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APPROPRIATION LANGUAGE

For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed $20,000 for official reception and representation expenses, not more than $12,258,000,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, and including the cost of carrying out the Social Security Administration's obligations as required under section 1411 of Public Law 111–148, from any one or all of the trust funds referred to in such section: Provided, That not less than $2,300,000 shall be for the Social Security Advisory Board, of which not more than $5,000 may be expended for official reception and representation expenses: Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2019 not needed for fiscal year 2019 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: Provided further, That the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso: Provided further, That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to 5 U.S.C. 7131, and for facilities or support services for labor organizations pursuant to policies, regulations, or procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made.

Of the total amount made available in the first paragraph under this heading, not more than $1,683,000,000, to remain available through March 31, 2020, is for the costs associated with continuing disability reviews under titles II and XVI of the Social Security Act, including work-related continuing disability reviews to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, for the cost of co-operative disability investigation units, and for the cost associated with the prosecution of fraud in the programs and operations of the Social Security Administration by Special Assistant United States Attorneys: Provided, That, of such amount, $273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and $1,410,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: Provided further, That, of the additional new budget authority described in the preceding proviso, up to $10,000,000 may be transferred to the "Office of the Inspector General", Social Security Administration, for the cost of jointly operated co-operative disability investigation units: Provided further, That such transfer authority is in addition to any other transfer authority provided by law: Provided further, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104–121 for fiscal years 1996 through 2002.

In addition, $134,000,000 to be derived from administration fees in excess of $5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93–66, which shall remain available until expended. To the

extent that the amounts collected pursuant to such sections in fiscal year 2019 exceed $134,000,000, the amounts shall be available in fiscal year 2020 only to the extent provided in advance in appropriations Acts.

In addition, up to $1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended.

Note. —A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

LANGUAGE ANALYSIS

The Limitation on Administrative Expenses (LAE) appropriation language provides the Social Security Administration (SSA) with the funds needed to administer the Old Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI) programs, and to support the Centers for Medicare and Medicaid Services in administering their programs. The LAE account is funded by the OASI, DI, and Medicare trust funds for their share of administrative expenses, by the General Fund of the Treasury for the SSI program's share of administrative expenses, and through applicable user fees. The language provides the limitation on the amounts that may be expended, in total from these separate sources, for the administrative expenses of the agency.

SSA is requesting a total of $1,683,000,000 in dedicated program integrity funding, including funding for full medical Continuing Disability Reviews (CDRs), SSI non-medical redeterminations of eligibility (redeterminations), work related CDRs, cooperative disability investigation (CDI) units, and fraud prosecutions by Special Assistant United States Attorneys (SAUSA). The FY 2019 program integrity request, which proposes funding to remain available through March 31, 2020, is comprised of $273,000,000 in base funding to meet the terms of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and $1,410,000,000 in additional new budget authority for the full authorized level cap adjustment level for 2019. Beginning in FY 2019, SSA may transfer up to $10 million from its program integrity cap adjustment funds to SSA's Inspector General (OIG) to fund CDI unit team leaders. This is an authorized use of the cap adjustment.

In addition to the appropriated amounts, SSA is requesting to spend up to $134,000,000 in SSI State Supplement user fees and up to $1,000,000 in non-attorney representative fees.

Table 3.1—Appropriation Language Analysis

Language Provision	Explanation
"*…and including the cost of carrying out the Social Security Administration's obligations as required under section 1411 of Public Law 111–148,…*"	The language allows SSA to use LAE resources for some Affordable Care Act activities.
"Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2019 not needed for fiscal year 2019 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: Provided	The language allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.

Language Provision	Explanation
further, That the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso…"	
"Of the total amount made available in the first paragraph under this heading, not more than $1,683,000,000, to remain available through March 31, 2020, is for the costs associated with continuing disability reviews under titles II and XVI of the Social Security Act, including work-related continuing disability reviews to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, for the cost of co-operative disability investigation units, and for the cost associated with the prosecution of fraud in the programs and operations of the Social Security Administration by Special Assistant United States Attorneys: Provided, That, of such amount, $273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and $1,410,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: Provided further, That, of the additional new budget authority described in the preceding proviso, up to $10,000,000 may be transferred to the "Office of the Inspector General", Social Security Administration, for the cost of jointly operated co-operative disability investigation units: Provided further, That such transfer authority provided in this paragraph is in addition to any other transfer authority provided by law: Provided further, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports	The language appropriates $1,683,000,000 of dedicated program integrity funding to remain available through March 31, 2020, for SSA's full medical CDRs, redeterminations, work related CDRs, CDI units, and fraud prosecutions by Special Assistant United States Attorneys. That amount comprises a base of $273,000,000 and the authorized 2019 level of $1,410,000,000 for the purposes of an adjustment to the discretionary spending limit as provided in section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Bipartisan Budget Act of 2015 (BBA). Beginning in FY 2019, SSA may transfer up to $10 million from its program integrity cap adjustment funds to SSA's Inspector General (OIG) to fund CDI unit team leaders. This is an authorized use of the cap adjustment.

