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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, [\$37,582,991,000] \$40,043,000,000, 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 more than [\$8,000,000] \$48,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, [2013] 2014.

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] 2014, \$19,300,000,000, to remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012.*)

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, and provide beneficiary services to recipients. 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, a portion of this funding is made available for SSA to conduct research and demonstration projects, which is available for two years, providing SSA the authority to carryover unobligated balances into the next fiscal year.

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2013 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 2014 to ensure the timely payment of benefits in case of a delay in the FY 2014 appropriations bill.

Table 2.1—Appropriation Language Analysis

Language provision	Explanation
"For carrying out titles XI and XVI of the Social Security Act... including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$40,043,000,000, 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.
<i>Provided further</i> , That not more than \$48,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, 2014.	Specifies that not more than \$48 million of the SSI appropriation is available for research and demonstration projects. SSA may carryover unobligated balances for use in the subsequent year.
"For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary."	Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.
"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2014, \$19,300,000,000, to remain available until expended."	Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that recipients will continue to receive benefits during the first quarter of FY 2014 in the event of a temporary funding hiatus.

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes significant items in the FY 2012 Conference Report, H. Rept. 112-331.

Table 2.2—Appropriations Committee Conference Report—Significant Items

<p>Research and Demonstrations The conferees direct SSA to include in its operating plan funding allocations [for Research and Demonstration activity] by project at the level of detail included in its congressional budget justification and expect advance notification of any subsequent realignment of funds within those activities.</p>	<p>Actions Taken or To Be Taken We will include the information in our operating plan.</p>
<p>Department of Labor (DOL) and SSA Occupational Handbook The conferees urge DOL and SSA to continue to work together on this effort and submit a joint report to the House and Senate Committees on Appropriations, the House Committee on Ways and Means, and the Senate Committee on Finance with a timeline, major milestones, and projected 5-year costs of this project within 180 days of enactment of this bill and to provide annual progress reports thereafter.</p>	<p>Actions Taken or To Be Taken We will work with DOL to submit a report to the Appropriations, Ways and Means and Finance Committees within the timeframe requested.</p>
<p>Budget Request The conferees direct SSA to include the following information in its annual budget requests, operating plans, and reprogramming requests: SSI Extramural Research and Demonstration program, project, and activity details.</p>	<p>Actions Taken or To Be Taken We have included the information in our Congressional Justification and our operating plan, and will include it in any reprogramming requests.</p>

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 2.3—Summary of Appropriations and Obligations
(in thousands)

	FY 2011 Actual	FY 2012 ¹	FY 2013 Estimate	<i>Change</i>
Appropriation	\$ 55,885,443	\$ 51,269,550	\$ 58,243,000	\$ 6,973,450
Obligations	\$ 56,003,534	\$ 51,929,422	\$ 58,307,270	+ \$ 6,377,848
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 13,400,000	\$18,200,000	\$ 19,300,000	+\$ 1,100,000

PROGRAM OVERVIEW

Eligibility Standards

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

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

Incentives for Work and Opportunities for Rehabilitation

The SSI program is designed to help recipients with disabilities achieve independence by encouraging and supporting their attempts to work. The program includes a number of work

¹ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

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 \$10.94 per SSI check payment in FY 2012 and is expected to increase to \$11.12 in FY 2013. 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 \$54.2 billion in Federal benefits to an estimated 8.2 million SSI recipients in FY 2013. Including state supplementary payments, SSA expects to pay a total of \$57.9 billion and administer payments to a total of almost 8.5 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 2013 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 2013 is \$58,243,000,000. However, this includes \$18,200,000,000 made available for the first quarter of FY 2013 in the FY 2012 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2013, \$40,043,000,000—the total amount requested for FY 2013 less the advance already received.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$19,300,000,000 for Federal benefit payments in the first quarter of FY 2014. 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 2.4—Appropriation Detail¹
(in thousands)

	FY 2011 Actual	FY 2012²	FY 2013 Estimate	Change
Advance for Federal Benefits ³	\$ 16,000,000	\$ 13,400,000	\$ 18,200,000	
Regular for Federal Benefits	\$ 36,387,000	\$ 34,157,000	\$ 36,045,000	
Subtotal Federal Benefits	\$ 52,387,000	\$ 47,557,000	\$54,245,000	+ \$ 6,688,000
Administrative Expenses	\$ 3,395,515	\$ 3,657,552	\$ 3,950,000	+\$ 292,448
Beneficiary Services	\$ 60,000	\$ 47,000	\$ 0	- \$ 47,000
Research and Demonstration	\$ 42,928	\$7,998	\$ 48,000	\$ 40,002
Subtotal Advanced Appropriation	\$ 16,000,000	\$ 13,400,000	\$ 18,200,000	
Subtotal Regular Appropriation	\$ 39,885,443	\$ 37,869,550	\$ 40,043,000	
Total Appropriation	\$ 55,885,443	\$ 51,269,550	\$ 58,243,000	\$ 6,973,450
Advance for Subsequent Year	\$ 13,400,000	\$ 18,200,000	\$ 19,300,000	+ \$ 1,100,000

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 The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

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 2010, 93.3 percent of SSI benefit payments were free of overpayment errors and 97.6 percent were free of underpayment errors. 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.

Since the Consolidated Appropriations Act of 2012 (P.L. 112-74) did not fully fund the cap adjustment for 2012, the President's Budget proposes to provide the additional \$140 million in funding allowed by the cap adjustment, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This proposal provides an extra \$46 million, the SSI share of the additional \$140 million in funding allowed by the cap adjustment for program integrity.

The FY 2013 President's budget request includes \$564 million specifically for conducting SSI CDRs and redeterminations, which would allow SSA to conduct approximately 199,000 SSI CDRs and 2,622,000 redeterminations. This funding is estimated to result in almost \$4.7 billion in net program savings over the next 10 years, including Medicaid program effects.

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Access to Financial Institutions

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. As of June 2011, all 50 states use AFI for all SSI applicants and recipients alleging financial resources above the current resource threshold. We plan on lowering tolerance levels and increasing bank searches in FY 2012. 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. When we eliminate all tolerance levels, increase the number of bank searches, and fully integrate the process with our systems, we project roughly \$900 million in lifetime program savings for each year 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 2011, SSA's Office of the Inspector General (OIG) received over 15,000 SSI fraud-related allegations via telephone, correspondence, fax, or email. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition 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 2011. Also in FY 2011, SSA eliminated an additional \$129.2 million through Netting, a process that adjusts 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 FY 2009, Treasury removed the 10-year statute of limitations on collection of debts via TOP. In FY 2011, TOP enabled the agency to collect \$61.9 million. SSA will implement systems changes to select and notify debtors that have 10-year or greater debts in FY 2012 and begin referring additional debts to Treasury for collection in FY 2013.

In FY 2002, SSA also implemented Credit Bureau Reporting and Cross Program Recovery. In FY 2011, Credit Bureau Reporting contributed to the voluntary repayment of \$20.2 million and the Agency recovered \$80.3 million via Cross Program Recovery.

In FY 2005, SSA implemented Administrative Wage Garnishment, which has collected \$16.9 million in SSI debt through FY 2011. 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;

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- Internal Revenue Service records of non-wage income reported via 1099s to detect resources and/or income;
- 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 benefit data to be used in SSI benefit calculations;
- Office of Personnel Management pension data to be used in SSI benefit calculations;
- Railroad Retirement Board match to be used in SSI benefit calculations;
- 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;
- DHS match for records of aliens who voluntarily leave the U.S; and
- AFI system to electronically request and receive financial account information.

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 affected those whose eligibility would have expired between October 1, 2008 through September 30, 2011 by providing benefits for two more years or the end of FY 2011 (whichever came sooner).

The FY 2013 President's budget includes a proposal to allow refugees and asylees to receive SSI an additional two years, in FY 2013 and FY 2014, for a total maximum of nine years of eligibility, consistent with the expired policy established by P.L. 110-328.

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 2013 is \$58,243,000,000, including \$18,200,000,000, requested in advance by the FY 2012 President's Budget.

Table 2.5—Amounts Available for Obligation¹

	FY 2011 Actual	FY 2012 ²	FY 2013 Estimate
Regular Appropriation	\$ 39,885,442,729	\$ 37,869,550,351	\$ 40,043,000,000
Advanced Appropriation	\$ 16,000,000,000	\$ 13,400,000,000	\$ 18,200,000,000
Total Annual Appropriation	\$ 55,885,442,729	\$ 51,269,550,351	\$ 58,243,000,000
Federal Unobligated Balance	\$ 323,994,130	\$ 298,788,750	\$ 198,917,101
Recovery of Prior-Year Obligations	\$ 92,421,330	\$ 0	\$ 0
Offsetting Collections	\$ 464,150	\$ 0	\$ 0
Indefinite Authority ³	\$ 0	\$ 560,000,000	\$ 0
Subtotal Federal Resources	\$56,302,322,339	\$ 52,128,339,101	\$ 58,441,917,101
State Supp. Reimbursements	\$ 3,555,173,363	\$ 3,497,000,000	\$ 3,645,000,000
State Supp. Unobligated Balance	\$ 295,048,360	\$ 0	\$ 252,000,000
Total Budgetary Resources	\$ 60,152,544,062	\$ 55,625,339,101	\$ 62,338,917,101
Federal Obligations	\$ 56,003,533,589	\$ 51,929,422,000	\$ 58,307,270,000
State Supp. Obligations	\$ 3,850,221,723	\$ 3,245,000,000	\$ 3,630,000,000
Total Obligations	\$ 59,853,755,312	\$ 55,174,422,000	\$ 61,937,270,000
Federal Unobligated Balance	\$ 298,788,750	\$ 198,917,101	\$ 134,647,101
State Supp. Unobligated Balance ⁴	\$ 0	\$ 252,000,000	\$ 267,000,000
Total Unobligated Balance	\$ 298,788,750	\$ 450,917,101	\$ 401,647,101

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

² The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

³ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

⁴ The amount received for the October 1 payment, reimbursed at the end of September in the prior fiscal year is available for use in the subsequent fiscal year.

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The SSI annual appropriation was \$55.9 billion in FY 2011. Pursuant to P.L. 112-10, the FY 2011 appropriation included a rescission of almost \$7 million for SSI administrative expenses and \$72,000 for research and demonstration projects. Congress also permanently reduced the SSI administrative expenses unobligated balance by \$90.8 million. The current estimate for FY 2012 is approximately \$51.2 billion. Pursuant to P.L. 112-74, the FY 2012 appropriation included a rescission of about \$7 million for SSI administrative expenses and about \$2,000 for research and demonstration projects.

