

CONTENTS

APPROPRIATION LANGUAGE.....	35
Language Analysis.....	36
GENERAL STATEMENT	38
Program Overview	38
FY 2018 President’s Budget Request	41
Key Initiatives	42
BUDGETARY RESOURCES	47
Analysis of Changes.....	48
New Budget Authority and Obligations by Activity.....	51
New Budget Authority and Obligations by Object.....	52
BACKGROUND.....	53
Authorizing Legislation	53
Appropriation History	54
FEDERAL BENEFIT PAYMENTS	57
Purpose and Method of Operation	57
Rationale for Budget Request	57
SSI Recipient Population	58
Benefit Payments	60
ADMINISTRATIVE EXPENSES.....	62
Purpose and Method of Operation	62
Rationale for Budget Request	63
BENEFICIARY SERVICES	64
Purpose and Method of Operation	64
Rationale for Budget Request	65
MUSCULAR DYSTROPHY AND THE SSI AND DI PROGRAMS.....	67
RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH	69
Purpose and Method of Operation	69
Rationale for Budget Request	70
Other Research Authority request.....	74
Existing Major Research and Outreach Projects.....	75
Related Funding Sources.....	95
Administration of Social Security’s Research Activities.....	96
Research Investment Criteria	98

TABLES

Table 2.1—Appropriation Language Analysis	36
Table 2.2—Summary of Appropriations and Obligations	38
Table 2.3—Appropriation Detail	41
Table 2.4—Amounts Available for Obligation	47
Table 2.5—Summary of Changes	49
Table 2.6—Explanation of SSI Budget Changes from FY 2017 to FY 2018.....	50
Table 2.7—New Budget Authority and Obligations by Activity	51
Table 2.8—New Budget Authority and Obligations by Object.....	52
Table 2.9—Authorizing Legislation	53
Table 2.10—Appropriation History	54
Table 2.11—Federal Benefit Payments: New Budget Authority and Obligations.....	57
Table 2.12—SSI Recipients, Actual	58
Table 2.13—SSI Recipients, Projected.....	58
Table 2.14—Blind or Disabled Recipients as a Percentage of Total.....	59
Table 2.15—Maximum Benefit Rates	60
Table 2.16—Average Monthly Benefit Payments	60
Table 2.17—Check Payments by Fiscal Year	61
Table 2.18—Administrative Expenses: New Budget Authority and Obligations	63
Table 2.19—Beneficiary Services: New Budget Authority and Obligations	64
Table 2.20—SSI VR Reimbursement and Ticket to Work Payments	66
Table 2.21—Beneficiaries with Muscular Dystrophy by Beneficiary Type	67
Table 2.22—Age at First Benefit, Child Recipients, Ages 0-17	68
Table 2.23—Research, Outreach, and Early Intervention Demonstration Projects: Budget Authority and Obligations	69
Table 2.24—Major Research Areas and Outreach	71

APPROPRIATION LANGUAGE

SUPPLEMENTAL SECURITY INCOME PROGRAM

For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$38,557,000,000 to remain available until expended: Provided, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury: Provided further, That not more than \$101,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, 2023.

For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2019, \$19,500,000,000, to remain available until expended.

Note. - A full year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

LANGUAGE ANALYSIS

The appropriation language provides the Social Security Administration (SSA) with the funds needed to carry out its responsibilities under the Supplemental Security Income (SSI) program. This includes the funds needed to pay Federal benefits, administer the program, and provide beneficiary services to recipients. The budget authority for these activities is made available until expended, providing SSA the authority to carryover unobligated balances for use in future fiscal years. Furthermore, a portion of this funding is made available for SSA to conduct research and demonstration projects, which is available for 6 years, providing SSA the authority to carryover unobligated balances into the next fiscal year.

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2018 are higher than expected and SSA does not have sufficient unobligated balances to cover the difference. Consistent with previous years, the appropriation also includes an advance appropriation for Federal benefit payments in the first quarter of FY 2019 to ensure the timely payment of benefits in case of a delay in the FY 2019 appropriations bill.

Table 2.1—Appropriation Language Analysis

Language provision	Explanation
“For carrying out titles XI and XVI of the Social Security Act... including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$38,557,000,000, to remain available until expended.”	Appropriates funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects under the SSI program. SSA may carryover unobligated balances for use in future fiscal years.
" <i>Provided</i> , That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury."	Ensures that states do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.
<i>Provided further</i> , That not more than \$101,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, 2023.	Specifies that not more than \$101 million of the SSI appropriation is available for research and demonstration projects. SSA may carryover unobligated balances through September 30, 2023.

Supplemental Security Income Program

<p>"For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary."</p>	<p>Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.</p>
<p>"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2019, \$19,500,000,000, to remain available until expended."</p>	<p>Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that recipients will continue to receive benefits during the first quarter of FY 2019 in the event of a temporary funding hiatus.</p>

GENERAL STATEMENT

The SSI program guarantees a minimum level of income to financially needy individuals who are aged, blind, or disabled. The program was created in 1972 by Title XVI of the Social Security Act and payments began January 1974. It is Federally-administered and funded from general revenues.

Prior to the establishment of the SSI program, the Social Security Act provided means-tested assistance through three separate programs—Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled. Federal law only established broad guidelines, with each state largely responsible for setting its own eligibility and payment standards. The SSI program was established to provide uniform standards across states.

Table 2.2—Summary of Appropriations and Obligations¹
(in thousands)

	FY 2016 Actual	FY 2017 Estimate ²	FY 2018 Estimate	<i>Change</i>
Appropriation	\$ 65,505,733	\$ 57,895,802	\$ 53,557,000	-\$ 4,338,802
Obligations	\$ 63,912,887	\$ 59,481,484	\$ 56,925,249	- \$ 2,556,235
First Quarter Advance Appropriation	\$ 14,500,000	\$15,000,000	\$ 19,500,000	+ \$ 4,500,000

PROGRAM OVERVIEW

Eligibility Standards

As a means-tested program, individuals must have income and resources below specified levels to be eligible for benefits. Rules allow some specific categories of income and resources to be either totally or partially excluded.³ The process of evaluating eligibility and payment levels for the SSI program and addressing the accuracy of payments is inherently complex due to the different rules.

An individual's benefit payment is reduced dollar for dollar by the amount of their "countable income"—income less all applicable exclusions—in a given month. Income in the SSI program includes "earned income" such as wages and net earnings from self-employment; and "unearned income" such as Social Security benefits, unemployment compensation, deemed income from a

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

² A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017

³ Recently, the ABLE Act of 2014 created a new type of tax-advantaged account that has a limited effect on an individual's eligibility for the SSI program and other Federal means-tested programs.

spouse or parent, and the value of in-kind support and maintenance such as food and shelter. Different exclusion rules apply for different types of income.

Benefit Payments

SSA estimates it will pay \$51.6 billion in Federal benefits to nearly 8.1 million SSI recipients in FY 2018. Including state supplementary payments, SSA expects to pay a total of \$54.1 billion and administer payments to over 8.2 million recipients.

Federal benefit payments represent approximately 91 percent of Federal SSI spending. Administrative expenses represent nearly 9 percent of spending; beneficiary services and research and demonstration projects make up the remaining less than one percent.

Incentives for Work and Opportunities for Vocational Rehabilitation

The SSI program is designed to help recipients with disabilities achieve independence by encouraging and supporting their attempts to work. The program includes a number of work incentive provisions that enable recipients who are blind or disabled to work and retain benefits. The program also includes provisions to help disabled beneficiaries obtain vocational rehabilitation and employment support services. These provisions were revised by legislation establishing the Ticket to Work program, discussed in more detail in the Beneficiary Services section.

State Supplementation

Supplementation is mandatory for certain recipients who were on state rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, states are encouraged to supplement the Federal benefit and may elect to have their state supplementation program administered by SSA. States that choose to have SSA administer their program reimburse SSA in advance and SSA makes the payment on behalf of the state. Participating states also reimburse SSA for the cost of administering their program, based on a user fee schedule established by the Social Security Act. The user fee is \$11.68 per SSI check payment in FY 2017 and is expected to increase to \$11.97 in FY 2018. The Department of the Treasury receives the first \$5.00 of each fee and SSA retains the amount over \$5.00. Additional information regarding state supplementation can be found within the Limitation on Administrative Expenses (LAE) section.

Coordination with Other Programs

SSA plays an important role in helping states administer Medicaid and the Supplemental Nutrition Assistance Program (SNAP). Provisions in the SSI statute ensure that payments made by states or under the Social Security program are not duplicated by SSI benefits.

Generally, SSI recipients are categorically eligible for Medicaid. States may either use SSI eligibility criteria for determining Medicaid eligibility or use their own, provided the criteria are no more restrictive than the state's January 1972 medical assistance standards.

SSI recipients may qualify for SNAP. Social Security offices work with SSI applicants and recipients in a variety of ways to help them file for SNAP, including informing them of their

potential benefits, making applications available to them, and in some cases helping them complete their applications. Social Security also shares applicant data with a number of states in support of SNAP.

FY 2018 PRESIDENT’S BUDGET REQUEST

The SSI appropriation includes funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects. In total, the President’s Budget request for FY 2018 is \$53,557,000,000. However, this includes \$15,000,000,000 requested for the first quarter of FY 2018 in the FY 2017 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2018, \$38,557,000,000—the total amount requested for FY 2018 less the advance expected.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$19,500,000,000 for Federal benefit payments in the first quarter of FY 2019. This advance is to ensure recipients continue to receive their benefits at the beginning of the subsequent fiscal year in case there is a delay in passing that year’s appropriation.

Table 2.3—Appropriation Detail ^{1,2,3}
(in thousands)

	FY 2016 Actual	FY 2017 Estimate⁴	FY 2018 Estimate	<i>Change</i>
Advance for Federal Benefits ⁵	\$ 19,200,000	\$ 14,500,000	\$ 15,000,000	
Regular for Federal Benefits ⁶	\$ 41,486,000	\$ 38,441,736	\$ 33,236,000	
Subtotal Federal Benefits	\$ 60,686,000	\$ 52,941,736	\$48,236,000	- \$ 4,705,736
Administrative Expenses	\$ 3,718,791	\$ 3,657,300	\$ 3,672,000	+ \$ 14,700
Program Integrity (Base)	\$ 245,327	\$ 222,000	\$ 222,000	+ \$ 0
Program Integrity (Cap)	\$ 684,616	\$ 904,000	\$ 1,167,000	+ \$ 263,000
Beneficiary Services	\$ 70,000	\$ 70,000	\$ 159,000	+ \$ 89,000
Research and Demonstration	\$ 101,000	\$ 100,766	\$ 101,000	+ \$ 234
Subtotal Advanced Appropriation	\$ 19,200,000	\$ 14,500,000	\$ 15,000,000	
Subtotal Regular Appropriation	\$ 46,305,733	\$ 43,395,802	\$ 38,557,000	
Total Appropriation	\$ 65,505,733	\$ 57,895,802	\$ 53,557,000	- \$ 4,338,802
Advance for Subsequent Year	\$ 14,500,000	\$ 15,000,000	\$ 19,500,000	+ \$ 4,500,000

¹ Does not include state supplementary payments and reimbursements or the corresponding state supplementary user fee collections; user fees are included in the LAE appropriation.

² Totals may not add due to rounding.

³ There were 13 payments in FY 2016. There are 12 payments in FY 2017 and 11 payments in FY 2018.

⁴ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President’s Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017

⁵ Amount provided or requested in the previous year’s appropriation bill.

⁶ Federal benefit numbers reflect the most recent estimates from SSA’s Office of the Chief Actuary.

KEY INITIATIVES

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

Payment Accuracy

For more than 80 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2015, 93.9 percent of SSI benefit payments were free of overpayment errors and 98.6 percent were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to recipients' incomes, resources, or living arrangements.

While maintaining and improving payment accuracy remains a challenge, SSA considers it a matter of great importance to continue to improve administration of the SSI program. SSA has taken steps to prevent overpayments before they occur and is addressing the two largest (in dollar amounts) causes of overpayments: unreported wages and unreported bank accounts.

Continuing Disability Reviews and Non-Disability Redeterminations

SSI continuing disability reviews (CDRs) are periodic reviews conducted to ensure recipients are still disabled according to agency rules. The frequency of these reviews is dependent on the likelihood that a recipient's medical condition will change. Non-disability redeterminations (redeterminations) are periodic reviews that verify living arrangements, income levels, and other non-disability factors related to SSI eligibility. Similar to CDRs, the frequency of redeterminations is determined by the probability that changes affecting eligibility will occur. CDRs and redeterminations are key activities in ensuring the integrity of the SSI program and maintaining and improving payment accuracy.

The FY 2018 President's Budget request includes \$1,389 million specifically for conducting SSI CDRs and redeterminations, which would allow SSA to conduct about 557,000 SSI CDRs¹ and 2,822,000 redeterminations. For details on the estimated program savings resulting from the PI proposal, please refer to the Budget Process chapter in the Analytical Perspectives volume of the Budget.

Access to Financial Institutions

Access to Financial Institutions (AFI) is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility. In addition to verifying alleged accounts, AFI detects undisclosed accounts by using geographic searches to generate requests to other financial institutions. AFI's purpose is to identify excess resources in financial accounts, which are a leading cause of SSI payment errors. We currently use the AFI system in all 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands

¹ The total estimated CDR volume is 890,000. We expect to complete about 333,000 Social Security Disability Insurance (DI)/Concurrent CDRs in addition to SSI CDRs.

for essentially all SSI non-medical redeterminations and full applications where there is an allegation of financial resources above the current AFI resource tolerance level.

Along with preventing overpayments, AFI can help us to eliminate ineligible applicants at the beginning of the application process, reducing the workload in the State Disability Determination Services (DDS). Additionally, as part of the Bipartisan Budget Act of 2015, AFI will help us to make informed decisions on overpayment waiver requests. The change in the law grants us the ability to verify financial information for all overpaid individuals who request waivers to determine whether they have the ability to repay their overpayment. We must obtain authorization from the overpaid individual to request the financial records. If an individual refuses to provide or revokes any authorization to obtain financial records, we may determine that they do not meet one of the requirements for granting a waiver.

Pre-Effectuation Reviews

The Deficit Reduction Act of 2005 provided SSA with the authority to conduct pre-effectuation reviews (PER) for favorable initial SSI adult blindness or disability determinations. SSA started conducting these reviews in April 2006. They are conducted before the individual is awarded benefits and are done to ensure the accuracy of the determinations made by State Agencies.

The DI program already required PERs, but prior to this legislation only SSI adult disability claims involving concurrent SSI/DI claims were subject to review. SSI PERs support the performance measure to reduce improper payments, improve the accuracy and integrity of the SSI program, and make the SSI and DI programs more consistent.

Combating Fraud

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2016, SSA's Office of the Inspector General (OIG) received almost 92,200 fraud-related allegations via telephone, correspondence, fax, or email. Of those allegations, almost 19,200 were related to SSI fraud. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition to matching the law enforcement data received pursuant to the matching program, Federal law authorizes OIG and SSA to release information back to law enforcement regarding beneficiaries and recipients who have unsatisfied felony arrest warrants or who are violating a condition of probation or parole imposed under Federal or State law. Individuals are identified by using an automated data matching process which compares warrant information at the State and Federal levels with the SSI rolls.

Debt Collection

SSA currently makes use of the following debt collection tools that are authorized by law: benefit withholding; cross-program recovery; repayment by installment agreements; Credit Bureau Reporting; Administrative Wage Garnishment; and the Treasury Offset Program (TOP), which includes Tax Refund Offset (TRO), Administrative Offset (e.g., Federal travel and expense reimbursements), and Federal Salary Offset. Using these debt collection tools, SSA collected \$1.2 billion in SSI overpayments, including Federally-administered state supplement

overpayments, in FY 2016. Also in FY 2016, SSA eliminated an additional \$138.1 million through Netting, a process that adjusts SSI overpayments through an automated offset against SSI underpayments.

SSA began collecting SSI overpayments by TRO in 1998 under the authority of The Deficit Reduction Act of 1984. The Foster Care Independence Act of 1999 extended to the SSI program all of the additional debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs. In FY 2002, SSA expanded the use of TOP by implementing Administrative Offset. SSA further expanded the use of TOP in FY 2006 when the agency implemented Federal Salary Offset, a collection tool used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. We again expanded our use of TOP in FYs 2012 and 2013. In FY 2012, we began referring debts delinquent for 10 years or longer to TOP¹ and in FY 2013, we began collecting delinquent debts via TOP through Treasury's State Reciprocal Program (SRP). The SRP allows states to enter into reciprocal agreements with Treasury to collect unpaid State debt by offset of Federal non-tax payments. In return, the agreements allow the Federal Government to collect delinquent non-tax debt by offset of State payments. In FY 2016, TOP enabled the agency to collect \$72 million in delinquent SSI overpayments.

