# FY 2016 Budget Overview

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Message from the Commissioner</td>
<td>2</td>
</tr>
<tr>
<td>Our Programs</td>
<td>5</td>
</tr>
<tr>
<td>FY 2014 Accomplishments</td>
<td>7</td>
</tr>
<tr>
<td>FY 2016 Budget Request</td>
<td>8</td>
</tr>
<tr>
<td>FY 2016 President’s Budget Request - Funding</td>
<td>9</td>
</tr>
<tr>
<td>FY 2016 President’s Budget Request – Performance</td>
<td>10</td>
</tr>
<tr>
<td>Our Extramural Research Budget</td>
<td>11</td>
</tr>
<tr>
<td>Providing Timely and Accurate Service</td>
<td>12</td>
</tr>
<tr>
<td>Modernizing Our Service Delivery</td>
<td>16</td>
</tr>
<tr>
<td>Strengthening the Integrity of Our Programs</td>
<td>18</td>
</tr>
<tr>
<td>Conclusion</td>
<td>20</td>
</tr>
<tr>
<td>Appendix A</td>
<td>21</td>
</tr>
</tbody>
</table>
A MESSAGE FROM THE COMMISSIONER

Social Security touches the life of nearly every American, often during times of personal change, uncertainty, and sometimes hardship. The scope of what we do as an agency is enormous, and it is both a humbling and rewarding experience to go to work every day knowing our efforts profoundly help millions of Americans. In fact, in fiscal year (FY) 2016, we will pay out nearly one trillion dollars in benefit payments, showing what a significant impact we have on the national economy.

Our talented and dedicated employees make me proud to serve as Acting Commissioner of the Social Security Administration. As we work to reduce backlogs and ensure efficient service, it is important that we continue to attract, train, and retain employees that can best serve the public. Last year, we replaced about half of the 11,000 Federal and State Disability Determination Services (DDS) employees we lost from FY 2011- FY 2013, and we are pleased that we can hire new employees to maintain our overall staffing levels with the funding we received in our FY 2015 appropriation.

FY 2014 was a year of transition as we built our capacity to complete more program integrity work and continue to improve service delivery. The new employees we added to our workforce positioned us to keep pace with high workloads and help us better serve the public in our field offices and on our National 800 Number. We also moved forward with important anti-fraud efforts and information technology (IT) initiatives. For example, our agency opened two new Cooperative Disability Investigations (CDI) units in FY 2014 in partnership with the Office of the Inspector General, and we expect to open five more in FY 2015. In addition, over 14.4 million users registered for my Social Security online accounts by the end of FY 2014, and over 50 percent of retirement and disability applicants filed online in FY 2014. In FY 2015, we are building upon these efforts by working on new and improved online services.

At the same time, we are committed to providing face-to-face service to all those who need or want it -- our employees and network of field offices have been the cornerstones of our service for almost 80 years. With the ongoing commitment of resources in FY 2015, we can now expand office hours at our local Social Security offices nationwide and restore some service hours to the public. Effective March 16, 2015, Social Security offices nationwide will be open for an additional hour every weekday except Wednesday. For example, a field office that is usually open to the public Monday, Tuesday, Thursday and Friday from 9 a.m. to 3:00 p.m. will remain open until 4:00 p.m. Field offices will remain closed to the public at noon every Wednesday so employees can continue to process workloads, reduce backlogs, and train newly hired staff.

While we have made great strides, we still have challenges ahead of us. It is unacceptable that over one million Americans are awaiting a disability appeals hearing decision, and we must position ourselves to reduce hearings processing times. In FY 2016, we will begin to reduce the number of disability appeals hearings pending by completing a record number of hearings.
Unfortunately, due to years of extremely high disability appeals receipts, budget constraints, and the challenge of hiring administrative law judges (ALJ) in a timely fashion, we will not be able to reduce processing times until FY 2017.

We must also continue to increase our efforts to reduce improper payments; combat fraud, waste, and abuse; and invest in efforts that will enable us to provide more modern, efficient service.

Our FY 2016 budget request level will help us build upon the progress we are making now. It will allow us to balance service and stewardship, complete record levels of work, and accomplish our mission by focusing on the areas detailed in our FY 2014-2018 Agency Strategic Plan:

**Enhance our service delivery through innovation and collaboration:** We will handle a record number of retirement claims; continue to improve our National 800 Number service; increase the number of disability appeals hearings we process; position ourselves to reduce the hearings backlog in future years; and employ video technology to provide video interpreter services and face-to-face services to remote, rural communities.

**Strengthen the integrity of our programs:** We will continue to move forward with our efforts to reduce improper payments and to combat fraud, waste, and abuse. In support of our 10-year plan to eliminate the Continuing Disability Review (CDR) backlog, we plan to increase CDRs to 908,000 in FY 2016; CDRs are projected to save billions of program dollars over the budget window and ensure that only people who continue to be disabled remain in our program.

**Focus on quality and efficiency for our disability program:** We remain focused on quality, and our budget request invests in quality improvements that will help us make the right decisions at the right time and continue to reduce improper payments.

**Invest in our employees:** We will help our employees by investing in training opportunities that will give them the necessary knowledge and tools to do their work. We will continue to foster an inclusive culture that promotes employee well-being, innovation, and engagement.

**Continue to maintain safe and secure technology services:** We will continue to make Social Security information more easily accessible to a broader population and are committed to building secure online services for the public that are simple and easy to use. In addition, we will continue to maintain a robust IT operation capable of supporting not only the large demands of our programs as well as providing substantial support to the related Medicare, Medicaid, and other government programs.
Social Security is an economic lifeline for many of the approximately 65 million beneficiaries we serve each month – and we are often the first point of contact, and the face of the Government, for the public.

With the requested funding, we can continue to serve the public as effectively as possible, plan for the future, and wisely invest in technology and process improvements. We must continue to address our staffing needs, explore alternative service delivery methods, and emphasize program integrity activities.

To achieve our goals, it is essential we receive full funding of the FY 2016 President’s Budget to maintain the faith and trust the public has placed in us.

Carolyn W. Colvin
Acting Commissioner
OUR PROGRAMS

Whether it is after the loss of a loved one, at the onset of disability, or during the transition from work to retirement, we touch the life of virtually every person in America. We administer three key programs that serve the public.

- **Old-Age and Survivors Insurance:** Created in 1935, the Old-Age and Survivors Insurance (OASI) program provides retirement and survivors benefits to qualified workers and their family members. In FY 2016, we will pay about $785 billion in OASI benefits to approximately 50 million beneficiaries per month, including 88 percent of the population aged 65 and over.

- **Disability Insurance:** Established in 1956, the Disability Insurance (DI) program provides benefits for disabled workers and their families. In FY 2016, we will pay about $148 billion in DI benefits to approximately 11 million disabled workers and their family members per month.

