% (3,863,813)	101.2% (4,236,455)	104.4% (4,742,218)

Data definition: The percent of retirement, survivors, and health insurance claims receipts completed in the current fiscal year up to the budgeted number.

Data source: *Work Measurement Transitional Database*

Frequency reported: Monthly

Note: This measure is also a *Program Performance Measure*.

3.1b: Achieve the target percentage of retirement claims filed online

Fiscal Year	2010	2011
Target	38%	44%
FY 2009 Historical Performance		
Fiscal Year	2009	
Performance	32%	

Data definition: The percentage of retirement claims filed online. The percentage is derived by dividing the number of retirement claims filed online by the total number of retirement claims that could be filed online in the fiscal year.

Data source: *Executive and Management Information System, Electronic Service Delivery, Localized Management Information Report*

Frequency reported: Monthly

Strategic Objective 3.2
Provide individuals with accurate, clear, up-to-date information

Currently, we issue approximately 350 million notices to the public each year and we expect that number to increase in the future. These notices communicate decisions, payment, and other important information, as well as inform individuals of their rights and responsibilities under our programs, including appeal rights. We send out an average of just over a million notices a day. By comparison, about a quarter-million transactions are handled via our National 800 Number, and over 100,000 individuals visit our field offices each day. Since, we communicate by written notice far more frequently than by any other means, it is critical that our notices be clear, concise, and easily understood.

We will continue to assess and improve our agency notices. These efforts include targeting high-volume, problematic notices, and obtaining input for improvement from those who receive our notices on how we can improve them.

Notice Improvements Initiative

This initiative is a collaborative effort across the agency to improve customer service. Some examples of what we plan to do in FY 2010 include:

- Restructure award and post-entitlement notices and improve appeals language;
- Improve readability, clarity, tone, and structure of overpayments notices;
- Restructure administrative law judge hearing level decisional notices; and
- Determine the feasibility of online delivery of notices to the general public.

We are developing notice standards, clear writing guidelines, and a national notice clearance process to ensure that the standards and guidelines are applied. Initial efforts have focused on improving notices that advise individuals of the date of their hearing, as well as Supplemental Security Income award and denial notices. We are undertaking steps to make our notices accessible to people who are blind or visually impaired.

Strategic Objective 3.3 Improve our telephone service

Our telephone service remains a primary option for providing effective and efficient service to the public. In FY 2009, over 85 million calls were placed to our National 800 Number. In FY 2010, we expect the call volume to be close to that of FY 2009. We assist callers by answering questions they have about Social Security benefits, schedule appointments for them to file claims, or help them obtain information from their Social Security record.

Individuals can also call to complete specific transactions, such as change of address, addition or change of direct deposit, replacement of a Medicare card, or request for a benefit verification statement. They can either speak to an agent or use our automated services that feature speech recognition, thus allowing callers to speak their request into an interactive voice-prompt system. Automated services reduce the time callers spend navigating through menu prompts and error-prone, touch-tone commands.

In FY 2009, we completed nearly 67 million transactions over the phones, of which nearly 41 million were handled by our agents and 26 million were processed using our automated services. We will continue to enhance our automated telephone services so more individuals can successfully complete their business with us by phone. In addition, we will provide optimal call services by implementing new technologies that help us forecast call volumes, anticipate staffing needs, and better distribute incoming calls across the network so callers can reach an agent quickly.

In FY 2010, we will take on a number of initiatives to improve our National 800 Number and field office telephone services.

Improvements to our National 800 Number services:

- **Explore click-to-communicate technology:** We will conduct planning and analysis to explore click-to-communicate technologies, such as *Web Callback* (also called “click to talk”), to leverage both online services and web technology. This technology will allow National 800 Number agents to assist users in “real-time” as they conduct business with us online.
- **Replace our National 800 Number infrastructure:** We will award and implement *Citizens Access Routing Enterprise through 2020 (CARE through 2020)*, a replacement of our National 800 Number telecommunications infrastructure. This new contract, expected to be awarded in April 2010, will replace two existing contracts and provide a Voice over Internet Protocol (VoIP) solution. Implementation is expected to take 12 months after the contract is awarded. The new infrastructure will include features that will allow us to keep pace with industry standards while also providing a flexible and scalable architecture and platform for future

growth and enhancements in voice automation, thus allowing us to support callers in new ways. The new VoIP solution will enable current teleservice centers to evolve into multi-channel Contact Centers staffed by multi-channel-capable agents. Examples of these new contact channels include future initiatives such as Click-to-Talk, Web Chat, Web Collaboration, Web Call Back, and Email.

- **Open new teleservice center:** We will work with the General Services Administration to build a new teleservice center in Jackson, Tennessee, the first new call center to be opened in more than a decade. This center will improve service to the millions of Americans who call our toll-free National 800 Number and will open in FY 2011.

Improvements to our field office telephone services:

- **Expand forward-on-busy:** We will expand technology to offer field office callers who receive a busy signal the option of transferring to the National 800 Number where they will have access to an agent or automated application services.
- **Expand the *Telephone Service Replacement Project*:** We will continue implementing the *Telephone Service Replacement Project*, a multi-year replacement of our aged local stand-alone telephone systems in over 1,400 field offices and hearing offices across the country. The new telephone system includes *Voice over Internet Protocol (VoIP)*. VoIP is a single system that carries voice and data over one line, saves administrative costs, and supports future technological improvements. VoIP provides a new capability to re-route calls during disasters and other emergencies. It will also enable us to test future technologies, such as “click to talk” to connect individuals to our telephone agents who can help them while they are conducting business online.

Performance Measures ~ Strategic Objective 3.3

3.3a: Achieve the target speed in answering National 800 Number calls

Fiscal Year	2010		2011	
Target	269 seconds		264 seconds	
FY 2007 – FY 2009 Historical Performance				
Fiscal Year	2007	2008	2009	
Performance	250 seconds	326 seconds	245 seconds	

Data definition: Speed of answer is calculated by dividing the wait time of all National 800 Number calls by the number of all National 800 Number calls answered in the fiscal year. Wait time begins from the time the caller is transferred to an agent (in queue) until an agent answers the call.

Data source: Report generated by Cisco router software

Frequency reported: Monthly

3.3b: Achieve the target busy rate for National 800 Number calls

Fiscal Year	2010	2011	
Target	8%	7%	
FY 2007 - FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	8%	10%	8%

Data definition: The busy rate is calculated as the number of National 800 Number busy messages divided by the number of National 800 Number calls offered to agents in the fiscal year. The caller receives a busy message when an agent is not available to answer the call because the queue has reached its maximum capacity of waiting calls. When this happens, we instruct the individual to call back later.