In FY 2002, SSA implemented Credit Bureau Reporting and Cross Program Recovery. In FY 2016, Credit Bureau Reporting contributed to the voluntary repayment of almost \$34 million and the Agency recovered \$131 million via Cross Program Recovery.

In FY 2005, SSA implemented Administrative Wage Garnishment, which has collected \$28.3 million in SSI debt through FY 2016. In the future, as resources permit, SSA plans to implement the remaining authorized collection tools, which include interest charging, administrative cost recovery, and the use of private collection agencies.

Computer Matching Programs

SSA routinely matches SSI recipient data with data maintained by other Federal, state, and local government entities to detect changes in income, resources, or living arrangements that may affect SSI eligibility. In addition, the Foster Care Independence Act of 1999 provides for expansion of access to data from financial institutions.

¹ In April 2014, some members of the public alleged that they received no prior notice that the Department of the Treasury would offset their eligible payments to recover their delinquent overpayments. In response to the allegations, effective April 14, 2014, our Acting Commissioner ordered a halt of TOP referrals for debts 10 years or more delinquent, pending a thorough review of our responsibility and discretion under the law.

We concluded our review in July 2014. Through our review, we determined that we correctly applied our regulations, policies, and procedures when we referred delinquent debts to TOP. Our OIG conducted a review of our use of TOP and concluded we complied with applicable laws and policies.

Effective May 12, 2017, we will not refer to TOP OASDI and SSI debts with a delinquency date of May 19, 2002 or earlier.

SSA's computer matching operations include matches with:

- Prison inmate records to find recipients made ineligible by incarceration;
- Law enforcement agencies data on fugitive felons;
- Quarterly data on wage and unemployment compensation information;
- Monthly nursing home admission and discharge information;
- Internal Revenue Service records of non-wage income reported via 1099s to detect resources and/or income;
- Bureau of the Public Debt's Savings Bond records to detect unreported assets;
- Department of Defense (DOD) records to detect and verify DOD pension information;
- Veterans Administration benefit data to be used in SSI benefit calculations;
- Office of Personnel Management pension data to be used in certain SSI benefit calculations;
- Railroad Retirement Board data to be used in certain SSI benefit calculations;
- Department of Homeland Security (DHS) data for deportation information on aliens outside the U.S. for more than 30 continuous days to terminate SSI benefits;
- DHS records of aliens who voluntarily leave the U.S; and
- AFI system to electronically request and receive financial account information.

Actions taken as a result of such matches include independent verification of assets or income. If this results in a change in payment amount or eligibility, notification is provided to the recipient of the findings along with appeal and waiver rights.

Legislative Proposals

Our FY 2018 legislative proposals would:

- Hold facilitators liable for overpayments
- Authorize SSA to establish a computer match with the DHS's Customs and Border Protection data for purposes of enforcing lawful presence provisions
- Authorize SSA to use all collection tools to recover funds
- Allow SSA to use commercial databases to verify real property
- Create a probationary period for Administrative Law Judges (ALJ)
- Use the Death Master File to prevent improper payments
- Reinstate the reconsideration appeal level in the 10 prototype states to require a second review by the state-based Disability Determination Services (DDS) before an appeal goes to an ALJ

Supplemental Security Income Program

- Create a sliding scale to determine payment amounts for multi-recipient SSI families
- Strengthen Child Support Enforcement
- Extend the State Department's 2-Year Special Immigrant Visa extension for Afghans

For additional information regarding these proposals, refer to the legislative proposal summaries on page 186 of the LAE section.

BUDGETARY RESOURCES

The SSI annual appropriation consists of a regular appropriation made available by the current year's appropriation bill and an advance made available by the prior year's appropriation. This advance is for Federal benefit payments in the first quarter of the subsequent fiscal year to ensure recipients continue to receive their benefits in case there is a delay in passing that year's appropriation bill. The President's Budget for FY 2018 is \$53,557,000,000, including \$15,000,000,000, requested in the FY 2017 appropriation.

Table 2.4—Amounts Available for Obligation^{1,2,3}

	in thousands)		
	FY 2016 Actual	FY 2017 Estimate ⁴	FY 2018 Estimate
Regular Appropriation	\$ 46,305,733	\$ 43,395,802	\$ 38,557,000
Advanced Appropriation	\$ 19,200,000	\$ 14,500,000	\$ 15,000,000
Total Annual Appropriation	\$ 65,505,733	\$ 57,895,802	\$ 53,557,000
Federal Unobligated Balance	\$ 3,623,669	\$ 5,792,378	\$ 4,206,696
Recovery of Prior-Year Obligations	\$ 575,863	\$ 0	\$ 0
Subtotal Federal Resources	\$ 69,705,265	\$ 63,688,180	\$ 57,763,696
State Supp. Reimbursements	\$ 2,616,603	\$ 2,653,000	\$ 2,730,000
State Supp. Unobligated Balance	\$ 220,968	\$ 0	\$ 8,000
Total Budgetary Resources	\$ 72,542,836	\$ 66,341,180	\$ 60,501,696
Federal Obligations	\$ 63,912,887	\$ 59,481,484	\$ 56,925,249
State Supp. Obligations	\$ 2,837,571	\$ 2,645,000	\$ 2,505,000
Total Obligations	\$ 66,750,458	\$ 62,126,484	\$ 59,430,249
Federal Unobligated Balance	\$ 5,792,378	\$ 4,206,696	\$ 838,447
State Supp. Unobligated Balance ⁵	\$ 0	\$ 8,000	\$ 233,000
Total Unobligated Balance	\$ 5,792,378	\$ 4,214,696	\$ 1,071,447

¹ Does not include state supplementary user fees; user fees are included in the LAE appropriation.

² Totals may not add due to rounding.

³ There were 13 payments in FY 2016. There are 12 payments in FY 2017 and 11 payments in FY 2018.

⁴ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

⁵ The amount received for the October 1 payment, reimbursed at the end of September in the prior fiscal year, is available for use in the subsequent fiscal year.

The SSI annual appropriation was \$65.5 billion in FY 2016. The estimated FY 2017 appropriation is \$57.9 billion. SSA has the authority to carry over unobligated balances for use in future fiscal years for Federal benefit payments, administrative expenses, and beneficiary services because the amounts appropriated are made available until expended. SSA carried over approximately \$5.8 billion in Federal unobligated balances into FY 2017. SSA expects to carry over approximately \$4.2 billion into FY 2018, and use about \$3.4 billion in carryover funds, including Federal benefits and research, in that year.

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

ANALYSIS OF CHANGES

The FY 2018 request represents a decrease of approximately \$4.3 billion from the FY 2017 level. The majority of this decrease results from fewer Federal benefit payments in FY 2018 and carryover funds from FY 2017.

SSA plans to use unobligated balances to partially fund Federal benefits and beneficiary services and administrative expenses in FY 2017. In FY 2018, SSA plans to use unobligated balances to partially fund Federal benefit payments and research and demonstration projects. SSA plans to use approximately \$1,617 million in unobligated balances and recoveries in FY 2017 and approximately \$3,368 million in FY 2018.

Federal Benefit Payments

The decrease in the FY 2018 request for Federal benefit payments is a result of one fewer benefit payment and carryover funding from FY 2017, stemming from lower beneficiary estimates. There is a slight increase in estimated payments due to the estimated FY 2018 cost of living adjustment (COLA). The increase in Federal benefit payments is partially offset by the impact of Old-Age, Survivors, and Disability Insurance (OASDI) COLAs on concurrent SSI/OASDI recipients. Since OASDI benefits are counted as income in the SSI program, the annual OASDI COLA decreases the SSI benefit payment for concurrent recipients.

Administrative Expenses

The FY 2018 request for administrative expenses is \$14.7 million more than the FY 2017 level. SSA expects to use \$21.8 million in carryover funds in FY 2017 and no carryover funds in FY 2018 to cover estimated obligations.

Beneficiary Services

SSA is requesting \$159 million in new authority for FY 2018. Our estimate reflects a steady level of payments to Employment Networks under the Ticket to Work program. In FY 2016, SSA used \$70 million in budget authority and \$29 million in carryover for beneficiary services. SSA expects to use \$74 million in carryover funds in FY 2017 and no carryover funds in FY 2018 to cover our estimated obligations.

Research and Demonstration

The FY 2018 combined request for research and early intervention demonstration projects is \$0.2 million more than the FY 2017 level.¹ SSA expects to use no carryover funds in FY 2017 and \$23.2 million in carryover funds in FY 2018 to cover our estimated obligations.

Table 2.5—Summary of Changes^{2,3}

	FY 2017 Estimate⁴	FY 2018 Estimate	Change
Appropriation⁵	\$57,895,802,155	\$ 53,557,000,000	- \$ 4,338,802,155
Obligations Funded from Prior-Year Unobligated Balances and Recoveries net of estimated carryover from appropriation	+\$ 1,617,064,000	+\$ 3,368,249,000	+ \$ 1,751,185,000
Research and Demonstration Unobligated Balance Carry Forward into 2018	-\$ 31,382,155		+\$ 31,382,155
Estimated Federal Obligations	\$ 59,481,484,000	\$ 56,925,249,000	- \$ 2,556,235,000

¹ The FY 2017 enacted Research and Demonstration amount is \$58 million..

² Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

³ Totals may not add due to rounding.

⁴ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

⁵ Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

Table 2.6—Explanation of SSI Budget Changes from FY 2017 to FY 2018
(in thousands)

	FY 2017 Obligations	Change from FY 2017
		Increases
Federal Benefit Payments	\$ 52,941,736	
• COLA—2.8% beginning January 2018		+\$ 1,553,000
• Outlays attributable to FY 2017		+ \$ 6,000
Administrative Expenses	\$ 4,783,300	
• Additional base funding		+ \$ 277,700
Beneficiary Services	\$ 70,000	
• Increase in Base Funding		+ \$ 89,000
Research and Demonstrations	\$ 100,766	
• Increase in base funding		+ \$ 234
• Increase in amount of carryover funding planned for obligation in FY 2018.		+ \$ 54,631
Total Increases		+ \$ 1,980,565
		Decreases
Federal Benefit Payments – Carryover	\$ 1,521,264	
• Effect of OASDI COLA for concurrent SSI/OASDI recipients		-\$ 369,000
• Net decrease in SSI recipients due to annualized closings		-\$ 12,000
• Net decrease due to adjustment for October 1, 2018 payment paid in FY 2017		-\$ 4,060,000
Administrative Expenses – Carryover	\$ 21,800	
• Decrease in amount of carryover funding planned for obligation in FY 2018		-\$ 21,800
Beneficiary Services – Carryover	\$ 4,832	
• SSI Transfer	\$ 69,168	
• Decrease in amount of carryover funding planned for obligation in FY 2018		-\$ 74,000
Research & Demonstration		
• Decrease in amount of carryover funding planned for obligation in FY 2017	-\$ 31,382	
Total Decreases		- \$ 4,536,800
Total Obligations Requested, Net Change	\$ 59,481,484	- \$ 2,556,235

NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

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

Table 2.7—New Budget Authority and Obligations by Activity ^{1,2,3}
(in thousands)

	FY 2016 Actual	FY 2017 Estimate⁴	FY 2018 Estimate⁵
<u>Federal Benefit Payments⁶</u>			
Appropriation	\$ 60,686,000	\$ 52,941,736	\$ 48,236,000
Obligations	\$ 59,044,228	\$ 54,463,000	\$ 51,581,000
Monthly Check Payments	13	12	11
<u>Administrative Expenses</u>			
Appropriation	\$ 3,718,791	\$ 3,657,300	\$ 3,672,000
Obligations	\$ 3,718,791	\$ 3,679,100	\$ 3,672,000
<u>Program Integrity (Base)</u>			
Appropriation	\$ 245,327	\$ 222,000	\$ 222,000
Obligations	\$ 245,327	\$ 222,000	\$ 222,000
<u>Program Integrity (Cap)</u>			
Appropriation	\$ 684,616	\$ 904,000	\$ 1,167,000
Obligations	\$ 684,616	\$ 904,000	\$ 1,167,000
<u>Beneficiary Services</u>			
Appropriation	\$ 70,000	\$ 70,000	\$ 159,000
Obligations	\$ 99,218	\$ 144,000	\$ 159,000
<u>Research and Demonstration</u>			
Appropriation	\$ 101,000	\$ 100,766	\$ 101,000
Obligations	\$ 120,708	\$ 69,384	\$ 124,249
Total Appropriation	\$ 65,505,739	\$ 57,895,802	\$ 53,557,000
Total Federal Obligations	\$ 63,912,887	\$ 59,481,484	\$ 56,925,249

¹ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

² Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

³ Totals may not add due to rounding.

⁴ SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2017 obligations as follows: Federal benefits, \$1,521 million; beneficiary services, \$74 million; and administrative expenses, \$21.8 million.

⁵ In addition to the FY 2018 President's Budget request, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2018 obligations as follows: Federal benefits, \$3,345 million; and research and demonstration projects, \$23.2 million.

⁶ Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

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

Table 2.8—New Budget Authority and Obligations by Object ^{1,2}
(in thousands)

	FY 2016 Actual	FY 2017 Estimate³	FY 2018 Estimate
<u>Other Services⁴</u>			
Appropriation	\$ 4,718,733	\$ 4,853,300	\$ 5,220,000
Obligations	\$ 4,747,951	\$ 4,949,100	\$ 5,220,000
<u>Federal Benefits and Research⁵</u>			
Appropriation	\$ 60,787,000	\$ 53,042,502	\$ 48,337,000
Obligations	\$ 59,164,936	\$ 54,532,384	\$ 51,705,249
Total Appropriation	\$ 65,505,733	\$ 57,895,802	\$ 53,557,000
Total Obligations	\$ 63,912,887	\$ 59,481,484	\$ 56,925,249

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

² Totals may not add due to rounding.

³ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President’s Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

⁴ The administrative portion of these services includes the SSI’s prorated share of unobligated LAE money that has been converted into no-year IT funds. It is not part of the annual administrative appropriation.

⁵ Federal benefit numbers reflect the most recent estimates from SSA’s Office of the Chief Actuary.

BACKGROUND

AUTHORIZING LEGISLATION

The SSI program is authorized by Title XVI of the Social Security Act. Section 1601 of the Act authorizes such sums as are sufficient to carry out the Title.