- **Supplemental Security Income:** Established in 1972, the Supplemental Security Income (SSI) program provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2016, we will pay about $64 billion in Federal benefits and State supplementary payments to approximately 8.4 million recipients per month.

We also increasingly contribute in important ways to furthering other national priorities, including activities related to: The Employees Retirement Income Security Act of 1974, the Coal Act, Supplemental Nutrition Assistance Program (formerly Food Stamps), Social Security Number (SSN) verifications for a wide-range of non-SSA program purposes, the Help America Vote Act, the State Children’s Health Insurance Program, and Federal Benefits for Veterans.

Our ongoing workloads include the following:

- **Claims:** We take claims, evaluate evidence, and determine benefit eligibility and payment amounts. In FY 2016, we will handle over 5.4 million retirement, survivors, and Medicare claims; nearly 2.8 million Social Security and SSI initial disability claims; and nearly 237,000 SSI aged claims.

- **Appeals:** We have three levels of administrative appeals for claimants who disagree with our decisions:

  1) Reconsideration, which entails a complete review of the claim by an employee who did not take part in the initial determination;

  2) Hearing before an ALJ; and
3) Request for review by the Appeals Council. If a claimant disagrees with the Appeals Council’s decision or if the Appeals Council decides not to review the case, a claimant may file a lawsuit in a Federal district court.

In FY 2016, we will complete approximately 719,000 reconsiderations, 829,000 hearings, and 168,000 Appeals Council reviews.

- **Program Integrity:** Our stewardship responsibility includes conducting non-medical SSI redeterminations and full medical CDRs. These reviews save significant program dollars by avoiding improper payments. In FY 2016, we will conduct 2.622 million SSI redeterminations and 908,000 full medical CDRs.

- **Social Security Numbers:** We complete applications for and assign SSNs to all Americans. In FY 2016, we will complete requests for approximately 16 million new and replacement Social Security cards.

- **Earnings Records:** We receive regular updates from employers on the earnings of the working population. We post the reported earnings to workers’ records. We link these earnings records to the appropriate workers’ SSN and resolve any discrepancies. In FY 2016, we will post 258 million earnings items to workers’ records.

- **Social Security Statements:** We provide information on earnings as well as estimates of future benefits workers and their families may receive based on those earnings. We will process 44 million paper Social Security Statements in FY 2016 in accordance with our plan to mail a paper Statement to workers attaining ages 25, 30, 35, 40, 45, 50, 55, and 60 and older who are not receiving Social Security benefits and who are not registered for my Social Security. Individuals may access their Social Security Statement at any time through their personal online my Social Security account.

- **Services After Individuals Become Eligible for Benefits:** In FY 2016, we will complete more than 100 million post-entitlement actions for beneficiaries, including issuing emergency payments, recomputing payments, and completing address and status changes.

- **Medicare Administration Assistance:** For over four decades, we have assisted the Centers for Medicare and Medicaid Services in administering the Medicare Hospital Insurance and Supplementary Medical Insurance programs. In addition to determining Medicare eligibility, in FY 2016, we will handle about 1 million Medicare prescription drug subsidy applications.

- **Data Exchanges:** We provide and verify data for many purposes such as employment, voting, eligibility for state and Federal programs, including the Affordable Care Act and the Department of Veterans Affairs.
FY 2014 ACCOMPLISHMENTS

With our FY 2014 appropriation, we began recovery efforts after three years of deep budget cuts, including cuts that were the result of sequestration. By replacing half of our previous staffing losses, we had more people at the end of the year to answer our National 800 Number, help customers in our field offices, and make decisions on claims and hearings. These employees positioned us to improve service in FY 2015 as they complete training and gain on-the-job experience needed to best serve the public.

We made progress in several areas, most notably in our important program integrity work. In FY 2014, we increased CDRs by about 20 percent over our FY 2013 levels, while largely maintaining average initial disability claims processing time. Meanwhile, we sustained high levels of SSI redeterminations. We also opened a new national center to help with the disability appeals hearings backlog and opened more cooperative disability investigation units to combat fraud. Our websites continue to shine; we have five of the seven top-rated government websites, and two of our websites are rated higher than the top private-sector sites.

In FY 2014, we:

- Paid over $890 billion to over 66 million beneficiaries;
- Handled over 37 million calls on our National 800 Number;
- Served about 40 million visitors in our 1,200 field offices nationwide;
- Completed nearly 8 million claims for benefits and more than 680,000 hearing dispositions;
- Handled approximately 35 million changes to beneficiary records;
- Completed more than 16 million new and replacement Social Security card applications;
- Performed almost 2 billion automated Social Security number verifications;
- Posted over 257 million earnings reports to workers’ records;
- Handled over 18,000 disability cases in Federal district courts;
- Completed 526,000 full medical CDRs and over 2.6 million SSI non-medical redeterminations; and
- Completed approximately 3 million overpayment actions.
We continue to pursue improvements in our organizational efficiency; in FY 2014, our administrative costs were less than 1.3 percent\(^1\) of the benefit payments we pay.

In FY 2015, we will build on our accomplishments in FY 2014 by improving our service to the American public, modernizing our service delivery, and strengthening the integrity of our programs through increased CDRs and vigorous fraud prevention efforts.

**FY 2016 BUDGET REQUEST**

Our Limitation on Administrative Expenses (LAE) budget request of $12.513 billion will allow us to continue to build upon the progress we are making in FY 2015. We will continue to improve our service to the American public, modernize our service delivery, and strengthen the integrity of our programs through increased CDRs, redeterminations, and vigorous fraud prevention efforts.

Our budget will help us balance service, stewardship, quality, and efficiency by allowing us to:

- Complete a record 829,000 hearings, begin to reduce the volume of hearings pending, and position ourselves to start reducing hearings processing times in FY 2017;
- Improve our service to the public and handle a record number of retirement claims;
- Continue to handle high volumes of initial disability claims while completing 908,000 full medical CDRs in FY 2016;
- Strengthen our efforts to combat fraud, waste, and abuse;
- Pursue initiatives that will help us improve quality; and
- Make the right investments in technology and alternative service delivery methods, saving time for the public and our employees.

The following charts provide the FY 2016 President’s Budget request for our administrative expenses, including funding amounts, associated workyears, and key performance goals. The first chart, the FY 2016 Funding Table, provides amounts for our key appropriations and the associated workyears. The second chart, the FY 2016 Performance Table, includes the actual performance for FY 2014 and anticipated targets for FYs 2015 and 2016 for our key performance measures.

