

FY 2017 BUDGET OVERVIEW

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A MESSAGE FROM THE ACTING COMMISSIONER

As the Acting Commissioner, it is rewarding to know that our services continue to play a critical role in the lives of millions of people. We are the face of the Federal Government for many, and over the past eight decades, generations of Americans have relied on our programs and compassionate employees to help them navigate through life's personal challenges and during times of change. Today, over 65,000 dedicated Social Security employees make up our great agency and provide exemplary service to the public. Thanks to these dedicated employees, America's hardworking citizens, and support from the Administration and the Congress, Social Security will continue to provide an economic safety net that has kept millions of our citizens from indigence in their old age and disability-prone years.

While we have endured funding constraints, sequestration, and a Government shutdown at the beginning of this decade, the funding we received for fiscal years (FY) 2014 and 2015 provided much-needed relief and allowed for critical service improvements. Our current state of service remains fragile, though, as the demands of balancing service and stewardship responsibilities continue to strain our resources. Our FY 2016 budget will not allow us to sustain our recent gains, unfortunately, as the FY 2016 funding level does not cover all inflationary growth in our fixed costs (e.g. payroll, benefits, guard services, and rent). The FY 2017 President's Budget of \$13.067 billion will keep us on the right path. While we continue to look for efficiencies and ways to work better and smarter, especially in light of our service challenges, it is essential that we receive the full budget request to ensure our ability to execute critical service delivery efforts, modernize our IT infrastructure, and expedite implementation of important SSA provisions in the Bipartisan Budget Act (BBA) of 2015.

The FY 2017 President's Budget will allow us to balance our important service and stewardship work, and address the critical agency priorities outlined in Vision 2025. Specifically, we will execute our Compassionate and Responsive Services (CARES) plan, a multiyear plan to eliminate the hearings backlog; implement many of the provisions in the BBA; significantly increase our cost-effective program integrity work; reduce National 800 Number wait times; and invest in our IT infrastructure.

The FY 2017 President's Budget will fully fund administrative law judge (ALJ) and support staff hiring to implement our 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 over 500 days today. Our 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.

Vision 2025, our long-range strategic plan, is shaping the future of Social Security service delivery and will provide a framework to tackle our current challenges. With full funding of the FY 2017 President's Budget request, we can ensure high-quality service and address the critical agency priorities outlined in Vision 2025.

Providing a Superior Customer Experience: We are committed to providing superior customer service, whether it is in-person, online, or on the telephone. Starting with our direct service areas, we are focused on providing relief to our frontline staff by expanding our use of alternate service delivery methods. We are also leveraging increased demand for our online services to allow for additional flexibility in our field offices.

Supporting Our Exceptional Employees: We are focused on attracting, training, and retaining employees who can provide superior service to the public now and in the future. With nearly 20 percent of our workforce currently eligible for retirement, employee development and engagement, and improving succession management are critical priorities for our agency. We will equip our employees with the skills and tools they need to do their jobs more efficiently by providing training opportunities and investing in technology.

Moving forward as an Innovative Organization: We are committed to accelerating our use of data-driven decisions to improve processes and deliver faster and more accurate service to our customers. In addition, we will provide greater oversight and project management expertise to increase the success of mission-critical projects. We will also begin the process of modernizing our IT to bring our legacy systems up to current standards.

Enhancing Program Integrity: We continue to increase our efforts to reduce improper payments and to combat fraud, waste, and abuse. In FY 2015, we expanded to 36 Cooperative Disability Investigation (CDI) units across 31 States and the Commonwealth of Puerto Rico, and our Budget request will allow us to continue to expand these important anti-fraud units. We will harness the benefits of data analytics to guard against new and developing fraud schemes. In addition, we propose to process more than one million full medical continuing disability reviews (CDR) in FY 2017, which will save billions of taxpayer dollars and allow us to achieve CDR currency by the end of FY 2019.

Our FY 2017 budget is pivotal to strengthening the tenuous state of our services and positioning the agency for the future. With the requested funding, we can move forward on a path to providing quality services and position the agency to best serve the public both now and in the future.

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 2017, we will pay a total of about \$813 billion in OASI benefits to a monthly average of approximately 52 million beneficiaries, including 89 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 2017, we will pay a total of about \$149 billion in DI benefits to a monthly average of 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 2017, we will pay a total of nearly \$59 billion in Federal benefits and State supplementary payments to a monthly average of approximately 8.4 million recipients.

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 2017, we will handle over 5.7 million retirement, survivors, and Medicare claims; over 2.8 million Social Security and SSI initial disability claims; and nearly 216,000 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 2017, we will complete approximately 715,000 reconsiderations, 784,000 hearings, and 140,000 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 2017, we will conduct 2.822 million SSI redeterminations and 1.1 million full medical CDRs.
- Social Security Numbers: We complete applications for and assign SSNs to all Americans. In FY 2017, 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 2017, we will post 265 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 2017 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 2017, 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 2017, 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, and eligibility for Federal and State programs, including the Affordable Care Act and the Department of Veterans Affairs.

FY 2015 ACCOMPLISHMENTS

We are pleased that we ended FY 2015 with nearly all of the employees we added in the previous year. As our new employees completed training and gained on-the-job experience, we were able to make some improvements in our direct service areas. Most notably, we reduced busy signals and wait times on our National 800 Number. The employees we added also allowed us to restore some service hours to the public that we previously cut because of insufficient

resources. Our online services continued to provide relief to our frontline positions, as more than 50 percent of all retirement and disability claims were filed online. In addition, the public used our website to complete nearly 87 million other transactions.

Our FY 2015 funding allowed us to make considerable progress in our ongoing fight against fraud, waste, and abuse. Starting with our important program integrity work, we completed 50 percent more CDRs than we did in FY 2014 and maintained our high volume of SSI redeterminations. We continued our commitment to prevent and deter fraud by establishing the Office of Anti-Fraud Programs to centralize our anti-fraud efforts. We also expanded our CDI program to 36 units covering 31 states and the Commonwealth of Puerto Rico.