Table 2.9—Authorizing Legislation¹

	FY 2016 Actual	FY 2017 Estimate²	FY 2018 Estimate	FY Amount Authorized
Title XVI of the Social Security Act, Section 401 of P.L. 92-603 and Section 212 of P.L. 93-66, as amended, and Section 405 of P.L. 92-216 ³	\$ 65,505,733,000	\$ 57,895,802,000	\$ 53,557,000,000	<i>Indefinite</i>
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 14,500,000,000	\$ 15,000,000,000	\$ 19,500,000,000	---

¹ Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

² A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

³ Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

APPROPRIATION HISTORY

The table below displays the President's Budget request, amounts passed by the House and Senate, and the actual amount appropriated, for the period FY 2008 to FY 2018. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

Table 2.10—Appropriation History¹

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	\$ 16,810,000,000	\$ 16,810,000,000	\$ 16,810,000,000	\$ 16,810,000,000
Current Year	\$ 26,911,000,000	\$ 26,948,525,000 ²	\$ 26,959,000,000 ³	\$ 27,000,191,000 ⁴
2008 Total	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,769,000,000	\$ 43,810,191,000
Q1 Advance	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000
Current Year	\$ 30,414,000,000	--- ⁵	\$ 30,429,875,000 ⁶	\$ 30,471,537,000 ⁷
2009 Total	\$ 45,214,000,000	---	\$ 45,229,875,000	\$ 45,271,537,000
<i>2009 Indefinite</i>				<i>\$ 1,602,935,179</i>
Q1 Advance	\$ 15,400,000,000	---	\$ 15,400,000,000	\$ 15,400,000,000
Current Year	\$ 34,742,000,000	\$ 34,742,000,000 ⁸	\$ 34,742,000,000 ⁹	\$ 34,742,000,000 ¹⁰
2010 Total	\$ 50,142,000,000	---	\$ 50,142,000,000	\$ 50,142,000,000
<i>2010 Indefinite</i>				<i>\$ 458,465,781</i>
Q1 Advance	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000
Current Year	\$ 40,513,000,000	--- ¹¹	\$ 40,513,000,000 ¹²	\$ 39,983,273,000 ¹³
2011 Total	\$ 56,513,000,000	---	\$ 56,513,000,000	\$ 55,983,273,000
Q1 Advance	\$ 13,400,000,000	---	\$ 13,400,000,000	\$ 13,400,000,000
Current Year	\$ 38,083,000,000 ¹⁴	--- ¹⁵	\$ 37,922,543,000 ¹⁶	\$ 37,582,991,000 ¹⁷
2012 Total	\$ 51,483,000,000¹⁸	---	\$ 51,322,543,000	\$ 50,982,991,000
<i>2012 Indefinite</i>				<i>\$ 560,000,000</i>
Q1 Advance	\$ 18,200,000,000	---	\$ 18,200,000,000	\$ 18,200,000,000
Current Year	\$ 40,043,000,000 ¹⁹	--- ²⁰	\$ 40,043,000,000 ²¹	\$ 32,782,991,000 ²²
2013 Total	\$ 58,243,000,000²³		\$ 58,243,000,000	\$ 50,982,991,000
2013 Rescission				\$ 32,779,347,000
2013 Sequester ²⁴				
Q1 Advance	\$ 19,300,000,000		\$ 19,300,000,000	\$ 19,300,000,000
Current Year	\$ 40,737,000,000 ²⁵		\$ 40,568,741,000 ²⁶	\$ 41,249,064,000 ²⁷
2014 Total	\$ 60,037,000,000²⁸		\$ 59,868,741,000	\$ 60,549,064,000
Q1 Advance	\$ 19,700,000,000		\$ 19,700,000,000	\$ 19,700,000,000
Current Year	\$ 40,927,000,000			\$ 41,232,978,000 ²⁹
2015 Total	\$ 60,627,000,000			\$ 60,932,978,000³⁰

Table Continues on the Next Page

Supplemental Security Income Program

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	\$ 19,200,000,000			\$ 19,200,000,000
Current Year	\$ 46,422,000,000	\$46,232,978,000 ³¹	\$ 46,110,777,000 ³²	\$ 46,305,733,000 ³³
2016 Total	\$ 65,622,000,000	\$ 65,432,978,000	\$ 65,310,777,000	\$ 65,505,733,000³⁴
Q1 Advance	\$ 14,500,000,000	\$ 14,500,000,000	\$ 14,500,000,000	\$ 14,500,000,000
Current Year	\$ 43,824,868,000			\$ 43,395,802,155
2017 Total	\$ 58,324,868,000			\$ 57,895,802,155³⁵
Q1 Advance	\$ 15,000,000,000			\$ 15,000,000,000
Current Year	\$ 38,557,000,000			
2018 Total	\$ 53,557,000,000			
Q1 Advance	\$ 19,500,000,000			
Current Year				
2019 Total				

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

² H.R. 3043.

³ S. 1710.

⁴ Consolidated Appropriations Act, 2008 (P.L. 110-161). The amount does not include a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects in accordance with P.L. 110-161.

⁵ The House Committee on Appropriations did not report a bill.

⁶ S. 3230.

⁷ Omnibus Appropriations Act, 2009 (P.L. 111-8).

⁸ H.R. 3293.

⁹ H.R. 3293, reported from Committee with an amendment.

¹⁰ Consolidated Appropriations Act, 2010 (P.L. 111-117).

¹¹ The House Committee on Appropriations did not report a bill.

¹² S. 3686.

¹³ The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). Of this amount, \$3,493,273,000 was available for administrative expenses. The amount does not include a rescission of \$6,987,000 for SSI administrative expenses and \$72,000 for research and demonstration projects in accordance with P.L. 112-10.

¹⁴ Of this amount, not to exceed \$10,000,000 was for Supplemental Security Income Program-related performance-based awards for Pay for Success projects and not more than \$10,000,000 was to provide incentive payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families.

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- ¹⁵ The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$38,062,428,000 for fiscal year 2012. Of this amount, not more than \$17,428,000 was made available for research and demonstrations under sections 1110 and 1114 of the Social Security Act and remain available until the end of fiscal year 2013. Up to \$10,000,000 of the research funds were to provide incentives payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families. In addition, H.R. 3070 included \$18,200,000,000 for benefit payments for the first quarter of fiscal year 2013.
- ¹⁶ S. 1599.
- ¹⁷ Consolidated Appropriations Act, 2012 (P.L. 112-74). Of this amount, not more than \$8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act. The amount does not include a rescission of \$6,377,000 for SSI administrative expenses and \$2,000 for research and demonstration projects in accordance with P.L. 112-74.
- ¹⁸ The President's Budget proposed to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totaled \$46 million.
- ¹⁹ Of this amount, not more than \$48,000,000 was for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.
- ²⁰ The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included \$39,335,614,000 for fiscal year 2013. Of this amount, not more than \$8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act and to remain available until the end of fiscal year 2014. In addition, the draft bill included \$19,300,000,000 for benefit payments for the first quarter of fiscal year 2014.
- ²¹ S. 3295.
- ²² Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).
- ²³ The President's Budget proposed to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.
- ²⁴ SSI was exempt from sequestration in FY 2013.
- ²⁵ Of this amount, not more than \$54,000,000 is for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.
- ²⁶ S. 1284.
- ²⁷ Consolidated Appropriations Act, 2014 (P.L. 113-76).
- ²⁸ The President's Budget proposed to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.
- ²⁹ Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).
- ³⁰ Of this amount, not more than \$48,000,000 is for research and demonstrations and not more than \$35,000,000 is for early intervention demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.
- ³¹ H.R. 3020.
- ³² S.1695
- ³³ Consolidated Appropriations Act, 2016 (P.L. 114-113).
- ³⁴ Of this amount, not more than \$101,000,000 is for research and demonstrations under sections 1110,1115, and 1144 of the Social Security Act.
- ³⁵ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

FEDERAL BENEFIT PAYMENTS

Authorizing Legislation: Section 1602, 1611, and 1617 of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The SSI program was established to pay needy aged, blind and disabled individuals a minimum level of income through Federally-administered monthly cash payments. In many cases, these payments supplement income from other sources, including Social Security benefits and state programs. In FY 2018, SSA estimates benefit payments will total approximately \$51.6 billion for nearly 8.1 million Federal SSI recipients.

**Table 2.11—Federal Benefit Payments: New Budget Authority and Obligations
(in thousands)**

	FY 2016 Actual	FY 2017 ¹ Estimate	FY 2018 Estimate	<i>FY 17 to FY 18 Change</i>
Appropriation	\$ 60,686,000	\$ 52,941,736	\$ 48,236,000	- \$ 4,705,736
Obligations	\$ 59,044,228	\$ 54,463,000	\$ 51,581,000	- \$ 2,882,000
Advance for subsequent fiscal year	\$ 14,500,000	\$ 15,000,000	\$ 19,500,000	+ \$ 4,500,000

RATIONALE FOR BUDGET REQUEST

SSA is requesting \$48.2 billion in new budget authority for Federal benefit payments in FY 2018.

SSA estimates benefit payments based on a number of interrelated factors including the number of SSI recipients, number of applications, award and termination rates, cost-of-living adjustments, maximum benefit rates, average payment amounts and number of payments per fiscal year.

¹ Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from 8.1 million in FY 2013 to 8.2 million in FY 2016 and is expected to decrease to 8.1 million in FY 2018. The estimated decrease in Federal recipients in FY 2018 represents a 0.4 percent decrease over the FY 2017 level. SSA estimates the number of SSI recipients by analyzing a number of factors including applications, award and termination rates, and funding for program integrity initiatives.

Table 2.12—SSI Recipients, Actual ¹
(average over fiscal year, in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016
Aged	1,089	1,094	1,100	1,108
Blind or Disabled	7,000	7,076	7,073	7,048
Total Federal	8,089	8,171	8,173	8,157
<i>Year-to-Year Change</i>	<i>1.9%</i>	<i>1.0%</i>	<i>0.0%</i>	<i>-0.2 %</i>
State Supplement Only	220	217	171	166
Total Federally Administered	8,309	8,388	8,344	8,323

In addition to Federal SSI recipients, SSA currently administers state supplementary payments for 20 states and the District of Columbia. SSA administers payments for approximately 1.5 million state supplement recipients, of which approximately 163,000 do not receive a Federal SSI benefit and only receive the state supplementary payment.

Table 2.13—SSI Recipients, Projected¹
(average over fiscal year, in thousands)

	FY 2017 Estimate	FY 2018 Estimate	<i>FY 17 FY 18 Change</i>
Aged	1,112	1,120	+ 0.7%
Blind or Disabled	6,974	6,935	- 0.6%
Total Federal	8,086	8,054	- 0.4%
State Supplement only	163	164	+ 0.6%
Total Federally Administered	8,249	8,219	- 0.4%

¹ Totals may not add due to rounding.

SSI Disabled vs. Aged Recipient Population

The number of Federal blind or disabled SSI recipients as a percentage of all Federal SSI recipients increased from 81 percent in FY 2000 to 86.6 percent in FY 2014 and has slightly declined since then. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this shift in the population make-up has increased overall Federal SSI benefit payments.

Table 2.14—Blind or Disabled Recipients as a Percentage of Total ¹
(average over fiscal year, in thousands)

Fiscal Year	Total Federal	Aged	Blind or Disabled	Blind or Disabled as % of Total
2000	6,328	1,203	5,125	81.0%
2009	7,304	1,106	6,198	84.9%
2010	7,522	1,105	6,417	85.3%
2011	7,756	1,105	6,652	85.8%
2012	7,940	1,094	6,846	86.2%
2013	8,089	1,089	7,000	86.5%
2014	8,171	1,094	7,076	86.6%
2015	8,173	1,100	7,073	86.5%
2016	8,157	1,108	7,048	86.4%
2017 Estimate	8,086	1,112	6,974	86.2%
2018 Estimate	8,054	1,120	6,935	86.1%

Concurrent SSI/OASDI Recipients

SSI recipients also receiving Old-Age and Survivors Insurance (OASI) or DI benefits have their SSI benefit reduced, less applicable exclusions, by the amount of their OASDI benefit. Approximately 33 percent of all SSI recipients (including those only receiving a state supplement) also receive Social Security benefits. Approximately 56 percent of the SSI aged and 30 percent of the SSI blind and disabled populations receive concurrent payments.

¹ Totals may not add due to rounding.

BENEFIT PAYMENTS

Maximum Monthly Federal Payments

The maximum monthly Federal benefit rate (FBR) is increased each January when there are increases in the cost-of-living. There is a 0.3 percent cost of living increase in 2017. An increase of 2.8 percent is projected for January 2018. The FBR increased from \$733 for an individual and \$1,100 for a couple for calendar year (CY) 2016 to \$735 for an individual and \$1,103 for a couple in CY 2017. SSA estimates the FBR will increase to \$756 for an individual and \$1,134 for a couple in CY 2018. The COLA will be effective in January 2018, raising the maximum benefit rate to higher levels than the first 3 months of the fiscal year.

Table 2.15—Maximum Benefit Rates

	FY 2017		FY 2018	
	First 3 Months	Last 9 Months	First 3 Months	Last 9 Months
Individual	\$ 733	\$ 735	\$ 735	\$ 756
Couple	\$ 1,100	\$ 1,103	\$ 1,103	\$ 1,134

Average Monthly Benefit Payments

The amount actually paid to a recipient can vary from the FBR based on their income received (e.g., earnings and Social Security benefits) and the living arrangement of the recipient (e.g., residence in one's own home, the household of another person, or in a nursing home which meets Medicaid standards). The average monthly benefit is expected to increase from \$553 in FY 2016 to \$555 in FY 2017 and \$569 in FY 2018. The increase in the average benefit payment is driven by COLAs and recipient population characteristics.

Table 2.16—Average Monthly Benefit Payments

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Aged	\$ 394	\$ 399	\$ 411
Blind or Disabled	\$ 578	\$ 579	\$ 594
All SSI Recipients	\$ 553	\$ 555	\$ 569

Cost of Living Adjustments

When applicable, COLAs increase both the maximum and average monthly benefit payment. However, for concurrent SSI/OASDI recipients, increases in SSI benefit payments are partially offset by increases in Social Security benefits resulting from the same COLA. Social Security benefits are counted as income in the SSI program. Therefore, any increase in Social Security benefits resulting from the annual COLA increases countable income in the SSI benefit computation.

Program Integrity Funding

Annual benefit payment estimates are dependent on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2018 estimate assumes SSA receives the proposed administrative funding to conduct almost 557,000 SSI CDRs and 2,822,000 non-medical redeterminations.

Timing of Monthly Benefit Payments

Monthly SSI benefit payments are made on the first of the month, unless the first falls on a weekend or Federal holiday. In that case, the payment is made on the prior business day at the end of the previous month. When October 1 falls on a weekend or Federal holiday, the payment is made in the prior fiscal year at the end of September. This timing of payments results in 11, 12, or 13 payments in a given fiscal year.

Table 2.17—Check Payments by Fiscal Year

	Number of Check Payments	Federal Benefit Obligations
FY 2009	12	\$ 44,987,045,867
FY 2010	12	\$ 47,322,385,581
FY 2011	13	\$ 52,274,301,053
FY 2012	11	\$ 47,003,477,518
FY 2013	12	\$ 52,782,740,412
FY 2014	12	\$ 53,849,499,196
FY 2015	12	\$ 54,706,388,183
FY 2016	13	\$ 59,044,228,391
FY 2017	12	\$ 54,463,000,000
FY 2018	11	\$ 51,581,000,000

ADMINISTRATIVE EXPENSES

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

PURPOSE AND METHOD OF OPERATION

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

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

The legislative history of the 1972 amendments (which established this funding mechanism) indicates a desire to obtain economy of administration by giving SSA the responsibility for the SSI program because of its existing field office network and its administrative and automated data processing facilities. Because of the integration of the administration of the SSI and Social Security programs, it was desirable to fund them from a single source (the LAE account). This requires that the trust funds and the SSI account pay their appropriate shares. The determination is based on a Government Accountability Office (GAO) approved method of cost analysis of the respective expenses of the SSI and Social Security insurance programs, and mandates a final settlement by the end of the subsequent fiscal year as required by law.

**Table 2.18—Administrative Expenses: New Budget Authority and Obligations
(in thousands)**

	FY 2016 Actual	FY 2017 Estimate¹	FY 2018 Estimate	<i>FY 17 to FY 18 Change</i>
Total Appropriation	\$ 4,648,733	\$ 4,783,300	\$ 5,061,000	+ \$ 277,700
Obligations Funded from Prior- Year Unobligated Balance	+ \$ 0	+ \$ 21,800	+ \$ 0	- \$ 21,800
Obligations	\$ 4,648,733	\$ 4,805,100	\$ 5,061,000	+ \$ 255,900

RATIONALE FOR BUDGET REQUEST

The FY 2018 request for SSI administrative expenses is \$5,061,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$1,389 million specifically for FY 2018 SSI program integrity activities.

These amounts exclude funding made available in the LAE account from state user fees for SSA expenses for administering SSI state supplementary payments. The LAE account assumes funding of up to \$118,000,000 in FY 2018.

¹ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

BENEFICIARY SERVICES

Authorizing Legislation: Sections 1148 and 1615(d) of the Social Security Act

PURPOSE AND METHOD OF OPERATION

Beneficiary services consist of the Vocational Rehabilitation (VR) and Ticket to Work programs. The objective of the programs is to help disabled individuals return to work. The trust funds and general revenues fund beneficiary services. OMB directly apportions the trust funds portions of beneficiary services and it is not part of this appropriation request. The general revenues fund beneficiary services for disabled Supplemental Security Income (SSI) recipients as described below.

**Table 2.19—Beneficiary Services: New Budget Authority and Obligations
(in thousands)**

	FY 2016 Actual	FY 2017 Estimate ¹	FY 2018 Estimate	<i>FY 17 to FY 18 Change</i>
Appropriation	\$ 70,000	\$ 70,000	\$ 159,000	+ \$ 89,000
SSI Transfer ²	\$ 13,000	\$ 69,168	\$ 0	- \$ 69,168
Prior-Year Unobligated Balances and Recoveries	\$ 21,000	\$ 4,832	\$ 0	- \$ 4,832
Total Budgetary Resources	\$ 104,000	\$ 144,000	\$ 159,000	+ \$ 15,000
Obligations	\$ 99,218	\$ 144,000	\$ 159,000	+ \$ 15,000

Under the VR program, SSA repays state VR agencies for the reasonable and necessary costs of services that successfully help disabled beneficiaries and recipients return to work. VR agencies are successful when a disabled recipient performs substantial gainful activity (SGA) for a continuous period of nine out of twelve months.³ VR agencies can serve as ENs in the Ticket to Work Program or under SSA's VR reimbursement program.

