



*Fulfilling Our Commitments  
to the American People*

SOCIAL SECURITY  
ADMINISTRATION

**JUSTIFICATION OF  
ESTIMATES FOR  
APPROPRIATIONS  
COMMITTEES**

FISCAL YEAR 2012

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Annual Performance Plan



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SOCIAL SECURITY  
ADMINISTRATION  
**FISCAL YEAR**  
**2012**  
**BUDGET OVERVIEW**

*February 2011*



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## A MESSAGE FROM THE COMMISSIONER

For over 75 years, Social Security has provided hundreds of millions of Americans an economic safety net. I am proud of our long history of serving the American people, and I am committed to improving that service.

For a number of years we struggled to maintain the level of service that the American people deserve. We had not received full funding of the President's Budget requests, and the baby boomers began to retire or pass through their most disability-prone years. The economic downturn has compounded our already burgeoning workloads. Despite the dramatic growth in our work, through increased employee productivity, new initiatives, and improved funding we have reversed the trend of declining service and the increasing hearings backlog.

We have not wavered from our top priority, to eliminate the enormous hearings backlog. I am pleased to report that in fiscal year (FY) 2010, we steadily reduced the hearings backlog for the second year in a row. Since FY 2007, we decided over one-half million of the oldest, most-complex hearing requests. Some hearing requests were as old as 1,400 days in FY 2007, but at the end of FY 2010, we had virtually no cases waiting over 825 days. We have cut the wait for a hearings decision from nearly 18 months at its peak in August 2008 to just over a year in January 2011. With the continued support of Congress, we will meet our commitment to eliminate this backlog by the end of 2013.

The hard work of our staff and our partners in the State Disability Determination Services (DDS) kept our pending level of initial disability claims significantly below our FY 2010 projected level. At the same time, the DDSs achieved the highest level of accuracy in over a decade even as they faced a record number of disability applications and employee furloughs in some States. We are on track to drive down pending claims to pre-recession levels by the end of FY 2014.

We have improved in other key areas, including waiting times on our national 800-number and in our field offices. In fact, callers to our national 800-number had the shortest wait time and lowest busy signal rates since we began measuring these statistics nearly a decade ago. We increased our program integrity work, which has resulted in increased payment accuracy in the Supplemental Security Income program. Finally, we have the three best online services in the Federal Government, as measured by the University of Michigan public satisfaction survey.

A critical concern for FY 2011 is operating under a continuing resolution (CR). A full-year CR would erase the tremendous progress we have made in the last few years. We have improved our productivity by an average of 4 percent during my tenure, and we continue to look for ways to become more efficient. Nevertheless, our success is dependent on having enough skilled employees to handle our mounting workloads. A hiring freeze for the remainder of the year would result in a loss of about 2,500 Federal employees and 1,000 State employees in the DDS in FY 2011. This attrition will not occur uniformly, which will leave some offices seriously understaffed. Our backlogs would skyrocket, and people would wait considerably longer to receive decisions. As our backlogs grow, it will become more difficult, expensive, and take even longer to eliminate them. Waiting times in field offices and on our 800-number would increase dramatically. Improper payments would grow. We might even be forced to delay simple retirement claims. Delaying our services to the most vulnerable populations – retirees, survivors, and persons with disabilities – not only devastates millions of American families, but it also hurts the economy.



The FY 2012 President's Budget request of \$12.522 billion for SSA will allow us to build on the tremendous progress we achieved last year. We are requesting sufficient funds to maintain our FY 2010 staffing in our front-line components, fund ongoing activities, and cover our inflationary increases. This budget will allow us to reduce our hearings and initial disability claims backlogs, and it will allow us to continue to reverse the decline in our program integrity work – work that increases program savings by reducing improper payments. Program integrity work not only pays for itself, but it also produces considerable saving to the taxpayers. The budget will not allow us to keep up with some of the important, but less visible work we do, such as representative payee accountings, school attendance verifications, and benefit recomputations.

I am particularly excited about a research proposal included in our budget that would simplify the work incentives in the Disability Insurance program. The FY 2012 President's Budget request proposes a five-year reauthorization of our section 234 demonstration authority for the Disability Insurance program, which would allow us to test program innovations. Using this authority, we propose a new Disability Work Incentives Simplification Pilot (WISP) to provide beneficiaries a simple set of work rules that would no longer terminate benefits based solely on earnings. As a result, beneficiaries would have more flexibility to try working, without fear of losing their benefits.

This budget request is the minimum we need to continue to reduce our key backlogs and to increase our deficit-reducing program integrity work. With your support, we will build on the progress we achieved so far, progress that is vital to millions of people who depend on our services and to the American taxpayer.



**Michael J. Astrue**  
*Commissioner*

## BUDGET HIGHLIGHTS

### CONTINUING TO REDUCE THE DISABILITY BACKLOGS

Eliminating the hearings backlog is still our top priority, but we recognize that we must also eliminate backlogs at the initial disability claims level. The economic downturn strained our capacity to reduce our backlogs, but we are making progress and are on track to eliminate the hearings and initial disability claims backlogs by our target dates. Without sustained, adequate funding, we could lose the progress we have achieved so far.

### IMPROVING SERVICE TO THE PUBLIC

For many of our beneficiaries, the benefit payments that Social Security provides are all that keeps them from poverty. We must continue to offer new and improved service delivery channels that will help us provide better service to the public, while also continuing to provide traditional service to the millions of Americans who walk into our field offices each year.

### SAVING TAXPAYER DOLLARS

Curbing improper payments is critical to our ability to protect and manage the resources entrusted to us. In FY 2012, we will complete over 60 percent more medical continuing disability reviews and 200,000 more Supplemental Security Income (SSI) non-disability reviews than in FY 2011, which will reduce program costs and save taxpayers billions of dollars. In addition, we continue to look for ways to improve our efficiency. We have maintained our administrative costs at well under 2 percent of total benefit payments each year. Our FY 2012 budget will help us continue to improve productivity and to implement cost-saving efficiencies.



## CHALLENGES WE FACE

We are requesting \$12.522 billion for our FY 2012 Limitation on Administrative Expenses (LAE) account. This funding level will allow us to continue working down the disability backlogs, to implement efficiencies in our programs, and to increase our program integrity work.

In FY 2012, we will need a minimum administrative budget increase of nearly \$300 million just to cover our fixed costs, including rent, guards, postage, and employee salaries and benefits. 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:

- High demand for service due to the aging of the population and the effects of the economic downturn;
- Unacceptable hearings and initial disability claims backlog levels;
- Complex and cumbersome disability process;
- Growing non-traditional workloads (e.g., immigration and Medicare);
- Increasing enumeration workloads;
- Ongoing need to address improper payments;
- Ongoing need to find efficiencies and streamline business processes;
- 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 2012 PRESIDENT'S BUDGET<sup>1</sup>

	FY 2011 Estimate	FY 2012 Estimate
<b>BUDGET AUTHORITY</b> (in millions)		
Limitation on Administrative Expenses (LAE)	\$12,379	\$12,522
Research and Demonstrations	\$43	\$38
Office of the Inspector General (OIG)	\$106	\$107
<b>Total Budget Authority</b>	<b>\$12,528</b>	<b>\$12,667</b>
<b>OTHER FUNDING</b> (in millions)		
MIPPA - Low-Income Subsidy (LIS)	\$5	\$5
Recovery Act - Workload Processing	\$0	\$0
Recovery Act - Recovery Payment Administration	\$0	\$0
Recovery Act - New National Support Center (NSC)	\$382	\$0
Recovery Act - OIG Oversight	\$0.5	\$0.5
<b>Other Funding Obligations</b>	<b>\$388</b>	<b>\$5</b>
<b>Total Budgetary Resources<sup>2</sup></b>	<b>\$12,916</b>	<b>\$12,673</b>
<b>WORKYEARS</b>		
Full-Time Equivalents	68,817	69,675
Overtime	3,236	2,000
Lump Sum	292	292
<b>Total SSA</b>	<b>72,345</b>	<b>71,967</b>
Disability Determination Services (DDS)	16,827	16,828
<b>Total SSA/DDS</b>	<b>89,172</b>	<b>88,795</b>
OIG	596	596
<b>Total SSA/DDS/OIG</b>	<b>89,768</b>	<b>89,391</b>

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President's Budget was prepared. The numbers below assume full funding of the FY 2011 President's Budget.

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

## FY 2012 PRESIDENT'S BUDGET<sup>1</sup>

	FY 2011 Estimate	FY 2012 Estimate
<b>Selected Workload Measures</b>		
Retirement and Survivors Claims Completed (thousands)	4,590	4,627
Initial Disability Claims Completed (thousands)	3,409	3,268
SSA Hearings Completed (thousands)	815	823
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,388	1,442
Periodic Medical CDRs (included above, thousands)	360	592
SSI Non-Disability Redeterminations Completed (thousands)	2,422	2,622
800-Number Transactions Handled (millions)	70	72
Average Speed of Answer (seconds)	267	262
Agent Busy Rate	6%	6%
Social Security Numbers Issued (millions)	18	18
Annual Earnings Items Completed (millions)	238	242
Social Security Statements Issued (millions)	154	155
<b>Selected Outcome Measures</b>		
Initial Disability Claims Pending (thousands)	709	632
SSA Hearings Pending (thousands)	668	597
Average Processing Time for Initial Disability Claims (days)	110	103
Average Processing Time for Hearings Decisions (days)	373	326
Disability Determination Services Production per Workyear	275	279
Office of Disability Adjudication and Review Production per Workyear	107	107
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	1,800	3,100

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President's Budget was prepared. The performance targets assume full funding of the FY 2011 President's Budget.

## 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 provides retirement and survivors benefits to qualified workers and their families. In FY 2012, we will pay over \$620 billion in benefits to approximately 45 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 2012, we will pay over \$134 billion in benefits to almost 11 million disabled workers and their family members.

**SUPPLEMENTAL SECURITY INCOME (SSI)** – The SSI program, established in 1972, provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2012, we will pay over \$51 billion in Federal and State Supplementation benefits to over 8.3 million SSI recipients.

**WORKLOADS** – Our ongoing workloads include:

- **Claims:** We take claims, evaluate evidence, and determine benefit eligibility and amounts. In FY 2012, we will handle about 4.6 million retirement, survivor, and Medicare claims; approximately 3.3 million Social Security and SSI initial disability claims; and 349,000 SSI aged claims.
- **Appeals:** We have three levels of administrative appeals for claimants who dispute our decisions:
  1. a reconsideration, a complete review of the claim by an employee who did not take part in the initial determination;
  2. a hearing before an administrative law judge (ALJ); and,
  3. an appeal to the Appeals Council.

In FY 2012, we will complete approximately 744,000 reconsiderations, 823,000 hearings, and 140,000 Appeals Council appeals.

- **Program Integrity:** We meet our stewardship responsibilities primarily by conducting non-medical SSI redeterminations and medical continuing disability reviews (CDRs). These reviews save significant program dollars by avoiding improper payments to beneficiaries. We estimated for the FY 2012 President's Budget that every dollar spent on CDRs yields at least \$10 in lifetime program savings and that every dollar spent on SSI redeterminations yields better than \$7 in program savings over 10 years, including savings accruing to Medicaid. In FY 2012, we will perform 2.6 million SSI redeterminations and 592,000 periodic medical CDRs.
- **Social Security Numbers (SSN):** We process applications for and assign SSNs to every American and to qualifying foreign-born workers. We also complete millions of actions to keep our number holders' records current and accurate. In FY 2012, we will complete requests for approximately 18 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 2012, we will post 242 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 2012, we will mail 155 million of these statements.
- Services After Individuals Become Eligible for Benefits: In FY 2012, we will complete more than 100 million post-entitlement actions for beneficiaries, including issuing emergency payments, recomputing payment amounts, and completing address and other status changes.
- 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, and we resolve discrepancies. We expect that through E-Verify we will process more than 19.3 million queries in FY 2012.
- 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. In addition to determining Medicare eligibility, in FY 2012, we will process 1.3 million Medicare prescription drug subsidy applications.
- Other Activities Mandated by Congress: We also perform many other workloads mandated by Congress, including activities related to: the Employee Retirement Income Security Act of 1974 (ERISA); the Coal Act; Supplemental Nutrition Assistance Program (formerly Food Stamps); SSN Verifications for a wide-range of non-SSA purposes; the Help America Vote Act; the State Children's Health Insurance Program; Veterans benefits; and the Affordable Care Act.

## OUR RESEARCH BUDGET

We designed the research budget to provide funding to explore potential changes and improvements to our programs. In FY 2012, we are requesting \$38 million in new budget authority for research, a decrease of \$5 million from the FY 2011 President's Budget. We plan to obligate \$70.3 million in FY 2012, an increase of \$19 million from the planned FY 2011 obligations. The budget request supports projects such as:

**Compassionate Allowances**—This initiative quickly identifies claimants who will be eligible for disability benefits due to certain diseases and other medical conditions. This funding will allow us to continue identifying additional diseases as Compassionate Allowances: \$2 million.

**Listing of Impairments**—This funding will allow us to continue updating the Listing of Impairments describing disabling impairments for each of the major body systems, which improves our ability to decide whether a claimant meets our criteria for disability benefits: \$60,000.

**Occupational Information System**—We are developing short and long-term strategies to obtain updated, reliable occupational information to be used in evaluating disability. We will continue to collaborate with the Department of Labor and other Federal agencies during the research and development of the project: \$14 million.

**Retirement Research Consortium (RRC)**—The RRC conducts research, develops data, and disseminates information on retirement and SSA-related social policy, and trains scholars and practitioners: \$8.5 million.

**Disability Research Consortium (DRC)**—We intend to establish a DRC within our research office, which will function like the RRC and will enhance recent efforts to expand disability research within the RRC. There is a significant shortage of disability policy research and collaboration with outside researchers. The DRC will address these weaknesses and support the Government Accountability Office (GAO) recommendation of working across disability programs: \$5 million.

**SSI Children’s Pilot**—The Administration proposes an interagency pilot, Promoting Readiness of Minors in SSI (PROMISE), to improve outcomes for children in the SSI program. This funding will provide competitive grants to test and evaluate interventions that successfully improve child and family outcomes and result in children leaving the SSI program: \$10 million.

These research projects will generate ideas that will move us into the future. Although research represents a small piece of our overall funding, these projects will help us achieve some of our mission-critical work and make our processes more efficient and more accurate.

### OFFICE OF THE INSPECTOR GENERAL (OIG)

The FY 2012 request for OIG is \$107.113 million, an increase of less than \$1 million above the FY 2011 President’s Budget. OIG’s mission is to promote economy, efficiency, and effectiveness in the administration of Social Security programs and operations and to prevent and detect fraud, waste, abuse, and mismanagement in such programs and operations. To that end, OIG provides an invaluable service by conducting a comprehensive program of audits, evaluations, and investigations, and then recommending changes to improve our programs and operations.

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



## FY 2010 ACCOMPLISHMENTS

During the worst economic downturn since the Great Depression, millions of economically distressed persons came to us for assistance. The continued support of the Congress, along with increased efficiencies, allowed us to handle this additional work. We achieved the following key accomplishments:

- Reduced the number of hearings cases pending for the second year in a row from 722,822 in FY 2009 to 705,367 in FY 2010;
- Reduced the time it takes to decide those hearings by about five months, from a monthly high of 532 days in August 2008 to 390 days in September 2010;
- Completed over 300,000 more initial disability claims than the year before;
- Reduced wait times in our field offices for those without an appointment from 23.3 minutes in FY 2009 to 20.7 minutes in FY 2010;
- Added 38 more conditions to our list of Compassionate Allowances;
- Decided claims in two weeks or less for about 130,000 applicants with the most severe disabilities using our Compassionate Allowances and Quick Disability Determination initiatives;
- Completed over 700,000 more SSI non-disability redeterminations to help curb improper payments;
- Improved 800-number service by reducing the busy rate to under 5 percent and improving the average speed of answer to 203 seconds;
- Continued to increase online claims, with 37 percent of retirement claims and 27 percent of disability claims filed online; and
- Maintained the top three online services (Retirement Estimator, online retirement application, online Medicare Extra Help application) as rated by the *American Customer Satisfaction Index*.



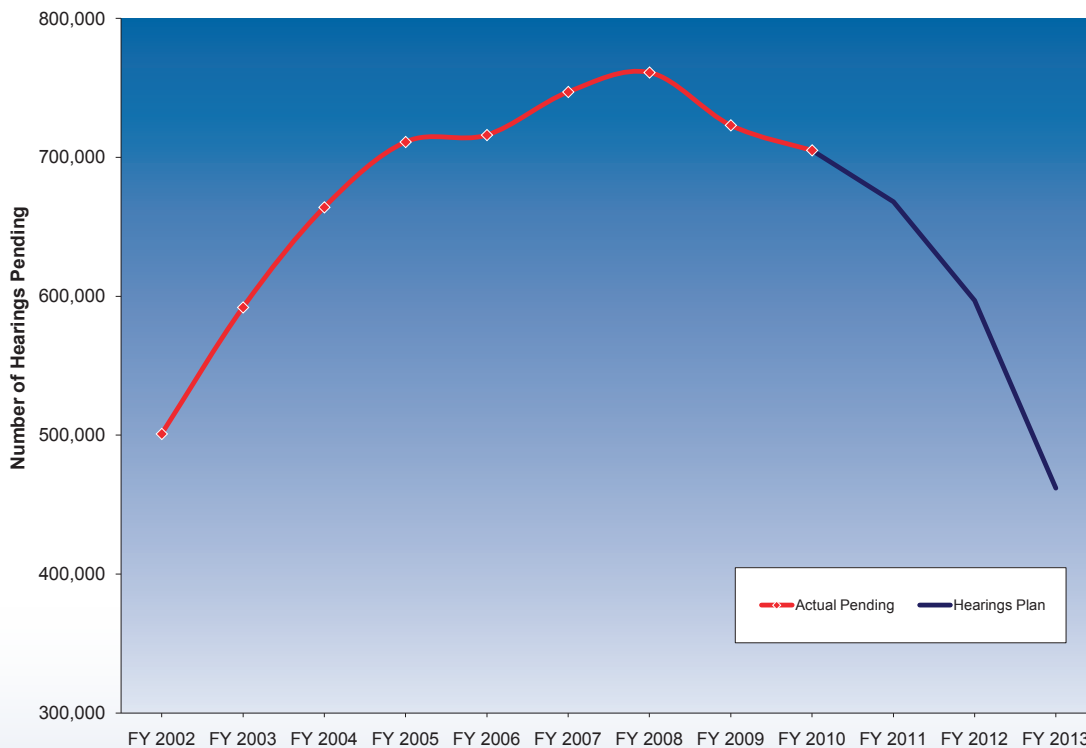
## CONTINUING TO REDUCE OUR DISABILITY BACKLOGS

### REDUCING THE HEARINGS BACKLOG

In FY 2010, we completed 737,616 hearings, over 75,000 more than we had completed the year before; it marks the second year in a row that we have reduced the number of pending cases. Through the hard work of our employees and a number of technological and process changes, we decreased the time it takes to handle hearings from a peak of 532 days in August 2008 to 390 days in September 2010; that number continues to drop.

With the continued support of Congress, we are on track to meet our commitment to the American public and eliminate the hearings backlog in FY 2013. To reach this ambitious goal, we will need to adjudicate a record number of cases in FYs 2011 and 2012 – over 800,000 each year, which is more than double the number we handled ten years ago. We will also need to maintain a cadre of over 1,400 ALJs. Our progress continues to be challenged by the skyrocketing number of hearing receipts. The increased number of people who are looking to us for assistance make it even more critical that we stay on track with our plans.

#### **We Are On Track To Eliminate the Hearings Backlog By 2013, Despite the Economic Downturn**



We implemented many productivity improvements, both large and small, which will help us provide fast and accurate service to the public at a lower cost. For the first time, we set productivity expectations for our ALJs. We also extended the authority for senior attorneys to allow cases that do not require a hearing, which frees up time for ALJs.



We implemented business process improvements, such as:

- Creating more centralized offices that can help the most backlogged offices;
- Eliminating paper processes for disability appeals;
- Using centralized printing to produce notices more efficiently; and
- Adopting best practices in every hearing office in the Nation.

We have significantly increased our use of video technology. Not only is video cost effective, reducing travel expenses and time, it also gives us much needed flexibility. We can schedule and handle more hearings, transfer workloads between hearing locations, and provide better service to claimants in remote areas that are not located near a hearing office. The increased use of video is a key element in reducing the hearings backlog. In FY 2010, we conducted more than 20 percent of our hearings by video.

We are developing several other automation and information technology initiatives that will further enhance the overall quality, efficiency and customer service we provide. These projects include Appointed Representative Services (ARS) and Autoscheduling. ARS enables representatives to access their clients' electronic folders, which should eliminate or greatly reduce our current practice of creating and mailing encrypted CDs of the electronic files to the representatives. Our Autoscheduling initiative will automate the labor-intensive task of coordinating medical experts, vocational experts, ALJs, representatives, and claimants, which will allow us to schedule hearings more efficiently and quickly.

We continue to focus on eliminating our oldest cases. In 2007, we had 65,000 cases that had been waiting for a hearing for over 1,000 days. We focused on those cases and by the end of FY 2007, we had completed them all. We have continued to lower our "aged" cases threshold and have successfully met our goals in each of the succeeding years. Since FY 2007, we have decided over a half million of the oldest cases. In FY 2011, we are targeting 106,715 cases that will be 775 days or older by the end of the year. Next year, we will lower our threshold to 725 days.

### Helping the Most Backlogged Offices in Our Nation

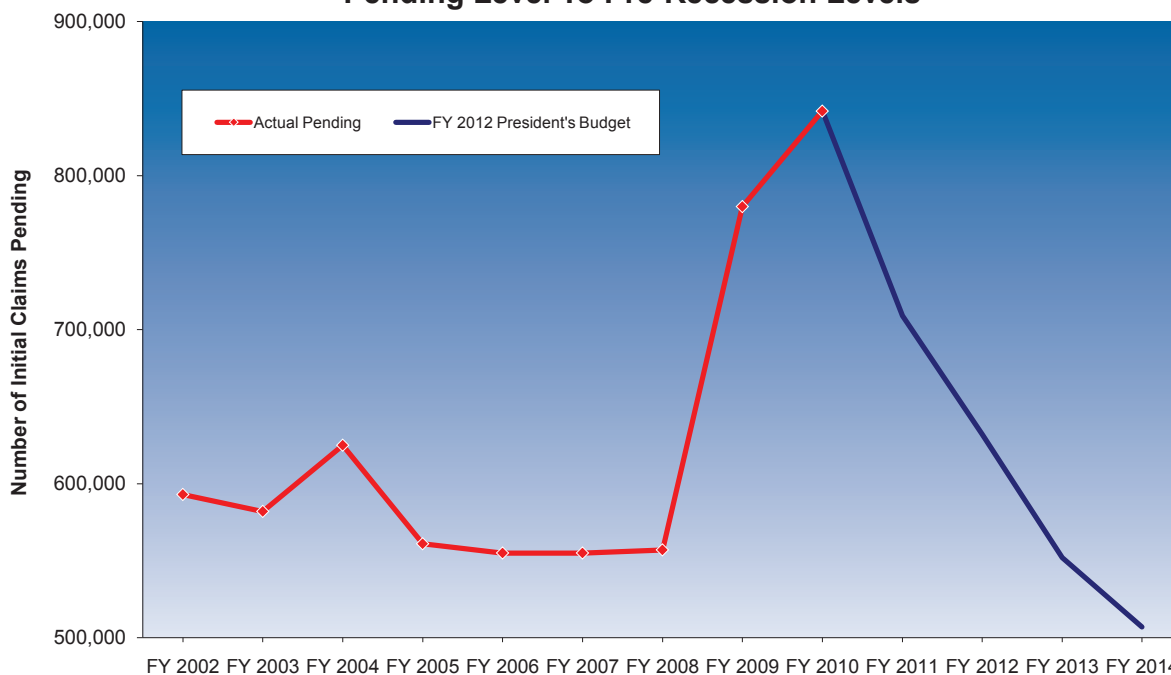
National Hearing Centers use video conferencing that enables ALJs to hold remote hearings. It gives us the flexibility to swiftly target assistance to the most backlogged areas of the country. In August 2010, we opened our fifth National Hearing Center, in St. Louis, Missouri. We also opened our first National Case Assistance Centers – in St. Louis, Missouri and McLean, Virginia – where staff provides support services to the most backlogged offices, such as preparing cases for hearings and writing hearing decisions. These centralized units will continue to help us reduce processing times in offices with the longest waits.



## REDUCING THE INITIAL DISABILITY CLAIMS BACKLOG

In FY 2010, we received nearly 3,225,000 initial disability claims, the highest in our 75-year history. We handled over 3,161,000 claims, a record number and 80,000 more than our target; however, we received more claims than we could complete for the second year in a row. This rising level of pending initial claims is unacceptable, and we are committed to returning to our pre-recession level by the end of FY 2014. We plan to reduce the backlog by completing even more claims, which will ensure that millions of Americans do not experience significant waits for a decision on their claim. In order to meet our commitment, we will need full funding of the FY 2011 and FY 2012 President's Budgets.

### The Initial Disability Claims Reduction Strategy Will Return The Pending Level To Pre-Recession Levels



Providing Support to the Most Backlogged Areas: To help States with mounting disability claims, we have created Extended Service Teams (EST) modeled after our successful National Hearing Centers. The ESTs are located in State DDSs that have a history of good quality and high productivity. These centralized DDS teams will help reduce the initial claims backlog as we electronically shift claims to them from the hardest hit State DDSs.

We have also expanded our Federal capacity to decide disability claims. We currently have 12 Federal units that assist the DDSs in handling claims. In FY 2010, we added 237 employees to these units, which assist DDSs most adversely affected by the increase in initial claims receipts.

Improving Online Services: We plan to increase the number of disability claims filed online from 27 percent in FY 2010 to 38 percent in FY 2012, saving us time and providing fast and more convenient service to claimants. In FY 2011, we plan to implement a shorter online application for cases in which a claimant alleges a Compassionate Allowance condition.

Fast-Tracking Cases that Obviously Meet Our Disability Standards: We are dedicated to fast-tracking disability claims that obviously meet our disability standards and to providing decisions with 20 days of filing. With the effective use of screening tools, expanded technology, and electronic services, we have increased our ability to identify and quickly complete cases, which, by the nature of the claimant's disease or condition, are likely or certain to be approved. We continue to refine our methods for identifying disabilities that meet our disability standards so we can increase the number of fast-tracked claims while maintaining accuracy. We plan to increase the number of fast-tracked claims to 5.5 percent in FY 2012.

Providing Disability Examiners Authority for Fast-Tracked Claims: In FY 2011, we implemented a new regulation to allow disability examiners to make fully favorable determinations for claimants with the most severe disabilities without consulting a medical professional. This change allows us to decide these cases even faster.

Paying Medical Consultants Per Case: We are implementing initiatives focused on increasing the volume and quality of work processed by medical consultants. One of these initiatives focuses on converting the pay structure for medical consultants from pay-per-hour to pay-per-case. We believe this new pay structure could increase productivity, allow medical consultants to review a greater number of disability claims, and ultimately assist in reducing the number of cases awaiting medical consultant review.

Developing a Disability Case Processing System: We are in the final stages of delivering a common information technology system for the States to use. This common system will replace an antiquated patchwork of 54 separate systems that is increasingly expensive to maintain and that has slowed our ability to implement other improvements. In FY 2011, we will develop the new system. Our rollout strategy includes beta testing the initial version of the Disability Case Processing System in five DDSs. After sufficient experience with the initial versions, we will phase it in nationally.

Using the Electronic Claims Analysis Tool (eCAT): We continue to refine eCAT, a web-based tool that automatically prompts an examiner with case-relevant regulations and instructions and requires the examiner to enter the necessary documentation before he or she can close a case. As we have rolled out this improvement to the States, we have seen only a very short-term drop in productivity as examiners become comfortable with the new system. More importantly, accuracy has increased significantly. In FY 2010, we rolled out eCAT to 29 State and Federal sites, raising the total number of participating States to 37. All DDSs will have eCAT in FY 2011.



## IMPROVING SERVICE TO THE PUBLIC

### IMPROVING ONLINE SERVICE

Online services are vital to good public service. In increasing numbers, the public expects to conduct business over the Internet at their convenience and at their own pace, without the need to take leave from work, travel to a field office, and wait to meet with one of our representatives. Even though our representatives continue to review every online application for benefits and contact applicants with any questions, these online services reduce the average time our employees spend completing claims. Our employees can use the additional time to handle more complicated issues.

Our online retirement application has helped us keep up with the enormous growth in retirement claims. Two years ago, we rolled out our new and improved online application, iClaim, and we saw an instant rise in the number of retirement applications filed online.

#### Making An Appointment Online

In 2009, President Obama launched the SAVE Award to offer every Federal employee a chance to submit ideas for how the government could save money and perform better. One of the four finalists was a suggestion from one of our employees to allow people to schedule appointments with us online. As a result, we implemented the suggestion in November 2010. Now individuals who are unable to successfully complete an online application will be offered the option to schedule an appointment with a local field office. This new online service allows individuals to schedule telephone or in-office appointments to apply for Retirement, Disability, Supplemental Security Income or Medicare benefits.

the Spanish-language Retirement Estimator, the first non-English interactive application in the Federal government. In addition, our Multilanguage Gateway provides access to information in 15 different languages. Later this year, we will release Spanish-language versions of our retirement, Medicare extra help, and Medicare-only online applications.

We also made it easier to file disability claims online. In January 2010, we released our streamlined disability report, the form we use to collect information about a claimant's disability. By developing a user-friendly and streamlined report, we reduced completion time and improved the quality of the information we receive. In FY 2010, the number of online disability applications increased by over 35 percent compared to the year before.

The public was very satisfied with our online services last year. In January 2011, the *American Customer Satisfaction Index (ACSI) e-Government Satisfaction Index* ranked our online services as the best in Government, exceeding the top private sector sites in customer satisfaction.

We continue to expand and improve our online offerings. In March 2010, we introduced an online Medicare-only application. We also launched an online calculator in July 2010 to assist the public in deciding the best time to collect retirement benefits. In December 2010, we implemented



We have developed and will soon implement a new, more secure pin/password protocol to authenticate people who are interested in conducting additional business with us online. This protocol will be the gateway to allow members of the public access to their personal information online. We are also working on an initiative to provide a variety of personalized online services, such as verifying earnings history, checking the progress of an application, receiving notices, and requesting certain routine actions, like change of address.

Investing in online services helps us provide better and more efficient service to the people we serve. Our FY 2011 and FY 2012 budget performance commitments depend on continued growth of online applications for retirement and disability benefits. In FY 2012, we expect to reach our current agency Strategic Plan goal of 50 percent of retirement applications filed online and to exceed our goal of 25 percent of disability applications filed online. Without our Internet services, field offices would be in dire need of even more resources.

### IMPROVING TELEPHONE SERVICE

Calls to our 800-number continue to be the primary option the public chooses to access our services. In FY 2010, we completed over 67 million transactions over the telephone - the most ever. Our telephone agents handled 42 million, while our automated services handled the remaining 25 million. In the last two years, we cut our busy rate by over half, from 10 percent in FY 2008 to 4.6 percent in FY 2010. We also reduced the time spent waiting for an agent by over 37 percent, from 326 seconds in FY 2008 to 203 seconds in FY 2010.

We attribute much of our improved performance to increased staffing, along with several technological advancements to make our 800-number more efficient, such as improving our call-routing capabilities, and offering callers the opportunity to hang up and receive a return call from SSA when wait times are long.

We continue to make improvements to our 800-number. In FY 2010, we awarded a contract to implement a replacement of our 800-number telecommunications infrastructure. The new system will include features that will allow us to keep pace with industry standards, such as providing immediate telephone assistance to people who visit our website. We will implement the this project in FY 2011 and expect it to be fully functional in FY 2012.

We have sought feedback from our customers and are making changes based on their comments. For example, we learned that customers are dissatisfied with speech recognition and lengthy navigation menus. To improve customer satisfaction, we are redesigning the 800-number call flow to shorten the navigation path that callers might take. We are also revising the scripting associated with many of our automated applications. We plan to implement these improvements with the new 800-number infrastructure.



## IMPROVING FIELD OFFICE SERVICE

Last year more than 45 million people visited our 1,300 field offices across the nation. Despite a record number of people, we are pleased to report that we were able to continue reducing average waiting times for both people with and without an appointment. We believe that reversing the decline in staffing in the field offices over the past few years has improved service to the public.

### Social Security Television (SSTV)

SSTV enables us to broadcast relevant messages in reception areas to provide visitors with information about our programs and services, such as what documents they need to apply for benefits or to request a Social Security card. It saves the public and our staff time, and provides our customers with a more comfortable wait. We can customize broadcasts to air locally relevant information and provide information in several languages. We installed 113 SSTVs in FY 2010, and we plan to install 100 more in field offices in FY 2011.

### Video Service is Compassionate and Efficient

Video service is an innovative, cost-effective, and compassionate way to provide Social Security services to the public. Video service allows our offices to link together to provide assistance to busy or understaffed offices. We can also use video services to provide service to customers located at third party sites such as: American Indian Tribal centers, local community centers, senior centers, hospitals, and homeless shelters.

We will continue to expand our use of video service. For example, we negotiated an agreement with the Walter Reed Army Medical Center to install onsite video service delivery equipment that connects hospitalized military service members with Social Security claims representatives to file for disability benefits.

### Improving Physical Security

In response to increasing numbers of threats, we are strengthening security at our facilities nationwide. We are committed to doing everything we can to protect the public and our employees.

### Improving Field Office Telephone Service

We are continuing to replace obsolete telephone systems in all of our field offices. Nearly 70 percent of all field offices have received the new system, and we are scheduled to complete rollout in 2012. The new system reduces operating costs and replaces increasingly unreliable outdated telephone systems.

The new telephone system will allow us to improve both service and efficiency. For example, with the new system, we will be able to implement a new Dynamic Forward-on-Busy feature. This feature will offer field office callers who otherwise would encounter a busy signal the option of being transferred to our national 800-number during non-peak times. This option should improve our field office telephone service and maximize use of our resources.



## SAVING TAXPAYER DOLLARS

### FINDING EFFICIENCIES IN OUR OPERATIONS

We continue to find better ways to conduct our business. In addition to the improvements already discussed, the following are several examples of the efficiencies and cost savings we are building into our operations:

Reducing Headquarters Staff: We are reducing staff in headquarters components through attrition. Although headquarters staff play an important support role, with our limited resources, it is more important for us to fund our front-line operations.

Expanding Our More Cost-Effective Service Delivery Channels: As mentioned previously, we will continue to expand our online services and video services, saving time for claimants and for us.

Reducing Training Costs: We plan to reduce travel costs by increasing our use of Distance Learning technology, such as video, to replace some of the training we currently deliver face-to-face.

Going Green: Green initiatives can help the environment and reduce costs at the same time. We are actively working on several green initiatives, including eliminating paper checks and transitioning our vehicle fleet to alternative fuel and fuel efficient vehicles.

Modernizing our Aging Information Technology Infrastructure: Information technology affects everything we do – it is the lifeline for our employees. If our systems are down, we cannot function. We must continue to modernize to provide more efficient service, to offer new channels of service delivery, to replace outdated technology before it becomes obsolete, and to ensure that we can protect our data from security threats. We also must maintain and continually improve our security infrastructure as cyber threats become more complex.

Expanding Health Information Technology (HIT): This promising technology has shown the potential to reduce the amount of time it takes for us to obtain medical records, which in turn would decrease the time it takes for us to complete a disability claim. In FY 2010, we funded technological support for a number of healthcare providers to provide us with electronic medical records. We will continue our efforts to expand HIT usage and increase the number of participants.



## National Support Center

Part of our plan to secure our data networks is to strengthen our data center operations, both by bringing online the Second Support Center (SSC) and by replacing our aging National Computer Center (NCC) with our new National Support Center (NSC). Our SSC handles a number of our workloads and will provide backup service in the event of a failure at the NCC or NSC. Thanks to the support we received from Congress, our plan to construct a new NSC is progressing. In conjunction with the General Services Administration, we completed a program of requirements for the NSC in August 2010, expect site selection in February 2011, expect to purchase the site in June 2011, and award a design-build contract in January 2012.

## PROGRAM INTEGRITY EFFORTS

We pay over \$60 billion in benefits each month to our beneficiaries and have a duty to protect taxpayer dollars. We have many stewardship efforts that are critical to helping us in minimizing improper payments. These efforts include our program integrity reviews, our initiatives to reduce improper payments, and our joint Cooperative Disability Investigations (CDI) initiative with our OIG.

### Program Integrity Reviews

We have two types of program integrity reviews for which we receive special funding: continuing disability reviews (CDR), which are periodic reevaluations to determine if beneficiaries are still disabled, and SSI redeterminations, which are periodic reviews of non-medical factors of eligibility, such as income and resources.

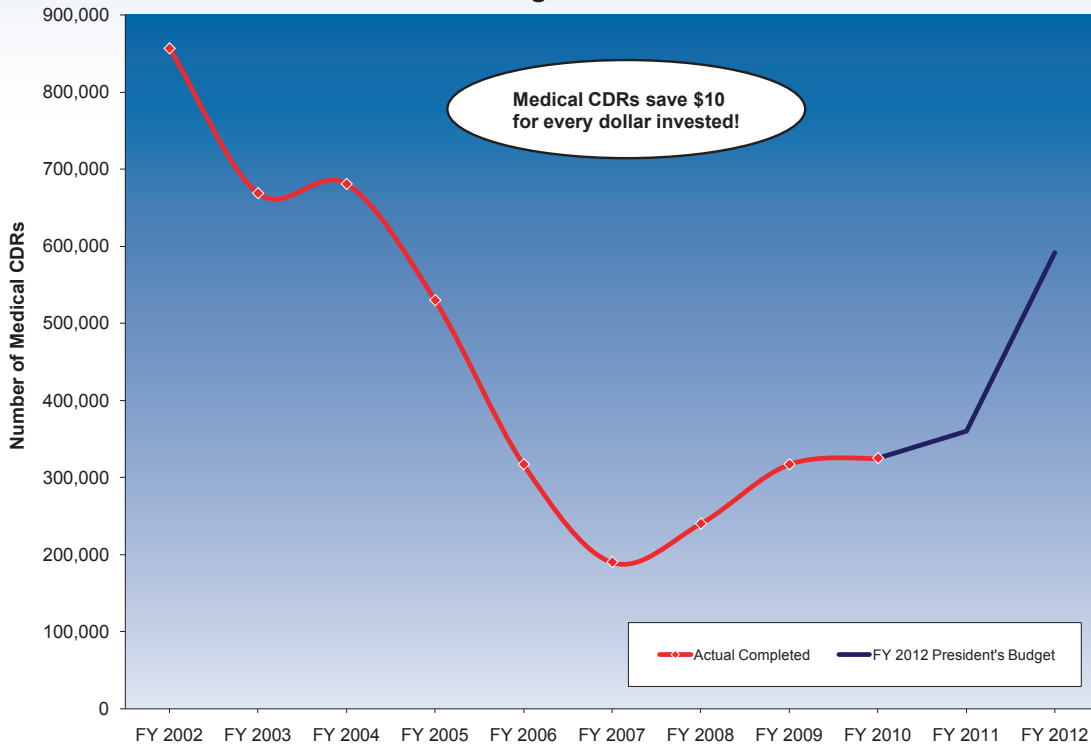
For many years, we had to cut back on program integrity reviews due to inadequate funding. A few years ago, we were at a low point for these reviews. With Congress' support, we have been restoring our program integrity work toward optimal levels, which saves billions of program dollars.





In FY 2012, we plan to conduct 592,000 full medical CDRs and 2,622,000 redeterminations. We estimate that every dollar spent on CDRs yields at least \$10 in lifetime program savings. Every dollar spent on SSI redeterminations yields better than \$7 in program savings over ten years, including savings accruing to Medicaid.

**We Are Reversing The Decline In Medical CDRs,  
Saving Billions of Dollars**



**Initiatives to Reduce Improper Payments**

In FY 2009, 99.63 percent of all OASDI payments were free of an overpayment, and 99.91 percent were free of an underpayment. In the SSI program, a needs-based program in which income and resources affect an applicant’s eligibility and payment amount, 91.6 percent of all payments were free of an overpayment, and 98.4 percent were free of an underpayment. While we have improved our SSI overpayment rate from 89.7 percent in FY 2008, this rate is still unacceptable. To further improve our payment accuracy, we have developed several program initiatives that are both cost effective and either prevent or minimize overpayments.

**Access to Financial Institutions**

In 2004, we began piloting the Access to Financial Institutions (AFI) Initiative, which runs data matches with financial institutions and allows us to quickly and easily identify assets of Supplemental Security Income applicants and recipients that exceed the statutory limits. While we expected our pilot in New York and New Jersey to produce the same 1000 percent return we get with continuing disability reviews, so far the returns have been significantly higher. In November 2007, we expanded AFI to California, and we expect to complete our rollout by the end of FY 2011. Once we have fully implemented AFI, we project roughly \$900 million in lifetime program savings for each year that we use the fully implemented AFI process.

### Telephone Wage Reporting

Wages earned by SSI recipients could affect their payment amounts. We do not always receive reports timely, which is a major cause of improper SSI payments. Using our SSI Telephone Wage Reporting System, recipients can call a dedicated toll-free number to report their wages via a voice recognition system. In FY 2010, we received over 331,000 calls to our SSI Telephone Wage Reporting System, a 390-percent increase over FY 2009. Based on the positive results of electronic reporting in the SSI program, we are planning to expand telephone wage reporting to Social Security disability beneficiaries.

### Expanding 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. Electronic data exchanges will transform the application process from paper to fully electronic - which will make it more accurate, efficient, and convenient.

We are also collaborating with other agencies to improve payment accuracy throughout the government as part of the President's government-wide initiative that established a "Do Not Pay List." Agencies may now check existing government databases to ensure that they are not paying ineligible persons. Our Death Master File is a key database in this effort.