Data source: Report generated by Cisco router software

Frequency reported: Monthly

Strategic Objective 3.4

Improve service for individuals who visit our field offices

Our field offices are our front door for the American public. To better serve the public, we have a new initiative – *Space Modernization and Reception Transformation* – that will improve our field office reception areas and use new technologies to provide additional services to accommodate the increasing number of individuals who visit us each day. Under this initiative, we are incorporating new reception area features and designs to make visiting our offices a better experience. For individuals who live in remote areas and find it difficult to visit a field office, we are expanding our ability to serve them by using video technology. The ultimate goal of this initiative is to lay the groundwork for the *SSA Office of the Future*. To support this initiative, we will:

- **Improve field office reception and interview areas:** We are redesigning our reception and interview areas to improve privacy and confidentiality for visitors to conduct their business. We are installing easy-to-read digital signs to inform visitors where to go for service, as well as providing a more welcoming and accommodating look.
- **Pilot self-help personal computers:** We are continuing to pilot this initiative in field offices across the country. Self-help personal computers offer visitors access to a personal computer in our reception area to use our online services as an alternative to waiting for an interview with field office personnel. It provides an option for individuals who may not have access to a

personal computer at home. For visitors using these computers, we will provide a wide range of support services as they complete their transactions online, such as instructional videos and employees offering technical assistance. The standard is for pilot offices to have at least two self-help personal computers available. We currently have approximately 60 field offices offering this service.

- **Provide *Social Security TV*:** We will continue to pilot *Social Security TV* in field offices. The televisions run informational broadcasts in reception areas to provide office visitors with information about our programs and services, such as what documents they need to apply for benefits or a Social Security Number. *Social Security TV* incorporates sound, video, and graphics to keep the public interested and focused on the presentation. It provides service to a broad customer base by communicating information in different languages, such as English, Spanish, and Russian. We will expand its use to approximately 300 more offices in FY 2010.
- **Expand video service delivery:** There are a number of ways individuals can do business with us. Today individuals can visit a local field office, call by phone, and even complete many business transactions online. We are testing another method for the public to do business with us by using real-time video conferencing. We are piloting video service delivery to conduct video interviews with members of the public in other field offices or third party sites, such as hospitals, community centers, libraries, Indian reservations, and the Veterans Administration in Puerto Rico. Our experience thus far has been very successful. Our employees can conduct interviews face-to-face even when they are miles away, thereby offering the public a convenient and low-cost option to obtain a full range of our services. We will continue to test video conferencing across the country and examine the feasibility of expanding its use for individuals living abroad.

Performance Measure ~ Strategic Objective 3.4

3.4a: Percent of individuals who do business with SSA rating the overall services as “excellent,” “very good,” or “good”

Fiscal Year	2010		2011	
Target	83.5%		83.5%	
FY 2007 – FY 2009 Historical Performance*				
Fiscal Year	2007	2008	2009	
Performance	81%	81%	81%	

Data definition: The percent is derived by dividing the number of respondents who rate overall service as “good,” “very good,” or “excellent” on a six-point scale ranging from “excellent” to “very poor” in the fiscal year by the total number of respondents.

Data source: Overall satisfaction rating is based on Service Satisfaction Surveys of National 800 Number callers; field office callers; visitors to field offices and hearings offices; and, starting in FY 2009, individuals who filed an application online. Additional cohorts of individuals using transactional Internet services are to be added incrementally each year from FY 2011- FY 2013 in the following categories: changes to beneficiary records; completion of medical forms; and information requests (such as request for benefit verification.)

Frequency reported: Annually

***Note:** Prior to FY 2009, historical data included surveys of National 800 Number callers, field office callers, and visitors to field offices and hearing offices only. Starting in FY 2009 and continuing in FY 2010, we expanded the data source to include individuals who filed an application online.

Note: This measure is also a *Program Performance Measure*.

Strategic Objective 3.5

Process our Social Security Number workload more effectively and efficiently

Each year we complete approximately 6 million original and 12 million replacement Social Security card applications. We also verify Social Security Numbers (SSN) more than one billion times a year through a variety of electronic exchanges with public and private organizations. The process of assigning Social Security Numbers and issuing Social Security cards is referred to as enumeration. This workload is highly sensitive and often complex. We must develop efficient ways to handle this workload electronically to meet the increased enumeration workloads. To accomplish this, we will implement features of a plan we have developed, referred to as *Quick, Simple, and Safe SSNs*, and designed to reduce the burden on the public as we improve the efficiency of our process through automation:

- **Strengthen the *Social Security Number Application Process* (SSNAP):** Our employees currently use two systems to complete Social Security card requests. The SSNAP initiative will combine the functionality from the two systems into a single web-based application that ensures the integrity of the enumeration process. SSNAP is now available in 557 field offices and 2 foreign service posts. We will fully implement SSNAP in all field offices, foreign service posts, and teleservice centers in FY 2010.
- **Launch an *Online Replacement Card Starter Kit*:** We plan to launch an *Online Replacement Card Starter Kit* in FY 2010. It will allow members of the public to start the process of applying for a replacement Social Security card online at www.socialsecurity.gov in either English or Spanish. Individuals must be applying for themselves and have a U.S. mailing address. Once the online application is completed and submitted, it will be stored in our records for a period of time, which is still to be determined. Applicants will be advised about the required documentation and the nearest field office or Social Security Card Center to visit to complete the process. Once the required documentation is received, field office personnel will access the online information and complete the application as usual. Applicants will receive their replacement cards in the mail within 14 days. This process makes the replacement card process more efficient by reducing the amount of time it would normally take to collect required information and documentation during the field office or Card Center interview.
- **Expand use of *Social Security Number Verification Services* (SSNVS):** The SSNVS allows employers to determine, almost instantaneously, if the reported name and Social Security Number of an employee matches our records. We will work with the business community to encourage additional employers and private sector companies to use this service. SSNVS will help minimize fraud and ensure the accuracy of individuals' earnings records.