Under the Ticket to Work program, authorized by the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170), SSA pays Employment Networks (ENs) for providing vocational rehabilitation, employment, and other support services to disabled SSI recipients.

¹ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing and Security Assistance Appropriations Act, 2017.

² In FY 2016, SSA transferred \$13M from SSI's Administrative Budget for beneficiary services. In FY 2017, SSA transferred \$38M from SSI benefit payments for beneficiary services. SSA may transfer another \$31M from SSI benefit payments for beneficiary services in FY 2017 as necessary.

³ In 2017, we consider non-blind and blind disabled recipients to be performing SGA if they earn more than \$1,170 and \$1,950 per month, respectively.

Recipients select an EN, which SSA pays in exchange for services that may reduce reliance on Federal cash benefits.

Ticket payments, unlike VR reimbursement awards, are not based on the costs of specific services provided by the EN. SSA pays ENs using either an outcome-milestone payment method or an outcome-payment method.

SSA bases Ticket payment amounts on the prior year's average disability benefit payable under Title XVI. While SSA previously made Ticket payments only upon request, the agency now initiates payments to ENs when information in its records indicate the recipient has achieved the prerequisite earnings and all other requirements qualifying the EN for a payment are met.

RATIONALE FOR BUDGET REQUEST

SSA is requesting \$159 million in new budget authority for beneficiary services in FY 2018. The FY 2018 request is a 60 percent increase in obligations, resulting from a 40 percent increase in VR awards and a 95 percent increase in Ticket payments, above FY 2016 levels. The increase in obligations, awards, and payments is due to multiple factors. The primary driver of these increases is operational efficiencies. Other factors include the strength of the economy, the number of individuals that seek services or use a Ticket, and the availability of jobs.

In recent years, SSA has undergone major process and systems enhancements to improve efficiencies for beneficiary services. In July 2015, SSA automated the EN business processes and implemented ePay, a payment process that helps ENs receive payments in a more timely fashion. With ePay, SSA can initiate Ticket payments to ENs when all payment criteria is met, including an indication of the earnings threshold for payment. Previously, ENs found it difficult to receive Ticket payments from SSA because ENs heavily relied on SSI recipients to self-report earnings information. In March 2017, SSA implemented the Internet Ticket Operations Provider Support System (iTOPSS) that improves automation for the VR program. iTOPSS allows VRs to submit and manage case information through an online portal while SSA can verify and authorize VR awards through a series of systems checks. Considering all the factors above and assuming that more beneficiaries will return to work, we estimate that FY 2018 will result in more outcome and milestone payments, as well as VR reimbursements.

SSA continues its efforts to improve management and oversight of the VR and Ticket programs to ensure effectiveness and to make certain the money spent is a good investment. These efforts include ongoing quality reviews of state reimbursement claims and internal audits of the agency's payment process. ENs and VRs help those who need services to be successful. With the help of ENs and VRs, individuals may attain higher levels of sustained employment success.

Table 2.20—SSI VR Reimbursement and Ticket to Work Payments¹

	FY 2016 Actual	FY 2017 Estimate²	FY 2018 Estimate
<u>Vocational Rehabilitation</u>			
SSI Only Reimbursement Awards	4,069	5,200	5,600
SSI/DI Concurrent Reimbursement Awards	3,165	4,200	4,500
Total Reimbursement Awards	7,234	9,400	10,100
VR Obligations (in thousands)	\$ 80,672	\$ 107,000	\$ 118,000
<u>Ticket to Work</u>			
SSI Only Milestone Payments	8,838	15,700	17,300
SSI Only Outcome Payments	12,608	22,300	24,700
SSI/DI Concurrent Milestone Payments	13,091	23,100	25,600
SSI/DI Concurrent Outcome Payments	6,551	11,500	12,900
Total Ticket Payments	41,088	72,600	80,500
Ticket Obligations (in thousands)	\$ 18,545	\$ 37,000	\$ 41,000
Total VR Awards & Ticket Payments	48,322	82,000	90,600
Total Obligations (in thousands)	\$ 99,218	\$ 144,000	\$ 159,000

Additional Information on Ticket to Work ProgramOutcome-Milestone Payment Method:

- There are two phases of outcome-milestone payments. Phase I allows four payments and Phase II allows 18 payments.
- SSA begins paying the EN when the recipient successfully achieves certain predetermined work-related milestones while still receiving Federal benefits.
- SSA stops paying milestone payments and begins outcome payments when the recipient is no longer receiving monthly Federal benefits.

Outcome-Payment Method:

- Outcome payments are payable for a maximum of 60 months (consecutive or otherwise).
- SSA will begin issuing outcome payments after the individual's monthly Federal cash benefit payments cease.
- The dollar amounts of the monthly outcome payments are larger when the EN elects not to receive milestone payments while the recipient still receives benefits.

¹ Totals may not add due to rounding.

² A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing and Security Assistance Appropriations Act, 2017.

MUSCULAR DYSTROPHY AND THE SSI AND DI PROGRAMS

This section provides statistics on DI beneficiaries and SSI recipients who have a diagnosis code indicating muscular dystrophy as a primary or secondary impairment. Not all individuals with muscular dystrophy will be on SSA's rolls. Some may not meet the child or adult definitions of disability or may not meet other program requirements, such as having sufficient Social Security covered employment or having income or resources below the SSI thresholds.

Data on the number of individuals with muscular dystrophy in the overall United States population is incomplete, according to components within the Department of Health and Human Services. However, for context, we note that Duchenne muscular dystrophy is the most common form among children and, thus, most likely reflected in statistics on SSI children. In addition, Duchenne and Becker (which is similar to but less severe than Duchenne) muscular dystrophy primarily affect males. The Centers for Disease Control and Prevention estimates one in every 5,600 to 7,700 males aged 5 through 24 in the United States has Duchenne or Becker muscular dystrophy. Finally, for adults, we note the most common form of muscular dystrophy is Myotonic muscular dystrophy.¹

In December 2015, there were 38,178 DI and SSI beneficiaries under age 67 with a primary or secondary diagnosis of muscular dystrophy who were in current payment status (the data do not break out the type of muscular dystrophy). Among this group, 34,942 are adult beneficiaries.

Table 2.21– Beneficiaries with Muscular Dystrophy by Beneficiary Type in Current Pay Status, December 2015²

Beneficiary Type	Number	Percent	Average Age at Start of Benefits
Adult DI only	22,401	58.7	38
Adult SSI only	9,433	24.7	18
Adult concurrent	3,108	8.1	21
SSI child	3,236	8.5	4
Total	38,178	100.0	31 (adult beneficiaries only)

There are 3,236 children on SSI with a diagnosis of muscular dystrophy or about one out of every 392 child recipients. Most of these children are male (73 percent); one out of every 358 male children on SSI has an impairment code indicating muscular dystrophy.

¹ Please see <https://www.nichd.nih.gov/health/topics/musculardys/conditioninfo/pages/types.aspx> and <http://www.cdc.gov/ncbddd/muscular dystrophy/data.html>.

² Source: Program statistics are based on SSA tabulations of administrative records.

Table 2.22 provides additional information on the child population. Most begin receiving benefits at a very young age. The average age for the start of benefits is four. Thirty-two percent of child recipients are on benefits by age two and 56 percent are on benefits by age four. Over 80 percent of child recipients with muscular dystrophy were receiving benefits by age eight.

Table 2.22– Age at First Benefit, Child Recipients, Ages 0-17 with Muscular Dystrophy in December 2015¹

Child Age	Number	Percent
0-1	1,048	32.4
2-4	776	24.0
5-8	873	27.0
9-17	539	16.7
Total	3,236	100.0

The average age of child recipients is 11 (not shown in Table 2.22). One-quarter of child recipients were under the age of seven in December 2015, and three-quarters were under the age of 14.

Employment Activities of Adult Beneficiaries with Muscular Dystrophy

The population under study includes not only adults who are in current pay in December 2015, but also adults that have had benefits suspended or terminated due to work. There are 35,977 such beneficiaries with an impairment code indicating muscular dystrophy.

Among such individuals:

- 4,425 (12%) have participated in the TTW program, receiving services from either an EN or a VR. The vast majority of this group (93%) received services through VR.
- 1,035 (3%) had benefits suspended due to work in December 2015 or had their DI or SSI benefits terminated in the past due to work.

Allowance rates for Child and Adult beneficiaries with Muscular Dystrophy

We also examined application records since 2008 and found 1,819 cases with Muscular Dystrophy listed as the impairment, and “Duchenne” included under the claim’s allegation description. These cases had a very high allowance rate at 88%. Allowance rates were highest for the very young and those older than age 10. Among this group:

- Those less than age 1 at the time of onset were allowed at a rate of 85%.
- Those older than age 10 were allowed at a rate of 96%.
- The allowance rate for those between the ages of 1 and 10 was 82%.

¹ Totals may not add due to rounding.

RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

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

PURPOSE AND METHOD OF OPERATION

SSA conducts extramural research, demonstrations, and outreach under sections 1110, 1115, 1144, and 234 of the Social Security Act. Projects funded under section 234 are part of the mandatory budget; therefore not a part of this appropriations request, although 234 projects are essential to SSA's demonstration portfolio.

**Table 2.23—Research, Outreach, and Early Intervention Demonstration Projects:
Budget Authority and Obligations
(in thousands)**

	FY 2016 Actual	FY 2017 ¹ Estimate	FY 2018 Estimate	FY 17 to FY 18 Change
Appropriation	\$101,000	\$100,766	\$101,000	+\$234
Unobligated Balance	\$51,882	\$34,633	\$66,015	+ \$31,382
Recovery of Prior-Year Obligations	\$2,459	\$ 0	\$ 0	\$0
Total Budgetary Resources	\$155,341	\$135,399	\$167,015	+\$31,616
Total Obligations	\$120,708	\$69,384	\$124,249	+\$54,865
Total Unobligated Balance	\$34,633	\$66,015	\$42,766	- \$23,249

Section 1110 of the Social Security Act provides authority for conducting broad-based, cross-programmatic projects for the Old-Age, Survivor's, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. This includes both waiver authorities for the SSI program, as well as projects dealing with specific SSI issues. Under the authority of section 1110, we fund a range of extramural projects: disability and retirement policy research, demonstration projects to test creative and effective ways to promote greater labor force participation of people with disabilities (including early intervention rehabilitation strategies), evaluations of proposed or newly enacted legislative changes, and projects to maintain and improve basic data about our programs and beneficiaries.

Section 1115 provides the Secretary of Health and Human Services (HHS) with the funding and authority to waive compliance with Medicaid requirements for the purpose of allowing states to participate in SSA's research and disability demonstration projects. There are currently no research projects funded under this section.

¹ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing and Security Assistance Appropriations Act, 2017. The FY 2017 enacted Research and Demonstration amount is \$58 million.

Section 1144 requires SSA to conduct outreach to those individuals with Medicare who are potentially eligible for state-administered Medicaid programs or Medicare prescription drug subsidies under Medicare Part D. We identify these potential beneficiaries, inform them about these programs, and notify state Medicaid agencies. The Centers for Medicare & Medicaid Services, within HHS, oversees both the Medicare and Medicaid programs.

Section 234 gives the Commissioner of Social Security the authority to conduct research and demonstration projects testing alternative Disability Insurance (DI) benefit rules. SSA uses trust fund monies to conduct various demonstration projects, including alternative program rules including treating work activity of individuals entitled to DI benefits. Section 234 covers both applicants and current beneficiaries to the program. SSA currently has authority to commence new projects under section 234 due to the Bipartisan Budget Act of 2015 but our current authority is limited to voluntary participation of applicants and beneficiaries and a limited timeline that requires us to complete all projects by December 31, 2022.

RATIONALE FOR BUDGET REQUEST

We are requesting \$101 million in new budget authority in FY 2018 for research and early intervention demonstration projects designed to explore potential improvements to our programs. A priority of this Administration is to increase the labor force participation (LFP) of people with disabilities with evidenced-based policy solutions. This challenge cannot be solved by SSA in isolation but rather requires multiple-agency cross-sector collaboration. The first of many projects on this topic proposed by the Administration is a partnership between with the Department of Labor (DOL) and SSA to conduct an early intervention demonstration designed to assist individuals with musculoskeletal and other disorders to remain in the workforce. \$50 million of this request for new budget authority is intended to support this DOL/SSA collaboration. DOL's discretionary budget also requests funding for this project.

Additionally, this funding level will allow continued support for key Congressional and SSA priorities such as the development of the Occupational Information System (OIS), our evaluation of the Promoting Readiness of Minors in SSI (PROMISE) pilot, and the National Academies of Sciences, Engineering, and Medicine (NAS) independent consensus committee reports used to strengthen the disability programs for adults and children. The request also provides funding for our Interagency Agreement (IAA) with the National Institutes of Health (NIH) to help quickly and efficiently identify individuals who should be awarded disability benefits. We will also continue to fund the Supported Employment Demonstration (SED) to test strategies designed to help individuals with mental impairments remain in the workforce.

In FY 2018, we plan to continue our efforts to ensure that policymakers and the public have access to objective, scientific and methodologically sound data and analysis as the dialogue on how to strengthen and reform Social Security continues. We plan to continue funding the RRC, which will continue to maintain our capability to produce policy-relevant research on retirement, and the DRC, which will continue to address a shortage of disability policy research and foster collaborative research with other Federal agencies that serve individuals with disabilities. The table and discussion that follow provide more details on the research and outreach efforts we plan to fund in FY 2018.

**Table 2.24—Major Research Areas and Outreach
Obligations and New Budget Authority**
(in thousands)¹

	Obligations ²		
	FY 2016 Actual	FY 2017 Estimate ³	FY 2018 Estimate
Serve the Public through a Stronger and more Responsive Disability Program	\$104,643	\$51,837	\$101,539
Advisory Services to Assist. SSA with Disability Issues	\$2,881	\$1,870	\$5,311
Disability Analysis File (DAF)	\$810	\$804	\$823
Analyzing Relationships between Disability, Rehabilitation, and Work (ARDRAW)	\$300	\$300	\$300
Disability Research Consortium (DRC)	\$4,520	\$4,400	\$5,500
National Beneficiary Survey (NBS)	\$3,324	\$805	\$1,036
New and Emerging Research – Disability	\$40	\$414	\$851
NIH IAA for Data Analytics/FAB Development	\$3,061	\$2,493	\$4,632
Occupational Information Systems (OIS)	\$21,320	\$26,614	\$30,725
Occupational Information System Vocational	\$0	\$1,450	\$300
Promoting Readiness of Minors in SSI (PROMISE)	\$4,469	\$4,080	\$2,061
Supported Employment Demonstration (SED)	\$63,918	\$8,607	\$0
Musculoskeletal Demonstration	\$0	\$0	\$50,000
Deliver Innovative Quality Services	\$5,071	\$7,305	\$9,124
Understanding Americans Study (UAS) Enhancements	\$1,490	\$2,000	\$3,000
Collaboration with Other FLEC Members	\$961	\$480	\$480
Enterprise Business Platform	\$1,178	\$1,000	\$2,000
New and Emerging Research – Retirement	\$325	\$250	\$250
Research and Innovation Lab	\$0	\$2,000	\$2,000
Medicare Outreach	\$1,117	\$1,575	\$1,394
Strengthen the Integrity of Our Programs	\$10,995	\$10,242	\$13,586
Census Surveys	\$0	\$0	\$3,000
Data Development	\$365	\$387	\$381
Health & Retirement Study (HRS)	\$2,655	\$2,655	\$2,655
Health & Retirement Study Supplement	\$1,500	\$1,500	\$1,500
Retirement Income Modeling	\$0	\$1,000	\$250
Retirement Research Consortium (RRC)	\$6,200	\$4,400	\$5,500
Social Security Programs Throughout the World	\$275	\$300	\$300
Total Research Obligations	\$120,708	\$69,384	\$124,249
New Budget Authority	\$101,000	\$100,766	\$101,000

¹ Totals may not add due to rounding.

² This amount includes obligations funded from prior-year unobligated balances.

³ A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing and Security Assistance Appropriations Act, 2017. The FY 2017 enacted Research and Demonstration amount is \$58 million.