## COOPERATIVE DISABILITY INVESTIGATIONS (CDI) AND OTHER INITIATIVES

One of our most successful efforts against disability fraud is the Cooperative Disability Investigation (CDI) units, the task forces that link our Office of the Inspector General and local law enforcement with Federal and State workers who handle disability cases. We currently operate 22 units in 19 States. These units are highly successful at detecting fraud before we make a disability decision and identifying overpayments.

Since its inception in FY 1998, CDI efforts nationwide have resulted in close to \$2.6 billion in savings: \$1.6 billion in our disability programs and \$967 million in projected savings in programs such as Medicare and Medicaid. Due to the success of the CDI program and wide-spread interest in preventing improper payments, we are currently working on opening four new CDI units in FY 2011 and we plan to expand the program by adding another four units in FY 2012.

In eight of our regional offices, we have an attorney assigned to a United States Attorney's Office as a Special Assistant. These attorneys prosecute possible fraud cases referred by OIG that would not otherwise be prosecuted in Federal court. From FYs 2003 through 2009, our attorneys secured over \$32 million in restitution orders and 635 convictions or guilty pleas. In FY 2010, we secured nearly \$5 million in restitution orders and 82 convictions for identity theft, program fraud, and SSN misuse.



## CONCLUSION

Our FY 2012 budget provides a modest increase that will allow us to make progress on our key priorities and maintain an adequate level of staffing on the front lines. This request is the minimum we need to continue driving down our backlogs, improve service, and reduce improper payments. It will enable us to implement new administrative efficiencies, provide alternate service options where possible, and increase productivity across the agency. We will accomplish all of the goals outlined in this budget with the continued support of Congress.

Our programs have a positive impact on the economy; the more claims we complete, the more benefits we provide to Americans, giving them more resources to spend. Our increased program integrity work provides a nearly 1000 percent return on investment. We have made incredible service and stewardship improvements in the last three years. We have clearly demonstrated that with adequate and timely resources and the heroic efforts of our employees, we deliver on our promises to the American people. Nevertheless, we cannot sustain this momentum to eliminate our disability backlogs, provide accurate and compassionate service, and meet our stewardship responsibilities without sufficient resources. Reduced funding would jeopardize all of the progress we have made.

On behalf of our dedicated employees and the millions of people they serve, we thank you for your continued support of the Social Security programs.



## APPENDIX A

### FISCAL YEAR 2012 PRESIDENT'S BUDGET LEGISLATIVE PROPOSALS

**Disability Insurance (DI) Demonstration Authority/Work Incentives Simplification Pilot (WISP):** The FY 2012 President's Budget includes a legislative proposal to reauthorize for five years our section 234 demonstration authority for DI, which allows us to use Trust Fund monies to conduct various demonstration projects, including alternative methods of treating work activity of DI beneficiaries. We intend to work with Congress on a fully offset package.

Using this authority, WISP would test important improvements in our return-to-work rules, subject to rigorous evaluation protocols. WISP would eliminate current barriers to employment by simplifying the treatment of beneficiaries' earnings, potentially reducing improper payments.

**Economic Recovery Payments:** The FY 2012 President's Budget includes a legislative proposal to distribute economic recovery payments.

**Extend SSI Eligibility for Refugees and other Humanitarian Immigrants:** The FY 2012 President's Budget includes a legislative proposal to continue through 2013 an extension of SSI eligibility to nine years for refugees, asylees, and other noncitizens in refugee-like immigration statuses. Under current law, the eligibility period is scheduled to revert to seven years on October 1, 2011.

**Federal Wage Reporting:** The FY 2012 President's Budget includes a legislative proposal to require employers to report wages quarterly; the proposal would not affect reporting of self-employment. Increasing the timeliness of wage reporting would enhance tax administration and improve program integrity for a range of programs.

**Windfall Elimination Provision and Government Pension Offset (WEP/GPO):** The FY 2012 President's Budget includes a legislative proposal to develop automated data exchanges for States and localities to submit useful and timely information on pensions that are based on work that was not covered by Social Security. The proposal includes mandatory funding for the development and implementation of the data exchanges and assumes enforcement will begin in FY 2015.

**Workers' Compensation:** The FY 2012 President's Budget includes a legislative proposal to develop and implement a system to collect information on workers' compensation recipients from states and private insurers. We would use the information to offset DI benefits and reduce SSI payments, as necessary. This proposal includes mandatory funding for the development and implementation of a system, with expected use by 2014.

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February 2011

## SOCIAL SECURITY ADMINISTRATION

### Summary Table of SSA's Appropriation Request

FY 2012	FTE	Amount
Payments to Social Security Trust Funds		\$ 20,404,000
Supplemental Security Income Program		
FY 2012 Request		\$ 38,083,000,000 <sup>1</sup>
FY 2013 First Quarter Advance		\$ 18,200,000,000
Limitation on Administrative Expenses	69,675	\$ 12,522,200,000 <sup>2</sup>
Office of the Inspector General	590	\$ 107,113,000

<sup>1</sup> Excludes \$13,400,000,000, the first quarter advance for FY2012, expected to be included in the FY 2011 appropriations bill, when enacted.

<sup>2</sup> Includes \$163,000,000 for SSI State Supplementary user fees and up to \$1,000,000 for non-attorney user fees.





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APPROPRIATION LANGUAGE

Payments to Social Security Trust Funds

*For payment to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as provided under sections 201(m), 228(g), and 1131(b)(2) of the Social Security Act, \$20,404,000.*

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended).

## 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.<sup>1</sup> The estimated annual appropriation and resulting obligations for FY 2012 are shown below.

**Table 1.1—Annual Appropriation and Obligations**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
<b>Appropriation</b>	<b>\$20,404,000</b>	<b>\$ 20,404,000</b>	<b>\$ 20,404,000</b>	<b>\$ 0</b>
<b>Obligations</b>	<b>\$14,500,295</b>	<b>\$ 20,454,000</b>	<b>\$ 20,454,000</b>	<b>\$ 0</b>

## PERMANENT INDEFINITE AUTHORITY

Amounts not subject to the annual appropriation include receipts from Federal income taxation of Social Security benefits, Federal Insurance Contribution Act (FICA) and Self-Employment Contribution Act (SECA) tax credits, reimbursement for Federal employee union administrative expenses, transfers to offset the financial effects of the Food, Conservation, and Energy Act of 2008, and reimbursements for the loss in FICA tax revenue resulting from the payroll tax holiday provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The permanent appropriation provides that the trust funds are credited for each of these revenue items.

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

<sup>1</sup> The quinquennial adjustment for military service wage credits is authorized to be appropriated every 5 years, if it is determined necessary. Appropriations are needed to effectuate transfers from the general funds to the trust funds, but not from trust funds to general funds. We determined that transfers should be made from the trust funds to the general fund in FY 2011, therefore, no appropriation is needed for this activity in FY 2011.

1993, P.L. 103-66, amended this provision so that up to 85 percent of benefits could be subject to taxation. The additional amounts collected from this 1993 provision are paid to the Hospital 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 \$22,887 million in FY 2011 and \$24,282 million in FY 2012 from U.S. citizens; taxes imposed on aliens are transferred monthly and will generate estimated income of \$168 million in FY 2011 and \$175 million in FY 2012. 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.

Section 15361 of P.L. 110-246, the Food, Conservation, and Energy Act of 2008, provides for annual transfers from the general fund of the Treasury to the OASDI trust funds in FYs 2009 through 2017 to roughly offset the financial effects of the law's two coverage provisions. Section 15301 of P.L. 110-246 excludes Conservation Reserve Program payments from SECA coverage for OASDI beneficiaries, and Section 15352 increases the limit for the optional method for computing earnings from self-employment. The transfers will be \$8 million in FY 2011 and \$7 million in FY 2012. The reimbursement of \$5 million due for FY 2009 was not paid timely, and was instead made in FY 2010. The amount is reflected as an obligation under the annual appropriation for PTF.

P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. The general funds will reimburse the trust funds for this loss in tax revenue. The estimated reimbursements from the general funds for the payroll tax holiday are \$79,368 million in FY 2011 and \$30,555 million in FY 2012. We expect additional adjustments will occur for several years as a result of the payroll tax holiday.

## BUDGETARY RESOURCES

The PTF annual appropriation request for FY 2012 is \$20,404,000. SSA expects to make \$55,050,404,000 in payments to the trust funds in FY 2012, including amounts appropriated under permanent indefinite authority.

**Table 1.2—Amounts Available for Obligation**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
<b>Annual Appropriation</b>	<b>\$ 20,404,000</b>	<b>\$ 20,404,000</b>	<b>\$ 20,404,000</b>
<b>Permanent Appropriation</b>	<b>\$ 22,830,400,492</b>	<b>\$ 102,442,000,000</b>	<b>\$ 55,030,000,000</b>
Total Appropriation	\$ 22,850,804,492	\$ 102,462,404,000	\$ 55,050,404,000
Unobligated Balance, Start-of-Year	\$ 12,928,608	\$ 12,889,471	\$ 12,839,471
Adjustments to Start-of-Year Balance <sup>1</sup>	\$ 5,000,000	\$ 0	\$ 0
<b>Subtotal Budgetary Resources</b>	<b>\$ 22,868,733,100</b>	<b>\$ 102,475,293,471</b>	<b>\$ 55,063,243,471</b>
<b>Obligations</b>	<b>(\$ 22,844,900,786)</b>	<b>(\$ 102,462,454,000)</b>	<b>(\$ 55,050,454,000)</b>
Unobligated Balance, End-of-Year	\$ 12,889,471	\$ 12,839,471	\$ 12,789,471
Unobligated Balance, Lapsing	\$ 10,942,843	\$ 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.

<sup>1</sup> P.L. 110-246, the Food, Conservation, and Energy Act of 2008 (H.R. 6124) provided that SSA's trust funds would be reimbursed for lost income resulting from enacted changes to the reporting of self-employment income (SECA taxes). The bill established that SSA would be reimbursed from FY 2009 to FY 2017. The reimbursement due to SSA for FY 2009 was not paid timely. Instead, the reimbursement was made in FY 2010.

**ANALYSIS OF CHANGES**

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The FY 2012 annual appropriation request is equal to the FY 2011 estimate. The obligations reported below include CIRHBA activity, funded from unobligated balances carried forward from prior years. These funds were provided in FY 1996 and FY 1997 and remain available until expended.

**Table 1.3—Summary of Changes**

	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>	<b>FY11 to FY12 Change</b>
<b>Appropriation</b>	\$ 20,404,000	\$ 20,404,000	\$ 0
<b>Obligations</b>	\$ 20,454,000	\$ 20,454,000	\$ 0

There are no planned or expected changes for any activities funded by the annual appropriation for this account for FY 2012. The amounts of the annual appropriation and related obligations are the same for FY 2011 and FY 2012.

**BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY**

The table below displays the budget authority and obligations for each of the PTF activities funded by the annual appropriation. Coal Industry Retiree Health Benefit obligations are funded from prior year unobligated balances.

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

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>
<b><u>Appropriation</u></b>			
Special Payments for Certain Uninsured Persons	\$ 4	\$ 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	\$ 0
Coal Industry Retiree Health Benefits	\$ 0	\$ 0	\$ 0
<b>Total Annual Appropriation</b>	<b>\$ 20,404</b>	<b>\$ 20,404</b>	<b>\$ 20,404</b>
<b><u>Obligations</u></b>			
Special Payments for Certain Uninsured Persons	\$ 3	\$ 4	\$ 4
Pension Reform	\$ 2,022	\$ 6,400	\$ 6,400
Unnegotiated Checks	\$ 7,435	\$ 14,000	\$ 14,000
Food, Conservation, and Energy Act, 2008 <sup>1</sup>	\$ 5,000	\$ 0	\$ 0
Quinquennial Adj. for Military Wage Credits	\$ 0	\$ 0	\$ 0
Coal Industry Retiree Health Benefits	\$ 39	\$ 50	\$ 50
<b>Total Obligations</b>	<b>\$ 14,500</b>	<b>\$ 20,454</b>	<b>\$ 20,454</b>

<sup>1</sup> P.L. 110-246, the Food, Conservation, and Energy Act of 2008 (H.R. 6124) provided that SSA’s trust funds would be reimbursed for lost income resulting from enacted changes to the reporting of self-employment income (SECA taxes). The bill established that SSA would be reimbursed from FY 2009 to FY 2017. The reimbursement due to SSA for FY 2009 was not paid timely. Instead, the reimbursement was made in FY 2010.

Note: Totals may not add due to rounding.



The table below displays budget authority and obligations for the PTF activities not subject to the annual appropriation. This includes taxation of benefits, FICA and SECA tax credits, reimbursement for certain union administrative expenses, transfers to offset the financial effects of the Food, Conservation, and Energy Act of 2008, and reimbursements for the temporary employee payroll tax holiday. The actual amount appropriated for these activities is determined by the actual amount collected from, or to be reimbursed for, each activity.

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

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
<b><u>Appropriation</u></b>			
Reimb. for Union Administrative Expenses	\$ 8,114	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008 <sup>1</sup>	\$ 9,000	\$ 8,000	\$ 7,000
Temporary Employee Payroll Tax Holiday <sup>2</sup>	\$ 0	\$ 79,368,000	\$ 30,555,000
Taxation of Benefits, U.S.	\$ 22,651,160	\$ 22,887,000	\$ 24,282,000
Taxation of Benefits, Nonresident Alien	\$ 162,000	\$ 168,000	\$ 175,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 127	\$ 0	\$ 0
<b>Total Permanent Appropriation</b>	<b>\$ 22,830,401</b>	<b>\$ 102,442,000</b>	<b>\$ 55,030,000</b>
<b><u>Obligations</u></b>			
Reimb. for Union Administrative Expenses	\$ 8,114	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008	\$ 9,000	\$ 8,000	\$ 7,000
Temporary Employee Payroll Tax Holiday	\$ 0	\$ 79,368,000	\$ 30,555,000
Taxation of Benefits, U.S.	\$ 22,651,160	\$ 22,887,000	\$ 24,282,000
Taxation of Benefits, Nonresident Alien	\$ 162,000	\$ 168,000	\$ 175,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 127	\$ 0	\$ 0
<b>Total Obligations</b>	<b>\$ 22,830,401</b>	<b>\$ 102,442,000</b>	<b>\$ 55,030,000</b>

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

<sup>2</sup> P.L. 111-312, Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (H.R. 4853), reduced employees’ payroll contributions from 6.2 percent to 4.2 percent. The general funds will reimburse the trust funds for the loss in tax revenue (Title VI, Sec 601).

**OBLIGATIONS BY OBJECT**

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

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

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>
<b>Insurance Claims and Indemnities<sup>1</sup></b>	\$ 22,834,765	---	---
<b>Other Services</b>	\$ 10,136	\$ 17,400	\$ 17,400
<b>Financial Transfers</b>	---	\$ 23,077,054	\$ 24,478,054
<b>Financial Transfers: Temporary Employee Payroll Tax Holiday</b>	---	\$ 79,368,000	\$ 30,555,000
<b>Total Obligations</b>	<b>\$ 22,844,901</b>	<b>\$ 102,462,454</b>	<b>\$ 55,050,454</b>

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

## BACKGROUND

### AUTHORIZING LEGISLATION

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

**Table 1.7—Authorizing Legislation (in thousands)**

	Amount Authorized	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Special payments for certain uninsured persons (Prouty): Social Security Act (S.S. Act), section 228(g)	Indefinite	\$ 4	\$ 4	\$ 4
Pension reform: S.S. Act, section 1131(b)(2)	Indefinite	\$ 6,400	\$ 6,400	\$ 6,400
Unnegotiated checks: S.S. Act, section 201(m); Social Security Amendments of 1983, section 152	Indefinite	\$ 14,000	\$ 14,000	\$ 14,000
Coal industry retiree health benefits: Internal Revenue Code of 1986, sections 9704 and 9706; Energy Policy Act of 1992, section 19141	Indefinite	\$ 0	\$ 0	\$ 0
Quinquennial adjustment for military service wage credits: S.S. Act, section 217(g)	Indefinite	\$ 0	\$ 0	\$ 0
<b>Subtotal Annual PTF Appropriation</b>		<b>\$ 20,404</b>	<b>\$ 20,404</b>	<b>\$ 20,404</b>
Reimbursement for union administrative expenses: FY 2002 Social Security Appropriations Act	Permanent Indefinite	\$ 8,114	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008: P.L. 110-246, section 15361	Permanent	\$ 9,000	\$ 8,000	\$ 7,000
Temporary employee payroll tax holiday: P.L. 111-312, section 601	Permanent Indefinite	\$ 0	\$ 79,368,000	\$ 30,555,000
Taxation of benefits, U.S.: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 22,651,160	\$ 22,887,000	\$ 24,282,000
Taxation of benefits, nonresident aliens: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 162,000	\$ 168,000	\$ 175,000
SECA tax credits: Social Security Amendments of 1983, section 124(b)	Permanent Indefinite	\$ 127	\$ 0	\$ 0
<b>Total Appropriation</b>		<b>\$ 22,850,805</b>	<b>\$ 102,462,404</b>	<b>\$ 55,050,404</b>

**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. The FY 2008 appropriation also included funds to administer economic recovery payments to beneficiaries.

**Table 1.8—Appropriation History Table**

<b>Fiscal Year</b>	<b>Budget Estimate to Congress</b>	<b>House Passed</b>	<b>Senate Passed</b>	<b>Enacted Appropriation</b>
2002 <sup>1</sup>	\$ 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 <sup>2</sup>				\$ 38,000,000
2007 <sup>3</sup>	\$ 27,756,000	\$ 20,416,000	\$ 20,416,000	\$ 20,416,000
Trust Funds Restoration				\$ 1,297,614,000
2008 <sup>5</sup>	\$ 28,140,000	\$ 28,140,000	\$ 28,140,000	\$ 28,140,000
Economic Stimulus Act <sup>6</sup>				\$ 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
2011 <sup>7</sup>	\$ 21,404,000			
<b>2012</b>	<b>\$ 20,404,000</b>			

<sup>1</sup> 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.

<sup>2</sup> FY 2006 Supplemental Appropriation providing for hurricane relief.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> Requested \$1 million in FY 2011 for the quinquennial adjustment for military service wage credits from the general funds to the Federal Disability Insurance Trust Fund. However, we later determined that transfers should be made from the trust funds to the general fund in FY 2011. Therefore, we are no longer requesting funds for this activity in FY 2011. The current estimate is \$20,404,000.

**SPECIAL PAYMENTS FOR CERTAIN UNINSURED PERSONS**

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

**PURPOSE AND METHOD OF OPERATION**

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

**Table 1.9—Special Payments for Certain Uninsured Persons: Budget Authority**

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>	<b>FY11 to FY12 Change</b>
Budget Authority	\$ 4,000	\$ 4,000	<b>\$ 4,000</b>	\$ 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 2010, 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, 2010, there was only one person receiving benefits under the general fund reimbursement section of this program; the same as on September 30, 2009.

**Table 1.10—Special Payments for Certain Uninsured Persons: Obligations**

<b>Fiscal Year</b>	<b>Obligations</b>
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	\$ 3,350
FY 2011 Estimate	\$ 4,000
<b>FY 2012 Estimate</b>	<b>\$ 4,000</b>

### **RATIONALE FOR BUDGET REQUEST**

The FY 2012 President’s budget request is for payment of \$4,000 to the OASI Trust Fund for program costs incurred in FY 2010. Program costs include benefit payments actually made, administrative expenses for maintaining the beneficiary rolls, and interest lost to the trust fund. The FY 2011 request was for payment to the OASI Trust Fund for program costs incurred in FY 2009.

**PENSION REFORM**

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

**PURPOSE AND METHOD OF OPERATION**

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

**Table 1.11—Pension Reform: Budget Authority**

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>	<b>FY11 to FY12 Change</b>
Budget Authority	\$ 6,400,000	\$ 6,400,000	<b>\$ 6,400,000</b>	<i>\$ 0</i>

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 1.12—Pension Reform: Obligations**

<b>Fiscal Year</b>	<b>Obligations</b>
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	\$ 2,022,000
FY 2011 Estimate	\$ 6,400,000
<b>FY 2012 Estimate</b>	<b>\$ 6,400,000</b>

**RATIONALE FOR BUDGET REQUEST**

The FY 2012 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 2012 request is the same as in the FY 2011 budget. SSA has continued to receive a large volume of pension coverage reports from the IRS. The table below summarizes the recent trend:

**Table 1.13—Receipts from Pension Coverage Reports**

<b>Fiscal Year</b>	<b>Pension Coverage Report Receipts</b>
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
<b>FY 2010</b>	<b>6,334,329</b>



## UNNEGOTIATED CHECKS

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

### PURPOSE AND METHOD OF OPERATION

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

**Table 1.14—Unnegotiated**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate	<i>FY11 to FY12 Change</i>
Budget Authority	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 0

**Checks: Budget Authority**

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 14<sup>th</sup> month after issue, the Department of the Treasury prepares a listing of checks outstanding from each agency, cancels those checks, and refunds the value of checks canceled to the authorizing agencies. Under this "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989 are credited directly to the trust funds from Treasury's general fund when the checks are canceled, pursuant to P.L. 100-86. These funds do not pass through the Payments to Social Security Trust Funds account. However, the interest adjustment must be paid through this account because CEBA made no provision for it.

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

**Table 1.15—Unnegotiated Checks: Obligations**

Fiscal Year	Obligations
FY 2006	\$ 9,289,828
FY 2007	\$ 10,084,755
FY 2008	\$ 11,169,140
FY 2009	\$ 8,756,319
FY 2010	\$ 7,435,351
FY 2011 Estimate	\$ 14,000,000
<b>FY 2012 Estimate</b>	<b>\$ 14,000,000</b>

**RATIONALE FOR BUDGET REQUEST**

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

**Table 1.16—Unnegotiated Checks: Budget Authority by Trust Fund**

	<b>FY 2012 Estimate</b>
<b>OASI Trust Fund</b>	\$ 11,000,000
<b>DI Trust Fund</b>	\$ 3,000,000
<b>Total</b>	<b>\$ 14,000,000</b>

The FY 2012 request is the same as the FY 2011 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 1.17—Direct Deposit Participation Rate**

	<b>Direct Deposit Participation Rate</b>
December 2004	82%
December 2005	83%
December 2006	84%
December 2007	85%
December 2008	86%
December 2009	87%
<b>December 2010</b>	<b>88%</b>

## COAL INDUSTRY RETIREE HEALTH BENEFITS

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

### PURPOSE AND METHOD OF OPERATION

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

**Table 1.18—Coal Industry Retiree Health Benefits: Obligations**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
New Budget Authority	\$ 0	\$ 0	<b>\$ 0</b>	\$ 0
Obligations	\$ 39,137	\$ 50,000	<b>\$ 50,000</b>	\$ 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

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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. SSA has also completed its obligation to provide yearly data on miner assignments to the UMWA Combined Benefit Fund. However, SSA’s Office of the Actuary continues to compute the per beneficiary premiums on a yearly basis.

This account provides general fund reimbursement to the trust funds to the extent that the Limitation on Administrative Expenses account advances funds for SSA to carry out this work. Additional funds are not requested for FY 2012 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 1.19—Military Service Wage Credits: Budget Authority**

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>	<b>FY11 to FY12 Change</b>
Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0

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

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

Following the initial transfers from the general fund to the trust funds in 1983 and 1985, the quinquennial adjustments resulted in the transfer of funds from SSA’s trust funds to the general fund of the Treasury each time until the 2000 determination was prepared. In that year, it was determined that the general fund owed a payment to the OASI trust fund instead. The FY 2002 appropriation for this transfer, including interest, was \$414,000,000. Appropriations are not

## Payments to Social Security Trust Funds

needed whenever quinquennial transfers are determined to be due from the trust funds to the general fund.

The Office of the Chief Actuary conducted an analysis for the quinquennial adjustment and determined that transfers should be made from the OASDI trust funds to the general fund in FY 2011. On December 30, 2010, \$113 million was transferred to the general fund from the OASI trust fund and \$3 million was transferred from the DI trust fund. Therefore, we are not requesting any funds for this activity in FY 2011.

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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, \$38,083,000,000, to remain available until expended: Provided, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury: Provided Further, That, not to exceed \$10,000,000 of the funds made available under this Act for Supplemental Security Income Program may be used for Supplemental Security Income Program-related performance-based awards for Pay for Success projects, notwithstanding any other requirements of Section 1110 of the Social Security Act: Provided further, That with respect to the previous proviso, any funds obligated for such projects shall remain available for disbursement until expended, notwithstanding 31 U.S.C. 1552(a): Provided further, That with respect to the second proviso, any deobligated funds from such projects shall immediately be available for Supplemental Security Income Program.*

*From funds provided under the first paragraph, as authorized by section 1110 of the Social Security Act, up to \$10,000,000 shall be available to provide incentive payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families: Provided, That the Commissioner is authorized to waive any of the requirements, conditions or limitations of title XVI of the Social Security Act, and is authorized to waive any requirements related to the conduct of research or demonstration projects, where appropriate.*

## Supplemental Security Income Program

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

*For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2013, \$18,200,000,000, to remain available until expended.*

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended).

## LANGUAGE ANALYSIS

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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 2012 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 2013 to ensure the timely payment of benefits in case of a delay in the FY 2013 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, \$38,083,000,000, 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.
“Provided further, That, not to exceed \$10,000,000 of the funds made available under this Act for Supplemental Security Income Program may be used for Supplemental Security Income Program-related performance-based awards for Pay for Success projects, notwithstanding any other requirements of Section 1110 of the Social Security Act:”	Of the funds appropriated for SSI, up to \$10 million may be used for SSI program related performance-based awards for Pay for Success Projects.

## Supplemental Security Income Program

“Provided further, That with respect to the previous proviso, any funds obligated for such projects shall remain available for disbursement until expended, notwithstanding 31 U.S.C. 1552(a): Provided further, That with respect to the second proviso, any deobligated funds from such projects shall immediately be available for Supplemental Security Income Program.”

“From funds provided under the first paragraph, as authorized by section 1110 of the Social Security Act, up to \$10,000,000 shall be available to provide incentive payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families:”

“Provided, That the Commissioner is authorized to waive any of the requirements, conditions or limitations of title XVI of the Social Security Act, and is authorized to waive any requirements related to the conduct of research or demonstration projects, where appropriate.”

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

"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2013, \$18,200,000,000, to remain available until expended."

– Notes that these funds available for SSI performance-based awards should remain available until expended and if funds are deobligated, they will immediately become available for general SSI Program expenses.

– Appropriates funds to provide incentive payments, and to evaluate a demonstration project designed to improve outcomes for SSI children and their families.

– The Commissioner may waive requirements for purposes of operating this demonstration project, as well as requirements or limitations of Title XVI of the Social Security Act.

– Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.

– 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 2013 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**  
(in thousands)

	FY 2010 Actual	FY 2011 Estimate <sup>1</sup>	FY 2012 Estimate	<i>Change</i>
Appropriation	\$ 50,142,000	\$ 55,999,000	<b>\$ 51,483,000</b>	- \$ 4,516,000
Obligations	\$ 50,871,147	\$ 56,120,176	<b>\$ 51,629,254</b>	- \$ 4,490,922
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 16,000,000	\$13,400,000	<b>\$ 18,200,000</b>	+\$ 4,800,000

## 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.

<sup>1</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary. Administrative Expenses and Research and Demonstration figures reflect the current service level. Beneficiary Services estimates reflect the FY 2011 President's Budget level.

### 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 in the Beneficiary Services section.

### State Supplementation

Supplementation is mandatory for certain recipients who were on state rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, states are encouraged to supplement the Federal benefit and may elect to have their state supplementation program administered by SSA. States that choose to have SSA administer their program reimburse SSA in advance and SSA makes the payment on behalf of the state. Participating states also reimburse SSA for the cost of administering their program, based on a user fee schedule established by the Social Security Act. The user fee is \$10.56 per SSI check payment in FY 2011 and is expected to increase to \$10.74 in FY 2012. 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 \$47.6 billion in Federal benefits to an estimated 8 million SSI recipients in FY 2012. Including state supplementary payments, SSA expects to pay a total of \$51.1 billion and administer payments to a total of 8.3 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 2012 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 2012 is \$51,483,000,000. However, this includes \$13,400,000,000 requested for the first quarter of FY 2012 in the FY 2011 President's Budget. The appropriation language provides SSA with its remaining appropriation for FY 2012, \$38,083,000,000—the total amount requested for FY 2012 less the advance already requested.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$18,200,000,000 for Federal benefit payments in the first quarter of FY 2013. 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 Detail<sup>1</sup>**  
(in thousands)

	FY 2010 Enacted	FY 2011 Estimate <sup>2</sup>	FY 2012 Estimate	<i>Change</i>
Advance for Federal Benefits <sup>3</sup>	\$ 15,400,000	\$ 16,000,000	\$ 13,400,000	
Regular for Federal Benefits	\$ 31,202,000	\$ 36,387,000	\$ 34,154,000	
<b>Subtotal Federal Benefits</b>	<b>\$ 46,602,000</b>	<b>\$ 52,387,000</b>	<b>\$ 47,554,000</b>	<b>- \$ 4,833,000</b>
Administrative Expenses	\$ 3,442,000	\$ 3,503,000	\$ 3,844,000	\$ 341,000
Beneficiary Services	\$ 49,000	\$ 60,000	\$ 47,000	- \$ 13,000
Research and Demonstration	\$ 49,000	\$ 49,000	\$ 38,000	- \$ 11,000
<b>Subtotal Advanced Appropriation</b>	<b>\$ 15,400,000</b>	<b>\$ 16,000,000</b>	<b>\$ 13,400,000</b>	
<b>Subtotal Regular Appropriation</b>	<b>\$ 34,742,000</b>	<b>\$ 39,999,000</b>	<b>\$ 38,083,000</b>	
<b>Total Appropriation</b>	<b>\$ 50,142,000</b>	<b>\$ 55,999,000</b>	<b>\$ 51,483,000</b>	<b>- \$ 4,516,000</b>
<b>Advance for Subsequent Year</b>	<b>\$ 16,000,000</b>	<b>\$ 13,400,000</b>	<b>\$ 18,200,000</b>	<b>+ \$ 4,800,000</b>

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

<sup>2</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary. Administrative Expenses and Research and Demonstration figures reflect the current service level. Beneficiary Services estimates reflect the FY 2011 President's Budget level.

<sup>3</sup> Amount provided or requested in the previous year's appropriation bill.

## KEY INITIATIVES

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

### Payment Accuracy

For more than 75 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2009, 91.6 percent of SSI benefit payments were free of overpayment errors and 98.4 percent<sup>1</sup> were free of underpayment errors; both percentages reflect an increase in accuracy from the previous year. The vast majority of incorrect payments are the result of unreported changes to recipients' incomes, resources, or living arrangements.

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

### Continuing Disability Reviews and Non-Disability Redeterminations

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

CDRs and redeterminations are key activities in ensuring the integrity of the SSI program and maintaining and improving payment accuracy. In recent years, SSA has not been able to conduct as many CDRs and redeterminations as are needed. Budget limitations prior to FY 2010, 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 2012 President's budget request includes total spending of \$562 million specifically for conducting SSI CDRs and redeterminations which would allow SSA to conduct approximately 215,000 SSI CDRs and 2,622,000 redeterminations. This funding is estimated to result in almost \$4.2 billion in savings to the SSI program over the next 10 years, with additional savings accruing to Medicaid.

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<sup>1</sup> The difference between the accuracy rate shown here and the rate displayed on page 181 of the FY 2010 Performance and Accountability Report is due to rounding.



### **Access to Financial Institutions (AFI)**

Unreported bank accounts are one of the largest causes of overpayments. SSA has implemented Access to Financial Institutions (AFI), which allows us to automatically verify bank assets for SSI applicants and recipients through an electronic system. AFI currently operates in 20 states across the nation, covering over 70 percent of all SSI applicants and recipients, and will be expanded to all states by the end of FY 2011. Along with preventing overpayments, AFI will help us to eliminate ineligible applicants at the beginning of the application process, reducing the workload in the State Disability Determination Services. Once we have fully implemented AFI, we project roughly \$900 million in lifetime program savings for each year that we use the fully implemented AFI process.

### **Pre-Effectuation Reviews**

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

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

### **Combating Fraud**

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2010, SSA's Office of the Inspector General (OIG) received over 61,499 SSI fraud-related allegations via telephone, correspondence, fax, or email. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition to matching the law enforcement data received pursuant to the matching program, federal law authorizes OIG and SSA to release information back to law enforcement regarding beneficiaries and recipients who have unsatisfied felony arrest warrants or who are violating a condition of probation or parole imposed under federal or state law. Individuals are identified by using an automated data matching process which compares warrant information at the state and federal levels with the SSI rolls.

### **SSI Simplification**

Complexity is inherent in the process of evaluating eligibility and payment levels for the SSI program and in addressing the accuracy of payments that have already been made. SSA remains committed to simplifying the SSI program and is exploring ways to do this in a fair and equitable manner.

### Debt Collection

SSA currently makes use of the following debt collection tools that are authorized by law: benefit withholding, cross-program recovery, repayment by installment agreements, Credit Bureau Reporting, Administrative Wage Garnishment, and the Treasury Offset Program (TOP), which includes Tax Refund Offset (TRO), Administrative Offset (e.g., Federal travel and expense reimbursements), and Federal Salary Offset. Using these debt collection tools, SSA collected \$1.2 billion in SSI overpayments, including Federally-administered state supplement overpayments, in FY 2010. Also in FY 2010, SSA recovered an additional \$134.9 million through Netting, a process that collects SSI overpayments through an automated offset against SSI underpayments.

We began collecting SSI overpayments by TRO in 1998 under the authority of The Deficit Reduction Act of 1984. The Foster Care Independence Act of 1999 extended to the SSI program all of the additional debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs. In FY 2002, SSA expanded the use of TOP by implementing Administrative Offset. SSA further expanded the use of TOP in FY 2006 when the agency implemented Federal Salary Offset, a collection tool used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. In 2009, Treasury removed the 10-year statute of limitations on collection of debts via the TOP. In FY 2010, TOP enabled the agency to collect \$51.4 million.

In FY 2002, SSA also implemented Credit Bureau Reporting and Cross Program Recovery. In FY 2010, Credit Bureau Reporting contributed to the voluntary repayment of \$18.9 million and the Agency recovered \$80.8 million via Cross Program Recovery.

In FY 2005, SSA implemented Administrative Wage Garnishment, which has collected over \$14 million in SSI debt through FY 2010. 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);
- 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 the 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.

### Legislative Proposal

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

The FY 2012 budget includes a proposal to allow refugees and asylees to receive SSI an additional two years, in FY 2012 and FY 2013, for a total maximum of nine years of eligibility, consistent with the current expiring policy. Without this provision, the policy will revert back to only allowing refugees and asylees who have not become citizens to receive SSI for seven years.

## 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 2012 is \$51,483,000,000, including \$13,400,000,000, requested in advance by the FY 2011 President's Budget.

**Table 2.4—Amounts Available for Obligation<sup>1</sup>**

	FY 2010 Actual	FY 2011 Estimate <sup>2</sup>	FY 2012 Estimate
Regular Appropriation	\$ 34,742,000,000	\$ 39,999,000,000	\$ 38,083,000,000
Advanced Appropriation	\$ 15,400,000,000	\$ 16,000,000,000	\$ 13,400,000,000
<b>Total Annual Appropriation</b>	<b>\$ 50,142,000,000</b>	<b>\$ 55,999,000,000</b>	<b>\$ 51,483,000,000</b>
Federal Unobligated Balance	\$ 590,760,864	\$ 323,994,130	\$ 202,818,130
Recovery of Prior-Year Obligations	\$ 3,482,546	\$ 0	\$ 0
Offsetting Collections	\$ 432,014	\$ 0	\$ 0
Indefinite Authority	\$ 458,465,781	\$ 0	\$ 0
<b>Subtotal Federal Resources</b>	<b>\$51,195,141,205</b>	<b>\$ 56,322,994,130</b>	<b>\$ 51,685,818,130</b>
State Supp. Reimbursements	\$ 3,581,823,055	\$ 3,650,000,000	\$ 3,835,000,000
State Supp. Unobligated Balance	\$ 305,012,257	\$ 295,048,360	\$ 50,048,360
<b>Total Budgetary Resources</b>	<b>\$ 55,081,976,517</b>	<b>\$ 60,268,042,490</b>	<b>\$ 55,570,866,490</b>
<b>Federal Obligations</b>	<b>\$ 50,871,147,075</b>	<b>\$ 56,120,176,000</b>	<b>\$ 51,629,254,000</b>
State Supp. Obligations	\$ 3,591,786,952	\$ 3,895,000,000	\$ 3,560,000,000
<b>Total Obligations</b>	<b>\$ 54,462,934,027</b>	<b>\$ 60,015,176,000</b>	<b>\$ 55,189,254,000</b>
Federal Unobligated Balance	\$ 323,994,130	\$ 202,818,130	\$ 56,564,130
State Supp. Unobligated Balance	\$ 295,048,360	\$ 50,048,360	\$ 325,048,360
<b>Total Unobligated Balance</b>	<b>\$ 619,042,490</b>	<b>\$ 252,866,490</b>	<b>\$ 381,612,490</b>

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

<sup>2</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary. Administrative Expenses and Research and Demonstration figures reflect the current service level. Beneficiary Services estimates reflect the FY 2011 President's Budget level.

The SSI annual appropriation was \$50.1 billion in FY 2010. The current estimate for FY 2011 is approximately \$56 billion<sup>1</sup>. The amounts appropriated are made available until expended, so SSA has the authority to carry over unobligated balances for use in future fiscal years. SSA carried over approximately \$324 million in Federal unobligated balances into FY 2011. Based on the FY 2011 estimated funding level and obligations, SSA expects to carry over about \$203 million into FY 2012.

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.

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<sup>1</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary. Administrative Expenses and Research and Demonstration figures reflect the current service level. Beneficiary Services estimates reflect the FY 2011 President's Budget level.

## ANALYSIS OF CHANGES

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The FY 2012 request represents a decrease of more than \$4.5 billion from the FY 2011 level. The majority of this decrease results from FY 2012 having only 11 benefit payments, while FY 2011 has 13. October 1, 2011 falls on a weekend, so this payment will be accelerated into FY 2011.

SSA plans to use carryover of unobligated balances to partially fund administrative expenses, beneficiary services and research and demonstration projects in FY 2011 and FY 2012. SSA plans to use \$121 million in unobligated balances and recoveries in FY 2011 and \$146 million in FY 2012.

### Federal Benefit Payments

The decrease in the FY 2012 request for Federal benefit payments is primarily attributable to a decline from 13 monthly benefit payments in FY 2011, to only 11 such payments in FY 2012. The FY 2012 request anticipates no carryover and no need to tap indefinite authority funding.

### Administrative Expenses

The FY 2012 request for administrative expenses is \$341 million more than the FY 2011 level. SSA expects to use \$98 million in carryover of prior-year unobligated balance in FY 2011 and \$62 million in FY 2012. Also, the FY 2012 request includes \$298 million in allocation adjustment funding for program integrity work in the SSI program – SSI CDRs, redeterminations, and asset verification initiatives.

### Beneficiary Services

The net request for new budget authority in FY 2012 reflects a decrease due to the revised projected cost per case and an increase due to the revision of the Ticket to Work regulation. This net decrease also reflects more carryover of unobligated balances to be used in FY 2012. In FY 2010, SSA used \$45.1 million from prior-year unobligated balances for beneficiary services. SSA expects to use \$21.0 million of carryover funds in FY 2011, and \$51.8 million in FY 2012.

### Research and Demonstration

The request for new budget authority is lower than in FY 2011. SSA expects to use \$2 million of prior year unobligated balances in FY 2011 and \$32 million in FY 2012.

Table 2.5—Summary of Changes<sup>1</sup>

	FY 2011 Estimate <sup>2</sup>	FY 2012 Estimate	Change
<b>Appropriation</b>	<b>\$ 55,999,000,000</b>	<b>\$ 51,483,000,000</b>	<b>- \$ 4,516,000,000</b>
<b>Estimated Federal Obligations</b>	<b>\$ 56,120,176,000</b>	<b>\$ 51,629,254,000</b>	<b>- \$ 4,490,922,000</b>
Obligations Funded from Prior-Year Unobligated Balances and Recoveries	\$ 121,176,000	\$ 146,254,000	+ \$ 25,078,000

**Table 2.6—Explanation of SSI Budget Changes from FY 2011 to FY 2012**  
(in thousands)

	FY 2011 Base Budget Authority	Change from Base
<b><u>Increases: Built-In</u></b>		
<u>Federal Benefit Payments</u>	\$ 52,387,000	+\$ <b>2,266,000</b>
<ul style="list-style-type: none"> <li>• <i>Cost-of-living adjustments (COLA)—0.9% beginning January 2012</i></li> </ul>		+ \$ 427,000
<ul style="list-style-type: none"> <li>• <i>Increase of 279,000 recipients in FY 2012</i></li> </ul>		+ \$ 1,839,000
<u>Administrative Expenses</u>	\$ 3,503,000	+\$ <b>341,000</b>
<ul style="list-style-type: none"> <li>• <i>Increase in funding for Program Integrity</i></li> <li>• <i>Additional base funding</i></li> <li>• <i>Decrease in amount of carryover funding available for obligation in FY 2012</i></li> </ul>		+ \$ 16,365 + \$ 288,635 + \$ 36,000
<u>Beneficiary Services – Revised Ticket to Work &amp; reimbursement projections</u>	\$ 60,000	+\$ <b>18,000</b>
<u>Research and Demonstration – Increase in planned obligations</u>	\$ 49,000	+\$ <b>19,078</b>
<b>Total</b>	<b>\$ 55,999,000</b>	<b>+\$ 2,644,078</b>

**Table Continues on the Next Page**

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

<sup>2</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary. Administrative Expenses and Research and Demonstration figures reflect the current service level. Beneficiary Services estimates reflect the FY 2011 President's Budget level.