In FY 2015, we:

- paid over \$930 billion to more than 67 million beneficiaries;
- handled approximately 37 million calls on our National 800 Number;
- served over 40 million visitors in over 1,200 field offices nationwide;
- received over 66 million calls to field offices nationwide;
- completed over 8 million claims for benefits and more than 660,000 hearing dispositions;
- handled over 35 million changes to beneficiary records;
- issued about 16 million new and replacement Social Security cards;
- posted about 266 million wage reports;
- handled over 18,000 cases in Federal District Courts;
- completed 799,000 full medical CDRs; and
- completed over 2.2 million non-medical redeterminations of SSI eligibility.

FY 2017 BUDGET REQUEST

Our FY 2017 President's Budget of \$13.067 billion will allow us to balance our important service and stewardship work, and address the critical agency priorities outlined in Vision 2025. Specifically, we will build a workforce to execute our multiyear plan to eliminate the hearings backlog, increase our cost-effective program integrity work, implement many of the provisions in the BBA, and invest in our IT infrastructure. We will work to reverse the service deterioration that will result from constrained funding in FY 2016, and we will build additional capacity in key areas to address specific challenges. This level of funding will allow us to:

- Execute our CARES plan, which includes aggressive hiring of ALJs and support staff, as well as other initiatives, to increase the number of hearings completed by nearly 20 percent;
- Improve frontline service to the public, such as in our field offices and on our National 800 Number;

- Significantly increase CDRs and SSI redeterminations, by nearly 40 percent and 25 percent, respectively;
- Provide additional resources to our State disability determination services (DDS), to support implementing BBA-related changes including the elimination of single decision maker (SDM) authority, completing higher levels of continuing disability reviews, and processing high levels of initial disability claims.
- Expand our efforts to prevent and deter fraud by adding new units to our CDI program, and continue to support our SSA fraud prosecutors;
- Provide our employees with training opportunities to ensure successful knowledge transfer and leadership development;
- Continue to enhance our online services and promote them as a safe and convenient service option;
- Make more data-driven decisions to improve processes throughout the agency;
- Strengthen support for mission-critical projects to increase chances of success; and
- Implement a more efficient IT investment strategy and begin modernizing our IT infrastructure.

The following charts provide the FY 2017 President's Budget request for our administrative expenses, including funding amounts, associated workyears, and key performance goals. The first chart, the FY 2017 Funding Table, provides amounts for our key appropriations and the associated workyears. The second chart, the FY 2017 Performance Table, includes the actual performance for FY 2015 and anticipated targets for FYs 2016 and 2017 for our key performance measures.

FY 2017 PRESIDENT’S BUDGET REQUEST – FUNDING

The funding table below provides actual dollar figures and workyears expended for FY 2015, our estimated spending for FY 2016 based upon Public Law 114-113, and our FY 2017 budget request.

FY 2017 Funding Table	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Budget Authority (in millions)			
Limitation on Administrative Expenses (LAE)	\$11,806	\$12,162	\$13,067
Research and Demonstrations	\$83	\$101	\$58
Office of the Inspector General (OIG)	\$103	\$106	\$112
Total Budget Authority ¹	\$11,992	\$12,368	\$13,237
Workyears			
Full-Time Equivalents	63,394	64,860	66,140
Overtime	2,831	674	2,200
Lump Sum	<u>246</u>	<u>298</u>	<u>298</u>
Total SSA Workyears ²	66,471	65,832	68,638
Disability Determination Services (DDS) Workyears	<u>14,925</u>	<u>15,270</u>	<u>16,000</u>
Total SSA/DDS Workyears	81,396	81,102	84,638
OIG Workyears	<u>533</u>	<u>543</u>	<u>564</u>
Total SSA/DDS/OIG Workyears	81,929	81,645	85,202

¹ Totals may not add exactly due to rounding.

² Totals do not include MACRA workyears.

FY 2017 PRESIDENT’S BUDGET REQUEST – PERFORMANCE

The performance table below reports our actual performance for FY 2015, our estimate for what we can achieve in FY 2016 based upon P.L.114-113, and what we can achieve with our FY 2017 budget request.

FY 2017 Performance Table	FY 2015 Actual	FY 2016 Enacted ¹	FY 2017 Request
Selected Workload Measures			
Retirement and Survivors Claims Completed (thousands)	5,327	5,586	5,732
Initial Disability Claims Completed (thousands)	2,759	2,695	2,810
Disability Reconsiderations Completed (thousands)	723	702	715
Hearings Completed (thousands)	663	703	784
National 800 Number Calls Handled (millions)	37	34	38
Average Speed of Answer (ASA) (seconds)	617	945	675
Agent Busy Rate (percent)	7.5	9.5	7.0
Social Security Numbers (SSN) Completed (millions)	16	16	16
Annual Earnings Items Completed (millions)	266	264	265
Social Security Statements Issued (millions) ^{2,3}	50	38	44
Selected Outcome Measures			
Initial Disability Claims Receipts (thousands)	2,756	2,807	2,817
Hearings Receipts (thousands)	746	730	729
Initial Disability Claims Pending (thousands)	621	733	740
Disability Reconsiderations Pending (thousands)	144	136	137
Hearings Pending (thousands)	1,061	1,087	1,033
Average Processing Time for Initial Disability Claims (days)	114	113	113
Average Processing Time for Disability Reconsiderations (days) ⁴	113	N/A	109
Annual Average Processing Time for Hearings Decisions (days)	480	540	555
Disability Determination Services Production per Workyear	307	307	314
Office of Disability Adjudication and Review Production per Workyear	95	94	98
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	N/A	(2,000)	(2,700)
Selected Program Integrity Performance Measures			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,972	1,950	2,200
Full Medical CDRs (included above, thousands)	799	850	1,100
Supplemental Security Income (SSI) Non-Medical Redeterminations Completed (thousands)	2,267	2,522	2,822

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 the FY 2016 President’s Budget was 45 million. This has been reduced by ~6.6 million, 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 ~38 million.

