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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

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

¹ 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 Detail¹
(in thousands)

	FY 2010 Enacted	FY 2011 Estimate ²	FY 2012 Estimate	<i>Change</i>
Advance for Federal Benefits ³	\$ 15,400,000	\$ 16,000,000	\$ 13,400,000	
Regular for Federal Benefits	\$ 31,202,000	\$ 36,387,000	\$ 34,154,000	
Subtotal Federal Benefits	\$ 46,602,000	\$ 52,387,000	\$ 47,554,000	- \$ 4,833,000
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
Subtotal Advanced Appropriation	\$ 15,400,000	\$ 16,000,000	\$ 13,400,000	
Subtotal Regular Appropriation	\$ 34,742,000	\$ 39,999,000	\$ 38,083,000	
Total Appropriation	\$ 50,142,000	\$ 55,999,000	\$ 51,483,000	- \$ 4,516,000
Advance for Subsequent Year	\$ 16,000,000	\$ 13,400,000	\$ 18,200,000	+ \$ 4,800,000

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

² 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.

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

KEY INITIATIVES

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

Payment Accuracy

For more than 75 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2009, 91.6 percent of SSI benefit payments were free of overpayment errors and 98.4 percent¹ 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.

¹ 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 Obligation¹

	FY 2010 Actual	FY 2011 Estimate ²	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
Total Annual Appropriation	\$ 50,142,000,000	\$ 55,999,000,000	\$ 51,483,000,000
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
Subtotal Federal Resources	\$51,195,141,205	\$ 56,322,994,130	\$ 51,685,818,130
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
Total Budgetary Resources	\$ 55,081,976,517	\$ 60,268,042,490	\$ 55,570,866,490
Federal Obligations	\$ 50,871,147,075	\$ 56,120,176,000	\$ 51,629,254,000
State Supp. Obligations	\$ 3,591,786,952	\$ 3,895,000,000	\$ 3,560,000,000
Total Obligations	\$ 54,462,934,027	\$ 60,015,176,000	\$ 55,189,254,000
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
Total Unobligated Balance	\$ 619,042,490	\$ 252,866,490	\$ 381,612,490

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

² 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 billion¹. 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.

¹ 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

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 Changes¹

	FY 2011 Estimate ²	FY 2012 Estimate	Change
Appropriation	\$ 55,999,000,000	\$ 51,483,000,000	- \$ 4,516,000,000
Estimated Federal Obligations	\$ 56,120,176,000	\$ 51,629,254,000	- \$ 4,490,922,000
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
<u>Increases: Built-In</u>		
<u>Federal Benefit Payments</u>	\$ 52,387,000	+\$ 2,266,000
<ul style="list-style-type: none"> • <i>Cost-of-living adjustments (COLA)—0.9% beginning January 2012</i> 		+ \$ 427,000
<ul style="list-style-type: none"> • <i>Increase of 279,000 recipients in FY 2012</i> 		+ \$ 1,839,000
<u>Administrative Expenses</u>	\$ 3,503,000	+\$ 341,000
<ul style="list-style-type: none"> • <i>Increase in funding for Program Integrity</i> 		+\$ 16,365
<ul style="list-style-type: none"> • <i>Additional base funding</i> 		+\$ 288,635
<ul style="list-style-type: none"> • <i>Decrease in amount of carryover funding available for obligation in FY 2012</i> 		+\$ 36,000
<u>Beneficiary Services – Revised Ticket to Work & reimbursement projections</u>	\$ 60,000	+\$ 18,000
<u>Research and Demonstration – Increase in planned obligations</u>	\$ 49,000	+\$ 19,078
Total	\$ 55,999,000	+\$ 2,644,078

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

² 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

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

NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

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

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

	FY 2010 Actual	FY 2011 Estimate ^{2, 3}	FY 2012 Estimate ⁴
<u>Federal Benefit Payments</u>			
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
<u>Administrative Expenses</u>			
Appropriation	\$ 3,442,000	\$ 3,503,000	\$ 3,844,000
Obligations	\$ 3,459,457	\$ 3,601,000	\$ 3,906,000
<u>Beneficiary Services</u>			
Appropriation	\$ 49,000	\$ 60,000	\$ 47,000
Obligations	\$ 45,112	\$ 81,000	\$ 99,000
<u>Research and Demonstration</u>			
Appropriation	\$ 49,000	\$ 49,000	\$ 38,000
Obligations	\$ 44,192	\$ 51,176	\$ 70,254
Total Appropriation	\$ 50,142,000	\$ 55,999,000	\$ 51,483,000
Total Federal Obligations	\$ 50,871,147	\$ 56,120,176	\$ 51,629,254

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.

¹ Totals may not add due to rounding.

² 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.

³ 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.

⁴ 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.

NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

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

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

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

¹ Totals may not add due to rounding.