## Supplemental Security Income Program

	<b>FY 2011 Base Budget Authority</b>	<b>Change from Base</b>
<b><u>Decreases: Built-In</u></b>		
<u>Federal Benefit Payments</u>	\$ 52,387,000	- \$ 7,099,000
<ul style="list-style-type: none"> <li>• <i>Effect of OASDI COLA for concurrent SSI/OASDI recipients</i></li> <li>• <i>Net decrease due to adjustment for October 1, 2011 payment paid in FY 2011</i></li> </ul>		- \$ 95,000 - \$ 7,004,000
<u>Administrative Expenses</u>	\$ 3,503,000	\$ 0
<u>Beneficiary Services</u> – <i>Increase in amount of carryover funding planned for obligation in FY 2012</i>	\$ 60,000	- \$ 31,000
<u>Research &amp; Demonstration</u> – <i>Increase in amount of carryover funding planned for obligation in FY 2012</i>	\$ 49,000	- \$ 30,078
<b>Total</b>	<b>\$ 55,999,000</b>	<b>- \$ 7,160,078</b>
<b>Net Change to Budget Authority Requested</b>		<b>- \$ 4,516,000</b>



## 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 Activity**<sup>1</sup>  
(in thousands)

	FY 2010 Actual	FY 2011 Estimate <sup>2, 3</sup>	FY 2012 Estimate <sup>4</sup>
<b><u>Federal Benefit Payments</u></b>			
Appropriation	\$ 46,602,000	\$ 52,387,000	\$ 47,554,000
Obligations	\$ 47,322,386	\$ 52,387,000	\$ 47,554,000
Monthly Check Payments	12	13	11
<b><u>Administrative Expenses</u></b>			
Appropriation	\$ 3,442,000	\$ 3,503,000	\$ 3,844,000
Obligations	\$ 3,459,457	\$ 3,601,000	\$ 3,906,000
<b><u>Beneficiary Services</u></b>			
Appropriation	\$ 49,000	\$ 60,000	\$ 47,000
Obligations	\$ 45,112	\$ 81,000	\$ 99,000
<b><u>Research and Demonstration</u></b>			
Appropriation	\$ 49,000	\$ 49,000	\$ 38,000
Obligations	\$ 44,192	\$ 51,176	\$ 70,254
<b>Total Appropriation</b>	<b>\$ 50,142,000</b>	<b>\$ 55,999,000</b>	<b>\$ 51,483,000</b>
<b>Total Federal Obligations</b>	<b>\$ 50,871,147</b>	<b>\$ 56,120,176</b>	<b>\$ 51,629,254</b>

In FY 2010, 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 administrative expenses. In FY 2011 and FY 2012, SSA plans to use carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects. The FY 2012 President's Budget request reflects these plans.

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

<sup>2</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary. Administrative Expenses and Research and Demonstration figures reflect the current service level. Beneficiary Services estimates reflect the FY 2011 President's Budget level.

<sup>3</sup> SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2011 obligations as follows: administrative expenses, \$98 million; beneficiary services, \$21 million; and research and demonstration projects, \$2 million.

<sup>4</sup> In addition to the FY 2012 President's Budget request, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2012 obligations as follows: administrative expenses, \$62 million; beneficiary services, \$52 million; and research and demonstration projects, \$32 million.

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**NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT**


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

**Table 2.8—New Budget Authority and Obligations by Object<sup>1</sup>**  
(in thousands)

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate<sup>2</sup></b>	<b>FY 2012 Estimate</b>
<u>Other Services</u>			
Appropriation	\$ 3,491,000	\$ 3,563,000	<b>\$ 3,891,000</b>
Obligations	\$ 3,504,569	\$ 3,682,000	<b>\$ 4,005,000</b>
<u>Federal Benefits and Research</u>			
Appropriation	\$ 46,651,000	\$ 52,436,000	<b>\$ 47,592,000</b>
Obligations	\$ 47,366,578	\$ 52,438,176	<b>\$ 47,624,254</b>
<b>Total Appropriation</b>	<b>\$ 50,142,000</b>	<b>\$ 55,999,000</b>	<b>\$ 51,483,000</b>
<b>Total Obligations</b>	<b>\$ 50,871,147</b>	<b>\$ 56,120,176</b>	<b>\$ 51,629,254</b>

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

<sup>2</sup> Federal benefit numbers reflect the most recent estimates from SSA’s Office of the Chief Actuary. Administrative Expenses and Research and Demonstration figures reflect the current service level. Beneficiary Services estimates reflect the FY 2011 President’s Budget level. The total appropriation request in the FY 2011 President’s Budget was \$56.513 billion.

## 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 Actual	FY 2011 Estimate <sup>1</sup>	FY 2012 Estimate	Amount Authorized
Title XVI of the Social Security Act, section 401 of P.L. 92-603 and section 212 of P.L. 93-66, as amended, and section 405 of P.L. 92-216	\$ 50,142,000,000	\$ 55,999,000,000	<b>\$ 51,483,000,000</b>	<i>Indefinite</i>
First Quarter Advance appropriation for subsequent fiscal year	\$ 16,000,000,000	\$ 13,400,000,000	<b>\$ 18,200,000,000</b>	---

<sup>1</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary. Administrative Expenses and Research and Demonstration figures reflect the current service level. Beneficiary Services estimates reflect the FY 2011 President's Budget level.

## 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 2013. 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 <sup>1</sup>	\$ 40,235,000,000	\$ 40,181,169,000	\$ 40,181,169,000	\$ 40,181,169,000
2008 <sup>2</sup>	\$ 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>\$ 458,465,781</i>			
2011 <sup>3</sup>	\$ 56,513,000,000			
<b>2012</b>	<b>\$ 51,483,000,000</b>			
<b>2013<sup>4</sup></b>	<b>\$ 18,200,000,000</b>			

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

<sup>2</sup> 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.

<sup>3</sup> A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). This amount represents our original request from the FY 2011 President's Budget. This figure may not match other 2011 estimates.

<sup>4</sup> Advance appropriation for the first quarter of FY 2013.

## 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 2012, SSA estimates benefit payments will total \$47.6 billion for more than 8 million Federal SSI recipients.

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

	FY 2010 Actual	FY 2011 Estimate <sup>1</sup>	FY 2012 Estimate	FY11 to FY12 Change
<b>Appropriation</b>	<b>\$ 46,602,000</b>	<b>\$ 52,387,000</b>	<b>\$ 47,554,000</b>	<b>- \$ 4,833,000</b>
Obligations funded from prior year unobligated balances	\$ 261,920	\$ 0	\$ 0	\$ 0
Indefinite Authority	\$ 458,466	\$ 0	\$ 0	\$ 0
<b>Obligations</b>	<b>\$ 47,322,386</b>	<b>\$ 52,387,000</b>	<b>\$ 47,554,000</b>	<b>- \$ 4,833,000</b>
Advance for subsequent fiscal year	\$ 16,000,000	\$ 13,400,000	\$ 18,200,000	+ \$ 4,800,000

### RATIONALE FOR BUDGET REQUEST

SSA is requesting \$47.6 billion in new budget authority for Federal benefit payments in FY 2012.

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.

<sup>1</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary, instead of the FY 2011 President's Budget amount.

## SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from 7 million in FY 2007 to 7.5 million in FY 2010 and is expected to continue to increase to more than 8 million in FY 2012. The estimated increase in Federal recipients in FY 2012 represents a 3.6 percent increase over the FY 2011 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, Actual<sup>1</sup>**  
(average over fiscal year, in thousands)

	FY 2007	FY 2008	FY 2009	FY 2010
Aged	1,111	1,103	1,106	1,105
Blind or Disabled	5,892	6,014	6,198	6,417
<b>Total Federal</b>	<b>7,003</b>	<b>7,117</b>	<b>7,304</b>	<b>7,522</b>
<b>Year-to-Year Change</b>	<b>1.8%</b>	<b>1.6%</b>	<b>2.6%</b>	<b>3.0%</b>
State Supplement Only	296	298	285	256
<b>Total Federally Administered</b>	<b>7,300</b>	<b>7,415</b>	<b>7,589</b>	<b>7,778</b>

In addition to Federal SSI recipients, SSA administers state supplementary payments for 23 states and the District of Columbia. SSA administers payments for approximately 2.5 million state supplement recipients annually, of which approximately 270,000 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 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
Aged	1,102	1,104	+ 0.2%
Blind or Disabled	6,665	6,942	+ 4.2%
<b>Total Federal</b>	<b>7,767</b>	<b>8,046</b>	<b>+ 3.6%</b>
State Supplement only	262	271	+ 3.4%
<b>Total Federally Administered</b>	<b>8,029</b>	<b>8,317</b>	<b>+ 3.6%</b>

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

### SSI Disabled vs. Aged Recipient Population

The number of Federal blind or disabled SSI recipients as a percentage of all Federal SSI recipients has steadily increased from 78.1 percent in FY 1995 to 85.3 percent in FY 2010. It is expected to continue to increase to 86.3 percent in FY 2012. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this consistent shift in the population make-up increases overall Federal SSI benefit payments.

**Table 2.14—Blind or Disabled Recipients as a Percentage of Total  
(average over fiscal year, in thousands) <sup>1</sup>**

Fiscal Year	Total Federal	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	7,522	1,105	6,417	85.3%
<b>2011 Estimate</b>	<b>7,767</b>	<b>1,102</b>	<b>6,665</b>	<b>85.8%</b>
<b>2012 Estimate</b>	<b>8,046</b>	<b>1,104</b>	<b>6,942</b>	<b>86.3%</b>

### Concurrent SSI/OASDI Recipients

SSI recipients also receiving Old-Age and Survivors Insurance (OASI) or DI benefits have their SSI benefit reduced, less applicable exclusions, by the amount of their Old-Age, Survivors, and Disability Insurance (OASDI) benefit. Approximately 34 percent of all SSI recipients (including those only receiving a state supplement) also receive Social Security benefits. Approximately 56 percent of the SSI aged and 30 percent of the SSI blind and disabled populations receive concurrent payments.

<sup>1</sup> 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 or January 2011, and a cost-of-living adjustment (COLA) of only 0.9 percent is projected for January 2012. The FBRs for calendar year (CY) 2011 are \$674 for an individual and \$1,011 for a couple. The FBR remains the same for the first three months of FY 2012. The slight increase in the FBR for the last nine months of FY 2012 reflects the COLA that will take effect in January 2012, the beginning of CY 2012.

**Table 2.15—Maximum Benefit Rates**

	FY 2011		FY 2012	
	First 3 Months	Last 9 Months	First 3 Months	Last 9 Months
Individual	\$ 674	\$ 674	\$ 674	\$ 680
Couple	\$ 1,011	\$ 1,011	\$ 1,011	\$ 1,020

### Average Monthly Benefit Payments

The amount actually paid to a recipient can vary from the FBR based on their income received (e.g., earnings and Social Security benefits) and the living arrangement of the recipient (e.g., residence in one's own home, the household of another person, or in a nursing home which meets Medicaid standards). The average monthly benefit is expected to increase from \$516 in FY 2010 to \$517 in FY 2011 and \$521 in FY 2012. The increase in the average benefit payment is a factor driven by COLAs and recipient population characteristics.

**Table 2.16—Average Monthly Benefit Payments**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Aged	\$ 358	\$ 359	\$ 364
Blind or Disabled	\$ 543	\$ 543	\$ 546
All SSI Recipients	\$ 516	\$ 517	\$ 521



### Cost of Living Adjustments

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

### Program Integrity Funding

Annual benefit payment estimates are based on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2012 estimate assumes SSA receives the funding to conduct 215,000 SSI CDRs and 2,622,000 non-medical redeterminations.

### Timing of Monthly Benefit Payments

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

**Table 2.17—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
<b>FY 2010</b>	<b>12</b>	<b>\$ 47,322,385,581</b>
<b>FY 2011</b>	<b>13</b>	<b>\$ 52,387,000,000</b>
<b>FY 2012</b>	<b>11</b>	<b>\$ 47,554,000,000</b>

## 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 shares. The determination is based on a Government Accountability Office (GAO) approved method of cost analysis of the respective expenses of the SSI and Social Security insurance programs, and mandates a final settlement by the end of the subsequent fiscal year as required by law.

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

	FY 2010 Actual	FY 2011 Estimate <sup>1</sup>	FY 2012 Estimate	FY11 to FY12 Change
<b>Appropriation</b>	<b>\$ 3,442,000</b>	<b>\$ 3,503,000</b>	<b>\$ 3,844,000</b>	<b>+ \$ 341,000</b>
Obligations Funded from Prior-Year Unobligated Balance	\$ 17,457	\$ 98,000	\$ 62,000	- \$36,000
<b>Obligations</b>	<b>\$ 3,459,457</b>	<b>\$ 3,601,000</b>	<b>\$ 3,906,000</b>	<b>+ \$ 305,000</b>

<sup>1</sup> A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended).

## RATIONALE FOR BUDGET REQUEST

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The FY 2012 request for SSI administrative expenses is \$3,844,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$298 million specifically for FY 2012 SSI program integrity activities in the SSI program in FY 2012.

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 supplementary user fees in FY 2011 and up to \$163,000,000 in FY 2012.

## BENEFICIARY SERVICES

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

### PURPOSE AND METHOD OF OPERATION

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

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

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
<b>Appropriation</b>	<b>\$ 49,000</b>	<b>\$ 60,000</b>	<b>\$ 47,000</b>	<b>- \$ 13,000</b>
Obligations Funded from Prior-Year	\$ 0	\$ 21,000	<b>\$ 52,000</b>	+\$ 31,000
Unobligated Balances				
<b>Obligations</b>	<b>\$ 45,112</b>	<b>\$ 81,000</b>	<b>\$ 99,000</b>	<b>+ \$ 18,000</b>
Vocational Rehabilitation	\$ 42,260	\$ 48,000	\$ 50,000	+\$ 2,000
Ticket to Work	\$ 2,852	\$ 33,000	\$ 49,000	+\$ 16,000

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

A portion of the FY 2012 obligations in the above table will cover estimated payments authorized by the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). Under the Ticket program, SSA pays Employment Networks (ENs) for providing vocational rehabilitation, employment, and other support services to disabled SSI recipients. Recipients receive tickets from SSA that they may assign to an EN (including state VR agencies) in exchange for their services.

SSA modified the Ticket regulation in 2008 to enable recipients to take advantage of both VR agencies and ENs. These changes also expanded the population of eligible recipients to include those who are expected to medically improve, creating greater financial incentives for more ENs to participate.

Ticket payments, unlike VR reimbursement payments, are not based on the costs of specific services provided by the EN. SSA pays ENs on either an outcome-milestone payment method or an outcome-payment method. Under the outcome-milestone payment method, SSA pays ENs for each milestone the recipient successfully achieves. Recipients may continue to receive

monthly benefit payments when SSA issues a milestone payment. In order for SSA to make an outcome payment, however, the individual must not be receiving monthly benefit payments due to work or earnings. SSA bases outcome-payment amounts on the prior year's national average disability benefit payable under Title XVI. Outcome payments are payable for a maximum of 60 months (consecutive or otherwise).

## RATIONALE FOR BUDGET REQUEST

SSA is requesting \$47 million in new budget authority for beneficiary services. The estimate for FY 2012 assumes 5,100 VR reimbursement payments and 4,200 Ticket-related terminations, compared to 5,000 and 3,100 in FY 2011, respectively. In addition, the FY 2012 average cost per VR reimbursement payments is \$9,900, an increase from the FY 2011 level of \$9,600. The FY 2012 request reflects the overall increase in the number of SSI recipients and the effects of the 2008 regulatory changes to the Ticket program.

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

**Table 2.20—SSI VR Reimbursement Payments and SSI Disability Terminations  
Related to the Ticket to Work program**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
<b>VR Reimbursement Payments</b>	4,446	5,000	5,100	+ 100
<b>Ticket-Holders Achieving Outcome Payment Status</b>	652 <sup>1</sup>	3,100	4,200	+ 1,100

<sup>1</sup> Of the 652 SSI Ticket-Holders achieving outcome payment status in FY 2010, 231 had also been receiving a Social Security Benefit.

## 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 2.21—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands)**

	FY 2010 Actual	FY 2011 Estimate <sup>1</sup>	FY 2012 Estimate	FY 11 to FY 12 Change
<b>Appropriation</b>	\$ 49,000	\$ 49,000	\$ 38,000	- \$ 11,000
Net Obligations funded from prior-year unobligated balances	- \$ 4,808	\$ 2,176	\$ 32,254	\$ 30,078
<b>Obligations</b>	<b>\$ 44,192</b>	<b>\$ 51,176</b>	<b>\$ 70,254</b>	<b>\$ 19,078</b>

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. This includes both waiver authorities for the SSI program as well as projects dealing with specific SSI issues. Under the authority of section 1110, we fund a range of projects: disability policy research, projects to develop effective rehabilitation and return-to-work strategies, financial literacy and education, retirement policy research, and evaluation of proposed or newly enacted legislative changes and projects to maintain and improve basic data about our programs and beneficiaries.

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

Section 1144 amended the Social Security Act to include outreach regarding Medicare costsharing, and subsequently, Medicare prescription drug outreach. Under this mandate, we are required to use our 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. We identify these potential beneficiaries, inform them about these programs, and notify state Medicaid agencies. The Centers for Medicare & Medicaid Services, within HHS, oversee both the Medicare and Medicaid programs.

<sup>1</sup> A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended).

## RATIONALE FOR BUDGET REQUEST

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Our research budget is designed to provide significant support for key priorities and includes a \$19 million increase in obligations over FY 2011. The budget supports projects such as the *Compassionate Allowances Initiative* and the *Development of the Occupational Information System*. These projects are integral to improving the disability process and also provide analytical and data resources for use in preparing and reviewing policy proposals. Other disability research and demonstration projects are designed to promote self sufficiency and assist individuals in their effort to return to work. Two projects, the Youth Transition Demonstration and the SSI Children's Pilot (PROMISE) seek to improve education and employment outcomes and reduce the dependency of SSI child recipients and their families on SSI benefits. SSA also plans to establish a Disability Research Consortium (DRC) in order to address a significant shortage of disability policy research and to foster collaborative research with other federal agencies that serve the disabled population. The DRC will also foster collaborative research on disability policy issues with researchers in academia and research organizations.

We also are continuing work on a financial literacy and education initiative that is designed to encourage saving and effective retirement planning by supporting activities of the Financial Literacy and Education Commission. Additionally, as the debate on how best to strengthen and reform Social Security continues, we must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration.

Our FY 2012 extramural research budget is less than one percent of the Administrative budget. The discussion that follows describes our planned research and outreach efforts and how those efforts satisfy the Office of Management and Budget's research and development investment criteria. Sections 1110 and 1144 funding for research by major category is summarized in the table on the following page.

**Table 2.22—Major Research Areas and Outreach:  
Obligations and New Budget Authority (in thousands)<sup>1,2</sup>**

	Obligations		
	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
<b>Eliminate Backlogs &amp; Improve the Disability Process</b>	<b>\$ 15,469</b>	<b>\$ 15,335</b>	<b>\$ 41,082</b>
Compassionate Allowances	\$ 2,175	\$ 2,000	\$ 2,000
Evaluation of DDS Decisions	\$ 0	\$ 600	\$ 2,000
Occupational Information Systems (OIS)	\$ 815	\$ 1,550	\$ 14,040
SSI Children’s Pilot (PROMISE)	\$ 0	\$ 0	\$ 10,000
Temporary Assistance to Needy Families (TANF)	\$ 1,508	\$ 1,500	\$ 2,000
Youth Transition Demonstration (YTD)	\$ 5,112	\$ 1,800	\$ 1,350
Evaluation of Ticket to Work (TTW)	\$ 2,487	\$ 300	\$ 0
Programmatic Longitudinal Disability Data Repository (PLDDR)	\$ 1,568	\$ 2,000	\$ 4 832
Other Disability Research	\$ 661	\$ 4,810	\$ 4,800
Consultative Examination Study	\$ 109	\$ 0	\$ 0
Listings of Impairments	\$ 545	\$ 775	\$ 60
Predictive Modeling-Reconsideration Claims	\$ 490	\$ 0	\$ 0
<b>Improve Our Retiree &amp; Other Core Services</b>	<b>\$ 1,530</b>	<b>\$ 3,330</b>	<b>\$ 3,300</b>
Medicare Outreach	\$ 1,530	\$ 3,300	\$ 3,300
<b>Preserve the Public’s Trust in Our Programs</b>	<b>\$ 14,745</b>	<b>\$ 17,541</b>	<b>\$ 21,872</b>
Retirement Research Consortium (RRC)	\$ 7,897	\$ 8,500	\$ 8,500
Disability Research Consortium (DRC)	\$ 0	\$ 0	\$ 5,000
Retirement Income Modeling	\$ 1,079	\$ 2,598	\$ 1,032
Modernization of Statistical Table Processes	\$ 1,641	\$ 1,888	\$ 1,550
Policy Evaluation & Other Data Development	\$ 293	\$ 720	\$ 1,290
CENSUS Surveys	\$ 1,100	\$ 1,000	\$ 1,500
Health & Retirement Study	\$ 2,735	\$ 2,835	\$ 3,000
<b>Special Initiative – Encourage Savings</b>	<b>\$ 12,448</b>	<b>\$ 15,000</b>	<b>\$ 4,000</b>
Support for Financial Literacy and Education Commission (FLEC)	\$ 301	\$ 500	\$ 4,000
Financial Literacy Research Consortium (FLRC)	\$9,209	\$ 10,000	\$ 0
Develop Data Resource for Financial Literacy Research	\$ 2,939	\$ 4,500	\$ 0
<b>Total Obligations</b>	<b>\$ 44,192</b>	<b>\$ 51,176</b>	<b>\$ 70,254</b>
<b>New Budget Authority</b>	<b>\$ 49,000</b>	<b>\$ 49,000</b>	<b>\$ 38,000</b>

<sup>1</sup> Does not include funding authorized under section 234.

<sup>2</sup> A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended).

Note: Totals may not add due to rounding.



## MAJOR RESEARCH AND OUTREACH PROJECTS

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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 currently are our 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 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.

In 2008, we negotiated and signed a Memorandum of Understanding with the National Institutes of Health's (NIH) Office of Extramural Research to cover Interagency Agreements (IAA) with various NIH institutes. In 2008, we executed the first IAA with the Rehabilitation Medicine Department of the Clinical Research Center. The scope of the original agreement expanded substantially in 2010, resulting in a new five-year agreement. Under the new agreement, NIH continues an in-depth analysis of existing SSA data, and NIH's contractor, Boston University, will use an external survey center, Westat, to expand testing of a computer-adaptive tool. We expect the computer-adaptive tool to provide accurate, uniform, and rapid information collection about an individual's potential to engage in substantial gainful activity.

#### *Evaluation of DDS Decisions*

This project provides for the external evaluation of the validity and reliability of disability decisions made by state Disability Determination Services (DDS). We will conduct an external, contract-based evaluation of disability decisions by DDS examiners based on SSA regulations and procedures. The goal is to use the results of these evaluations to improve the quality and efficiency of the disability determination process. In FY 2011, the research and evaluation design will be developed. In FY 2012, we will initiate a contract to implement the research design.

#### *Occupational Information System (OIS)*

We need information about work to make a determination of disability under our disability programs. We use the Dictionary of Occupational Titles (DOT) and its companion volume, the Selected Characteristics of Occupations, as the primary sources of information about jobs and job requirements. However, the Department of Labor (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. After conducting research, we found that O\*NET is not suitable for disability evaluation. No other occupational

classification systems exist that provide all the current information that we need for our disability programs.

In 2010, we established the Office of Occupational Vocational Resources Development (OVRD) to lead the development of the OIS designed specifically for our disability programs. To accomplish this task, OVRD will conduct research to obtain occupational information critical to evaluating disability, including information not contained in the DOT. This effort will provide us legally defensible occupational information that is suitable for disability evaluation.

In FY 2011 and FY 2012, the OIS project plans are as follows:

- Complete comprehensive OIS research and development plan and business process;
- Continue to collaborate and partner with the Department of Labor and other Federal Agencies during the research and development phases of the project;
- Establish a clear, rigorous basis for developing and evaluating our new OIS, including qualitative and quantitative standards and criteria for OIS operational usability and legal and scientific defensibility;
- Complete an occupational and medical-vocational study of adult disability claims to determine the occupations most frequently held by disability claimants and the vocational input to the claim outcomes;
- Continue development of the Content Model needed for instrument development and testing;
- Conduct research on data elements and associated measures/scales needed for work analysis instrument development;
- Develop a business process for recruiting, training, and certifying job analysts;
- Develop a work analysis instrument needed to conduct job analysis and data collection for occupations identified from the occupational and medical-vocational study of adult disability claims;
- Develop a study design for a work analysis pilot to test sampling and data collection methods; and
- Initiate a pilot for work analysis of occupations to inform the new OIS design.

### *SSI Children's Pilot: Promoting Readiness of Minors in SSI (PROMISE)*

The FY 2012 budget will build upon our existing research on SSI Children. The budget includes \$10 million for a joint pilot with the Departments of Health and Human Services, Education, and Labor to improve outcomes for children who receive SSI by facilitating positive changes in: health status; physical and emotional development; completion of education and training; and, eventually, employment opportunities. Competitive grants, under separate funding, will be awarded to a few states through the Department of Education's Office of Special Education and Rehabilitation Services. Incentive payments will then be made based on SSI savings from any interventions that successfully improve child and family outcomes and result in reducing the dependency of SSI children and their families on SSI benefits. Improved outcomes should be achieved by linking to and increasing the use of existing services for which SSI children already are eligible, such as Medicaid's care coordination services, the Individuals with Disabilities Education Act, Vocational Rehabilitation, Job Corps, Head Start, and the Workforce Investment Act.

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. We have collaborated with ACF to conduct the TANF/SSI Disability Transition Project to better understand the extent of the overlap between the two programs by linking national, state, and local TANF caseload data to our administrative data. We also are examining promising program innovations to serve individuals with a disability more effectively. With ACF, we jointly funded a multi-year research contract to analyze TANF-SSI administrative data, examine local program innovations, and provide recommendations for a demonstration.

Recent accomplishments include acquiring TANF data from ACF and from participating states; linking TANF data to our disability data to analyze applications and determinations; and completing the first site visits to examine local program operations. Initial findings will be available in March 2011.

In FY 2012, we plan to use funds to design a rigorous demonstration based on the results of the pilots that began in FY 2011.

Youth Transition Demonstration (YTD)

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 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 12-month follow-up impact analyses for the three sites that ended services in FY 2009 and the completion of recruitment and enrollment for three newer sites. The 12-month impact reports indicate treatment youth are receiving more employment-promoting services than the control group, are more likely to have received benefits counseling, and are more likely to use certain SSA work incentives.

In FY 2012, the focus will be on employment services for these sites and the follow-up survey administered 12 months after random assignment for the final YTD enrollees. These surveys will fill in gaps and provide information on demographic and socioeconomic variables not in the administrative data.

Evaluation of Ticket to Work (TTW)

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 TTW program. In May 2003, we awarded two five-year contracts to Mathematica Policy Research to conduct an independent evaluation of the TTW program.

Our contractor has completed five evaluation reports. All reports are publically available on the agency's website at <http://www.socialsecurity.gov/disabilityresearch/research.htm#Ticket>. We provided three of these reports to Congress as required under the Social Security Act. The

findings through the fourth report indicated that though the program may have significant potential, we need to improve beneficiary awareness of the program and Employment Network (EN) incentives. Partly in response to these findings, we implemented new regulations for the TTW program in July 2008 that are intended to improve EN and beneficiary participation and outcomes. The fifth report consists of nine studies focused on the employment efforts of working-age SSI recipients and Social Security Disability Insurance (SSDI) beneficiaries, and SSA work incentives and supports designed to encourage their employment. It finds that many beneficiaries with disabilities are interested in work, are entering the workforce, and are leaving cash benefits for extended periods, but that most who leave cash benefits for work eventually return to the rolls. This latest report suggests that we should focus employment programs toward improving long-term employment outcomes for beneficiaries.

In FY 2012, our evaluation reports 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 also will include the trends in beneficiary work and benefit outcomes and EN payments under the new rules.

### *Programmatic Longitudinal Disability Data Repository Project (PLDDR)(formerly Longitudinal Programmatic Disability Data Files)*

We have a critical need for longitudinal disability data to (1) identify trends within the disability program, (2) make better-informed policy decisions, (3) analyze, evaluate, and determine the long-term effects of disability policies, and (4) improve our workload management.

To address this need, we have planned a multi-year project to create a sophisticated repository of disability data files and databases in a centralized location. PLDDR will use state-of-the-art technologies and business intelligence tools to provide agency researchers, executives, and policy makers with direct access to this critically-needed disability data. The data repository will modernize the role and functions of the current Disability Research File and help eliminate current time-intensive processes. The new system will automate the process and will update the data frequently throughout the year. We will build the new system with at least 20 rolling years of data. It will contain information on the approximately 2.5 to 3 million claims we receive each year.

In FY 2011, we are continuing Phase One contracted activities devoted to a comprehensive analysis of our disability data systems and development of design options for the PLDDR. We will complete Phase One in January 2012.

We anticipate completing the remaining steps in the development of the PLDDR as follows:

- Phase Two (FY 2012 – FY 2013) – We 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 also will include development of a web-based presentation of these data that offer data-mining functionality via pivot tables, drop-down boxes, and other available sorting tools.
- Phase Three (FY 2014) – We 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 (FY 2015) – We will include both custom and ad hoc queries and reports required by Congress. This phase also will 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 SSDI and SSI programs. These projects include studies of program policy issues, the identification of trends in the disability programs, the formulation of agency policy regarding cross-cutting programs or issues related to disability and/or income assistance programs, and the development and implementation of policy and procedures on SSDI and SSI work incentives.

In FY 2012, we intend to continue Accelerated Benefits follow-up research, continue a research project applying the Mental Health Treatment Study (MHTS) interventions to beneficiaries with traumatic injuries, and initiate expansion of MHTS. Additional projects include (1) *Research Data Release* making more data available to researchers and accessible to non-SSA researchers and (2) *Medical Continuing Disability Review (CDR) Terminations: Earnings and Reapplications* which examines the earnings and program participation of beneficiaries who had their benefits terminated due to a medical CDR.

### **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.

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 those who potentially qualify 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.

We are 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. We also are required to share Medicare subsidized prescription drug benefit application information with the states so that the states can initiate applications for the cost-sharing programs unless the beneficiary objects.

For FY 2012, we anticipate approximately 5 million mailings regarding the Medicare Savings Program outreach efforts providing information useful to beneficiaries.

### Preserve the Public's Trust in Our Programs

Our research program provides analyses and data that support our efforts to make Social Security more responsive to the needs of the 21<sup>st</sup> century workforce. We use both internal and external resources to meet this challenge.

#### Retirement Research Consortium (RRC)

RRC is one of our key tools for maintaining a strong capability to produce a large body of policy-relevant research on retirement and Social Security. 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 us 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, we awarded new 5-year agreements to the existing centers that run through FY 2013. For FY 2011, the third year of the new cooperative agreement, we funded 49 projects by many of the leading researchers in the field. We also fund dissertation and training grants through the RRC to encourage new researchers. The RRC hosts an annual conference each August at which recent research findings are presented to an audience including members of the media, academia, government agencies, and our executives and staff with the goal of fostering dialogue between researchers and policymakers. The results of RRC research are widely reported in professional journals and conferences and in leading newspapers, radio, and television programs.

#### Disability Research Consortium (DRC)

In FY 2012, SSA will establish a DRC. The DRC is expected to function in a similar manner to the RRC and will enhance recent efforts to expand disability research within the RRC. There is a significant shortage of disability policy research and collaboration with outside researchers. The DRC will address these weaknesses and support the GAO recommendation in the September 16, 2009 report, [GAO-09-762](#), of working across disability programs. As a result, topics will not be limited in scope only to our disability programs, but will address the disability population in general, which includes programs from many agencies including the Departments of Defense, Veterans Affairs, Labor, Education, and Health and Human Services. We will seek the expertise of these other agencies when needed. Research topics that spread across programs or utilize administrative data will receive the greatest consideration under the DRC.

#### 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. Our 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 21<sup>st</sup> century to enable simulation of additional Social Security policy changes. Our analysts have used MINT to provide distributional analysis on how baby boom retirees will fare under reform proposals compared to current law.

We continually assess the functionality of our models. In the coming years, we expect to enhance our models through a combination of intramural and extramural research to incorporate behavioral responses, model family-level consumption, and improve processing efficiency and turnaround time. In FY 2012, funding also will support updating MINT to the most current data. The budget also supports 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.

#### Modernization of Statistical Table Processes

We produce statistics on the impact and operations of the Old-Age, Survivors, and Disability Insurance (OASDI) and SSI programs and on the earnings of the working and beneficiary populations. As part of this effort, we develop and maintain a series of detailed statistical databases drawn from our major administrative data files, prepare a broad range of statistical tables, and produce statistical compilations and publications. The objective of this modernization effort is to fully automate and document the production and publication of statistical reports over a 3-year period to streamline production and publication, conserve staff resources, and provide high-quality statistical reports. The first of several planned contracts to help carry out this work was completed in FY 2010. A second contract was awarded in June 2010. Additional contracts are planned for FY 2011 and FY 2012.

#### Policy Evaluation and Other Data Development

Good data form the foundation upon which model development efforts and the capability for analyzing and evaluating policy issues are built. Our 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, we must seek cost-effective methods for obtaining the necessary data from other sources. As part of this effort, in FY 2012 the agency will 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). Our expenditures to the Census Bureau contribute to the Census Bureau's re-engineering of SIPP with a new survey to be fielded in FY 2014. Because some of the important data elements required for our modeling efforts are not contained in the current plan for the re-engineered SIPP, we are designing and funding supplementary data collection to the re-engineered SIPP to meet our research and evaluation needs. Funding for the HRS supports 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**

#### Activities to Support the Financial Literacy and Education Commission (FLEC)

In FY 2012, we will have a more targeted financial literacy initiative. All funds will support activities of federal agencies that are members of the Treasury-led FLEC. Thematically, the funds will focus on initiatives designed to improve the economic security of vulnerable populations. Structurally, this will be done through building social science databases for financial literacy research and through small grants and interagency agreements. The grants and interagency agreements will focus on ways to study and improve financial literacy among potentially vulnerable populations. These populations include minorities, the disabled, and low-

to-middle income Americans. Funding will support additional minority and low-income respondents in the Health and Retirement Study and the American Life Panel-- two of the premier national surveys on the economic circumstances of the American public (both surveys are supported by FLEC agencies). The small grants and interagency programs will promote research using the minority and low-income samples in these surveys and fund institutions and research, jointly with FLEC agencies, that focus on the economic security of vulnerable populations.

### RELATED FUNDING SOURCES

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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 Disability Insurance (DI) benefits. Funds for these demonstration projects, authorized under the 1999 Ticket to Work Act and funded from the trust funds, are not part of the annual research appropriation request. OMB directly apportions section 234 funds—estimated at \$24.2 million for FY 2011 and \$27.8 million for FY 2012. The YTD project involves both the SSI and DI programs, so it is funded under both sections 1110 and 234. While section 234 authorization terminated on December 18, 2005, SSA has the authority to continue to conduct projects initiated prior to the expiration date.

The FY 2012 President's Budget request includes proposed legislation to reauthorize Section 234 disability demonstration authority for five years to fund various projects. If reauthorized, one proposal would provide \$10 million for the Work Incentive Simplification Pilot, which would test eliminating work activity as a basis for determining disability cessation under the DI program.



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## APPROPRIATION LANGUAGE

## LIMITATION ON ADMINISTRATIVE EXPENSES

*For necessary expenses, including the hire of two passenger motor vehicles, not to exceed \$20,000 for official reception and representation expenses, not more than \$11,735,200,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, and including the development of systems in support of Social Security Number verification for States, from any one or all of the trust funds referred to therein: Provided, That not less than \$2,150,000 shall be for the Social Security Advisory Board: Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2012 not needed for fiscal year 2012 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: Provided further, That of the funds made available under this heading, \$1,863,000 shall be for strengthening the capacity and capabilities of the acquisition workforce (as defined by the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 401 et seq.)), including the recruitment, hiring, training, and retention of such workforce and*

## Limitation on Administrative Expenses

*information technology in support of acquisition workforce effectiveness or for management solutions to improve acquisition management.*

*From funds provided under the first paragraph, not less than \$315,000,000 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.*

*In addition to the amounts made available above, and subject to the same terms and conditions, \$623,000,000, for additional continuing disability reviews and redeterminations of eligibility: 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, \$163,000,000 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: Provided, That to the extent that the amounts collected pursuant to such sections in fiscal year 2012 exceed \$163,000,000, the amounts shall be available in fiscal year 2013 only to the extent provided in advance in appropriations Acts.*

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

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended).

**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 \$623,000,000 in cap adjustment funding specifically for continuing disability reviews (CDR) and SSI non-medical redeterminations of eligibility (redeterminations).

In addition to the appropriated amounts, SSA is requesting to spend up to \$163,000,000 in SSI State Supplement user fees and up to \$1,000,000 in non-attorney representative fees.

**Table 3.1—Appropriation Language Analysis**

<i>Language Provision</i>	<i>Explanation</i>
<i>“not more than \$11,735,200,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, and including the development of systems in support of Social Security Number verification for States, from any one or all of the trust funds referred to therein”</i>	The language allows the funds appropriated for the LAE account to be used for the development of systems to verify social security numbers for States including for the Health Exchange provision in the <i>Affordable Care Act</i> , P.L. 111-148.
<i>“Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2012 not needed for fiscal year 2012 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>	The language allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.

**Appropriation Language Analysis continued on the next page**

<i>Language Provision</i>	<i>Explanation</i>
<p><i>“Provided further, That of the funds made available under this heading, \$1,863,000 shall be for strengthening the capacity and capabilities of the acquisition workforce (as defined by the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 401 et seq.)), including the recruitment, hiring, training, and retention of such workforce and information technology in support of acquisition workforce effectiveness or for management solutions to improve acquisition management.”</i></p>	<p>The language states of the \$11,735,200,000 appropriated for the LAE account, \$1,863,000 shall be available only to increase acquisition workforce capacity and capabilities.</p>
<p><i>“From funds provided under the first paragraph, not less than \$315,000,000 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>The language states of the \$11,735,200,000 appropriated for the LAE account, \$315,000,000 shall be available for conducting DI and SSI CDRs and redeterminations.</p>
<p><i>“In addition to the amounts made available above, and subject to the same terms and conditions, \$623,000,000, for additional continuing disability reviews and redeterminations of eligibility: 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.”</i></p>	<p>The language provides that in addition to the \$11,735,200,000 appropriated, \$623,000,000 is appropriated for additional CDRs and redeterminations. At the end of the fiscal year, the Commissioner must submit to Congress a report on the use of these additional funds.</p>
<p><i>“In addition, \$163,000,000 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: Provided, That to the extent that the amounts collected pursuant to such sections in fiscal year 2012 exceed \$163,000,000, the amounts shall be available in fiscal year 2013 only to the extent provided in advance in appropriations Acts.”</i></p>	<p>The language makes available up to \$163,000,000 collected from states for administration of their supplementary payments to the SSI program. This assumes the fee will increase from \$10.56 per check in FY 2011 to \$10.74 in FY 2012, according to increases established by statute. SSA receives the amount collected above \$5.00 from each fee.</p>

**Appropriation Language Analysis continued on the next page**

<i>Language Provision</i>	<i>Explanation</i>
<i>“In addition, up to \$1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended.”</i>	The language provides for the use of up to \$1,000,000 derived from fees charged to non-attorneys who apply for certification to represent claimants.

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**SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS**

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A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 Budget was prepared.

## GENERAL STATEMENT

### LIMITATION ON ADMINISTRATIVE EXPENSES OVERVIEW

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

SSA currently employs approximately 68,000 dedicated public service employees through a national network of 1,500 offices. Combined with over 18,000 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 2012 PRESIDENT'S BUDGET

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#### SSA's Programs

For FY 2012, SSA is requesting LAE budget resources of \$12.522 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 Information Technology (IT) infrastructure.<sup>1</sup>

As the baby boomers continue to enter our retirement rolls at increasing rates, it is essential that we have the resources to complete these applications, as well as to handle the ongoing work after the beneficiaries begin to receive benefits. We expect to complete over 4.6 million applications for retirement benefits in FY 2012. We will administer \$621 billion in OASI benefit payments to 45.4 million beneficiaries.

The DI 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 2012. It will allow SSA to continue reducing the hearings and initial disability claims backlog and to make critical changes to the disability process to improve timeliness, quality, and efficiency. This budget will also enable us to complete 823,000 hearings, reducing the number of pending disability claims to 632,000 and the number of hearings pending to 597,000 cases by the end of FY 2012. See Table 3.20 in the back of this section for more details on the disability appeal

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



workload. In FY 2012, SSA will pay \$134 billion in disability insurance benefits to 10.7 million beneficiaries.

The SSI program is a nationwide Federal assistance program administered by SSA that guarantees a minimum level of income for aged, blind, or disabled individuals. It acts as a safety net for individuals who have little or no Social Security or other income and limited resources. SSA estimates it will pay \$48 billion in Federal benefits to an estimated 8.0 million SSI recipients in FY 2012. Including State supplementary payments, SSA expects to pay a total of \$51 billion and administer payments to approximately 8.3 million recipients.

People with HIV/AIDS who cannot work may qualify for DI and/or SSI disability benefits. They can begin the application process immediately after quitting work or significantly limiting their work hours because they are no longer able to perform gainful work. In July 2010, the Obama Administration released the *National HIV/AIDS Strategy for the United States*, the nation's first comprehensive plan for responding to the domestic HIV epidemic. As discussed in SSA's Operational Plan for implementing the Strategy, SSA will be working with other Departments to help individuals living with HIV access income supports, including job skills and employment.

