



SOCIAL SECURITY

The Commissioner

February 1, 2016

The Honorable Barbara Mikulski
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Mikulski:

We are pleased to share our fiscal year (FY) 2016 Operating Plan, as required by Section 516 of the Consolidated Appropriations Act, 2016 (Public Law 114-113).

Our Operating Plan provides proposed spending and expenditures for each of our accounts through the end of FY 2016 under the funding levels provided in the law. We hope that you find the information regarding workload and performance measures, which incorporate current workload projections, helpful. We also included a General Statement, which provides highlights of our Operating Plan.

We are sending similar letters to Senators Cochran, Blunt, and Murray as well as Representatives Cole, Rogers, Lowey, and DeLauro.

We are happy to work with your staff to answer any questions about our Operating Plan. If you have questions or need additional information, please call me or have your staff call Bonnie Kind, our Associate Commissioner for the Office of Budget, at (410) 965-3501.

Sincerely,

Carolyn W. Colvin
Acting Commissioner

Enclosure

SOCIAL SECURITY ADMINISTRATION GENERAL STATEMENT

The Consolidated Appropriations Act, 2016 provides our agency with \$12.162 billion in administrative funding for fiscal year (FY) 2016, including \$1.426 billion for dedicated program integrity funding and up to an additional \$116 million in order to fully fund program integrity workloads, and \$150 million for the renovation of the Altmeyer Building, on our headquarters campus.

The dedicated program integrity funding will allow us to complete significantly more of our cost-effective program integrity reviews than we did last year. Two of our most important program integrity tools are medical continuing disability reviews (CDR) and Supplemental Security Income (SSI) non-medical redeterminations, which save billions of program dollars each year. Medical CDRs are periodic reevaluations to ensure that only beneficiaries who continue to meet SSA's standards for disability continue to receive benefits. Redeterminations are periodic reviews of non-medical eligibility factors, such as changes in living arrangements and income and resources. In FY 2016, we plan to complete 850,000 CDRs and 2.522 million SSI non-medical redeterminations compared to approximately 799,000 and 2.267 million in FY 2015, respectively.

In addition, we will be able to open two new Cooperative Disability Investigation (CDI) units, one of which we opened earlier this fiscal year, in Washington, DC. CDI units are highly successful at detecting fraud before we make a disability decision. Each unit is staffed with employees from SSA, the Office of the Inspector General (OIG), and Disability Determination Services (DDS), who partner with local law enforcement to investigate fraud allegations.

With the \$150 million for the Altmeyer building, we will be able to renovate this 55 year-old building, which is in need of significant repairs. The renovation will address health and safety issues, meet current accessibility standards, improve space utilization, and provide an energy efficient working environment that meets 21st century standards.

On the service front, we will be able to fund Administrative Law Judge (ALJ) and support staff hiring to implement our *Compassionate and Responsive Service* (CARES) plan to tackle our hearings backlog. With sustained funding, our goal is to get to a 270-day hearings wait time by FY 2020, down from a wait time of over 500 days currently. Our CARES plan, which is built on people and quality, combines a number of immediate, tactical, and strategic initiatives to increase hearings adjudication and disposition capacity, improve ALJ support and staff efficiency, and strengthen personnel oversight and policy compliance without sacrificing our commitment to quality.

However, the FY 2016 funding level does not cover all of the inflationary growth in our fixed costs (e.g., payroll, benefits, guard services, and rent.) As a result, we have had to make difficult

choices between competing workloads. We worked hard to balance funding our fixed costs and other priorities, however, we have had to reduce our support for some important priorities. Since we must fund our fixed costs, we have less funding to maintain overall service. To accommodate our competing budgetary demands, we anticipate not being able to maintain our recent gains in service delivery for our National 800 Number and field offices due to delayed replacement hiring and substantially reduced overtime. We expect busy signals to increase from an average of 7.5 percent in FY 2015 to 9.5 percent in FY 2016, and wait times to increase from an average of over 10 minutes in FY 2015 to over 15 minutes in FY 2016. Backlogs in our processing centers will also continue to grow.

We also will not be able to properly invest in the kind of information technology automation and modernization that allows us to operate more efficiently since resources will be needed to maintain our current infrastructure. Our technology spending is essential to continue improving productivity and achieving our performance targets. We need to continue to refresh our equipment, improve automation, and expand our mainframe capacity so that we can keep up with our growing population of beneficiaries, but we will only be able to partially fund these efforts in FY 2016.