² 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 ¹	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	\$ 51,483,000,000	<i>Indefinite</i>
First Quarter Advance appropriation for subsequent fiscal year	\$ 16,000,000,000	\$ 13,400,000,000	\$ 18,200,000,000	---

¹ 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 ¹	\$ 40,235,000,000	\$ 40,181,169,000	\$ 40,181,169,000	\$ 40,181,169,000
2008 ²	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,815,500,000	\$ 43,756,170,423
2009	\$ 45,214,000,000	\$ 45,263,000,000	\$ 45,229,875,000	\$ 45,271,537,000
<i>Indefinite</i>	<i>\$ 1,602,935,179</i>			
2010	\$ 50,142,000,000	\$ 50,142,000,000	\$ 50,142,000,000	\$ 50,142,000,000
<i>Indefinite</i>	<i>\$ 458,465,781</i>			
2011 ³	\$ 56,513,000,000			
2012	\$ 51,483,000,000			
2013⁴	\$ 18,200,000,000			

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

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

³ 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.

⁴ 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 ¹	FY 2012 Estimate	FY11 to FY12 Change
Appropriation	\$ 46,602,000	\$ 52,387,000	\$ 47,554,000	- \$ 4,833,000
Obligations funded from prior year unobligated balances	\$ 261,920	\$ 0	\$ 0	\$ 0
Indefinite Authority	\$ 458,466	\$ 0	\$ 0	\$ 0
Obligations	\$ 47,322,386	\$ 52,387,000	\$ 47,554,000	- \$ 4,833,000
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.

¹ 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, Actual¹
(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
Total Federal	7,003	7,117	7,304	7,522
Year-to-Year Change	1.8%	1.6%	2.6%	3.0%
State Supplement Only	296	298	285	256
Total Federally Administered	7,300	7,415	7,589	7,778

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%
Total Federal	7,767	8,046	+ 3.6%
State Supplement only	262	271	+ 3.4%
Total Federally Administered	8,029	8,317	+ 3.6%

¹ Totals may not add due to rounding.

SSI Disabled vs. Aged Recipient Population

The number of Federal blind or disabled SSI recipients as a percentage of all Federal SSI recipients has steadily increased from 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) ¹**

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%
2011 Estimate	7,767	1,102	6,665	85.8%
2012 Estimate	8,046	1,104	6,942	86.3%

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.

¹ Totals may not add due to rounding.

BENEFIT PAYMENTS

Maximum Monthly Federal Payments

The maximum monthly federal benefit rate (FBR) is increased each January when there are increases in the cost-of-living. Due to the economic downturn, there was no increase in January 2010 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
FY 2010	12	\$ 47,322,385,581
FY 2011	13	\$ 52,387,000,000
FY 2012	11	\$ 47,554,000,000

ADMINISTRATIVE EXPENSES

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

PURPOSE AND METHOD OF OPERATION

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

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

The legislative history of the 1972 amendments (which established this funding mechanism) indicates a desire to obtain economy of administration by giving SSA the responsibility for the SSI program because of its existing field office network and its administrative and automated data processing facilities. Because of the integration of the administration of the SSI and Social Security programs, it was desirable to fund them from a single source (the LAE account). This requires that the trust funds and the SSI account pay their appropriate 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 ¹	FY 2012 Estimate	FY11 to FY12 Change
Appropriation	\$ 3,442,000	\$ 3,503,000	\$ 3,844,000	+ \$ 341,000
Obligations Funded from Prior-Year Unobligated Balance	\$ 17,457	\$ 98,000	\$ 62,000	- \$36,000
Obligations	\$ 3,459,457	\$ 3,601,000	\$ 3,906,000	+ \$ 305,000

¹ 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

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
Appropriation	\$ 49,000	\$ 60,000	\$ 47,000	- \$ 13,000
Obligations Funded from Prior-Year	\$ 0	\$ 21,000	\$ 52,000	+\$ 31,000
Unobligated Balances				
Obligations	\$ 45,112	\$ 81,000	\$ 99,000	+ \$ 18,000
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
VR Reimbursement Payments	4,446	5,000	5,100	+ 100
Ticket-Holders Achieving Outcome Payment Status	652 ¹	3,100	4,200	+ 1,100

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

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.

¹ 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

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)^{1,2}**

	Obligations		
	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Eliminate Backlogs & Improve the Disability Process	\$ 15,469	\$ 15,335	\$ 41,082
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
Improve Our Retiree & Other Core Services	\$ 1,530	\$ 3,330	\$ 3,300
Medicare Outreach	\$ 1,530	\$ 3,300	\$ 3,300
Preserve the Public’s Trust in Our Programs	\$ 14,745	\$ 17,541	\$ 21,872
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
Special Initiative – Encourage Savings	\$ 12,448	\$ 15,000	\$ 4,000
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
Total Obligations	\$ 44,192	\$ 51,176	\$ 70,254
New Budget Authority	\$ 49,000	\$ 49,000	\$ 38,000

¹ Does not include funding authorized under section 234.

² 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

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 21st 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 21st 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

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.