Language Provision	Explanation
that were required by section 103(d)(2) of Public Law 104–121 for fiscal years 1996 through 2002.	
"In addition, $134,000,000 to be derived from administration fees in excess of $5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93–66, which shall remain available until expended. To the extent that the amounts collected pursuant to such sections in fiscal year 2019 exceed $134,000,000, the amounts shall be available in fiscal year 2020 only to the extent provided in advance in appropriations Acts."	The language makes available up to $134,000,000 collected from states for administration of their supplementary payments to the SSI program. This assumes the fee will increase from $11.87 per check in FY 2018 to $12.17 in FY 2019 according to increases established by statute. SSA receives the amount collected above $5.00 from each fee.
"In addition, up to $1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended."	The language provides for the use of up to $1,000,000 derived from fees charged to non-attorneys who apply for certification to represent claimants.

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes the significant items in the FY 2018 House Report, H. Rept. 115-244 and Senate Report, S. Rept. 115-150.

Table 3.2— Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, 2018: House Report (H. Report 115-244) and Senate Report (S. Report 115-150)—Significant Items

Research and Demonstration Projects	Actions Taken or To Be Taken
The Committee requests, as part of the fiscal year 2019 Congressional Justification, for each research or demonstration project the total cost obligated to date.	Please see Table 2.21 within the SSI section of this CJ for this information.

Improper Payments	Actions Taken or To Be Taken
The Committee is supportive of efforts to reduce improper payments and improve program integrity in the SSA's disability and Supplemental Security Income benefits programs. As part of the Bipartisan Budget Act of 2015, Congress empowered SSA to enter into an information exchange with a payroll data provider to prevent improper payments of such benefits. These programs have proven to be beneficial in reducing improper payments for other Federal and State benefits programs, and the Committee urges SSA to prioritize the utilization of these opportunities. Within the funds provided to SSA for continuing disability reviews under titles II and XVI of the Social Security Act and conducting redeterminations of eligibility, the Committee encourages SSA to utilize all of the tools available to it from commercial and non-commercial entities that collect and maintain data regarding employment and wages, to ensure that disability and SSI benefits are properly paid and to reduce fraud and abuse. The Committee requests an update in the fiscal year 2019 CJ on the progress that SSA has made in utilizing additional tools to identify improper payments, as well as progress it has made in those efforts.	Please see the Improper Payments exhibit within the LAE section of this CJ for this information.

Disability Insurance	Actions Taken or To Be Taken
The Committee recognizes that the purpose of the Ticket to Work and Self-Sufficiency Program [Ticket Program] is to provide the assistance disabled beneficiaries need to return to work. The Committee is aware that the SSA OIG found that employment impacts may have been similar for beneficiaries, whether they had participated in the Ticket Program or other employment assistance programs. The Committee directs SSA to submit a report no later than 90 days after the enactment of this act determining if the Ticket Program is having the desired measurable results and if it is or is not cost effective to continue the Ticket Program.	SSA is working to satisfy this requirement.

Pilot Program Metrics	Actions Taken or To Be Taken
Pilot programs are valuable opportunities to evaluate the effects of programmatic changes, but require a well thought out design that includes appropriate measures to evaluate the pilot's effectiveness. For instance, the Social Security Advisory Board found, despite beginning the Single Decision Maker pilot in 1999, the Social Security Administration (SSA) is unable to determine if it was effective due to a lack of quality data. The Committee is concerned with the SSA's consistent struggle to capture useful metrics to evaluate the performance of its pilot programs and expects that, prior to undertaking any new pilots, the SSA will ensure that it has developed a research design that includes adequate metrics to determine the pilot's effectiveness. For any new pilot launched in the prior fiscal year, or proposed in the current or budget year, the Committee directs the SSA to include in the fiscal year 2019 Congressional Justification a description of the pilot and what measures SSA will use to determine its effectiveness.	Please see the Pilot Programs exhibit within the SSI section of this CJ for this information.