\(^1\) SSA’s calculation of discretionary administrative expenses excludes Treasury Administrative expenses, which are mandatory outlays.
**FY 2016 President’s Budget Request - Funding**

The funding table below provides actual dollar figures and workyears expended for FY 2014, our estimated spending for FY 2015 based upon Public Law 113-235, and our FY 2016 budget request.

<table>
<thead>
<tr>
<th>FY 2016 Funding Table</th>
<th>FY 2014 Actual</th>
<th>FY 2015 Enacted</th>
<th>FY 2016 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget Authority (in millions)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limitation on Administrative Expenses (LAE)</td>
<td>$11,697</td>
<td>$11,806</td>
<td>$12,513</td>
</tr>
<tr>
<td>Research and Demonstrations</td>
<td>$47</td>
<td>$83</td>
<td>$101</td>
</tr>
<tr>
<td>Office of the Inspector General (OIG)</td>
<td>$102</td>
<td>$103</td>
<td>$110</td>
</tr>
<tr>
<td><strong>Total Budget Authority</strong></td>
<td><strong>$11,846</strong></td>
<td><strong>$11,992</strong></td>
<td><strong>$12,724</strong></td>
</tr>
<tr>
<td><strong>Workyears</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-Time Equivalents</td>
<td>60,338</td>
<td>63,698</td>
<td>64,844</td>
</tr>
<tr>
<td>Overtime</td>
<td>2,871</td>
<td>2,054</td>
<td>2,305</td>
</tr>
<tr>
<td>Lump Sum</td>
<td>254</td>
<td>293</td>
<td>297</td>
</tr>
<tr>
<td><strong>Total SSA Workyears</strong></td>
<td><strong>63,463</strong></td>
<td><strong>66,045</strong></td>
<td><strong>67,446</strong></td>
</tr>
<tr>
<td>Disability Determination Services (DDS) Workyears</td>
<td>14,187</td>
<td>14,650</td>
<td>14,750</td>
</tr>
<tr>
<td><strong>Total SSA/DDS Workyears</strong></td>
<td><strong>77,650</strong></td>
<td><strong>80,695</strong></td>
<td><strong>82,196</strong></td>
</tr>
<tr>
<td>OIG Workyears</td>
<td>543</td>
<td>558</td>
<td>563</td>
</tr>
<tr>
<td><strong>Total SSA/DDS/OIG Workyears</strong></td>
<td><strong>78,193</strong></td>
<td><strong>81,253</strong></td>
<td><strong>82,759</strong></td>
</tr>
</tbody>
</table>

1 Totals may not add exactly due to rounding.
The performance table below reports our actual performance for FY 2014, our estimate for what we can achieve in FY 2015 based upon P.L. 113-235, and what we can achieve with our FY 2016 budget request.

<table>
<thead>
<tr>
<th>FY 2016 Performance Table</th>
<th>FY 2014 Actual</th>
<th>FY 2015 Enacted</th>
<th>FY 2016 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Selected Workload Measures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement and Survivors Claims Completed (thousands)</td>
<td>5,024</td>
<td>5,247</td>
<td>5,434</td>
</tr>
<tr>
<td>Initial Disability Claims Completed (thousands)</td>
<td>2,862</td>
<td>2,767</td>
<td>2,773</td>
</tr>
<tr>
<td>Disability Reconsiderations Completed (thousands)</td>
<td>757</td>
<td>739</td>
<td>719</td>
</tr>
<tr>
<td>Hearings Completed (thousands)</td>
<td>681</td>
<td>727</td>
<td>829</td>
</tr>
<tr>
<td>National 800 Number Calls Handled (millions)</td>
<td>37</td>
<td>38</td>
<td>43</td>
</tr>
<tr>
<td>Average Speed of Answer (ASA) (seconds)</td>
<td>1,323</td>
<td>700</td>
<td>545</td>
</tr>
<tr>
<td>Agent Busy Rate (percent)</td>
<td>14</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Social Security Numbers (SSN) Completed (millions)</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Annual Earnings Items Completed (millions)</td>
<td>257</td>
<td>257</td>
<td>258</td>
</tr>
<tr>
<td>Social Security Statements Issued (millions)</td>
<td>4</td>
<td>44</td>
<td>44</td>
</tr>
</tbody>
</table>

| **Selected Outcome Measures** |                |                 |                 |
| Initial Disability Claims Receipts (thousands) | 2,805 | 2,755 | 2,780 |
| Hearings Receipts (thousands) | 811 | 805 | 813 |
| Initial Disability Claims Pending (thousands) | 633 | 621 | 628 |
| Disability Reconsiderations Pending (thousands) | 170 | 143 | 144 |
| Hearings Pending (thousands) | 978 | 1,056 | 1,039 |
| Average Processing Time for Initial Disability Claims (days) | 110 | 109 | 107 |
| Average Processing Time for Disability Reconsiderations (days) | 108 | TBD | TBD |
| Annual Average Processing Time for Hearings Decisions (days) | 422 | 470 | 490 |
| Disability Determination Services Production per Workyear | 311 | 313 | 317 |
| Office of Disability Adjudication and Review Production per Workyear | 102 | 104 | 106 |
| Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears) | N/A | (100) | (100) |

| **Selected Program Integrity Performance Measures** |                |                 |                 |
| Periodic Continuing Disability Reviews (CDR) Completed (thousands) | 1,675 | 1,890 | 2,008 |
| Full Medical CDRs (included above, thousands) | 526 | 790 | 908 |
| Supplemental Security Income (SSI) Non-Medical Redeterminations Completed (thousands) | 2,628 | 2,255 | 2,622 |

1. Beginning in FY 2014 under the new CARE 2020 network structure, performance is tracked using Calls Handled as opposed to Transactions Handled. The legacy network recorded transactions handled within the network, either by agents or automation. In some instances, multiple transactions were completed within one call, making it appear as though we served a larger volume of callers. Calls Handled tracks the individual caller and is more in line with our other National 800 Number service performance metrics which track how long a single caller is on hold or how often they receive a busy signal.

2. As of October 1, 2014, Scheduled Voice Callbacks (SVC) are included in the calculation for ASA. People who choose to receive a callback do not have to wait on hold for an agent. The system contacts the caller when it is their turn to speak with an agent. The new ASA calculation excludes the virtual wait time for SVC callers but includes the time callers wait to be connected to an agent. In most cases, people receiving a callback wait a very small amount of time to be connected to an agent.

3. The Social Security Statements Issued measure includes paper statements only; does not include electronic statements issued.