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. Now that we have had the opportunity to analyze at least two years of actual data, this year we developed a performance target for FY 2017.

BIPARTISAN BUDGET ACT OF 2015 (BBA)

We are pleased with the BBA's support to protect and strengthen our programs, and we will work to implement the provisions in the Act as expeditiously as possible. The BBA will help us address critical priorities, such as reducing improper payments and ensuring we have an adequate pool of ALJ candidates to successfully execute our hearings reduction plan. In addition, the BBA increases the annual spending caps for program integrity purposes through FY 2021, as well as expands use of the cap adjustment funds to include cooperative disability investigation units and fraud prosecutions. The BBA also included critically important provisions to bolster the financing of the Social Security Disability Insurance Program (SSDI), ensuring that the program can continue to provide workers with serious disabilities and their families the full benefits they have earned. For a summary of all of the SSA provisions included in the BBA, please see our exhibit in the Limitations on Administrative Expenses technical materials.

❖ PROVIDING A SUPERIOR CUSTOMER EXPERIENCE

A vast majority of the public continues to complete their business with us in person at a field office or with one of our customer service representatives on our National 800 Number, either out of necessity or preference. As such, we rely heavily on an adequate and experienced workforce to deliver timely and accurate service. With increasing workloads, it is critical to ensure sufficient funding for FY 17. Our online services and other self-service options have alleviated some of the pressure our frontline staff is facing, but much of the work we do to serve the public still requires human interaction.

Field Offices

With more than 160,000 visitors on a daily basis, our more than 1,200 field offices nationwide are the cornerstone of our operation. As such, we remain committed to maintaining a field office structure for those customers who need or prefer face-to-face service. We were pleased to restore some of the field office hours that we previously reduced because of insufficient resources. Effective March 16, 2015, field offices nationwide opened for an additional hour every weekday except for Wednesday.

To improve efficiency in our field offices, we are focused on redirecting internet claims to 16 sites called Workload Support Units (WSU) to free up field office employee time for direct face-to-face service. These units processed approximately 84 percent of all internet retirement claims in FY 2015, which would have otherwise had to be processed by field office representatives. While internet retirement claims continue to be WSU's primary workload, we are building the capacity to increase their intake of internet disability claims.

We continue to expand our use of alternate methods of service delivery to our customers, such as video service, self-help computers, and express customer service stations while also providing high-quality face-to-face field office services for individuals who need or prefer them.

- *Video Service Delivery (VSD)*: The use of VSD is helping us balance workloads, save on travel costs, provide services to our deaf and hard of hearing population, and reduce customer wait times in busier field offices. VSD allows customers who live in remote locations to see a field office representative via live-streaming video. We have VSD units in 670 sites, and conducted approximately 130,000 interviews in FY 2015. Our next step is to explore more cost-efficient technology that will allow us to expand VSD to new locations.
- *Self-Help Personal Computers (SHPC)*: SHPC allows our customers to access our online services using computers located inside our field offices, enabling customers to complete some transactions without needing to speak with a representative. However, a field office representative is available to provide assistance, if necessary, to ensure customers complete their business. These stations now run on a virtual desktop infrastructure, which is more secure and cost efficient. Currently, SHPC is available in 790 field offices nationwide. In FY 2016, we plan to add 200 SHPCs in new or existing sites.
- *Social Security Express Desktop Icons*: These icons allow users to access most of our online services from a public computer or website. Available at external partner sites, such as libraries and senior centers, these icons offer the same services as the SHPCs in our field offices. In FY 2015, we designed and implemented a process allowing partner sites to download the desktop icon directly to a PC or website. Visits to Social Security Express through our icons more than tripled from 19,343 visits in FY 2014 to 61,470 visits in FY 2015.
- *Express Customer Service Stations*: Currently in the proof-of-concept (POC) phase, Customer Service Stations (CSS) offer customers a streamlined menu of service options geared towards the needs of individuals already conducting business in external partner locations (e.g., libraries and senior centers) or in our field offices. These stations support one-stop online access to some of Social Security's most popular quick online services – and improve service delivery for customer communities such as Veterans and those without home internet access. We currently have seven CSSs installed – one is in a Social Security field office and the other six are in external partner locations. This POC began on July 2, 2014 and is expected to continue through February 2017. After the POC ends, we will use the data collected to decide whether to move into a pilot expansion and potentially purchase additional units.

National 800 Number

Our National 800 Number allows customers to speak with a Social Security representative between 7 a.m. and 7 p.m. local time, Monday through Friday. The National 800 Number also offers a menu of automated services 24 hours a day.

The telephone agents we have across the country handle more than 2.6 million calls every month. Similar to the representatives who work in our field offices, the customer service representatives on our National 800 Number are knowledgeable of all the programs we administer, including Medicare and Medicaid, and customers rely heavily on this personal service to conduct business with us. As such, our National 800 Number faces similar challenges to our field offices in keeping pace with customer demand.

While we have worked diligently to improve National 800 Number service, the funding we received for FY 2016 will increase wait times and busy signals. With full funding of the FY 2017 Budget request, we will once again reverse the service deterioration on our National 800 Number, improving wait times from nearly 16 minutes at the end of FY 2016 to just over 11 minutes at the end of FY 2017. Busy signals will also improve from 9.5 percent at the end of FY 2016 to 7 percent by the end of FY 2017.

Initial Disability Claims

Our State DDSs make the time-intensive medical determinations for both initial disability claims and CDRs. While initial disability claims receipts have decreased since FY 2010, receipts are projected to increase again in FY 2016 and FY 2017. In FY 2015, the DDSs handled over 2.7 million initial disability claims while completing over 790,000 CDRs with the Budget Control Act level of program integrity funding. At the same time, our DDSs are keeping processing times relatively stable. With the FY 2017 President's Budget, we will increase the number of initial disability claim decisions by 4.3 percent from FY 2016. At the same time, we will significantly increase CDRs from 850,000 in FY 2016 to a record 1.1 million in FY 2017, and stay on track to eliminate the CDR backlog by the end of FY 2019.