New 1110 Demonstration Project: Musculoskeletal and Other Health Conditions

In order to better target underlying barriers to employment that may vary widely by disability type, some of SSA's research projects focus on workers with specific types of disabilities. Workers experiencing musculoskeletal impairments may be a particularly promising population for early intervention. They make up the second-largest primary impairment group among SSA's disabled beneficiaries (24 percent) and comprise an even larger segment of applicants. Existing research suggests they are among the groups most likely to benefit from early intervention.¹ In addition, musculoskeletal conditions are often work-related, making it easier to identify such individuals through workers' compensation systems before they exit the labor force and apply for disability benefits.

A key factor in effective early intervention is identifying individuals at risk of becoming DI or SSI recipients who would also have the potential to benefit from the intervention methods. Programs such as workers' compensation and state Temporary Disability Insurance (TDI), which serve many workers who later apply for and receive SSA's disability benefits, present a promising opportunity to identify and recruit individuals whose disabilities are likely to affect their work capacity.² Partnering with other Federal agencies – such as DOL, which is tasked with providing services and supports to workers with and without disabilities – will allow SSA to better identify and serve such workers before they apply for benefits.

The following pages explore a potential demonstration project that SSA and DOL could jointly design and implement with the requested funding from both agencies. SSA's requested \$50 million for this initiative includes some funds that SSA would provide to DOL to fund implementation and technical assistance grants; the remainder would be reserved to conduct a rigorous evaluation of the demonstration.

Proposed Demonstration: Early Intervention Services to Keep Prime Working-Age People with Disabilities in the Labor Market

This proposed demonstration is modeled on a successful early intervention program developed in Washington State. Washington runs an innovative program called Centers of Occupational Health and Education (COHE), funded by the state workers' compensation insurance fund, to provide early intervention and return-to-work services for individuals with work-related conditions.³ The affiliated physicians receive training in occupational health best practices that include an employment focus and receive financial and non-financial incentives to deliver these best practices when treating patients who receive workers' compensation. Health services coordinators within the COHE organizations coordinate care, employment services, and return-to-work activities (including functional assessments, referrals to existing services, and

¹ See Stapleton et al. (2015), "Targeting Early Intervention to Workers Who Need Help to Stay in the Labor Force," <https://www.mathematica-mpr.com/our-publications-and-findings/publications/targeting-early-intervention-to-workers-who-need-help-to-stay-in-the-labor-force>.

² See O'Leary et al. (2012), "Workplace Injuries and the Take-Up of Social Security Disability Benefits," <https://www.ssa.gov/policy/docs/ssb/v72n3/v72n3p1.html>.

³ For more on COHE, see Washington State Department of Labor & Industries, "Centers of Occupational Health & Education (COHE)," <http://www.lni.wa.gov/ClaimsIns/Providers/ProjResearchComm/OHS/default.asp>; and Christian et al. (2016), "A Community-Focused Health & Work Service," <http://ssdisolutions.org/sites/default/files/christianwickizerburton.pdf> and <http://ssdisolutions.org/document/christian-burton-and-wickizer-appendix-iii.html>.

setting appropriate return-to-work expectations) among patients, providers, employers, and other stakeholders. Evaluations of COHE have found that participating workers are nearly 20 percent more likely to be working a year after the initial work absence, and are 26 percent less likely to receive DI benefits after 8 years.¹ The impacts were larger for certain musculoskeletal conditions, such as low back injuries.²

Our proposed demonstration would test the effects of implementing a similar model in other states and/or for a broader population beyond workers' compensation by funding the expansion of one or more existing COHE-style programs (here called early intervention centers), or fund states to establish such entities, in a small handful of locations. The demonstration would target workers with medical conditions of any type that impact their work capacity; however, we expect that workers with musculoskeletal conditions would make up a sizeable portion of the population served, as these conditions are the most frequent occupational injury or illness causing days away from work.³

Each early intervention center would be responsible for recruiting and training health care providers within their region, informing and educating employers, coordinating health services and other employment and return-to-work services, and handling centralized data collection. The recruited provider units would be randomly assigned to treatment and control arms to create a randomized cluster design; this allows for a randomized experiment even as individual workers continue to visit their regular providers. In both arms (treatment and control), the providers would need to evaluate or screen their patients for eligibility – that is, for conditions that could affect work – and gain informed consent. Treatment-arm providers would receive training on best practices with a focus on returning to work – such as timely reports on the patient's visits and activity restrictions, initiating contact with employers, assessing the patient's barriers to return to work, and developing a plan to assess them. They would also implement the full COHE model of service delivery for all patients with conditions that could affect continued employment. To ensure successful implementation, a technical assistance contract could be established to advise the pilot early intervention centers and ensure fidelity to the COHE model.

We would implement this pilot demonstration over six years: one year for design, grant and contract development, and award; four years for implementation, including a start-up period of at least one year for the early intervention centers to recruit and train providers, followed by three full years of service provision; and a sixth year to complete the evaluation. SSA would evaluate impacts on outcomes such as employment, earnings, receipt and duration of workers' compensation or TDI benefits, and DI and SSI applications and benefit receipt.

¹ For employment effects, see Wickizer et al. (2011), "Improving Quality, Preventing Disability and Reducing Costs in Workers' Compensation Healthcare: A Population-based Intervention Study," <https://www.ncbi.nlm.nih.gov/pubmed/22015667>; and Wickizer et al. (2008), "Report on the Outcomes of the Original COHEs' Later Cohorts," <http://www.lni.wa.gov/ClaimsIns/Files/Providers/ohs/4Task4n5FINAL.pdf>. For DI effects, see Franklin et al. (2015).

² Wickizer et al. (2011).

³ BLS data indicate that musculoskeletal disorders account for 31% of nonfatal occupational injury and illness cases requiring days away from work. In Washington State, 90% of allowed workers' compensation claims are musculoskeletal.

OTHER RESEARCH AUTHORITY REQUEST

In addition to the 1110 authority, the FY 2018 Budget proposes to evaluate creative and effective ways to promote greater LFP of people with disabilities by expanding demonstration authority that allows SSA, in collaboration with other agencies, to test new program rules and activities that require mandatory participation by program applicants and beneficiaries. An expert panel will identify specific changes to program rules that would increase LFP and reduce program participation, informed by successful demonstration results and other evidence. SSA will partner with HHS and the Department of Education (ED), in addition to further collaboration with the DOL. The funding for these demonstrations will depend on the design and target population. Those projects focused on changes to SSA program rules such as time-limited benefits or disability eligibility will require an expansion of both section 234 and section 1110 authorities. Projects focused on people with disabilities before the individuals apply for SSA's disability programs require additional 1110 funding.

Potential projects for this proposal include:

- Test “time limited benefits” for beneficiaries for a period when they would be more likely to return to work;
- Enhanced disability determination screening process that replaces the reconsideration appeal step after an initial denial with a detailed case review and report by a qualified attorney;
- Require applicants to engage in job seeking activities before their application is considered;
- Push existing state vocational rehabilitation offices to intervene earlier with individuals on a track to end up on DI;
- Replicate welfare-to-work strategies in state TANF offices to provide wellness care and vocational services to welfare applicants that cannot work due to a short-term or uncontrolled health conditions; and
- Mandate that lower back pain and arthritis sufferers engage in rehabilitation traditionally used in occupational health treatment services before receiving benefits.

Mandatory Participation of Program Applicants and Beneficiaries

People with disabilities should be independent and self-sufficient whenever possible, and these demonstrations require universal engagement (that is, mandatory participation) of the eligible population to provide policy-relevant motivations for individuals to pursue other options beside disability benefits. Furthermore, the exploration of alternative program designs will help ensure that we can sustain these vital programs for generations by targeting them carefully and directing resources to where they are needed most.

Potential applicants and beneficiaries have a wide range of conditions and experiences; universal engagement is required in order to accurately assess how program changes might affect different groups of people. In contrast, when demonstration projects are voluntary, the results reflect the outcomes of the subset of the population who volunteered. As a result, the impacts are not easily generalizable to the national population and may not provide the adequate understanding

required to make informed decisions about broader policy changes. Policy decisions made without an understanding of the distributional impact could have harmful repercussions. For these reasons, mandatory participation in the proposed demonstrations will allow us to identify improved program designs that will provide a basis for permanent reforms to the programs.

EXISTING MAJOR RESEARCH AND OUTREACH PROJECTS

Although our extramural research budget represents a small piece of our overall funding, our research and demonstration projects help us to significantly increase the efficiency and accuracy of our mission-critical work. Below is a detailed summary, by category, of the major research and demonstration projects we plan to conduct in FY 2018:

Increase Labor Force Participation Through Successful Demonstration Projects

Social Security has a history of conducting demonstrations to test strategies to increase the self-sufficiency of individuals with disabilities and improve their labor force participation. Key projects in support of this effort include:

Promoting Readiness of Minors in SSI (PROMISE)

PROMISE is a joint pilot demonstration program with ED, HHS, and DOL. The goal of the program is to test interventions that improve the health, education, and post-school outcomes of children who receive SSI, including the completion of postsecondary education and employment. It is also intended to improve family or household outcomes through improved services and supports, such as education and job training for parents.

In FY 2013, ED's Office of Special Education and Rehabilitation Services awarded competitive grants to five states and one consortium of states. States are using these funds to improve coordination and increase the use of existing services for which children receiving SSI and their families are already eligible. These services are available through the Individuals with Disabilities Education Act, the Vocational Rehabilitation State Grants program, Medicaid's Care Coordination Services, Job Corps, and other Workforce Investment Act programs.

Developing and conducting a rigorous evaluation to guide implementation and gather evidence is a key component of PROMISE. In FY 2012, we convened a technical advisory panel to help prioritize the evaluation needs of this project. In FY 2013, we awarded a contract to evaluate PROMISE pilot interventions. In FY 2014 and FY 2015, our evaluation contractor provided technical assistance to the state grantees and began randomly assigning youth into treatment and control groups, conducted site visits and focus groups, and began delivering early assessments of the demonstration's recruitment and enrollment process.

In FY 2016, our contractor delivered the last of the early assessment reports and began collecting data for the first national evaluation survey. The contractor also conducted additional site visits and focus groups. In FY 2017, our contractor will continue conducting surveys and will conduct the final site visits.

PROMISE activities scheduled for FY 2018 include the development and administration of a 5-year survey as well as preparing data files for our 18-month survey. We will receive the draft process analysis reports and a comprehensive interim services and impact report focusing on short-run impacts in late FY 2018.

Supported Employment Demonstration (SED) (previously Early Intervention Mental Health Demonstration (EIMHD))

SSA has conducted various demonstrations for DI beneficiaries that show interventions after complete disability onset can yield positive outcomes, such as moderately increased earnings.¹ These demonstrations, however, have not identified interventions that would return beneficiaries to substantial and sustained employment. The SED will investigate whether earlier interventions can help people with behavioral health challenges eliminate or significantly reduce the demand for disability benefits and remain in the labor force.

The SED will provide participants with an intensive set of behavioral health and related services above and beyond what is available through the individual's existing health plan. Additionally, long-term employment services following the evidence-based Individual Placement and Support (IPS) model will be used to help participants remain in or return to the labor market rather than seek SSA disability benefits. IPS services are delivered by supported employment teams that operate within community mental health agencies and other medical providers, with a key differentiator from other interventions being the linkage between employment and medical services. We will follow an IPS service model similar to that successfully implemented for SSA's Mental Health Treatment Study demonstration.

In FY 2015, we released a competitive Request for Proposals for the SED. The contract was awarded in late FY 2016 and we have begun the 1-year design refinement, including OMB clearance for surveys and other data collection instruments, such as the work disability functional assessment battery (WD-FAB). We plan to administer the WD-FAB as a supplement to other project surveys. In FY 2017, we plan to finalize site selections and begin recruitment and participant enrollment. The study plans to enroll 3,000 individuals living within the catchment areas of 30 community mental health centers distributed across the United States.

In FY 2018, we will fully implement the demonstration, including recruitment and service delivery, technical assistance, training, and data collection activities.

Serve the Public through a Stronger, more Responsive Disability Program

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

¹ For a detailed discussion of SSA's demonstrations, their findings, and related publications, see SSA's *September 2016 Annual Report on Section 234 Demonstration Projects* at <http://www.ssa.gov/disabilityresearch/demos.htm>.

Advisory Services to Assist SSA with Disability Issues/National Academies

As part of our efforts to continuously improve the administration and effectiveness of our disability programs, in FY 2013 we entered into a new 5-year contract with the National Academies to conduct research on behalf of SSA. The National Academies established a standing committee of medical experts to assist us with ongoing and emerging disability issues at steps 3, 4, and 5 of the sequential evaluation process. The standing committee meets three to four times per year and assists SSA with the review of disability-related research and clinical practices. Involving independent medical experts in our process helps to further maintain the objectivity of our policies and procedures. Additionally, the current contract also provides for Federal Advisory Committee Act (FACA)-compliant consensus committees of medical and other experts.

In FY 2013, we awarded a task order for a consensus study committee to describe past and current trends in the prevalence and persistence of mental disorders for the general U.S. population under age 18, and provide a comparison between those trends and trends in the SSI childhood disability population. In October 2015 we received the committee's final report, which concluded that the number of children that receive SSI benefits for mental disorders has remained relatively stable. The committee found that, after taking child poverty into account, the increase in the percentage of poor children receiving SSI benefits for mental disorders (from 1.88 percent in 2004 to 2.09 percent in 2013) is consistent with and proportionate to trends in the prevalence of mental disorders among children in the general population.

In FY 2014, we awarded a task order for a consensus study committee to perform a critical review of selected psychological testing, including symptom validity testing, that could contribute to our disability determinations. In June 2015 we received the committee's final report, which verified that, where appropriate, there is value in standardized psychological testing, including both non-cognitive measures and cognitive tests. The committee also concluded that validity tests alone do not provide information about whether or not an individual is disabled. These findings support our current practice of considering the results of standardized psychological tests when they are part of the record, but not ordering validity tests alone.

In FY 2014, we also awarded a task order for a consensus study committee to describe past and current trends in the prevalence and persistence of speech and language disorders for the general U.S. population under age 18, and provide a comparison between those trends and trends in the SSI childhood disability population. In April 2016 we received the committee's final report, which found that trends in child SSI recipients are generally consistent with trends in the prevalence of the disorders in the general population. Further, the trend in child poverty—with more families meeting the SSI income requirements—is a factor affecting trends observed in the SSI program for children with speech and/or language disorders. The report further concludes that severe speech and/or language disorders in children are conditions that interfere with communication and learning and represent serious lifelong threats to social, emotional, educational, and employment outcomes. Thus, the report helps to explain that it is reasonable to expect that children with severe speech or language disorders continue to remain on our rolls. These disorders persist despite effective treatment. The report also offered support for the manner in which determinations are made, noting: “the Social Security Administration employs the results of professionally administered assessments, and also takes into account other clinical evidence that would be consistent with severe speech and language disorders.”

In FY 2014, we awarded a task order for a consensus study committee to provide recommendations to improve the accuracy and efficiency of our policy and procedures for adult capability determinations. In May 2016 we received the committee's final report, which recognized the importance of the representative payee program to the well-being of beneficiaries in need. The committee found that SSA provides the most in-depth information on beneficiary behaviors and abilities that potentially bring capability into question during the disability determination process as compared to other programs studied. SSA's requirement for lay evidence of beneficiaries' financial performance in making capability determinations is consistent with the committee's conclusion that evidence of real-world financial performance is the most reliable basis for making such determinations. The committee found no "gold standard" for determining financial capability among the similar benefit programs reviewed. Likewise, the committee concluded that sufficient data on reliability and validity of various instruments to assess financial capability are not yet available. The committee recommended that SSA should:

- Provide detailed guidance to professional and lay informants regarding the information it would find most helpful for making capability determinations;
- Create a data-driven process to support the development of approaches, including screening criteria, for identifying people at high risk for financial incapability;
- Ensure intra-agency communication regarding capability determinations within its different programs and among other relevant Federal agencies;
- Develop systematic mechanisms for recognizing and responding to changes in beneficiaries' capability over time;
- Implement a demonstration project to evaluate the efficacy of a supervised direct payment option for qualified beneficiaries; and
- Develop and implement an ongoing measurement and evaluation process to quantify and track the accuracy of capability determinations. This will also help SSA inform and improve its policies and procedures for identifying beneficiaries who are incapable of managing or directing the management of their benefits.