4. We developed management information for Average Processing Time for Disability Reconsiderations in FY 2013. FY 2014 is the first full fiscal year for which data are available for this measure. We will develop a performance target in FY 2016, after we have had the ability to analyze at least two years of actual data.
OUR EXTRAMURAL RESEARCH BUDGET

In FY 2016, we are requesting $101 million in new budget authority as part of our SSI appropriation to support extramural research projects. These new and ongoing projects will continue to test changes to the disability programs to improve program administration and reduce dependency on our programs. The broad-based SSI, OASI, and DI projects funded in this budget include projects in the areas of disability policy research, employment support programs, retirement policy research, financial literacy and education, and evaluations of proposed or newly enacted legislation.

The FY 2016 budget request continues support for ongoing rigorous evaluations, such as SSA’s evaluation of the interagency Promoting Readiness of Minors in SSI (PROMISE) effort. The PROMISE initiative was created to foster improved outcomes for children who receive SSI by facilitating positive changes in health status, physical and emotional development, completion of education and training, and eventually, employment opportunities. PROMISE is an interagency initiative with collaboration between SSA and the Departments of Education, Health and Human Services, and Labor.

The budget also includes continued funding for our Occupational Information System (OIS) project, which will allow us to make more consistent, better-informed disability decisions. We need information about work to make a disability determination, but the types of jobs in the workforce, as well as job requirements, change over time. To support the development of new occupational data, we entered into an Interagency Agreement with Department of Labor’s Bureau of Labor Statistics (BLS) and we are working to compile a list of physical and mental cognitive data elements, which will be finalized this year. BLS is also conducting feasibility tests to determine our ability to accurately and reliably capture the occupational data relevant to our disability program needs. In FY 2016, we plan to continue developing this promising approach to prepare for rolling out the OIS.

Early Intervention Demonstrations

Building on the bipartisan support for early intervention in the Consolidated and Further Continuing Appropriations Act, 2015, the FY 2016 President’s Budget provides $50 million in discretionary funding for early intervention demonstrations in FY 2016, as well as a legislative proposal for an additional $350 million in mandatory funding for FYs 2017-2020. With this funding, we will, in partnership with other Federal agencies, test innovative strategies to help people with disabilities remain in the workforce. Early intervention measures – such as supportive employment services for individuals with mental impairments, targeted incentives for employers to help workers with disabilities remain on the job, and incentives and opportunities for states to better coordinate services – have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities. Rigorously evaluated
interventions will help produce a stronger evidence base for potential program innovations and savings.

We are currently designing an intervention to focus on the populations with mental impairments between the ages of 18-50 that may be at risk of ending up on disability benefits. Approximately 2.6 million individuals aged 18-50 with mental impairments (excluding intellectual disabilities) are currently receiving DI or SSI. By providing medical-vocational services prior to benefit receipt in a demonstration, we can test whether such services help individuals with these impairments remain active in the workforce, and perhaps avoid or delay a need for disability benefits. This is just one potentially promising approach and with the additional resources requested in the Budget, we would undertake additional projects to test other approaches, such as ways to help those with jobs keep them after becoming disabled.

**PROVIDING TIMELY AND ACCURATE SERVICE**

As the face of the Federal Government for many Americans, we want to provide better customer service in-person, on the phone, and online. The funding we received in FYs 2014 and 2015 are helping us accomplish our customer service goals. An increased funding level has also allowed us to restore field office hours nationwide. With the President’s Budget, we will be able to continue to make progress in FY 2016 and show real results for the millions of Americans counting on us.

**Field Offices**

We are fully committed – now and in the future – to maintaining a field office structure that provides in-person service for those customers who need or prefer it. We understand that not everyone is comfortable or able to interact with us in an automated fashion, and we will continue to improve this channel of public service particularly for our most vulnerable citizens.

Many of our new employees hired in FY 2014 are currently finishing their training and will help the agency stabilize wait times that had steadily increased in prior years. In FYs 2015 and 2016, we will be able to maintain our momentum by replacing the frontline employees we lose. We also will be able to open Social Security offices nationwide for an additional hour every weekday except Wednesdays.

To free-up field office employees’ time and better serve people who want in-person service, we have redirected most Internet retirement claims to 16 sites called Workload Support Units. These units processed approximately 80 percent of all Internet retirement claims in FY 2014. Additionally, we plan to route Internet disability claims to these units in the near future.
To help customers who live in remote locations and want in-person service, we are increasing our use of Video Service Delivery. Video service continues to provide a secure, reliable, and cost-effective method to serve people in remote locations, who might otherwise have to travel long distances to reach a field office. Furthermore, video service reduces employee travel and the costs associated with that travel. Video service is also an innovative way to help field offices nationwide balance workloads and reduce customer wait times. In FY 2014, we conducted approximately 155,000 video service transactions in our offices and in other locations such as libraries and Native American reservations.

**Initial Disability Claims**

Our State DDSs have done an incredible job keeping up with incoming disability claims. In fact, the number of disability claims awaiting a decision has decreased steadily since FY 2010, and average processing times remain stable. The DDSs make the labor-intensive medical decisions for both disability claims and CDRs. With more DDS employees in FY 2014, we were able to better balance service and stewardship by increasing the volume of CDRs we completed while maintaining claims work. In FYs 2015 and 2016, we will also be able to balance claims work while continuing to increase CDRs. In addition, we will continue to pursue initiatives that will help us provide fast and accurate service, such as health information technology.

**National 800 Number**

Our National 800 Number remains a critical part of our service delivery. We recently transitioned our existing National 800 Number to a more modern infrastructure, which will help us improve telephone service to the American public. In FY 2014, we received our one-billionth call as we handled over 37 million calls through our National 800 Number.

During the past three years, our National 800 Number service deteriorated because of fewer teleservice representatives available to answer calls. However, we are hiring again, and we plan to replace all teleservice center losses in FYs 2015 and 2016. As a result, we expect that wait times will decrease from over 22 minutes at the end of February 2014 to less than 10 minutes by the end of FY 2016. In addition, busy signals will decrease from 14 percent at the end of FY 2014 to 2 percent by the end of FY 2016.

**Hearings**

Several years of extremely high disability appeals receipts, budget constraints, and the inability to hire ALJs as we awaited an ALJ register (a list of high-scoring candidates) from the Office of Personnel Management (OPM), has challenged our ability to keep up with requests for hearings. As a result, the average wait and the number of claimants waiting for a hearing decision are increasing.
To address increasing wait times, the Budget proposes to increase the hiring of ALJs. Our workloads continue to increase as the baby boom generation enters its most disability-prone years. The average wait time for a disability decision before an ALJ reached a record high of 18.5 months in August 2008. We were able to reduce the wait time down to a ten year low of 12 months in 2011 and 2012, but the wait time has begun to grow again and is anticipated to rise above 16 months in 2015. Currently there are over one million people waiting for a disability appeals hearing decision from an ALJ.