Health Information Technology (HIT): We use an application that allows us to request, receive, and analyze electronic medical records in a fully automated manner using HIT. HIT automates the medical records request and receipt process, as well as gives adjudicators access to medical records within seconds of transmitting the request, as opposed to days or weeks. In FY 2015, over 6 percent of our initial disability claims received HIT medical records. Our FY 2017 goal is to increase HIT medical records to 11 percent of initial disability claims.

Disability Case Processing System (DCPS): DCPS will replace 54 independent legacy systems currently used throughout the DDS offices nationwide. The new system will allow for faster and more accurate case processing, reduce administrative costs, and provide structured data that will support our fraud analytics efforts. We plan to develop and deploy the core product to initial sites in FY 2016, adding additional functionality to process all types of disability cases throughout FY 2016 and FY 2017.

Hearings

Our CARES plan presents a sustained, comprehensive, multiyear, and multi-layered approach for eliminating our hearings backlog. If we continue to receive adequate funding, and support from the Office of Personnel Management (OPM), we believe that through our innovative and engaging CARES plan, geared towards quality and people, we will facilitate the decrease in the backlog by FY 2017 and eliminate the hearings backlog by FY 2020. The CARES plan will reduce the current average wait time for a hearing decision from over 500 days currently to 270 days in FY 2020, and we expect to cut the number of pending cases in half.

Examples of initiatives currently underway in the CARES plan include:

- *Increased Staffing*: We will likely need to expand our hearings workforce by a few thousand employees between now and FY 2018, including 250 ALJs per year, if we are to eliminate the backlog by the end of FY 2020. In order to meet our hiring goals, we

need OPM to provide an adequate pool of ALJ candidates. OPM recently provided 50 additional candidates, but we need many more. The BBA included an important provision to ensure another exam will be administered this year, which is critical to ensuring an adequate pool of ALJs in future years. If we meet our hiring goals, we will increase our hearing decisions in FY 2017 to approximately 784,000, nearly 20 percent more than our FY 2015 levels, and begin to reduce pending levels.

- *National Adjudication Team*: This team allows our most experienced attorney advisors to issue fully favorable, on-the-record decisions, freeing up our ALJ resources to concentrate on the more complex cases that require hearings. These senior attorney adjudicators either reverse the DDS determination through an on-the-record decision or prepare an explanation as to why they were unable to reverse the determination.
- *Video Expansion and Improvement*: Expanding the use of video hearings will help us balance workloads across the country, reduce ALJ travel to remote sites, and offer claimants a more convenient and timely way to have their case heard. Currently, we hold more than 25 percent of hearings via videoconference. Our goal is to hold at least 170,000 hearings via video in FY 2016 and FY 2017.
- *Pre-Hearing Conference Pilot Program*: We implemented a program that allows senior attorneys to conduct pre-hearing conferences with unrepresented claimants. The purpose of the pilot is to reduce the number of delayed or rescheduled hearings by developing the record, explaining the hearing process to the claimant, and advising the claimant of his or her right to representation. Currently, more than 11 percent of scheduled hearings do not take place because claimants fail to appear or ask to postpone so they can seek representation.
- *Inline Quality Review*: Under this program, we conduct independent, random reviews to ensure that the laws, and our regulations and policies are applied equally and fairly to each individual who has filed a request for a hearing.
- *Contractor Access to eFolders*: Following the success of online services for representatives, we are developing a similar service for medical and vocational experts to access and view the electronic folder. A pilot is scheduled for release in April 2016. Additional functionality and national rollout are expected in December 2016.
- *Appointed Representative Services (ARS)*: ARS provides representatives with the ability to access their claimant's electronic folders via a secure SSA website. It also allows representatives to upload evidence and highlight pertinent information within the document. ARS reduces our costs for burning, encrypting, packaging, and mailing evidence on compact discs to representatives.
- *Electronic Bench Book (eBB)*: eBB allows ALJs and decision writers to perform pre-hearing file reviews and capture hearing notes. Post hearing, eBB guides the ALJ through each step of the sequential evaluation process while documenting the decisional instructions. Currently, ALJs are using eBB to process decisional instructions on 1,500 cases per week. A recent software release automatically generates a draft decisional notice.

Enhancing Online Customer Service

In FY 2015, customers continued to increase their use of our online services to conduct business with us as they completed nearly 87 million transactions via our website. Customer satisfaction with our online services also continues to shine, as five of the top ten ranked federal websites were SSA online customer service products, according to the Foresee e-Government Report Card 2015. We will continue to enhance our online services and promote them as a safe and convenient service option to increase usage and reduce unnecessary field office visits. Our goal is to increase the volume of online transactions by 25 million each year, which would result in a total of 112 million transactions in FY 2016 and 137 million in FY 2017. With increased usage of online services, we can free-up more time for customers that need or prefer to complete business with us in person.

We are exploring and developing ways we can expand our online customer base. For example, we are enhancing *my Social Security* to include services for representative payees and to allow people with a foreign address to register. In addition, we are developing new customer engagement tools including Click-to-Chat, Click-to-Video, and a Message Center for relaying informational messages and promotional content to *my Social Security* users. Our 2015 releases of Dynamic Help and Click-to-Callback are also scheduled for enhancements. Expanding and enhancing our communication channels will allow customers to complete their online transactions within the method they prefer.

In November 2015, we released the internet Social Security Number Replacement Card (iSSNRC) application, which allows eligible customers to apply for their replacement SSN card online. Currently, we are slowly rolling out iSSNRC to a few States at a time but will continue releasing to additional States in the future.

Other services include adding an SSI application to the current iClaim process; and the development of a Smart Claim application that will allow our customers to file for retirement, disability, and Medicare within the same online service tool. We will later expand Smart Claim to include online service options for SSI claimants as well.