Report on Medical Listings	Actions Taken or To Be Taken
SSA employs medical listings to make disability determinations, many of which have	SSA is working to satisfy this requirement.

not been updated. The Committee continues direction for SSA to provide a report within 60 days of enactment to the House of Representatives Committee on Appropriations Subcommittee on Labor, Health and Human Services, and Education, and Related Agencies and the Committee on Ways and Means Subcommittee on Social Security regarding the number of years since the last update and when the agency expects to conduct all of the updates for all medical listings.	

Report on LAE Expenditures	Actions Taken or To Be Taken
The Committee continues to request the report referenced under this heading in House Report 114-699 as part of the fiscal year 2019 Congressional Justification.	For Personnel costs by General Schedule grade, Administrative Law Judge personnel costs, Senior Executive Service personnel costs, and reemployed annuitant personnel costs, please see Tables 3.39 through 3.41. For personnel costs by region, please see Tables 3.43 through 3.45. For Information technology costs broken out by hardware/software technology and upgrade/maintenance costs, please see Table 3.34. For Physical infrastructure costs by region and office function, please see Tables 3.17 through 3.22. For Overall costs for personnel, time and dollars for OASI, DI, SSI, and other SSA missions, please see Table 3.11. For Program Integrity work broken out by OASI, DI and SSI as well as types of spending, please see Table 3.13. For Disability Determination Services State costs and federal staff costs, please see Table 3.16.

Information Technology	Actions Taken or To Be Taken
The Committee continues to request the plan referenced under this heading in House Report 114–699.	Please see the Information Technology exhibit within the LAE section of this CJ for more information. For a copy of SSA's IT Modernization Plan, please see https://www.ssa.gov/agency/materials/IT-Mod-Plan.pdf.

Reducing Social Security Number Use	Actions Taken or To Be Taken
Social Security numbers (SSNs) are valuable targets for identity theft because of their regular use by both the Federal government	SSA is working to satisfy this requirement.

and the private sector as a unique identifier. Despite this, the Social Security Administration (SSA) still mails full SSNs on approximately 233 million notices or forms of correspondence each year. While the SSA has committed to removing SSNs from its mailings whenever possible, it has not provided a timeframe to do so. The Committee appreciates the SSA's stated commitment to reducing the use of SSNs on mailed documents and requires additional information to monitor progress. The Committee directs the SSA to provide a report within 60 days of enactment of this Act to the House of Representatives Committee on Appropriations Subcommittee on Labor, Health and Human Services, and Education, and Related Agencies and to the Committee on Ways and Means Subcommittee on Social Security, that includes the title and identification number of each document used by the SSA containing a full SSN, the most recent date this document was updated, and either a justification for why the use of a full SSN is necessary for inclusion on that document or the projected date on which the full SSN will be removed from the document.	

Continuing Disability Reviews and Redeterminations	Actions Taken or To Be Taken
The Committee recommends $1,735,000,000 for program integrity activities. In the wake of multiple large-scale disability fraud cases, the Committee believes that successful program integrity activities are vital to maintaining the public's support for benefit payments to recipients deserving of assistance.	SSA will complete program integrity work in FY 2018 and FY 2019 in line with this guidance. Please see Table 3.12 within the LAE section of this CJ for accompanying data on the total costs associated with Continuing Disability Reviews and redeterminations for FY 2017 - FY 2019.

Reducing the Hearing Backlog	Actions Taken or To Be Taken
The Committee is aware of the discord between SSA and the ALJ community regarding the implementation of part of SSA's Compassionate and Responsive Service [CARES] plan to reduce the significant hearing backlog at the agency. Specifically, there is concern regarding the Administration's hiring of Administrative Appeals Judges for	Consistent with the Committee's encouragement to find innovative ways to address the hearings backlog, SSA is exploring options.

non-disability and remanded cases. The Committee recognizes the need for further discussion regarding this matter and encourages SSA to engage with the ALJ community and appropriate stakeholders to find innovative solutions to address hearing wait times, keeping in mind the goal of reducing the backlog to serve the over 1,100,000 individuals and their families awaiting a hearing decision.	