We are the face of the Federal Government for many, and over the past eight decades, generations of people have relied on our programs and compassionate employees to help them navigate through life's challenges and during times of change. Social Security is a promise between generations that has kept millions of people from indigence in their old age and disability-prone years. It is essential that we preserve the legacy entrusted to us 80 years ago. We will continue to look for efficiencies and ways to work better and smarter, especially in light of our service challenges. We pride ourselves on the fact that our administrative costs are only 1.3 percent of benefit payments, a remarkable achievement, and a testament to our hard-working, innovative employees. FY 2016 is a challenging budget year, but we will do our best to serve the millions of Americans who depend on us.

Social Security Administration (SSA) Fiscal Year (FY) 2016
Operating Plan

**(Appropriated FY 2016 Funds and Carryover / Transfers
of Unobligated Prior-Year Funds)
(\$ in millions)**

Budget Authority:

	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
<u>Payments to the Social Security Trust Funds (PTF)</u>		
Pension Reform	\$6.4	\$6.4
Unnegotiated Checks	5.0	5.0
Quinquennial Adjustment for Military Wage Credits	9.0	0.0
Total Appropriation (P.L. 114-113)	\$20.4	\$11.4

	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
<u>Supplemental Security Income (SSI)</u>		
FY 2016 Benefit Payments, Total	\$60,683.0	\$60,686.0
FY 2016 First Quarter Advance (P.L. 113-235)	19,200.0	19,200.0
FY 2016 Appropriation	41,483.0	41,486.0

	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
<u>Supplemental Security Income (SSI)</u>		
Administrative Expenses, Total	4,765.0	4,648.7
Administrative Expenses (Regular)	4,765.0	3,718.8
Program Integrity	N/A	245.3
Additional Program Integrity	N/A	684.6

	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
<u>Supplemental Security Income (SSI)</u>		
Beneficiary Services	70.0	70.0
Research and Demonstration (R&D) Projects (FY 16 / FY 17 / FY 18)	101.0	101.0 ¹
Special Immigrant Visas	3.0	0.0
Total Appropriations (P.L. 113-235 and P.L. 114-113)	\$65,622.0	\$65,505.7

¹ Includes \$38.3M, which we plan to request in the next reapportionment for FY 2016.

<u>Supplemental Security Income (SSI) – Carryover of Unobligated FY 2015 Balances and Recoveries</u>	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
Benefits	\$0.0	\$3,224.1
Administrative Expenses	0.0	326.0
Beneficiary Services	16.0	21.0 ²
R&D (No Year)	3.5	8.9 ³
R&D (FY 15 / FY 16 / FY 17)	31.0	37.7 ⁴
Total, Carryover of Unobligated FY 2015 Balances and Actual Recoveries	\$50.5	\$3,617.8

<u>Supplemental Security Income (SSI) – Total Funds Available for FY 2016</u>	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
	\$65,672.5	\$69,123.5

<u>Limitation on Administrative Expenses (LAE)</u>	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
Regular LAE	\$10,934.6 ⁵	\$10,446.6 ⁵
PI-CDRs/Redets	273.0	273.0
PI-Additional CDRs/Redets	1,166.0	1,153.0
SSA Advisory Board	2.4	2.3
SSI User Fees	136.0	136.0
Non-Attorney Certification User Fee	1.0	1.0
Total Appropriated (P.L. 114-113)	\$12,513.0	\$12,011.9

<u>American Recovery and Reinvestment Act (P.L. 111-5) NSC Replacement</u>	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
	\$35.7	\$53.4 ⁶

² An additional \$0.6M in carryover is available for apportionment for FY 2017.

³ Includes \$8.9M which we plan to request in the next reapportionment for FY 2016. Also, an additional \$5.2M in carryover is available for apportionment for FY 2017.

⁴ Includes \$6.7M which we plan to request in the next reapportionment for FY 2016.

⁵ Excludes funding for dedicated PI (CDRs and Redeterminations).

⁶ The FY 2016 Apportionment includes \$25.1M in NSC No-Year funds based on estimated carryover. The \$53.4M in NSC No-Year funds is based on actual carryover, which will be requested in the next reapportionment for FY 2016.