- Provide central locations to handle Social Security Number applications:** We currently have seven Social Security Card Centers located throughout the country. The Card Centers streamline and improve the integrity and stewardship of the SSN assignment process. Because of their specialized expertise, Card Center employees complete applications for original SSNs and replacement cards with a high degree of integrity, efficiency, and expertise. Applicants for a new or replacement card have shorter wait times in the Card Centers than in the field offices. Moreover, because the Card Centers handle much of the SSN workload, nearby field offices can focus on other critical activities, which results in quicker, more efficient services in field offices located in proximity to the Card Centers. We plan to open additional Card Centers in FYs 2010 and 2011.
- Support *E-Verify*:** We will continue to support *E-Verify*, a Department of Homeland Security program that allows employers to electronically verify the employment eligibility status of newly hired employees. The *E-Verify* system checks the information employers submit about an employee against our records and then notifies employers if the data is consistent with our records. For non-citizens, *E-Verify* also checks Department of Homeland Security immigration databases to verify work authorization status. Employer use of *E-Verify* has grown significantly over the last 5 years. In FY 2009, we handled approximately 9.4 million queries. In FY 2010, we expect *E-Verify* to handle about 12 million queries. In FY 2011, we expect *E-Verify* to handle more than 12 million queries.
- Expand *Enumeration-at-Entry* (EAE):** Currently, this program allows aliens age 18 or older to apply for a SSN with the Department of State or the Department of Homeland Security when they arrive in the U.S. As a result of ongoing collaboration with these agencies, in FY 2009, we expanded EAE to handle requests for children under the age of 18 who have applied for immigrant visas and a SSN. In FY 2010, we plan to improve the current EAE process by implementing additional systems checks to prevent the issuance of multiple SSN and expand our management information capabilities. We are proactively working with the Department of Homeland Security to expand the classifications of non-citizens, including individuals applying for admission to the United States who are under certain non-immigration visa classifications. These planned improvements will eliminate opportunities for fraud and reduce the number of EAE problem cases.
- Implement use of *Auto Cards*:** We will work with the Department of Homeland Security to support their transmission of data directly to our enumeration system, which will allow us to automatically and securely assign a SSN and issue a Social Security card without field office

Our Social Security Card Centers

We currently have offices located in:

- Brooklyn, NY
- Las Vegas, NV
- Orlando, FL
- North Phoenix, AZ
- Downtown Phoenix, AZ
- Queens, NY
- Sacramento, CA

We plan to open Card Centers in:

- Philadelphia, PA and South Bronx, NY during FY 2010
- Manhattan, NY during FY 2011

action for certain changes in alien and citizenship status. The new process will be available for three categories of individuals: 1) non-immigrants (e.g., individuals in the United States with a valid visitor visa) whose status changes to permanent resident status; 2) non-citizens applying for a work permit for the first time; and 3) individuals who become naturalized citizens. We plan to begin development for this multi-year initiative in FY 2010.

Performance Measure ~ Strategic Objective 3.5

3.5a: Achieve the target percentage for correctly assigning original Social Security Numbers

Fiscal Year	2010	2011
Target	99%	99%
FY 2008 – FY 2009 Historical Performance*		
Fiscal Year	2008	2009
Performance	100%	Available May 2010

Data definition: The percentage is derived using a statistically valid sample of original Social Security Numbers assigned in the fiscal year. The number of correctly assigned Social Security Numbers is divided by the total number sampled. We consider the Social Security Number assigned correctly when: 1) the individual did not receive a Social Security Number that belongs to someone else; 2) the individual did not receive more than one Social Security Number, except where permitted; and 3) the individual is eligible to receive a Social Security Number based on supporting documentation.

Data source: *Enumeration Quality Review*

Frequency reported: Annually

***Note:** In FY 2008, historical data for the number of Social Security Numbers issued free of critical error included “if the applicant had more than one Social Security Number, the numbers were cross-referenced.” The reason targeted performance levels were decreased beginning in FY 2009 was that we changed the definition of what we considered to be a correctly assigned Social Security Number. In FY 2009, historical data will include correct assignment of a Social Security Number if the individual does not receive more than one Social Security Number. Beginning in FY 2010, we changed the data definition to include correct assignment of Social Security Numbers if the individual did not receive more than one Social Security Number, except where permitted.

STRATEGIC GOAL 4: PRESERVE THE PUBLIC’S TRUST IN OUR PROGRAMS

<p>Long-Term Outcomes</p>	<ul style="list-style-type: none"> • Minimize improper payments; • Improve protection of personally identifiable information; • Increase the electronic filing of wage reports; • Strengthen our efforts to protect program dollars from waste, fraud, and abuse; and • Increase the use of “green” solutions in our daily operations.
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To preserve the public’s trust in our programs, we must balance our commitment to serving the public with our ongoing investment in program integrity activities. The gradual expansion of our workloads and the recent surge in claims caused by the aging of the baby boomers and the economic downturn present major challenges to our stewardship and service missions. In FY 2009, we paid approximately 56 million individuals more than \$700 billion in Social Security and Supplemental Security Income payments. We must have policies and core processes in place to ensure we pay benefits accurately and timely, and administer our programs efficiently and effectively. We take our stewardship of these programs seriously, and we will continue to demonstrate our commitment to sound management practices. We work collaboratively with our federal, state, and local partners to identify improper payments. We also conduct ongoing, extensive reviews to not only confirm that individuals receive the benefits they are due, but also to maintain public confidence that we protect and properly manage our resources and program dollars.

Strategic Objective 4.1 Curb improper payments

Our program integrity workloads are critical to ensuring well-run programs and accurate payments. As stewards of the programs entrusted to us, we must ensure that we pay individuals the correct amount – neither overpaying nor underpaying them. To accomplish this, we will undertake projects with the greatest potential to improve program integrity across three fronts to: 1) detect improper payments; 2) prevent improper payments; and 3) collect debt.

Detect improper payments

To ensure that we pay program benefits only to those individuals who continue to be disabled or have ongoing eligibility for benefits, we will persist in our efforts to increase program integrity levels by continuing to:

- **Conduct Supplemental Security Income redeterminations:** Supplemental Security Income is a means-tested program that provides cash assistance to aged, blind, and disabled individuals with limited income and resources. Once individuals are eligible for these benefits, changes in their living arrangements or in the amount of their income or resources can affect their ongoing eligibility for or the amount of their benefit. In order to ensure that we are making accurate Supplemental Security Income payments to eligible individuals, we conduct periodic reviews or redeterminations. Redeterminations ensure that individuals receiving Supplemental Security Income are paid the correct amount based on non-medical factors of eligibility. They are a proven investment. We currently estimate that redeterminations have a return on investment over 10 years of \$8 in program savings for each \$1 spent, including savings accruing to Medicaid. In FY 2010, we expect to conduct 2,422,000 Supplemental Security Income redeterminations, an increase of more than 690,000 over FY 2009 and we plan to maintain the higher level in FY 2011.
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- **Perform Continuing Disability Reviews (CDR):** To ensure we pay disability benefits only to those who continue to meet our medical requirements, we periodically conduct CDRs. We have found that CDRs are highly productive; every \$1 spent on CDRs produces a \$10 return. To make this process even more efficient, we continue to refine the CDR mailer/statistical scoring model to screen cases and identify those cases for which a full medical review would not be cost-effective. We then conduct full medical CDRs for the remaining cases. We are also implementing an electronic CDR process, which increases our speed and productivity compared to a paper CDR process. In FY 2010 and FY 2011, we plan to increase the volume of periodic medical CDRs, helping us continue to reverse a trend in declining CDRs.