The Budget commits increased resources to hire more ALJs, but resources alone won’t be enough. The process for hiring SSA Administrative Law Judges has not operated as efficiently as needed to fill vacancies even when funding is available. Therefore, the Administration is creating a workgroup led by the Administrative Conference of the United States (ACUS) and OPM along with SSA, the Department of Justice (DOJ), and the Office of Management and Budget (OMB) to review the process of hiring ALJs and recommend ways to eliminate roadblocks, which may include proposing administrative reforms or legislative changes.

By hiring more ALJs, we will be able to handle a record number of hearings in FY 2016 and begin to reduce the volume of pending hearings. Unfortunately, we will not be able to start reducing wait times until FY 2017. We will increase the number of hearings completed from 681,000 in FY 2014 to 727,000 in FY 2015, to a record number of 829,000 in FY 2016. With adequate, sustained funding, we plan to eliminate the backlog by FY 2020.

We understand the long wait for a hearing can cause financial hardship for some of our most vulnerable citizens. In some areas, claimants may wait much longer than average. To help address long wait times in certain areas, we recently opened a new National Case Assistance Center in Baltimore. Like its sister office in St. Louis, this office provides decision-writing and case-pulling assistance to hearing offices across the country. Our goal for the National Case Assistance Centers is to provide support to the most backlogged hearing offices by adjusting the level of support based on the need of the hearings offices. These centralized resources allow us to provide extra help where it is needed most and reduce the longest wait times.

Since FY 2005, we have vastly increased the use of videoconferencing technology to hold hearings. Video hearings allow us to move cases to offices that have the capacity to process them faster. They also provide greater scheduling flexibility and reduce the need for claimants and SSA staff to travel long distances to appear at hearings in person, which provides ALJs more time to hear and decide cases. In FY 2014, we held 28 percent of hearings via videoconference. We are expanding video hearing participation to allow more attorneys and non-attorney representatives to install and use their own video equipment to attend hearings from their own offices.

Quality
The nature of our job demands that we balance making timely and high-quality decisions. Ensuring quality means we pay the right person the right amount at the right time. Our goal is to provide continuous quality improvements through our customer satisfaction surveys, disability quality reviews, payment accuracy reviews, in-line reviews, new systems and technology, and data-driven business process improvements.

We currently have a number of initiatives to increase the quality and consistency of our work:

- In our field offices, our Continuous Quality Area Director Review process uses a web-based tool to complete targeted case reviews of field office workloads. Employees receive direct feedback regarding compliance with policy, which emphasizes the critical importance of quality in onset determinations, and in overpayment development and prevention.

- For our National 800 Number, we are using a customer feedback tool to help identify best practices, determine situational or seasonal issues affecting customer satisfaction (e.g., new legislation, notices), and provide broad insight into customer (dis)satisfaction.

- In the DDSs, we are working to bring consistency to the many distinct systems that support our State DDSs through the national Disability Case Processing System. We are also expanding the electronic claims analysis tool known as eCAT. Currently, eCAT assists disability examiners in documenting both initial and reconsideration decisions in accordance with agency policy.

- In our hearings offices, we continue to expand the information available to employees in our analytical tool called “How MI Doing?” (HMID), which provides real-time management information on the quantity and quality of the employees’ work relative to the rest of their office, their region, and the nation. The information is available to individual employees as well as to their managers. HMID also provides adjudicators and decision-writers information about Appeals Council remands and links to training modules related to the reason(s) for the remand. Continuous and timely feedback through this tool is contingent on sufficient resources for the Appeals Council. We also are expanding ALJ use of the Electronic Bench Book, which helps ensure policy-compliant and consistent decisions.

- The Division of Quality within the Appeals Council reviews a statistically valid random sample of hearing decisions before we pay benefits to help ensure quality in the hearings process and to provide data for improved training and feedback to disability decision-makers. In addition, at the end of FY 2014, the Appeals Council began selectively sampling cases for quality review based on the most error-prone policy areas.
MODERNIZING OUR SERVICE DELIVERY

With advances in information and communications technologies, it is imperative that we keep pace with customer expectations and apply technologies that will enable us to provide service and conduct business more efficiently and effectively. Our strategic plan provides a blueprint for enhancing service delivery, and the service modernization initiatives outlined below support, address, and align with our strategic goals.

Expanding Our Online Services

In FY 2014, we received over half of all Social Security retirement and disability applications online, and the percentage of people who choose to file online continues to grow. By providing increased access to online service options for customers who want them, we can free-up field office employees’ time to work on tasks that are more complex and help customers who request direct service.

We are currently developing an Internet SSN Replacement Card application, enhancing our iAppeals application, moving our replacement 1099 and Medicare Card services to be accessible through my Social Security, and working to provide our SSI customers with online options. We also are developing the capability for my Social Security users to download data from their Social Security Statement to share with financial planners, which will assist in financial and retirement planning. In addition, we plan to expand the my Social Security portal to include online notice delivery and to ultimately offer the choice to opt out of paper notices.

We are proactively educating the public about our current online services, and we will promote these new services as they become available.

Enhancing Our Communication Tools

Now that many of our customers are choosing our online options, we need to be able to assist them online if they have a question or concern, rather than change their method of service. We plan to develop a unified communications center model to help us interact with online customers through alerts, secure e-mail, texts, and online notices. The improved access to immediate services should reduce the time to provide decisions, resulting in better and more efficient service.

We plan to develop Dynamic Frequently asked Questions, click-to-callback, click-to-video, and screen share capabilities within the my Social Security portal. Click-to-callback will be available within, and outside of, my Social Security. By enabling a customer to click a button from their computer and connect with our employees, we can provide more direct, convenient and efficient service to the public. We will develop all of these services based on an agile iterative software development methodology to minimize risk. This iterative approach will allow us to
incrementally develop these capabilities and allow us to measure the business outcomes along the way.

**Testing SSA Express Customer Service Stations**

Our customers have been asking for more opportunities for self-service. Customer service stations located in community locations such as libraries and senior centers could support one-stop online access to multiple government services, leverage partnerships with community groups and other government agencies, and improve service delivery for certain customer communities. We currently are engaged in a proof of concept with seven customer service stations. If we determine that the concept is feasible, we will propose moving to a pilot phase to determine scalability and evaluate factors such as return-on-investment, optimal procurement method(s), and customer satisfaction.

**Fraud Prevention for my Social Security**

Our actions to counter criminal attempts against our online services kept the fraud rate for the *my Social Security* customer portal below 1 percent in FY 2014. We will continue with our multi-layered fraud prevention strategy to proactively detect and deter fraudulent activity, as well as provide mitigation. While identifying more criminal fraud attempts will result in increased workloads to analyze and remediate fraud, we expect to reduce fraud and improper payments as a result. These efforts will save program dollars and ensure that Americans feel secure in using our online services.