Each recommendation requires an independent evaluation to determine if the recommendation can be funded within the agency's constrained resources.

In FY 2015, to help SSA modernize disability criteria and in response to a GAO recommendation, we awarded a task order for a consensus study committee to provide an overview of assistive devices that relate to physical and mental disorders and functioning for adults. It will also provide a comprehensive review of selected assistive devices that relate to physical and mental disorders. We expect to receive the final report in July 2017.

In FY 2016, we awarded a task order for a consensus study committee to identify and describe programs and services aimed at improving health, and functioning outcomes for school-aged children with disabilities, especially the most commonly-occurring disabilities in children who receive SSI or may qualify for SSI. This will help SSA to better understand what programs and services can improve the functioning of certain disabled child SSI recipients. We expect to receive the final report in April 2018.

We also awarded a task order for a consensus study committee to provide a general description of the health care delivery system and identify health care utilizations that represent a good indicator of impairment severity for the purposes of the disability program.

In FY 2017, we plan to award a task order for a consensus study committee to provide an overview of the functional abilities an adult needs to meet the physical and mental demands of work, along with information about functional assessment tools and instruments that deliver information about an adult's functional limitations.

In FY 2018, we plan to enter into a 5-year contract for an independent standing committee of medical and other experts to provide us with the most current medical information by conducting surveillance research to identify advancements in new technologies, diagnostics, biomarkers, and methods for detecting medical conditions. The multidisciplinary information that results from this research is critical in identifying opportunities for us to update disability policy in an effective and targeted way. By having independent medical experts provide us this information, we maintain our objectivity. Under this contract, we also plan to award a task order for a consensus study committee to determine the appropriateness of a medical improvement standard for childhood continuing disability reviews (CDRs), which is important because of the basic changes children experience due to natural childhood development. We will then evaluate the effectiveness of conducting disability redeterminations (not CDRs) at ages other than 18 using the childhood disability rules.

Disability Analysis File (DAF)

The DAF is a composite of the ten most relevant SSA administrative files that are used to answer questions about disability and work. The DAF pulls these files together into a single, meaningful file that researchers can easily understand and use. The DAF also provides complete, researcher-friendly documentation of the data for these files. As a result, having a standing DAF eliminates the first 6 to 12 months of investigation and start-up assembly of the data for every new research project that uses it and is essential in providing quick responses to agency inquiries. The DAF proved to be an essential tool in FY 2016 for providing disability data and analysis in response to inquiries from Congress and other Federal agencies, including the Office of Management and Budget. Using the DAF allowed us to make data-driven policy recommendations and changes. The DAF also supported many research projects in 2016, especially those under the DRC.

In FY 2017, we will continue to build the DAF and use this tool for quick turnaround inquiries and analysis as well as longer term research projects. Currently, the DAF includes information on SSA beneficiaries only; denied applicants are not included in the file. In FY 2017, we will add data to the DAF for all SSI and DI applicants from 2007 forward, including those whose applications are denied. The second development will be a public-use version of the DAF for researchers outside SSA. This will be a scaled-down version of the full DAF that will include the DAF variables that have the broadest researcher interest. The file will contain a random 10 percent sample of the full DAF, including approximately three million observations. Once SSA's Office of Retirement and Disability Policy Disclosure Review Board has certified that no personally identifiable data will be disclosed, we will post the public-use data and documentation on <https://www.data.gov>.

We intend to pull and post new independent random samples of the full DAF each year. Each new DAF public use file will replace the prior version to keep the information in the file current. We expect to make the first versions of the new applicant file and public use DAF available to researchers in FY 2017.

We will continue to support research using the DAF and reproduce these files in FY 2018. In FY 2018, we will also modify the DAF to include changes and additions suggested by users. In particular, we plan to expand the file to include information on the appeals process. We are also planning to expand the DAF to include all childhood SSI cases; the DAF currently contains information for SSI youth ages 10 through 17 only. Finally, we will explore the possibility of adding workers' compensation offset information to the DAF.

Analyzing Relationships between Disability, Rehabilitation, and Work (ARDRAW)

This grant program provides 1-year stipends to graduate and post-doctoral students to conduct research related to work, disability, rehabilitation, and employment support issues. Potential research topics include: working conditions of people with disabilities, work accommodations and needs, non-competitive employment, vocational and other types of services, and additional non-SSA assistance provided to SSA beneficiaries to promote return to work. ARDRAW is renewable on a yearly basis, for five option years.

In September 2016, SSA awarded the grant to manage the ARDRAW to Policy Research Inc. (PRI). In FY 2017, PRI is conducting active outreach to graduate students in accredited programs with an academic emphasis in topics of interest to disability programs, including, but not limited to, public health, social work, economics, occupational medicine, vocational and rehabilitation counseling, public policy and administration, sociology, psychology, education, medicine, and law.

PRI will recruit student researchers on a yearly basis. Applications for the first cohort of student researchers closed March 2, 2017. Awardees will be announced in June 2017, with projects due June 2018. In FY 2018, PRI will solicit applications for the second cohort of grantees. For more information, please see the ARDRAW website: <http://ardraw.policyresearchinc.org>.

Disability Research Consortium (DRC)

We awarded the fifth year of the DRC cooperative agreements with the Mathematica Policy Research center and the National Bureau of Economic Research center in September 2016. This funding supports the production and dissemination of program and policy-relevant research to assist policymakers in improving services and benefits from the DI and SSI programs. The DRC supports research to better understand how programs that provide services and benefits to people with disabilities (Federal and nonfederal) intersect and interact with each other. This will help develop policy to improve service delivery, enhance coordination of services across programs, build on complementarities across programs, eliminate duplication and waste, and advance cooperation across Federal agencies that serve people with disabilities.

A recent and ongoing analysis estimates the effect of application costs associated with field office consolidation on the number and characteristics of disability applicants and recipients.

The different types of application costs induced by field office consolidations include travel time to assistance, congestion at neighboring field offices, and information gathering. We find that field office closings reduce the number of disability applications by 11 percent in “closing Zone Improvement Plan Codes (ZIPs)” (12 applications per ZIP per quarter), defined as ZIPs whose nearest office closes, and that these effects are persistent for at least 2 years after the closing. The fall in applications occurs for all programs, though the effects are larger for the lower-income SSI population than for the DI population. Closings reduce applications disproportionately among those with low- and medium-severity conditions, lower education levels, and lower pre-application earnings.

Another recent paper with continuing work examines the prevalence and effect of representation on the initial disability determination process. Initial findings reflect a 40 percent rise in initial claim level representation between 2010 and 2014. About 19 percent of claims had representation by the end of the period, but the pattern of representation varies significantly across different parts of the country. Claimants’ representatives are more likely to be involved in cases with older and English speaking claimants who have impairments in less easy-to-document diagnosis groups, notably psychiatric disorders and back pain. They also found that although cases involving representatives are generally more likely to be allowed, the cases are also more likely to be denied due to insufficient evidence or failure to submit to a medical examination.

The DRC centers will continue research activities across six broad priority research areas: demographics, economics, health, programmatic issues, work and education, and international comparisons. These topics will be guided by the agenda for the consortium’s research projects for FY 2017. In addition, the DRC will continue to train future experts on disability issues and policy through summer research training fellowships, dissertation support, and pre- and post-doctoral fellowships.

National Beneficiary Survey (NBS)

The NBS collects data from a national sample of DI and SSI beneficiaries and a sample of Ticket to Work (TTW) participants that are not available from any other source. We have used the NBS to provide information on our programs and beneficiaries to answer questions for SSA, other Federal agencies, the Government Accountability Office (GAO), and Congress. The NBS is available as a public use file on Data.gov and on the SSA website.

From the NBS, we have learned about the health and socio-demographic characteristics of our SSI and DI beneficiaries with disabilities, including their physical and mental health status, functional limitations, education, health insurance, household living arrangements, and income. Beyond this basic information, we have also examined the work aspirations of beneficiaries with disabilities, their use of employment-related services, and their work activities and outcomes.

The NBS has provided us with detailed information on wages, hours of work, benefits, work accommodations and unmet needs, and the barriers beneficiaries face as they try to work. NBS data tell us that nearly half of all beneficiaries are interested in work and many are pursuing employment goals. The data also tell us that many barriers to work remain. Beneficiaries tend to have activity limitations, poor health, and low levels of education that limit their employment

opportunities. Many rely on public programs where benefits may be limited by work and earnings. Many also experience work-specific obstacles, such as a lack of reliable transportation, inaccessible workplaces, and discouragement from work, either by others or through their own experiences.

We completed the first four rounds of the NBS in 2004, 2005, 2006, and 2010. During this period, we completed 27,000 interviews. In FY 2012, we began to make changes in the NBS to collect more information on the factors associated with successful and unsuccessful work attempts and less information on the TTW program. In the redesigned NBS, new questions focus on the home, community, employer, and SSA policies that influence successful work attempts.

In 2015, we completed interviews for the first of three rounds of the redesigned NBS, including 4,000 interviews of the national sample of SSI and DI beneficiaries and 90 in-depth interviews of the most successful working beneficiaries. From the information we learned from the in-depth interviews, we developed the new questions and the design of the larger sample of the most successful working beneficiaries. We plan to conduct the second and third rounds of the national sample and the sample of the most successful working beneficiaries in FY 2017 and FY 2019.

Public use data files, documentation, and reports for the first four rounds of the NBS, as well as the report of the in-depth interviews, are available on our website at: <http://www.ssa.gov/disabilityresearch/nbs.html>. The public use file for the 2015 national sample will be available in the spring of 2017.

New and Emerging Research – Disability

Our “New and Emerging Research –Disability” line item replaces the former “Other Research” category and includes projects that provide broad program analysis and development in support of the DI and SSI programs. These projects typically include studies of program policy issues, the identification of trends in the disability programs, the formulation of agency policy regarding cross-cutting programs or issues related to disability and/or income assistance programs, and the development and implementation of policy and procedures on DI and SSI work incentives. Often, these projects address necessary but unforeseen requests for studies from Congress, OMB, the Administrative Conference of the United States, or our leadership, which are typically quick turnaround projects regarding policy priorities.

National Institutes of Health (NIH) IAA for Data Analytics and FAB Development

Under an agreement with their Epidemiology and Biostatistics Section, Rehabilitation Medicine Department of the Clinical Research Center, NIH provides in-depth analysis of our existing data and contracts with Boston University (BU) in developing a Work Disability Functional Assessment Battery (WD-FAB). The WD-FAB may provide uniform information about individuals’ self-reported functional ability that we can use to inform our data collection and determination processes.

In FY 2016, NIH finalized and delivered an empirical method for nominating new candidates for our Compassionate Allowances (CAL) list of medical conditions and initiated a data analytic effort with the objective of improving the precision of the CAL software. The CAL initiative identifies diseases and other medical conditions that invariably qualify for allowance under our Listing of Impairments. The initiative allows us to target the most obviously disabled individuals for allowances based on objective medical information that we can obtain quickly. We currently have 225 CAL conditions. In addition, NIH and BU finalized the domain structure of the WD-FAB, concluded a national calibration study, and initiated predictive validity and item replenishment studies of the WD-FAB instrument.

In FY 2017, NIH and BU will continue the item replenishment study and develop a demonstration design report to examine the administration of the WD-FAB to individuals participating in return to work activities through employment networks (EN) and/or state vocational rehabilitation agencies. In addition, NIH will expand their data analytic effort to improve the precision of the CAL software by reviewing additional CAL conditions.

In FY 2018, NIH will continue to explore data-driven methods to inform our data collection and determination processes, complete work on the WD-FAB predictive validity study, and continue working with BU to complete the item replenishment of the existing WD-FAB instrument.

Occupational Information System (OIS)

We are developing a new OIS that will replace the Dictionary of Occupational Titles (DOT) as the primary source of occupational information in our disability adjudication process. DOL, which developed the DOT, has not updated the Dictionary since 1991 and is not planning to do so. In 2012, SSA asked the Bureau of Labor Statistics (BLS) to conduct feasibility tests to determine whether they could collect the type of occupational information we need, using their National Compensation Survey (NCS) platform. BLS calls this data collection effort the Occupational Requirements Survey (ORS). In September 2015, after three years of successful testing, BLS began collecting production data that our adjudicators will eventually use to make disability decisions. The first production collection cycle will take three years, and disability adjudicators will begin using the new data in 2019. Based on a shelf-life study commissioned by BLS, we believe that occupational data will remain current for 5 to 10 years. Our plan is to put the OIS on a 5-year update cycle; thus, the first update after the initial 3-year collection cycle will be completed in FY 2024.

The new OIS will include many occupational descriptors similar to those our adjudicators currently use in the DOT, but will expand on the DOT by describing the basic mental and cognitive requirements of work. In addition to the new occupational data, the OIS will include elements from DOL's Occupational Information Network (O*NET)¹, and will crosswalk to the Military Occupational Classification. A web-based, publically available information technology platform called the Vocational Information Tool (VIT) will combine, filter, and sort the data as needed and will eventually integrate with our internal electronic case processing systems.

¹ O*NET was developed in 1998 by the DOL's Employment and Training Administration as a replacement to the DOT. Although SSA research has indicated that we cannot use much of the information contained in O*NET without significant modification, we plan to integrate certain aspects of O*NET such as job task lists into the OIS to avoid duplicating work already done by DOL.

From FY 2013 through FY 2015, we signed yearly IAAs with BLS to conduct data collection feasibility testing. In FY 2013, BLS tested collecting the physical and skill requirements of occupations and workers' environmental exposure. After each of the three test phases, BLS consulted with SSA, evaluated data collection issues, and refined the data collection protocols and processes.

In FY 2014, BLS resolved outstanding issues identified in FY 2013 and tested collecting new data elements, including the mental and cognitive requirements of work. BLS also contracted with an expert on worker skills and job requirements to evaluate internal research regarding the methods of occupational data collection and approaches for testing the validity and reliability of the data. In accordance with the expert's recommendations, BLS conducted a job observation test during the summer of 2015 to compare the data collected through respondent interviews to that collected through direct job observation. The testing indicated high levels of agreement across most elements. For elements with lower levels of agreement, the testing was used to provide additional guidance to field economists to improve data accuracy. BLS will consider continuing to select a subsample of occupations for direct observation as a quality assurance measure. The complete job observation report can be found on the BLS website at http://www.bls.gov/ncs/ors/preprod_job_ob.pdf.

In early FY 2015, BLS conducted a nationwide pre-production test to prepare for production data collection. During pre-production testing, we continued working with BLS to evaluate and refine the survey elements describing the mental and cognitive requirements of work to ensure the information met the needs of our adjudicators. BLS released the pre-production test data in September 2015. BLS also started researching the shelf-life of occupational data to inform decisions about the OIS lifecycle. Finally, in late FY 2015, BLS began the first year of production data collection to be used in adjudication.

In FY 2016, BLS completed the first round of production data collection, and continued analysis of the pre-production test data to improve collection methods and ensure data quality. In May 2016, BLS began the second year of production data collection. We estimate it will take three years to fully populate the OIS database.

On December 1, 2016, BLS released estimates from the first year of production data collection. We will explore using the new data to provide statistical support for the medical/vocational rules adjudicators use to guide decisions made at step five of sequential evaluation. Currently, the step five rules evaluate whether there are jobs available in the national economy that the claimant could perform. First year production data could be used to provide updated support for our use of these rules.

In FY 2017, BLS will also complete the second year and begin the third year of production data collection. They will continue activities to improve survey methods and conduct ongoing validity studies, such as a second job observation test and an incumbent respondent test. BLS will release the second year of production data to us by the end of 2017.

In FY 2018, BLS will complete the third year of data collection and begin the first OIS refresh cycle, which will run for five years.

The current IAA with BLS expires at the end of FY 2017, and we plan to renew it annually, providing our collaboration continues to be successful.

More information regarding this project is available at our OIS website:
https://www.ssa.gov/disabilityresearch/occupational_info_systems.html.

Occupational Information System Vocational Information Tool (OIS VIT)

After obtaining new occupational data for the OIS, we will need a front-end tool incorporating this data for use by adjudicators. We plan to update the occupational data routinely and have concluded that our best option is to create a web-based tool, the Vocational Information Tool (VIT). This will give us the ability to update and maintain occupational information without distributing and installing software, minimizing disruption to users. The web-based tool will be accessible to the American public.

In FY 2015, we assembled a workgroup from SSA's occupational information stakeholder components and State Disability Determination Services to develop requirements for the VIT that will pull together the occupational data BLS is collecting, selected O*NET data, and the Military Occupation Code crosswalks. We then contracted with Northrop Grumman (NG) to design the system. SSA's Office of Systems will develop the physical database and conduct system testing and validation.