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

In FY 2009, Congress appropriated funding through the Medicare Improvements Patients and Providers Act (MIPPA) to SSA for activities related to the implementation of changes to the Low-Income Subsidy (LIS) Prescription Drug program. This funding is available until expended, and we estimate we will spend \$5 million for LIS work in FY 2012.

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 \$623 million for SSA's program integrity activities, in addition to the \$315 million already included in the base request, for a total of \$938 million. These activities protect taxpayers' investment 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 more than \$10 in lifetime program savings for every \$1 spent, including savings accruing to Medicare and Medicaid. 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 2012, we estimate that redeterminations will provide a return on investment of more than \$7 in program savings over 10 years for every \$1 spent, including savings accruing to Medicaid. SSA

## Limitation on Administrative Expenses

plans to complete 592,000 medical CDRs and 2.6 million SSI redeterminations in FY 2012. In total, SSA estimates this program integrity funding in FY 2012 will result in nearly \$9.3 billion in savings over 10 years, including Medicare and Medicaid savings.

In 2004, we began piloting the Access to Financial Institutions (AFI) Initiative, which runs data matches with financial institutions and allows us to quickly and easily identify assets of Supplemental Security Income applicants and recipients that exceed the statutory limits. In November 2007, we expanded AFI to California, and we expect to complete our rollout by the end of FY 2011. Once we have fully implemented AFI, we project roughly \$900 million in lifetime program savings for each year that we use the fully implemented AFI process.

## 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 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 69 million business transactions per day. In FY 2010, our IT infrastructure supported the payment of more than \$740 billion in benefits to 58 million people and the maintenance of hundreds of millions of social security numbers (SSN) 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

We are continuing to invest in IT projects that will improve our service to the public. These projects will improve both our internal processes so we can deliver service more efficiently and our external online services that we offer to the public. These projects include: additional online services, with more Spanish language applications; the Disability Case Processing System, which will allow us to move from 54 separate State DDS systems to a common, uniform system for the entire nation; a refined electronic claims analysis tool (eCAT), which automatically prompts an examiner with case-relevant regulations and instructions; and expanding Health Information Technology (HIT), which has the potential to reduce the amount of time it takes for us to obtain medical records and could decrease the amount of time it take for us to complete a disability claim.

## FUNDING REQUEST

The President's FY 2012 request will allow SSA to build on the progress we plan to make in FY 2011. The table below provides dollars and workyears funded by this budget:

**Table 3.2—Budgetary Request<sup>1</sup>**

	<i><b>FY 2011 Estimate</b></i>	<i><b>FY 2012 Estimate</b></i>
<b>Budget Authority</b> (in millions)		
<b>Limitation on Administrative Expenses (LAE)</b>	\$12,379 <sup>2</sup>	\$12,522 <sup>2</sup>
<b>Research and Demonstrations</b>	\$43	\$38
<b>Office of the Inspector General (OIG)</b>	\$106	\$107
<b>Total Budget Authority<sup>3</sup></b>	<b>\$12,528</b>	<b>\$12,667</b>
<b>OTHER FUNDING</b> (in millions) <sup>4</sup>		
MIPPA – Low-Income Subsidy (LIS)	\$5	\$5
Recovery Act – Workload Processing	\$0	\$0
Recovery Act – Recovery Payment Administration	\$0	\$0
Recovery Act – New National Support Center (NSC)	\$382	\$0
Recovery Act – OIG Oversight	<u>\$0.5</u>	<u>\$0.5</u>
<b>Other Funding Obligations<sup>3</sup></b>	<b>\$388</b>	<b>\$5</b>
<b>Total Budgetary Resources<sup>3</sup></b>	<b>\$12,916</b>	<b>\$12,673</b>
<b>Workyears</b>		
Full-Time Equivalents	68,817	69,675
Overtime	3,236	2,000
Lump Sum	<u>292</u>	<u>292</u>
<b>Total SSA<sup>3</sup></b>	<b>72,345</b>	<b>71,967</b>
Disability Determination Services (DDS)	<u>16,827</u>	<u>16,828</u>
<b>Total SSA/DDS<sup>3</sup></b>	<b>89,172</b>	<b>88,795</b>
OIG	596	596
<b>Total SSA/DDS/OIG<sup>3</sup></b>	<b>89,768</b>	<b>89,391</b>

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President's Budget was prepared. The numbers below assume full funding of the FY 2011 President's Budget.

<sup>2</sup> Includes \$1.863 million to increase SSA's acquisition workforce capacity and capabilities.

<sup>3</sup> Totals may not add due to rounding.

<sup>4</sup> Represents anticipated obligations.

## PERFORMANCE TARGETS

The President's FY 2012 request will allow SSA to build on the progress we plan to make in FY 2011. The table below lists key performance targets funded by this budget:

**Table 3.3—Key Performance Targets<sup>1</sup>**

	<i>FY 2011 Estimate</i>	<i>FY 2012 Estimate</i>
<b><u>Selected Workload Measures</u></b>		
Retirement and Survivors Claims Completed (thousands)	4,590	4,627
Initial Disability Claims Completed (thousands)	3,409	3,268
SSA Hearings Completed (thousands)	815	823
Periodic CDRs Completed (thousands)	1,388	1,442
Periodic Medical CDRs (included above, thousands)	360	592
SSI Non-Disability Redeterminations Completed (thousands)	2,422	2,622
800-Number Transactions Handled (millions)	70	72
800-Number Average Speed of Answer	267	262
800-Number Agent Busy Rate	6%	6%
Social Security Cards Issued (millions)	18	18
Annual Earnings Items Completed (millions)	238	242
Social Security Statements Issued (millions)	154	155
<b><u>Selected Outcome Measures</u></b>		
Initial Disability Claims Pending (thousands)	709	632
SSA Hearings Pending (thousands)	668	597
Average Processing Time for Initial Disability Claims (days) <sup>2</sup>	110	103
Average Processing Time for Hearing Decisions (days)	373	326
Disability Determination Services Production per Workyear	275	279
Office of Disability Adjudication and Review Production per Workyear	107	107
Other Work/Service in Support of the Public—Annual Growth of Backlog (workyears)	1,800	3,100

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

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President's Budget was prepared. The performance targets assume full funding of the FY 2011 President's Budget.

<sup>2</sup> Disability decisions that receive a technical (non-medical) denial are not included.

## RECENT ACCOMPLISHMENTS

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In FY 2010, SSA's resources were primarily used to complete workloads, including:

- Paying benefits to 58 million people;
- Making decisions on 738,000 hearings;
- Issuing 17 million Social Security cards;
- Completing 240 million earnings items for crediting to workers' earnings records;
- Handling 68 million transactions through SSA's 800-number;
- Issuing almost 152 million Social Security Statements;
- Completing 325,000 medical CDRs;
- Completing more than 2.4 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.

The public was very satisfied with our online services last year. In January 2011, the *American Customer Satisfaction Index e-Government Satisfaction Index*, widely used in both the Federal and private sectors to measure public satisfaction with features of websites, ranked our online services as the best in Government, exceeding the top private sector sites in customer satisfaction.

Since 2007, SSA's annual productivity increase has averaged about 4 percent due to our efforts to innovate and automate, coupled with the dedication of our staff. SSA has continued to maintain its high expectations for productivity improvement and looks forward to improvements in FY 2012.

## PRIORITY GOALS

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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 four Priority Goals. These goals are a subset of those used to regularly monitor and report performance in our APP and Performance and Accountability Report. Our Priority Goals are:

- **Increase the Number of Online Applications:** By 2012, achieve an online filing rate of 50 percent for retirement applications.
- **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 approximately 3.3 million initial disability claims and 823,000 hearing requests. Additionally, we aim to fast-track 5.5 percent of initial disability cases.
- **Improve SSA's Customers' Service Experience on the Telephone, in Field Offices, and Online:** To improve our customers' service experience and provide the services the public expects and deserves, we will improve telephone service on our National 800 Number.

## Limitation on Administrative Expenses

- **Ensure Effective Stewardship of Social Security Programs by Increasing Program Integrity Efforts:** We will continue to demonstrate an unyielding commitment to sound program integrity efforts by minimizing improper payments and strengthening our efforts to protect program dollars from waste, fraud, and abuse.

Within each goal, we have specific measures for FY 2012 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 we were receiving substantially increased numbers of new claims and other work because of the economic downturn. Congress also recognized the need 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 (Recovery Act).

We received \$500 million, available through FY 2010, to help address our increasing disability and retirement workloads. This funding allowed us to invest in our direct service operations to handle the additional recession-related work. The funding also supported information technology acquisitions for the additional workload processing funded from the Recovery Act and allowed us to invest in HIT initiatives.

The Recovery Act provided eligible Social Security beneficiaries and Supplemental Security Income recipients with a one-time economic recovery payment of \$250. We spent \$43 million of the \$90 million we received to cover the administrative cost associated with issuing these payments and sending notices to all eligible persons, and Congress rescinded the remaining \$47 million.

Congress also recognized the need to replace our aging National Computer Center and appropriated \$500 million to build our new National Support Center (NSC). The NSC will house critical computer operations that are necessary to provide service to all Americans and promptly and accurately pay benefits. The following table provides the history of obligations for the NSC.

**Table 3.4 – Actual and Planned Obligations for the New NSC**

(Dollars in thousands)

	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Planned</b>	<b>FY 2012 Available</b>	<b>Total</b>
<b>Obligations</b>	\$1,330.4	\$1,850.8	\$382,200.0	\$114,618.8	\$500,000.0

### FY 2009 NSC Accomplishments

In FY 2009, we contracted for development of an IT master plan including a space, power, and cooling growth model for the NSC.

### FY 2010 NSC Accomplishments

In FY 2010, we visited many potential sites to determine the best location for the NSC (rural vs. urban, on campus vs. off campus). In addition, we visited a number of other data centers to gather information about their daily operations, energy design and other essential aspects. Jacobs Facilities, Inc. submitted the full program of requirements, which details the proposed scope of their work, including the IT growth model and a white space floor plan. The U.S. General Services Administration selected the final two site locations for the NSC: Johnnycake Road in Woodlawn, Maryland, and Bennett Creek Road in Urbana, Maryland. We completed the National Environmental Policy Act studies on these sites, the results of which we made available to the public for comment.

### FY 2011 NSC Plans

We expect to finalize the site selection by the end of the second quarter, and to purchase the property by the end of the third quarter. In addition, we expect to initiate procurements for phases one and two of the design-build construction by the end of the third quarter.

### FY 2012 NSC Plans

We plan to award and begin construction by the end of FY 2012.

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## SSA-RELATED LEGISLATION ENACTED OCTOBER 2009 – JANUARY 2011

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### FY 2011

#### ***GPRA Modernization Act of 2010 (P.L. 111-352, enacted on January 4, 2011)***

- The law requires, among other things, agency strategic plans to describe how agency performance goals and objectives will incorporate views and suggestions obtained through congressional consultations. The plans must also describe how performance goals, including agency priority goals, will contribute to agency strategic plan goals.
- The act requires each agency, not later than the first Monday in February of each year, to make available on its public website a performance plan that will: establish performance goals and express such goals in an objective, proven, and measurable form; and describe how the performance goals contribute to the general goals and objectives established in the agency's strategic plan.
- The act also requires each agency to make available, on its public website and to OMB, an update on agency performance. In addition to requirements under present law, each update must compare actual performance achieved with the performance goals established in the agency performance plan.

## Limitation on Administrative Expenses

### ***Social Security Number Protection Act of 2010 (P.L. 111-318, enacted on December 18, 2010)***

- This act prohibits displaying SSNs, or a derivation of such number, on government checks, and prohibits prisoners from having access to SSNs.

### ***Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (P.L. 111-312, enacted on December 17, 2010)***

- This law reduces the OASDI employee payroll tax by 2 percentage points for wages and salaries paid in calendar year 2011.
- The provision does not affect the amount of Social Security covered earnings of any individual.
- The law appropriates monies payable from the Treasury to the OASDI Trust Funds equal to the tax amounts not paid by qualified employers under the legislation.

### ***Designating the Operations Building as the “Robert M. Ball Federal Building” (P.L. 111-301, enacted on December 14, 2010)***

- The law designates the Social Security Administration Operations Building as the “Robert M. Ball Federal Building.”

### ***Telework Enhancement Act of 2010 (P.L. 111-292, enacted on December 9, 2010)***

- The act requires the head of each executive agency, in consultation with the Office of Personnel Management, to establish a teleworking policy within 180 days of enactment; determine the eligibility of all employees of the agency to participate in telework; and notify employees of their eligibility to telework.
- The act also creates in each agency a Telework Managing Officer, designated by the agency’s Chief Human Capital Officer, who serves as the primary resource and point of contact in developing and implementing a plan to incorporate telework into the agency’s regular business and continuity of operations’ strategies.
- Finally, the act requires on an annual basis the Chief Human Capital Officer of the agency in consultation with the Telework Managing Officer of the agency to submit a report to the Chair and Vice Chair of the Chief Human Capital Officers Council on agency management efforts to promote telework.

### ***Claims Resettlement Act of 2010 (P.L. 111-291, enacted on December 8, 2010)***

- The law ratifies a class-action lawsuit settlement (Cobell et al. v. Salazar et al.) that determined the United States had mismanaged American Indian assets for generations. Under the terms of the settlement, Indian landowners who had monies held in these mismanaged trust accounts are eligible for settlement payments.
- In addition, it excludes these settlement payments from consideration as income (in the month received) or as a resource (for a period of one year beginning with the month of receipt) for Federal or federally-assisted program purposes, including SSI.



***WIPA and PABSS Extension Act of 2010 (P.L. 111-280, enacted on October 13, 2010)***

- The act extends funding for the Work Incentives Planning and Assistance (WIPA) and the Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs through FY 2011.

***Plain Writing Act of 2010 (P.L. 111-274, enacted on October 13, 2010)***

- The law requires the Federal Government to write documents, in simple, easy-to-understand language.
- The law also requires agencies to create and maintain a plain writing section on the agency's website to: (1) inform the public of agency compliance with the act; and (2) receive and respond to public input on implementation and reports required under the act.

FY 2010

***FAA Air Transportation Modernization and Safety Improvement Act (P.L. 111-226, enacted on August 10, 2010)***

- The act rescinds \$47 million of the funds appropriated in Recovery Act (Pub. L. 111-5) to administer economic recovery payments.

***Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203, enacted on August 10, 2010)***

- The act rescinds discretionary appropriations in Recovery Act not obligated as of December 31, 2012.

***Patient Protection and Affordable Care Act (P.L. 111-148, enacted on March 23, 2010)***

- The law requires the health insurance exchanges, for purposes of preventing illegal immigrants from participating in an exchange and obtaining premium tax credits and reduced cost sharing, to submit an applicant's name, SSN, date of birth, and attestation of U.S. citizenship to the Secretary of Health and Human Services (HHS), who would, in turn, submit the information to SSA.
- The act requires SSA, upon receipt of this information, to determine whether an applicant's name, SSN, date of birth, and allegation of U.S. citizenship are consistent with SSA records and report such determination to the Secretary of HHS.
- The law imposes an income-related monthly adjustment amount premium increase for Medicare Part D beneficiaries whose Modified Adjusted Gross Income exceeds certain thresholds. This provision conforms Medicare Part D with Part B with respect to the requirement that those with higher incomes pay higher premiums.
- The act prohibits conducting Part D LIS eligibility redeterminations on the surviving spouse of an LIS-eligible couple for one year after the date the next redetermination would have occurred after the death of the spouse.

## Limitation on Administrative Expenses

### ***Hiring Incentives to Restore Employment (HIRE) Act (P.L. 111-147, enacted on March 18, 2010)***

- The law exempts “qualified employers” from paying the employer share of OASDI tax on wages paid to certain “qualified individuals” hired and employed after February 3, 2010 and before January 1, 2011.
- This does not affect the amount of Social Security covered earnings of any individual.
- The law would appropriate monies payable from the Treasury to the OASDI Trust Funds equal to the tax amounts not paid by qualified employers under the legislation.

### ***Social Security Disability Applicants' Access to Professional Representation Act of 2010 (P.L. 111-142, enacted on February 27, 2010)***

- This act permanently extends the Title II attorney fee withholding process to Title XVI. The prior authority expired March 1, 2010.
- It also permanently extends the fee withholding process to all non-attorney representatives who meet the following prerequisites: hold a bachelor's degree or have equivalent qualifications, pass an examination written and administered by the Commissioner, secure professional liability insurance or the equivalent, undergo a criminal background check, and complete continuing education courses. The prior fee withholding demonstration project expired March 1, 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 HHS, 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 LIS determinations.

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

- This act provides SSA's limitation on administrative expenses 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.
- 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 the program, for which SSA provides support, until September 30, 2012.

## 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 2012 is \$12.522 billion.

### AMOUNTS AVAILABLE FOR OBLIGATION

**Table 3.5—Amounts Available for Obligation<sup>1</sup>**  
(dollars in thousands)

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
<b>LAE</b>			
LAE Appropriation	\$11,446,500	\$ 12,378,863	\$ 12,522,200
Unobligated Balance, start-of-year	\$ 213,285	\$ 411,557	\$ 200,413
Recoveries and Transfers <sup>2</sup>	\$ 300,525	\$ 95,000	\$ 0
<b>Subtotal LAE Resources</b>	<b>\$ 11,960,310</b>	<b>\$ 12,885,420</b>	<b>\$ 12,722,613</b>
Uncollected User Fees	-\$ 1,000	\$ 0	\$ 0
Unobligated Balance, lapsing	-\$ 134,609	\$ 0	\$ 0
Unobligated Balance, end-of-year (LAE Carryover)	-\$ 411,557	-\$ 200,413	-\$ 5,413
<b>Obligations, LAE</b>	<b>\$ 11,413,144</b>	<b>\$ 12,685,007</b>	<b>\$ 12,717,200</b>
<b>Recovery Act Resources<sup>3</sup></b>			
<b>Unobligated Balances, start-of-year:</b>			
Workload Processing	\$ 352,888	\$ 0	\$ 0
ERP - Admin	\$ 52,125	\$ 2,375	\$ 0
New NSC	\$ 498,670	\$ 496,819	\$ 114,619
<b>Recoveries and Recissions:</b>			
Workload Processing - Recovery	\$ 993	\$ 0	\$ 0
ERP - Recission	-\$ 47,000 <sup>4</sup>	\$ 0	\$ 0
<b>Subtotal, Recovery Act Resources</b>	<b>\$ 857,676</b>	<b>\$ 499,194</b>	<b>\$ 114,619</b>
<b>Unobligated Balances, lapsing:</b>			
Workload Processing	-\$ 6,172	\$ 0	\$ 0
ERP	\$ 0	-\$ 2,125	\$ 0
<b>Unobligated Balances, end-of-year:</b>			
ERP	\$ 2,375	\$ 0	\$ 0
NSC	\$ 496,819	\$ 114,619	\$ 114,619
<b>Obligations, Recovery Act</b>	<b>\$ 352,310</b>	<b>\$ 382,450</b>	<b>\$ 0</b>
<b>MIPPA – LIS</b>			
<b>Unobligated Balances, start-of-year</b>	<b>\$ 17,942</b>	<b>\$ 13,666</b>	<b>\$ 8,666</b>
Unobligated Balances, end-of-year	-\$ 13,666	-\$ 8,666	-\$ 3,666
<b>Obligations, MIPPA - LIS</b>	<b>\$ 4,275</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>

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<sup>1</sup> Totals may not add due to rounding. A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President's Budget was prepared. The numbers below assume full funding of the FY 2011 President's Budget.

<sup>2</sup> Does not reflect pending transfer of an additional \$195 million.

<sup>3</sup> 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.

<sup>4</sup> \$47,000,000 of Recovery Act Economic Recovery Payment Administrative funds rescinded by section 318 P.L. 111-226

## BUDGET AUTHORITY AND OUTLAYS

The LAE account is funded by the Social Security Trust Funds, the General Fund, the Medicare Trust Funds, and applicable user fees. Section 201(g) of the Social Security Act provides that SSA determines the share of administrative expenses that should have been borne by the appropriate trust funds for the administration of their respective programs and the General Fund for administration of the SSI program. SSA calculates the administrative costs attributable to each program using its Government Accountability Office approved cost analysis system. In FY 2009, SSA received additional funds from the General Fund of the Treasury, provided by the Recovery Act and the MIPPA.

**Table 3.6—Budget Authority and Outlays<sup>1</sup>**  
(dollars in thousands)

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
OASI and DI Trust Funds <sup>2</sup>	\$ 5,735,200	\$ 6,188,203 <sup>3</sup>	\$ 6,258,070 <sup>3</sup>
HI and SMI Trust Funds	\$ 2,106,000	\$ 2,227,860	\$ 2,253,780
SSA Advisory Board	\$ 2,300	\$ 2,300	\$ 2,150
SSI Administrative Expenses	\$ 3,442,000	\$ 3,775,000	\$ 3,844,000
SSI State Supplement User Fees	\$ 160,000	\$ 185,000	\$ 163,000
Non-Attorney Representative User Fees	\$ 1,000	\$ 500	\$ 1,000
MIPPA - LIS	N/A	N/A	N/A
Recovery Act	N/A	N/A	N/A
<b>Total Budget Authority<sup>4</sup></b>	<b>\$ 11,446,500</b>	<b>\$ 12,378,863</b>	<b>\$ 12,522,000<sup>3</sup></b>
OASI and DI Trust Funds <sup>2</sup>	\$ 5,388,182	\$ 6,124,400	\$ 6,198,950
HI and SMI Trust Funds	\$ 1,909,262	\$ 2,204,784	\$ 2,231,622
SSI Administrative Expenses	\$ 3,438,785	\$ 3,734,616	\$ 3,804,328
SSI State Supplement User Fees	\$ 160,000	\$ 185,000	\$ 163,000
Non-Attorney Representative User Fees	\$ 0	\$ 200	\$ 200
MIPPA - LIS	\$ 0	\$ 5,000	\$ 5,000
Recovery Act - Workload Processing	\$ 347,574	\$ 0	\$ 0
Recovery Act - Economic Recovery Payment -	\$ 3,946	\$ 250	\$ 0
Recovery Act - New NSC	\$ 1,746	\$ 383,200	\$ 0
<b>Total LAE Outlays<sup>4</sup></b>	<b>\$ 11,249,496</b>	<b>\$ 12,637,450</b>	<b>\$ 12,403,100</b>

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President's Budget was prepared. The numbers below assume full funding of the FY 2011 President's Budget.

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

<sup>3</sup> Includes \$1.863 million to increase SSA's acquisition workforce capacity and capabilities.

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

**ANALYSIS OF CHANGES**

The FY 2012 request represents a \$143.3 million increase over the FY 2011 President’s Budget. The following tables provide a summary of the changes from the FY 2011 President’s Budget to the FY 2012 President’s Budget.

**Table 3.7—Summary of Changes from FY 2011 to FY 2012<sup>1</sup>**  
(dollars in thousands)

	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>	<b>FY11 to FY12 Change</b>
<b>Total LAE</b>	<b>\$ 12,885,420</b>	<b>\$ 12,722,613</b>	<b>- \$ 162,807</b>
Appropriation	\$ 12,378,863	\$ 12,522,200	+ \$ 143,337
Amounts Available From Prior Year Unobligated Balances <sup>2</sup>	\$ 506,557	\$ 200,413	- \$ 306,144
<b>Obligations, LAE</b>	<b><u>\$ 12,685,007</u></b>	<b><u>\$ 12,717,200</u></b>	<b>+ \$ 32,193</b>
Unobligated Balance, end-of-year	\$ 200,413	\$ 5,413	- \$ 195,000
<b>American Recovery and Reinvestment Act Obligations</b>	<b><u>\$ 382,450</u></b>	<b><u>\$ 0</u></b>	<b>- \$ 382,450</b>
ERP Administration <sup>3</sup>	\$ 250	\$ 0	- \$ 250
National Support Center	\$ 382,200	\$ 0	- \$ 382,200
<b>MIPPA - LIS Obligations</b>	<b><u>\$ 5,000</u></b>	<b><u>\$ 5,000</u></b>	<b><u>\$ 0</u></b>
<b>Obligations, Total</b>	<b><u>\$ 13,072,457</u></b>	<b><u>\$ 12,722,200</u></b>	<b>- \$ 350,257</b>

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President’s Budget was prepared. The numbers below assume full funding of the FY 2011 President’s Budget.

<sup>2</sup> Does not reflect planned transfer of an additional \$195 million.

<sup>3</sup> Does not reflect \$2.125 million in ERP funds that lapse in FY 2011.

**Table 3.8—Explanation of LAE Budget Changes from FY 2011 to FY 2012<sup>1</sup>**  
(dollars in thousands)

	FY 2011		Change from FY 2011	
	Federal WYs <sup>2</sup>	Obligations (thousands)	Federal WYs	Obligations (thousands)
<b><u>BUILT-IN INCREASES</u></b>				
<b>Payroll Expenses</b>	72,276	\$ 6,835,000		+\$ 157,829
Increases due to periodic step increases, health benefits, career ladder promotions, and new employees hired under FERS				
<b>Non-Payroll Costs</b>				
Mandatory growth in non-payroll costs, including higher costs of rent, security, and guard services		\$ 2,375,863		+\$ 71,875
<b>State Disability Determination Services</b>				
Mandatory growth in State DDS costs, including pay raises and the cost of medical evidence		\$ 2,471,000		+\$ 114,426
<b>Subtotal, Built-In Increases<sup>3</sup></b>				<b>+\$ 344,130</b>
<b><u>PROGRAM INCREASES</u></b>				
<b>Funding for IT</b>				
Increase in funding for IT, including desktop, voice and data communications, infrastructure, costs for major projects, and ongoing operational costs of AFI.		\$ 627,000		+\$ 95,000
<b>Net Increase in State Disability Determination Services</b>				+\$ 12,574
<b>Subtotal, Program Increases</b>				<b>+\$ 107,574</b>
<b>Total Increases</b>				<b>+\$ 451,704</b>

Table Continues on the Next Page

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President’s Budget was prepared. The total amounts included for 2011 LAE obligations reflect the FY 2011 President’s Budget.

<sup>2</sup> Excludes 69 WYs funded by MIPPA and Children’s Health Insurance Program Reauthorization Act of 2009.

<sup>3</sup> Mandatory increase are almost \$350 million. The Budget Overview netted the mandatory increases and the FY 2011 President’s Budget assumed pay raise of \$60 million.



Limitation on Administrative Expenses

	FY 2011		Change from FY 2011	
	Federal WYs <sup>1</sup>	Obligations (thousands)	Federal WYs	Obligations (thousands)
<b><u>PROGRAM DECREASES</u></b>				
Net Decrease in WYs			- 378	-\$ 36,829
Net Decrease in non-payroll costs				-\$ 201,538
Funding for AFI initiative		\$ 10,000		-\$ 10,000
Recovery Act – New NSC Resources Non-personnel Costs		\$ 382,200		-\$ 382,200
Recovery Act - ERP		\$ 250		-\$ 250
Decreases in Obligations Funded from Other Prior-Year Unobligated Balances <sup>2</sup>		\$306,144		-\$ 111,144
Funds previously held for January 2011 Pay Increase		\$ 60,000		-\$ 60,000
<b>Total Decreases</b>			<b>- 378</b>	<b>-\$ 801,961</b>
<b><u>Other Obligations</u></b>				
MIPPA - LIS		\$ 5,000		\$ 0
<b>Total LAE Obligations, Net Change</b>	<b>72,276</b>	<b>\$ 13,072,457</b>	<b>- 378</b>	<b>-\$ 350,257</b>

<sup>1</sup> Excludes 69 WYs funded by MIPPA and Children’s Health Insurance Program Reauthorization Act of 2009.

<sup>2</sup> Rescission of prior year unobligated balances would reduce these funding assumptions and create the need for additional new budget authority or a decline in performance.

## BUDGETARY RESOURCES BY OBJECT

**Table 3.9—Budgetary Resources by Object<sup>1</sup>**  
(dollars in thousands)

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate	Change
Personnel Compensation				
Permanent positions	\$4,743,991	\$4,962,095	\$4,985,039	+\$22,943
Positions other than permanent	\$111,153	\$122,611	\$125,567	+\$2,955
Other personnel compensation	\$279,216	\$326,156	\$221,419	-\$104,737
Special personal service payments	\$3,893	\$7,518	\$7,599	+\$81
Subtotal, personnel compensation	\$5,138,254	\$5,418,380	\$5,339,623	-\$78,757
Personnel Benefits	\$1,347,384	\$1,483,785	\$1,619,982	+\$136,197
Travel and transportation of persons	\$64,236	\$63,417	\$60,742	-\$2,676
Transportation of things	\$8,669	\$8,566	\$8,205	-\$362
Rent, communications, and utilities				
Rental payments to GSA	\$643,541	\$694,626	\$725,806	+\$31,180
Rental payments to others	\$1,712	\$1,712	\$1,712	\$0
Communications, utilities, misc.	\$400,482	\$415,251	\$429,978	+\$14,728
Printing and reproduction	\$49,232	\$48,626	\$46,598	-\$2,028
Other services (DDS, guards, etc.)	\$3,532,752	\$4,213,379	\$3,977,424	-\$235,955
Supplies and materials	\$51,738	\$51,153	\$48,994	-\$2,159
Equipment	\$356,695	\$310,234	\$299,534	-\$10,700
Land and structures	\$126,805	\$315,762	\$118,044	-\$197,718
Grants, subsidies and contributions	\$28,237	\$27,804	\$26,631	-\$1,173
Insurance claims and indemnities	\$19,988	\$19,755	\$18,921	-\$834
Interest and dividends	\$5	\$5	\$5	\$0
<b>Total Obligations<sup>2</sup></b>	<b>\$11,769,730</b>	<b>\$13,072,457</b>	<b>\$12,722,200</b>	<b>-\$350,257</b>
Resources not being obligated in the current year (carrying over, transferring, or lapsing)	\$134,609	\$200,413	\$5,413	-\$195,000
<b>Total Budgetary Resources<sup>2</sup></b>	<b>\$11,904,339</b>	<b>\$13,272,870</b>	<b>\$12,727,613</b>	<b>-\$545,257</b>
Payments to State DDS (funded from other services and Communications, utilities, and misc.)	\$2,242,056	\$2,471,000	\$2,598,000	+\$127,000

<sup>1</sup> The obligations include the base LAE appropriation, Recovery Act, and LIS. The table reflects FY 2010 actual and FY 2011 and FY 2012 projections of spending by object class. Resources are not managed at the object class level and SSA has the flexibility within the LAE account to modify projected spending during the budget execution process. A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President's Budget was prepared. The amounts included for FY 2011 obligations reflect the FY 2011 President's Budget.

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

**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 3.10—Authorizing Legislation  
(dollars in thousands)**

	<b>2010 Amount Authorized</b>	<b>2010 Actual</b>	<b>2011 Amount Authorized</b>	<b>2011 Estimate<sup>1</sup></b>	<b>2012 Amount Authorized</b>	<b>2012 Estimate<sup>2</sup></b>
<b>Title II, Section 201(g)(1) of the Social Security Act</b>	Indefinite	\$ 11,446,500	Indefinite	\$ 12,378,863	Indefinite	\$12,522,200

<sup>1</sup> The FY 2011 request includes \$513 million in cap adjustment funding for program integrity work and \$185 million 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.

<sup>2</sup> The FY 2012 request includes \$623 million in cap adjustment funding for program integrity work and \$163 million for SSI State Supplement user fees and up to \$1,000,000 for non-attorney payee. Includes \$1,863,000 to increase SSA’s acquisition workforce capacity and capabilities.

## APPROPRIATIONS 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 10 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 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 2011 and FY 2012 requests also include additional funding for CDRs and redeterminations.

**Table 3.11—Appropriations History Table**

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
<b>2002</b>	\$7,574,000,000 <sup>1</sup>	\$7,568,000,000	\$7,568,000,000	\$7,568,000,000 <sup>2</sup>
Rescission <sup>3</sup>				-\$5,915,000
Final				<b>\$7,562,085,000</b>
September 11 <sup>th</sup> Funding <sup>4</sup>				\$7,500,000
<b>2003</b>	\$7,937,000,000 <sup>5</sup>	\$7,936,000,000	\$7,936,000,000	\$7,936,000,000
Rescission <sup>6</sup>				-\$50,862,500
Final				<b>\$7,885,137,500</b>
<b>2004</b>	\$8,530,000,000 <sup>7</sup>	\$8,361,800,000	\$8,530,000,000	\$8,361,800,000
Rescission <sup>8</sup>				-\$48,626,600
Final				<b>\$8,313,173,400</b>
Medicare Modernization Act <sup>9</sup>				\$500,000,000
<b>2005</b>	\$8,878,000,000 <sup>10</sup>	\$8,798,100,000	\$8,622,818,000	\$8,801,896,000 <sup>11</sup>
Rescission <sup>12</sup>				-\$69,394,400
Final				<b>\$8,732,501,600</b>
<b>2006</b>	\$9,403,000,000 <sup>13</sup>	\$9,279,700,000	\$9,329,400,000	\$9,199,400,000 <sup>14</sup>
Rescission <sup>15</sup>				-\$90,794,000
Final				<b>\$9,108,606,000</b>
Hurricane Katrina Funding <sup>16</sup>				\$38,000,000
<b>2007</b>	\$9,496,000,000 <sup>17</sup>	\$9,297,573,000 <sup>18</sup>	\$9,297,573,000 <sup>18</sup>	<b>\$9,297,573,000</b>
<b>2008</b>	\$9,596,953,000 <sup>19</sup>	\$9,969,953,000	\$9,871,953,000	\$9,917,842,000 <sup>20</sup>
Rescission				-\$173,264,731
Final				<b>\$9,744,577,269</b>
Economic Stimulus Act <sup>21</sup>				\$31,000,000
<b>2009</b>	\$10,327,000,000 <sup>22</sup>	\$10,453,500,000	\$10,453,500,000	<b>\$10,453,500,000<sup>23</sup></b>
MIPPA – Low Income Subsidy <sup>24</sup>				\$24,800,000
Recovery Act <sup>25</sup>				\$1,090,000,000
<b>2010</b>	\$11,451,000,000 <sup>26</sup>	\$11,446,500,000	\$11,446,500,000	\$11,446,500,000 <sup>27</sup>
Rescission <sup>28</sup>				\$47,000,000
<b>2011<sup>29</sup></b>	\$12,378,863,280 <sup>30</sup>			
<b>2012</b>	\$12,522,000,000 <sup>31</sup>			

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- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> 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.
- <sup>4</sup> 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).
- <sup>5</sup> For comparability purposes, amounts do not reflect the Administration's proposal to charge the full cost of accruing retirement benefits and annuitant health benefits to agency accounts. The FY 2003 Congressional Justification shows \$8,282,753,000, \$345,753,000 more than reflected on this table. The proposed legislation was not enacted. Total includes \$112,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- <sup>6</sup> A total of \$50,862,500 was rescinded by P.L. 108-7, Consolidated Appropriations Resolution, 2003.
- <sup>7</sup> Total includes \$120,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- <sup>8</sup> A total of \$48,626,600 was rescinded by P.L. 108-199, Consolidated Appropriations Bill.
- <sup>9</sup> A total of \$500,000,000 was provided to SSA for start-up costs for the implementation of the Medicare Modernization Act of 2003 (P.L. 108-173)
- <sup>10</sup> Total includes up to \$121,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- <sup>11</sup> Total includes up to \$124,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>12</sup> A total of \$69,394,400 was rescinded by P.L. 108-447, Consolidated Appropriations Bill.
- <sup>13</sup> Includes a total of \$601,000,000 in earmarked funding for continuing disability reviews in FY 2006. Total consists of \$412,000,000 in base funding and \$189,000,000 in additional funds. Includes up to \$131,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>14</sup> Total includes up to \$119,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>15</sup> A total of \$90,794,000 was rescinded by P.L. 109-148, Department of Defense Appropriations Act, 2006.
- <sup>16</sup> A transfer from Department of Homeland Security for Hurricane Katrina-related costs (P.L. 109-234).
- <sup>17</sup> Includes a total of \$490,000,000 in funding designated for continuing disability reviews in FY 2007. Total consists of \$289,000,000 in base funding and \$201,000,000 in additional funds. Includes up to \$119,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>18</sup> The amounts passed by the House and Senate reflect the amounts included in the Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5).
- <sup>19</sup> Includes a total of \$477,000,000 in funding designated for SSI redeterminations and continuing disability reviews (CDRs). The base and cap adjustment requests for 2008 include both CDRs and SSI redeterminations, whereas previous cap adjustment requests were for CDRs only. Total consists of \$264,000,000 in base funding and \$213,000,000 in additional funds. Includes up to \$135,000,000 from user fees paid by states for Federal

## Limitation on Administrative Expenses

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administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

- <sup>20</sup> Includes up to \$132,641,550 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$982,530 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>21</sup> Economic Stimulus Act (P.L. 110-185) provides funds for work related to rebate checks for Title II beneficiaries and disabled veterans.
- <sup>22</sup> Total includes \$504,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$264,000,000 in base funding and \$240,000,000 in additional funds. Includes up to \$145,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>23</sup> Total includes \$504,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$264,000,000 in base funding and \$240,000,000 in additional funds. After enactment of the FY 2009 appropriation, \$1,378,700 was transferred from LAE to OIG.
- <sup>24</sup> From the General Fund of the Treasury, the Medicare Improvements for Patients and Providers Act (MIPPA) (P.L. 110-275) provides \$24,800,000 for activities related to the implementation of changes to the Low-Income Subsidy program. The 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.
- <sup>25</sup> The American Recovery and Reinvestment Act (Recovery Act) (P.L. 111-5) provides SSA \$500,000,000 to process growing disability and retirement workloads, \$500,000,000 to replace the National Computer Center, and \$90,000,000 to administer the \$250 economic recovery payments for eligible Social Security and Supplemental Security Income beneficiaries.
- <sup>26</sup> Total includes \$758,000,000 in funding designated for SSI redetermination and continuing disability reviews – \$273,000,000 in base funding and \$485,000,000 in additional funds. Includes up to \$165,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>27</sup> Total includes \$758,000,000 in funding designated for SSI redetermination and continuing disability reviews – \$273,000,000 in base funding and \$485,000,000 in additional funds. The enacted amount matches the President’s request, after accounting for a technical adjustment resulting from CBO’s scoring of user fees. Total includes up to \$160,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments, and \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>28</sup> \$47,000,000 of Recovery Act Economic Recovery Payment Administrative funds rescinded by section 318 P.L. 111-226
- <sup>29</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President’s Budget was prepared.
- <sup>30</sup> Total includes \$796,000,000 in funding designated for SSI redetermination and continuing disability reviews – \$283,000,000 in base funding and \$513,000,000 in additional funds. Includes up to \$185,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes \$1,863,280 to increase SSA’s acquisition workforce capacity and capabilities.
- <sup>31</sup> Total includes \$938,000,000 in funding designated for SSI redetermination and continuing disability reviews – \$315,000,000 in base funding and \$623,000,000 in additional funds. Includes up to \$163,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes \$1,863,000 to increase SSA’s acquisition workforce capacity and capabilities.

## 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 \$742.7 billion in FY 2010; under current law, Federal benefit payment outlays are expected to increase to \$774.5 billion in FY 2011 and \$802.7 billion in FY 2012. 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 3.12—Federal Benefit Outlays<sup>1</sup>**  
(dollars in billions)

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Old-Age and Survivors Insurance	\$ 572.5	\$ 594.1	\$ 620.6
Disability Insurance	\$ 122.9	\$ 128.0	\$ 134.5
Supplemental Security Income	\$ 47.2	\$ 52.4	\$ 47.6
<b>Total Outlays</b>	<b>\$ 742.7</b>	<b>\$ 774.5</b>	<b>\$ 802.7</b>

Paralleling the growth in benefit payment outlays, the number of Federal beneficiaries of the three major programs SSA administers is expected to increase from 57.8 million in FY 2010 to 59.5 million in FY 2011 and 61.3 million in FY 2012.

**Table 3.13—Beneficiaries<sup>1</sup>**  
(average in payment status, in millions)

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Old-Age and Survivors Insurance	43.1	44.2	45.4
Disability Insurance	9.8	10.3	10.7
Supplemental Security Income <sup>2</sup>	7.5	7.8	8.0
Concurrent Recipients <sup>3</sup>	-2.7	-2.7	-2.8
<b>Total Beneficiaries</b>	<b>57.8</b>	<b>59.5</b>	<b>61.3</b>

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

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

<sup>3</sup>Recipients receiving both DI and SSI benefits.

### FULL TIME EQUIVALENTS AND WORKYEARS

The following table summarizes the LAE Federal and State workyears requested for FY 2012.

**Table 3.14—SSA Supported Federal and State Workyears<sup>1</sup>**

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>
LAE Full-Time Equivalents (FTEs) <sup>2</sup>	66,678	68,817	69,675
LAE Overtime/Lump Sum Leave <sup>2</sup>	3,493	3,528	2,292
<b>Total SSA Workyears (excludes OIG)</b>	<b>70,171</b>	<b>72,345</b>	<b>71,967</b>
Total DDS Workyears	16,021	16,827	16,828
<b>Total SSA/DDS Workyears (excludes OIG)</b>	<b>86,192</b>	<b>89,172</b>	<b>88,795</b>

### SOCIAL SECURITY ADVISORY BOARD

This budget includes \$2.15 million for the Social Security Advisory Board in FY 2012. 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.

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President’s Budget was prepared. The numbers below assume full funding of the FY 2011 President’s Budget.

<sup>2</sup> Includes all WYs funded by the Recovery Act, MIPPA and Children’s Health Insurance Program Reauthorization Act of 2009.