Prevent improper payments

To avoid improper payment of benefits through the use of technology, we will:

- **Expand the *Access to Financial Institutions* initiative:** In the Supplemental Security Income program, resources in undisclosed financial accounts are a factor contributing to many overpayments. We will expand use of an electronic process, known as *Access to Financial Institutions*, to check account balances directly with financial institutions. To date, we have implemented *Access to Financial Institutions* in three states – California, New Jersey, and New York. We will expand this project to more states in FY 2010, with the ultimate goal of nationwide implementation.
- **Promote use of the *Supplemental Security Income Telephone Wage Reporting* system (SSITWR):** Wages continue to be a major source of payment error in the Supplemental

Security Income program because we do not always receive accurate or timely monthly wage information. We have made it easier for individuals and their representative payees – individuals or organizations who receive Supplemental Security Income benefits on behalf of others who cannot manage their own benefits – who are willing and able to report monthly wages through an automated telephone system. The SSITWR eliminates the need for individuals to mail or bring copies of their pay slips into their local field offices and requires minimal intervention from our employees. We encourage individuals receiving Supplemental Security Income payments to report their wages via the SSITWR, and we will provide them with training on how to use the system.

Collect debt

To continue to carefully manage program dollars by collecting debts, we will:

- **Enhance overpayment collection efforts:** We recover Social Security and Supplemental Security Income debt from the overpaid individual. We also recover debt from a representative payee who is liable for the overpayment. To recover debt, we withhold current benefit payments from the individual. Debt is more difficult to recoup once benefits end; therefore, we make every effort to identify and collect debt as soon as possible. If the overpaid individual no longer receives benefits, we offer the opportunity to repay debt via monthly installment payments. If a repayment agreement cannot be arranged, we withhold debt from a variety of sources including federal tax refunds, federal annuities, and wages. We will enhance our debt collection by using offset of state payments, including state tax refunds. We are planning to implement several additional debt collection tools, such as charging administrative fees and interest on debts.

Performance Measures ~ Strategic Objective 4.1

4.1a: Complete the budgeted number of Supplemental Security Income non-disability redeterminations

Fiscal Year	2010		2011	
Target	2,422,000		2,422,000	
FY 2007 – FY 2009 Historical Performance				
Fiscal Year	2007	2008	2009	
Performance	1,038,948	1,220,664	1,730,575	

Data definition: The number of non-disability Supplemental Security Income redeterminations completed in the fiscal year up to the target. This number includes scheduled and unscheduled reviews, as well as targeted redeterminations.

Data source: *Redetermination Service Delivery Objective Report, Limited Issue Service Delivery Objective Report, Post-eligibility Operational Data Store*

Frequency reported: Monthly

4.1b: Complete the budgeted number of continuing disability reviews

Fiscal Year	2010		2011	
Target	954,000		1,388,000	
FY 2007 – FY 2009 Historical Performance				
Fiscal Year	2007	2008	2009	
Performance	764,852	1,091,303	1,101,983	

Data definition: The number of continuing disability reviews (CDRs) completed in the fiscal year up to the target. This number includes medical reviews completed by the Disability Determination Services and other agency components, reviews conducted by questionnaires (mailers) that do not require a medical review, and cases where we initiated a review but one was not conducted because the individual failed to cooperate.

Note:

FY 2011 target of 1,388,000 includes 360,000 medical CDRs and approximately 1,028,000 mailers that do not require a medical review.

FY 2010 target of 954,000 includes 329,000 medical CDRs and approximately 625,000 mailers that do not require a medical review.

FY 2009 performance of 1,101,983 includes 316,960 medical CDRs and 785,023 mailers that did not require a medical review.

FY 2008 performance of 1,091,303 includes 245,388 medical CDRs and 845,915 mailers that did not require a medical review.

FY 2007 performance of 764,852 includes 207,637 medical CDRs and 557,215 mailers that did not require a medical review.

Data source: *Continuing Disability Review Tracking Files*

Frequency reported: Monthly

4.1c: Percent of Supplemental Security Income payments free of overpayment (O/P) and underpayment (U/P) error

Overpayment Accuracy Rate

Fiscal Year	2010	2011	
Target	91%	91.5%	
FY 2007 - FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	90.9%	89.7%	Available June 2010

Underpayment Accuracy Rate

Fiscal Year	2010	2011	
Target	98.8%	98.8%	
FY 2007 - FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	98.5%	98.3%	Available June 2010

Data definition: The Supplemental Security Income payment accuracy rate free of overpayment and underpayment error is determined by an annual review of a statistically valid sample of the beneficiary rolls. The payment accuracy is based on a non-medical review of sampled individuals receiving Supplemental Security Income payments during the fiscal year. The overpayment accuracy rate is determined by dividing the total overpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent. The underpayment accuracy rate is determined by dividing the total underpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent.

Data source: *Supplemental Security Income Stewardship Report*

Frequency reported: Annually

Note: This measure is also a *Program Performance Measure*.

4.1d: Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment (O/P) and underpayment (U/P) error

Overpayment Accuracy Rate

Fiscal Year	2010	2011	
Target	99.8%	99.8%	
FY 2007 - FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	99.8%	99.7%	Available June 2010

Underpayment Accuracy Rate

Fiscal Year	2010	2011	
Target	99.8%	99.8%	
FY 2007 - FY 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	99.9%	99.9%	Available June 2010

Data definition: The Old-Age, Survivors, and Disability Insurance (OASDI) payment accuracy rate free of overpayment and underpayment error is determined by an annual review of a statistically valid sample of the beneficiary rolls. The payment accuracy is based on a non-medical review of sampled individuals receiving OASDI payments during the fiscal year. The overpayment accuracy rate is determined by dividing the total overpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent. The underpayment accuracy rate is determined by dividing the total underpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent.

Data source: *Old-Age, Survivors, and Disability Insurance Stewardship Report*

Frequency reported: Annually

Note: This measure is also a *Program Performance Measure*.

Strategic Objective 4.2

Ensure privacy and security of personal information

Since the enactment of the *Social Security Act* in 1935, one of our priorities has been protecting the privacy of personally identifiable information in our records. Privacy protection was the subject of our first regulation in 1936. The regulation details our privacy policy and the permissible disclosures of personally identifiable information. It also reflects our commitment to maintaining the confidentiality and integrity of such information.

As we continue to safeguard personal information, we will improve our encryption practices for data moving outside our facilities and networks, train employees and contractors and hold them accountable for safeguarding personally identifiable information with which they work, and strictly control access to systems containing such information. We will also conduct rigorous annual security reviews of our systems and programs, and ensure that our data exchange activities adhere to the National Institute of Standards and Technology requirements.