SSA has the authority to carry over unobligated balances for use in future fiscal years for Federal benefit payments, administrative expenses, and beneficiary services because the amounts appropriated are made available until expended. Research and demonstration funds receive two year appropriations, so these balances can be carried over for use in the following fiscal year. SSA carried over almost \$299 million in Federal unobligated balances into FY 2012. Based on the FY 2012 estimated funding level and obligations, SSA expects to carry over approximately \$199 million into FY 2013.

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

ANALYSIS OF CHANGES

The FY 2013 request represents an increase of approximately \$7 billion from the FY 2012 level. The increase in the request is due primarily to an additional month of Federal benefits scheduled for payment in FY 2013 relative to FY 2012.

SSA plans to use indefinite authority to partially fund Federal benefit payments and unobligated balances to partially fund administrative expenses, beneficiary services and research and demonstration projects in FY 2012. In FY 2013, SSA plans to use unobligated balances to partially fund beneficiary services and research and demonstration projects. SSA plans to use approximately \$100 million in unobligated balances and recoveries in FY 2012 and over \$68 million in FY 2013.

Federal Benefit Payments

The increase in the FY 2013 request for Federal benefit payments primarily results from an increase in the number of monthly benefit payments from 11 in FY 2012 to 12 in FY 2013. There were only 11 monthly benefit payments in FY 2012 because the October 2011 payment was made in FY 2011. This increase is also due in part to annual cost-of-living adjustments (COLA) and an increase in SSI recipients. The increase in Federal benefit payments is partially offset by the impact of OASDI COLAs on concurrent SSI/OASDI recipients. Since OASDI benefits are counted as income in the SSI program, the annual OASDI COLA decreases the SSI benefit payment for concurrent recipients.

In FY 2012, SSA expects to use \$560 million in indefinite authority¹, but the FY 2013 request does not anticipate the need for any indefinite authority funding.

Administrative Expenses

The FY 2013 request for administrative expenses is \$292.4 million more than the FY 2012 level, and includes \$320 million in allocation adjustment funding for program integrity work in the SSI program – SSI CDRs and redeterminations. SSA expects to use over \$31 million in carryover of prior-year unobligated balance in FY 2012 for information technology needs. We expect to transfer an additional \$20 million from the trust funds to SSI to administer the program in FY 2012. These funds will be fully repaid at the beginning of FY 2013 out of new budget authority. This transfer will not alter the overall spending levels in FY 2012, as reflected in the Limitation on Administrative Expenses section.

Beneficiary Services

We are not requesting new budget authority in FY 2013 because we have sufficient carry over funding. Our estimate reflects an increase in payments to Employment Networks under the Ticket to Work program and the accumulation of prior-year unobligated balances. In FY 2011, SSA used \$33.8 million in budget authority for beneficiary services. SSA expects to use \$5

¹ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

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million of carryover funds in FY 2012, and \$59 million in FY 2013 to cover our estimated obligations.

Research and Demonstration

The request for new budget authority is \$40 million higher than in FY 2012 enacted level. SSA expects to use \$43.4 million of prior year unobligated balances in FY 2012 and \$9.3 million in FY 2013. SSA anticipates using all the carryover in FY 2013.

Table 2.6—Summary of Changes¹

	FY 2012 ²	FY 2013 Estimate	Change
Appropriation	\$ 51,269,550,351	\$ 58,243,000,000	+ \$ 6,973,449,649
Estimated Federal Obligations	\$ 51,929,422,000	\$ 58,307,270,000	+ \$ 6,377,848,000
Obligations Funded from Prior-Year Unobligated Balances and Recoveries	\$ 99,871,649	\$ 64,270,000	-\$ 35,601,649
Obligations Funded from Indefinite Authority ³	\$ 560,000,000	\$ 0	-\$ 560,000,000

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

² The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

³ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

**Table 2.7—Explanation of SSI Budget Changes from FY 2012 to FY 2013
(in thousands)**

	FY 2012 Obligations	Change from FY 2012
		Increases
Federal Benefit Payments	\$ 47,557,000	
<ul style="list-style-type: none"> Increase due to adjustment for October 1, 2011 payment paid in FY 2011 resulting in only 11 checks being paid in FY 2012 		+ \$3,655,000
<ul style="list-style-type: none"> Cost-of-living adjustments (COLA)—1.9% beginning January 2013 		+ \$ 1,530,000
<ul style="list-style-type: none"> Net Increase of 217,000 recipients in FY 2013 		+ \$ 1,884,000
Administrative Expenses	\$ 3,657,552	
<ul style="list-style-type: none"> Increase in funding for Program Integrity 		+\$ 29,950
<ul style="list-style-type: none"> Additional base funding 		+\$ 258,498
Beneficiary Services	\$ 47,000	
<ul style="list-style-type: none"> Increase in amount of carryover funding planned for obligation in FY 2013 		+ \$ 54,000
Research and Demonstration	\$ 7,998	
<ul style="list-style-type: none"> Increase in base funding 		+\$ 40,002
Total Increases		+\$ 7,411,450
		Decreases
Federal Benefit Payments – Indefinite Authority	\$ 560,000	- \$ 560,000
<ul style="list-style-type: none"> Effect of OASDI COLA for concurrent SSI/OASDI recipients 		-\$ 341,000
Administrative Expenses – Carryover	\$ 51,448	
<ul style="list-style-type: none"> Decrease in amount of carryover funding planned for obligation in FY 2013 		-\$ 31,056
<ul style="list-style-type: none"> Section 201(g)(1) Authority 		-\$20,392
Beneficiary Services – Carryover	\$ 5,000	
<ul style="list-style-type: none"> Decrease base funding 		-\$ 47,000
Research & Demonstration – Carryover	\$43,424	
<ul style="list-style-type: none"> Decrease in amount of carryover funding planned for obligation in FY 2013 		-\$ 34,154
Total Decreases		- \$ 1,033,602
Total Obligations Requested, Net Change	\$ 51,929,422	+ \$ 6,377,848

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

	FY 2011 Actual	FY 2012 ^{2,3,4}	FY 2013 Estimate ⁵
<u>Federal Benefit Payments</u>			
Appropriation	\$ 52,387,000	\$ 47,557,000	\$ 54,245,000
Obligations	\$ 52,274,301	\$ 48,117,000	\$ 54,245,000
Monthly Check Payments	13	11	12
<u>Administrative Expenses⁶</u>			
Appropriation	\$ 3,395,515	\$ 3,657,552	\$ 3,950,000
Obligations	\$ 3,662,903	\$ 3,709,000	\$ 3,946,000
<u>Beneficiary Services</u>			
Appropriation	\$ 60,000	\$ 47,000	\$ 0
Obligations	\$ 33,809	\$ 52,000	\$ 59,000
<u>Research and Demonstration</u>			
Appropriation	\$ 42,928	\$ 7,998	\$ 48,000
Obligations	\$ 32,521	\$ 51,422	\$ 57,270
Total Appropriation	\$ 55,885,443	\$ 51,269,550	\$ 58,243,000
Total Federal Obligations	\$ 56,003,534	\$ 51,929,422	\$ 58,307,270

¹ Totals may not add due to rounding.

² SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2012 obligations as follows: administrative expenses, \$31 million; beneficiary services, \$5 million; and research and demonstration projects, \$43.4 million.

³ SSA expects to use \$560 million in indefinite authority for FY 2012 Federal benefit obligations. Any carryover results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

⁴ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

⁵ In addition to the FY 2013 President's Budget request, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2013 obligations as follows: beneficiary services, \$59 million; and research and demonstration projects, \$9.3 million.

⁶ We expect to transfer an additional \$20 million from the trust funds to SSI to administer the program in FY 2012, with these funds being fully repaid at the beginning of FY 2013 out of new budget authority.

In FY 2011, SSA used carryover of unobligated balances to partially fund Federal benefit payments and administrative expenses. In FY 2012, SSA plans to use indefinite authority to partially fund Federal benefit payments, and carryover of unobligated balances to partially fund administrative expenses, beneficiary services and research and demonstration projects. In FY 2013, SSA plans to use carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects.

NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

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

Table 2.9—New Budget Authority and Obligations by Object¹
(in thousands)

	FY 2011 Actual	FY 2012²	FY 2013 Estimate
<u>Other Services</u>			No Data
Appropriation	\$ 3,455,515	\$ 3,704,552	\$ 3,950,000
Obligations	\$ 3,696,711	\$ 3,761,000	\$ 4,005,000
<u>Federal Benefits and Research</u>			No Data
Appropriation	\$ 52,429,928	\$ 47,564,998	\$ 54,293,000
Obligations	\$ 52,306,822	\$ 48,168,422	\$ 54,302,270
Total Appropriation	\$ 55,885,443	\$ 51,269,550	\$ 58,243,000
Total Obligations	\$ 56,003,534	\$ 51,929,422	\$ 58,307,270

¹ Totals may not add due to rounding.