Social Security Advisory Board	Actions Taken or To Be Taken
The Committee recommends that not less than $2,300,000 of the LAE funding be available for the Social Security Advisory Board, which is the same as the fiscal year 2017 enacted level and the fiscal year 2018 budget request. The Committee requests the Social Security Advisory Board include additional information regarding the work of the Social Security Advisory Board in developing recommendations to improve SSA's quality of service to the public in the fiscal year 2019 Congressional Justification. The Committee does not include bill language providing the Social Security Advisory Board reception and representation authority.	Please see the SSAB exhibit of the LAE section of this CJ for this information.

Work Incentives Planning and Assistance [WIPA] and Protection and Advocacy for Beneficiaries of Social Security [PABSS]	Actions Taken or To Be Taken
The Committee recommendation includes $23,000,000 for WIPA and $7,000,000 for PABSS, the same as the comparable fiscal year 2017 levels, respectively. These programs provide valuable services to help Social Security disability beneficiaries return to work.	SSA issued PABSS awards notices in October 2017 and November 2017. We plan to issue WIPA award notices in June 2018.

Medical Vocational Guidelines	Actions Taken or To Be Taken
The Committee is dedicated to ensuring that the disabled have access to needed benefits, and strongly encourages SSA to work with us to achieve that goal. The Committee continues to be concerned that SSA uses outdated rules to determine whether or not a claimant meets SSA's definition of disability. The Committee	SSA is working to satisfy this reporting requirement.

is encouraged by SSA's indication that they are beginning the regulatory process, having already received input from the National Disability Forum, the National Institute of Medicine, as well as various aging and employment experts. These initial steps are well received, as Congress continues to work with the Administration to modernize the outdated vocational guidelines into a structure that reflects the 21st century labor market. However, SSA officials have indicated to GAO that the complete update of the occupational grid is not expected to be completed until 2024, and at a cost of $178,000,000. As this is the first significant overhaul of the grid in nearly 40 years, the Committee requests SSA to submit, no later than 60 days after the enactment of this act, a report on its ongoing efforts to update the grid, including the latest status of the Occupational Information System joint project with the Department of Labor. In addition, the report shall include a study assessing the feasibility of maintaining a continuous update of the medical vocational guidelines every 10 years. In conjunction with the agency's release of findings, the Committee directs SSA, in coordination with the U.S. Bureau of Labor Statistics, to brief the Committee on the status and progress of the ongoing update to the Medical Vocational Guidelines no later than 90 days after the enactment of this act.	
Taxpayer Accountability	**Actions Taken or To Be Taken**
In recent years, GAO has published reports showing as many as 249 areas of potential duplication and overlap. Since 2011, GAO has identified 724 actions to reduce, eliminate, or better manage fragmentation, overlap, or duplication; achieve costs savings; or enhance revenue. While GAO has noted that the Nation has achieved $136,000,000,000 in savings based on these reports, many more efficiencies may be realized. The Committee directs each agency funded in this bill to report to the Committee, within 1 year of enactment of this	Please see the Improper Payments exhibit in the LAE section of this CJ for this information.

act, on all efforts made to address the duplication identified by the annual GAO reports along with identifying substantive challenges and legal barriers to implementing GAO's recommendations, as well as suggested legislative recommendations that could help the agency to further reduce duplication. Given the current fiscal environment, it is imperative for Government agencies to increase efficie`ncies to maximize the effectiveness of agency programs.	

Taxpayer Transparency	Actions Taken or To Be Taken
US taxpayers have a right to know how the Federal Government is spending their hard-earned taxpayer dollars -- especially when that money is being spent on advertising Federal programs. The Committee recommendation continues a provision to promote Government transparency and accountability by requiring Federal agencies funded in this act to include disclaimers when advertising materials are paid for with Federal funds. The Committee expects each agency to include in their fiscal year 2019 CJ information detailing how much funding was spent on advertising in fiscal year 2018.	Please see Table 3.16 within the LAE section of this CJ for the total amount obligated for advertising in FY 2018.

Congressional Budget Justifications	Actions Taken or To Be Taken
Congressional justifications are the primary tool used for the Committee to evaluate budget requests and resource requirements. The Committee expects the fiscal year 2019 congressional justifications to include sufficient detail to justify all programs, projects, and activities contained in each department, agency, board, corporation, or commission's budget request. The justifications shall include a sufficient level of detailed data, exhibits, and explanatory statements to support the appropriations requests, including tables that outline each agency's programs, projects, and activities for fiscal years 2018 and 2019. Specifically, every bill and report number included in either the House of Representatives or Senate	SSA is working to satisfy this reporting requirement.