**Digital Services Team**

The success rate of government digital services is improved when agencies have digital service experts on staff with modern design, software engineering, and product management skills. To ensure we can effectively build and deliver important digital services, the Budget includes funding for staffing costs to build a Digital Services Team that will focus on transforming our digital services with the greatest impact to citizens and businesses so they are easier to use and more cost-effective to build and maintain.

These digital service experts will bring private sector best practices in the disciplines of design, software engineering, and product management to bear on the agency’s most important services. The positions will be term-limited, to encourage a continuous influx of up-to-date design and technology skills into the agency. The digital service experts will be recruited from among America’s leading technology enterprises and startups, and will join with the agency’s top technical and policy leaders to deliver meaningful and lasting improvements to the services the agency provides to citizens and businesses.
**STRENGTHENING THE INTEGRITY OF OUR PROGRAMS**

Each year, we issue hundreds of billions of dollars in benefit payments to about 65 million people. Given the scope of our programs, even a very small percentage of error can amount to millions of dollars of improper payments. Our key stewardship objectives are to minimize improper payments and increase overpayment recoveries in addition to aggressively pursuing initiatives to combat fraud.

**Program Integrity Work**

Our CDRs and SSI redeterminations ensure that beneficiaries continue to meet the eligibility requirements to receive payments from the trust funds. These reviews save billions of program dollars with only a comparatively small investment of administrative funds. Current estimates indicate that CDRs conducted in FY 2016 will yield a return on investment (ROI) of about $9 on average in net Federal program savings over ten years per $1 budgeted for dedicated program integrity funding, including Old-Age, Survivors, and Disability Insurance (OASDI), SSI, Medicare and Medicaid program effects. Similarly, SSA estimates indicate that non-medical redeterminations conducted in 2016 will yield a ROI of about $4 on average of net Federal program savings over ten years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects. As in prior years, the ROI for CDRs is calculated based on the direct costs of processing CDRs. The Budget proposes funding only the direct costs of CDRs in 2016 and beyond.

In FY 2015, we will complete 790,000 CDRs and 2.255 million SSI redeterminations. With the President’s Budget in FY 2016, we will complete 908,000 CDRs and 2.622 million SSI redeterminations.

Because the cap adjustment was fully funded for 2015, the base SSA program integrity funding ($273 million) and the SSA cap adjustment ($1,166 million) are proposed to be funded through discretionary appropriations in 2016. However, once that transition year has passed, to maximize the potential savings, the Budget proposes to repeal the discretionary cap adjustments enacted in the Balanced Budget and Emergency Deficit Control Act, as amended by the Budget Control Act (BCA), for SSA beginning in FY 2017 and instead provide a dedicated, dependable source of mandatory funding for SSA to conduct CDRs and SSI redeterminations. The proposal includes the creation of a new limitation account entitled Program Integrity Administrative Expenses, which will reflect mandatory funding for SSA’s program integrity activities.

The dedicated dependable source of mandatory funding beginning in FY 2017 will achieve the savings envisioned by the BCA in place of the BCA discretionary cap adjustment. The requested funding should eliminate SSA’s backlog of around 900,000 CDRs by the end of 2019 and prevent a new backlog from developing during the budget window.
**Other Stewardship Activities**

We continue to have an aggressive anti-fraud strategy. We are centralizing anti-fraud predictive analytics, supporting the Inspector General’s efforts to investigate fraud, developing consistent anti-fraud policies and processes, formulating new anti-fraud initiatives, and aligning anti-fraud efforts with industry standards. Beginning in 2015, our new Office of Anti-Fraud Programs will provide centralized oversight of and accountability for the agency’s many anti-fraud activities. Our National Anti-Fraud Committee will provide guidance to this office.

Our efforts include continuing to bolster our CDI program. CDI units are highly successful at detecting fraud *before* we make a disability decision. The CDI program links our Office of the Inspector General and local law enforcement with Federal and state workers who handle disability cases. In FY 2014, CDI efforts nationwide generated estimated savings of $337 million to our disability programs and over $252 million to other programs, such as Medicare and Medicaid; and we were able to open two new units. At the end of FY 2014, the program consisted of 27 units covering 23 states and the Commonwealth of Puerto Rico. We plan to open five new units in FY 2015 and five new units in FY 2016.

We also plan to improve our representative payee program. We issue benefit payments to nearly six million representative payees on behalf of beneficiaries who cannot manage their own benefits. It is our job to ensure appropriate representative payees are appointed for our beneficiaries and that the funds they receive are not misused. We are refining our monitoring program to identify and target potential areas of concern for in-depth review. One of the ways we monitor fiduciary performance of certain payees is through periodic onsite reviews, which protect beneficiaries from misuse of benefits and ensure these payees carry out their responsibilities in compliance with our policies. Our current efforts are focused on modernizing our monitoring program, including working with outside entities to make it more efficient and strategic. We are contracting with the Institute of Medicine to help us identify ways we can streamline our process for determining whether a beneficiary needs a payee. We also are partnering with other agencies with similar programs to determine the potential for collaboration on representative payee activities.

The President’s Budget will also fund our ongoing efforts to:

- Support our new centralized fraud prevention units, which comprises disability examiners dedicated to reviewing and analyzing fraud cases;
- Support our Special Assistant United States Attorney (SAUSA) fraud prosecutors who prosecute fraud cases that would not otherwise be prosecuted in Federal court;
- Explore data analytics to detect and prevent disability fraud by determining common characteristics and patterns of fraud;
- Improve death data processing by working to centralize and capture all death information in one system to prevent erroneous payments;
• Reduce improper payments through Access to Financial Institutions, which is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility; and
• Engage in comprehensive training on fraud prevention and detection, including identifying common fraud scenarios, including “middleman fraud,” such as what allegedly occurred in Puerto Rico and New York City.

CONCLUSION

Our employees deliver results that benefit America. We are pleased that with the additional funding we received in FY 2014, we made progress in a short amount of time. We were able to hire thousands of new front-line employees, create a new National Case Assistance Center to help address the backlog of disability appeals hearings, significantly increase our program integrity work, and move forward with a variety of anti-fraud initiatives that will protect our beneficiaries and the American taxpayer.

With full funding of the FY 2016 President’s Budget, we will be able to complete a record number of hearings, begin to bring down the number of hearings pending, and position ourselves to reduce the hearings backlog in FY 2017. We also will improve our field office and National 800 Number service, handle a record number of retirement claims, and continue to process high volumes of disability claims while reducing the backlog of CDRs. Finally, we will be able to continue to make the right investments in efforts to combat fraud, waste, and abuse; help us improve quality; and modernize our service delivery.