The internet appeals (iAppeals) application will allow customers to complete their non-medical appeals online; and we are developing applications to allow appointed representatives to complete all of their business via the internet, including expanding services at the initial claim level.

To promote our current and new online services, we use public service announcements on television, radio, printed leaflets, billboards, bus posters, displays in airport terminals, and social media. We also engage with the public on Facebook and Twitter, and we recently launched a new blog to enhance our social media outreach. We are collaborating with the Internal Revenue Service and TaxACT, a large tax preparation software company, to promote *my Social Security*.

Educate the Public about Social Security Programs

We strive to educate the public, as well as our employees, about all the benefits and services we provide, to create a better customer experience. We are working with youth groups, faith-based groups, labor unions, and senior citizen and disability advocates to leverage their resources to reach both local and national audiences. At the end of FY 2016, we will deploy an employee

education program that will enable all of our employees to better understand and convey agency messages to those they meet, both at work and in their personal lives.

❖ **SUPPORTING OUR EXCEPTIONAL EMPLOYEES**

The level of service we provide to the public relies heavily on a workforce equipped with the knowledge, skill, and leadership to apply the complex rules of our programs. One of our greatest challenges is replacing the loss of our most experienced employees, especially in our current leadership ranks. More than 50 percent of our senior executives and 30 percent of our frontline supervisors are eligible to retire. Without leadership development and succession planning, this loss will result in both a lack of experience and institutional knowledge.

Employee Development and Engagement

We plan to continue to invest in our employees by bolstering our leadership programs, offering opportunities to more employees, and continuing to offer and support mentoring opportunities, such as in our newly piloted National Mentoring Program.

Employee engagement is vital in recruitment, retention, and satisfaction. It can improve organizational performance while also contributing to individual performance. Therefore, it is paramount that we continue to promote an engaged and satisfied workforce and to improve our Federal Employment Viewpoint Survey scores on employee satisfaction.

Altmeyer Building Renovation Project

The well-being of our employees is also an agency priority, which includes, among other things, providing a work environment that is safe, comfortable, and energy efficient. As such, our budget request supports the renovation and repair of several office buildings to bring them up to current health and safety codes.

Our FY 2016 appropriation included \$150 million to fund the renovation of the Altmeyer Building on SSA's Woodlawn, MD main campus. The renovation includes full interior and exterior renovations of the existing building including infrastructure, electrical system, and space. The improved space utilization will create space for about 300 to 350 additional staff. We expect to award a contract for design services sometime in FY 2017 and estimate occupancy of the renovated building in FY 2021.

Succession Planning

Our FY 2016-2018 Succession Plan promotes the assessment of competencies essential to leadership succession. The updated plan includes expanded training and developmental programs that support continual learning and close competency gaps. Organizational components will identify critical positions to serve as the foundation of the plan's strategies and activities. Our leaders will use the FY 2015-2024 *Retirement Wave Report* to make data-driven human capital and financial management decisions. This approach further enhances the goal of data-driven operations to ensure a continuation of a strong leadership pipeline of talent to meet the changing needs of our customers.

❖ MOVING FORWARD AS AN INNOVATIVE ORGANIZATION

Our investments in technology will allow us to obtain and use information in a more efficient manner, and provide fast and accurate service to our customers. This Budget request also supports our efforts to ensure the success of mission-critical projects and strengthens our investment planning for IT systems. In addition, this Budget reflects what we need to build and maintain effective cybersecurity programs.

Transforming the IT Investment Process

We developed a new IT investment process that will provide a better way to select, track, and manage IT investments, as well as help us deliver the high quality IT services necessary to move the agency towards our Vision 2025 goals.

In FY 2015, we documented inefficiencies in our current IT investment process and began developing the framework for a new approach. The new process will focus on up-front project planning with outcomes tied to specific agency goals. Improved project planning and documentation will allow us to assess project costs and timelines with greater accuracy. An independent executive IT investment board will meet throughout the year to make informed funding decisions on projects that provide the greatest benefit to our agency's mission. As a result, we will be better able to deliver the right project on time and within budget, and provide the best tools for our employees and superior service to the American public.

IT Modernization

The database systems our agency uses today are 40 years old and are no longer the best solution to administer our programs. For several years, we worked to modernize our IT in small pieces at a time, but we have exhausted nearly all of these small efforts. We are now at a point where we must undertake a larger, multiyear effort.

The FY 2017 President's Budget requests multiyear funding of \$300 million, spread over four years, to undertake an IT modernization project that will bring our systems into the modern world. In FY 2017, \$60 million is included as part of the FY 2017 President's Budget. The FY 2017 President's Budget also contains a mandatory proposal for additional IT modernization funding - \$80 million each year in FYs 2018-2020. The project will require effort and investment in several areas including modernization in computer language, database, and infrastructure.

Digital Services Team

Our FY 2017 Budget request includes funding for staffing costs to build a Digital Services Team. We will recruit digital service experts from among America's leading technology enterprises and startups to help us effectively build and deliver important digital services. This team will focus on transforming our digital services with the greatest impact to citizens and businesses, making them easier to use and more cost-effective to build and maintain.

Cybersecurity

Our cybersecurity program continues to evolve our detection, protection, and intelligence capabilities for strengthening the agency's defenses against evolving threats and cyber-attacks. Our program incorporates these security capabilities into a comprehensive, multi-layered defensive approach for ensuring the confidentiality, integrity, and availability of the public's sensitive personal identifiable information. As we continue to provide new opportunities for better customer service through new online services, we must remain vigilant in continuing to strengthen our cybersecurity program capabilities.

Our cybersecurity program compares well against other Federal departments and agencies in key performance standards. To remain strong, we need to continue to evolve our cybersecurity program to reflect changes in technology, changes to business processes, and changes in the complexity of internal or external threats. Continued investments in cybersecurity projects and initiatives will ensure we have the resources needed to accomplish our agency's mission and thus maintain public confidence in the agency's ability to protect their privacy.