## IT FUND TABLES

Table 3.15— LAE Expired Balances &amp; No-Year IT Account (in thousands)

LAE Expired Accounts	Amounts
LAE unobligated balance from FY 2006-2009	\$304,000
LAE unobligated balance available from FY 2010	\$87,300
Total LAE unobligated balance from FY 2006-2010	\$391,300
Amounts projected for prior year adjustments	\$196,300 <sup>1</sup>
Total LAE unobligated balance available for transfer from FY 2006-2010	<b>\$195,000<sup>2</sup></b>
No-Year ITS Account	
Carryover from funds transferred in FY 2009 for FY 2010	\$170,000
Carryover from FY 2009 (Unobligated Balances)	\$31,636
Total carryover from FY 2009 to FY 2010	\$201,636
FY 2010 obligations	-\$111,551
Total carryover (excluding recoveries)	\$90,085
Recoveries in FY 2010	\$15,328
Total carryover and recoveries from funds available FY 2010	<b>\$105,413</b>
Funds transferred in FY 2010 for FY 2011	\$280,000
Total Carryover into FY 2011	\$385,413
Funds transferred in FY 2011 for FY 2011 (apportioned on 12/23/2010)	\$95,000
<b>Total FY 2011 ITS no-year funding through 12/31/2010</b>	<b>\$480,413<sup>3</sup></b>

<sup>1</sup> It is essential that these funds remain in the expired LAE account (FY 2006-2010) to cover adjustments. Otherwise, SSA could face an anti-deficiency violation.

<sup>2</sup> Transfer planned

<sup>3</sup> Does not reflect the planned \$195 million transfer (see note 2 above).

## 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 3.16 – SSA e-Gov Contributions (in thousands)<sup>1</sup>**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
<b>Disaster Assist Improvement Plan</b>	\$ 176.1	\$ 182.5	\$ 64.8
<b>E-Federal Health Architecture LoB</b>	\$ 1,000.0	\$ 500.0	\$ 500.0
<b>E-Rulemaking</b>	\$ 70.1	\$ 70.0	\$ 57.9
<b>Financial Management LoB</b>	\$ 44.4	\$ 44.4	\$ 44.4
<b>Geospatial LoB</b>	\$ 15.0	\$ 15.0	\$ 15.0
<b>GovBenefits.gov</b>	\$ 336.0	\$ 256.7	\$ 261.9
<b>Grants.gov</b>	\$ 39.3	\$ 39.3	\$ 37.7
<b>Grants Management LoB</b>	\$ 28.5	\$ 28.5	\$ 28.5
<b>Human Resources Management LoB</b>	\$ 130.4	\$ 130.4	\$ 130.4
<b>IAE-Loans and Grants</b>	\$ 13.0	\$ 13.0	\$ 13.0
<b>Integrated Acquisition Environment (IAE)</b>	\$ 37.2	\$ 39.1	\$ 93.9
<b>Total</b>	<b>\$1,890.1</b>	<b>\$ 1,319.0</b>	<b>\$ 1,247.4</b>

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

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

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

**Geospatial LoB** maximizes geospatial investments by leveraging resources and reducing redundancies. Offering a single point of access to map-related data will allow SSA to improve mission delivery and increase service to citizens.

**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.

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

**Grants.gov** provides a single, online portal and central storehouse of information on grant programs for all Federal grant applicants.

**Grants Management LoB** is developing solutions to standardize and streamline the grants management process government-wide. GM LoB is pursuing a consortia based approach to share operations and maintenance (O&M) costs, and development, modernization, and enhancement (DME) costs across agencies, decreasing the burden that any one grant-making agency must bear. Business processes as available through consortium lead agencies will decrease agency reliance on manual and paper-based grants processing.

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

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

**Table 3.17 – Other SSA Expenses/Service Fees Related to e-Gov Projects (in thousands)<sup>1</sup>**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
<b>Recruitment One-Stop</b>	\$ 334.3	\$ 414.3	\$ 414.3
<b>Enhanced Human Resource</b>	\$ 1,500.0	\$ 1,348.4	\$ 1,402.2
<b>E-Payroll</b>	\$ 14,022.4	\$ 14,127.1	\$ 14,127.1
<b>E-Travel</b>	\$ 1,351.6	\$ 1,339.2	\$ 1,339.2
<b>Total</b>	<b>\$ 17,208.4</b>	<b>\$ 17,229.0</b>	<b>\$ 17,282.8</b>

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

**Recruitment One-Stop** provides an online portal ([www.usajobs.gov](http://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.

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

**EMPLOYMENT**

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

**Table 3.18—Detail of Full-Time Equivalent Employment<sup>1</sup>**

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>
Limitation on Administrative Expenses Account <sup>2</sup>	66,398 <sup>3</sup>	68,517	69,375
Reimbursable Work	280	300	300
<b>SSA Proper (excludes DDS and OIG)</b>	<b>66,678</b>	<b>68,817</b>	<b>69,675</b>

The following table lists the Average Grade and Salary for SSA employees for FY 2010. It includes averages for Executive Service (ES) and General Service (GS) employees.

**Table 3.19—Average Grade and Salary**

	<b>FY 2010 Actual</b>
<b>Average ES Salary</b>	<b>\$ 167,600</b>
<b>Average GS Grade<sup>4</sup></b>	<b>10</b>
<b>Average GS Salary</b>	<b>\$ 64,200</b>

<sup>1</sup> A full-year appropriation for FY 2011 was not enacted at the time the FY 2012 President’s Budget was prepared. The numbers below assume full funding of the FY 2011 President’s Budget.

<sup>2</sup> Includes all FTEs funded by the Recovery Act, MIPPA and Children’s Health Insurance Program Reauthorization Act of 2009.

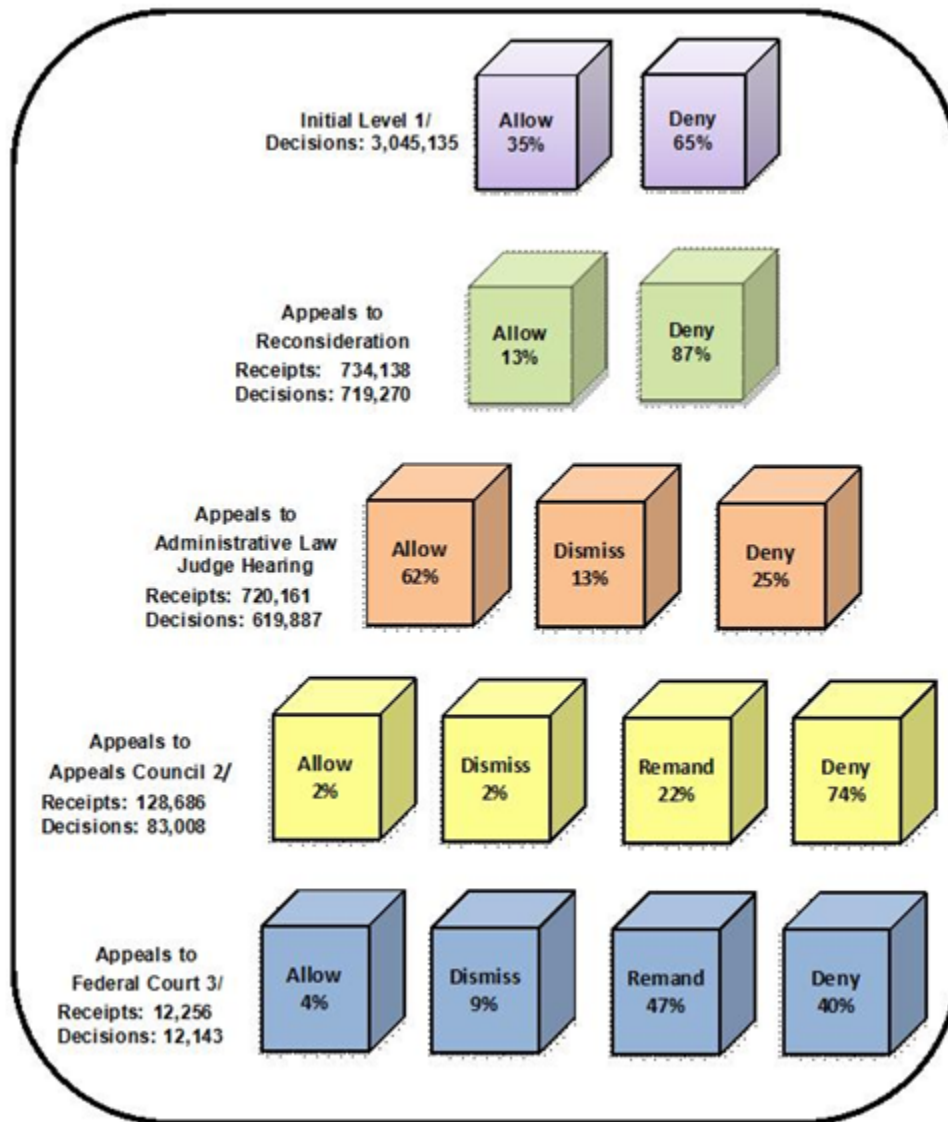
<sup>3</sup> The final FY 2010 FTEs for Operations were 48,480 and 9,744 for ODAR.

<sup>4</sup> We expect the average GS grade to remain at a GS-10 for both FY 2011 and FY 2012.

**FY 2010 DISABILITY WORKLOAD**

The following table provides data on the FY 2010 disability claims and appeals workloads.

**Table 3.20—FY 2010 Workload Data: Disability Appeals\***



\*Data include all disability decisions completed in FY 2010 and include claims that were filed in FY 10 or prior years. These are decisions on disability eligibility. Other non-disability eligibility factors may affect final eligibility for benefits, i.e. some cases with a favorable disability decision could ultimately be denied for failure to meet other eligibility requirements. Some disability claims not eligible on non-disability grounds will not be referred for a disability decision and are not reflected in the data shown. Decisions include Title II – Social Security Disability Insurance and Title XVI – Supplemental Security Income (SSI) cases. Some claimants may file concurrently for both Title II and Title XVI. Concurrent Title XX/XVI cases are counted as one.

1/ Approximately 24% of initial level denials are from 10 states using the Prototype process. If appealed, these cases would bypass the reconsideration level and go directly to an Administration Law Judge hearing.

2/ Data are on applications for persons filing for disability except for Appeals Council and Federal Court data which also include appealed Continuing Disability Review (CDR) decisions.

Prepared by: SSA, ODPMI (Office of Disability Program Management Information) 11/30/2010, Office of Budget Additions 1/7/2011

Data Sources:

1) In and Reconsideration Receipts Data: SSA State Agency Operations Report

2) Administration Law Judge and Appeals Council Receipt data: SSA Office of Disability Adjudication and Review (ODAR)

3) Federal Court Receipt data: SSA Office of General Counsel



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## APPROPRIATION LANGUAGE

## OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

*For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$30,000,000, together with not to exceed \$77,113,000, 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.*

Note. – A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended).

## GENERAL STATEMENT

## OVERVIEW

The Fiscal Year (FY) 2012 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$107,113,000 in total budget authority and 590 full-time equivalents (FTE). This is \$991,000 above the funding requested for the FY 2011 President's Budget.

The FY 2012 request provides resources needed to maintain the FY 2011 staffing level. The FY 2012 budget request will support spending at an operating level that will allow our auditors and investigators to meet their productivity goals. The budget request will provide funding for a 590 FTE staffing level, mandatory payroll increases (e.g., within-grade increases, scheduled promotions, health benefits, etc.), and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2012, and provides ongoing support for the major initiatives already in place. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security number (SSN) misuse. OIG will also conduct, supervise, and coordinate audits and evaluations involving the use of funds for the planning, acquisition, management, and disposal of assets pursued by SSA for the purpose of replacing its National Computer Center (NCC). This budget includes \$850,000 for training, which satisfies all FY 2012 training requirements for OIG. The Council of the Inspectors General on Integrity and Efficiency did not request a contribution for FY 2012 to support their activities. 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 Actual <sup>1</sup>	FY 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
FTE	583	590	590	+ 0
Appropriation	\$ 102,621,000	\$ 106,122,000	\$ 107, 113,000	+ \$ 991,000
ARRA <sup>2</sup>	\$ 432,000	\$ 500,000	\$ 465,000	-\$ 35,000

<sup>1</sup> This column reflects actual obligations for FY 2010.

<sup>2</sup> The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual obligation for FY 2009 is \$603,000 and \$432,000 for FY 2010. The planned obligations for FY 2011 and FY 2012 are \$500,000 and \$465,000 respectively.

## ONGOING INITIATIVES

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### 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 2012 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 2010, these processes contributed significantly to the mission of OIG and Social Security. AMFED received 84,102 allegations. Through the development of referred allegations, SSA identified \$3,379,530 in benefit overpayments. AMFED matched 119,688 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for

apprehension and warrant verification. AMFED referred 43,382 fugitive subjects for benefit suspension. Through data-sharing efforts, 6,603 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 2010, OIG's CMP program successfully closed 1,658 cases, resulting in penalties and assessments of almost \$4 million. In addition, OIG, in conjunction with the Department of Justice, successfully concluded a case under Section 1140, resulting in an agreement to pay a \$325,000 civil monetary penalty.

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## SSA'S SIGNIFICANT MANAGEMENT ISSUES

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

A summary of each is discussed below:

### Issue #1: 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) (Pub. L. No. 111-5). SSA was provided funds under ARRA to address three major efforts.

- \$500 million to replace SSA's NCC.
- \$500 million to process disability and retirement workloads, including IT acquisitions and research in support of these workloads.

- \$90 million to reimburse costs for processing a one-time economic recovery payment (ERP) of \$250 to millions of qualified individuals receiving Social Security and Supplemental Security Income (SSI) payments. (On August 10<sup>th</sup>, section 318 of Public L. No. 111-226 rescinded \$47,000,000 of the funds SSA received to administer the initial \$250 Economic Recovery Payments.)

We believe the timely replacement of the NCC and the capacity of SSA's computer systems continue to be major challenges for the agency. In FY 2010, we issued multiple reports on SSA's efforts to replace the NCC with a new data center. The timely completion of the new NCC is critical to SSA's ability to provide the level of service the American public expects and needs.

The agency used ARRA funds to hire staff and fund overtime work to address critical workloads. SSA's challenge was to hire and train sufficient personnel in a short period of time to enhance the agency's ability to eliminate the hearings backlog and prevent its recurrence, improve the speed and quality of its disability process, improve retiree and other core services, and preserve the public's trust in its programs. SSA also had a challenge to ensure its contractors paid with ARRA funds reported accurate information to FederalReporting.gov. Finally, SSA's assistance in providing one-time ERPs of \$250 to certain adult Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and SSI recipients continues to be a challenge. SSA had to ensure the beneficiaries met a number of criteria. SSA is also responsible for handling post-certification actions (for example, non-receipt reports, returned payments, and stop-payment actions) for the ERPs issued to its beneficiaries.

## Issue #2: Improve Customer Service

SSA touches the lives of virtually all Americans. SSA provides benefits when there is the loss of a loved one, at the onset of disability, or during the transition from work to retirement. Therefore, we agree with SSA that a high level of customer service is essential to meet the public's needs and expectations.

SSA acknowledges that it has struggled to maintain the level of service the American people deserve. Many factors challenge SSA including shifting demographics, growing workloads, changing customer expectations, and an aging workforce. SSA is receiving increasing numbers of retirement and disability claims. In addition, SSA is finding that the public expects it to provide services in new ways made possible by technology. SSA is realigning several components and combining applications to address the changing needs of its customers and to balance workloads and resources.

### Representative Payee Process

Providing oversight to ensure representative payees properly manage Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. SSA appoints a representative payee to receive and manage the benefits of beneficiaries who are incapable of managing or directing the management of their finances because of their youth, mental, or physical impairment.

SSA reported it revised the Representative Payee Monitoring Application to capture better management information about the problems it found and the outcomes of its reviews of representative payees. Additionally, SSA reported it developed a new model for the

representative payee accounting form, misuse, and monitoring processes. Finally, SSA took action to increase its oversight of representative payees who employ beneficiaries in their care by awarding a contract for 350 site reviews of employer-payees.

#### Automated Services

One of SSA's priorities is to provide the public with more service options through a wide range of online and automated services. In FY 2010, SSA introduced an online Medicare-only application. Also, SSA released a simplified electronic version of the Adult Disability Report, which has increased completion rates and cut the average completion time in half. In response to the President's Securing Americans' Value and Efficiency Award, SSA plans to implement an employee suggestion, which would allow individuals to schedule appointments for service online.

SSA's national 800-number, which handles about 68 million calls a year, now offers speech recognition that allows callers to speak their request to reduce time spent navigating through menu prompts and error-prone, touch-tone commands. In addition, SSA is using technology to forecast call volumes, anticipate staffing needs, and better distribute calls across the network.

#### Staffing

The projected retirement of its employees continues to present a challenge to SSA's customer service capability. SSA estimates that 50 percent of its employees, including 66 percent of its supervisors, will be eligible to retire by FY 2018. This loss of institutional knowledge may adversely affect SSA's ability to deliver the quality service the public expects.

To meet this challenge, SSA reported it hired about 8,600 new employees in FY 2009—the largest hiring effort since the creation of the SSI program over 35 years ago. In FY 2010, SSA again hired approximately 8,600 new employees. In addition, our review of SSA's hiring and training of IT specialists found that SSA uses a multitude of activities to attract, hire, train, and retain IT specialists.

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

SSA is facing a considerable increase in initial and reconsideration claims. At the end of FY 2008, there were over 565,000 initial claims pending. In FY 2010, initial claims pending had grown to over 842,000, an increase of 49 percent over the FY 2008 year-end pending level. In addition, reconsideration claim receipts at the end of 2010 were 12 percent higher than the same period in FY 2009.

In addition to 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. The increase in initial disability applications also forces the dedication of DDS resources to processing initial applications rather than conducting full medical continuing disability reviews. In April 2010, the Commissioner testified that SSA's plan is to reduce the initial claims backlog by FY 2014.

OIG will continue to work with SSA to address the integrity of the disability programs through the Cooperative Disability Investigations (CDI) program. The CDI 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, the Inspector General, and State Disability Determination Services. Since the program's inception in FY 1998 to the end of

FY 2010, the 22 CDI units, operating in 19 States, have resulted in \$1.6 billion in projected savings to SSA's Title II and XVI disability programs and over \$967 million in projected savings to non-SSA programs.

#### Issue #4: Improve Transparency and Accountability

There have been a number of efforts to make Federal agencies more transparent and accountable. For example, the *Chief Financial Officers Act of 1990* (Pub. L. No. 101-576) provides for the production of complete, reliable, timely, and consistent financial information for use by the executive branch of the Government and Congress in the financing, management, and evaluation of Federal programs. The *Government Performance and Results Act of 1993* (GPRA) (Pub. L. No. 103-62) sought to improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. Lastly, the President issued a memorandum on Transparency and Open Government on January 21, 2009. The memorandum instructed OMB to issue an Open Government Directive.

##### Transparency

SSA continued to develop GPRA-required Annual Performance Plans (APP), which include the agency's annual performance measures and goals. Over half of SSA's current performance measures do not measure the agency's progress on achieving its strategic goals and objectives. Also, while SSA defined some very specific long-term outcomes in its strategic plan, it is difficult for the public to understand SSA's progress in achieving those outcomes because performance measures and related goals are not tied to the long-term outcomes. We also found that some of SSA's key programs and activities were not addressed by performance measures. Neither SSA's *Strategic Plan* nor the APP contained a performance measure to publicly track SSA's progress in constructing a new data center, even though the *Strategic Plan* states that all the agency's plans depend on a strong 21<sup>st</sup> century data center to replace the aged NCC.

##### Accountability

Sound internal controls help ensure the agency is accountable to its mission and relevant laws, regulations, and policies. Internal control comprises the plans, methods and procedures used to meet missions, goals, and objectives. We reported a significant deficiency in SSA's internal control over information security in our FY 2010 *Report on Management's Assertion about the Effectiveness of Internal Control*. Specifically, SSA had not consistently complied with the policies and procedures on periodic reassessments of the content of security access profiles. Additionally, security permissions provided to some employees and contractors were in excess of access required to complete their job responsibilities. Lastly, SSA's mainframe operating system contained configurations that increased the risk of unauthorized access to key financial data and programs.

SSA must also ensure its contractors are held accountable to provide the services for which they were contracted. SSA enters into a number of contracts and provides a number of grants each year that help SSA obtain services and research, such as the development and the implementation of demonstration projects, digital document services, and research on disability and retirement issues. In FY 2010, SSA obligated over \$1.4 billion for contracts and grants. While OIG reviews found that SSA received what it paid for based on the contracts reviewed, OIG also found that SSA's oversight of contracts and grants could be improved.

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

Managing its current and future workloads will not be possible for SSA without the proper IT infrastructure. SSA faces the challenge of how to best use technology to meet its increasing workloads. Congress, SSA's Advisory Board, OIG, and others have concerns regarding the agency's IT infrastructure, systems continuity and availability, system modernization efforts, IT strategic planning, and IT service delivery.

SSA's primary IT investment over the next few years is the replacement of the NCC. Increased workloads and growing telecommunication services have severely strained the NCC's ability to support the agency's business. SSA estimates that by 2012, the NCC as a stand-alone data center will no longer be able to support the expanding workloads. The design and age of the NCC, as well as the increasing workload due to the retirement of the baby boom generation, has raised concerns about SSA's ability to address future processing requirements. Because of the critical systems SSA supports, an NCC outage would have a devastating effect on both the agency and the people it serves.

Another major challenge facing SSA is the modernization of its systems and applications. SSA's systems modernization is constrained by multiple underlying problems. The first problem is that the foundation of SSA's IT infrastructure is an outdated database management system called the Master Data Access Method (MADAM). SSA developed MADAM in the 1980s. There is a concern that future operating system changes may render MADAM unusable, and the technical knowledge and skills needed to timely remedy the situation may not be available. Further, some of SSA's legacy applications are programmed in Common Business Oriented Language (COBOL). The use of COBOL adds additional constraints to SSA's modernization efforts. Studies of SSA's use of COBOL have identified challenges including cumbersome maintenance, lengthy redevelopment time, and the potential loss of institutional knowledge as experienced COBOL programmers retire.

Finally, SSA must provide additional electronic services to meet the growing needs of its customers. SSA's telephone services and field offices are overwhelmed by increased workloads. Currently, 37 percent of all retirement applications and 27 percent of initial disability applications are filed online. In December 2009, Commissioner Astrue testified that to keep field offices from being overwhelmed by increasing workloads, SSA would need to increase electronic filing to 50 percent by 2013. SSA has researched Internet authentication solutions to secure such online initiatives as Ready Retirement, SSN replacement card, and other automated services. SSA is developing Registration of Most Everyone to register and authenticate users and provide controlled, single sign-on access.

### Issue #6: Reduce Improper Payments and Increase Overpayment Recoveries

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



In FY 2010, SSA issued over \$740 billion in federal benefit payments to more than 57 million people. Given the large amount of dollars involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In November 2009, the President issued Executive Order 13520 on reducing improper payments, and in March 2010, OMB issued implementing guidance. As a result, SSA was required to prepare a report on its high-priority programs by May 19, 2010 containing the agency's plans for identifying and measuring improper payments, meeting improper payment reduction targets, and ensuring that initiatives undertaken did not unduly burden program access and participation by eligible beneficiaries. SSA met this deadline.

Additionally, in July 2010, the *Improper Payments Elimination and Recovery Act of 2010* (Pub L. No. 111-204) was enacted. As a result, all agencies with high-priority programs—because they have significant improper payments—are required to intensify their efforts to eliminate payment errors. The reduction of improper payments is one of SSA's key strategic objectives. SSA has identified the major causes of improper payments and has taken steps to address them. SSA has also worked to improve its ability to prevent over- and underpayments by implementing our audit recommendations.

#### Issue #7: 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 over the years—from 293 days at the end of FY 2001 to 426 days at the end of FY 2010. Additionally, the pending hearings workload grew to approximately 705,000 by the end of FY 2010—up from about 392,000 cases at the end of FY 2001. SSA also faces an increasing workload due to a rise in the number of initial disability applications, which eventually leads to an increase in the number of hearing requests.

Since May 2007, the agency has been implementing the Commissioner's plan to eliminate the backlog of hearing requests and prevent its recurrence. The Commissioner's plan focuses 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. Achieving these goals will depend on a number of factors, including available resources and expected workloads. Continued assessment of the key factors (hearing level receipts, Administrative Law Judge (ALJ) availability levels, ALJ productivity levels, and senior attorney adjudicator decisions), appropriate adjustments, and communication of agency needs to other parties, including Congress and the Office of Personnel Management, will be essential to keep this endeavor on track.

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

In FY 2010, SSA issued approximately 17 million SSN cards and received approximately \$647 billion in employment taxes related to earnings under assigned SSNs. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits due them.

Since its inception, SSN collection and use has significantly increased nationwide. These unique nine-digit numbers have become commonly used identifiers and, as such, valuable as illegal

commodities. Over the last decade, SSA has made significant strides to strengthen controls in the enumeration process. Additionally, SSA has worked to better protect SSNs in its records. However, once an SSN is assigned, SSA has little control over the collection, use, and disclosure of this number by external entities. To better protect SSNs and assist SSA in improving the accuracy of its earnings records, we believe Congress and the agency should continue seeking measures to limit the collection, use, and disclosure of SSNs—in addition to other measures discussed below.

We commend the agency for the numerous improvements in its enumeration process. Nevertheless, we continue to have concerns regarding SSN assignment and protection. For example, the agency has no authority to curb the unnecessary collection and use of SSNs. Our audit and investigative work has taught us that the more SSNs are unnecessarily used, the higher the probability they could be used to commit crimes throughout society. We are also concerned that some noncitizens who are authorized to work by the Department of Homeland Security, but will only be in the United States for a few months, are permitted to obtain SSNs that are valid for life. Further, we believe controls over the issuance of SSN Verification Printouts are not sufficient to prevent improper attainment of these sensitive documents and disclosure of personally identifiable information.

Finally, SSA is devoting resources to develop an online system for issuing replacement SSN cards. While we support the agency's decision to offer more services online to enhance customer service, we are concerned about the potential for unscrupulous individuals to manipulate such a system. As such, we encourage the agency to proceed carefully with this initiative until proper authentication controls are in place.

## MONETARY BENEFITS

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In FY 2010, OIG issued 108 audit reports with recommendations, identifying over \$1.4 billion in questioned costs and over \$3.1 billion in Federal funds that could be put to better use. OIG also received over 158,000 allegations of fraud, effected over 1,400 criminal prosecutions, and obtained a return of over \$358 million in investigative accomplishments, comprised of over \$65 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$293 million in projected SSA savings. Our FY 2012 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

## STRATEGIC PLANNING

FY 2010 was the fifth 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 2010, OIG successfully met all 14 performance measures. The specific results for FY 2010 are as follows:

**Table 4.2—2010 Performance Measure Results**

Goal	Target	Result
<b><i>Impact</i></b>		
1. Maintain an annual acceptance rate of at least 88% for all recommendations.	88%	<b>95%</b>
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.	85%	<b>86%</b>
3. Achieve a positive action on at least 75% of all cases closed during the FY.	75%	<b>80%</b>
<b><i>Value</i></b>		
4. Generate a positive return of \$6 for every tax dollar invested in OIG activities.	\$6 to \$1	<b>\$48 to \$1</b>
5. Evaluate and respond to 90% of all allegations received within 45 days.	90%	<b>97%</b>
6. Complete investigative fieldwork on 75% on all cases within 180 days.	75%	<b>86%</b>
7. Respond to 90% of congressional requests within 21 days.	90%	<b>96%</b>
8. Take action on 90% of CMP subjects within 30 days of receipt.	90%	<b>97%</b>
9. Achieve a positive external user assessment rating of 85% for product-service quality.	85%	<b>95%</b>
10. Issue 78% of final audit reports within 1 year of the entrance conference with SSA.	78%	<b>94%</b>
11. Complete 85% of requests for legal advice and review within 30 days.	85%	<b>99%</b>
<b><i>People</i></b>		
12. Achieve an annual attrition rate of 5% or less.	≤ 5 %	<b>4%</b>
13. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvement is needed.	75%	<b>75%</b>
14. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90%	<b>98%</b>

## TRANSFER AUTHORITY

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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 2012 consists of \$30,000,000 appropriated from the general fund and \$77,113,000 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 2010 Actual <sup>1</sup>	FY 2011 Estimate	FY 2012 Estimate
General Funds Annual	\$ 28,983	\$ 30,000	<b>\$ 30,000</b>
Trust Funds Annual Transfer	\$ 73,638	\$ 76,122	<b>\$ 77,113</b>
<b>Total Appropriation</b>	<b>\$102,621</b>	<b>\$ 106,122</b>	<b>\$ 107,113</b>
ARRA (Planned Obligations)	\$ 432	\$ 500	<b>\$ 465</b>
<b>Total Budgetary Resources</b>	<b>\$ 103,053</b>	<b>\$ 106,622</b>	<b>\$ 107,578</b>
Obligations	\$103,053	\$ 106,622	<b>\$ 107,578</b>
Unobligated balance lapsing	\$ 0	\$ 0	<b>\$ 0</b>

## ANALYSIS OF CHANGES

The FY 2012 request represents a \$991,000 increase over the FY 2011 President's Budget level. These increases can be attributed to an increase in base expenses for employee benefits, as well as an increase in training, rent, and support services.

**Table 4.4—Summary of Changes**

	FY 2011 Estimate	FY 2012 Estimate	FY11 to FY12 Change
General Fund Appropriation	\$ 30,000,000	<b>\$ 30,000,000</b>	\$ 0
Trust Fund Appropriation	\$ 76,122,000	<b>\$ 77,113,000</b>	+ \$ 991,000
<b>Total Appropriation</b>	<b>\$ 106,122,000</b>	<b>\$ 107,113,000</b>	<b>+ \$ 991,000</b>
ARRA (Planned Obligations)	\$ 500,000	<b>\$ 465,000</b>	- \$ 35,000
<b>Total Obligations</b>	<b>\$ 106,622,000</b>	<b>\$ 107,578,000</b>	<b>+\$ 956,000</b>

<sup>1</sup> This column reflects actual obligations for FY 2010.

Table 4.5—Explanation of OIG Budget Changes

	FY 2011 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<b><u>BUILT-IN INCREASES</u></b>				
<b>Base Payroll Expenses</b>	<b>596 (590)</b>	<b>\$ 90,572,000</b>	<b>0 (0)</b>	<b>+ \$ 1,527,000</b>
<ul style="list-style-type: none"> <li>Change in base payroll expenses related to career ladder promotions and within-grade increases</li> </ul>	---	---	---	+ \$761,000
<ul style="list-style-type: none"> <li>Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS)</li> </ul>	---	---	---	+ \$680,000
<ul style="list-style-type: none"> <li>All other payroll changes, including overtime and awards</li> </ul>	---	---	---	+ \$ 86,000
<b>Non-Payroll Costs</b> - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	---	<b>\$ 10,495,000</b>	---	---
<ul style="list-style-type: none"> <li>Rent</li> </ul>	---	<b>\$ 5,300,000</b>		<b>+ \$ 1,020,000</b>
<ul style="list-style-type: none"> <li>CIGIE Contribution</li> </ul>	---	<b>\$ 255,000</b>	---	---
<b>Subtotal, Built-in increases</b>	<b>596 (590)</b>	<b>\$ 106,622,000</b>	<b>0 (0)</b>	<b>+ \$ 2,547,000</b>
<b><u>PROGRAM INCREASES</u></b>				
Increase for operations and maintenance of facilities and equipment	---	---	---	\$ 0
<b>Subtotal, Program Increases</b>	---	---	---	<b>\$ 0</b>
<b>Total Increases</b>	<b>596 (590)</b>	<b>\$ 106,622,000</b>	<b>0 (0)</b>	<b>+ \$ 2,547,000</b>

Table Continues on the Next Page

	FY 2011 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<b><u>BUILT-IN DECREASES</u></b>				
<b>Base Payroll Expenses</b> —Decrease in all other payroll costs, including one less paid day	---	---	---	---
<b>Non-Payroll Costs</b>	---	---	---	<b>- \$ 1,336,000</b>
<b>CIGIE Contribution</b>	---	---	---	<b>- \$ 255,000</b>
<b>Subtotal, Built-in decreases</b>	---	---	---	<b>- \$ 1,591,000</b>
<b><u>PROGRAM DECREASES</u></b>				
<b>Decrease in costs for training, other support, services, and supplies</b>				
<b>Subtotal, Program Decreases</b>				
<b>Total Decreases</b>		<b>\$ 0</b>		<b>- \$ 1,591,000</b>
<b>Net Change</b>	<b>596 (590)</b>	<b>\$ 106,622,000</b>	<b>0 (0)</b>	<b>+ \$ 956,000</b>



## 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 2010 Actual <sup>1</sup>	FY 2011 Estimate	FY 2012 Estimate
General Funds	\$ 28,983	\$ 30,000	<b>\$ 30,000</b>
OASDI Trust Fund Transfers	\$ 73,638	\$ 76,122	<b>\$ 77,113</b>
<b>Total Appropriation</b>	<b>\$ 102,621</b>	<b>\$ 106,122</b>	<b>\$ 107,113</b>
ARRA	\$ 432	\$ 500	\$ 465
<b>Total Budgetary Authority</b>	<b>\$ 103,053</b>	<b>\$ 106,622</b>	<b>\$ 107,578</b>
Obligations <sup>2</sup>	\$ 103,053	\$106,622	<b>\$ 107,578</b>
FTEs	583	590	<b>590</b>

<sup>1</sup> This column reflects actual obligations for FY 2010.

<sup>2</sup> The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual obligation for FY 2009 is \$603,000 and \$432,000 for FY 2010. The planned obligations for FY 2011 and FY 2012 are \$500,000 and \$465,000 respectively.

## 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	FY 2012	<i>FY11 to FY12 Change</i>
Full-time permanent	\$ 61,532,000	\$ 65,064,000	<b>\$ 66,152,000</b>	+ \$ 1,088,000
Other than full-time permanent	\$ 1,209,000	\$ 1,278,000	<b>\$ 1,300,000</b>	+ \$ 22,000
Other compensation	\$ 1,500,000	\$ 1,587,000	<b>\$ 1,613,000</b>	+ \$ 26,000
Subtotal, Personnel Compensation	\$ 64,241,000	\$ 67,929,000	<b>\$ 69,065,000</b>	+ \$ 1,136,000
Civilian personnel benefits	\$ 24,017,000	\$ 22,643,000	<b>\$ 23,034,000</b>	+ \$ 391,000
Total, Compensation and Benefits	\$ 88,258,000	\$ 90,572,000	<b>\$ 92,099,000</b>	+ \$ 1,527,000
Travel	\$ 3,279,000	\$ 3,300,000	<b>\$ 3,000,000</b>	- \$ 300,000
Transportation of things	\$ 47,000	\$ 60,000	<b>\$ 50,000</b>	- \$ 10,000
Rental payments to GSA	\$ 5,051,000	\$ 5,300,000	<b>\$ 6,320,000</b>	+ \$ 1,020,000
Rental payments to others	\$ 31,000	\$ 50,000	<b>\$ 40,000</b>	- \$ 10,000
Communications, utilities, and others	\$ 404,000	\$ 450,000	<b>\$ 400,000</b>	-\$ 50,000
Printing and reproduction	\$ 15,000	\$ 5,000	<b>\$ 3,000</b>	- \$ 2,000
Other services <sup>1</sup>	\$ 4,129,000	\$ 5,084,000	<b>\$ 4,265,000</b>	- \$ 819,000
Supplies and materials	\$ 349,000	\$ 500,000	<b>\$ 300,000</b>	- \$ 200,000
Equipment	\$ 1,524,000	\$ 1,300,000	<b>\$ 1,100,000</b>	-\$ 200,000
Insurance Claims	\$ 0	\$ 1,000	<b>\$ 1,000</b>	\$ 0
Adjustments	- \$ 34,000	\$ 0	<b>\$ 0</b>	\$ 0
<b>Total Budgetary Resources</b>	<b>\$ 103,053,000</b>	<b>\$ 106,622,000</b>	<b>\$ 107,578,000</b>	<b>+ \$ 956,000</b>

<sup>1</sup> The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual obligation for FY 2009 is \$603,000 and \$432,000 for FY 2010. The planned obligations for FY 2011 and FY 2012 are \$500,000 and \$465,000 respectively.

## 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 2011 Authorized	FY 2011 Estimate	FY 2012 Authorized	FY 2012 Estimate
<b>Office of the Inspector General (P.L. 103-296)</b>	Indefinite	\$ 106,122,000	Indefinite	\$ 107,113,000

## 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 2012.

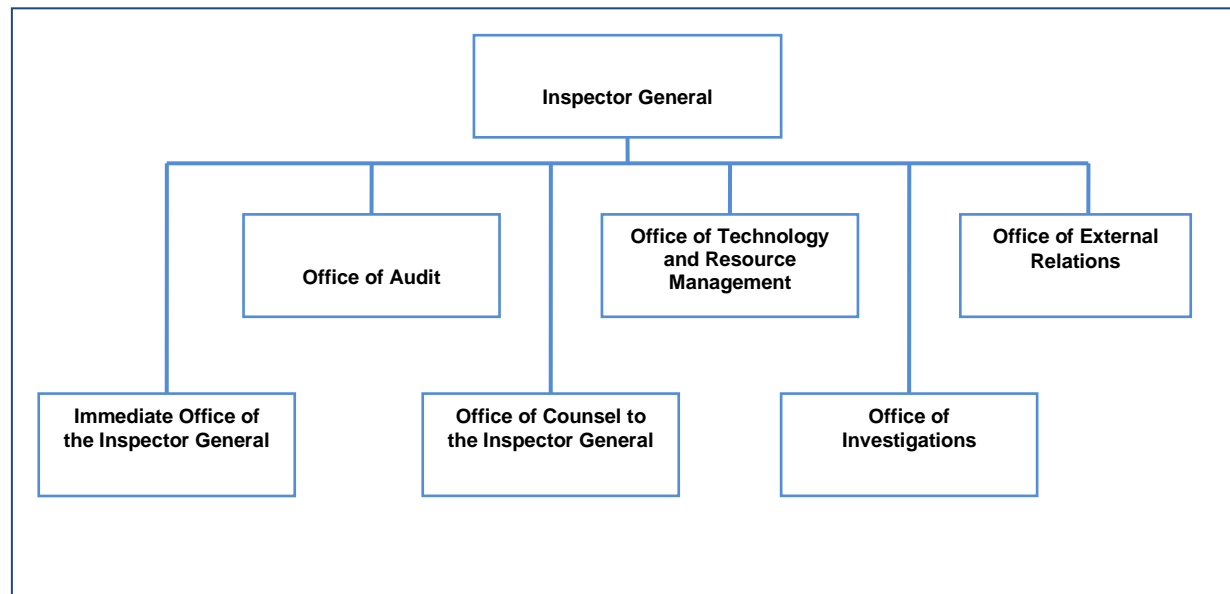
**Table 4.9—Appropriation History Table**

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
General Funds	\$ 19,000,000	\$ 19,000,000	\$ 19,000,000	<b>\$ 18,985,800</b>
Trust Funds	\$ 56,000,000	\$ 56,000,000	\$ 56,000,000	<b>\$ 55,958,200</b>
2002 Total <sup>1</sup>	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	<b>\$ 74,944,000</b>
General Funds	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	<b>\$ 20,863,500</b>
Trust Funds	\$ 62,000,000	\$ 62,000,000	\$ 62,000,000	<b>\$ 61,597,000</b>
2003 Total <sup>2</sup>	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	<b>\$ 82,460,500</b>
General Funds	\$ 25,000,000	\$ 24,500,000	\$ 20,863,000	<b>\$ 24,355,400</b>
Trust Funds	\$ 65,000,000	\$ 63,700,000	\$ 61,597,000	<b>\$ 63,324,200</b>
2004 Total <sup>3</sup>	\$ 90,000,000	\$ 88,200,000	\$ 82,460,000	<b>\$ 87,679,600</b>
General Funds	\$ 26,000,000	\$ 25,748,000	\$ 26,000,000	<b>\$ 25,542,000</b>
Trust Funds	\$ 66,000,000	\$ 65,359,000	\$ 66,000,000	<b>\$ 64,836,100</b>
2005 Total <sup>4</sup>	\$ 92,000,000	\$ 91,107,000	\$ 92,000,000	<b>\$ 90,378,100</b>
General Funds	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	<b>\$ 25,740,000</b>
Trust Funds	\$ 67,000,000	\$ 66,805,000	\$ 67,000,000	<b>\$ 65,736,000</b>
2006 Total <sup>5</sup>	\$ 93,000,000	\$ 92,805,000	\$ 93,000,000	<b>\$ 91,476,000</b>
General Funds	\$ 27,000,000	\$ 25,872,000	\$ 25,740,000	<b>\$ 25,902,000</b>
Trust Funds	\$ 69,000,000	\$ 66,072,000	\$ 65,736,000	<b>\$ 66,149,000</b>
2007 Total	\$ 96,000,000	\$ 91,944,000	\$ 91,476,000	<b>\$ 92,051,000</b>
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	<b>\$ 25,988,901</b>
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	<b>\$ 65,926,000</b>
2008 Total <sup>6</sup>	\$ 95,047,000	\$ 95,047,000	\$ 96,047,000	<b>\$ 91,914,901</b>
General Funds	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	<b>\$ 28,000,000</b>
Trust Funds	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000	<b>\$ 70,127,000</b>
2009 Total	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000	<b>\$ 98,127,000</b>
ARRA <sup>7</sup>	N/A	N/A	N/A	<b>\$ 2,000,000</b>
General Funds	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000	<b>\$29,000,000</b>
Trust Funds	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000	<b>\$73,682,000</b>
2010 Total	\$ 102,682,000	\$ 102,682,000	\$ 102,682,000	<b>\$102,682,000</b>
<b>General Funds</b>	<b>\$ 30,000,000</b>			
<b>Trust Funds</b>	<b>\$ 76,122,000</b>			
<b>2011 Total</b>	<b>\$ 106,122,000</b>			
<b>General Funds</b>	<b>\$ 30,000,000</b>			
<b>Trust Funds</b>	<b>\$ 77,113,000</b>			
<b>2012 Total</b>	<b>\$ 107,113,000</b>			

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> 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.
- <sup>4</sup> 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.
- <sup>5</sup> 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.
- <sup>6</sup> 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.
- <sup>7</sup> 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 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

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The budget request for FY 2012 is \$107,113,000 and 590 FTEs, which reflects an increase of \$991,000 from the FY 2011 President's Budget level. The FY 2012 funding increase will be used for personnel costs (such as within-grade increases and benefit-rate increases) for current staff and related support costs.