In FY 2016, we used pre-production data to create business rules for the display of information in the VIT and to conduct alpha testing. Alpha testing gave NG a critical picture of how the production data will look and provided a rough outline of how we will filter and present occupational information to users. NG completed prototype development and prepared the documents for the Office of Systems to begin developing the physical database and to prepare for testing and validation. At the end of FY 2016, NG prepared the data load procedures for the first year of production data from BLS.

In 2017, we are continuing the development and validation of the VIT database and data loading procedures. We are also completing user research and testing on the VIT design prototype.

In FY 2018, we will complete the development and design of the VIT platform based on user testing and research results. We will use three years of BLS data to load into the VIT and complete a formal usability study. Final modifications to the interface design, based on the results of the study, will also be implemented.

Deliver Innovative Quality Service

Understanding America Study (UAS) Enhancements

The UAS is an innovative, nationally representative longitudinal internet panel. Through a jointly financed cooperative agreement with the National Institute on Aging (NIA), our support will maintain the sample size we funded in prior fiscal years. It will also allow for additional data improvements that support policy-relevant research and evidence-based decision-making. Planned data enhancements include:

- Increasing the sample size so that we can conduct more robust retirement security research on the American public to inform SSA’s targeted outreach efforts to specific populations, including young workers and those nearing retirement; and
- Maintaining a Quick Turnaround Project fund for directly testing and answering emerging research questions from internal and external policy makers.

The UAS enhancements allow SSA to make more informed decisions about initiating new policies, procedures, and educational products designed to enhance retirement security. The UAS data also serves the public because the sample we support is available for researchers inside and outside of SSA to use in addressing research questions. For example, the grantee has worked with the agency and outside groups such as the American Association of Retired Persons (AARP), the White House Social and Behavioral Sciences Team, the Society of Actuaries, the Department of Treasury, and the Consumer Financial Protection Bureau, on a study to test if changing the names for the “earliest eligibility age,” (i.e. age 62) to “minimum benefit claiming age,” the “full retirement age” to “standard benefit age,” and age 70 to “maximum benefit claiming age” will improve the UAS respondents’ understanding of the Social Security claiming decision. In addition, the FLEC has used data from the UAS about consumer debt, the public’s knowledge of Social Security programs, and from whom the public seeks financial advice at research symposiums.

Collaboration with Other FLEC Members

In FY 2017, we are continuing our focus on collaborative initiatives designed to improve retirement security among vulnerable populations. One component of this effort is to support activities of Federal agencies that are members of the FLEC. The FLEC, established by Congress in 2003, is a consortium of more than twenty Federal departments, agencies, and other entities working together toward the goal of improving the financial literacy and education of persons in the United States. Coordinating extramural research efforts on financial literacy and retirement security with other Federal agencies allows SSA to minimize redundancy, identify best practices, share results, and leverage existing investments.

In FY 2018, we plan to continue supporting jointly funded cooperative agreements with ED, a key FLEC partner. Our extramural research partnership with ED builds on existing programs to foster retirement security-related research at Historically Black Colleges and Universities (HBCUs) and other minority-serving institutions. This partnership, launched in FY 2011, is consistent with [Executive Order 13532](#) which supports HBCUs. ED issued the initial awards under the program at the end of FY 2013. The four grantee institutions are now using this

funding to produce research on retirement security issues and to build capacity and human capital for future research. This research has been submitted to academic journals, such as the *Elder Law Journals* and the *Journal of Economic Behavior and Organization*, and to conferences, such as the Society of Business and Industry Conference. In addition, one grantee has developed a culturally-sensitive mobile app called “SavMe,” which asks questions about retirement and financial security.

Investing in this collaborative research initiative is a critical way for SSA to support the FLEC and to help improve financial capability, financial literacy, and retirement security among economically vulnerable groups. We anticipate that this program may also increase the return on our investment in data support for the UAS and HRS. More broadly, the financial literacy and education research we fund via this project line is specifically designed to prevent dependency in old age and to promote understanding and effectiveness of Social Security program features.

Enterprise Business Intelligence Platform

The Enterprise Business Intelligence Platform (EBI), together with the Office of Retirement and Disability Policy’s (ORDP) Analytics Research Center (ARC), provide advanced analytics and data integration tools for efficient access and analysis of agency records to support data based decision-making. Section 1110 funds support a subset of activities to enhance research and statistical functions conducted by the Office of Research, Evaluation and Statistics (ORES), primarily the publication of statistics from administrative records.

In FY 2016, research support for EBI led to the completion of the following automated publication projects:

- Windfall Elimination Provision (WEP) /Government Pension Offset (GPO) reports
- Representative Payee publication reports
- Automated validation processes for WEP/GPO, Representative Payee and Earnings publications, as well as general statistical publication reports and data files.

The legacy processes required staff to create reports manually from the supporting data files. The new applications process data, create reports, and send the output to a SharePoint site. This has improved report production efficiency and accuracy.

FY 2017 plans include:

- Automating the SSI publication process for monthly, quarterly and yearly reports. This includes development and validation of over 30 statistical data files and 110 reports.
- Enhancing the data file and report validation for SSI publication process to improve its accuracy and efficiency. The current validation process is manual, labor intensive and prone to subjective evaluation and errors. Validation in parallel is critical to completion of the overall reports automation process.
- Providing support for ad-hoc statistical analysis project requests. Work includes partnership with ORES staff and Statistical Analysis System (SAS) contractors using EBI tools to support the production of statistics or data extracts.

In FY 2018, ORES will continue building these tools to tap SSA administrative data to enhance our research and statistical reports. This will include the OASDI and SSI programs as well as wage/earnings histories. In addition to full automation of the statistical publication process, we plan to develop and enhance current processes for geographic assignment applications using new SAS Tools. This effort will improve efficiency and accuracy of geo-code assignments used in statistical publication and ad-hoc reports.

New and Emerging Research- Retirement

In FY 2018, we plan to continue our partnership with the NIA supporting the “Roybal Center for Decision Making to Improve Health and Financial Independence in Old Age” at the University of Southern California. Congress created the Roybal Centers Program in 1992 to help translate basic social and behavioral research into practical applications for improving the health and well-being of older Americans. We intend to use the Roybal Center project to address emerging research topics of value to the agency and external stakeholders, such as the White House and Congress. We first contributed funding to this project in FY 2015. The initial set of pilot projects the grantee has proposed to NIA includes research on financial decisions, annuities, and other topics that could inform our outreach and messaging to improve retirement security. For example, one of these pilot projects has been developed into the paper, “Hispanics’ Understanding of Social Security: Implications for Retirement Security, A Qualitative Study.”

We may also continue to address retirement topics using other research vehicles, such as Intergovernmental Personnel Act (IPA) scholars. Through the IPA program, we fund recognized scholars to work on defined and targeted projects to help create unique and valuable retirement research relevant to SSA’s mission. Past accomplishments from the IPA program include research on the impact of the Social Security Statement for both younger and older workers, the earnings implications of divorce for women, and the effects of employment gaps and layoffs on earnings and Social Security benefits. In FY 2017, we are funding an IPA scholar to work with agency staff on a project examining mortality adjustments and longevity in Social Security reforms.

Research and Innovation Lab

In FY 2017, we plan to pursue a multiple award task order contract to conduct targeted research projects to further ensure policy decisions are evidence-based. By pursuing such a contract, we ensure that the expertise is available to support the diverse needs of our expansive disability program, including such areas as medical and vocational policy, earnings, and the synthesis of claimant demographics and social insurance trends. Using a multiple award task order contract affords us sufficient capacity to quickly address multiple research topics simultaneously and the flexibility to develop well-targeted research topics and deliverables. Potential topics include consideration of how the vocational factors of age, education, and past work experience apply to the disability program today in light of technological and demographic changes in the workplace; the analysis of the Bureau of Labor Statistics’ Occupational Requirements Survey data; and the effects of multiple impairments.

Medicare Outreach – Section 1144

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

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

In FY 2016, we mailed approximately 2.4 million outreach letters to those who potentially qualified for MSP or Medicare prescription drug coverage and in FY 2017 we anticipate approximately the same number of mailings.

Strengthen the Integrity of Our Programs

One of the primary aims of our research program is to preserve the public's trust in SSA's programs by simplifying and streamlining how we do our work. To meet the challenges of our growing workload, SSA's research program provides analyses and data that support our efforts to make Social Security more responsive to the needs of the 21st century workforce. The following project summaries highlight the external efforts we plan to fund in FY 2018 that will help to simplify and streamline our policies, procedures, and business processes, as well as maximize our use of automation:

Census Surveys

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

Beginning in FY 2010, a major focus of our funding has been to contribute to the Census Bureau's re-engineering of SIPP, with a new survey that entered the field in February 2014. We rely upon SIPP data matched to our records to study the effects of OASDI, SSI, and related programs and to determine how program changes affect individuals, the economy, and trust fund solvency. Some of the important data elements required for our modeling and analysis efforts are not contained in the Census Bureau's re-engineered SIPP. In recent years, we have provided funding and worked with the Census Bureau to design a supplementary data collection to the re-engineered SIPP to meet our research and evaluation needs. Our FY 2015 funding completed

our support of the supplemental data collection effort and data processing. The data are due to be released to SSA later in calendar year 2017, according to the Census Bureau.

Without this supplemental data collection from the 2014 SIPP panel, our ability to update and use our models to respond to requests from the White House, Congress, and others to evaluate the impact of proposed changes to the Social Security programs would be severely impaired.

Data Development

One of the main objectives of our extramural research program is to provide information for decision-makers on the Social Security and SSI programs. A key ingredient to providing such information is having appropriate data to answer questions on a range of pending issues. As part of this effort, we develop and maintain a series of detailed statistical databases drawn from SSA's major administrative data systems, prepare a broad range of statistical tables, produce statistical compilations and publications, and develop information for research, evaluation, and models using survey data collected by SSA, other Federal agencies, or Federally-sponsored institutions.

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

Projects that we are currently funding include:

- Workers' Compensation Statistics—provides support to produce an income series on Workers' Compensation that we publish on an ongoing basis in the Annual Statistical Supplement.
- Committee on National Statistics of the National Research Council—along with contributions from other Federal statistical agencies, provides support to the committee to improve statistical methods and information on which public policy decisions are based. Recent Committee topics include survey options for estimating the undocumented immigrant flow at the Southwest border; redesigning the Consumer Expenditure Surveys; improving healthcare cost projections for the Medicare population; formulating a research agenda for the future of social science data collection; the future of Federal household surveys collecting pay information from employers by gender, race and national origin; and measuring financial vulnerability by analyzing spending on medical care spending.
- Joint Program in Survey Methodology—a project jointly sponsored by the Census Bureau and the Interagency Council on Statistical Policy to develop up-to-date research techniques and training programs to train the next generation of researchers on state of the art practices in the statistical and methodological aspects of surveys.
- Research on Survey Methodology Program—a project jointly sponsored by the National Science Foundation and the Interagency Council on Statistical Policy to further the development of new and innovative approaches to surveys that will have broad

implications for the field in general and specifically for the Federal statistical system. Research topics include survey measurement issues, data collection procedures, technological issues related to survey design, and methods for the analysis of survey data.

- Key Indicators of Well-Being of Older Americans—provides support to the Federal Interagency Forum on Aging-Related Statistics for an interagency collaboration to produce a chart book with 37 key indicators about older Americans in five broad areas: population; economics; health status; health risks and behaviors; and healthcare; and related publications and workshops to identify and fill gaps and improve the quality of data on older Americans.

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

Health and Retirement Study (HRS)

The University of Michigan’s HRS surveys more than 22,000 Americans over the age of 50 every two years and provides an ongoing source of longitudinal data for research on retirement and aging. The study paints an emerging portrait of an aging nation's transition from work to retirement and provides data on health and economic well-being after retirement. HRS data help us assess a wide range of issues, including pre-retirement saving, health insurance and pension coverage, retirement patterns, and projected benefits of disabled and retired workers. Through jointly financed cooperative agreements with NIA, we have supported the HRS from its inception. HRS has become the premier source of data on the retirement-age population, especially when linked with our administrative records on benefits and earnings.

This project has five major components in FY 2018:

- Basic survey support that is targeted toward protecting against losses in sample size, improving data quality, assuring confidentiality of the data, and developing restricted access to administrative data on benefits and earnings.
- Production of user-friendly public-use HRS longitudinal data files with consistent imputations of missing data and simplified merging of observations across interview waves.
- Collection of longitudinal information from HRS respondents on consumption to understand how it changes through retirement and whether people have adequate retirement income to meet their needs.
- Improvements to the consent rate among respondents to match HRS survey information to SSA administrative records on benefits and earnings. This goal is largely achieved through increasing the proportion of HRS interviews in each wave that are conducted in person rather than by telephone. This effort will continue with the new cohort of respondents that was added to the HRS survey in 2016.
- Updates of sample weights that account for attrition across waves of the HRS, longitudinal imputations of wealth and asset measures, and an integrated file to facilitate matching of HRS data to SSA administrative records.

HRS Supplement

The HRS is an important source of longitudinal data on retirement and aging, but sample sizes of minority and low-income populations are small, limiting research on these groups. Through a jointly financed cooperative agreement with NIA, this project will maintain the increased sample size in the HRS for minority and low-income populations that we started supporting in FY 2009. The minority expansion will continue to have HRS data matched to agency administrative records.

The HRS minority sample expansion allows researchers to complete subgroup analysis of vulnerable populations, which is particularly important as the HRS has become the premier data source for research on the near-retirement-age and retirement-age populations. The HRS is used heavily for research projects funded by SSA through the RRC and by SSA staff in conducting research on topics including pension participation, differences in contributions to tax-deferred savings accounts among different birth cohorts, and retirement resources of near-retirees. The HRS data we support is also available for outside researchers to use.

Since its inception in 1992, SSA has provided annual funding to support and improve data collection and linkage of HRS data to SSA administrative data. Among the things we fund are a user-friendly longitudinal HRS data file, which is heavily used by SSA analysts, academics and contractors; in-person interviews to improve consent rates to match to SSA records; and the collection of longitudinal data on consumption patterns of a subset of HRS respondents. This unique longitudinal dataset makes it possible to study the dynamics of retirement and the aging of the population and how this is changing in successive cohorts. Over 2,000 studies using HRS data are registered on the HRS website. SSA uses the HRS for both policy analysis and model development. HRS data have been used to estimate labor force participation, retirement transitions, financial wealth, and housing equity relationships in SSA's Modeling Income in the Near Term (MINT) model. The data are also extensively used for RRC-funded research and as the basis for reports by the Congressional Budget Office (CBO), the United States Government Accountability Office (GAO), the Council on Economic Advisors, and the President's Commission to Strengthen Social Security.

Retirement Research Consortium (RRC)

The RRC is one of our key tools for maintaining a strong capability to produce a large body of policy-relevant research on retirement and Social Security. The RRC comprises three competitively selected research centers based at the University of Michigan, Boston College, and the National Bureau of Economic Research. They are broadly charged with planning, initiating, and maintaining a high quality, multidisciplinary research program that covers retirement and Social Security program issues. The centers perform valuable research and evaluation of retirement policy, disseminate results, provide training and education awards, and facilitate the use of our administrative data by outside researchers. These centers have greatly expanded the amount of policy research on Social Security-related issues and have responded to our specific analytical needs.

The research results of the RRC are widely reported in professional journals and conferences and in leading newspapers, radio, and television programs. The centers also disseminate results, train students and practitioners, and facilitate the use of our administrative data by outside researchers. In FY 2018, we will enter the fifth year of the current 5-year cooperative agreements, which run through the end of the fiscal year.

Some recent and current studies funded through the RRC examine how behavioral and psychological factors affect individuals' financial and claiming decisions. These studies are looking at the roles of personality traits and biases, such as the tendency to underestimate exponential growth, which could lead to decisions that may put future retirees' financial security at risk. A continuation of this work currently underway investigates whether providing appropriate tools to retirement plan participants can mitigate this problem. These tools could allow individuals to be more prepared for retirement by strengthening the employer and personal savings component of retirement income.

Other recent RRC studies have looked at the role of occupations and their characteristics on the work choices of older workers. These studies are looking at how job demands influence retirement plans and whether changes to working conditions, either through job change or workplace accommodations, could lead older workers to delay leaving the workforce. International studies provide an additional opportunity to learn from comparing working conditions in the United States with working conditions in other countries and evaluating the effects of retirement and pension reforms relevant to the U.S. system.