Millions of Americans depend on us to handle their cases in a timely and accurate manner. It is important to note that each action we take affects a person’s life, whether it is paying benefits or preventing overpayments. Sustained and adequate funding will help us meet our challenges and provide the service the American public expects and deserves.
APPENDIX A

FY 2016 LEGISLATIVE PROPOSALS – SUMMARIES

Benefit Improvements

1. **Social Security Benefits for Same-Sex Married Couples.** The Social Security Administration (SSA) is required by the Social Security Act to confer marriage-related benefits based on the law of the state in which the couple is domiciled. This prevents SSA from paying benefits to same-sex couples who were legally married in one state but are domiciled in another state that does not recognize same-sex marriage. This proposal amends the Defense of Marriage Act by requiring SSA (and any other agency that administers a program in which marital status is a factor) to consider an individual as married if the marriage is valid in the state where that marriage occurred.

2. **Extend SSI Time Limits for Qualified Refugees.** Refugees and certain other humanitarian immigrants who are disabled or elderly are potentially eligible for Supplemental Security Income (SSI) benefits for up to seven years from the date they attained their immigration status, and without time limit if they become naturalized. Congress acknowledged that humanitarian immigrants may be unable to attain citizenship within the seven-year period of SSI eligibility, even if they apply for naturalization as soon as they are eligible. Accordingly, Congress temporarily extended the time-limited SSI eligibility period from 7 years to 9 years for fiscal years (FY) 2009-2011. However, effective October 2011, the SSI eligibility period for refugees and other humanitarian immigrants reverted to seven years. This proposal would underscore the nation’s commitment to refugees, asylees, and other humanitarian immigrants—who come to America with very little and frequently have nowhere else to go—by again extending the time limit from 7 to 9 years during FYs 2016 and 2017.

Preventing Improper Payments

3. **Program Integrity.** Current law provides for additional budget authority in appropriations dedicated for SSA’s use in completing continuing disability reviews (CDRs) and SSI redeterminations through FY 2021. However, annual appropriations bills have not provided the full amount of funding for these activities. CDRs and SSI redeterminations are highly effective at detecting improper payments and provide an excellent return on the taxpayers’ investment—specifically, CDRs conducted in FY 2016 will yield net Federal program savings over the next 10 years of roughly $9 on average per $1 budgeted for dedicated program integrity funding, including Old-Age, Survivors, and Disability Insurance (OASDI), SSI, Medicare and Medicaid program effects. SSI redeterminations conducted in FY 2016 will yield a ROI of about $4 on average of net Federal program savings over ten years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects. This proposal would repeal the discretionary cap adjustments enacted in the Balanced Budget and Emergency Deficit Control Act, as amended by the Budget Control Act, for SSA beginning in FY 2017 and
instead provide a dedicated and dependable source of mandatory funding for these program integrity activities.

4. **Allow SSA to Use Commercial Databases to Verify Wages in the SSI Program.** The SSI program is means-tested, and the correct benefit amount can vary monthly based on changes in a beneficiary’s income, such as wages. SSA recipients are required to report changes in a timely manner, but some do not, which results in improper payments. This proposal would reduce improper payments and lessen the recipients’ reporting burden by authorizing SSA to conduct data matches with private commercial databases and use that information to automatically increase or decrease benefits accordingly, after proper notification. New beneficiaries would be required to consent to allow SSA to access these databases as a condition of benefit receipt. All other current due process and appeal rights would be preserved.

5. **Expand Authority to Require Authorization to Verify Financial Information for Overpayment Waiver Requests.** SSA uses an automated process to verify the financial institution accounts of SSI recipients to improve payment accuracy. SSA has the authority to require applicants and beneficiaries to authorize the agency to get this information in connection with determining SSI eligibility. However, SSA cannot use this process for other determinations that involve consideration of financial institution account information. One such determination occurs when a beneficiary requests a waiver of recovery of an overpayment (whether an OASDI overpayment or an SSI one) or a change in the rate at which SSA withholds funds from a beneficiary’s payment to collect a prior overpayment. Determining whether someone qualifies for a waiver or a different rate of recovery can involve determining whether the person has the financial means to repay. This proposal would require OASDI recipients seeking overpayment waivers to grant SSA authority to certify financial information and thereby improve the accuracy of waivers. Currently, there is no automated method for verifying financial assets for overpayment waiver claims.

6. **Hold Fraud Facilitators Liable for Overpayments.** In a few recent cases of fraud against SSA’s disability programs, third parties, such as appointed representatives and doctors, facilitated fraudulent applications for benefits by submitting false statements or evidence purporting to show that the individuals were disabled, when in fact they were not disabled. Under current law, such facilitators may be subject to criminal prosecution and penalties, but they are not required to repay the benefits improperly paid to the person who was not eligible for them. This proposal would hold fraud facilitators liable for overpayments by allowing SSA to recover the overpayment from a third party with interest if the third party was responsible for making fraudulent statements or providing false evidence that allowed the beneficiary to receive payments that should not have been paid. Furthermore, a facilitator would be ineligible for a waiver of recovery of such an overpayment.

7. **Government-Wide Use of Customs and Border Patrol Entry and Exit Data to Prevent Improper Payments.** U.S. Customs and Border Protection (CBP) maintains data on when individuals enter and exit the United States. This entry and exit information may be useful in preventing improper payments in Federal programs that
require U.S. residency in order to receive benefits. This proposal would provide for the use of CBP Entry/Exit data to prevent improper payments.

8. **Use the Death Master File to Prevent Federal Improper Payments.** SSA receives about 2.5 million reports of death each year from many sources, such as family members, funeral homes, financial institutions, and the states. SSA is authorized to share all of the death information it maintains with Federal and state agencies that administer federally-funded benefits, state agencies administering state-funded programs, and Federal and state agencies using the information for statistical and research activities. Currently, Do Not Pay instead receives a smaller file, which excludes state death information. This proposal would increase the amount of death information available to Federal agencies for use in preventing improper payments by authorizing SSA to share all of the death information it maintains with Do Not Pay.

**Improve Efficiency**

9. **Improve Collection of Pension Information from States and Localities.** Current law requires SSA to reduce OASDI benefits when someone also receives a pension based on work that was not covered by Social Security. SSA currently has a matching agreement with the Office of Personnel Management (OPM) to obtain information on Federal government retirees who receive a pension from work not covered by Social Security. However, SSA generally lacks a way to receive similar information from state and local governments. As a result, many of these pensions go unreported, leading to improper payments. This proposal would require state and local government pension payers to report information on pensions paid for non-covered work to SSA through an automated data exchange.