² The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

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 2.10—Authorizing Legislation

	FY 2011 Actual	FY 2012¹	FY 2013 Estimate	FY 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	\$ 55,885,442,729	\$ 51,269,550,351	\$ 58,243,000,000	<i>Indefinite</i>
First Quarter Advance appropriation for subsequent fiscal year	\$ 13,400,000,000	\$ 18,200,000,000	\$ 19,300,000,000	---

¹ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

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 2003 to FY 2014. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

Table 2.11—Appropriation History

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	\$ 10,790,000,000	\$ 10,790,000,000 ¹	\$ 10,790,000,000 ²	\$ 10,790,000,000 ³
Current Year	\$ 24,034,618,000	---	\$ 23,914,392,000 ⁵	\$ 23,914,392,000 ⁶
2003 Total	\$ 34,824,618,000	---	\$ 34,704,392,000	\$ 34,704,392,000
<i>2003 Indefinite</i>				<i>\$ 578,881,680</i>
Q1 Advance	\$ 11,080,000,000	---	\$ 11,080,000,000	\$ 11,080,000,000
Current Year	\$ 26,282,000,000	\$ 26,221,300,000 ⁷	\$ 26,290,000,000 ⁸	\$ 26,237,300,000 ⁹
2004 Total	\$ 37,362,000,000	---	\$ 37,370,000,000	\$ 37,317,800,000
Q1 Advance	\$ 12,590,000,000	\$ 12,590,000,000	\$ 12,590,000,000	\$ 12,590,000,000
Current Year	\$ 28,608,929,000	\$ 28,578,829,000 ¹⁰	\$ 25,327,949,000 ¹¹	\$ 28,586,829,000 ¹²
2005 Total	\$ 41,198,929,000	\$ 41,168,829,000	\$ 37,917,949,000	\$ 41,176,829,000
Q1 Advance	\$ 10,930,000,000	\$ 10,930,000,000	\$ 14,130,000,000	\$ 10,930,000,000
Current Year	\$ 29,533,174,000	\$ 29,533,174,000 ¹³	\$ 29,510,574,000 ¹⁴	\$ 29,369,174,000 ¹⁵
2006 Total	\$ 40,463,174,000	\$ 40,463,174,000	\$ 43,640,574,000	\$ 40,299,174,000
Q1 Advance	\$ 11,110,000,000	\$ 11,110,000,000	\$ 11,110,000,000	\$ 11,110,000,000
Current Year	\$ 29,125,000,000	\$ 29,065,000,000 ¹⁶	\$ 29,023,000,000 ¹⁷	\$ 29,071,169,000 ¹⁸
2007 Total	\$ 40,235,000,000	\$ 40,175,000,000	\$ 40,133,000,000	\$ 40,181,169,000
Q1 Advance	\$ 16,810,000,000	\$ 16,810,000,000	\$ 16,810,000,000	\$ 16,810,000,000
Current Year	\$ 26,911,000,000	\$ 26,948,525,000 ¹⁹	\$ 26,959,000,000 ²⁰	\$ 27,000,191,000 ²¹
2008 Total	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,769,000,000	\$ 43,810,191,000
Q1 Advance	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000
Current Year	\$ 30,414,000,000	---	\$ 30,429,875,000 ²³	\$ 30,471,537,000 ²⁴
2009 Total	\$ 45,214,000,000	---	\$ 45,229,875,000	\$ 45,271,537,000
<i>2009 Indefinite</i>				<i>\$ 1,602,935,179</i>
Q1 Advance	\$ 15,400,000,000	---	\$ 15,400,000,000	\$ 15,400,000,000
Current Year	\$ 34,742,000,000	\$ 34,742,000,000 ²⁵	\$ 34,742,000,000 ²⁶	\$ 34,742,000,000 ²⁷
2010 Total	\$ 50,142,000,000	---	\$ 50,142,000,000	\$ 50,142,000,000
<i>2010 Indefinite</i>				<i>\$ 458,465,781</i>
Q1 Advance	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000
Current Year	\$ 40,513,000,000	---	\$ 40,513,000,000 ²⁹	\$ 39,983,273,000 ³⁰
2011 Total	\$ 56,513,000,000	---	\$ 56,513,000,000	\$ 55,983,273,000
Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation

Supplemental Security Income Program

Q1 Advance	\$ 13,400,000,000	No Data	---	\$ 13,400,000,000	\$ 13,400,000,000
Current Year	\$ 38,083,000,000 ³¹	No Data	-- ³²	\$ 37,922,543,000 ³³	\$ 37,582,991,000 ³⁴
2012 Total	\$ 51,483,000,000³⁵	No Data	---	\$ 51,322,543,000	\$ 50,982,991,000
<i>2012 Indefinite</i>	No Data	No Data	No Data	No Data	\$ 560,000,000
Q1 Advance	\$ 18,200,000,000	No Data	---	\$ 18,200,000,000	\$ 18,200,000,000
Current Year	\$ 40,043,000,000 ³⁶	No Data	No Data	No Data	No Data
2013 Total	\$ 58,243,000,000	No Data	No Data	No Data	No Data
Q1 Advance	\$ 19,300,000,000	No Data	No Data	No Data	No Data
Current Year	No Data	No Data	No Data	No Data	No Data
2014 Total					

¹ H.R. 3061.

² S. 1536.

³ The Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002 (P.L. 107-116).

⁴ The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included \$23,906,392,000 for fiscal year 2003 and \$11,080,000,000 for benefit payments for the first quarter of fiscal year 2004.

⁵ S. 2766.

⁶ Consolidated Appropriations Resolution, 2003 (P.L. 108-7).

⁷ H.R. 2660.

⁸ S. 1356.

⁹ Consolidated Appropriations Act, 2004 (P.L. 108-199). Includes \$8,500,000 appropriated in the Social Security Protection Act of 2004 (P.L. 108-203) for purposes of conducting a statistically valid survey to determine how payments made to individuals, organizations, and State or local government agencies that are representative payees for benefits paid under title II or XVI are being managed and used on behalf of the beneficiaries for whom such benefits are paid.

¹⁰ H.R. 5006.

¹¹ S. 2810

¹² Consolidated Appropriations Act, 2005 (P.L. 108-447).

¹³ H.R. 3010.

¹⁴ H.R. 3010, reported from Committee with an amendment.

¹⁵ Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149).

¹⁶ H.R. 5647.

¹⁷ S. 3708

¹⁸ Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5). Of this amount, \$2,937,000,000 was available for administrative expenses.

¹⁹ H.R. 3043.

²⁰ S. 1710.

²¹ Consolidated Appropriations Act, 2008 (P.L. 110-161). The amount does not include a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects in accordance with P.L. 110-161.

²² The House Committee on Appropriations did not report a bill.

²³ S. 3230.

²⁴ Omnibus Appropriations Act, 2009 (P.L. 111-8).

²⁵ H.R. 3293.

²⁶ H.R. 3293, reported from Committee with an amendment.

Supplemental Security Income Program

²⁷ Consolidated Appropriations Act, 2010 (P.L. 111-117).

²⁸ The House Committee on Appropriations did not report a bill.

²⁹ S. 3686.

³⁰ The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). Of this amount, \$3,493,273,000 was available for administrative expenses. The amount does not include a rescission of \$6,987,000 for SSI administrative expenses and \$72,000 for research and demonstration projects in accordance with P.L. 112-10.

³¹ Of this amount, not to exceed \$10,000,000 was for Supplemental Security Income Program-related performance-based awards for Pay for Success projects and not more than \$10,000,000 was 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.

³² The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$38,062,428,000 for fiscal year 2012. Of this amount, not more than \$17,428,000 was made available for research and demonstrations under sections 1110 and 1114 of the Social Security Act and remain available until the end of fiscal year 2013. Up to \$10,000,000 of the research funds were to provide incentives payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families. In addition, H.R. 3070 included \$18,200,000,000 for benefit payments for the first quarter of fiscal year 2013.

³³ S. 1599.

³⁴ Consolidated Appropriations Act, 2012 (P.L. 112-74). Of this amount, not more than \$8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act. The amount does not include a rescission of \$6,377,000 for SSI administrative expenses and \$2,000 for research and demonstration projects in accordance with P.L. 112-74.

³⁵ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

³⁶ Of this amount, not more than \$48,000,000 is for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.

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 2013, SSA estimates benefit payments will total \$54.2 billion for nearly 8.2 million Federal SSI recipients.

**Table 2.12—Federal Benefit Payments: New Budget Authority and Obligations
(in thousands)**

	FY 2011 Actual	FY 2012	FY 2013 Estimate	FY 12 to FY 13 Change
Appropriation	\$ 52,387,000	\$ 47,557,000	\$ 54,245,000	+ \$ 6,688,000
Obligations funded from prior year unobligated balances	\$ 0	\$ 0	\$ 0	\$ 0
Indefinite Authority ¹	\$ 0	\$ 560,000	\$ 0	-\$ 560,000
Obligations	\$ 52,274,301	\$ 48,117,000	\$ 54,245,000	+ \$ 6,128,000
Advance for subsequent fiscal year	\$ 13,400,000	\$ 18,200,000	\$ 19,300,000	\$ 1,100,000

RATIONALE FOR BUDGET REQUEST

SSA is requesting \$54.2 billion in new budget authority for Federal benefit payments in FY 2013.

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 Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from 7.1 million in FY 2008 to 7.8 million in FY 2011 and is expected to continue to increase to 8.2 million in FY 2013. The estimated increase in Federal recipients in FY 2013 represents a 2.7 percent increase over the FY 2012 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 2.13—SSI Recipients, Actual¹
(average over fiscal year, in thousands)

	FY 2008	FY 2009	FY 2010	FY 2011
Aged	1,103	1,106	1,105	1,105
Blind or Disabled	6,014	6,198	6,417	6,652
Total Federal	7,117	7,304	7,522	7,756
Year-to-Year Change	1.6%	2.6%	3.0%	3.1%
State Supplement Only	298	285	256	254
Total Federally Administered	7,415	7,589	7,778	8,010

In addition to Federal SSI recipients, SSA currently administers state supplementary payments for 23 states and the District of Columbia. Effective April 1, 2012, Massachusetts will take over the administration of its own supplementary payments. SSA administers payments for approximately 2.5 million state supplement recipients, of which approximately 263,000 do not receive a Federal SSI benefit and only receive the state supplementary payment.

Table 2.14—SSI Recipients, Projected¹
(average over fiscal year, in thousands)

	FY 2012 Estimate	FY 2013 Estimate	FY 12 FY 13 Change
Aged	1,107	1,114	+ 0.6%
Blind or Disabled	6,866	7,075	+ 3.0%
Total Federal	7,972	8,189	+ 2.7%
State Supplement only	253	263	+ 4.0%
Total Federally Administered	8,225	8,452	+ 2.8%

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 81 percent in FY 2000 to 85.8 percent in FY 2011. It is expected to continue to increase to 86.4 percent in FY 2013. 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 2.15—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
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	7,756	1,105	6,652	85.8%
2012 Estimate	7,972	1,107	6,866	86.1%
2013 Estimate	8,189	1,114	7,075	86.4%

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 57 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. Effective January 2012, there is a 3.6 percent cost-of living increase and a cost-of living adjustment (COLA) of 1.9 percent is projected for January 2013. The FBR increased from \$674 for an individual and \$1,011 for a couple for calendar year (CY) 2011 to \$698 for an individual and \$1,048 for a couple for CY 2012. SSA estimates the FBR will increase to \$712 for an individual and \$1,068 for a couple in CY 2013. The COLA will be effective in January 2013, raising the maximum benefit rate to higher levels than the first 3 months of the fiscal year.