To further ensure privacy and security of personal information, we will:

- **Develop authentication solutions:** The public expects and deserves a secure environment when they conduct business with us online and on the telephone. To provide a secure environment, we must authenticate, with certainty, that we are conducting business with the individual he or she claims to be. We are building stronger authentication methods to support new and improved Internet and automated telephone applications while appropriately protecting personal information. Based on public feedback, we will strengthen our passwords to better conform to industry standards.

In FY 2010, we will implement a new authentication solution to provide appointed representatives, who act on behalf of individuals who file for benefits, with secure access to their clients' electronic files. After successful registration, we will collect representatives' text-enabled cell phone numbers. Prior to accessing their clients' electronic folder, representatives must enter a user identification number, password, and a text-messaged password. The text-messaged password will change with each access attempt, providing an additional layer of security to appropriately protect the personal information of their client.

In an effort to improve our authentication protocols, we will continue to conduct public surveys and perform benchmarking with private sector businesses and other government agencies. In FY 2011, we will begin using a combination of SSA and external data to more accurately identify individuals who want to do business with us online. We are strengthening our current authentication methods to ensure they continue to meet federal standards to protect personal information.

- **Comply with the *Federal Information Security Management Act of 2002*:** We report annually to the Office of Management and Budget and to Congress on our ability to safeguard information security programs and practices, including personally identifiable information. We comply with requirements found in the *Federal Information Security*

Management Act. See Appendix C for more information about the *Federal Information Security Management Act*.

- **Inform the public:** Through notices in the *Federal Register*, we will continue to inform the public and invite their comments about our authority for collecting and using personal information; rules governing the maintenance of personal information; what possible disclosures might be made of the information; and how to access, amend, or correct information we have in our records.
- **Conduct *Privacy Impact Assessments*:** We are committed to protecting the privacy of individuals who interact with us. As directed by the *E-Government Act of 2002*, we conduct reviews of how personal information is handled when we use electronic systems to collect information, or when we develop or buy new systems to handle collections of personally identifiable information. The *E-Government Act* also directs us to describe how we handle information individuals provide electronically so that personal information is protected. We will continue to publish assessments on <http://www.socialsecurity.gov/foia/html/pia.htm>.

Strategic Objective 4.3 Maintain accurate earnings records

In FY 2009, we completed and posted more than 262 million reports of earnings to individuals' records. We base Social Security benefit amounts on a worker's lifetime earnings, so it is critical that we maintain accurate earnings records and credit the correct amount of earnings to the right person. Maintaining accurate earnings records is resource intensive and highly complex, and it is vital to the administration of our programs. We make every effort to ensure employers and workers have the tools to report wages accurately and to correct any mistakes in their earnings records. Despite these efforts, since 1937, unreported name changes, employer errors, and misuse of Social Security Numbers have resulted in 296 million wage items (representing over \$835 billion in earnings) that cannot be properly posted to workers' earnings records. We place these unposted wage items in the Earnings Suspense File. Each year we review the Earnings Suspense File and attempt to match wage items with the correct worker's earnings record. In 2009, we identified over 119,000 wage items in the Earnings Suspense File, for a total of over \$1 billion in earnings, which were matched with the correct worker's earnings record.



Other efforts we will take to ensure the accuracy of earnings records include:

- **Issue annual *Social Security Statements*:** We will continue to issue the annual *Social Security Statement*, as required by law, so individuals can review their earnings record for accuracy and completeness. We mail the *Statement* to all workers age 25 and older who are not yet receiving Social Security benefits. The *Social Security Statement* arrives 2 to 3 months before an individual's birthday. It provides estimates of their retirement, disability, and survivor benefits based on their Social Security tax contributions and helps individuals and their families plan for their financial future. More information is available at <http://www.socialsecurity.gov/mystatement/>.

In FY 2009, we completely redesigned the insert, *Thinking of retiring?*, that we send to workers age 55 and older, which highlights retirement age considerations, the online *Retirement Estimator*, and the ease of filing online. We also began including an insert, *What young workers should know about Social Security and saving*, for workers ages 25-35, which provides information about retirement planning and includes a chart illustrating the benefits of saving. In FY 2011, we will issue approximately 154 million *Social Security Statements*. To maximize the usefulness of the *Statement*, we will conduct formal surveys and meet with the public to solicit their feedback on its design and content. We will use the feedback to make necessary revisions and enhancements.

- **Increase electronic wage report filing:** We will continue to work toward eliminating paper wage reports while migrating to an electronic earnings record process. Annually, we receive over 43 million paper wage reports from approximately 4.4 million employers. Since paper wage reports are more error-prone, labor intensive, and expensive to complete, we will continue to encourage employers to use *Business Services Online* to file *Forms W-2* for their employees electronically. We will inform employers about electronic wage reporting through online information and resources, promotional materials, payroll conferences, articles in trade publications, and direct contact. Additionally, we continue to work with the Internal Revenue Service to improve all aspects of wage reporting.
- **Implement *Earnings: The Next Generation* initiative:** Our earnings systems, last modernized in 1994, involve manual processes that make them error-prone and poorly suited for today's Internet environment. We are redesigning our systems to transform our earnings process from paper to electronic. Some benefits of this redesign include timely wage postings, increased accuracy of posted earnings, and better Social Security Number verification. In FY 2010, we will begin modernizing the system that processes self-employment earnings, as well as unifying the multiple-systems that process corrections to earnings records. For FY 2011, we plan to begin analysis of the system that processes Form W-2s, complete modernization of the system that processes self-employment income, and continue to improve our earnings corrections processes.

Performance Measure ~ Strategic Objective 4.3

4.3a: Reduce the target percentage of paper Forms W-2 completed

Fiscal Year	2010	2011
Target	17%	16.5%
FY 2009 Historical Performance		
Fiscal Year	2009	
Performance	16%	

Data definition: The percentage of paper *Forms W-2* processed to completion. The percentage is derived by dividing the number of paper *Forms W-2* processed to completion by the total number of *Forms W-2* processed to completion.

Data source: *Earnings Modernization Operational Data Store Management Information Reports*

Frequency reported: Annually

Strategic Objective 4.4 Simplify and streamline how we do our work

To meet the challenges of our growing workloads and provide the best service possible, we will simplify and streamline our policies and procedures, as well as moving more of our business processes to an electronic environment. Our processes, policies, and regulatory and statutory requirements are often complicated as well as difficult to administer and explain. Moreover, years of legislation and litigation have increased our responsibilities and made our requirements even more complex. We will work with Congress and stakeholders to identify ways to simplify our statutory and regulatory requirements. Initiatives to support these efforts include:

- Develop legislative proposals through the Legis Team:** We have established an agency-wide collaborative process to develop legislative proposals that affect our programs. Our focus is two-fold: 1) enhancing the equity and adequacy of our programs, and 2) simplifying and streamlining policy. The Legis Team will develop proposals for the Commissioner's consideration with input from all agency components. This effort will ensure that we identify every opportunity for policy improvement and provide Congress with substantive and viable proposals to consider.