10. **Establish Workers’ Compensation Information Reporting.** Current law requires SSA to reduce an individual’s Disability Insurance (DI) benefit if he or she receives workers’ compensation (WC) or public disability benefits (PDB). SSA currently relies upon beneficiaries to report when they receive these benefits. This proposal would improve program integrity by requiring states, local governments, and private insurers that administer WC and PDB to provide this information to SSA. Furthermore, this proposal would provide for the development and implementation of a system to collect such information from states, local governments, and insurers.

11. **Lower Electronic Wage Reporting Threshold to Five Employees.** SSA processes W-2 forms for Treasury. Currently, Treasury requires businesses that file 250 or more W-2s per calendar year to file electronically. This proposal would modify the Internal Revenue Code so that Treasury can require businesses that employ five or more employees to file electronically. This change would be phased-in over three years and would increase the efficiency and accuracy of this process, because electronic returns are completed more rapidly and are generally more accurate than scanned or keyed returns.

12. **Move from Annual to Quarterly Wage Reporting.** Employers report wages annually to SSA. However, from 1939 through 1977, SSA received wage reports on a quarterly basis. Increasing the frequency of wage reporting could enhance tax administration.
More frequent reporting would also facilitate implementation of automated enrollment of employees in existing workplace pensions and be the foundation for the creation of a system of automatic workplace retirement accounts for workers who do not currently have access to a retirement plan. Furthermore, more frequent reporting may improve program integrity by providing timelier wage data for use by Federal, income-tested programs. This proposal would restructure the Federal wage reporting process by requiring employers to report wages on a quarterly basis.

Program Improvements

13. **Conform Treatment of State and Local Government Earned Income Tax Credits and Child Tax Credits for SSI.** When determining someone’s eligibility for, and benefit amounts under, the SSI program, SSA excludes Federal earned income tax credits (EITC) and child tax credits (CTC). However, the law requires SSA to count state EITCs and CTCs for SSI purposes. This proposal would simplify administration of the SSI program by excluding state EITCs and CTCs, in the manner in which similar, Federal tax payments are excluded.

14. **Allow SSA to Electronically Certify Certain Railroad Retirement Board Payments.** For certain retired railroad workers, SSA computes the amount of SSA benefits the person should receive and sends that information to the Railroad Retirement Board (RRB), who actually pays the benefit. For most types of railroad workers and their family, SSA uses an automated process to certify electronically the payment amount to the RRB. However, SSA is not authorized to electronically certify certain categories of railroad workers, and must use a cumbersome manual process instead. This proposal would improve the efficiency and accuracy of the certification process by authorizing SSA to electronically certify the benefits of divorced spouses, to the RRB.

15. **Offset DI Benefits for Concurrent Receipt of Unemployment Insurance Benefits.** This proposal would eliminate dual benefit payments covering the same period a beneficiary is receiving state or Federal unemployment compensation, reducing duplicative spending in government programs.

16. **Reconcile Office of Personnel Management and Social Security Retroactive Disability Payments.** OPM must reduce disability payments made to Federal Employee Retirement System (FERS) annuitants who receive DI benefits. In many cases, OPM pays the FERS disability benefit before SSA decides whether the person is eligible for DI benefits. This results in FERS overpayments. This proposal would reduce these improper payments by further automating the coordination between SSA and OPM.

17. **Eliminate Aggressive SSA Benefits Claiming Strategies.** Individuals under full retirement age (FRA) who file for benefits on their own record or on the record of their spouse are deemed to file for either their own benefit or the spouse's benefit, as well.

---

1 This proposal would have no effect on the reporting of self-employment income.
However, deemed filing does not apply to individuals over FRA (currently age 66) – these individuals can choose to apply for benefits only as a spouse, thus allowing the person to earn delayed retirement credits (DRC) on their own record.

The Social Security Act includes another provision that allows a worker to opt to file for benefits based on his or her own work, then voluntarily suspend them, allowing the individual to accrue DRCs. In either case, DRCs can increase benefits by 8 percent for each year up to age 70. Some individuals—primarily those with higher incomes—manipulate these provisions to maximize DRCs by claiming and suspending benefits, or by filing for a lower benefit as a spouse, while allowing the higher benefit to increase due to DRCs. This proposal would eliminate such opportunities, resulting in equitable treatment of all individuals, regardless of income.

18. **Address Reserve Depletion of the DI Trust Fund.** To address reserve depletion of the DI Trust Fund, the Budget proposes a five-year reallocation of payroll taxes from the Old-Age and Survivors Insurance (OASI) trust fund to the DI trust fund. This policy would be in effect from January 1, 2016 through December 31, 2020, and will increase the payroll tax allocated to DI by 0.9 percentage points (with a corresponding decrease in OASI). At various points over the course of Social Security's history, Congress has passed reallocation legislation as the need arose for reallocating revenue from DI to OASI, and vice versa. This proposed reallocation will have no effect on the overall health of the OASI and DI trust funds on a combined basis.

**Technical Changes**

19. **Terminate Step Child Benefits in the Same Month as His or Her Parent.** A parent and stepchild may receive benefits on the record of a worker, but if the marriage terminates by divorce, they are no longer eligible for benefits. When a stepchild's parent is divorced, spousal benefits terminate in the month before the month of the final divorce. However, benefits for the stepchild terminate one month later, in the month of the final divorce. This proposal would fix this discrepancy by ending benefits for the stepchild in the same month as the parent, in the month before the final divorce.

20. **Clarify Penalties and Prohibitions for Misleading Internet Advertising.** Current law prohibits the use of certain words and symbols that, misleadingly, give the impression that SSA is connected to or has approved the communication. Violation of this prohibition is subject to certain penalties. However, it is unclear whether this prohibition applies to communications distributed or disseminated solely over the Internet. This proposal would clarify that such communication is prohibited, thereby protecting the public from misleading and potentially harmful communication.

**Administrative Improvements**

21. **Reauthorize and Expand Demonstration Authority for DI and SSI.** There are many options under discussion around specific program change to amend SSA’s disability programs. Moreover, in most cases, there is not enough evidence to determine whether a proposed program change would do more harm than good. Demonstration projects are
the best vehicles for identifying promising program changes and measuring their effects on existing and potential disability beneficiaries. However, SSA's authority to initiate DI demonstration projects expired in December 2005, and the agency has not initiated any new DI projects since then. Early intervention measures, such as supportive employment services for individuals with mental impairments; targeted incentives for employers to help workers with disabilities remain on the job; and opportunities for states to better coordinate services—have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities and gather evidence on which to base future program improvements. Our efforts for early intervention received bipartisan support of $35 million in the Consolidated and Further Continuing Appropriations Act, 2015. This proposal would provide SSA and partner agencies $50 million in discretionary funding for early intervention demonstrations in FY 2016, as well as $350 million for mandatory funding in FYs 2017-2020, to test innovative strategies to help people with disabilities remain in the workforce.