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

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
FTEs	583	590	<b>590</b>
Overtime/Lump Sum Leave	4	6	<b>6</b>
<b>Total</b>	<b>587</b>	<b>596</b>	<b>596</b>

**Table 4.11—Average Grade and Salary**

	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate	<i>FY11 to FY12 Change</i>
Average ES Salary	\$ 169,500	\$ 171,300	<b>\$ 173,000</b>	+ \$ 1,700
Average GS Grade	13	13	<b>13</b>	0
Average GS Salary	\$ 96,400	\$ 97,700	<b>\$ 99,100</b>	+ \$ 1,400





# A MESSAGE FROM THE COMMISSIONER



I am pleased to present the Social Security Administration's Fiscal Year (FY) 2012 Annual Performance Plan (APP) and Revised Final Plan for FY 2011. This Plan describes our next steps toward achieving the goals and objectives in our current Agency Strategic Plan (FY 2008-FY 2013). It outlines our priorities and establishes our performance commitments to the American public.

We would not be on track to achieve the goals in our strategic plan if we had not made such significant progress in the last three years. Despite the dramatic growth in our workloads due to the recession, increased employee productivity, new initiatives, and improved funding allowed us to reverse the trend of declining service and an increasing hearings backlog. We have shortened the wait for a hearing decision by one-third. We decided over one-half million of the oldest, most-complex hearing requests. Some hearing requests were as old as 1,400 days in 2007, but at the end of FY 2010, we have virtually no cases waiting over 825 days.

In FY 2010, callers to our National 800 Number had the shortest wait time and lowest busy signal rates since we began measuring these statistics nearly a decade ago. We have improved quality in the initial disability process and increased our program integrity work, which has resulted in increased payment accuracy in the Supplemental Security Income program. In addition, we introduced the three best online services in the Federal Government, as measured by the University of Michigan public satisfaction survey.

With adequate and timely funding and the ongoing dedicated work of our employees, we will continue to deliver on our promises to the American public.

- We will continue to reduce our disability backlogs. Eliminating our hearings backlog remains our number one priority.
- We will use technology to reduce our backlogs, improve service, and target our program integrity activities. For example, we are capitalizing on advances in video technology and our electronic processes. We established centralized National Hearing Centers to assist our most heavily backlogged hearing offices. We built on the success of these offices by creating centralized units in the States to assist the most stressed Disability Determination Services locations, the State offices that make the initial disability application decisions. In addition, we plan to expand video technology to improve service in our local field offices.
- We will increase the number of Internet services. We have developed faster and easier online services to meet the public's expectations and to keep pace with the increase in recession-driven claims. For example, we just released our Spanish Retirement Estimator, the first Federal interactive online application in Spanish, and plan additional Spanish applications.

President Obama stated that the Social Security programs are "a lasting promise that we can retire with dignity and peace of mind that workers who become disabled can support themselves, and that families who suffer the loss of a loved one will not live in poverty." Every day the men and women in our agency work hard to keep that promise to the millions of Americans who turn to us for help.

**Michael J. Astrue**  
Commissioner

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# OUR VALUES

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## OUR MISSION

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

## OUR VISION

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

## OUR MOTTO

Social Security Benefits America

## OUR SERVICE PRINCIPLES

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

Adherence to the law

Clarity

Commitment to best demonstrated practices

Cultural sensitivity

Honesty

Prevention of waste, fraud, and abuse

Protection of privacy and personal information

Recruitment and training of the best public servants

Safety of the public and our employees

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# SUMMARY OF OUR GOALS AND OBJECTIVES

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## ELIMINATE OUR HEARINGS BACKLOG AND PREVENT ITS RECURRENCE

Increase our capacity to hear and decide cases

Improve our workload management practices throughout the hearings process

## IMPROVE THE SPEED AND QUALITY OF OUR DISABILITY PROCESS

Fast-track cases that obviously meet our disability standards

Make it easier and faster to file for disability benefits online

Regularly update our disability policies and procedures

## IMPROVE OUR RETIREE AND OTHER CORE SERVICES

Dramatically increase baby boomers' use of our online retirement services

Provide individuals with accurate, clear, up-to-date information

Improve our telephone service

Improve service for individuals who visit our field offices

Process our Social Security Number workload more effectively and efficiently

## PRESERVE THE PUBLIC'S TRUST IN OUR PROGRAMS

Curb improper payments

Ensure privacy and security of personal information

Maintain accurate earnings records

Simplify and streamline how we do our work

Protect our programs from waste, fraud, and abuse

Use "green" solutions to improve our environment



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# EXECUTIVE SUMMARY

We respectfully present our Annual Performance Plan (APP) for Fiscal Year (FY) 2012 and Revised Performance Plan for FY 2011. For 75 years, we have administered our Nation's most successful and popular domestic program. The goal of our APP is to help the public, Congress, and our stakeholders understand what we will do to achieve the goals and objectives outlined in our Agency Strategic Plan (ASP) for FY 2008 through FY 2013.

We continually seek to improve our business processes, policies, and procedures to uphold the principles of good government, accountability, integrity, and transparency. These principles, which form the basis of the Government Performance and Results Act, improve government performance and ensure accountability by linking resources to results.

Our APP indicates how we will use our FY 2012 budget to accomplish our four strategic goals: 1) eliminate our hearings backlog and prevent its recurrence; 2) improve the speed and quality of our disability process; 3) improve our retiree and other core services; and 4) preserve the public's trust in our programs. It covers each program activity, including initiatives and performance measures, proposed in our FY 2012 budget request. As part of that discussion, we will outline our priority goals and use of American Recovery and Reinvestment Act (Recovery Act) funds.

In support of the President's government-wide initiative to build a high performance government, we identified four priority goals to focus our efforts over the next two years. These goals are a subset of the goals we regularly monitor and report in our APP and our Performance and Accountability Report.

In FY 2009, Congress provided us with over \$1 billion in additional resources in the Recovery Act to handle the huge unexpected increase in benefit applications caused by the economic downturn and to replace our aging national computer center. We are spending our Recovery Act funds effectively, and we are making progress toward the goals we outlined in our Recovery Act program plans.

We will use our FY 2012 budget to complete the retirement claims we receive, reduce the disability backlogs, increase program integrity efforts, address other critical workloads, and maintain our aging infrastructure. We are investing in service and infrastructure improvements to provide a better experience for the public to conduct business with us via the Internet, telephone, video service, or a visit to our field offices. We will continue to invest in our employees and information technology, as they are essential to achieving our mission. Adequate funding will allow us to fulfill these commitments to the American people.

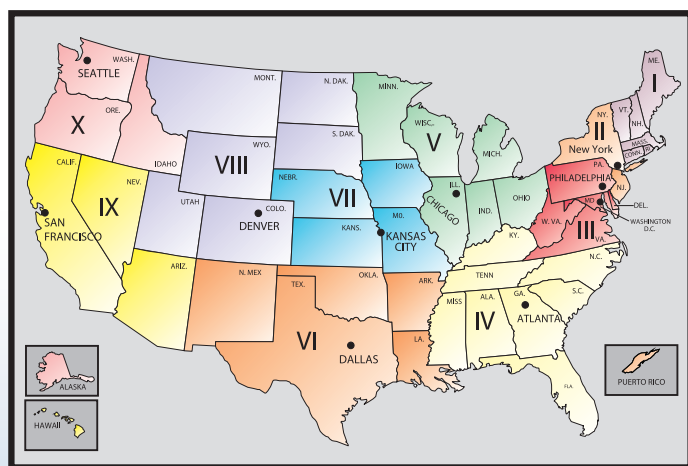
# GUIDE TO THE ANNUAL PERFORMANCE PLAN FOR FY 2012 AND REVISED FINAL PERFORMANCE PLAN FOR FY 2011

We deliver services through a nationwide network of 1,500 offices that includes regional offices, field offices (including card centers), teleservice centers, processing centers, hearing offices (including satellite offices, National Hearing Centers, and National Case Assistance Centers), the Appeals Council, and our headquarters located in Baltimore, Maryland. We also have a presence in U.S. embassies around the globe. Most of our approximately 68,000 employees deliver direct service to the public or support the services provided by front-line workers. Additionally, we depend on the work of over 18,000 employees of the Disability Determination Services in the States and territorial partners.

Our field offices and card centers are the primary points for face-to-face contact with the public we serve. Our teleservice centers provide National 800 Number telephone service (1-800-772-1213). Processing centers perform a wide-range of work, such as claims and appeals processing, records maintenance, continuing eligibility reviews, Medicare functions, and handling National 800 Number calls during periods of high call volume. Administrative Law Judges and the Appeals Council decide appeals of Social Security and Supplemental Security Income claims.

In FY 2012, we will:

- Pay \$802.9 billion in Federal benefits to over 61.4 million beneficiaries;
- Complete almost 7.9 million claims for benefits;
- Decide 823,000 hearing requests;
- Issue 18 million new and replacement Social Security cards;
- Issue 155 million Social Security Statements;
- Post 242 million earnings items to workers' earnings records;
- Handle approximately 72 million National 800 Number transactions;
- Conduct over 1.4 million continuing disability reviews;
- Conduct over 2.6 million non-disability Supplemental Security Income redeterminations; and
- Complete over 100 million actions to keep beneficiary and recipient records current and accurate.



We operate a centralized headquarters location and a decentralized network of 10 regional offices, which currently oversee approximately:

- 1,300 field offices;
- 8 processing centers;
- 33 teleservice centers;
- 8 Social Security card centers;
- 154 hearing offices;
- 7 satellite offices; and
- 5 National Hearing Centers and
- 2 National Case Assistance Centers.

# GUIDE TO THE ANNUAL PERFORMANCE PLAN FOR FY 2012 AND REVISED FINAL PERFORMANCE PLAN FOR FY 2011

This Guide to the Annual Performance Plan for FY 2012 and Revised Final Performance Plan for FY 2011 lists our major workloads and the supporting performance measures.

## HEARINGS

### **PAGE PERFORMANCE MEASURE**

- |    |  |
|----|--|
| 14 | 1.1a Complete the budgeted number of hearing requests.                           |
| 14 | 1.1b Achieve the budgeted goal for SSA hearings case production per workyear.    |
| 17 | 1.2a Achieve the target number of hearing requests pending.                      |
| 17 | 1.2b Achieve the target to eliminate the oldest hearing requests pending.        |
| 18 | 1.2c Achieve the budgeted goal for average processing time for hearing requests. |

## APPEALS COUNCIL

### **PAGE PERFORMANCE MEASURE**

- |    |  |
|----|--|
| 18 | 1.2d Achieve the target to eliminate the oldest Appeals Council requests for review pending. |
| 19 | 1.2e Achieve the target average processing time for Appeals Council requests for review.     |

## DISABILITY CLAIMS

### **PAGE PERFORMANCE MEASURE**

- |    |   |
|----|---|
| 23 | 2.1a Achieve the target percentage of initial disability cases identified as a Quick Disability Determination or a Compassionate Allowance.                   |
| 23 | 2.1b Complete the budgeted number of initial disability claims.   |
| 24 | 2.1c Minimize average processing time for initial disability claims to provide timely decisions.  |
| 24 | 2.1d Disability Determination Services net accuracy rate for combined initial disability allowances and denials.  |
| 25 | 2.1e Disability Determination Services cases production per workyear.   |
| 25 | 2.1f Complete the target number of disability claims at the reconsideration level.  |
| 28 | 2.2a Achieve the target percentage of initial disability claims filed online.   |
| 28 | 2.2b Achieve the target number of initial disability claims pending.  |
| 28 | 2.2c Achieve the target number of disability claims pending at the reconsideration level.   |
| 33 | 2.3a Update the medical Listing of Impairments.   |
| 33 | 2.3b Increase the percentage of disability claims evaluated using health Information Technology.  |
| 34 | 2.3c Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work.                               |
| 34 | 2.3d Number of Disability Insurance and Supplemental Security Income disability beneficiaries who earn four quarters of work credit during the calendar year. |

# GUIDE TO THE ANNUAL PERFORMANCE PLAN FOR FY 2012 AND REVISED FINAL PERFORMANCE PLAN FOR FY 2011

## RETIREMENT CLAIMS

### **PAGE PERFORMANCE MEASURE**

- 40 3.1a Percent of retirement, survivors, and health insurance claims receipts completed up to the budgeted level.
- 40 3.1b Achieve the target percentage of retirement claims filed online.

## PUBLIC INTERACTION

### **PAGE PERFORMANCE MEASURE**

- 44 3.3a Achieve the target speed in answering National 800 Number calls.
- 44 3.3b Achieve the target busy rate for National 800 Number calls.
- 47 3.4a Percent of individuals who do business with SSA rating the overall services as “excellent,” “very good,” or “good”.

## PROGRAM INTEGRITY

### **PAGE PERFORMANCE MEASURE**

- 49 3.5a Achieve the target percentage for correctly assigning original Social Security Numbers.
- 56 4.1a Complete the budgeted number of Supplemental Security Income non-disability redeterminations.
- 56 4.1b Increase the budgeted number of continuing disability reviews.
- 57 4.1c Percent of Supplemental Security Income payments free of overpayment and underpayment error.
- 58 4.1d Percent of Old Age Survivors, and Disability Insurance payments free of overpayment and underpayment error.
- 58 4.1e Increase the number of transactions received through the Access to Financial Institutions program.
- 62 4.3a Reduce the target percentage of paper Forms W-2 completed.
- 65 4.5a Receive an unqualified audit opinion on SSA’s financial statements.

## GREEN SOLUTIONS

### **PAGE PERFORMANCE MEASURE**

- 67 4.6a Replace gasoline-powered vehicles with alternative-fuel vehicles.
- 67 4.6b Develop and implement an agency Environmental Management System.

# PRIORITY 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 identified four Priority Goals. These goals, which we will focus on over the next 2 years, have a high direct value to the public and meet our strategic goals. Our Priority Goals are:

**Increase the Number of Online Applications:** The public expects the convenience of online services and we plan to meet the demand. In 2012, our goals are to:

- Achieve 50 percentage of total retirement claims filed online; and
- Achieve 38 percentage of total initial disability claims filed online.

**Issue More Decisions for People Who File for Disability:** We will continue our efforts to lower the disability backlog and accurately complete claims. We will also ensure that people with severely disabling conditions will receive an initial claims decision within 20 days of filing an application. Finally, we will reduce the time it takes a person to receive a hearing decision to an average of 270 days by 2013. In 2012, our goals are to:

- Complete 3.268 million initial disability claims;
- Achieve 5.5 percent of initial disability cases identified as a Quick Disability Determination or a Compassionate Allowance; and
- Complete 823,000 hearing requests.

**Improve Our Customers' Service Experience on the Telephone, in Our Field Offices, and Online:** To improve our customers' service experience and provide the services the public expects and deserves, we will improve telephone service on our National 800 Number. We will also improve the public's overall satisfaction with the services they receive. By 2012, our goals are to:

- Achieve an average speed of answer rate of 262 seconds on our National 800 Number;
- Achieve a busy rate for National 800 Number calls of 6 percent; and
- Raise our overall rating of "excellent," "very good," or "good" given by individuals who do business with us to 83.5 percent.

**Ensure Effective Stewardship of Our Programs by Increasing Our Program Integrity Efforts:** We will continue to demonstrate an unyielding commitment to sound program integrity efforts by minimizing improper payments and strengthening our efforts to protect program dollars from waste, fraud, and abuse. In 2012, our goals are to:

- Complete 592,000 full medical continuing disability reviews, an increase of 82 percent over FY 2010; and
- Complete 2.622 million Supplemental Security Income non-disability redeterminations.

# AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

In FY 2009, Congress recognized that we were receiving substantially increased numbers of new claims and other work because of the economic downturn. Congress also recognized our need 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 (Recovery Act).

We received \$500 million, available through FY 2010, to help address our increasing disability and retirement workloads. This funding allowed us to invest in our front line operational areas, enabling us to handle our additional recession-related work. The funding also supports information technology acquisitions for the additional workload processing funded from the Recovery Act, which allowed us to invest in health Information Technology.

The Recovery Act provided eligible Social Security beneficiaries and Supplemental Security Income recipients received a one-time economic recovery payment of \$250. We spent \$43 million of the \$90 million we received to cover the administrative cost associated with issuing these payments and sending notices to all eligible persons, and Congress rescinded the remaining \$47 million.

Finally, Congress recognized the need to replace our aging National Computer Center (NCC). Congress appropriated \$500 million to build our new National Support Center (NSC). The NSC will house critical computer operations that are necessary to provide service to all Americans and promptly and accurately pay benefits.

In FY 2011, we expect to finalize the NSC site selection by the end of the 2nd quarter, and to purchase the property by the end of the 3rd quarter. In addition, we expect to initiate procurements for phases one and two of the design-build construction by the end of the third quarter. We plan to award and begin construction of the NSC by the end of FY 2012.

# AT-A-GLANCE

## ANNUAL PERFORMANCE PLAN FOR FY 2012 AND REVISED FINAL PERFORMANCE PLAN FOR FY 2011

The Government Performance and Results Act (GPRA) requires all Federal agencies to establish annual performance measures and targets that connect their budget to performance. The following chart lists our GPRA performance measures and targets for FY 2011 and FY 2012. We use these performance measures to gauge our progress in meeting our strategic goals and objectives as outlined in our Agency Strategic Plan ([www.socialsecurity.gov/strategicplan](http://www.socialsecurity.gov/strategicplan)). These measures specifically address how we will improve performance, 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 2011 Target	FY 2012 Target	Page
1.1a	Complete the budgeted number of hearing requests	815,000	823,000	14
1.1b	Achieve the budgeted goal for SSA hearings case production per workyear	107	107	14

##### Strategic Objective 1.2: Improve our workload management practices throughout the hearing process

Performance Measure		FY 2011 Target	FY 2012 Target	Page
1.2a	Achieve the target number of hearing requests pending	668,000	597,000	17
1.2b	Achieve the target to eliminate the oldest hearing requests pending	Less than 0.5% of hearing requests pending 775 days or older	Less than 0.5% of hearing requests pending 725 days or older	17
1.2c	Achieve the budgeted goal for average processing time for hearing requests	373 days	326 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 650 days or older	Less than 1% of Appeals Council requests for review pending 600 days or older	18
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 Measure		FY 2011 Target	FY 2012 Target	Page
2.1a	Achieve the target percentage of initial disability cases identified as a Quick Disability Determination or a Compassionate Allowance	5%	5.5%	23
2.1b	Complete the budgeted number of initial disability claims	3,409,000	3,268,000	23
2.1c	Minimize average processing time for initial disability claims to provide timely decisions	110 days	103 days	24
2.1d	Disability Determination Services net accuracy rate for combined initial disability allowances and denials	97%	97%	24
2.1e	Disability Determination Services cases production per workyear	275	279	25
2.1f	Complete the target number of disability claims at the reconsideration level	N/A	743,500	25

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

Performance Measure		FY 2011 Target	FY 2012 Target	Page
2.2a	Achieve the target percentage of initial disability claims filed online	34%	38%	28
2.2b	Achieve the target number of initial disability claims pending	709,000	632,000	28
2.2c	Achieve the target number of disability claims pending at the reconsideration level	N/A	116,600	28

**Strategic Objective 2.3: Regularly update our disability policies and procedures**

Performance Measure		FY 2011 Target	FY 2012 Target	Page
2.3a	Update the medical Listing of Impairments	Develop and submit at least 3 regulatory actions or Social Security Rulings	Publish 2 rules for public comments and 8 final rules	33
2.3b	Increase the percentage of disability cases evaluated using health Information Technology	500% above FY 2010 baseline	100% above FY 2011 performance	33
2.3c	Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work	114,310	118,544	34
2.3d	Number of Disability Insurance and Supplemental Security Income disability beneficiaries who earned four quarters of work credit during the calendar year	774,048	789,226	34



**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 Measure		FY 2011 Target	FY 2012 Target	Page
3.1a	Percent of retirement, survivors, and health insurance claims receipts completed up to the budgeted level	100% (4,590,000)	100% (4,627,000)	40
3.1b	Achieve the target percentage of retirement claims filed online	44%	50%	40

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

There is no performance measure for this objective for FY 2011 and FY 2012.

**Strategic Objective 3.3: Improve our telephone service**

Performance Measure		FY 2011 Target	FY 2012 Target	Page
3.3a	Achieve the target speed in answering National 800 Number calls	267 seconds	262 seconds	44
3.3b	Achieve the target busy rate for National 800 Number calls	6%	6%	44

**Strategic Objective 3.4: Improve service for individuals who visit our field offices**

Performance Measure		FY 2011 Target	FY 2012 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%	47

**Strategic Objective 3.5: Process our Social Security Number workload more effectively and efficiently**

Performance Measure		FY 2011 Target	FY 2012 Target	Page
3.5a	Achieve the target percentage for correctly assigning original Social Security Numbers	99%	99%	49

**STRATEGIC GOAL 4:****PRESERVE THE PUBLIC'S TRUST IN OUR PROGRAMS****Strategic Objective 4.1: Curb improper payments**

Performance Measure		FY 2011 Target	FY 2012 Target	Page
4.1a	Complete the budgeted number of Supplemental Security Income non-disability redeterminations	2,422,000	2,622,000	56
4.1b	Increase the budgeted number of continuing disability reviews	1,388,000	1,442,000	56
4.1c	Percent of Supplemental Security Income payments free of overpayment and underpayment error	92% (O/P) 98.8% (U/P)	92.5% (O/P) 98.8% (U/P)	57
4.1d	Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error	99.8% (O/P) 99.8% (U/P)	99.8% (O/P) 99.8% (U/P)	58
4.1e	Increase the number of transactions received through the Access to Financial Institutions program	500,000	3,000,000	58

**Strategic Objective 4.2 Ensure privacy and security of personal information**

There is no performance measure for this objective for FY 2011 and FY 2012.

**Strategic Objective 4.3 Maintain accurate earnings records**

Performance Measure		FY 2011 Target	FY 2012 Target	Page
4.3a	Reduce the target percentage of paper Forms W-2 completed	15.5%	15%	62

**Strategic Objective 4.4 Simplify and streamline how we do our work**

There is no performance measure for this objective for FY 2011 and FY 2012.

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

Performance Measure		FY 2011 Target	FY 2012 Target	Page
4.5a	Receive an unqualified audit opinion on SSA's financial statements	Receive an unqualified opinion	Receive an unqualified opinion	65

**Strategic Objective 4.6 Use "green" solutions to improve our environment**

Performance Measure		FY 2011 Target	FY 2012 Target	Page
4.6a	Replace gasoline-powered vehicles with alternative-fuel vehicles	75% of FY 2011 inventory replaced (28 vehicles)	75% of FY 2012 inventory replaced (16 vehicles)	67
4.6b	Develop and implement an agency Environmental Management System	Establish performance objectives	Develop and implement an agency EMS	67

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

<b>Agency Strategic Plan Long-Term Outcomes</b>	<p>Reduce the number of pending hearings to 466,000 by FY 2013;</p> <p>Reduce the time it takes an individual to receive a hearing decision to an average of 270 days;</p> <p>Increase productivity by automating labor-intensive tasks necessary to issue a hearing decision; and</p> <p>Establish standardized electronic hearing business processes.</p>
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For over fifty years, we have helped disabled workers and their families replace lost income due to a severe disability. Nevertheless, years of underfunding created a backlog of hearing requests. Since 2007, eliminating the hearings backlog and preventing its recurrence has been our top priority.

We planned for additional disability claims caused by the aging of the baby boomers who are now passing through their most disability-prone years, but the recession created an unexpected surge in the number of applications. In FY 2010, we received more than 3.2 million initial disability applications, over 200,000 more applications than in FY 2009. As we issued more initial disability decisions, the number of hearing requests continued to rise. We received and handled a record number of hearing requests in FY 2010. As a result, we ended FY 2010 with just over 700,000 pending hearings – the lowest level in five years. As of December 2010, we cut the average wait time for a hearing decision by nearly one-third from its highest level. We are committed to improving both the timeliness and quality of our hearing decisions as we aggressively reduce the backlog.

## STRATEGIC OBJECTIVE 1.1 INCREASE OUR CAPACITY TO HEAR AND DECIDE CASES

We continue to follow our Plan to Eliminate the Hearings Backlog and Prevent its Recurrence, [www.socialsecurity.gov/appeals](http://www.socialsecurity.gov/appeals). This plan includes measures for improving hearing office procedures, increasing our ability to hear and decide cases, increasing efficiency through automation, improving business processes, and accelerating the review of cases that are likely to result in a favorable decision. We have made significant progress since we began implementing our plan in 2007. It took several years to create this backlog; therefore, it will take some time to eliminate it. We are on track to achieve our goal of eliminating the backlog in FY 2013, despite the additional recession-related claims.

We continue to focus on working the oldest of our pending hearing cases first. In FY 2011, we will handle those cases pending 775 days or more. This emphasis on our oldest cases will help us to achieve an average processing time of 270 days in FY 2013. In FY 2010, we reduced our processing time to an average of 426 days, 65 days lower than our average time for FY 2009. The monthly trend shows an even greater decrease in processing time. At its peak in August 2008, it took an average of 18 months for a hearing decision. As of December 2010, it took just over a year.

Our efforts to increase the number of Administrative Law Judges (ALJ) and their support staff, open additional hearing offices, enhance our screening efforts to quickly identify allowances, and increase the use of technology in case processing have enabled us to meet our goals. However, a number of external factors, such as the economy, and a variation from the anticipated growth rate of hearing receipts, could affect our future progress.

For instance, in FY 2010 we planned for 709,000 hearings receipts and received approximately 11,000 more receipts than expected. To the extent that key variables in our Plan change, we will take corrective action to meet our FY 2013 goal to eliminate the backlog.

Our efforts to increase our capacity to hear and decide cases include:

**Increase Staffing Levels:** To meet the demands of increased hearing receipts and reduce the amount of time claimants must wait for a decision, we must increase our ALJ corps and hire the necessary support staff to maximize ALJ productivity and effectiveness during each of these years. In FY 2010, we hired 228 ALJs and about 1,300 support staff. We ended FY 2010 with over 1,400 ALJs, and we plan to maintain a level of over 1,400 ALJs on duty.

**Open New Hearing Offices and National Case Assistance Centers:** We continue to expand our infrastructure in both traditional and non-traditional ways. In FY 2010, we opened 13 new hearing offices, 3 new satellite offices, 2 new National Case Assistance Centers (NCACs), and a new National Hearing Center (NHC). We also expanded existing hearing offices in Las Vegas, Nevada and Madison, Wisconsin.

The two new NCACs, in McLean, Virginia and St. Louis, Missouri, have writing units that provide national assistance. The St. Louis NCAC also has a case preparation unit. Together these units help those hearing offices experiencing challenges with timely service delivery.

As workloads change, we may modify these units to meet the shifting needs for their assistance. The NCACs also help with succession planning -- the NCAC will provide us with a trained workforce to backfill for the loss of decision writers and case technicians throughout the country. In FY 2011, we planned to open 13 new hearing offices and 3 new satellite offices. We are proceeding with 8 facilities that have signed leases. The remaining 8 facilities are dependent upon the availability of resources.

**Maximize Use of National Hearing Centers (NHCs):** Our NHCs continue to serve as an integral component in eliminating the hearings backlog. These offices conduct all hearings via video conference. This alternative business model allows us to provide focused assistance to those offices with high pending workloads or elevated processing times, and we can quickly adjust which offices they support.

The NHCs have proven to be a cost-effective option to improve service to claimants awaiting a hearing decision. Five NHCs are supplementing our nationwide adjudicatory capacity. They are located in Falls Church, Virginia; Albuquerque, New Mexico; Baltimore, Maryland; Chicago, Illinois; and St. Louis, Missouri.

**Expand Video Hearing Capacity:** We continue to increase our video hearing capacity each year. Video hearing technology minimizes travel for all hearing participants. Video hearings allow ALJs to be more productive, as they can hear more cases during the time formerly spent traveling. In remote areas, this secure technology enables claimants to attend a video hearing rather than travel long distances to a hearing site.

We are adding more video equipment to hearing offices with the resources available to assist our heavily backlogged offices. Through our Representative Video Project, attorney and non-attorney representatives for claimants may use their own video conferencing equipment to participate in hearings from their offices.

**Expedite Hearing Decisions:** In FY 2010, through a combination of screening by attorney adjudicators and the Office of Quality Performance, we decided over 54,000 cases without a hearing. We anticipate these efforts will resolve about 53,200 fully favorable cases in FY 2011 and about 49,000 fully favorable cases in FY 2012.

We implemented a centrally coordinated Virtual Screening Unit (VSU) in FY 2010. Under this initiative, up to 100 senior attorneys work from their home hearing offices reviewing disability hearings cases from the most backlogged hearing offices.

The senior attorneys screen cases and write favorable decisions where appropriate. In FY 2010, the VSU screened almost 51,000 cases and issued over 15,000 fully favorable decisions. The VSU is expected to continue activity throughout FY 2011 and FY 2012. The future of the unit remains flexible depending on the viability and demand for screening backlog cases. Regardless of the size and scope of the unit, we will maintain the infrastructure and business process so that the VSU remains a turnkey operation.

PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 1.1

**1.1a: Complete the budgeted number of hearing requests**

Fiscal Year	2011	2012	
Target	815,000	823,000	
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	575,380	660,842	737,616

**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

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

Fiscal Year	2011	2012	
Target	107	107	
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	103	105	105

**Data definition:** This indicator represents the average number of SSA hearings case production per workyear expended. A direct workyear represents actual time spent processing cases. It does not include time spent on training, ALJ travel, leave, holidays, etc.

**Data source:** Office of Disability Adjudication and Review, Monthly Activity Report, the Case Processing and Management System, Payroll Analysis Recap Report, Travel Formula (based on the assumption that ALJs spend an average of 10 percent of their time in travel status), and Training Reports (Regional reports on new staff training, ongoing training, and special training)

**Frequency reported:** Monthly

**Note:** This measure was formerly a Program Performance/PART Measure. This is a new GPRA measure beginning in FY 2011.

## STRATEGIC OBJECTIVE 1.2

### IMPROVE OUR WORKLOAD MANAGEMENT PRACTICES THROUGHOUT THE HEARING PROCESS

We are pursuing automation enhancements and process improvements to increase our productivity and reduce our processing time. We upgraded many of our applications, automated manual processes such as notice generation, and provided tools to measure the effectiveness of our initiatives. We are enhancing our existing case processing and management systems, including those used by the hearing offices and the Appeals Council, at both the administrative review and court levels.

These enhancements will help us to complete, control, clear, and assess the quality and policy compliance of cases at all stages of the appeals process more quickly and easily. We are reducing the length of time it takes for ALJs to render hearing decisions. In addition, we are working to decrease the time it takes us to pay benefits after a favorable hearing decision.

The current process can be complex and often involves many steps and close coordination between field offices and program service centers, particularly in cases involving Supplemental Security Income windfall offset, appointed representatives, worker's compensation, or public disability benefits. We have started the difficult task of streamlining our benefit and fee payment processes so that beneficiaries timely receive the benefits they are due. It will require significant information technology (IT) planning and resources, but it is clearly an area that we must improve.

We are refining the following initiatives to automate tasks and functions in the hearing process:

**Electronic Business Process:** We developed a standardized electronic business process (eBP) to provide a detailed description of the most efficient and effective methods for performing the core electronic case processing tasks in the hearing office. eBP also standardizes the day-to-day operations and incorporates best practices for hearing offices nationwide. A staggered rollout for 20 offices began in June 2009. In FY 2010, we trained all of our hearing offices on eBP. We are also tailoring the business process for our five National Hearing Centers (NHC). We will train the NHCs on eBP in FY 2011.

**e-Signature:** This initiative allows the ALJs and attorney adjudicators to sign decisions electronically. It also allows ALJs to sign decisions on behalf of Hearing Office Chief Administrative Law Judges, which expedites the final stages of the hearing process.

**Quality Assurance:** In FY 2010, we began piloting the Quality Assurance program designed to review claims as they travel through the hearing process. We review selected claim files both prior to a hearing and after a decision is drafted to ensure the decision and the evidence support a timely and legally sufficient decision. This program will also provide feedback to management adjust claims processing and assist in identifying training needs. We plan to fully implement the Quality Assurance program in FY 2011.

**Auto Scheduling:** We are pursuing an automated calendar sharing function to schedule hearings based on the availability of the hearing site, equipment, ALJ, claimant, representative, and expert witnesses. This effort presents a great technological challenge, as each hearing can involve up to five participants from multiple locations using different communications equipment. Due to the complexity of the technology involved, we do not expect it to be functional until FY 2013.

**Multi-Sector Workforce Pilot - Verbatim Hearing Reporters:** We have budgeted to hire 150 Verbatim Hearing Reporters (VHRs) in both FY 2011 and FY 2012 as a Multi-Sector Workforce (MSW) Pilot Project. A VHR creates digital hearing recordings, summarizes testimony and ALJ directives, and lists exhibits offered by a claimant during a hearing. At remote sites, a VHR may transport, set-up, and operate equipment for a video hearing. New employees will replace contractors who have performed VHR functions at hearing offices, but will not replace contractors at remote site locations.

We selected the VHR function as the sole focus of the MSW pilot after reviewing all agency service contracts and all contracted functions. The MSW pilot team projected the costs of continuing to contract out the VHR function and the costs of hiring new federal employees to perform the function. Insourcing the VHR function should improve our workload management practices by reducing our administrative costs. We estimate an annual cost-savings of about \$5 million by utilizing Federal employees to fulfill the VHR function at hearing offices.

Unlike the contractors who currently perform the VHR functions, these new employees will double as case technicians when they are not recording hearings. The dual function of the VHRs will enhance the cost effectiveness of this initiative. When this initiative is completed, we will have 300 new employees who are more skilled, versatile, and efficient than the contractors currently performing this function.

**Reduce the 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 almost 132,000 Appeals Council receipts in FY 2011. As a result, we estimate the average processing time for an Appeals Council decision will remain elevated in FY 2011 before decreasing in FY 2012. We will closely monitor Appeals Council workloads and take the necessary action to reduce the pending levels and processing time by hiring additional Administrative Appeal Judges and support staff and implementing early screening initiatives.

As part of our long-term business process improvement effort, the Appeals Council is improving the Appeals Review Processing System (ARPS) by developing a web-based document gathering system that will propagate information directly from ARPS into final action documents. This system will reduce keying errors when drafting final decisions, remands, dismissals, and denials of review. We expect this web-based document generating system to be available in FY 2012.

In FY 2011, the Appeals Council plans to refine its electronic case analysis tool by adding enhancements similar to the State Disability Determination Services Electronic Claims Analysis Tool (see page 30). These enhancements will improve data gathering and improve the quality of the Appeals Council's actions. Integrating these analytical tools and document generation systems will increase 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	2011		2012	
Target	668,000		597,000	
<b>Historical Performance</b>				
Fiscal Year	2008	2009	2010	
Performance	760,813	722,822	705,367	

**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	2011		2012	
Target	Less than 0.5% of hearing requests pending 775 days or older		Less than 0.5% of hearing requests pending 725 days or older	
<b>Historical Performance</b>				
Fiscal Year	2008	2009	2010	
Performance	Less than 1% of hearings pending 900 days or older	Less than 1% of hearings pending 850 days or older	Less than 0.5% of hearings pending 825 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, 775 days or more at the end of the fiscal year. The percentage is derived by dividing the total number of hearing requests pending 775 days or more at the end of the fiscal year by the total number of oldest hearing requests, identified at the beginning of the fiscal year.

**Data source:** Case Processing and Management System

**Frequency reported:** Monthly

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

Fiscal Year	2011		2012	
Target	373 days		326 days	
Historical Performance				
Fiscal Year	2008	2009	2010	
Performance	514 days	491 days	426 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

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

Fiscal Year	2011		2012	
Target	Less than 1% of Appeals Council requests for review pending 650 days or older		Less than 1% of Appeals Council requests for review pending 600 days or older	
Historical Performance				
Fiscal Year	2009		2010	
Performance	Less than 1% of Appeals Council pending 750 days or older		Less than 1% of Appeals Council pending 700 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, 650 days or more at the end of the fiscal year. The percentage is derived by dividing the total number of request for review pending 650 days or more at the end of the fiscal year by the total number 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	2011	2012	
Target	370 days	340 days	
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	238 days	261 days	345 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; Appeals Council Automated Processing System prior to March 2008

**Frequency reported:** Monthly



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

<b>Agency Strategic Plan Long-Term Outcomes</b>	<p>Ensure individuals who are clearly disabled receive a decision within 20 calendar days of filing;</p> <p>Reach an online filing rate of 25 percent for disability applications by 2012;</p> <p>Regularly update our regulations and policies to incorporate the most recent medical advances;</p> <p>Develop and implement a common case processing system for the Disability Determination Services; and</p> <p>Make it easier for disabled individuals to return to work.</p>
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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 has significantly increased these disability workloads. We received 3.2 million disability applications in FY 2010, and we anticipate receiving almost 3.3 million in FY 2011 and nearly 3.2 million in FY 2012. We ended FY 2010 with 842,192 initial disability claims pending a decision, an all time high.

As pending levels grow, the amount of time it takes to complete an initial disability claim increases. We plan to reduce the pending level to 709,000 cases by the end of FY 2011 and 632,000 cases by the end of FY 2012. We are committed to return to our pre-recession pending level by the end of FY 2014. We have implemented a comprehensive strategy to reduce the initial disability pending level. We are hiring additional State Disability Determination Services (DDS) employees and increasing overtime for maximum flexibility.

We are implementing policy simplifications and automation that will make adjudicating claims easier. Furthermore, we are adding personnel to both Federal and State units that are assisting the State DDS’s in areas of the country most stressed from the increased disability applications. As part of this strategy, we created Extended Service Teams (EST) modeled after the National Hearing Centers (see page 13). The ESTs are located in State DDSs that have a history of good quality and high productivity, as well as the capacity to hire and train significant numbers of additional employees. These centralized DDS teams will help reduce the initial claims backlog as we electronically shift claims to them from the hardest hit State DDSs.

State furloughs of the DDS employees have impeded our efforts to reduce the number of pending initial disability claims. Although we fully fund the State DDSs that make disability determinations for us, they operate under numerous State personnel and budget rules. We have explained to State leaders that they do not save any money by imposing furloughs and hiring freezes on these federally-funded employees. Rather, these destructive actions only slow benefits to some of the most vulnerable citizens, reduce State income tax revenue, and increase unemployment in the State.

We estimate that through December 2010, State furloughs have delayed over \$32 million in disability benefit payments and cost the States over \$63 million in administrative funding. For more information about the impact of State furlough, please visit our website at <http://www.socialsecurity.gov/open/ODD/>. We have proposed legislation that would require approval from the Commissioner before implementing furloughs and hiring freezes of State workers who make disability determinations for Social Security. The proposal would permit us to ask a court to issue an injunction requiring a State to cease reductions, reinstate personnel, and restore hours of work. We need the full capacity of the DDS employees to handle the surge in disability work.

## STRATEGIC OBJECTIVE 2.1

### FAST-TRACK CASES THAT OBVIOUSLY MEET OUR DISABILITY STANDARDS

We are obligated to provide benefits quickly to claimants whose medical conditions are so serious that they obviously meet our disability standards. Our two fast-track processes, Quick Disability Determination and Compassionate Allowances, use technology to identify claimants with the most severe disabilities and to allow us to speed our decisions on those cases; we can approve some cases in a matter of days instead of months or years.

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 State DDSs' determine allowances on those cases identified as QDD in about 9 days. We have used QDD nationally since February 2008. We continue to refine the QDD predictive model to maximize its capacity to accurately identify these cases.

**Expand Compassionate Allowances (CAL):** The CAL process, implemented nationally in 2008, uses automation to quickly identify claimants whose conditions clearly qualify for disability benefits. Currently, we can favorably decide these cases based on the confirmation of the diagnosis alone for 88 impairments, such as amyotrophic lateral sclerosis or inoperable breast cancer. We allow nearly all CAL cases if we receive supporting documentation and satisfy non-disability criteria.

In FY 2010, we added 38 more conditions to our list of Compassionate Allowances. The list allows us to quickly identify diseases and other medical conditions that are clearly disabling. It is the first expansion since we announced the original list of 50 conditions in October 2008. We will continue to expand our list of CAL conditions through public hearings and consultations with medical, research, and advocacy communities. We are holding two outreach hearings in FY 2011. In November 2010, we held the first hearing on cardiovascular disease and multi-organ transplants. The second hearing on autoimmune diseases is scheduled for March 2011. At these hearings, we hear testimony from leading medical experts, patients, and patient advocates. These public hearings provide valuable information; they not only identify potential Compassionate Allowances, but they also provide ideas for other improvements to our current disability process.

For example, we are planning to shorten the Adult Disability Report, the form we use to collect disability information from claimants, for individuals who allege initial medical condition(s) that qualify as CAL. For these claimants, we would only collect the information pertinent to the medical condition; they could bypass the job history and education sections. This enhancement will speed the application and decision process.

**Use Electronic Records Express (ERE):** 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 DDSs. These records are automatically associated with an applicant's electronic disability folder.