Table 2.16—Maximum Benefit Rates

	FY Fiscal Year 2012		FY Fiscal Year 2013	
	First 3 Months	Last 9 Months	First 3 Months	Last 9 Months
Individual	\$ 674	\$ 698	\$ 698	\$ 712
Couple	\$ 1,011	\$ 1,048	\$ 1,048	\$ 1,068

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 2011 to \$531 in FY 2012 and \$544 in FY 2013. The increase in the average benefit payment is driven by COLAs and recipient population characteristics.

Table 2.17—Average Monthly Benefit Payments

	Fiscal Year	Fiscal Year 2012	Fiscal Year 2013
	2011 Actual	Estimate	Estimate
Aged	\$ 358	\$ 369	\$ 380
Blind or Disabled	\$ 542	\$ 557	\$ 570
All SSI Recipients	\$ 516	\$ 531	\$ 544

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 dependent on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2013 estimate assumes SSA receives the funding to conduct 199,000 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 2.18—Check Payments by Fiscal Year

	Number of Check Payments	Federal Benefit Obligations
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	\$ 52,274,301,053
FY 2012	11	\$ 48,117,000,000
FY 2013	12	\$ 54,245,000,000

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 these 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 2.19—Administrative Expenses: New Budget Authority and Obligations
(in thousands)**

	FY 2011 Actual	FY 2012 ¹	FY 2013 Estimate	FY 12 to FY 13 Change
Appropriation	\$ 3,395,515	\$ 3,657,552	\$ 3,950,000	+ \$ 292,448
Obligations Funded from Prior-Year Unobligated Balance	\$ 267,388	\$ 31,056	\$ 0	- \$ 31,056
Section 201 (g)(1) Authority		\$ 20,392	No Data	- \$ 20,392
Obligations	\$ 3,662,903	\$ 3,709,000	\$ 3,946,000	+ \$ 237,000

¹ The President's Budget proposes to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totals \$46 million.

RATIONALE FOR BUDGET REQUEST

The FY 2013 request for SSI administrative expenses is \$3,950,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$320 million for FY 2013 SSI program integrity activities.

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 \$160,695,710 for SSI state supplementary user fees in FY 2012 and up to \$170,000,000 in FY 2013.

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 2.20—Beneficiary Services: New Budget Authority and Obligations
(in thousands)

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate	FY 12 to FY 13 Change
Appropriation	\$ 60,000	\$ 47,000	\$ 0	-\$ 47,000
Obligations Funded from Prior-Year Unobligated Balances	\$ 0	\$ 5,000	\$ 59,000	+\$ 54,000
Obligations	\$ 33,809	\$ 52,000	\$ 59,000	+\$ 7,000
Vocational Rehabilitation	\$ 30,067	\$ 47,000	\$ 51,000	+\$ 4,000
Ticket to Work	\$ 3,742	\$ 5,000	\$ 8,000	+\$ 3,000

In the VR program, SSA repays state 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 2013 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 select an EN (including state VR agencies), which SSA pays in exchange for their services.

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 the EN for each milestone the recipient successfully achieves. The recipient may continue to receive monthly benefit payments when SSA issues a milestone payment. In contrast, SSA will begin issuing outcome payments only after the individual's monthly benefit payments cease. 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 not requesting new budget authority for beneficiary services. SSA will use prior-year unobligated balances to cover a portion of FY 2012 and all of FY 2013 obligations. The estimate for FY 2013 assumes 4,400 VR reimbursement payments and 5,100 Ticket beneficiaries with payment, compared to 4,100 and 3,300 in FY 2012, respectively. In addition, the FY 2013 average cost per VR reimbursement payment is \$11,500, an increase from the FY 2012 level of \$11,100.

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 2.21—SSI VR Reimbursement and Ticket to Work Payments

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate	FY 12 to FY 13 Change
VR Reimbursement Payments (distinct beneficiaries with significant work and reimbursement paid)	2,700	4,100	4,400	<i>+ 300</i>
Ticket Beneficiaries with Payments (distinct beneficiaries with significant work and payments to ENs)	2,300	3,300	5,100	<i>+ 1,800</i>

RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

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

PURPOSE AND METHOD OF OPERATION

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

Table 2.22—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands)

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate	FY 12 FY 13 Change
Appropriation	\$ 42,928	\$ 7,998	\$ 48,000	+ \$ 40,002
Obligations funded from prior-year balances		\$ 43,424	\$ 9,270	-\$ 34,154
Obligations	\$ 32,521	\$ 51,422	\$ 57,270	+ \$ 5,848

Section 1110 of the Social Security Act provides authority for conducting broad-based cross-programmatic projects for Social Security (OASDI) and 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 extramural projects: disability policy research, projects to develop effective rehabilitation and return-to-work strategies, financial literacy and education, retirement policy research, evaluations 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 requires SSA to conduct outreach 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, oversees both the Medicare and Medicaid programs.

RESEARCH INVESTMENT CRITERIA

To help ensure that our research and demonstration projects reflect the agency's long-term priorities and support the objectives of our Agency Strategic Plan, we have established and continue to develop processes and guidelines for developing, managing, and vetting projects for potential inclusion in our long-term research and demonstration agenda. We employ a variety of methods to ensure: 1) that we meet the funding requirements of the sections of the Act that authorize our extramural research and demonstration activities; and 2) that our extramural research activities meet high standards for relevance, quality, and performance (OMB's investment criteria). For example, we utilize a formally documented process, which is detailed in our Demonstration Guidebook, to oversee the development and management of our long-term demonstration agenda.

In addition, we are consolidating a number of formal and informal review, evaluation, and management processes. Once complete, we will have a single source document that explains how we develop our extramural research and demonstration agenda, and also describes our project management process. This section of our justification highlights some of the more general steps we take to ensure that our research activities meet OMB's research standards:

Relevance

As a distinct element of our budget, the extramural research budget undergoes careful scrutiny both within SSA and by external monitoring authorities. A fundamental step in SSA's review is assuring that each project responds to current issues facing the Social Security retirement, disability and SSI programs. The review process includes obtaining the advice and recommendations of researchers with technical expertise, program managers, and agency executives. We also receive input on our research program from the Social Security Advisory Board.

Moreover, the review process helps ensure that the funding activities reflect SSA's strategic goals and objectives, helps us respond to legislative requirements and other external mandates, and addresses high-priority issues. We direct these activities toward providing policymakers and the public with the analytical and data resources they need to assess the implications of reform proposals.

Our budget request reflects our support of the Administration's and Congress's ongoing goal to provide opportunities for disability beneficiaries to maximize their self-sufficiency through work. We are working collaboratively with the Department of Labor (DOL), the Department of Education (ED), and the Department of Health and Human Services (HHS) in this area. Our budget also includes provisions to increase the American public's basic financial management skills. This is necessary because studies indicate a lack of effective retirement planning on the part of the public.

Quality

We use a competitive, merit-based procurement process to ensure that our extramural research program produces high quality results. We award nearly all of our extramural research projects

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that are conducted by private-sector organizations through competitive contracts or cooperative agreements.

We also generally make use of technical evaluation panels to review projects while they are in progress and to provide feedback and suggestions to the agency and its contractors. These panels include experts in a variety of relevant disciplines, such as statistics, economics, and survey design. They help ensure that SSA-sponsored research projects use methodologies that are consistent with professional standards, that data are compiled using sound statistical procedures, and that analytical techniques and data are appropriate for the problem at hand. In addition, the research that we sponsor through the Retirement Research Consortium (RRC) is subject to academic peer review through seminars, workshops, and working papers.

Performance

We carry out our extramural research and evaluation projects primarily through contracts, jointly funded cooperative agreements, and grants that identify specific deliverables and timetables. The agency has sent a strong message to contractors that they must complete projects on time and within budget. Contracting Officer Technical Representatives (COTR), project officers, administrative staff, and senior executives monitor the progress of all research contracts and agreements.

We produce reports and data files for each research and evaluation project. Where appropriate, we make these reports publicly available or announce their availability in the *Social Security Bulletin* and on the Web. The RRC also disseminates output at annual conferences, on the Web, and through a variety of publications, workshops, and courses. Finally, agency funded research based on Survey of Income and Program Participation (SIPP), Health and Retirement Study (HRS), or the Model of Income in the Near Term (MINT) model are widely cited in both professional publications and the popular press.

RATIONALE FOR BUDGET REQUEST

In FY 2013 we are requesting \$48 million in new budget authority for research projects designed to explore potential improvements to our programs. Our research budget emphasizes continued support for key Congressional and long-standing SSA priorities, such as the development of the Occupational Information System, the Disability Research Consortium, and rigorous evaluation of the Promoting Readiness of Minors in SSI (PROMISE) pilot. We will also commission a new independent study of the SSI program for children.

Because our FY 2012 research and demonstration agenda relies heavily on funds appropriated in prior years, most of our existing funds available for research and demonstrations will be obligated by the end of FY 2012. As a result, we are requesting a \$40 million increase in new budget authority in FY 2013 compared with FY 2012. However, our \$57.3 million in planned obligations in FY 2013 is only a \$5.9 million increase over FY 2012.

Our request will support projects that are integral to improving the disability process and provides analytical and data resources to prepare and review important policy proposals. We plan to fund a number of disability research and demonstration projects designed to promote self-sufficiency and assist individuals in their effort to return to work. Two of these projects, the Youth Transition Demonstration and the PROMISE pilot, test interventions that will improve education and employment outcomes and reduce the dependency of SSI child recipients and their families on SSI benefits.

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. In support of this effort, we plan to continue funding the Retirement Research Consortium (RRC). While the DRC addresses a significant shortage of disability policy research and fosters collaborative research with other federal agencies that serve individuals with disabilities, the RRC will continue to maintain our capability to produce policy-relevant research on retirement.

Finally, due to our existing relationship/frequent interaction with the public, the financial nature of our work, and the strong customer service role that we play, SSA is uniquely positioned to encourage savings. We have a responsibility to help individuals understand the role of Social Security benefits and the need for them to save as they plan for their future. In support of this effort, we are continuing the work of our financial literacy and education initiative that is designed to encourage savings and effective retirement planning by supporting activities of the congressionally established Financial Literacy and Education Commission (FLEC).

Our FY 2013 extramural research budget represents well under one percent of SSA's non-programmatic resources. The table and discussion that follows present the research and outreach efforts we plan to fund in FY 2013 in more detail.