- **Expand the use of the *Integrated Disability Process*:** The *Integrated Disability Process* is a multi-component initiative, chaired by agency executives, which will resolve important disability policy and procedural issues. This initiative will also help us address differences and difficulties in the application of disability policy and procedures at all decision-making levels. Through innovation and collaboration, the *Integrated Disability Process* team is working to simplify, clarify, and streamline some of the most complex policy issues in our disability programs.

Strategic Objective 4.5

Protect our programs from waste, fraud, and abuse

We maintain a strong detection and prevention program to deter persons who seek to obtain benefits through fraud and abuse. We also collaborate with other federal agencies to investigate and prosecute fraud, expand forensic computer crime detection capabilities, and strengthen fraud prevention by adding new checks and balances in our processes. We will continue to protect our programs through the following activities:

- **Ensure the integrity of our *Annual Financial Statement*:** As mandated by the *Chief Financial Officers Act of 1990*, each year our Inspector General (IG), or an independent external auditor as determined by the IG, audits our financial statements in accordance with applicable standards. We strive to obtain an unqualified audit opinion which attests to the fair presentation of our financial statement, and demonstrates the discipline and accountability essential to our responsibilities as stewards of Social Security funds. This opinion assures the public and Congress that: 1) our financial statements conform to generally accepted accounting principles; 2) our internal controls over financial reporting are operating effectively; and 3) we are in compliance with laws and regulations governing use of budgetary authority.
- **Expand our Cooperative Disability Investigation (CDI) program:** We will continue to work collaboratively with our Office of the Inspector General, State Disability Determination Services, and state and local law enforcement to resolve allegations of fraud in our disability programs. Our CDI program is one of our most successful anti-fraud initiatives and has contributed to more than \$2 billion in SSA and non-SSA program savings over the last 11 years. We plan to open two new CDI units in both FYs 2010 and 2011. These new units, along with our current 20 CDI units, will help us prevent payments to individuals who are not disabled, terminate payments to those who have failed to report medical improvement or work activity, and stop payments to those who should have not received disability benefits.
- **Conduct *Onsite Security Control and Audit Reviews*:** We will continue to conduct ongoing *Onsite Security Control and Audit Reviews* at all of our field offices, teleservice centers, processing centers, Disability Determination Services, and hearing offices to ensure that they follow established policies and procedures and that management controls are in place to deter and detect waste, fraud, and abuse. The reviews identify any major procedural problems before they lead to material weaknesses. We require office managers to submit a corrective action plan providing details on the actions they will take to correct each deficiency cited during the review. We also monitor corrective actions to ensure we address each deficiency.

Performance Measure ~ Strategic Objective 4.5

4.5a: Receive an unqualified audit opinion on SSA's financial statements

Fiscal Year	2010		2011
Target	Receive an unqualified opinion		Receive an unqualified opinion
FY 2007 - 2009 Historical Performance			
Fiscal Year	2007	2008	2009
Performance	Received an unqualified opinion		

Data definition: The receipt of an unqualified audit opinion from an independent auditor. An independent auditor determines that agency financial statements are presented fairly, in all material respects, and conform to accounting principles generally accepted in the United States of America.

Data source: The independent auditor report

Frequency reported: Annually



Strategic Objective 4.6

Use “green” solutions to improve our environment

We have a responsibility to the public to conduct business in an environmentally friendly manner through energy and waste conservation. We began recycling and purchasing energy efficient lighting, electronics, and appliances before *Executive Order 13423, Strengthening Federal Environment, Energy, and Transportation Management*, directed Federal agencies to improve their environmental, energy, and transportation processes. One hundred percent of our new vehicle purchases are alternative fuel vehicles. Nationwide, we have converted over 60 percent of our light-duty vehicles to alternative fuel vehicles, and at Headquarters, we have converted 80 percent of these vehicles. We will continue to meet the *Executive Order* requirements to increase consumption of alternative fuels by 10 percent and reduce petroleum consumption by 2 percent annually. At Headquarters, we continue to share our improvements with other federal agencies by allowing them access to alternative fuel pumps that we have installed.

We are making environmentally conscientious decisions by purchasing computers with Energy Star ratings and we are enabling our work stations to use the power saving *Wake-On-Lan* technology. As we build and renovate our facilities, we will use environmentally sustainable strategies, including green roofs, solar panels, wind turbines, energy efficient lighting, climate control, and other “green” improvements (such as in our Southeastern Program Service Center building shown in the insert).

We continue to find new and innovative ways to expand our “green” programs. We promote using “greener” transportation methods for our employees, including carpooling and mass transit; using recyclable plates and utensils in our cafeterias; and expanding existing recycling options. We lead by example to advance energy and environmental practices and we highlight our progress on our newly established website, SSA is Getting Greener, at <http://ssahost.ba.ssa.gov/SSAisGettingGreener/>.



“Going Green” at our Southeastern Program Service Center



In January 2009, the new Southeastern Program Service Center building in Birmingham, Alabama, celebrated its 1-year anniversary. It has a “green” roof that reduces the building’s carbon footprint through absorption of carbon dioxide and by incorporating oxygen-producing plants and vegetables, a raised floor system that provides better ventilation for improved air quality, and a “natural light harvesting” system designed to capture as much natural sunlight as possible.

Performance Measures ~ Strategic Objective 4.6

4.6a: Replace gasoline-powered vehicles with alternative-fuel vehicles

Fiscal Year	2010	2011
Target	50 vehicles	36 vehicles
FY 2009 Historical Performance		
Fiscal Year	2009	
Performance	26 vehicles	

Data definition: The number of gasoline-powered vehicles in our inventory replaced with alternative-fuel vehicles nationwide in the fiscal year.

Data source: *Agency Fleet Vehicle Inventory*

Frequency reported: Annually

4.6b: Develop and implement an agency *Environmental Management System*

Fiscal Year	2010	2011
Target	Provide training needed for implementation	Establish performance objectives
FY 2009 Historical Performance		
Fiscal Year	2009	
Performance	Developed a high-level project plan	

Data definition: A high-level project plan is developed and implemented. Developing the plan includes establishing timeframes, establishing and assigning specific responsibilities, and training suitable staff to implement an organizational *Environmental Management System* by 2012.