We have expanded ERE to allow providers to request payment when submitting medical evidence to the ERE website. In FY 2011, we will expand the use of ERE to allow additional large providers to submit medical records electronically. We expect accelerated delivery of medical records to support improved case processing time. By FY 2012, we plan to enhance security for ERE website users. We will also begin implementing group accounts. This feature will allow organizations with multiple users to securely access requests for medical records.

**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	2011	2012
Target	5%	5.5%
<b>Historical Performance</b>		
Fiscal Year	2009	2010
Performance	3.8%	4.6%

**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 and Management Information Disability

**Frequency reported:** Annually

**2.1b: Complete the budgeted number of initial disability claims**

Fiscal Year	2011	2012	
Target	3,409,000	3,268,000	
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	2,607,282	2,812,918	3,161,314

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

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

**Frequency reported:** Monthly

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

Fiscal Year	2011	2012	
Target	110 days	103 days	
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	106 days	101 days	111 days

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

**Data source:** Old-Age, Survivors, and Disability Insurance Initial Claims Operational Data Store and Supplemental Security Income Initial Claims Operational Data Store

**Frequency reported:** Monthly

### 2.1d Disability Determination Services net accuracy rate for combined initial disability allowances and denials

Fiscal Year	2011	2012	
Target	97%	97%	
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	97%	97%	98.1%

**Data definition:** Net accuracy is the percentage of correct initial State disability determinations and is based on the net error rate (i.e., the number of corrected deficient cases with changed disability decisions), plus the number of deficient cases not corrected within 90 days from the end of the period covered by the report, divided by the number of cases reviewed.

**Data source:** Disability Quality Assurance Databases

**Frequency reported:** Monthly

**Note:** This measure was formerly a Program Performance/PART Measure. This is a new GPRA measure beginning in FY 2011.



### 2.1e Disability Determination Services cases production per workyear

Fiscal Year	2011		2012	
Target	275		279	
Historical Performance				
Fiscal Year	2008	2009		2010
Performance	266	274		273

**Data definition:** The average number of all Disability Determination Services (DDS) cases produced per workyear expended. A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.). It is inclusive of everyone on the DDS payroll, including doctors under contract to the DDS. The DDS case production per workyear is a national target.

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

**Frequency reported:** Monthly

**Note:** This measure was formerly a Program Performance/PART Measure. This is a new GPRA measure beginning in FY 2011.

### 2.1f Complete the target number of disability claims at the reconsideration level

Fiscal Year	2011	2012
Target	N/A	743,500

**Data definition:** The number of Social Security and Supplemental Income disability claims completed at the reconsideration level in the State Disability Determination Services and other agency components in the current fiscal year.

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

**Frequency reported:** Monthly

**Note:** This is a new measure for FY 2012. Targeted performance was not established for FY 2011, as this performance measure was added mid-year.

## STRATEGIC OBJECTIVE 2.2

### MAKE IT EASIER AND FASTER TO FILE FOR DISABILITY BENEFITS ONLINE

Online services are vital to good public service. In increasing numbers, the public expects to conduct business over the Internet. The Internet provides the public with the ability to conduct business at their convenience and at their own pace, without the need to take leave from work, travel to a field office, and wait to meet with an agency representative.

In addition to being convenient for the public, increased use of online services reduces the average time our employees spend completing claims. Trained agency representatives can use the additional time to handle more complicated issues; however, we continue to review every online application for benefits and contact applicants with any questions.

To handle the anticipated increase in benefit applications and to fulfill the public's growing expectation for convenient, effective, and secure electronic service options, we created a new, easy-to-use online application. We only ask questions relevant to the applicant, making it easier and faster to file for disability benefits online. In FY 2010, 27 percent of our disability applicants filed for benefits online. We are improving our online application for disability and our outreach efforts. As a result, we expect the number of disability claims filed online to continue to increase.

We have updated our Disability Benefit Application information webpage by explaining the advantages of applying for disability online, outlining the four steps needed to submit a completed application, and providing links to additional information about our disability program. Please visit [www.socialsecurity.gov/applyfordisability](http://www.socialsecurity.gov/applyfordisability) to view the improvements.

The following summaries explain our initiatives to make it easier and faster to file for disability online:

**Expand the Streamlined Application Project:** In FY 2010, we released a simplified Adult Disability Report, which we use to obtain basic information, such as medical sources and employment history, needed to complete the disability application. This simplified form allows claimants or their representatives to complete applications more quickly and accurately.

Currently, we cannot process a disability application until the claimant submits a signed application, an Adult Disability Report, and a signed Authorization to Disclose Information. In FY 2011, we improved the link between our online benefit application and the Adult Disability Report to support completion of medical information collected in the disability report. In FY 2011 and FY 2012, we will make the Authorization to Disclose Information an electronic process, eliminating the need for a signed form. This will eliminate the last remaining paper process in the electronic disability application process.

In FY 2011, we will also implement the abbreviated Compassionate Allowances (CAL) disability application process. We are modifying the Adult Disability Report to invoke the CAL predictive model before a claim is selected for our electronic disability claims system. This process reduces the amount of information a claimant alleging a CAL condition(s) has to provide.

### **Expand Electronic Folder (eFolder) Access to Appointed Representatives and Plan for New Appointed**

**Representative Services:** Increasingly, representatives transact business with us on behalf of applicants who file for disability benefits. To meet this demand for service from appointed representatives (such as attorneys, non-attorneys, and third parties) and alleviate workloads in our field offices, we are documenting the business process for new online Appointed Representative Services. When fully implemented, this comprehensive package of online services allows appointed representatives at all levels of the disability process (initial, reconsideration, hearing, and Appeals Council) to register online, manage their profile, submit an Appointment of Representative, and access their clients' electronic folders. In FY 2010, we implemented access to the electronic folder on a limited basis. In FY 2011, we are expanding access to electronic folders nationally through a manual enrollment process in hearing offices nationwide and documenting the future process for new online services. We will phase in new online services for the appointed representative community over the coming years. When this project is complete, appointed representatives can:

- Complete and submit documents to demonstrate the claimant's appointment of the representative;
- Withdraw an existing appointment;
- Request status of their appointment as representative, fee petition, claim decision, and fee payment;
- View the electronic claims folder for the claimants they represent;
- Upload medical evidence to the electronic claims folder;
- Complete and submit information for direct payment for fee agreements and petitions and for receipt of IRS form 1099s; and
- Submit requests for appeals online.

PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 2.2

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

Fiscal Year	2011	2012
Target	34%	38%
<b>Historical Performance</b>		
Fiscal Year	2009	2010
Performance	21%	27%

**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, and Localized Management Information Report

**Frequency reported:** Monthly

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

Fiscal Year	2011	2012	
Target	709,000	632,000	
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	556,670	779,854	842,192

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

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

**Frequency reported:** Monthly

**2.2c: Achieve the target number of disability claims pending at the reconsideration level**

Fiscal Year	2011	2012
Target	N/A	116,600

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

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

**Frequency reported:** Monthly

**Note:** This is a new measure for FY 2012. Targeted performance was not established for FY 2011, as this performance measure was added mid-year.

## STRATEGIC OBJECTIVE 2.3 REGULARLY UPDATE OUR DISABILITY POLICIES AND PROCEDURES

Over the years, testing for and treatment of impairments has changed. By comparison, the way we request and receive medical information to determine disability has not changed in any fundamental way in years. We are committed to modernizing our disability decision-making processes to provide better service to the public.

To meet this challenge, we continue to update our Listing of Impairments and the Occupational Information Systems. In addition, we are making great strides in automation by developing a Disability Case Processing System (DCPS) that will unify separate systems into one common system for the entire nation. We will also use health IT in our disability process to help us obtain medical evidence almost instantaneously, and we will improve Return- to- Work programs for individuals who want to work.

We provide a discussion of these initiatives as follows:

**Update Our Listing of Impairments:** One of the most effective tools we have for adjudicating disability claims is the Listing of Impairments. This listing allows us to determine if a claimant 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 revised approximately 50 percent of the listings. In FY 2010, we published final rules in the Federal Register for malignant neoplastic, special senses, and the extension of expiration date regulation for eight body systems. Also in FY 2010, we published a Notice of Proposed Rulemaking for mental disorders.

Currently, we are drafting final rules for endocrine system illnesses. Additionally, we published the Notice of Proposed Rule Making for mental disorders in the Federal Register. In 2011, we will publish rules for public comment for the remaining body system disorders (musculoskeletal, respiratory, neurological, hematological, skin, genitourinary, multiple body, and growth impairments). We will also be working on the final rules for growth impairments.

In 2012, we will request public comment for cardiovascular and immune systems. We also plan to publish final rules for mental disorders, respiratory, musculoskeletal, neurological, hematological, skin, genitourinary, and multiple body systems.

To support this initiative, we partnered with the Institute of Medicine to establish a standing committee of medical experts. These experts advise us on medical advancements that are relevant to our Listing. This helps ensure our Listing of Impairments are medically supportable, relevant, and technologically current. We also formed two consensus committees to provide recommendations for updating the cardiovascular and Human Immunodeficiency Virus (HIV) infection Listings. Final reports from both committees are due in FY 2011.

**Develop an Occupational Information System:** We rely on the occupational information found in the Dictionary of Occupational Titles (DOT), formerly produced by the Department of Labor (DOL), to determine whether claimants can do their usual work or any other work in the U.S. economy. DOL no longer updates the DOT; consequently, we developed a long-term strategy to replace the DOT with a new Occupational Information System (OIS). In FY 2009, we convened a panel of experts to guide us in the development of the OIS.

In FY 2010, we increased our outreach activities to experts and users of the DOT in our effort to define the data elements for the OIS. In FY 2011, we will continue to collaborate and partner with the DOL and other Federal agencies as we begin designing the OIS and laying the groundwork for pilot test scheduled to begin in FY 2012. Once we complete the basic research and development activities, we will be able to better estimate our completion date for the OIS.

**Develop a Disability Case Processing System:** The Disability Case Processing System will allow us to move from 54 separate, outdated State DDS systems to a common, modern system for the entire Nation. Currently, each State DDS has its own unique processing system. A common system will help us to 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 focus on service improvements.

In FY 2010, we worked closely with our DDS partners to develop requirements and design the new system. In FY 2011, we will develop the new system. We will test the initial version of the Disability Case Processing System in five DDSs. After sufficient experience with the initial versions, we will phase in a national rollout of the Disability Case Processing System.

**Employ the Electronic Claims Analysis Tool (eCAT):** We continue to refine eCAT, a web-based tool to assist examiners in the State DDSs 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. In FY 2010, we rolled out eCAT in 29 State and Federal sites, raising the total number of participating States to 37. All DDSs will have eCAT in FY 2011. We will continue to enhance eCAT based on feedback from DDS examiners.

**Use health IT for quicker disability decisions:** In FY 2009, we became the first Federal agency to use the Department of Health and Human Services' Nationwide Health Information Network (NWHIN). The NWHIN is a secure, standards-based connection that allows us to request and obtain almost instantaneous access to electronic medical records from participating healthcare providers and medical facilities. With this promising technology, we have the potential to significantly reduce the time it takes for us to obtain the more than 15 million medical records we request annually, which in turn should decrease the amount of time it takes to complete a disability claim.

In FY 2010, we awarded \$16.3 million in competitive contracts to fund technological support to 14 healthcare organizations that will provide us with medical records through the NWHIN. We expect to receive electronic medical evidence from these healthcare providers by the end of FY 2011.

We are actively participating in national health IT efforts. We have expanded our participation in Federal Health Architecture to ensure common standards for electronic health record exchange among Federal agencies, NWHIN Cooperative, and several Offices of the National Coordinator committees. We continue to collaborate with the Department of Health and Human Services, the Department of Veterans Affairs, the Department of Defense, and other Federal and State agencies, healthcare providers, and insurers, to develop uniform clinical coding and medical report formats to standardize electronic storage and the exchange of medical records.

**Improve Return-to-Work Programs:** We continue 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 beneficiaries 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 that time, we have seen a significant increase in return to work activity under the program. The number of Tickets assigned or in use have increased 41 percent from 203,664 on May 1, 2008 to 286,829 on December 1, 2010.

The number of beneficiaries with Tickets in use who worked in calendar year 2009 increased by 9 percent (from 96,993 to 105,843) over calendar year 2008. From May 1, 2008 to December 1, 2010, the number of beneficiaries with tickets in use who have had benefits suspended or terminated due to a successful return to work increased 116 percent from 2,071 to 4,483 beneficiaries.

Over the next two years, we will continue to promote participation in the Ticket program through our Work Incentive Seminar Events (WISE). WISE provides disabled beneficiaries with the information they will need to assign their Ticket and obtain the necessary support to return to work. We continue to recruit and train potential ENs through local efforts to inform employers and other partners about the advantages of becoming an EN.

We are working closely with the Department of Labor, the Department of Education, and the Center for Medicare and Medicaid services, as well as State and private partners, to help beneficiaries with disabilities return to work. Our efforts include aggressively recruiting One-Stop Career Centers, State mental health organizations, and organizations, such as Goodwill Industries, Inc., to serve as ENs in the program.

Under the VR services program, we pay State VR agencies to provide services to persons receiving disability benefits. These services will facilitate the ability of beneficiaries to return 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 both programs and expand their overall success. Specifically, we will formalize the rules necessary to transition 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 beneficiaries will sustain work at earnings levels considered to be gainful employment. In FY 2010, we issued an Advanced Notice of Proposed Rulemaking in the Federal Register to solicit public comments on potential changes to our VR Services Cost Reimbursement Program. In Spring 2011, we expect to publish a Notice of Proposed Rulemaking and to finalize the regulatory revision by the end of FY 2011.



**Demonstration Projects:** We are proposing a five-year reauthorization of our demonstration authority for the Social Security Disability Insurance program, which would allow us to test other program innovations. Using this authority, we propose a new Work Incentives Simplification Pilot (WISP) to provide beneficiaries a simple set of work rules that would no longer terminate benefits based solely on earnings. Under WISP, beneficiaries would have more flexibility to enter the workforce without fear of losing their benefits. In addition, simplified work incentives would make it easier for us to administer the program, and it would also reduce improper payments.

We will also conduct research and demonstration projects to study ways to improve and simplify our services, and address the varied needs of disabled beneficiaries.

- **Temporary Assistance for Needy Families - Supplemental Security Income Disability Transition Project:** This is a research partnership between the Department of Health and Human Services' Administration for Children and Families, SSA, and several state and county Temporary Assistance to Needy Families agencies. This project better coordinates the Temporary Assistance for Needy Families and SSI programs.
- **Accelerated Benefits Demonstration Project:** We are testing to determine if providing medical benefits (Medicare) sooner to Social Security Disability Insurance beneficiaries will improve health outcomes and result in less long-term dependency on cash benefits. We will have a final report on this project in FY 2011.
- **Mental Health Treatment Study:** This study provides mental health treatments and employment supports not covered by other insurance. The study will determine the impact these supports have on outcomes such as medical recovery, daily functioning, employment, and benefits disabled beneficiaries receive. The specific interventions study participants received included systematic medication management, the service of an employment specialist, and a psychiatric nurse who coordinated physical and psychiatric therapies. We completed the study in July 2010 and the final report will be available in March 2011.
- **Youth Transition Demonstration (YTD) Project:** We provide a broad array of transition-related services and supports to help young people with disabilities transition from school to economic self-sufficiency. This project assists young people with disabilities, ages 14-25. These young people receive, or are at risk of receiving, Supplemental Security Income payments or Social Security Disability benefits based on their own disabilities. Successful transitions include pursuing a post-secondary education or employment. Through agreements with community-based agencies, at six sites in five states, the YTD project provides a broad array of transition-related services and supports to participants. YTD staff also establishes partnerships and collaborates with other agencies and employers to improve employment and educational outcomes. The YTD project provides five waivers of program rules to allow youth to keep more of their earnings, encourage savings, and continue their education and career objectives. These projects are testing whether the modified Supplemental Security Income rules will encourage YTD participants to work and save for their future. Three of the six community-based agency sites completed their participation in YTD in FY 2010. In FY 2011, the focus for the three remaining community-based agency sites will be on employment services and the follow-up survey administered 12 months after random assignment. These remaining projects will complete services in FY 2012. We will conduct surveys and analysis through FY 2013 to fill in gaps and provide information on demographic and socioeconomic variables not included in the administrative data. Final reports are due in FY 2014.
- **Benefit Offset National Demonstration Project:** This project will determine the effects of alternate methods of treating work activity in the Social Security Disability Insurance program. This project will allow disabled beneficiaries to experience a gradual reduction in benefits, eliminating the abrupt loss of cash benefits, when working and earning over a specific amount (for calendar year 2011, beneficiaries can earn up to \$1,000 a month, unless they are blind, in which case the level is \$1,640 a month). Participants will remain eligible for health care benefits and other supports linked to Social Security Disability Insurance eligibility.



**PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 2.3**

**2.3a: Update the medical Listing of Impairments**

Fiscal Year	2011	2012
<b>Target</b>	<b>Develop and submit at least 3 regulatory actions or Social Security Rulings</b>	<b>Publish 2 rules for public comments and 8 final rules</b>
<b>Historical Performance</b>		
Fiscal Year	2009	2010
<b>Performance</b>	<b>Published 8 Social Security Rulings in the Federal Register</b>	<b>Published 3 final regulations and 1 Notice of Proposed Rulemaking</b>

**Data definition:** Regulatory actions include Advance Notice of Proposed Rulemaking, Notice of Proposed Rule Making, Final Rules, or Ruling, or other federal notice. We will develop regulatory actions or Social Security Rulings related to updating the medical Listing 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 cases evaluated using health Information Technology**

Fiscal Year	2011	2012
<b>Target</b>	<b>500% above FY 2010 baseline</b>	<b>100% above FY 2011 performance</b>
<b>Historical Performance</b>		
Fiscal Year	2010	
<b>Performance</b>	<b>Established Baseline (3,000)</b>	

**Data definition:** The percentage increase in the number of disability cases evaluated using medical evidence gathered through health Information Technology over the prior year. “Disability Cases evaluated” are defined as the number of medical evidence of record documents received through health Information Technology over the prior year.

**Data source:** Health Information Technology Management Information System

**Frequency reported:** Monthly (by Monday after the fiscal month closes)

**2.3c: Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work**

Fiscal Year	2011	2012
Target	114,310	118,544
<b>Historical Performance</b>		
Fiscal Year	2009	2010
Performance	105,843	Available July 2011

**Data definition:** The total number of Disability Insurance, Supplemental Security Income, and Concurrent beneficiaries who used their Ticket to sign up with an Employment Network or State Vocational Rehabilitation Agency and who have recorded earnings in the Disability Control File in any month of the calendar year.

**Data source:** Disability Control File - “Verify Update Earnings Screen’s Work and Earnings Reports” data field

**Frequency reported:** Annually. The data are provided on a calendar year basis and are reported in July of the following year.

**Note:** This measure was formerly a Program Performance/PART Measure. This is a new GPRA measure beginning in FY 2011.

**2.3d: Number of Disability Insurance and Supplemental Security Income disability beneficiaries who earn four quarters of work credit during the calendar year**

Fiscal Year	2011		2012
Target	774,048		789,226
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	Baseline = 758,871	720,510	Available December 2011

**Data definition:** Number of full-year Disability Insurance and Supplemental Security Income disabled beneficiaries who earn four quarters of work credit during the calendar year. We credit a “quarter” of work credit for each \$1,120 earned in 2010, up to a limit of four quarters in the calendar year. For 2011, we credit a “quarter” for each \$1,120 earned up to four quarters.

**Data source:** Master Earnings File

**Frequency reported:** Annually. The data are provided on a calendar year basis and are reported in December of the following year.

**Note:** This is a new performance measure for FY 2011.

# STRATEGIC GOAL 3: IMPROVE OUR RETIREE AND OTHER CORE SERVICES

<b>Agency Strategic Plan Long-Term Outcomes</b>	<p>Achieve an online filing rate of 50 percent for retirement applications by 2012;</p> <p>Improve the clarity of our correspondence;</p> <p>Improve telephone service on our National 800 Number and in our field offices; and</p> <p>Further automate our Social Security card application process.</p>
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For seventy-five years, we have administered the most important and successful domestic program in our Nation's history, providing a financial lifeline to millions of Americans. Social Security remains a solid foundation for retirees, persons with disabilities, and survivors. Providing outstanding service to the American people is critical, especially today as the baby boomers are reaching their retirement and disability-prone years in the middle of a economic downturn. The Nation's recent economic recession, the worst since the Great Depression, has driven an extra million economically distressed workers and their families to look to us for help each year. As a result, retirement and disability claims have sky-rocketed.

Based on the most recent economic assumptions for FY 2011, we believe that retirement and disability claims will continue to remain at high levels. In FY 2011, we estimate that we will receive over 350,000 more retirement, auxiliary, and survivors' claims and over 680,000 more disability claims than we received in FY 2008, which was before the recession began to affect our workloads substantially.

Over the last few years, we have developed several new, easy-to-use online services. These services have allowed us to better handle the surge of benefits applications. 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. Nevertheless, we are mindful that many people prefer talking with someone or seeing someone face-to-face when conducting business with us. We remain committed to maintaining personal interaction with the public no matter which service method they choose.

## STRATEGIC OBJECTIVE 3.1

### DRAMATICALLY INCREASE BABY BOOMERS' USE OF OUR ONLINE RETIREMENT SERVICES

Online services are vital to good public service. In increasing numbers, the public expects to conduct complex business over the Internet. The Internet provides the public with the ability to conduct business at their convenience and at their own pace, without the need to take leave from work, travel to a field office, and wait to meet with an agency representative.

In addition to being convenient for the public, increased use of online services reduces the average time our employees spend completing claims. Trained agency representatives can use the additional time to handle issues that are more complicated; however, we continue to review every online application for benefits and contact applicants with any questions.

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 tremendously successful national effort to promote Social Security's new and improved online application for retirement benefits, headlined by Patty Duke. In FY 2010, the percentage of online retirement applications filed online increased to 37 percent, from 32 percent one year before. We expect further increases in FY 2011 and beyond. In FY 2011, we are implementing Spanish language options to our online benefit application to support the increase in this workload.

We have enhanced our online services with the following initiatives:

- **Refine Online Retirement Services:** We continue to streamline our online application by making changes to the policy, business processes, and systems that support claims taking. Applicants and their representatives can file online for retirement, disability, and now Medicare-only benefits from the comfort and convenience of their homes or offices. On average, they 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. With full retirement age now higher than age 65 for those people born after 1942, many people are interested in filing only for Medicare, while they delay receipt of their monthly retirement benefits. In FY 2010, we launched our new online application for people who want to file for Medicare, but wish to delay filing for Social Security retirement benefits. In FY 2010, we received 107,884 online Medicare applications.
- **Launch Spanish-language Retirement Estimator:** Our most popular online service, the Retirement Estimator, is now available in Spanish. The Retirement Estimator uses a person's own Social Security earnings record to provide immediate and personalized benefit estimates. The Spanish-language Retirement Estimator and the other information, available on [www.segurosocial.gov](http://www.segurosocial.gov), will help us provide a broader audience with important information they need to plan for a secure retirement. The Retirement Estimator is interactive and allows the user to compare different retirement options by changing retirement dates or expected future earnings. It protects the user's personal information by providing only retirement benefit estimates -- it does not show the earnings information used to calculate the benefit estimate, nor does it reveal other identifying information.

We have several enhancements planned for FY 2011:

- **Appointment Cancellation:** As the public becomes more aware of our online services, many claimants make appointments with the field office and then ultimately file their application online. It may not be necessary for claimants to keep their scheduled appointment. We are creating a new online appointment function that will look for retirement application appointments. If an appointment is detected, we will give the applicant the option to either keep or cancel the appointment. If the claimant files online and wishes to cancel the appointment, the appointment will be removed from the system, and the appointment slot will be returned to the servicing field office.
- **Online Spanish-language Retirement Application:** Our online retirement application will be available in Spanish. This initiative will be our second interactive electronic service in Spanish. Currently, 14 percent of the U.S. population is Spanish-speaking. U.S. Census Bureau projects the Spanish-speaking population will nearly triple, from 46.7 million to 132.8 million, between 2008 and 2050. Currently, we handle approximately 6 percent of calls to our National 800 Number in Spanish and an increasing number of field office visitors expect to conduct business with us in Spanish.
- **Online Spanish-language Medicare Extra Help Application:** We are also developing a Spanish version of the Medicare Extra Help Application. This application allows Medicare beneficiaries to file for extra help to pay for monthly premiums, annual deductibles, and co-pays related to the Medicare Prescription Drug program. The application includes questions related to income and resources, in addition to living arrangements. The online application will also provide a preliminary determination that tells the applicant if they will qualify for assistance based upon supplied answers.

Additional enhancements planned for FY 2012:

- **New Pension Section:** A pension based on earnings not covered by Social Security can affect the amount of a claimant's Social Security benefit. We will create a new Pension Section for collecting non-covered pension data necessary for completing the Windfall Elimination Provision and Government Pension Offset sections of our applications.
- **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 could make the application process fully electronic, which would make it more accurate, efficient, and convenient.
- **Expand Nationwide Marketing Campaign:** We continue to market our Internet services to encourage the public to apply for retirement and Medicare online. Our marketing efforts in FY 2010 included videos featuring Academy Award, Golden Globe, and Emmy winning actress Patty Duke, as well as rock-and-roll legend Chubby Checker. Patty Duke reunited with the cast of the renowned "Patty Duke Show" to promote our new online Medicare Application ([www.socialsecurity.gov/medicareonly](http://www.socialsecurity.gov/medicareonly)). Chubby Checker informed the public about a new "twist" in the law that makes it easier to qualify for extra help to pay for Medicare prescription drug costs ([www.socialsecurity.gov/prescriptionhelp](http://www.socialsecurity.gov/prescriptionhelp)).

In FY 2011, actor George Takei, from the original Star Trek, and Don Francisco, host of Sabado Gigante (Giant Saturday) on the Univision Network, join Patty Duke and Chubby Checker to help us share important Social Security information through public service announcements and other informational materials.

Materials for both campaigns included radio and television PSAs, press releases, articles in the Social Security Update newsletter, a portal page on our website, fact sheets, and leaflets. We posted the Patty Duke family reunion and Chubby Checker videos on our YouTube page and placed announcements on our Facebook and Twitter pages. As of December 2010, the Chubby Checker PSA was displayed to viewers more than 1.05 billion times and the Patty Duke family PSA was displayed to viewers over 79 million times.

 [www.socialsecurity.gov](http://www.socialsecurity.gov)



A new "twist" in the law makes it easier than ever to save on your Medicare prescription drug plan costs

**APPLY NOW!**

CHUBBY CHECKER CHUBBY CHECKER CHUBBY CHECK

1-800-772-1213 (TTY 1-800-325-0778)

*When cousins are two of a kind, they file Online!*



*Patty Duke*




[www.socialsecurity.gov](http://www.socialsecurity.gov)

*Retire Online & It's So Easy!*

*Apply Online for Medicare*

*It takes less than 10 minutes*



[www.socialsecurity.gov](http://www.socialsecurity.gov)

Calcule sus beneficios y mucho más

[www.segurosocial.gov](http://www.segurosocial.gov)

*¡Es tan fácil!*



*Don Francisco*

Our other marketing efforts include:

- **SSA Website:** In FY 2010, we released a new CD, “Online Retirement Planning,” which promotes the use of our online information and services for retirement planning. The CD is now available on our website at [www.socialsecurity.gov/onlineservices/planners/Online\\_Retirement\\_Planning/orp.htm](http://www.socialsecurity.gov/onlineservices/planners/Online_Retirement_Planning/orp.htm).
- **Facebook/Twitter/YouTube:** We have a Facebook page ([www.facebook.com/socialsecurity](http://www.facebook.com/socialsecurity)) and a Twitter page ([www.twitter.com/socialsecurity](http://www.twitter.com/socialsecurity)) used to provide updates via social media. We also have a page on YouTube ([www.youtube.com/socialsecurityonline](http://www.youtube.com/socialsecurityonline)) with videos highlighting our online Retirement, Medicare, and Extra Help Applications.
- **Webinars:** “Retire Online: It’s So Easy,” is also available online at [www.socialsecurity.gov/webinars/webinar1.htm](http://www.socialsecurity.gov/webinars/webinar1.htm).
- **Public Service Announcements (PSAs):** We have PSAs on billboards, buses, and in airport terminals to promote online services. For example, an electronic billboard has been placed at the entrance to the Holland Tunnel in New York City, an extremely high volume traffic area.
- **Google and BING:** We are targeting relevant keyword searches on Google and Bing; this strategy has allowed us to more effectively direct web users to our online service options.
- **Collaborating with Advocacy Groups:** We are collaborating with national organizations and advocacy groups to post information about our online retirement services in their newsletters and trade magazines and on their websites. We are also marketing these online services at national conferences by conducting presentations, disseminating relevant materials, and staffing high-impact exhibits.

### President puts employee suggestion to work

Christie Dickson, an employee in our Office of Disability Adjudication and Review in Birmingham, AL, submitted a suggestion that was one of the finalists for the President’s 2010 SAVE Award. Christie said, “Having my suggestion being considered by President Obama was a great honor.”

The goal of the SAVE Award is to produce ideas that will yield savings, while also improving the way that Government operates. Christie’s suggestion was to increase efficiency by adding an appointment scheduling tool to our website.

“I came up with the suggestion a few months prior to submission,” she said. “I was working in the teleservice center at the time, and thought if claimants had the capability to schedule appointments online, it would save time and allow claimants with issues that required assistance to reach an agent faster.”

Based on Christie’s suggestion, we created a new service to allow members of the public to schedule appointments with us online if they are unable to successfully access our online applications. We successfully implemented this new service in November 2010.

**PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 3.1**

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

Fiscal Year	2011	2012	
Target	100% (4,590,000)	100% (4,627,000)	
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	104.2% (4,236,455)	104.4% (4,742,218)	101% (4,700,990)

**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

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

Fiscal Year	2011	2012
Target	44%	50%
<b>Historical Performance</b>		
Fiscal Year	2009	2010
Performance	32%	37%

**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, and Localized Management Information Report

**Frequency reported:** Monthly



## STRATEGIC OBJECTIVE 3.2

### PROVIDE INDIVIDUALS WITH ACCURATE, CLEAR, UP-TO-DATE INFORMATION

Currently, we issue approximately 390 million notices to the public each year, and we expect that number to continue to increase. These notices communicate decisions, payment, and other important information. The notices also inform claimants and beneficiaries of their rights and responsibilities under our programs, including appeal rights.

Given the volume of our correspondence- over one million a day-, our notices must be clear, concise, and easily understood in order to provide the best customer service. Clear notices reduce unnecessary calls to our 800 Number and field offices and the number of visitors to our field offices.

We continue to assess and improve our agency notices. As part of this effort, we obtain input from people who receive our notices. We are reviewing and revising high-volume, problematic notices first.

In August 2009, we developed and implemented revised notice standards, clear writing guidelines, and a national notice clearance process to ensure adherence to our standards and guidelines. Initial efforts focused on improving notices that advise claimants of the date of their hearing, as well as Supplemental Security Income award and denial notices.

We continue to improve Supplemental Security Income and disability notices, as well as improve the functionality of existing notice-generating systems. We are taking steps to make our notices accessible to people who are blind or visually impaired by adding additional notice formats such as Braille, a Microsoft Word CD, large print, and audio. We have also started a long-term project to research high-tech solutions that will generate notices more efficiently and effectively.

We are working to institutionalize the principles of open government (transparency, participation, and collaboration) and to use them in support of our mission. We are releasing information on government-wide websites, such as [www.Data.gov](http://www.Data.gov), and through our new open government portal at [www.socialsecurity.gov/open](http://www.socialsecurity.gov/open). We use this portal to engage the public and receive ideas and comments on a variety of topics.

Our Open Government Plan, published in June 2010, outlines our outreach activities and use of new methods to engage advocates and other interested parties in collaborating with us on programmatic and other issues. We will continue to release new information and data to the public throughout FY 2011 and FY 2012.

## STRATEGIC OBJECTIVE 3.3

### IMPROVE OUR TELEPHONE SERVICE

Our telephone service remains a primary option for providing effective and efficient service to the public. We assist callers by answering questions about Social Security benefits, scheduling appointments to file claims, or providing information from their Social Security records. Beneficiaries can also call to complete specific transactions, such as change of address, new request for or change of direct deposit information, replacement of a Medicare card, or request for a benefit verification statement. Callers can speak to a telephone agent or use our automated services that are available 24 hours a day, seven days a week.

In FY 2010, our National 800 Number received over 82 million calls. In FY 2011, we expect the call volume to decline slightly to 81 million calls. We project call volume to decline due to increased use of our robust suite of online services and increased staffing levels, which enables callers to get through without having to redial.

In FY 2010, we completed over 67 million transactions over the telephone, the most transactions ever. Our telephone agents handled 42 million transactions, while our automated services handled the remaining 25 million. In the last two years, we cut our busy rate by over half, from 10 percent in FY 2008 to 4.6 percent in FY 2010. We also reduced the time spent waiting for an agent by over 37 percent, from 326 seconds in FY 2008 to 203 seconds in FY 2010.

We are committed to improving our telephone service. We engaged the services of a leading industry consultant to assist us in assessing our telephone services, including our automated services and use of speech recognition technology. We are also redesigning our menu and prompts to reduce the time it takes callers to navigate our menu and select either an agent or their desired automated service. When we implement this new reengineered menu and call flow in late 2011, we expect callers will save 30 percent to 50 percent of the time currently spend navigating to their desired service.

In FY 2011, we will continue improving our telephone services with the following:

#### **Improvements to Our National 800 Number Services:**

**Replace Our National 800 Number Infrastructure:** In FY 2010, we awarded a new contract to replace our two existing National 800 Number contracts. The new technology comes with many features and functionalities used to manage and control overhead and support our teleservice centers. This contract will enable us to take advantage of the latest telecommunications technology and keep pace with industry standards. Implementing this new platform will take 12 to 24 months.

We will continue to enhance our automated telephone services so more people can successfully complete their business with us by phone. In addition, we will provide optimal call services by implementing new technologies via this platform that will help us forecast call volumes, anticipate staffing needs, and better distribute incoming calls across the network so callers can reach an agent quickly.

**Open New Teleservice Center:** We are working with the General Services Administration to complete construction of a new teleservice center in Jackson, Tennessee. It will be the first new teleservice center in more than a decade. We expect this center to open in late 2011.

**Continue use of Schedule Voice Callback (SVC):** This feature allows a caller, who elected to speak to a telephone agent, the option to schedule a call back from us if the expected wait time exceeds 3 minutes. Callers selecting this option provide their phone number and hang up, but they maintain their place in our queue. We then automatically return the call and connect them with a telephone agent. This service saves callers' time, lessens frustration, and enables our agents to focus quickly on the caller's business.

**Provide real-time assistance to online visitors:** We are exploring the use of click-to-communicate technologies, such as Web Callback (called "click to talk") and instant messaging. These technologies will allow National 800 Number agents to assist users in "real-time" as they conduct business with us online.

**Improvements to Our Field and Hearing Offices Telephone Services:**

**Expand the Telephone Service Replacement Project:** This project is a multi-year replacement of our aged local telephone systems in over 1,400 field and hearing offices across the country. The new telephone system provides the latest technology to better manage field office calls. The system provides us with new capabilities, including the ability to re-route incoming local calls during disasters and other emergencies. It also permits callers to reach specific local representatives by dialing their extension. Callers can also select the convenience of one of our automated services to conduct their business.

**Expand Forward-on-Busy:** Even with improved online and telephone services, more visitors are seeking assistance from our field offices. To improve caller satisfaction, we will implement new technology in FY 2011. The new technology will expand our service to field office callers who receive a busy signal. Those callers will have the option of transferring to our National 800 Number to access either an agent or our automated services.

**PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 3.3**

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

Fiscal Year	2011		2012
Target	267 seconds		262 seconds
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	326 seconds	245 seconds	203 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 by agents in the fiscal year. Wait time begins from the time the caller is transferred to an agent (in queue) until an agent answers the call.

**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	2011		2012
Target	6%		6%
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	10%	8%	5%

**Data definition:** The Agent Busy Rate is calculated as the number of National 800 Number busy messages divided by the number of National 800 Number calls requesting agent service in the fiscal year. The caller receives a busy message when an agent is not available to answer the call because the queue has reached its maximum capacity of waiting calls. When this happens, we provide the option of returning to the Main Menu or calling back at another time.

**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. Even with improved online and telephone services, more visitors are seeking assistance from our field offices. In FY 2010, we served 45.4 million visitors in our field offices. To serve the public better, we have been improving our field office reception areas and using new technologies to provide additional services to accommodate the increasing number of people who visit us each day.

Our efforts to better serve the public include the following:

**Improve layout and design of field offices:** We are developing a website for field office managers that will gather the best ideas for reception area layout and design, as well as best practices to reduce waiting time in our offices. The ultimate goal of this initiative is to create a standard field office design that is efficient and comfortable for our visitors.

**Provide Social Security TV (SSTV):** SSTV is a communications tool we are using to improve the public's experience in field offices. SSTV plays informational broadcasts in our reception areas and provides office visitors with information about our programs and services. It allows us to broadcast relevant messages nationally, as well as customized messages for local field offices.

SSTV incorporates sound, video, and graphics to keep the public interested and focused on the presentations, which ranges from a Public Service Announcement to a list of documents needed to apply for benefits or a Social Security card. Overall, it provides a valuable service to a broad customer base by communicating information in an appealing format, as well as in different languages, such as Spanish and Russian. Public feedback has been very positive.

We now have 134 SSTV-equipped offices. We continue to install and run SSTV in field offices across the Nation. We plan to install SSTV in 600 field offices in FY 2011.

**Expand Video Service Delivery (VSD):** The public can do business with us in a number of ways – by visiting a local field office, calling by phone, or going online. We are currently testing another service method – use of real-time video. VSD is an innovative and cost-effective way for us to increase our presence and provide services to the public using video conferencing equipment.

It is difficult for some people to visit a field office because they are in rural locations or places without public transportation. VSD enables us to provide service to people located at more convenient third-party sites, such as hospitals, libraries, community centers, American Indian Tribal centers, and homeless shelters.

VSD allows us to redistribute work among busy or understaffed offices by linking these offices together. A person could be at one site, but receive service via video from another office. We have video conferencing equipment installed in 221 sites, and we expect to add 100 sites in FY 2011.



## 2010 CITIZEN SERVICES MEDAL RECIPIENTS

**SHANE KELLEY AND EVA RISTOW**  
Director, Center for Automation (Kelley) and  
Project Manager (Ristow)  
Social Security Administration, Denver Region

### **Two Employees Receive the 2010 Citizen Services Medal**

Annually, the nonprofit, nonpartisan Partnership for Public Service presents Samuel J. Heyman Service to America Medals (Sammies) to celebrate excellence in our Federal civil service. Honorees are chosen based on their commitment and innovation, as well as the impact of their work on addressing the needs of the Nation. In 2010, eight Sammies were awarded to outstanding public servants.

Two employees in our Denver Region received the 2010 Citizen Services Medal for improving "... the delivery of Social Security benefits to citizens living in impoverished and remote locations through an innovative two-way video service."

Shane Kelley, Director, Center for Automation, and Eva Ristow, Project Manager, were honored for helping Native American communities in Colorado, Montana, North Dakota, South Dakota, Wyoming, and Utah do business with us via real-time video connections.

Shane's and Eva's leadership and vision were essential in making this initiative a success.

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	2011	2012	
Target	83.5%	83.5%	
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	81%	81%	78.2%

**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 used one of our transactional Internet services. In FY 2009, we included results of a special survey of applicants who filed for benefits online. The FY 2010 performance indicator included results of the first annual Internet Report Card Survey, which added online applicants for Medicare Part D Subsidy along with iClaim filers. Additional cohorts of individuals using transactional Internet services are to be added incrementally to Internet Report Card Survey each year from FY 2011 - FY 2013 in the following categories: changes to beneficiary records; completion of medical forms; and information requests (such as request for benefit verification).

**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. In FY 2009, we included results of a special survey of iClaims in the calculation of the performance indicator; in FY 2010, we implemented an annual Internet Report Card Survey, starting with an iApplication sample that included iClaims and the online application for Medicare Part D Subsidy (i1020), for use in the performance indicator calculation. We will continue to add other types of online transactions to the Internet Report Card Survey each year through FY 2013.

## STRATEGIC OBJECTIVE 3.5

### PROCESS OUR SOCIAL SECURITY NUMBER WORKLOAD MORE EFFECTIVELY AND EFFICIENTLY

Enumeration is our process of assigning Social Security numbers (SSN) and issuing Social Security cards. Each year we complete approximately 6 million original and 12 million replacement Social Security card applications. We also verify SSNs more than one billion times a year through a variety of electronic exchanges with public and private organizations

This workload is highly sensitive and often complex. Efforts to complete our SSN workload more effectively and efficiently include:

**Strengthen the Social Security Number Application Process (SSNAP):** This initiative makes paper applications for an SSN and wet signatures obsolete. Employees no longer have to file, organize, mail, or microfilm SSN applications. With new policies using signature proxy, employees attest to signatures, which saves time and eliminates the possibility of lost or stolen paper forms. SSNAP is now available in all field offices, teleservice centers, and Foreign Service posts. In FY 2011, we will continue to develop and implement enhancements that will help us enforce enumeration policy and meet legislative requirements.

**Expand Use of Social Security Number Verification Services (SSNVS):** The SSNVS allows registered users (i.e. third parties and employers) to determine, almost instantaneously, if the reported name and Social Security Number of an employee matches our records. We will continue to work with the business community to encourage additional employers and private sector companies to use this service. SSNVS will help ensure the accuracy of individual earnings records.

**Provide Central Locations to Handle Social Security Number Applications:** We currently have eight 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 accuracy, efficiency, and expertise.

Moreover, because the Card Centers handle much of the SSN workload, field offices in proximity to the Card Centers can focus on other critical activities, which results in quicker, more efficient services. Contingent on resources, we plan to open additional Card Centers in FY 2011 and FY 2012.