Establishing a Program Management Office

We are implementing an Enterprise Program Management Office that will increase the opportunity for success of our mission-critical projects. Through the efforts of this new office, critical agency projects will have additional oversight and project management expertise, increasing the chance of project success.

Accelerating the Use of Data-Driven Decision Making

Our new Analytics Center of Excellence (ACE) will execute analytical projects, develop agency advanced analytics capacity and capabilities, improve data sharing between intra-agency components, and co-operate with analytics practitioners to identify best practices and improve skills. We will continue to increase our use of data-driven decision making to improve quality and efficiencies in our business processes.

❖ ENHANCING PROGRAM INTEGRITY

The American public expects and deserves for us to be outstanding stewards of the Social Security Trust Funds and general revenues that finance our programs – and as such, we are committed to ensuring that program rules and eligibility standards are fully enforced. The program integrity workloads we have in place help us make such determinations, which include conducting reviews to ensure beneficiaries are still entitled to benefits. We also work aggressively to prevent and detect fraud and recover improper payments whether fraudulent or not. While program integrity workloads consume valuable time and resources, we must continue to invest in these efforts to protect our programs.

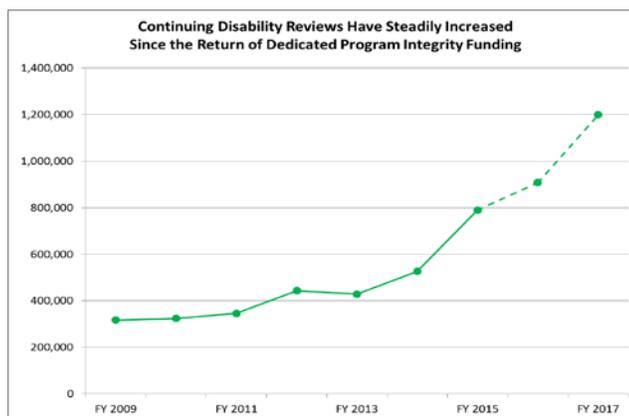
Program Integrity Workloads

The program integrity work we perform saves billions of taxpayer dollars. CDRs and SSI redeterminations use a small investment of administrative funds to ensure that beneficiaries continue to meet the eligibility requirements to receive payments. However, annual appropriations bills have not always provided the full amount of funding for these activities.

Recently, recognizing the significant benefits to program activities, the BBA of 2015 increased authorized cap adjustments for these activities by a net \$484 million over the FY 2017 to FY 2021 period.

With the Budget Control Act program integrity funding provided to us in FY 2015, we exceeded our goal of 790,000 CDRs and 2.255 million SSI redeterminations by completing 799,000 CDRs and 2.267 redeterminations. The BBA increased such adjustments for Social Security programs by a net \$484 million over the FY 2017-2021 period. It also expanded the activities that may be funded by this funding source to include cooperative disability investigation units, and special attorneys for fraud prosecutions. In FY 2016, we will conduct 850,000 and 2.5 million, respectively. With our FY 2017 Budget request of \$13.067 billion, we will complete a record 1.1 million CDRs and 2.8 million redeterminations.

Current estimates indicate that medical CDRs conducted in FY 2017 will yield a return on investment (ROI) of about \$8 on average in net Federal program savings over 10 years per \$1 budgeted for dedicated program integrity funding. This ROI includes Old-Age, Survivors, and Disability Insurance (OASDI), SSI, Medicare, and Medicaid program effects. Similarly, we estimate that non-medical redeterminations conducted in FY 2017 will yield a ROI of about \$3 on average of net Federal program savings over ten years per \$1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.



Other Stewardship Activities

In addition to our key program integrity workloads, we have an aggressive strategy, through a variety of initiatives, to reduce improper payments and combat fraud. We recently established an Improper Payments Community of Practice to increase interagency collaboration and leverage ideas and best practices of other benefit-paying agencies. The Office of Anti-Fraud Programs (OAFP) is providing centralized oversight of and accountability for our efforts to prevent, deter, and detect fraud. OAFP increases our efficiency and enhances our ability to combat fraud by sharing knowledge, using data analytics and industry-standard business processes, and centralizing our deployment of training and communications. Our National Anti-Fraud Committee works with all of the Regional Anti-Fraud Committees to enhance existing fraud prevention efforts and implement new mitigation strategies, while also providing guidance and support to OAFP.

The FY 2017 President's Budget funds our stewardship initiatives such as:

- Continuing to expand our CDI program, which is highly successful at detecting fraud before we make a disability determination;

- Supporting our centralized fraud prevention units, which are comprised of disability examiners dedicated to reviewing and analyzing fraud cases;
- Strengthening and modernizing our representative payee program to ensure we appoint suitable representative payees for our beneficiaries and that representatives managing funds use these funds appropriately;
- Exploring data analytics to detect and prevent fraud by determining common characteristics and patterns of anomalous activity; and
- Improving death data processing by working to centralize and capture all death information in one system to prevent erroneous payments.

We will support reducing improper payments by continuing to use the Access to Financial Institutions (AFI) process. AFI, which is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility. The BBA expands the use of AFI and grants us the ability to verify financial information for all overpaid individuals (Title 2 or Title 16). The BBA requires the Commissioner to obtain an individual’s authorization to obtain financial institution records before determining whether recovery of such individual’s overpayment may be waived under the “defeats the purpose” provision. Additionally, in order to protect citizens who have been victims of identity theft, provide more secure authentication for our online services, and comply with Executive Order 13681, “Improving the Security of Consumer Financial Transactions,” issued in October 2014, we are currently in the process of implementing multifactor authentication for *my Social Security* users. Multifactor authentication is a security process that requires more than a single method (e.g., user ID/password) to verify the user's identity. Initially, *my Social Security* users will need to also enter a code that is sent via text message to their cellphone as a second factor during registration and login. Following the initial implementation, we plan to enhance the service in FY 2017 to allow additional multifactor options as governed by NIST/OMB guidelines for customers. By offering more multi-factor options, we can improve usability and lower the chances of online fallout, thus helping us move towards the Agency goal to increase *my Social Security* usage.