**Table 2.23—Major Research Areas and Outreach:
Obligations and New Budget Authority (in thousands)^{1,2}**

	Obligations ³		
	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
Eliminate Backlogs & Improve the Disability Process	\$ 11,572	\$ 34,344	\$ 39,968
Compassionate Allowances	\$ 2,000	\$ 2,080	\$ 2,200
Consultative Examination Study	\$ 201	\$ 0	\$ 0
Disability Determination Process Small Grants	\$ 0	\$ 300	\$ 300
Disability Research Consortium (DRC)	\$ 0	\$ 5,000	\$ 5,000
Evaluation of Ticket to Work (TTW)	\$ 2,979	\$ 1,600	\$ 0
Listing of Impairments	\$ 0	\$ 0	\$ 1,000
National Beneficiary Survey (NBS)	\$ 0	\$ 5,000	\$ 0
Occupational Information Systems (OIS)	\$ 990	\$ 7,300	\$ 13,400
Other Disability Research	\$ 3,071	\$ 2,182	\$ 1,700
Programmatic Longitudinal Disability Data Repository (PLDDR)	\$ 878	\$ 4,832	\$ 0
Promoting Readiness of Minors in SSI (PROMISE)	\$ 0	\$ 2,800	\$ 7,200
SSI Childhood Disability Study	\$ 0	\$ 0	\$ 5,000
Temporary Assistance to Needy Families (TANF)	\$ 6	\$ 500	\$ 0
WIPA Web-based Data Collection	\$ 0	\$ 1,400	\$ 2,800
Youth Transition Demonstration (YTD)	\$ 1,446	\$ 1,350	\$ 1,368
Improve Our Retiree & Other Core Services	\$ 1,871	\$ 1,554	\$ 1,512
Medicare Outreach	\$ 1,871	\$ 1,554	\$ 1,512
Preserve the Public's Trust in Our Programs	\$ 15,500	\$ 11,324	\$ 11,590
CENSUS Surveys	\$ 1,000	\$ 750	\$ 1,250
Health & Retirement Study	\$ 2,735	\$ 3,000	\$ 3,000
Modernization of Statistical Table Processes	\$ 1,347	\$ 1,550	\$ 1,350
Other Data Development	\$ 263	\$ 290	\$ 290
Retirement Research Consortium (RRC)	\$ 8,117	\$ 5,000	\$ 5,000
Retirement Income Modeling	\$ 2,039	\$ 734	\$ 700
Special Initiative – Encourage Savings	\$ 3,578	\$ 4,200	\$ 4,200
American Life Panel (ALP) Enhancements	\$ 968	\$ 1,000	\$ 1,000
Collaboration with Other FLEC Members	\$ 991	\$ 1,400	\$ 1,400
Health & Retirement Study (HRS) Supplement	\$ 1,500	\$ 1,500	\$ 1,500
Programmatic Development	\$ 119	\$ 300	\$ 300
Total Obligations	\$ 32,521	\$ 51,422	\$ 57,270
New Budget Authority	\$ 42,928	\$ 7,998	\$ 48,000

¹ Does not include funding authorized under section 234.

² Totals may not add due to rounding

³ This amount includes obligations funded from prior-year unobligated balances.

MAJOR RESEARCH AND OUTREACH PROJECTS

Although our extramural research budget represents a small piece of SSA's overall funding, our research and demonstration projects help us to significantly increase the efficiency and accuracy of our mission-critical work. Below is a detailed summary, by category, of the major research and demonstration projects we plan to conduct in FY 2013:

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

The Social Security and SSI disability programs are the largest Federal programs providing assistance to people with disabilities. Eliminating the disability hearings backlog and improving the disability process are two of our top priorities. Key projects in support of this effort include:

Compassionate Allowances (CAL) Initiative

The CAL initiative identifies diseases and other medical conditions that invariably qualify for allowance under the Listing of Impairments based on minimal objective medical information and that can be fast-tracked for determination as soon as we confirm the diagnosis, onset date and obtain other medical evidence. In FY 2010, we used CAL and the Quick Disability Determination (QDD) initiatives to fast track decisions for over 100,000 claimants.

Under an agreement with the National Institutes of Health's (NIH) Office of Extramural Research that runs through 2015, NIH is responsible for helping to identify additional CAL conditions and providing in-depth analysis of our existing data. NIH also contracts with Boston University (BU) to expand testing of a computer-adaptive tool (CAT) that will provide accurate, uniform, and rapid information collection about individuals' potential to engage in substantial gainful activity.

In FY 2011, NIH recommended 24 potential new conditions for inclusion in the CAL program and developed a method for identifying additional candidate conditions. Moreover, BU initiated development of questions for the first two CAT instruments. To date, our collaboration with NIH has resulted in a productive cross-governmental relationship, significant cost sharing, and scientifically and legally defensible research. In FY 2012, NIH will also issue a request for proposals seeking a contractor to assist with development of the remaining four CAT instruments. In FY 2013, NIH will continue its analysis of SSA data, focusing on identifying new potential CAL conditions and examining our disability adjudication process.

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Disability Determination Process Small Grants Program

This grant program provides one-year stipends to graduate and post-doctoral students to conduct disability research, including research that supports the identification of more claims for fast-tracking under the CAL/QDD process. Other potential research topics include: an examination of severity thresholds in medical conditions that meet CAL criteria; whether current medical listings provide consistent consideration regarding the use of assistive technology for disability determination purposes; the potential for predictive modeling and focusing on information collection instruments; and the relationship between homelessness and disability.

In September 2011, we awarded a five-year grant to Policy Research Inc. (PRI) to run the grant program. PRI targeted graduate programs in public health, social work, occupational medicine, vocational and rehabilitation counseling, public policy and administration, sociology, psychology, education, economics, medicine, and law. Each of the teams PRI convenes to review the proposals will include at least one person with a disability.

Applications for stipend support for the first year of the program were due January 6, 2012. We expect the first award decisions in February 2012 with research activity commencing March 1, 2012. The findings from this initial round of grants are due to us in February 2013. Assuming our first round of stipends is successful, we will fund a second round of stipends in FY 2013.

Disability Research Consortium (DRC)

In recent years we have increased the focus on disability research within our RRC. Recent RRC-funded studies have examined the impact of the increase in the Social Security full retirement age on the Disability Insurance (DI) program and the effect of the DI program on employment and earnings of individuals with disabilities. Beginning in FY 2012, we intend to coordinate similar disability-related research efforts through the establishment of the DRC. In FY 2013, we will fund our second round of DRC grants.

The DRC will build a stronger extramural research capability in the area of disability and related issues that are amenable to empirical investigation, providing policy research that cuts across Federal disability programs. The DRC will plan and execute research in an inclusive and collaborative manner, working with the Federal agencies that administer disability programs, such as the Departments of Veterans Affairs, Labor, Education, and Health and Human Services.

Functioning in a similar manner to our very successful and productive RRC, the DRC will provide research grants through university-based research centers and other non-governmental organizations widely recognized as having expertise in conducting empirical studies of disability programs or having made contributions to disability and rehabilitation research. The DRC will expand the quantity of policy-relevant disability research and fund the availability of expertise in areas of disability research that we do not already have in-house.

Listing of Impairments

As part of our efforts to continuously improve the administration and effectiveness of our disability programs, we have pursued an aggressive schedule for comprehensively updating the medical criteria we use to determine disability, the Listing of Impairments (listings). We reexamine groups of related impairments on a 3-5 year cycle to ensure that these listings remain

clear and medically up-to-date. As part of this process we solicit feedback, perform trend studies, and obtain advice from independent medical experts in a variety of medical and clinical disciplines. The *Committee of Medical Experts to Assist Social Security on Disability Issues*, a standing multidisciplinary expert medical committee convened by the National Academy of Sciences (NAS) Institute of Medicine (IOM), provides us such advice through meetings, workshops/symposiums, and Federal Advisory Committee Act (FACA)-compliant consensus study committees.

The IOM Standing Committee provides us with the most current medical information by conducting surveillance research to identify advancements in new technologies, diagnostics, biomarkers, and methods for detecting medical conditions. The multidisciplinary information that results from this research is critical in identifying opportunities for us to update the listings in an effective, targeted way. Having independent medical experts provide us this information maintains the listings objectivity. Additionally, by using FACA-compliant consensus study committees that include members with clinical expertise concerning particular impairments, we quickly obtain publically available reports that provide us with advice and recommendations on improving the effectiveness of the listings. Finally, we identify the key groups of related impairments that the committee reviews on an as needed basis, including musculoskeletal impairments, mental impairments, and malignant neoplastic diseases (cancer).

Since 2004, we have updated approximately 50 percent of the Listings and are on track to propose revisions in the Federal Register for all Listings by the end of 2012. Listings-related Federal Register Notices in FY 2009 thru FY 2011 (through March) include:

Final Rule

- Malignant Neoplastic Diseases (10/06/2009)
- Hearing Impairments (06/02/10)
- Neurological (Technical correction for neurological listing cross-reference) (03/24/2011)

Notice of Proposed Rulemaking

- Endocrine Disorders (12/14/2009)
- Mental Disorders (08/19/2010)

Advance Notice of Proposed Rulemaking

- Genitourinary Disorders (11/10/2009)
- Impairments Affecting Multiple Body System (11/10/2009)
- Skin Disorders (11/10/2009)

Other Listing-Related Accomplishments

- One-year post-implementation review of Digestive Disorders and Immune System Disorders final rules

In FY 2013, we plan to enter into a new 3-year contract with the IOM to maintain the independent IOM Standing Committee. As directed by the agency, the committee's activities will occur before and during the proposed rule-making stages of the business process. IOM's involvement in this process is essential because the research IOM conducts and the independent, unbiased and authoritative medical and clinical advice IOM provides is critical to increasing the effectiveness of our disability programs.

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The Listings project is appropriately funded through Section 1110 authority because the project increases our stock of knowledge, involves effort that is beyond routine monitoring and evaluation of our operational program, and since it is impractical for SSA to maintain the expert staff required to address all of the medical and clinical disciplines covered by the listings, is necessarily conducted outside the agency. As such, we charge the contract costs associated with this effort to our research budget, however the cost of internal staff work to support the administration of these projects is charged to our Limitation on Administrative Expenses (LAE) budget.