**Support E-Verify:** We will continue to support E-Verify, a Department of Homeland Security (DHS) 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 are consistent with our records.

For non-citizens, E-Verify also checks DHS immigration databases to verify work authorization status. Employer use of E-Verify has grown significantly over the last 5 years. Beginning in FY 2010, the use of E-Verify became mandatory for contractors who are awarded Federal contracts. In FY 2010, more than 226,700 employers registered for E-Verify, and we handled almost 17 million queries from them. In FY 2011, we estimate 70,000 additional employers will register for E-Verify.

**Expand Enumeration-at-Entry (EAE):** Initially, this program allowed immigrants age 18 or older to apply for an SSN with the Department of State or the DHS upon their arrival in the U.S. In collaboration with these agencies, we expanded EAE in FY 2009 to handle requests for children under the age of 18 who have applied for immigrant visas and an SSN.



In FY 2011, we plan to implement additional systems checks and expand our management information capabilities to prevent the issuance of multiple SSNs. We are proactively working with DHS to expand the EAE process to those applying for admission to the United States who are under certain non-immigration visa classifications. These planned improvements will reduce opportunities for fraud and reduce the number of EAE problem cases.

**Implement Use of DHS Auto Cards:** We will work with DHS to support its transmission of data directly to our enumeration system. We will be able to automatically and securely assign an SSN and issue a Social Security card without field office action. This new process will be available for: 1) non-immigrants (e.g., 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) people who become naturalized citizens.

**Expand the Use of Electronic Verification of Vital Events System (EVVE):** In 2007, we entered into a Memorandum of Understanding with the National Association for Public Health Statistics and Information Systems (NAPHSIS), a national association of state vital records and public health statistics offices. We improved our processing of Social Security card applications in nine states by being able to verify birth records in “real time.” Participation has grown to 21 states in FY 2011. We continue to work with NAPHSIS to expand EVVE to all 50 states.

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**PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 3.5**

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**3.5a: Achieve the target percentage for correctly assigning original Social Security Numbers**

Fiscal Year	2011		2012			
Target	99%		99%			
<b>Historical Performance</b>						
Fiscal Year	2008		2009		2010	
Performance	100%		100%		Available April 2011	

**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

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# STRATEGIC GOAL 4: PRESERVE THE PUBLIC'S TRUST IN OUR PROGRAMS

<b>Agency Strategic Plan Long-Term Outcomes</b>	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. We cannot artificially segregate our stewardship and service missions; they serve a common purpose—making our programs more effective and efficient.

The gradual expansion of our workloads and the recent surge in claims caused by the aging of the baby boomers, along with the economic downturn, present major challenges to our stewardship and service missions. The same employees who handle benefit applications are also responsible for completing our stewardship workloads. In the past, we have had to make the difficult decision to divert resources from one mission to accomplish the other.

In FY 2010, we paid over 57 million beneficiaries a total of about \$740 billion in Social Security and Supplemental Security Income payments. We have a well-deserved reputation for providing excellent financial management of the administration of our programs. We take our responsibility to be good stewards of the funds entrusted to us very seriously. We work collaboratively with our Federal, State, and local partners to identify improper payments.

We also conduct ongoing, extensive reviews to confirm that beneficiaries receive the monies they are due and to maintain public confidence that we protect and properly manage our resources and program dollars. Looking ahead, we require continued resources to fully address both our stewardship and service missions.

On November 20, 2009, President Barack Obama issued Executive Order 13520, calling on Federal agencies to identify the most significant causes of improper payments in their programs, develop targets for reducing them, and provide transparency and public scrutiny of efforts to address the improper payments. As a result, we developed a website, “Reducing Improper Payments,” at <http://www.socialsecurity.gov/improperpayments>, to provide the public with information explaining our efforts to reduce improper payments.

When we make payments to beneficiaries or their representatives, we must make every effort to confirm the right person is receiving the right payment for the right reason at the right time. We commit to reducing improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in our programs and ensuring that our programs serve and provide access to the intended beneficiaries.

We commit to continuing our long history of conducting analyses and providing data to the Administration, Congress and stakeholders on how proposals for Social Security reform would help achieve the goal of the following former Program Assessment Rating Tool performance measure: “Through changes in the law, 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.”



“ONE OF OUR MOST BASIC RESPONSIBILITIES IS TO ENSURE THAT WE ARE PAYING ELIGIBLE BENEFICIARIES THE RIGHT AMOUNT AT THE RIGHT TIME. WE PAY NEARLY \$60 BILLION IN BENEFITS EACH MONTH TO OUR BENEFICIARIES AND HAVE A DUTY TO PROTECT TAXPAYER DOLLARS BY MINIMIZING IMPROPER PAYMENTS.”

–MICHAEL J. ASTRUE, COMMISSIONER

## STRATEGIC OBJECTIVE 4.1 CURB IMPROPER PAYMENTS

Our program integrity workloads are critical to ensuring well-run programs and accurate payments. As good stewards of the programs entrusted to us, we must ensure that we timely pay beneficiaries the correct amount – neither overpaying nor underpaying them. To accomplish this effort, we will continue to undertake projects with the greatest potential to improve program integrity across three fronts: 1) prevent improper payments; 2) detect improper payments; and 3) collect debts owed.

Our Chief Financial Officer (CFO) is responsible for providing oversight of improper payments activities, developing improvement plans, setting achievement milestones, and coordinating with other agency executives. We monitor our progress in monthly meetings and hold our executives accountable for achieving milestones.

Traditionally, our program payments are exceptionally accurate; however, our payment accuracy rate with respect to Supplemental Security Income (SSI) overpayments has been a distinct challenge. In FY 2008, our SSI overpayment accuracy rate was 89.7 percent, the lowest rate since the early days of the program. To address this decline, we conducted more redeterminations in FY 2009 and FY 2010. Largely, as a result, the SSI overpayment accuracy for FY 2009 rose to 91.6 percent, which is a statistically significant improvement over the FY 2008 rate.

Our success in improving the SSI overpayment accuracy rate is encouraging and demonstrates the value of additional resources for program integrity efforts. However, we cannot continue to improve our processes without adequate resources to do all of the work for which we are responsible.

Our efforts to curb improper payments include the following:

### **Prevent Improper Payments**

We will use technology to avoid making improper payments as follows:

**Expand the Access to Financial Institutions (AFI) Initiative:** A leading cause of SSI overpayments is unreported assets in financial accounts. We traditionally verify assets through beneficiary self-reporting and direct contacts with financial institutions. Direct contact with financial institutions requires the field employee to mail a form to the financial institution, and the financial institution to manually complete the paperwork and return it to us. This process is time consuming for both the financial institutions and field employees.

The new AFI process automates the verification of SSI applicants' and recipients' assets held by financial institutions. We partnered with a vendor to create a web-based system that allows our offices to electronically submit and receive asset information from financial institutions. The vendor recruits and trains financial institutions and acts as the intermediary between the financial community and our employees. The vendor transmits an electronic request to financial institutions, and the financial institution electronically responds back to the vendor. As a final step in the process, the vendor analyzes the data received from financial institutions and electronically alerts the field office if the applicant or recipient is over the resource limit.

Field employees can now initiate electronic requests for account information in 17 States; about 65 percent of SSI recipients reside in one of these 17 States. We plan to roll out AFI to all field offices by the end of FY 2011. We expect program savings of over \$100 million in FY 2011 and roughly \$900 million in lifetime program savings for each year that we use the fully implemented AFI process.

**Promote Use of the SSI Telephone Wage Reporting System (SSITWR):** Wages continue to be a major source of payment error in the SSI program because we do not always receive accurate or timely monthly wage information. We have established a dedicated agency telephone number to allow recipients and their representative payees – persons who receive SSI benefits on behalf of recipients who cannot manage their own benefits – to report monthly wages by calling in and using voice-recognition software.

Our software system automatically enters the wage data into the SSI system, which is more efficient than if the recipient visited a field office, and we manually entered the report into our system. Telephone wage reports are highly accurate – the dollar accuracy of wage estimates using telephone wage reporting was 92.2 percent, compared to the 75.5 percent dollar accuracy of wage estimates received through other means.

Our front-line employees are promoting SSITWR as the primary means of SSI wage reporting. In FY 2011, we will be implementing a new training process that will make it easier for our front line employees to recruit and train people to report their wages using SSITWR.

**Develop Other Methods for Beneficiaries to Report Wages Electronically:** Based on the positive results of electronic reporting in the SSI program, we are planning to expand telephone wage reporting to SSDI beneficiaries. This new initiative will allow SSDI beneficiaries to report their earnings via an automated telephone system, similar to SSITWR. We believe automated telephone wage reporting may help reduce wage-related overpayments in the SSDI program.

Additionally, we are beginning to explore ways to efficiently and effectively allow SSI disability beneficiaries and SSDI beneficiaries to report wages via a secure Internet site.

#### **Detect Improper Payments**

To ensure that we pay program benefits in the correct amount and only to those who remain eligible for benefits, we will continue to:

**Conduct SSI Redeterminations:** SSI is a means-tested program that provides cash assistance to aged, blind, and disabled people with limited income and resources. Changes in recipient's living arrangements or in the amount of their income or resources can affect their ongoing eligibility or the amount of their payment. To ensure the accuracy of SSI payments, we conduct periodic reviews called redeterminations.

Redeterminations ensure that we are making SSI payments in the correct amount based on non-medical factors of eligibility. Recent estimates indicate that redeterminations provide a return-on-investment of better than \$7 in program savings over 10 years for every \$1 spent, including savings accruing to Medicaid. We expect to conduct 2.422 million SSI redeterminations in FY 2011 and 2.622 million SSI redeterminations in FY 2012.

**Use of Predictive Modeling in the SSI Redetermination Process:** Since we do not have the resources to conduct an annual redetermination on every SSI recipient, we use a statistical scoring model to target annual SSI redeterminations. This statistical model uses various income, resource, and living arrangement variables obtained from our SSI payments and claims processing systems to predict likely SSI overpayments and underpayments. Each year, we identify cases for review based on the likelihood of error and prioritize the reviews based on allocated funds.

Using the model, we expect to prevent and recover about \$2.8 billion in SSI overpayments. Without using this model, we would randomly select cases for redeterminations. We project this would limit the recovery to about \$1.8 billion in SSI overpayments.

**Increase Continuing Disability Reviews (CDR):** To ensure we pay disability benefits only to those who continue to meet our medical requirements, we periodically conduct CDRs. CDRs are highly cost-effective; historically every \$1 spent on CDRs produces at least \$10 in lifetime program savings.

In FY 2011, we will improve our processes to help us complete more medical CDRs. We are implementing an electronic CDR process, which increases our speed and productivity compared to the current paper CDR process. We plan to have the capability to scan the returned CDR forms and store the full responses in the claimant's electronic folder. We will continue to refine the statistical scoring model we use for our mailer process that identifies cases we can complete more efficiently without conducting a full medical CDR. We then conduct full medical CDRs for the remaining cases.

Beginning in FY 2012, we will implement an electronic CDR record, provide the full electronic version of the CDR form to all State DDSs, and allow for a fully electronic process to record disability determinations. It will no longer be necessary for field office staff to mail CDR packages or DDS staff to scan CDR forms.

In FY 2011, and continuing through FY 2016, we plan to increase the volume of periodic medical CDRs. We plan to conduct 360,000 full medical CDRs in FY 2011 and 592,000 full medical CDRs in FY 2012.

### **Collect the Debt Owed**

We recover Social Security and SSI overpayments from the overpaid beneficiaries and representative payees who are liable for the overpayment. We aggressively seek to collect debt through a wide variety of methods, which include the following:

- We withhold benefit payments from the debtor if he or she is currently receiving benefit. It is more difficult to recoup a debt once benefits end; therefore, we make every effort to identify and collect debt as soon as possible.
- If the overpaid person no longer receives benefits, we offer the opportunity to repay debt via monthly installment payments.
- If the debtor fails to agree to an acceptable repayment plan, we recover debt from a variety of sources including Federal tax refunds, Federal annuities, Federal salaries, and private sector wages.

**Enhance Overpayment Collection Efforts:** We will improve our debt collection by implementing several debt collection enhancements. Future enhancements include systems changes to allow us to: 1) identify and refer more eligible SSI delinquent debt to the Treasury Offset Program (TOP); and 2) create a system to offset State payments. We also support the removal of the Department of the Treasury's 10-year statute of limitations for referring delinquent debts to TOP. As resources permit, we will continue to advance our debt collection program by using private collection agencies.

The Debt Collection Improvement Act of 1996 gave us the authority to charge interest on our delinquent debts or to increase our delinquent debts by the cost of living adjustment in lieu of charging interest and penalties, indexing. However, we are unable to implement either option until we publish our own agency regulations for interest charging and indexing and make the necessary systems changes. We are beginning to draft the necessary regulations and have submitted an information technology proposal for planning and analysis in FY 2012.

**PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 4.1**

**4.1a: Complete the budgeted number of Supplemental Security Income non-disability redeterminations**

Fiscal Year	2011	2012	
Target	2,422,000	2,622,000	
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	1,220,664	1,730,575	2,465,878

**Data definition:** The number of non-disability Supplemental Security Income redeterminations completed in the fiscal year up to the target. This number includes scheduled and unscheduled reviews, as well as targeted redeterminations.

**Data source:** Integrated SSA Unified Measurement System Counts Report

**Frequency reported:** Monthly

**4.1b: Increase the budgeted number of continuing disability reviews**

Fiscal Year	2011	2012	
Target	1,388,000	1,442,000	
<b>Historical Performance</b>			
Fiscal Year	2008	2009	2010
Performance	1,091,303	1,101,983	956,182

**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 State Disability Determination Services and other agency components, reviews conducted by questionnaires (mailers) that do not require a medical review, and cases where we initiated a review but one was not conducted because the individual failed to cooperate.

**Data source:** Continuing Disability Review Tracking Files

**Frequency reported:** Monthly

**Note:**

- FY 2012 target of 1,442,000 includes 592,000 medical CDRs and approximately 850,000 mailers that do not require a medical review.
- 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 performance of 956,182 included 324,567 medical CDRs and 631,615 mailers that did not require a medical review.
- FY 2009 performance of 1,101,983 included 316,960 medical CDRs and 785,023 mailers that did not require a medical review.
- FY 2008 performance of 1,091,303 included 245,388 medical CDRs and 845,915 mailers that did not require a medical review.



#### 4.1c: Percent of Supplemental Security Income payments free of overpayment and underpayment error

##### Overpayment Accuracy Rate

Fiscal Year	2011	2012	
Target	92%	92.5%	
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	89.7%	91.6%	Available June 2011

##### Underpayment Accuracy Rate

Fiscal Year	2011	2012	
Target	98.8%	98.8%	
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	98.3%	98.4%	Available June 2011

**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:** Our Annual Performance Plan and Congressional Justification, issued in February 2010, reflected a FY 2010 SSI overpayment accuracy rate target of 91 percent. Because of the lag in producing actual performance data, we did not receive FY 2009 SSI overpayment accuracy data until June 2010. The increase in our FY 2009 accuracy rate prompted us to revise the FY 2010 SSI overpayment accuracy rate target to 91.6 percent. We will receive actual FY 2010 SSI overpayment accuracy performance data in June 2011.

#### 4.1d: Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error

##### Overpayment Accuracy Rate

Fiscal Year	2011		2012
Target	99.8%		99.8%
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	99.7%	99.6%	Available June 2011

##### Underpayment Accuracy Rate

Fiscal Year	2011		2012
Target	99.8%		99.8%
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	99.9%	99.9%	Available June 2011

**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

#### 4.1e: Increase the number of transactions received through the Access to Financial Institutions program

Fiscal Year	2011		2012
Target	500,000		3,000,000
Historical Performance			
Fiscal Year	2008	2009	2010
Performance	128,729	181,646	264,605

**Data definition:** The number of Access to Financial Institution (AFI) transactions initiated in the fiscal year.

**Data source:** Transaction file provided by AFI business partner

**Frequency reported:** Monthly

**Note:** This is a new performance measure for FY 2011.

## 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. In fact, privacy protection was the subject of our first regulation in 1936. That e-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.

Over the last decade, we have moved from a paper-based system to electronic processing of our core workloads. In light of the new electronic environment, part of our plan to secure our data network is to strengthen our data center operations, both by bringing online the Second Support Center (SSC) and by replacing our aging National Computer Center (NCC). Our SSC is up and running. It handles part of our workloads and will provide backup service in the event of a failure at the NCC. Thanks to the Recovery Act funding, we are proceeding with the design and construction activities for our new National Support Center (NSC). In FY 2011, we expect to finalize the NSC site selection and to purchase the property. We plan to award and begin construction of the NSC by the end of FY 2012.

We strictly control access to systems containing personal 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 on these practices, and hold them accountable for safeguarding personally identifiable information with which they work. We will also conduct rigorous annual security reviews of our systems and programs and ensure that our data exchange activities adhere to the requirements of the National Institute of Standards and Technology.

To further ensure privacy and security of personal information, we will:

**Continue to Develop Authentication:** The public expects and deserves a secure environment when they conduct business with us electronically and by phone. To provide a secure environment, we must know with certainty with whom we are doing business. We are strengthening authentication to support Internet and automated telephone applications while protecting personal information. We will consider public feedback as we implement passwords that better conform to industry standards.

We have already established an authentication process that provides certain claimant representatives with secure access to their claimants' electronic records. We will continue to expand this access to other claimant representatives.

In FY 2011 and FY 2012, we will develop authenticated processes for many of our internet applications.

**Comply with the Federal Information Security Management Act of 2002:** We report annually to the Office of Management and Budget and to Congress about the security programs and practices we use to protect information, including personally identifiable information. We comply with requirements found in the Federal Information Security Management Act, and we continue to work with the Federal community to strengthen our information resources against emerging cyber threats. See Appendix C for more information about the Federal Information Security Management Act.

**Conduct Privacy Impact Assessments:** As directed by the E-Government Act of 2002, we conduct reviews of how we handle personal information when we use electronic systems to collect information, or when we develop or purchase new systems to handle collections of personally identifiable information. So that we can explain how we protect personal information, the E-Government Act directs us to describe how we handle electronic information people provide us. We will continue to publish our assessments at [www.socialsecurity.gov/foia](http://www.socialsecurity.gov/foia).

**Inform the Public:** Through notices in the Federal Register, we will continue to inform the public and invite their comments about the following:

- Our authority for collecting and using personal information;
- Rules governing the maintenance of personal information;
- Possible disclosures of the information that might be made; and
- How to access, amend, or correct the information we have in our records.

Other efforts to inform the public include:

- **Privacy Act Statements** – We are reviewing the Privacy Act Statements on all of our forms. The Privacy Act provides protection to all people by ensuring that we limit personal information collected by Federal agencies and ensures that we maintain the information in a manner that precludes unwarranted intrusions upon personal privacy. In addition, we inform the public how we will use and disclose information, as permitted by law. When someone requests information from us, the Privacy Act Statement serves as notification of our data collection and routine use policies.
- **Open Government** – We are actively responding to President Obama’s call for greater openness and transparency in Government. We released new data and information through [www.Data.gov](http://www.Data.gov), and we are working to identify other high-value data for release during FY 2011. We are following strict protocols for assuring the protection of personal information and the security of agency data in accordance with laws, regulations, and best practices. In FY 2010, we published our first Open Government Plan, <http://www.socialsecurity.gov/open/story-2010-06-24-open-government-plan.html>, which is our framework for incorporating the principles of transparency, participation, and collaboration into our plans for achieving our mission. Our Plan maps our path to greater openness along four essential goals.
  - **Increase Transparency:** We will ensure that transparency does not put that information at risk. Our open government web portal, [www.socialsecurity.gov/open](http://www.socialsecurity.gov/open), displays information about our transparency efforts.
  - **Expand Participation and Collaboration:** We regularly update our progress implementing the Plan and updates are available at <http://www.ssa.gov/open/plan-progress.html>. We will continue to use our various social media channels, including Facebook and Twitter, to foster awareness of and access to our programs and services.
  - **Advance our Flagship Initiatives:** In FY 2011, we launched a new homepage with a service-channeling guide to help the public more easily find information and services on our Internet website. We also launched iAppointment, based on an employee suggestion (see page 39), to allow some members of the public to schedule appointments with us online and the Spanish Language Retirement Estimator, the agency’s and the Federal Government’s first ever, non-English, interactive Internet application.
  - **Promote Sustainability:** Our Plan includes activities to foster employee engagement in promoting and incorporating open government principles throughout the agency.

## STRATEGIC OBJECTIVE 4.3

### MAINTAIN ACCURATE EARNINGS RECORDS

In FY 2010, we completed and posted more than 240 million reports of earnings to workers' 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. We make every effort to ensure that 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 the misuse of Social Security numbers (SSN) have resulted in 305 million wage items (representing over \$920 billion in earnings) that cannot be properly posted to workers' earnings records. We place these un-posted 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 2010, we successfully matched over 1.13 million wage items in the Earnings Suspense File with the correct workers' earnings records for a total of over \$8.7 billion in earnings.

Other efforts we will take to ensure the accuracy of earnings records include:

**Issue Annual Social Security Statements:** The annual Social Security Statement provides personalized information about retirement, spousal, survivor, and disability benefits (based on a person's lifetime earnings) to help the recipient plan for his or her financial future. The Social Security Act requires us to mail the Statement to workers aged 25 and older and workers of any age who request it. Since it comes out each year, people can see how current earnings affect the estimated amount of their future benefits.

Beginning in FY 2011, we will also send the Statement to Medicare-only beneficiaries. More information is available at [www.socialsecurity.gov/mystatement/](http://www.socialsecurity.gov/mystatement/).

Currently, we include the following inserts in the Statement:

- **Thinking of retiring?:** This insert is sent to workers age 55 and older and highlights retirement age considerations, the online Retirement Estimator, and the ease of filing online.
- **What young workers should know about Social Security and saving:** This insert, for workers ages 25-35, provides information about retirement planning and includes a chart illustrating the benefits of saving.

We will issue approximately 154 million Social Security Statements in FY 2011 and approximately 155 million in FY 2012. To maximize the usefulness of the Statement, we will continue to conduct formal surveys and meet with the public to solicit their feedback on its design and content. We use this 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 approximately 4 million paper wage reports from employers that contain over 34 million paper W-2s. Since paper wage reports are more error-prone, labor intensive, and expensive to process, we will continue to encourage employers and third party submitters to use the Business Services Online Electronic Wage Reporting (EWR) suite of services to file Forms W-2 for their employees and customers electronically.

We will inform employers about EWR 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 electronic environment. We are redesigning our systems to transform our earnings process from paper to electronic. Some benefits of this redesign include timelier wage postings, increased accuracy of posted earnings, and better Social Security number verification.

In FY 2010, we began planning and analysis for improvements to the system that processes self-employment earnings. We also began unifying the multiple systems that process corrections to earnings records. The Earnings Case Management Systems (ECMS) track cases, manage workloads, and produce reports for all earnings related workloads. Through future updates to ECMS, we will process earnings’ corrections for the public and employers at the first point of contact, regardless of work component.

We are also digitizing earnings microfilm to provide field offices with direct access to correct earnings rather than having to request that another component research the microfilm. In FY 2011, we are creating a separate process for self-employment and non-wage earnings, which will increase the number of transactions we can process. We will also provide Internet filers with software to check their W-2s for compliance with our policies, thus reducing errors when we process our reports. While this tool has been available, it was not compatible with all software, so it had limited use. The new software will correct the compatibility issue.

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**PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 4.3**

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**4.3a: Reduce the target percentage of paper Forms W-2 completed**

Fiscal Year	2011	2012
Target	15.5%	15%
<b>Historical Performance</b>		
Fiscal Year	2009	2010
Performance	16%	15%

**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

Our processes, policies, and regulatory and statutory requirements are often complicated and difficult to administer and explain. In addition to our core workloads, we have responsibilities related to Medicare, immigration, homeland security, and data exchange-related programs, such as subsidy determinations for Medicare Part D, E-Verify, and the Help America Vote Act workloads. To meet the challenges of our growing workloads and provide the best service possible, we will simplify and streamline our policies and procedures and move more of our business processes to an electronic environment.

We will work with Congress and our stakeholders to identify ways to simplify our statutory and regulatory requirements. We recently transmitted to Congress a number of legislative proposals. In December 2009, we transmitted a draft bill containing 14 proposals that would simplify and improve certain aspects of the Old-Age, Survivors, and Disability Insurance and Supplemental Security Income programs. Included in this package was a proposal that Congress expeditiously passed the same month and was signed into law on December 15, 2009—the “No Social Security Benefits for Prisoners Act of 2009.”

In addition, in January 2010, we transmitted to Congress a draft bill that would extend for five years the funding authority for two work incentive provisions. A variation of this legislation (with a one-year extension) was enacted in October 2010. We continue to seek and develop legislative proposals that would improve the programs we administer and always stand ready to work with Congress to this end.

Additional initiatives to support these efforts include:

**Continue to Develop Legislative Proposals:** We have established an agency-wide team 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 process, directed by our legislative Team, identifies, vets, ranks, and develops legislative proposals for consideration by the Commissioner and, if approved, for submission to the Office of Management and Budget.

The Team includes representatives from all agency components and serves as an important mechanism for formulating potential legislative remedies to issues as they arise. In addition to the packages recently sent to Congress, several proposals are now under consideration within the agency.

**Expand the Use of the Integrated Disability Process (IDP):** The IDP is a multi-component initiative, chaired by agency executives, to identify issues and recommend solutions to address differences and difficulties in the application of disability policy and procedures at all decision-making levels. Cross-component teams of subject matter experts (SME) help implement recommendations made by IDP workgroups.

For example, the Medical Source Statement project considers how the agency obtains and uses medical source statements. SMEs are working on three major business process and regulatory areas to help reconcile conflicts in medical source opinions. The Unified Disability Training project will pilot a training package for all adjudicative and review components in FY 2011. The Past Relevant Work (PRW) project’s initiatives are related to the collection, development, and analysis of past relevant work information. There are three PRW technology projects related to gathering and documenting work still in progress, along with two business process and regulatory PRW projects.

## 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 Statements:** As mandated by the Chief Financial Officers Act of 1990, each year our Office of the Inspector General (OIG), or an independent external auditor as determined by the OIG, audits our financial statements in accordance with applicable standards. We strive to obtain an unqualified audit opinion, which attests to the fair presentation of our financial statements, and demonstrates our commitment to sound financial management practices. This opinion assures the public and Congress that: 1) our financial statements conform to generally accepted accounting principles; 2) we fairly state that our internal controls over financial reporting are operating effectively; and 3) we are in compliance with laws and regulations.

**Expand Our Cooperative Disability Investigation (CDI) Program:** We will continue to work collaboratively with the State disability determination services (DDS) and with State and local law enforcement agencies to resolve allegations of fraud in our disability programs. Our CDI units help prevent payments to persons who are not disabled, and terminate payments to those who have failed to report medical improvement or work activity and to those who should not have received disability benefits.

In FY 2010, CDI investigations led to the denial or termination of over 2,855 claims and saved approximately \$240 million in our disability programs. Moreover, since the program's inception we estimate savings to agency and non-SSA programs of more than \$2.6 billion: \$1.6 billion in our disability programs and \$967 million in programs such as Medicare and Medicaid. SSA and OIG headquarters components provide administrative and program support to the units.

The CDI program blends investigative techniques with a collaborative approach that acknowledges the complexity of our disability programs. Today, the CDI Program consists of 22 CDI units operating in 19 states. Each unit consists of an OIG Special Agent who serves as the CDI Unit Team Leader, personnel from state or local law enforcement, and personnel from our agency and the State DDSs. Expansion in FYs 2011 and 2012 depends on the availability of funding.

**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, State DDSs, and hearing offices to ensure they follow established security policies and procedures and management controls are in place to deter and detect waste, fraud, and abuse.

These 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 monitor these corrective plans to ensure we address and resolve each deficiency.



PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 4.5

4.5a: Receive an unqualified audit opinion on SSA’s financial statements

Fiscal Year	2011		2012	
Target	Receive an unqualified opinion		Receive an unqualified opinion	
Historical Performance				
Fiscal Year	2008	2009	2010	
Performance	Received an unqualified opinion	Received an unqualified opinion	Received an unqualified opinion	

**Data definition:** The receipt of an unqualified audit opinion from an independent auditor. An unqualified opinion on the financial statements is provided when an independent auditor determines that agency financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

**Data source:** The independent auditor report

**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. As part of our effort to meet this responsibility, we began recycling and purchasing energy efficient lighting, electronics, and appliances. We did this before Executive Order 13423, “Strengthening Federal Environment, Energy, and Transportation Management,” directed Federal agencies to improve their environmental, energy, and transportation processes.

We have developed an agency Greenhouse Gas Reduction Goal and Sustainability Performance Plan to meet the requirements of Executive Order 13514, “Federal Leadership in Environmental, Energy, and Economic Performance.” To further our sustainable practices, we will increase our purchase of renewable energy. One hundred percent of our new vehicle purchases are alternative fuel vehicles. Nationwide, we have converted over 77 percent of our light-duty vehicles to alternative fuel vehicles, and at Headquarters, we have converted 95 percent of these vehicles.

We will continue to meet the Executive Order requirements to increase consumption of alternative fuels by 10 percent and reduce petroleum consumption by 2 percent annually. We continue to allow other Federal agencies to access alternative fuel pumps that we have installed. In FY 2011, we will participate in the General Service Administration’s (GSA) Electronic Vehicle (EV) Pilot Program and will receive two EVs. GSA will cover the supporting infrastructure costs (charging stations) for the EVs.

We continue to use “green” solutions to improve our environment by purchasing desktop computers, laptops, and monitors that are silver-rated or better by the Electronic Product Environmental Assessment Tool. Likewise, we have increased our laptop refreshment cycle from 3 to 4 years and have extended our monitor refreshment cycle from 4 to 8 years. In FY 2010, we piloted a desktop and laptop computer power management solution and targeted it for enterprise-wide implementation. In addition, to help extend the equipment’s useful life, we donated over 3,500 computers, monitors, and other IT items to local schools.

We continue to find new and innovative ways to expand our “green” programs. We promote our employees’ use of “greener” transportation methods for our employees, including carpooling and mass transit. We use recyclable plates and utensils in our cafeterias, and we have expanded our use of other existing recycling options. We lead by example to advance energy and environmental practices, and we highlight our progress and promote greening possibilities by our employees on our internal agency website, “SSA is Getting Greener.”

Our internal website, “SSA is Getting Greener,” provides information on new agency initiatives; provides employees tips to reduce energy both at home and in the workplace; and provides links for employees to obtain information on public transportation subsidies, recycling, and water conservation. In addition, we hold Earth Day celebrations to further promote employee awareness of sustainability and green solutions.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 4.6

4.6a: Replace gasoline-powered vehicles with alternative-fuel vehicles

Fiscal Year	2011	2012
Target	75% of FY 2011 inventory replaced (28 vehicles)	75% of FY 2012 inventory replaced (16 vehicles)
Historical Performance		
Fiscal Year	2009	2010
Performance	26 vehicles	50 vehicles

**Data definition:** The percentage 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

**Note:** Beginning in FY 2011, the target has been converted to a percentage to better reflect the volume of vehicles replaced with alternative-fuel vehicles.

4.6b: Develop and implement an agency Environmental Management System

Fiscal Year	2011	2012
Target	Establish performance objectives	Develop and implement an agency Environmental Management System
Historical Performance		
Fiscal Year	2009	2010
Performance	Developed a high-level project plan	Provided training needed for implementation

**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: FY 2011 MAJOR EVALUATIONS

We routinely evaluate our programs and performance by conducting a variety of studies and surveys; some we complete on an ongoing basis and 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, is a list of our FY 2011 evaluations according to the strategic goal they support in our FY 2008 – FY 2013 Agency Strategic Plan. These evaluations will be either undertaken or completed in FY 2011.

<b>Strategic Goal 1 – Eliminate Our Hearings Backlog and Prevent Its Recurrence</b>	
<b>Evaluation</b>	<b>Description</b>
Disability Appeals – Senior Attorney Advisor Quality Assessment	Assesses the accuracy of favorable hearing decisions made by non-administrative law judge decision-makers (e.g., Attorney Adjudicators).
Hearing Process Report Card Survey	Surveys perceptions about the entire hearing process from persons who file for disability benefits.

<b>Strategic Goal 2 – Improve the Speed and Quality of Our Disability Process</b>	
<b>Evaluation</b>	<b>Description</b>
Evaluation of Ticket to Work Program and Adequacy of Incentives	Evaluates the progress of the Ticket to Work Program as required under the Ticket to Work and Work Incentives Improvement Act of 1999.
Disability Initial Claims Report Card	Surveys perceptions of the initial disability application processes from persons who file for disability benefits.
Disability Report Form Survey	Surveys disability applicants about providing medical information to support their claims. Opinions of applicants who completed SSA’s online Disability Report Form (i3368) will be compared with those who were interviewed in-person or on the telephone.
The Office of Quality Performance Denial Review	Assesses the accuracy of initial and reconsideration-level medical denials.

**Strategic Goal 3 – Improve our Retiree and Other Core Services**

<b>Evaluation</b>	<b>Description</b>
Enumeration Quality Review	Assesses the accuracy of original Social Security Numbers assigned during the fiscal year.
800 Number Service Evaluation	Evaluates our accuracy in the handling of the public's calls to the National 800 Number.
Field Office Telephone Service Evaluation	Evaluates our accuracy in the handling of the public's calls to field offices.
Overall Service Satisfaction Surveys	<p>Telephone service satisfaction surveys evaluate callers' satisfaction with our National 800 Number and field office telephone services.</p> <p>Office visitor surveys evaluate visitors' satisfaction with our field and hearing offices.</p> <p>Internet transaction surveys evaluate satisfaction with online transactional services.</p>
Prospective Client Survey	Surveys people between the ages of 50 and 64 to identify service expectations and preferences of the upcoming wave of retirees.

**Strategic Goal 4 – Preserve the Public's Trust in Our Programs**

<b>Evaluation</b>	<b>Description</b>
Retirement, Survivors, and Disability Insurance Stewardship Review	Measures the accuracy of payments to persons receiving Social Security retirement, survivors, or disability benefits.
Supplemental Security Income Stewardship Review Pre-effectuation Review of Disability Determinations	Measures the accuracy of payments to persons receiving Supplemental Security Income payments.
Pre-effectuation Review of Disability Determinations	Assesses the accuracy of disability initial and reconsideration allowances made by State Disability Determination Services as required in the Social Security Act.

**Strategic Goal 4 – Preserve the Public’s Trust in Our Programs (continued)**

<b>Evaluation</b>	<b>Description</b>
Safeguard Procedures Reports	Details the security measures we are taking to ensure the confidentiality of the federal tax information provided to us by the Internal Revenue Service.
The Federal Information Security Management Act of 2002 Report to Congress	Reports to Congress whether our overall information technology security programs and practices comply with the Federal Information Security Management Act of 2002.
Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds	Reports on the financial and actuarial status of the two Social Security trust funds – the Old-Age and Survivors Trust Fund and the Disability Trust Fund.
Annual Report of the Supplemental Security Income Program	Reports annually to the President and the Congress on the status of the Supplemental Security Income program and provides projections of program participation and costs through at least 25 years.
Social Security Statement Survey	Measures the satisfaction of people who received a Social Security Statement and identifies what is needed to improve the public’s awareness, understanding, and use of the Social Security Statement.

# APPENDIX B: 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:

- Training for security 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
- Monitoring security threats continuously.

These security activities involve all agency components and we report them to the Office of Management and Budget. Meeting FISMA requirements provides a level of assurance that our major information technology systems and the data contained therein, including personally identifiable information, are protected. We continue to work with the Office of Management and Budget and the federal community to strengthen our information security program by implementing government-wide security initiatives. In 2009 for example, we implemented common federal security standards on our desktop computers.

# APPENDIX C: CHANGES TO PERFORMANCE MEASURES, DATA DEFINITIONS, AND DATA SOURCES

New Performance Measures	
Number	FY 2011 New Performance Measures
1.1b	Achieve the budgeted goal for SSA hearings case production per workyear  *This measure was formerly a Program Performance/PART Measure. It was converted to a GPRA measure beginning in FY 2011
2.1d	Disability Determination Services net accuracy rate for combined initial disability allowances and denials  *This measure was formerly a Program Performance/PART Measure. It was converted to a GPRA measure beginning in FY 2011
2.1e	Disability Determination Services cases production per workyear  *This measure was formerly a Program Performance/PART Measure. It was converted to a GPRA measure beginning in FY 2011
2.1f	Complete the target number of disability claims at the reconsideration level
2.2c	Achieve the target number of disability claims pending at the reconsideration level
2.3c	Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work  *This measure was formerly a Program Performance/PART Measure. It was converted to a GPRA measure beginning in FY 2011
2.3d	Number of Disability Insurance and Supplemental Security Income disability beneficiaries who earned four quarters of work credit during the calendar year
4.1e	Increase the number of transactions received through the Access to Financial Institutions program

Carryover Performance Measures with Title Change		
Number	FY 2011 New Title	FY 2010 Old Title
2.3b	Increase the percentage of disability cases evaluated using health Information Technology	Increase the percentage of disability claims completed using Health Information Technology
3.1a	Percent of retirement, survivors, and health insurance claims receipts completed up to the budgeted level	Percent of retirement and survivors claims receipts completed up to the budgeted level
4.1b	Increase the budgeted number of continuing disability reviews	Complete the budgeted number of continuing disability reviews



**Carryover Performance Measure with Data Source Change**

<b>Number</b>	<b>FY 2011 New Data Source</b>	<b>FY 2010 Old Data Source</b>
2.1c	Old-Age, Survivors, and Disability Insurance Initial Claims Operational Data Store and Supplemental Security Income Initial Claims Operational Data Store	Social Security Unified Measurement Systems
2.3b	Health Information Technology Management Information System	Medical Evidence Gathering and Analysis Through Health Information Technology (MEGAHIT) system
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 used one of our transactional Internet services. In FY 2009, we included results of a special survey of applicants who filed for benefits online. The FY 2010 performance indicator included results of the first annual Internet Report Card Survey, which added online applicants for Medicare Part D Subsidy, along with iClaim filers. Additional cohorts of individuals using transactional Internet services are to be added incrementally to the Internet Report Card Survey each year from FY 2011 - FY 2013 in the following categories: changes to beneficiary records; completion of medical forms; and information requests (such as request for benefit verification)	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)
4.1a	Integrated SSA Unified Measurement System Counts Report	Redetermination Service Delivery Objective Report, Limited Issue Service Delivery Objective Report, Post-eligibility Operational Data Store

**Carryover Performance Measure with Data Definition Change**

<b>Number</b>	<b>FY 2011 New Data Definition</b>	<b>FY 2010 Old Data Definition</b>
1.2b	The percentage of oldest hearing requests pending. The oldest hearing requests are those cases that are pending, or will be pending, 775 days or more at the end of the fiscal year. The percentage is derived by dividing the total number of hearing requests pending 775 days or more at the end of the fiscal year by the total number of oldest hearing requests, identified at the beginning of the fiscal year	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
1.2d	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, 650 days or more at the end of the fiscal year. The percentage is derived by dividing the total number of request for review pending 650 days or more at the end of the fiscal year by the total number of oldest Appeals Council requests for review identified at the beginning of the fiscal year	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 request 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
2.1c	The average processing time is the overall, cumulative number of elapsed days, including State Disability Determination Services, Federal Assisting Units, and field office processing times, from the date of filing through the date payment is made or the denial notice is issued for all initial claims that require a medical determination. The total number of days to process all initial disability claims requiring a medical determination is divided by the total number of initial disability claims requiring a medical determination that are processed during the fiscal year	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

**Carryover Performance Measure with Data Definition Change**

<b>Number</b>	<b>FY 2011 New Data Definition</b>	<b>FY 2010 Old Data Definition</b>
2.3b	The percentage increase in the number of disability cases using medical evidence gathered through health Information Technology over the prior year. "Disability Cases evaluated" are defined as the number of medical evidence of record documents received through health Information Technology over the prior year	The percentage increase in the number of disability claims completed using medical evidence gathered through Health Information Technology over the prior year
3.3a	Speed of answer is calculated by dividing the wait time of all National 800 Number calls by the number of all National 800 Number calls answered by agents in the fiscal year. Wait time begins from the time the caller is transferred to an agent (in queue) until an agent answers the call	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
3.3b	The Agent Busy Rate is calculated as the number of National 800 Number busy messages divided by the number of National 800 Number calls requesting agent service in the fiscal year. The caller receives a busy message when an agent is not available to answer the call because the queue has reached its maximum capacity of waiting calls. When this happens, we provide the option of returning to the Main Menu or calling back at another time	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

**Carryover Performance Measure with Data Definition Change**

<b>Number</b>	<b>FY 2011 New Data Definition</b>	<b>FY 2010 Old Data Definition</b>
4.5a	The receipt of an unqualified audit opinion from an independent auditor. An unqualified opinion on the financial statements is provided when an independent auditor determines that agency financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America	The receipt of an unqualified audit opinion from an independent auditor. An independent auditor determines the agency financial statements are presented fairly, in all material respects, and conform to accounting principles generally accepted in the United States of America
4.6a	The percentage of gasoline-powered vehicles in our inventory replaced with alternative-fuel vehicles nationwide in the fiscal year	The number of gasoline-powered vehicles in our inventory replaced with alternative-fuel vehicles nationwide in the fiscal year

**Eliminated Performance Measures**

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	This measure was a non-GPRA Program Performance/PART Measure
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	This measure was a non-GPRA Program Performance/PART Measure. See page 52, wherein we commit to continuing to conduct analyses and provide data on proposals for Social Security reform
Achieve target percentage of hearing level cases pending over 365 days	This measure was a non-GPRA Program Performance/PART Measure
Issue an annual SSA-initiated Social Security Statement to eligible individuals age 25 and older	This measure was a non-GPRA Program Performance/PART Measure