

CONTENTS

APPROPRIATION LANGUAGE..... 27
 Language Analysis..... 28

GENERAL STATEMENT 29
 Program Overview 29
 FY 2011 President’s Budget Request 31
 Key Initiatives 32

BUDGETARY RESOURCES 36
 Analysis of Changes..... 38
 New Budget Authority and Obligations by Activity..... 41
 New Budget Authority and Obligations by Object 42

BACKGROUND 43
 Authorizing Legislation 43
 Appropriation History 44

FEDERAL BENEFIT PAYMENTS 45
 Purpose and Method of Operation 45
 Rationale for Budget Request 45
 SSI Recipient Population 46
 Benefit Payments 48

ADMINISTRATIVE EXPENSES..... 50
 Purpose and Method of Operation 50
 Rationale for Budget Request 51

BENEFICIARY SERVICES 52
 Purpose and Method of Operation 52
 Rationale for Budget Request 53

RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH 54
 Purpose and Method of Operation 54
 Rationale for Budget Request 55
 Major research and Outreach Projects 56
 Related Funding Sources..... 62

TABLES

Table 2.1—Appropriation Language Analysis 28

Table 2.2—Summary of Appropriations and Obligations 29

Table 2.3—Appropriation Detail 31

Table 2.4—Amounts Available for Obligation 36

Table 2.5—Summary of Changes 39

Table 2.6—Explanation of SSI Budget Changes from FY 2010 to FY 2011 39

Table 2.7—New Budget Authority and Obligations by Activity (in thousands) 41

Table 2.8—New Budget Authority and Obligations by Object (in thousands) 42

Table 2.9—Authorizing Legislation 43

Table 2.10—Appropriation History 44

Table 2.11—Federal Benefit Payments: New Budget Authority and Obligations
(in thousands) 45

Table 2.12—SSI Recipients, Actual (average over fiscal year, in thousands) 46

Table 2.13—SSI Recipients, Projected (average over fiscal year, in thousands) 46

Table 2.14—Blind or Disabled Recipients as a Percentage of Total
(average over fiscal year, in thousands) 47

Table 2.15—Maximum Benefit Rates 48

Table 2.16—Average Monthly Benefit Payments 48

Table 2.17—Check Payments by Fiscal Year 49

Table 2.18—Administrative Expenses: New Budget Authority and Obligations
(in thousands) 50

Table 2.19—Beneficiary Services: New Budget Authority and Obligations (in thousands) 52

Table 2.20—Research, Demonstration Projects, and Outreach: Budget Authority and
Obligations (in thousands) 54

Table 2.21—Major Research Areas and Outreach: Obligations and New Budget Authority
(in millions) 55

Table 2.22—Medicare Outreach: New Budget Authority and Obligations (in millions) 60

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	Change
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.

Supplemental Security Income Program

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.

Supplemental Security Income Program

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

Supplemental Security Income Program

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

Supplemental Security Income Program

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-SSI 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.

Supplemental Security Income Program

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.

Supplemental Security Income Program

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.