Occupational Information System (OIS)

To determine eligibility for benefits, our adjudicators follow a sequential five-step process to evaluate disability claims. Our focus during the first three steps is on whether the claimant is working and the severity of the claimant's medical conditions. Adjudicators decide the majority of claims at steps four and five in the process, which they then use to determine what type of work the claimant may be capable of performing. In order to make this determination, we require information about available jobs and job requirements throughout the national economy. Our adjudicators and staff use information from the Department of Labor's (DOL) Dictionary of Occupational Titles (DOT) and its companion volume, the Selected Characteristics of Occupations. However, since DOL last updated the DOT in 1991 with no plans for future updates, the information has become outdated and insufficient for our needs. We need a source of current vocational information tailored to our Title II and Title XVI disability programs.

In 2008, we established the Federal Advisory Committee Act-compliant Occupational Information Development Advisory Panel (OIDAP), to provide independent, expert guidance throughout the research and development of an OIS tailored to our needs. In 2010, the OIDAP concluded, consistent with the NAS' independent review of DOL's Occupational Information Network (O*NET), that 1) DOL's O*NET is not suitable for disability adjudication and 2) making the significant and costly changes that would be required to make O*NET suitable for our needs would potentially negatively impact the ability of O*NET to serve the purposes for which it was designed (the full report is accessible under the "Panel Reports and Documents" section of the [ODIAP's website](#)). Moreover, after extensive research, we found that no occupational information resource exists that is acceptable for use in our disability programs. As a result, we established the Office of Vocational Resources Development (OVRD) in 2010 to create an occupational information system designed specifically for use in our disability programs. Once the OIS project is complete, we expect to make the occupational information we develop through the project available electronically to our adjudicators.

In FY 2011, we completed and published a comprehensive OIS research and development plan and business process that we will update annually, the Commissioner appointed a federal expert from DOL's Employment and Training Administration (ETA) to the OIDAP, and we collaborated with and obtained consultative advice through contact with: DOL's Bureau of Labor Statistics and ETA; the U.S. Census Bureau; the Office of Personnel Management; and, the National Institute for Occupational Health and Safety. Several of these federal agencies made presentations to the OIDAP in FY 2011 on their sampling and data collection processes. We will continue to coordinate with these and other federal agencies through the life of the project because these consultations serve as a foundation for developing and evaluating our new [OIS](#).

Also in FY 2011, we continued work on the Occupational and Medical-Vocational Study—a review of adult disability claims to identify and record the primary occupational, functional, and vocational characteristics of adult applicants under our DI and SSI programs. We will complete a report on this effort in FY 2012 and we expect to identify occupations most frequently reported in the reviewed claims. We will use the study results to target our initial rounds of OIS data collection.

Additionally, under our current Blanket Purchase Agreement to recruit, train, and certify job analysts to conduct OIS data collection, we received final reports on benchmarking of job analysis methodologies and business strategies, we completed a survey of selected domestic and international governmental OIS, we identified the scientific and legal standards by which we will conduct the research and development of the OIS, we began to identify the OIS usability standards we will complete in FY 2012, and we began the groundwork for the OIS work taxonomy based on the OIDAP's 2009 recommendations, our program rules, and other recommendations offered by experts and the public. Finally, we awarded contracts to expert consultants in industrial and organizational psychology for advice and support on a range of OIS activities, including the method for completing an OIS work taxonomy that would best support our program and technical needs.

In May 2012, we will submit a joint report with DOL to Congress providing an overview of our OIS project research and development activities, status and collaborative efforts with federal agencies, including the Department of Labor, U. S. Census Bureau, and the Office of Personnel Management.

Already of significance in FY 2012, we recently hired a GS-15 Senior Research Psychologist to oversee the research and design of the OIS. As a result of this critical hire, and in anticipation of additional staffing resources in FY 2012, we expect the project to proceed as planned. In FY 2012 and FY 2013, we plan to accomplish the following:

- Ensure that the OIDAP holds quarterly public meetings;
- Continue to collaborate with DOL, Census, Office of Personnel Management, and other Federal agencies;
- Complete our occupational and medical-vocational study of adult disability claims;
- Identify OIS standards for usability and develop a usability strategy to support OIS evaluation;
- Determine key OIS design elements and develop the work taxonomy needed for instrument development and testing;
- Develop the first version of an occupational title taxonomy to support piloted data collection planned for FY 2014;
- Continue work on a process for recruiting, training, and certifying job analysts to conduct data collection;
- Develop and pre-test the prototype work analysis instruments;
- Develop the prototype OIS sampling plan and obtain requisite OMB clearance;
- Develop and test prototype data collection methods and data management system;
- Develop the prototype OIS data analysis plan; and

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- Develop a study design for a job analysis pilot to test sampling and data collection methods.

We published the OIS Research and Development Plan in 2011 and will update milestones and timelines yearly. We intend to award contracts in FY 2012 that will lead to the development and testing of the work taxonomy and data collection instrument that we will pilot and test in FY 2015. Following analysis of initial data and a review of collection processes, we will conduct the National Pilot in FY 2016.

We use Section 1110 funding for all OIS research and development contracts while our LAE budget pays for the salary and benefits costs of the employees managing the contracts. For more information regarding the OIS project please visit our OIS website at: http://www.ssa.gov/disabilityresearch/occupational_info_systems.html.

Other Disability Research

Other disability research includes projects that provide broad program analysis and development in support of the Social Security Disability Insurance and SSI programs. These projects typically 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. Often, these projects address necessary but unforeseen requests for studies from Congress, OMB, or our leadership.

In FY 2013 we intend to use this funding line to continue the Ticket Research File and conduct follow-up research pertaining to Accelerated Benefits and the Mental Health Treatment Study interventions.

Promoting Readiness of Minors in SSI (PROMISE)

PROMISE is a joint pilot demonstration program with the Departments of Education (ED), Health and Human Services and Labor. The goal of the program is to test interventions that improve the health, education, and post-school outcomes of children who receive SSI, including completion of postsecondary education and employment, and to improve family or household outcomes through improved services and supports, such as education and job training for parents.

In FY 2013, ED's Office of Special Education and Rehabilitation Services will award competitive grants to a small number of states. States will use these funds to improve coordination and increase the use of existing services for which children receiving SSI and their families are already eligible, such as those available through the Individuals with Disabilities Education Act, the Vocational Rehabilitation State Grants program, Medicaid's care coordination services, Job Corps, Head Start, and other Workforce Investment Act programs.

Developing and conducting a rigorous evaluation to guide implementation, gather evidence, and validate incentive payments is a key component of PROMISE. In FY 2012, we convened a technical advisory panel to help prioritize the evaluation needs of this project. In FY 2013, we

will develop a methodology for making outcome-based incentive payments and award a contract to evaluate PROMISE pilot interventions.

SSI Childhood Disability Study

SSI pays monthly benefits to more than 1.2 million children with disabilities. We will contract with the Institute of Medicine to provide an independent assessment of the SSI program for children. We will consult with a broad range of stakeholders in developing the parameters for the study to ensure that the right set of questions are asked and answered.

Youth Transition Demonstration (YTD)

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

Preliminary results from three early YTD sites have been promising, indicating that youth receiving YTD services 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 Social Security work incentives.

In FY 2012 the Florida, Maryland, and West Virginia YTD project sites will close. In the spring of 2012, we will receive 12-month post random assignment follow-up impact analyses for all three sites. The contractor will continue fielding 36-month post random assignment surveys for all 6 sites to fill in gaps and provide information on demographic and socioeconomic variables not available in the administrative data. Impact and process reports for Florida, Maryland, and West Virginia, are due in the third quarter of fiscal year 2012. This research will add to the previously published YTD reports, available on our website:

- Final local evaluations for each of the non-random assignment projects;
- YTD Evaluation Design report;
- Demonstration profiles of the random assignment projects;
- 12-month impact reports of the Erie, Colorado, and Bronx projects; and
- 24-month follow-up report on the Erie, Colorado, and Bronx projects.

The final comprehensive YTD evaluation report, including impact estimates from a 36-month follow-up survey and administrative data for all six random-assignment sites, will be completed in the fourth quarter of FY 2014.

Work Incentive Planning and Assistance (WIPA) Web-based Data Collection

In making employment decisions, our beneficiaries must understand how work affects their cash benefits, medical coverage, and other Federal and State benefits. The WIPA program, as part of our employment strategy for beneficiaries with disabilities, is intended to help beneficiaries navigate the complexities of the various services and supports available.

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As part of our Ticket to Work Evaluation contract we developed and implemented the WIPA web-based data system and have used it to provide independent evaluations of the WIPA program's effectiveness in helping beneficiaries use work incentives and other programs to increase earnings.

In FY 2012, we extended the web-based data collection system contract in order to complete the concluding Ticket Evaluation contract which ends June 30, 2012. With the current WIPA data collection contract ending in FY 2012, it will be necessary for us extend data collection under our current Ticket Evaluation contractor while we develop and compete a new data collection system contract in FY 2013. Given the complexity of this process and the need for seamless use by users, we will need to continue the current data system for an extended period while a new contractor develops, implements, and trains users on the new system. Our increased requirement in FY 2013 stems from our need to fund both the old and new contracts during this transition period.

One of the intents of Section 1110 is to pay for research or demonstration projects that prevent or reduce dependency. In part, we have classified the WIPA project as an extramural project because it meets this criterion. The WIPA program is designed to reduce dependency on SSA disability benefits. We collect WIPA data through the WIPA web-based system and use it to evaluate the success of the WIPA program in meeting this goal. In fact, our recent evaluation report, *Employment Related Outcomes of a Recent Cohort of Work Incentives Planning and Assistance (WIPA) Program Enrollees*, found that receipt of more-intensive WIPA services was significantly associated with: 1) beneficiary employment in 2010; 2) increases in beneficiary earnings between 2009 and 2010; and 3) suspensions and terminations of disability benefits because of earnings.

Improve Our Retiree & Other Cores Services

Medicare Outreach – Section 1144

Section 1144 of the Social Security Act requires that we conduct outreach to Medicare beneficiaries who may qualify for Medicare cost-sharing assistance under the Medicare Savings Programs (MSP) and for the Medicare prescription drug coverage low-income subsidy. In order to meet this requirement, we have targeted our outreach efforts to include income-tested new Medicare beneficiaries, beneficiaries that have experienced a drop in income, and 20 percent of those whom we have previously notified of their potential eligibility.