CONCLUSION

Full funding of the FY 2017 President’s Budget will allow us to advance our efforts to improve service delivery and address critical priorities to provide a superior customer experience, sustain a workforce of exceptional employees, and move forward as an innovative organization.

This budget lays out a plan to address our most pressing problems and allows us to move closer to realizing our Vision 2025. Most notably, we will be able to fully execute our CARES plan to eliminate the hearings backlog by FY 2020 and eliminate our CDR backlog by the end of FY 2019.

For 80 years, we have provided caring and compassionate service to hardworking Americans and our most vulnerable citizens. As an economic lifeline for millions, we remain focused on making improvements to deliver timely and accurate services. We need continual support to stay on track and provide the service the public expects and deserves.

APPENDIX A – OUR EXTRAMURAL RESEARCH BUDGET

In FY 2017, we are requesting \$58 million in new budget authority as part of our SSI appropriation to support extramural research projects. These 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.

Our FY 2017 budget request continues to support ongoing rigorous evaluations, such as our evaluation of the interagency Promoting Readiness of Minors in SSI (PROMISE) effort. The Departments of Education, Labor, and Health and Human Services created the PROMISE initiative 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. In addition to conducting surveys of participants, in FY 2017, we will conduct project site visits and produce site-specific process analyses.

The budget also includes continued funding for our Occupational Information System (OIS) project, which will allow us to make consistent, better-informed disability decisions. We often 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. The occupational resources we currently use to adjudicate claims have not been updated in more than 20 years. To support the development of new occupational data, we entered into an interagency agreement with the Department of Labor's Bureau of Labor Statistics (BLS). Starting in FY 2016 and continuing through FY 2018, BLS will collect occupational data related to the requirements of work. We expect to roll out the use of the new occupational data in stages and we are working to develop testing and training plans.

The Consolidated Appropriations Act, 2016, includes \$50 million in additional funding for our planned Early Intervention Demonstration. Early Intervention measures – such as supportive employment services for individuals with mental impairments– have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities. By providing medical and vocational services prior to receiving benefits as part of the 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. We anticipate awarding a contract for this project in FY 2016, and the project will continue through FY 2022. We will not need additional funding for this demonstration in FY 2017.

In FY 2017, we will continue to support the Benefit Offset National Demonstration and the new demonstration outlined in the BBA testing a benefit offset after an allowance for impairment-related work expenses. We are currently designing this demonstration and are still developing cost estimates and a project plan.

APPENDIX B – FY 2017 LEGISLATIVE PROPOSALS – SUMMARIES

Prevent Improper Payments and Improve Debt Collection

- 1. Hold Fraud Facilitators Liable for Overpayments.** In a few recent high profile cases of fraud against SSA's disability programs, third parties, such as 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 some of those individuals had no disabling conditions. 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 a person who was not eligible for them. This proposal would hold fraud facilitators liable for overpayments by allowing SSA to recover the overpayment, with interest, from a third party if the third party was responsible for making fraudulent statement(s) or providing false evidence that allowed the beneficiary to receive payments they should not have received. Furthermore, a facilitator would be ineligible for a waiver of recovery of such an overpayment.
- 2. Government-Wide Use of CBP Entry and Exit Data to Prevent Improper Payments.** The 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, such as the Supplemental Security Income (SSI) program, that require U.S. residency to receive benefits. This proposal would provide for access to and use by federal agencies of CBP entry and exit data to prevent improper payments.
- 3. 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, the Department of the Treasury's (Treasury) Do Not Pay Portal only receives a limited 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.
- 4. Authorize SSA to Conduct a New Continuing Disability Review when Fraud Is Involved in a Prior Continuing Disability Review.** SSA is required to redetermine an individual's entitlement to disability benefits if there is reason to believe that fraud or similar fault were involved in the individual's application for benefits. During this redetermination, SSA must disregard any evidence where there is reason to believe that fraud or similar fault were involved in the providing of such evidence. This proposal would apply a similar requirement if SSA believes that fraud or similar fault were involved in a prior continuing disability review (CDR). This proposal would authorize SSA to conduct immediately a new CDR to determine continuing eligibility if there is reason to believe that fraud or similar fault was involved in a prior CDR. During this review, SSA would be authorized to disregard any

evidence if there is reason to believe that fraud or similar fault was involved in the providing of such evidence.

5. **Authorize SSA to Use All Collection Tools to Recover Funds in Certain Scenarios, Such as When Someone Improperly Cashes a Beneficiary's Check or Removes a Benefit from a Joint Account.** Current law provides SSA only limited authority to recover certain incorrect payments that do not meet the statutory definition of an overpayment. Such incorrect payments include when someone improperly cashes a beneficiary's check or improperly removes benefit funds from a joint account after a beneficiary's death. For example, payments in excess of the amount due or paid after death are considered overpayments. Specifically, if a benefit payment of this nature is made to a joint account of the deceased worker and the other account holder is entitled to a spousal benefit, based on the deceased worker's record, it is considered an overpayment. However, if the other joint account holder is entitled to benefits on his/her own record or not entitled to benefits, the improper payment is deemed an incorrect payment; a designation which limits SSA's recovery tools. The Budget proposes a consistent treatment, deeming them both as overpayments and subjecting them to the same broader range of collection procedures. This proposal would authorize SSA to use all of its overpayment collection tools, such as credit bureau reporting and administrative wage garnishment, to recover these incorrect payments.
6. **Allow SSA to Use Commercial Databases to Verify Real Property Data in the SSI Program.** This proposal would reduce improper payments by authorizing SSA to conduct data matches with private commercial databases that maintain data on ownership of real property (i.e., land and buildings), which can be a countable resource for SSI beneficiaries. The proposal would authorize SSA to use that information to automatically determine eligibility for benefits, after proper notification. 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.
7. **Increase from \$10 to 10 Percent the Minimum Amount SSA Can Withhold from a Monthly Old-Age, Survivors, and Disability Insurance Benefits to Recover an Overpayment.** When a beneficiary receives more Old-Age, Survivors, and Disability Insurance (OASDI) benefits than he or she should have, SSA can recover this overpayment by reducing the beneficiary's monthly benefit going forward. Depending on the beneficiary's financial circumstances, SSA may decide to recover less than the full amount of the monthly benefit until the overpayment is repaid in full. However, SSA is required to recover at least \$10 per month. This proposal would require SSA to recover at least 10 percent of the monthly OASDI benefit when recovering an overpayment. The SSI program already uses the 10 percent rule to recover overpayments.
8. **Exclude SSA Debts from Discharge in Bankruptcy.** Debts due to an overpayment of OASDI or SSI benefits, and certain Medicare-related debts that SSA also collects, are generally dischargeable in bankruptcy. This proposal would exclude such debts from discharge in bankruptcy, except when it would cause an undue hardship.
9. **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.