Finally, additional studies through the RRC assess the relationship between age and cognitive decline as they relate to financial decision making. This work is currently being extended to understand the arrangements individuals with dementia or cognitive decline have to manage their finances, whether informal family care, power of attorney, a representative payee, or other help. This research is important to establish the size and the characteristics of the population of future retirees who will require representative payees to manage their Social Security benefits. Recent RRC papers are available at the following link: <http://www.ssa.gov/policy/rrc/>.

Retirement Income Modeling

Fundamental changes to the Social Security retirement program can have a significant effect on the distribution of benefits, total retirement income, and incidence of poverty. Econometric and simulation models can provide policy makers with detailed information on the effects of changes in government programs on individuals, with projections for years into the future. SSA's MINT model is an important tool for such evaluations. MINT's projections of the aged population have been extended well into the 21st century to enable simulation of additional Social Security policy changes. MINT is particularly well suited for studying the distributional effects of reform proposals that are implemented immediately, but also provides valuable insights into proposals that are phased in over time. For example, MINT has been used by SSA, GAO, the Council of Economic Advisors, and OMB. MINT estimates have provided data for numerous congressional policy proposals.

SSA continually assesses the functionality of MINT. MINT is updated frequently to enhance components of the model, add new components, use more recent data, and incorporate the latest

assumptions from the Trustees Reports through individual 1 to 2-year contracts. A recently completed contract enhanced MINT to include more recent survey and SSA administrative data and incorporated behavioral responses, modeled family-level consumption, and improved processing efficiency and turnaround time.

The MINT project provides quality and productivity improvements that go beyond SSA's staffing resources and expertise. All costs for the development of MINT are charged to our Section 1110 appropriation. However, most MINT analyses are conducted in-house and the costs associated with in-house staff analyses using MINT are funded through our administrative budget. In FY 2017 we are upgrading the seventh version of MINT to conform with the 2016 Trustees Report and better measure the Supplemental Poverty Measure (SPM). We will produce an update of a previous publication on the financial well-being of the baby boom and Gen-X birth cohorts and of the measurement of poverty with the SPM. We also will compete a contract to upgrade MINT by improving retirement account and wealth projections and incorporate more recent administrative data through 2016. The MINT contract will be awarded in FY 2017 and implemented over FYs 2018-2019.

Social Security Programs throughout the World

The Social Security Programs throughout the World (SSPTW) publication is the product of a cooperative effort between SSA and the International Social Security Association (ISSA). The ISSA is the principal international institution bringing together social security agencies and organizations around the world. The information contained in these volumes is crucial to our efforts and those of researchers in other countries to review different ways of approaching social security challenges that will enable us to adapt our social security systems to the evolving needs of individuals, households and families. These efforts are particularly important as each nation faces major demographic changes, especially the increasing number of aged persons, as well as economic and fiscal issues.

ORES has produced the SSPTW since 1937. It is the only source that provides reliable, current country-specific information on such a large number of foreign social security programs, including more than 170 countries around the world. Internally, it is used extensively by the Office of International Programs in the preparation of totalization agreements and for determining a country's eligibility under section 202(t) of the Social Security Act as to prepare for international meetings and for internal research activities (e.g. Social Security Bulletin articles, International Update and a monthly newsletter). Externally, it is used by Congress (such as the Senate Special Committee on Aging and the Senate Committee on Health, Education, Labor, and Pensions), across other Federal agencies (e.g., the GAO, DOL, and HHS) to prepare reports on a variety of social insurance topics, and by the State Department, which widely distributes copies to its embassies around the world. International Organizations including the World Bank, International Labor Organization (ILO), International Monetary Fund and the United Nations, often include SSPTW data in their publications (e.g., the ILO relies on SSPTW for its series World Social Protection Report). In FY 2017, we plan to continue to fund this effort.

RELATED FUNDING SOURCES

The Commissioner of Social Security has the authority to conduct research and demonstration projects under section 234 of the Social Security Act. SSA uses trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. These demonstration projects, authorized under the 1999 Ticket to Work Act and the Bipartisan Budget Act (BBA) of 2015, P.L. 114-74, are funded from the trust funds, and are not part of the annual research appropriation request. OMB directly apportions section 234 funds. The BBA provides authorization to initiate such projects until December 31, 2021 and to carry out such projects through December 31, 2022. As mentioned in the section “Other Research Authority Request,” some new demonstration projects would require revised section 234 authority.

Benefit Offset National Demonstration (BOND)

The Ticket to Work and Work Incentives Improvement Act of 1999 directed SSA to conduct a research demonstration to test the effect of offering a \$1-for-\$2 benefit offset to DI beneficiaries. BOND tests a benefit offset that gradually reduces benefits by \$1 for every \$2 earned above an annualized Substantial Gainful Activity (SGA) amount after the Trial Work Period (TWP) in combination with varying levels of benefits counseling. The goal of the project is to enable more beneficiaries to return to work and maximize their employment, earnings, and economic independence. Project participants maintain Medicare eligibility while their benefits are offset. BOND allows us to evaluate program costs and savings and trust fund implications if we were to implement such a program on a national scale.

In December of 2009 SSA awarded the contract to implement and evaluate BOND to Abt Associates. BOND is in the 8th year of operation. The BOND research project will end December 2018, but will continue offset operations until 2022. The final evaluation draft report is due October 2017.

Promoting Opportunities Demonstration

The BBA directed SSA to conduct a new demonstration testing a benefit offset after an allowance for impairment-related work expenses. This project, called the Promoting Opportunity Demonstration (POD), will test a \$1-for-\$2 benefit offset for each month DI workers earn above the greater of the TWP level of earnings (\$840 in 2017) or their itemized impairment-related work expenses (up to the SGA, which is \$1,170 for 2017). TWP and Extended Period of Eligibility rules will not apply to participants in the treatment groups. The demonstration will include 5,000 beneficiaries in each of the three study groups: A control group; a treatment group who will be placed into suspense if benefits are reduced to \$0; and a treatment group whose DI eligibility will terminate if benefits are reduced to \$0 for 12 consecutive months.

In December 2016, SSA awarded the POD evaluation contract to Mathematica Policy Research. The POD implementation contract was awarded to Abt Associates in January 2017. With the state vocational rehabilitation agencies in about eight states, SSA will conduct the demonstration for the next five years. We plan to begin recruiting participants in October 2017 and will spend the remainder of FY 2018 preparing for implementation.

ADMINISTRATION OF SOCIAL SECURITY'S RESEARCH ACTIVITIES

To implement these demonstrations, we will need to hire staff to test creative and effective ways to reform the disability programs for a modern labor market and promote greater labor force participation of people with disabilities. To maximize the potential for success, we would simultaneously test a variety of strategies in collaboration with other government agencies. However, in order to achieve this success, we need to build the internal staff proficiency to focus on this work. The ability to design and implement a rigorous demonstration requires employees with unique skill sets in program administration, policy design, project management, research and evaluation, and problem solving.

SSA's primary research components are housed within the Office of Retirement and Disability Policy (ORDP). ORDP is responsible for all major activities in the areas of strategic and program policy planning, policy research and evaluation, statistical programs, and overall policy development, analysis and implementation. Within ORDP, the Office of Retirement Policy; the Office of Research, Demonstration, and Employment Support; the Office of Disability Policy; and the Office of Research, Evaluation, and Statistics share the responsibility of administering projects funded under SSA's research appropriation.

Office of Retirement Policy (ORP) - ORP provides policymakers in SSA, the White House, Congress, and the policy community with research on retirement security and information on the latest techniques to help the public make informed choices about planning for retirement, such as when to claim benefits. In addition to publishing research internally, ORP also funds four extramural research initiatives: the UAS, the Minorities and Retirement Security Program, the New and Emerging Research—Retirement, and the HRS Supplement.

Office of Research, Demonstration, and Employment Support (ORDES) - ORDES conducts research and analysis related to the DI and SSI programs. ORDES implements demonstration projects to test changes to the disability programs primarily aimed at improving program administration and supporting employment; conducts research, analysis, evaluations, and statistical modeling that support the agency goals to strengthen our disability programs and improve program integrity; and collects new occupational information to support the agency's disability programs.

Office of Disability Policy (ODP) - ODP oversees and supports the planning, development, evaluation, and issuance of substantive regulations, policies, and procedures for the SSA administered disability programs; development and promulgation of policies and guidelines for use by state, Federal, or private contractor providers who implement the disability provisions of the Social Security Act; evaluation of the effects of proposed legislation and legislation pending before Congress to determine the impact on the disability programs; and the coordination of interrelated policy areas. ODP uses research to identify opportunities for policy improvement; keep medical, childhood, disability, and CDR policies up to date; and make informed decisions.

ODP is currently engaged in a multi-year contract with the NAS. This contract allows SSA to obtain impartial advice on medical developments and clinical issues from experts in a variety of medical and clinical disciplines. The NAS medical experts provide SSA with a neutral ground

for debate and analysis of emerging issues. NAS also provides publically available reports, which include findings and conclusions related to improving the SSA disability programs.

Office of Research, Evaluation, and Statistics (ORES) - ORES is a Federal statistical unit responsible for the production and dissemination of research and data on Social Security programs. ORES meets these responsibilities through three primary functions:

- **Research and Evaluation** – ORES produces findings on the Social Security retirement, disability, and SSI programs from research and microsimulation projects supported through intramural and extramural programs. Examples include research projects supported by grants to independent third-party analysts through the Retirement and Disability Research Consortia; microsimulation model development and implementation (i.e. MINT8); and working papers by SSA staff covering SSA program areas primarily using administrative record data.
- **Data Infrastructure** – ORES, a principal statistical unit of the U.S. Federal Government, engages in activities intended to develop program and survey data to support the agency's research and statistical objectives. These activities include providing administrative data to internal and external partners to support program research, developing administrative linkages to external data sources (e.g. the HRS), and partnering with entities to enhance research data supporting program research (e.g., IAAs to develop data resources, interaction with the Committee on National Statistics, and coordination with the Interagency Council on Statistical Policy).
- **Dissemination** – maintaining a schedule of research and statistical publications allows ORES to both achieve agency goals and meet requirements for Federal statistical units. ORES statisticians and researchers collaborate with the information resources team to provide reliable data about key Social Security program variables (e.g. trends in applications, benefits, earnings, etc.), information about the design of social insurance programs around the world to support comparative research, as well as social and behavioral research related to SSA programs.

RESEARCH INVESTMENT CRITERIA

The agency supports research to better understand the socio-economic status of Americans under the program we administer; how changes in demography and the economy might alter the well-being of the program and those it covers; the interrelationships between the program and other private and public programs; and the impact of the program on the overall economy. Within this framework, our extramural program places the best available evidence into the hands of policymakers to inform policy development and program administration. We have established guidelines for developing, managing, and vetting projects for potential inclusion in our long-term research and demonstration agenda. We employ a variety of methods to ensure: 1) that we meet the funding requirements of the sections of the Act that authorize our extramural research and demonstration activities; and 2) that our extramural research activities meet high standards for relevance, quality, and performance.

Relevance

The primary purpose of our extramural research is to support evidence building to inform the improvement of our programs. We seek to support research and demonstrations that clearly connect with this goal. A fundamental step in SSA's review is assuring that each project responds to issues facing the Social Security retirement, disability, and/or SSI programs, with priority towards contemporaneous challenges facing the agency. Our review process includes obtaining the advice and recommendations of researchers with technical expertise, program managers, and agency executives. We also receive input on our research program from the Social Security Advisory Board. The extramural research budget undergoes careful scrutiny both within SSA and by external monitoring authorities.

Internal reviews also help to ensure that funded activities reflect SSA's strategic goals and objectives and help us respond to legislative requirements and address high-priority issues. Many of our extramural research activities are directed toward providing policymakers and the public with the analytical and data resources they need to assess current SSA programs and the implications of reform proposals.

Our budget request reflects our support of the Administration's and Congress' ongoing goals to provide opportunities for disability beneficiaries to maximize their self-sufficiency through work and to increase the American public's basic financial management skills. For example, we are working collaboratively with the DOL, ED, and HHS in this area to test interventions that will improve the postsecondary education and employment outcomes of children who receive SSI. We also propose working with DOL to test early intervention and return-to-work services for individuals with work-related impairments likely to receive DI or SSI.

Quality

Our extramural program provides access to analysts at top research institutions from around the country to expand our base of expertise to produce the best evidence in support of our program. We use a competitive, merit-based, peer reviewed procurement process to ensure that our extramural research program selects the most appropriate individuals and techniques to produce high quality results. We award nearly all of our extramural research projects conducted by private-sector organizations through competitive contracts, grants, or cooperative agreements. As a result, our extramural program features internationally recognized scholars including many

that have held important federal posts (e.g. Council of Economic Advisors) and received significant recognition for their research contributions (e.g. the John Bates Clark Medal).

We also make use of technical evaluation panels to review projects while they are in progress and to provide feedback and suggestions to the agency. These panels include internal experts in relevant disciplines, such as statistics, economics, and survey design. They help ensure that SSA-sponsored research projects are methodologically sound and consistent with professional standards. The research projects that we sponsor through the RRC and DRC are often discussed in a formal seminars or workshops as well as published in top peer reviewed scientific journals.

Performance

We carry out our extramural research and evaluation projects primarily through contracts, jointly funded cooperative agreements, and grants that identify specific deliverables and timetables. The agency has sent a strong message to contractors that they must complete projects on time and within budget. Contracting Officer's, Contracting Officer's Technical Representatives (COTR), analysts, and senior executives monitor the progress of all research contracts and agreements. These agreements are also subject audits by the Office of the Inspector General.

Consistent with the Administration's encouragement to support evidence-based evaluations, we produce reports and data files for each research and evaluation project in an effort to determine whether existing or proposed programs work as designed. Where appropriate, we make these reports publicly available or announce their availability in the *Social Security Bulletin* and online.¹ The RRC also disseminates output at annual meetings, online, and through a variety of publications, workshops, and conferences. Finally, agency funded research projects based on SIPP, HRS, and the MINT model are widely cited in both peer-reviewed publications and the mainstream press.

¹ Social Security's research publication, the *Social Security Bulletin*, features peer-reviewed research articles produced by agency research staff as well as third-party contributors. Recent publications include Dushi, Iams and Trenkamp (2017), "The Importance of Social Security Benefits to the Income of the Aged Population", 77(2) <https://mwww.ba.ssa.gov/policy/docs/ssb/v77n2/v77n2p1.html> and Dushi, Iams, and Tamborini (2017) "Contributory Retirement Saving Plans: Differences Across Earnings Groups and Implications for Retirement Security", 77(2) <https://mwww.ba.ssa.gov/policy/docs/ssb/v77n2/v77n2p13.html>. Our extramural partners often publish supported research in scholarly journals. Recent examples include, but are not limited to: Chetty R, Stepner M, Abraham S, Lin S, Scuderi B, Turner N, Bergeron A, Cutler D. (2016), "The Association Between Income and Life Expectancy in the United States, 2001-2014", *JAMA* 315(16):1750-1766; Baicker K, Finkelstein A, Song J, and Taubman S, (2014), "The Impact of Medicaid on Labor Market Activity and Program Participation: Evidence from the Oregon Health Insurance Experiment", *American Economic Review: Papers and Proceedings*, 104(5): 322-328; Gustman A, Steinmeier T, and Tabatabai N, (2017), "Means Testing Social Security: Income versus Wealth", *National Tax Journal* 70 (1), 111-132; Deshpande M. (2016), "The Effect of Disability Payments on Household Earnings and Income: Evidence from the SSI Children's Program", *Review of Economics and Statistics*, 98(4): 638-654; Banerjee, Sudipto & Blau, David (2016). "Employment Trends by Age in the United States: Why Are Older Workers Different." *Journal of Human Resources*. Vol. 51(1): 163-199; Levy H, Buchmueller T, and Nikpay S. (2016), "Health Reform and Retirement", *Journals of Gerontology Series B*. 115: 1-10; De Nardi, M, French E and Jones J B. (2016), "Medicaid Insurance in Old Age", *The American Economic Review*, 106 (11): 3480-3520; Gettens J and Henry A D. (2015), "Employment-Related Health Insurance and Service Delivery Needs of Persons with Disabilities," *Journal of Disability Policy Studies* 26(3): 164-172; Rutledge M (2016), "How Do Financial Resources Affect the Timing of Retirement After a Job Separation?", *Industrial and Labor Relations Review* 69(5): 1249-1279.