We use a variety of outreach methods to inform those who potentially qualify for the MSP and/or subsidized Part D. We also sent outreach letters to former disability insurance beneficiaries without Medicaid who lost their free Medicare Part A due to work. These beneficiaries may be eligible to get help from the MSP to pay their monthly Part A premiums.

We are also 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. Furthermore, we are required to make MSP applications available in a number of languages. In addition, we must share Medicare subsidized

prescription drug benefit application information with the States so they can initiate applications for the cost-sharing MSP unless the beneficiary objects.

In FY 2013 we anticipate sending approximately 4 million mailings associated with our Medicare Savings Program outreach efforts.

Preserve the Public's Trust in Our Programs

One of the primary aims of our research program is to preserve the public's trust in our programs by simplifying and streamlining how we do our work. To meet the challenges of our growing workload, 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. The following project summaries highlight the external efforts we plan to fund in FY 2013 that will help to simplify and streamline our policies, procedures, and business processes, as well as maximize our use of automation:

Census Surveys

The Census Bureau's surveys—primarily the Survey of Income and Program Participation (SIPP) and the Current Population Survey (CPS)—are the foundation for much of our policy analysis and modeling efforts. Improving the overall quality of data from Census Bureau surveys enhances the value and reliability of the analyses we conduct. We support efforts to improve the quality of Census Bureau survey data that are of direct relevance to analyses of the Social Security, SSI, and related income-maintenance programs. In addition, we support efforts by the Census Bureau to improve the ability to match Census Bureau survey data to our administrative data on benefits and earnings.

Beginning in FY 2010, a major focus of our funding has been to contribute to the Census Bureau's re-engineering of SIPP, with a new survey to be fielded in 2014. We rely upon SIPP data matched to our records to study the effects of OASDI, SSI, and related programs and to determine how changes to our programs affect individuals, the economy, and program solvency. Some of the important data elements required for these modeling and analysis efforts are not contained in the Census Bureau's current plan for the re-engineered SIPP.

Related to this project, we recently completed a joint effort with the Census Bureau and the Internal Revenue Service (IRS) to create and evaluate a public-use version of SIPP data that is linked to SSA administrative data (based on largely synthesized information), which is now available on the Census Bureau web site. We consider this accomplishment a major success because it made SIPP broadly available to the public.

Our FY 2013 plans include designing and funding a supplementary data collection to the re-engineered SIPP to meet our research and evaluation needs.

Health and Retirement Study (HRS)

The HRS has become the premier source of data on the retirement-age population, especially when linked with SSA administrative records on benefits and earnings. The study paints an emerging portrait of our aging nation's transition from work to retirement and provides data on health and economic well-being after retirement. HRS data help SSA study and assess a wide range of issues, including pre-retirement saving, health insurance and pension coverage,

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retirement patterns, and projected benefits of disabled and retired workers. The survey collects information on the same sample members every 2 years, allowing SSA researchers to study changes over time. HRS also adds sample members from new birth cohorts every 6 years, allowing SSA researchers to study changes across generations (e.g. people born during the World War II era vs. people born during the Baby Boom).

SSA provides funding for this initiative through Jointly Financed Cooperative Agreements with the National Institute on Aging. This funding supports some key efforts to enhance the usefulness of this survey. One is the production of a user-friendly HRS data file, which was originally developed for use by an SSA contractor and is now also heavily used by outside analysts to facilitate longitudinal analyses. Another effort involves conducting in-person interviews to improve consent rates to a level that will permit the matching of the data to SSA records – a critical requirement of many of our SSA-related analyses. A third is the collection of longitudinal data on consumption patterns of a subset of HRS respondents to expand our understanding of economic well-being.

HRS longitudinal data on the retirement-age population, matched with SSA longitudinal records on benefits and earnings, is the most powerful data source available to address important policy questions on retirement issues. HRS is an important database for estimating some of the relationships underlying the MINT model (Modeling Income in the Near Term). HRS is used in a large percentage of studies funded through our RRC. Countless publications by SSA and RRC researchers are based on HRS data and cover an exceptionally wide range of topics related to changing consumption at retirement, planning for retirement and financial literacy, managing risks in retirement, assessing the effects of the changing pension environment, adequacy of saving for retirement, and effects of Social Security reform options.

Modernization of Statistical Table Processes

The aim of this research and development initiative is to build a system of modernized tools to compile and tabulate our administrative data for research and statistical purposes. Once completed, this system will be used by researchers and policy analysts to provide Congress, SSA management and other stakeholders with fact-based information on SSA's programs and beneficiaries. In support of our effort to develop and maintain a series of detailed statistical databases drawn from the agency's major administrative data files (including the Master Beneficiary Record, Supplemental Security Record, Detailed Earnings File, and Disability Control File) and prepare a broad range of statistical tables, this project funds contracts to research, design, develop, and test modernized tools for producing tabulations and statistics. The last in this series of openly competed contracts will be awarded in FY 2013.

Once the system is complete, it will be utilized by in-house staff to produce customized tabulations and statistics that play a vital role in the work of social science researchers, congressional policymakers, and the public. As a result, SSA will be better positioned to deliver high quality and customized data products in less time and effort and at a reduced cost. For example, in FY 2010 we used approximately 19 FTEs to produce the statistical tables published in our statistical publications and other reports. After modernization, we estimate that the production of these same materials will require about 9 FTEs in FY 2015.

At the end of FY 2011, we completed modernizing the processes that generate our SSI statistics and half of the processes that generate OASDI statistics. In FY 2012, we will complete the modernization of the OASDI processes, begin migrating our data development, management, utilization, and presentation into a modern business analytics enterprise, and assess methods to further automate our processes, present data more effectively, and manage metadata in the new system. In FY 2013, we will begin to create processes that will generate statistics using the earnings data file with a 16 month performance period. At the conclusion of the final contract, we will implement the final recommendations and complete the project.

SSA does not have the staff resources or expertise required to conduct the research and development necessary to develop the modernized system. As such, all contractual costs associated with the current research and development phase of this project are charged to Section 1110. Once the development phase of this project is completed, however the costs to maintain and operate the new system will be funded through our LAE budget.

Other Data Development

A key ingredient to providing information for decision-makers on the Social Security and SSI programs is having appropriate data available to answer questions on a range of pending issues. We develop and maintain a series of detailed statistical databases drawn from our major administrative data systems, prepare a broad range of statistical tables, produce statistical compilations and publications, and develop information for research, evaluation, models and special requests on current policy issues.

This project funds the creation of data that are needed to inform policymakers about important programs, efforts to make data more widely accessible or usable for policy research purposes, and collaboration with other agencies to study issues of policy relevance or to improve data quality and methods of data analysis.

Projects include:

- *Workers' Compensation Statistics*—provides support for the former production of income series on workers' compensation that we produced on a regular basis but that we no longer produce because of staffing losses. We publish these statistics on an ongoing basis in our *Annual Statistical Supplement*.
- *Committee on National Statistics of the National Research Council*—provides support to the committee to improve statistical methods and information on which public policy decisions are based. Committee topics include expanding access to research data, issues in developing cost-of-living indices for federal programs, and data and methods for measuring the effects of changes in social welfare programs.
- *Joint Program in Survey Methodology*—a project jointly sponsored by the Census Bureau and the Interagency Council on Statistical Policy to train the next generation of researchers on methods for survey research in the 21st century.
- *Research on Survey Methodology Program*—a project jointly sponsored by the National Science Foundation and the Interagency Council on Statistical Policy to further the development of new and innovative approaches to surveys that will have broad implications for the field in general and specifically for the federal statistical system.

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Research topics include survey measurement issues, data collection procedures, technological issues related to survey design, and methods for the analysis of survey data.

- *Key Indicators of Well-Being of Older Americans*—provides support to the Federal Interagency Forum on Aging-Related Statistics for an interagency collaboration to produce a chartbook with 37 key indicators about older Americans in five broad areas: population, economics, health status, health risks and behaviors, and health care.

In addition to these specific projects, we will try to respond to new needs and opportunities for expansion and improvement of data as they arise.

This funding provides the leverage to identify needs for data development and to provide financial support, often in collaboration with other federal agencies, to meet those needs. In addition, this funding will help promote research that improves the efficiency and timeliness of our data operations, increases the accuracy and consistency of our statistics, and provides greater ability to retrieve and combine data from multiple systems. All of the external costs associated with the collection and development of the data sets that this project line funds are charged to our Section 1110 appropriation.

Retirement Research Consortium (RRC)

The RRC is one of SSA's key tools for maintaining a strong capability to produce policy-relevant research on retirement, Social Security, and disability. The RRC centers have greatly expanded the amount of policy research on Social Security-related issues and have responded to SSA's specific analytical needs. SSA also funds dissertation and training grants through the RRC to encourage new researchers in retirement and disability.

Through the RRC, SSA funds approximately 60 research projects per year, plus up to seven junior scholar grants and seven dissertation grants. The RRC hosts an annual conference at which recent research findings are presented to an audience including members of the media, academia, government agencies, congressional staff, and SSA executives and staff. The goal of the conference is to foster dialogue between researchers and policymakers. RRC researchers also conduct monthly research seminars at SSA's Washington, DC office to disseminate results to SSA researchers and executives and to solicit feedback on their research. The results of the RRC's research are widely reported in professional journals and conferences and in leading newspapers, radio, and television programs. Each year, we solicit input from all SSA components on priority research questions, which has helped us to focus the RRC's research on topics of direct interest to SSA.

Results of RRC research have been used to enhance our MINT model (Modeling Income in the Near Term), improve simulations of the effects of policy changes, develop a regulation to close a loophole in an unusual benefit claiming strategy, and inform policy makers about the automatic enrollment provision of the Pension Protection Act of 2006. Moreover, a special study was recently carried out by the RRC to assist our Office of Disability Programs with a listing update. A series of studies have also analyzed the effects of the Great Recession on SSA programs and beneficiaries. On-going studies will examine the potential effects of health care reforms on SSA programs.

The RRC is funded via 5-year cooperative agreements, the entire cost of which is charged to our Section 1110 appropriation. Using a fully open and competitive process, we awarded new 5-year agreements to the existing centers that will run through FY 2013. These centers, based at the University of Michigan, Boston College, and the National Bureau of Economic Research, provide us with access to the best analysts on the full range of Social Security issues. This project expands the quantity of policy-relevant research and pays for expertise on areas of research that SSA does not have in-house.