Appropriations bill or re-port or the final appropriations bill or explanatory statement of the fiscal year should be reflected within these justifications. The Committee directs the chief financial officer of each department, agency, board, corporation, or commission funded in this act's jurisdiction to ensure that adequate justification is given to support each increase, decrease, and staffing change proposed in the fiscal year 2019 budget. When requesting additional resources, reduced funding, or eliminations of programs, changes should be outlined with an adequate justification. Should the final fiscal year 2018 appropriations bill be enacted within a timeframe that does not allow it to be reflected within the congressional justifications for fiscal year 2019, the Committee directs each department, agency, board, corporation, or commission funded in this act to submit within 30 days of enactment updated information to the Committee on funding comparisons to fiscal year 2018.

GENERAL STATEMENT

LIMITATION ON ADMINISTRATIVE EXPENSES OVERVIEW

The LAE account funds the operating expenses of SSA and its programs: the OASI and DI programs, the SSI program, certain health insurance and Medicare prescription drug functions, and the Special Benefits for Certain World War II Veterans program. With these funds, SSA provides service to millions of Americans in our field offices, via telephone, or through the Internet at www.socialsecurity.gov. The LAE account provides the funds SSA needs to perform its core responsibilities, including completing claims and applications for benefits, conducting hearings to review disputed decisions, ensuring benefits continue to be distributed properly, and maintaining the integrity of the trust funds.

FY 2019 PRESIDENT'S BUDGET

SSA's Programs

The FY 2019 President's Budget of $12.393 billion focuses on implementing organizational reforms that make us more efficient and effective; investing in modern technology and business processes that will help us serve the public better at a lower cost; and addressing our key backlogs. In addition, we will continue safeguarding taxpayer dollars by investing in efforts to reduce improper payments and combat fraud.

SSA currently employs approximately 62,000 employees through a national network of over 1,200 offices, combined with about 15,000 State employees in the Disability Determination Services (DDS). In FY 2019, we expect to complete over 6 million applications for retirement, survivors, and Medicare claims. We will pay about $892 billion in OASI benefits to an average of approximately 54 million beneficiaries a month, including 88 percent of the population aged 65 and over.

In FY 2019, we will complete 2.4 million Social Security and SSI initial disability claims. This Budget further reduces the hearings backlog, and will enable us to complete approximately 761,000 hearings with an annual average processing time of 535 days in FY 2019. Please see the Workload Data Disability Appeals exhibit in the back of this section for more details on the disability appeal workload. In FY 2019, SSA will pay about $149 billion in DI benefits to an average of more than 10 million disabled beneficiaries and their family members a month.

The SSI program is a Federal assistance program administered by SSA that guarantees a minimum level of income for aged, blind, or people with disabilities. It is a safety net for individuals with little or no Social Security or other income and limited resources. In FY 2019, we estimate that we will pay nearly $59 billion in Federal benefits and State supplementary payments to an average of more than 8 million recipients a month.

SSA assists the Centers for Medicare and Medicaid Services (CMS) in administering the Medicare Hospital Insurance (HI), Supplementary Medical Insurance (SMI), and the Prescription Drug programs. In FY 2009, Congress appropriated funding through the Medicare Improvements Patients and Providers Act (MIPPA) to SSA for activities related to the implementation of changes to the Low-Income Subsidy (LIS) Prescription Drug program. This funding is available until expended, and we estimate we will spend approximately $6 million for LIS work in FY 2019.

In FY 2015, Congress passed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). This bill prohibits displaying, coding, or embedding Social Security numbers on a beneficiary's Medicare card. In order to fund implementation costs to comply with this provision, SSA received $98 million funded incrementally from FY 2015 to FY 2018.

Program Integrity

SSA receives special dedicated funding primarily for two types of program integrity work: CDRs, which are periodic reevaluations to determine if beneficiaries continue to meet SSA's standards of disability or have returned to work and no longer qualify for benefits, and SSI redeterminations, which are periodic reviews of non-medical factors of eligibility, such as income and resources.