	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
Medicare Improvement for Patients and Providers Act (P.L. 110-275) Low Income Subsidy	\$5.9	\$10.0
	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
Other Available Funds: <u>Information Technology Systems (ITS) (No-Year) –</u>		
Carryover/Recoveries from Unobligated ITS Balances	\$55.9	\$181.8 ⁷
<u>Altmeyer Dedicated Funding (P.L. 114-113) (No-year)</u>	N/A	\$150.0
Carryover/Recoveries of Other Unobligated Balances	\$0.0	\$20.2 ⁸
	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
Medicare Access and CHIP Reauthorization Act (P.L. 114-10) (FY 16 / FY 17 / FY 18)		
Medicare Access and CHIP Reauthorization Act	N/A	\$22.0
Carryover/Recoveries from Unobligated MACRA Balances (FY 15 / FY 16 / FY 17 / FY 18)	N/A	\$27.0
	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
<u>Office of the Inspector General, SSA</u>		
Federal Funds	\$31.0	\$29.8
Trust Funds	\$78.8	\$75.7
Total Appropriated (P.L. 114-113)	\$109.8	\$105.5
	<u>FY 2016 President's Budget</u>	<u>FY 2016 Available Funding</u>
<u>Estimated Outlays</u>		
PTF	\$20	\$11
LAE	\$12,624	\$12,330
SSI	\$61,037	\$64,675
OIG	\$110	\$106

Note: Totals may not add due to rounding.

⁷ The current FY 2016 apportionment includes \$210.7M in ITS No-Year funds based on estimated carryover. The \$181.8M in ITS No-Year funds is based on actual carryover, which will be requested in the next reapportionment for FY 2016.

⁸ Includes authority from prior years carried over for the following purposes: \$20M for operation and maintenance of specific facilities delegated to SSA by the General Services Administration, \$169K for construction, \$26K for Disaster Relief, and \$13K for Automation Investment Fund.

FY 2016 Congressional Operating Plan Performance Table – Workload and Outcome Measures

	FY 2015		FY 2016 ¹
	Enacted Appropriation	Actual	Enacted
SELECTED WORKLOAD MEASURES			
Retirement and Survivors Claims Completed (thousands)	5,247	5,327	5,586
Initial Disability Claims Completed (thousands)	2,767	2,759	2,695
Disability Reconsiderations Completed (thousands)	739	723	702
Hearings Completed (thousands)	727	663	703
National 800-Number Calls Handled (millions)	38	37	34
Average Speed of Answer (ASA) (seconds)	700	617	945
Agent Busy Rate (ABR)	8%	7.5%	9.5%
Social Security Numbers Completed (millions)	16	16	16
Annual Earnings Items Completed (millions)	257	266	264
Social Security Statements Issued (millions) ^{2,3}	44	50	38
SELECTED OUTCOMES MEASURES			
Initial Disability Claims Pending (thousands)	621	621	733
Disability Reconsiderations Pending (thousands)	143	144	136
Hearings Pending (thousands)	1,056	1,061	1,087
Average Processing Time for Initial Disability Claims (days)	109	114	113
Average Processing Time for Disability Reconsiderations (days) ⁴	N/A	113	N/A
Annual Average Processing Time for Hearings Decisions (days)	470	480	540
Disability Determination Services Production per Workyear	313	307	307
Office of Disability Adjudication and Review Production per Workyear	104	95	94
Disability Determination Services Accuracy Rate	97%	98%	97%
SELECTED PROGRAM INTEGRITY MEASURES			
Periodic Continuing Disability Reviews (CDRs) Completed (thousands)	1,890	1,972	1,950
Full Medical CDRs (included above, thousands)	790	799	850
Supplemental Security Income (SSI) Non-Medical Redeterminations Completed (thousands)	2,255	2,267	2,522

¹ FY 2016 is a 53-week year for management information purposes. After the close of the year, we will report both 52 and 53-week actual performance data. Our budgeted performance goals are full-year goals based on the workyears we are able to support with funds available in FY 2016.

² The Social Security Statements Issued measure includes paper statements only; does not include electronic statements issued.

³ The original estimate for Social Security Statements (SSS) Issued measure in FY 2016 President's Budget was 45M. This has been reduced by ~6.6M, as a result of the agency sending out the scheduled SSS for FY 2016 October in FY 2015 September. Therefore, the FY 2016 Enacted number has been adjusted to ~38M.

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 for FY 2017, after we have had the ability to analyze at least two years of actual data.