Retirement Income Modeling

Fundamental changes to the Social Security program can have a significant effect on the distribution of benefits, total retirement income, and incidence of poverty. Econometric and simulation models can provide policy makers with detailed information on the effects of changes in government programs on individuals, with projections for years into the future. SSA's MINT model is an important tool for such evaluations. MINT's projections of the aged population have been extended well into the 21st century to enable simulation of additional Social Security policy changes. MINT is particularly well suited for studying the distributional effects both reform proposals that are phased in immediately and fully implemented over time.

SSA continually assesses the functionality of MINT. In the coming years, we expect to enhance MINT to incorporate behavioral responses, model family-level consumption, and improve processing efficiency and turnaround time. MINT is updated frequently to enhance components of the model, add new components, use more recent data, and incorporate the latest assumptions from the Trustees Reports through individual 1 to 2 year contracts. We are also jointly funding 3 to 5 year research grants with the National Institute on Aging (NIA) to inform us about improved methodologies for micro-simulation policy projections.

MINT has been used by SSA, the Government Accountability Office, the Council of Economic Advisors, the House Ways and Means Committee, and OMB. MINT estimates have provided data for numerous congressional policy proposals.

The MINT project provides quality and productivity improvements that we do not have the staffing resources or expertise to make. All costs for the development of MINT are charged to our Section 1110 appropriation. However, most MINT analyses are conducted in-house and the costs associated with in-house staff MINT analyses are funded through our LAE budget.

Special Initiative – Encourage Savings

Due to our existing relationship/frequent interaction with the public, the financial nature of our work, and the strong customer service role that we play, SSA is uniquely positioned to encourage savings. In fact, we believe that we have a responsibility to help individuals understand the role of Social Security benefits and the need for them to save as they plan for their future. As such, we launched a research initiative in 2009 to develop and refine print, web, and other products that we can use to better inform the public about retirement planning options and to encourage savings.

Although we no longer fund the Financial Literacy Research Consortium, it is important to note that those grants produced some exceptional research. For example:

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- RAND’s research found that the use of a “break-even analysis” has the very strong effect of likely encouraging individuals to claim Social Security benefits early.
- Boston College is building a prototype “one-stop” shopping website to help people prepare financially for retirement. It is analogous to what “WebMD” has done in the health and medical area.
- Wisconsin’s research found that even modest amounts of work by young adults with disabilities have very powerful financial rewards.

The following project summaries highlight the FY 2013 external efforts we plan to fund in support of our special initiative to encourage savings:

American Life Panel (ALP) Enhancements

The ALP is an innovative, nationally representative longitudinal internet panel. Through a jointly financed cooperative agreement with NIA, our support will allow an increase in the sample size for the survey, enhance questions relating to financial literacy and cognition, and pilot a Spanish language sample. The survey is important because it will provide a data source that will help to evaluate the financial capability of the target populations enrolled in the programs funded by SSA. It will also allow SSA and other FLEC agencies to conduct rigorous testing of print and web-based products designed to improve the economic security of the Spanish-speaking public. With the exception of staff time related to administering the agreements, all costs for ALP enhancements are charged to our Section 1110 appropriation.

Collaboration with Other FLEC Members

In FY 2013, we anticipate finalizing our transition to a new, targeted financial literacy initiative focusing on collaborative initiatives designed to improve retirement security among vulnerable populations. A substantial component of this effort will be supporting activities of federal agencies that are members of the Treasury-led FLEC. The FLEC, established by Congress in 2003, is a consortium of 22 federal departments, agencies, and entities working together toward the goal of improving the financial literacy and education of persons in the United States.

In particular, we plan to continue supporting Jointly Funded Cooperative Agreements (JFCAs) with key FLEC partners, Treasury, Education, and Housing Urban Development (HUD). Our partnership with Treasury will provide support for research and development initiatives designed to improve employment outcomes, financial literacy and education, asset accumulation, and the overall retirement security of the American public. Our extramural research partnerships with Education and HUD build on existing programs to foster retirement security-related research at historically black colleges and universities and other minority-serving Institutions. All of these partnerships began at the end of FY 2011 or the beginning of FY 2012. We expect to obtain the initial results in FY 2013.

Investing in these collaborative research initiatives is a critical way for SSA to support the FLEC and to help improve financial capability, financial literacy, and retirement security among economically vulnerable groups. Financial literacy and education research is specifically designed to prevent dependency in old age (e.g., dependency on means-tested programs such as SSI) and to promote understanding and effectiveness of Social Security program features. With the exception of our staff time related to administering the programs, all costs for these activities are charged to our Section 1110 appropriation.

Health and Retirement Study (HRS) Supplement

The HRS is an important source of longitudinal data on retirement and aging. However, with low sample sizes, we can only conduct limited research on minority populations. This project will increase the sample size in the HRS for minority and low income populations. The additional sample will have HRS data matched to agency administrative records. As subsequent waves of HRS data are collected, these activities entail initial development and on-going updates or maintenance. The minority expansion will allow researchers to do subgroup analysis of vulnerable populations, which will serve as a public good for other research on minority populations. With the exception of our staff time related to administering the funding agreement, the cost associated with our HRS supplement is charged to our Section 1110 appropriation.

Programmatic Development

Our programmatic development initiatives include research funding for Washington Internship for Native Students (WINS) interns and Intergovernmental Personnel Act (IPA) scholars to conduct programmatic development research.

The WINS program, developed in response to a White House initiative, is a partnership with American University in which students of American Indian, Alaska Native, and Native Hawaiian ancestry intern with various federal agencies for a semester. We utilize the WINS program to enlist uniquely qualified students to perform research on topics relevant to retirement security among native populations. This research is critical because native populations are economically vulnerable and generally understudied. The WINS interns we select have both the unique cultural understanding and research skills necessary to address retirement security issues among American Indian, Alaska Native, and Native Hawaiian populations. With the exception of our staff time related to administering the program, all costs for the WIN program are charged to our Section 1110 appropriation.

We fund recognized scholars to work on defined projects through the IPA program to help create unique and valuable retirement research relevant to SSA's mission. Recent research accomplishments from the IPA program include work on the economic and health implications of long-term unemployment on earnings, Social Security disability benefit receipt, and mortality. Staff time related to administering the program and collaborating with the IPA are charged to our LAE budget, whereas the costs directly related to the IPA are charged to our Section 1110 appropriation.

OTHER PROJECTS OF INTEREST

The following section highlights the results and findings of the Section 1110 projects that are either concluding in FY 2012 or that do not require funding in FY 2013. In addition to these projects, we also recently completed our Section 234-funded Accelerated Benefits Demonstration project. For a more detailed update of all our demonstration projects please consult our latest report to Congress which is available on our [Program Development and Research](#) website.

The Mental Health Treatment Study (MHTS) – Concluded in FY 2011

The MHTS tested how better access to treatment and employment support services would affect outcomes such as medical recovery, functioning, employment, and benefit receipt for SSDI beneficiaries with a primary diagnosis of schizophrenia or affective disorder. We received the final report from our contractor in September 2011. The findings in the report are generally positive. Treatment group participants were more likely to become employed during their 24 months in the study, were employed longer, and had higher wages. They also reported greater improvements in mental health and quality of life.

Going forward, we will focus on best practices identified in the study that may improve services to individuals with schizophrenia or an affective disorder. We will also track outcomes to assess whether the short-term increases in employment eventually rise to Substantial Gainful Activity work levels and result in reductions in benefit payments. We also plan to widely disseminate the final report which includes plans to brief Federal partners. We are scheduled to brief the House Ways and Means' Social Security Subcommittee staff on the findings in late February, 2012. The final report is publicly available on our [Program Development and Research](#) website.

Evaluation of Ticket to Work (TTW) – Concluding in FY 2012

The Ticket to Work and Work Incentives Improvement Act of 1999 required SSA's Commissioner to provide for independent evaluations to assess the effectiveness of the TTW program. In May 2003, we awarded two 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 our [Program Development and Research](#) website. We provided three of these reports to Congress as required under the Social Security Act. The findings through the fourth report indicated that, while 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 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 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 not receiving cash benefits for extended periods, but eventually return to the disability rolls. This latest report suggests that we should focus employment programs toward improving long-term employment outcomes for beneficiaries.

In FY 2012, we are completing our sixth evaluation report and have started releasing papers from our seventh, and final, report. These evaluation reports examine whether the new regulations improve the TTW program. Specifically, the evaluations 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 Social Security benefits. It also will include the trends in beneficiary work and benefit outcomes and EN payments under the new rules. Findings thus far indicate that the new regulations have had only a modest effect on the overall rate of beneficiary participation in TTW, but have significantly increased participation under the milestone-outcome payment method. We also found that while the number of ENs increased only modestly, the number of ENs actively taking Tickets increased sharply.

TANF/SSI Disability Transition Project (TSDTP) – No Funding Required in FY 2013

Both welfare agencies and federal disability programs seek to support people with disabilities and help them become more independent. However, the two systems often have differing missions and organization, definitions of disability, operational and financial issues, and work rules and incentives, making it challenging for the Temporary Assistance for Needy Families (TANF) and SSI programs to work together. TANF clients who apply for SSI may also confront conflicting messages from TANF agencies regarding work requirements and benefit eligibility.

To better understand the relationship between the TANF and SSI populations and programs, we collaborated with the Administration for Children and Families (ACF) to launch the TANF-SSI Disability Transition Project in October 2008. Working with ACF, TANF agencies in California, Florida, Michigan, Minnesota, and New York, select counties in these states, and the evaluation firm MDRC, we devised a plan to analyze program data and pilot-test program interventions for TANF clients with disabilities. The project will conclude in September 2012 with our recommendations regarding a larger demonstration project on coordinating the TANF and SSI programs.

For more information, please consult the [Administration for Children and Families'](#) website:

RELATED FUNDING SOURCES

The Commissioner of Social Security has the authority to conduct research and demonstration projects under section 234 of the Social Security Act. The Commissioner uses trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. Funds for these demonstration projects, authorized under the 1999 Ticket to Work Act and funded from the trust funds, are not part of the annual research appropriation request. OMB directly apportions section 234 funds—estimated at \$29.8 million for FY 2012 and \$18.2 million for FY 2013. 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 2013 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 in FY 2013. This project would test eliminating work activity as a basis for determining disability cessation under the DI program.