10. **Move from Annual to Quarterly Wage Reporting.** Employers report wages annually to SSA. However, from 1939 to 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 basis¹.
11. **Modify the treatment of certain debt referrals to the Treasury Offset Program:** The Budget proposal has two parts. First, the proposal would forgive a limited group of older debts that would have been impacted by implementation of the Food, Conservation, and Energy Act of 2008 provision (section 14219 of Public Law 110-246), which eliminated the prior 10-year statute of limitations for collection of legally enforceable, non-tax debts through TOP. This group includes debts from both former childhood beneficiaries and others. For similar debts that would not have been immediately impacted by the implementation of the regulation, SSA will continue to consider forgiveness on a case-by-case basis using its existing administrative authority. Second, going forward SSA will only be able to refer debts for former childhood beneficiaries to TOP if SSA has initiated collections within 10 years of an overpayment being incurred. This is intended to ensure that individuals are not surprised by a TOP collection that occurs years after a debt was incurred when individuals may have difficulty remembering the circumstances of the error.

The Budget proposals ensure that the Administration maintains its commitment to reducing improper payments, while preventing former debtors from being surprised by the abrupt seizure of their tax refunds, sometimes decades after the original overpayments were made. While Congress considers the legislative proposals, SSA will begin the gradual process of restarting TOP referrals for those debts not impacted by the Administration's proposals.²

12. **Strengthening Child Support Enforcement and Establishment.** SSA reduces a child's monthly SSI benefit by up to two thirds of any monthly child support payment he or she also receives. The President's Budget includes several proposals aimed at increasing and

¹ This proposal would have no effect on the reporting of self-employment income.

² The budget assumes the proposal costs \$50 million over 10 years. The Office of the Chief actuary is working on a detailed estimate of this proposal.

improving child support collections and program efficiency. By increasing the amount of child support collected, these proposals would result in savings to the SSI program.

Improve Efficiency

- 13. Improve Collection of Pension Information and Transition after ten years to an Alternative Approach based on Years of Non-Covered Earnings.** 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. The Budget re-proposes legislation that would improve reporting for non-covered pensions by including up to \$70 million for administrative expenses, \$50 million of which would be available to the States, to develop a mechanism so that the Social Security Administration could enforce the offsets for the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). 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. In addition, the Budget proposes to transition after ten years to an alternative approach, which would adjust Social Security benefits based on the extent to which workers have non-covered earnings. SSA now collects data on non-covered employment and could calculate the offset without any disclosure from the individual.
- 14. Establish Workers' Compensation Information Reporting.** Current law requires SSA to reduce an individual's Disability Insurance (DI) or SSI 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 efficiency and 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 also provide for the development and implementation of a system to collect this information from States, local governments, and insurers.
- 15. Eliminate Dedicated Accounts.** Under current law, if the retroactive SSI benefits due a child exceed six times the maximum monthly SSI benefit, plus any optional State SSI supplement, then SSA must deposit the benefits into a special account, called a "dedicated account." The child's representative payee—who is typically a parent—can expend funds from such an account only for education, health care, and certain other expenses. These restrictions are often considered intrusive and confusing, and oversight of these accounts is labor-intensive for both SSA and representative payees. This proposal would eliminate dedicated accounts.
- 16. Provide Mandatory Funding Dedicated to Modernizing SSA's Information Technology.** This proposal would provide SSA with \$240 million in mandatory funding over fiscal years 2018, 2019, and 2020 dedicated to modernizing SSA's information technology (IT), specifically its core databases, programming languages, and IT infrastructure. These systems are becoming antiquated, and the staff experienced in maintaining these systems are

approaching retirement and are difficult to replace. SSA would use the proposed funds to invest in complex, multi-year IT projects necessary to update these systems in accordance with modern design principles.

Improve Benefits and Promote Work Opportunity

- 17. Extend SSI Time Limits for Qualified Refugees.** Refugees and certain other humanitarian immigrants who are disabled or elderly are potentially eligible for 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 might 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 seven years to nine years for fiscal years 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 seven to nine years during fiscal years 2017 and 2018.
- 18. 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.
- 19. Terminate Step Child Benefits in the Same Month as His or Her Parent's Benefits Terminate.** 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. Create an Interagency Coordinating Council on Workforce Attachment.** This proposal would create and fully fund an interagency council comprising Federal agencies involved in improving the well-being of people with health impairments and disabilities, including the Office of Management and Budget; the Departments of Education, Health and Human Services, Labor, and the Treasury; and the Social Security Administration. The council's mission would be to improve workforce attachment for people with health impairments and disabilities, and its duties would include developing and maintaining a strategic plan to improve work outcomes, evaluating and recommending improvements to Federal programs, designing and overseeing demonstration projects, and improving interagency coordination.