Data source: *Office of Management and Budget Environmental Scorecard Workgroup*

Frequency reported: Annually

APPENDIX A: SUMMARY OF PROGRAM PERFORMANCE MEASURES

The Office of Management and Budget (OMB) assesses the effectiveness of federal programs by identifying strengths and weaknesses to assist executives in making informed budget and management decisions. As part of the assessment, OMB evaluated our three programs—Old-Age and Survivors Insurance, Disability Insurance, and Supplemental Security Income. They rated each program as moderately effective (the second highest rating possible).

Program Performance Measures included in the program assessments emphasize the relationship between outcome, output, and efficiency measures, because each type of measure provides valuable information about program performance. Collectively, these measures convey a comprehensive story regarding what products and services agencies provide, how well they do so, and with what result. OMB is in the process of overhauling the performance metrics system. In the interim, SSA has continued to monitor these important Program Performance Measures included in the program assessments. The Program Performance Measures targets are listed in the table below.

Program Performance Measures		
Performance Measures	FY 2010 Target	FY 2011 Target
Achieve the budgeted goal for average processing time for hearing requests	485 days	460 days
Minimize average processing time for initial disability claims to provide timely decisions	132 days	141 days
Percent of retirement and survivors claims receipts completed up to the budgeted level	100% (4,718,000)	100% (4,590,000)
Percent of Supplemental Security Income payments free of overpayment error	91%	91.5%
Percent of Supplemental Security Income payments free of underpayment error	98.8%	98.8%
Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment error	99.8%	99.8%
Percent of Old-Age, Survivors, and Disability Insurance payments free of underpayment error	99.8%	99.8%
Achieve target percentage of hearing level cases pending over 365 days	39%	38%

Program Performance Measures		
Performance Measures	FY 2010 Target	FY 2011 Target
Achieve the budgeted goal for SSA hearings cases production per workyear	108	108
Disability Determination Services net accuracy rate for combined initial disability allowances and denials	97%	97%
Disability Determination Services cases production per workyear	268	275
Number of Disability Insurance and Supplemental Security Income beneficiaries, with Tickets assigned, who work	98,940	101,908
Percent of individuals who do business with SSA rating the overall services as “excellent,” “very good,” or “good”	83.5%	83.5%
Percent of Supplemental Security Income aged claims processed by the time the first payment is due or within 14 days of the effective filing date	80%	80%
Issue an annual SSA-initiated <i>Social Security Statement</i> to eligible individuals age 25 and older	100%	100%
Through changes in the law, achieve and maintain sustainable solvency such that today’s and tomorrow’s workers can expect to receive the benefits scheduled in law as reformed rather than as determined by Trust Fund solvency, while continuing to protect those who depend on Social Security the most	Conduct Analysis	Conduct Analysis

APPENDIX B: FY 2010 MAJOR EVALUATIONS

We routinely evaluate our programs and performance by conducting a variety of studies and surveys. Some we complete on an ongoing basis, whereas others we conduct as needed. We report findings on these studies and surveys in our annual *Performance and Accountability Report* prepared at the end of the fiscal year. Below we list our FY 2010 evaluations according to the strategic goal they support in our FY 2008 – FY 2013 Agency Strategic Plan.

Strategic Goal 1 – Eliminate Our Hearings Backlog and Prevent Its Recurrence	
Evaluation	Description
<i>Disability Appeals – Senior Attorney Advisor Quality Assessment</i>	Assesses the accuracy of favorable hearing decisions made by non-administrative law judge decision-makers (e.g., Senior Attorney Adjudicators)
<i>Hearing Process Report Card Survey</i>	Surveys perceptions about the entire hearing process from individuals who file for disability benefits

Strategic Goal 2 – Improve the Speed and Quality of Our Disability Process	
Evaluation	Description
<i>Evaluation of Ticket to Work Program and Adequacy of Incentives</i>	Evaluates the progress of the <i>Ticket to Work Program</i> as required under the <i>Ticket to Work and Work Incentives Improvement Act of 1999</i>
<i>Disability Initial Claims Report Card</i>	Surveys perceptions of the initial disability application processes from individuals who file for disability benefits
<i>The Office of Quality Performance Denial Review</i>	Assesses the accuracy of initial and reconsideration-level medical denials

Strategic Goal 3 – Improve our Retiree and Other Core Services	
Evaluation	Description
<i>Enumeration Quality Review</i>	Assesses the accuracy of original Social Security Numbers assigned during the fiscal year
<i>800 Number Service Evaluation</i>	Evaluates our accuracy in the handling of individuals' calls to the National 800 Number
<i>Field Office Telephone Service Evaluation</i>	Evaluates our accuracy in the handling of individuals' calls to field offices

Strategic Goal 3 – Improve our Retiree and Other Core Services	
Evaluation	Description
<i>Overall Service Satisfaction Surveys</i>	<ul style="list-style-type: none"> • Telephone service satisfaction surveys evaluate callers' satisfaction with our National 800 Number and field office telephone services • Office visitor surveys evaluate visitors' satisfaction with our field and hearing offices
<i>Internet Services Satisfaction Surveys</i>	Surveys individuals' to obtain their perception of our online services, e.g., satisfaction with online applications for retirement or disability benefits using the recently redesigned online application process, <i>iClaim</i>

Strategic Goal 4 – Preserve the Public's Trust in Our Programs	
Evaluation	Description
<i>Retirement, Survivors, and Disability Insurance Stewardship Review</i>	Measures the accuracy of payments to individuals receiving Social Security retirement, survivors, or disability benefits
<i>Supplemental Security Income Stewardship Review</i>	Measures the accuracy of payments to individuals receiving Supplemental Security Income payments
<i>Pre-effectuation Review of Disability Determinations</i>	Assesses the accuracy of disability initial and reconsideration allowances made by State Disability Determination Services as required in the <i>Social Security Act</i>
<i>Safeguard Procedures Reports</i>	Details the security measures we are taking to ensure the confidentiality of the Federal tax information provided to us by the Internal Revenue Service
<i>The Federal Information Security Management Act of 2002 Report to Congress</i>	Reports to Congress whether our overall information technology security programs and practices comply with the <i>Federal Information Security Management Act of 2002</i>
<i>Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds</i>	Reports on the financial and actuarial status of the two Social Security trust funds – the <i>Old-Age and Survivors Trust Fund</i> and the <i>Disability Trust Fun</i>
<i>Annual Report of the Supplemental Security Income Program</i>	Reports annually to the President and the Congress on the status of the Supplemental Security Income program and provides projections of program participation and costs through at least 25 years.

Strategic Goal 4 – Preserve the Public’s Trust in Our Programs	
Evaluation	Description
<i>Social Security Statements Survey</i>	Surveys the American public on a routine basis to determine if the <i>Statement</i> is meeting the agency’s objectives and the public’s financial planning needs. We also use the survey data to monitor and improve public understanding of the <i>Statement</i> messages.

APPENDIX C: FEDERAL INFORMATION SECURITY MANAGEMENT ACT

The goals of the *eGovernment Act of 2002, Title III – Federal Information Security Management Act (FISMA)* include development of a comprehensive framework to protect the government’s information, operations, and assets. Providing adequate security for the federal government’s investment in information technology is a significant undertaking. FISMA requires the heads of each agency to implement policies and procedures to reduce information technology security risks to an acceptable level.

Our Federal Information Security Management Act Statement

The implementation of FISMA at Social Security includes annual and ongoing security activities consisting of:

- Security training and awareness;
- Assessing security controls;
- Ensuring compliance with Federal security policy and standards;
- Reporting security incidents;
- Correcting security weaknesses;
- Implementing Federal and agency security initiatives; and
- Continuous monitoring of security threats.

These activities involve all agency components and are reported to the Office of Management and Budget. Meeting FISMA requirements provide a level of assurance that Social Security’s major information technology systems and the data contained therein, including personally identifiable information, are protected.

APPENDIX D: CHANGES TO PERFORMANCE MEASURES, DATA DEFINITIONS, AND DATA SOURCES

New Performance Measures	
Number	FY 2010 New Performance Measures
2.2b	Achieve the target number of initial disability claims pending
2.3b	Increase the percentage of initial disability claims completed using <i>Health Information Technology</i>

Carryover Performance Measures with Title Changes		
Number	FY 2010 New Title	FY 2009 Old Title
1.1a	Complete the budgeted number of hearing requests	Process the budgeted number of hearings
1.2a	Achieve the target number of hearing requests pending	Achieve the target for number of hearings pending
1.2b	Achieve the target to eliminate the oldest hearing requests pending	Achieve the target to eliminate the oldest hearings pending
1.2c	Achieve the budgeted goal for average processing time for hearing requests	Achieve the budgeted goal for average processing time in days for hearings
1.2d	Achieve the target to eliminate the oldest Appeals Council requests for review pending	Achieve the target to eliminate the oldest Appeals Council cases pending
1.2e	Achieve the target average processing time for Appeals Council requests for review	Achieve the target for average processing time of Appeals Council decisions
2.1a	Achieve the target percentage of initial disability cases identified as a Quick Disability Determination or a Compassionate Allowance	Achieve the target percentage of initial disability claims identified as a Quick Disability Determination or a Compassionate Allowance
2.1b	Complete the budgeted number of initial disability claims	Process the budgeted number of initial disability claims
3.1a	Percent of retirement and survivors claims receipts completed up to the budgeted level	Percent of retirement and survivors claims receipts processed up to the budgeted level

4.1a	Complete the budgeted number of Supplemental Security Income non-disability redeterminations	Process the budgeted number of Supplemental Security Income non-disability redeterminations
4.1b	Complete the budgeted number of continuing disability reviews	Process the budgeted number of continuing disability reviews
4.3a	Reduce the target percentage of paper <i>Forms W-2</i> completed	Achieve the target percentage of paper <i>Forms W-2</i> received

Carryover Performance Measure with Data Source Change		
Number	FY 2010 New Data Source	FY 2009 Old Data Source
3.4a	Overall satisfaction rating is based on Service Satisfaction Surveys of National 800 Number callers; field office callers; visitors to field offices and hearings offices; and, starting in FY 2009, individuals who filed an application online. Additional cohorts of individuals using transactional Internet services are to be added incrementally each year from FY 2011-FY 2013 in the following categories: changes to beneficiary records; completion of medical forms; and information requests (such as, request for benefit verification.)	<i>Service Satisfaction Surveys</i>

Carryover Performance Measure with Data Definition Change		
Number	FY 2010 New Data Definition	FY 2009 Old Data Definition
1.1a	The number of hearing requests completed in the current fiscal year up to the number budgeted.	The number of hearing requests processed in the current fiscal year up to the number budgeted.
2.1b	The number of Social Security and Supplemental Security Income initial disability claims completed in the Disability Determination Services and other agency components in the current fiscal year up to the budgeted number.	The number of Social Security and Supplemental Security Income initial disability claims processed in the Disability Determination Services and other agency components in the current fiscal year up to the budgeted number.
3.1a	The percent of retirement, survivors, and health insurance claims receipts completed in the current fiscal year up to the budgeted number.	The percent of retirement, survivors, and health insurance claims receipts processed in the current fiscal year up to the budgeted number.

3.5a	<p>The percentage is derived using a statistically valid sample of original Social Security Numbers assigned in the fiscal year. The number of correctly assigned Social Security Numbers is divided by the total number sampled. We consider the Social Security Number assigned correctly when: 1) the individual did not receive a Social Security Number that belongs to someone else; 2) the individual did not receive more than one Social Security Number, except where permitted; and 3) the individual is eligible to receive a Social Security Number based on supporting documentation.</p>	<p>The percentage is derived using a statistically valid sample of original Social Security Numbers assigned in the fiscal year. The number of correctly issued Social Security Numbers is divided by the total number sampled. We consider the Social Security Number assigned correctly when: 1) the individual did not receive a Social Security Number that belongs to someone else; 2) the individual does not receive more than one Social Security Number; and 3) the individual is eligible to receive a Social Security Number based on supporting documentation.</p>
4.1a	<p>The number of non-disability Supplemental Security Income redeterminations completed in the fiscal year up to the target. This number includes scheduled and unscheduled reviews, as well as targeted redeterminations.</p>	<p>The number of non-disability Supplemental Security Income redeterminations processed in the fiscal year up to the target. This number includes scheduled and unscheduled reviews, as well as targeted redeterminations.</p>
4.1b	<p>The number of continuing disability reviews (CDRs) processed in the fiscal year up to the target. This number includes medical reviews completed by the Disability Determination Services and other agency components, reviews conducted by questionnaires (mailers) that do not require a medical review, and cases where we initiated a review but one was not conducted because the individual failed to cooperate.</p>	<p>The number of continuing disability reviews (CDRs) processed in the fiscal year up to the target. This number includes medical reviews processed by the Disability Determination Services and other agency components, reviews conducted by questionnaires (mailers) that do not require a medical review, and cases where we initiated a review but one was not conducted because the individual failed to cooperate.</p>
4.3a	<p>The percentage of paper <i>Forms W-2</i> processed to completion. The percentage is derived by dividing the number of paper <i>Forms W-2</i> processed to completion by the total number of <i>Forms W-2</i> processed to completion.</p>	<p>The percentage of paper <i>Forms W-2</i> received. The percentage is derived by dividing the number of paper <i>Forms W-2</i> received by the total number of <i>Forms W-2</i> received.</p>