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended (BBEDCA), authorizes increases to the Federal Government's annual spending caps through FY 2021 for program integrity purposes. If Congress appropriates funds for our program integrity work, the discretionary spending limit may increase by a corresponding amount up to a specified level. The Bipartisan Budget Act of 2015 (BBA) increased the cap adjustments proposed in the BCA by a net $484 million between FY 2017 – FY 2021 and it expanded the uses of the cap adjustment funds to include cooperative disability investigation units (CDI) and fraud prosecutions by Special Assistant United States Attorneys (SAUSA). It also clearly defines the use of funds for work-related CDRs.

CDI units are jointly operated by SSA, the Office of the Inspector General (OIG), State DDS, and State and local law enforcement. Generally, CDI units investigate suspected fraud before the agency awards benefits and during the CDR and redetermination processes when fraud may be involved.

With the addition of the New Jersey CDI unit in FY 2017, the CDI program has 40 units covering 34 States, the District of Columbia, and the Commonwealth of Puerto Rico. We are pursuing expansion for Honolulu, Hawaii; Indianapolis, Indiana; and Albuquerque, New Mexico in FY 2018. We are also planning to add 3 units in FY 2019 and having coverage for all 50 States and U.S. territories by October 1, 2022. Beginning in FY 2019, the Budget proposes to transfer up to $10 million from program integrity cap adjustment funds to the SSA OIG to fund CDI unit team leaders. This anti-fraud activity is an authorized use of the cap adjustment.

SAUSAs prosecute cases of alleged Social Security fraud that would not otherwise be prosecuted in Federal courts. We have attorneys in 25 States and the Commonwealth of Puerto Rico. In FY 2017, our fraud prosecutors secured over 186 convictions and $145 million in restitution. We

plan to maintain a corps of 35 Special Assistant U.S. Attorneys in FYs 2018 and 2019, so they can continue their valuable work deterring Social Security fraud.

. In FY 2019, the Budget funds the completion of 703,000 full medical CDRs and 2.8 million redeterminations. We expect to fully eliminate the CDR backlog by the end of FY 2018 and remain up to date in our CDR workload in FY 2019.

Full funding of CDRs and redeterminations will save billions of taxpayer dollars. We estimate that CDRs conducted in FY 2019 will yield net Federal program savings over the next 10 years of roughly $9 on average per $1 budgeted for dedicated program integrity funding, including OASI, DI, SSI, Medicare, and Medicaid effects. We estimate that non-medical redeterminations conducted in FY 2019 will yield a return on investment of about $4 on average of net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

Beginning in FY 2019, we will expand how the agency charges medical CDRs to the dedicated program integrity fund to encompass all workloads related to the medical CDR process, as reflected in the annual report to Congress on CDRs.

Please refer to the Budget Process chapter in the Analytical Perspectives volume for more details.

Anti-Fraud

Our Office of Anti-Fraud Programs (OAFP) centrally manages our anti-fraud efforts. These efforts build upon our dedicated program integrity activities and are funded by our base administrative funds. We are developing consistent anti-fraud policies; refining employee training; and solidifying relationships with other Federal, State, and private partners to identify individuals who wrongfully obtain Social Security and SSI benefits.

We are expanding the use of data analytics to detect fraud using our data and commercial off-the-shelf software. Our Anti-Fraud Enterprise Solution (AFES) is a multi-year, multi-phase project that will replace and expand our current anti-fraud systems. AFES will integrate data from multiple sources and use industry-proven predictive analytics software to identify high-risk transactions for further review. With these models, we identify suspicious and evolving patterns of activities in our workloads and prevent fraudulent actions from advancing.

As part of our strategic objective to enhance our fraud prevention activities in FY 2018, we plan to make AFES operational and fully implement our eServices analytics. In FY 2019, we plan to fully implement AFES disability analytics. Once completed, AFES will consist of a data analytics engine, a case management system, and a workflow tool to assist with our anti-fraud operational responsibilities.

Information Technology (IT) Modernization

The Budget supports the modernization of our legacy systems, the automation of more workloads, and the protection of the public's personal data. Our IT Modernization Plan describes a thoughtful and deliberate, multi-year agency initiative to modernize Social Security's major systems using modern architectures, agile software engineering methods, cloud provisioning, and shared services. We are embarking on an initiative to transform the way we design and build systems, and ultimately the way we work and serve the public. Our IT modernization vision is to establish a fully integrated IT and Business team that delivers modern business platforms that improve our ability to respond more rapidly to changing needs at manageable costs. We will provide an enhanced customer experience for millions of beneficiaries across an expanded mix of service options in a cost effective and secure manner. The Budget invests about $132 million in FY 2019 to support our IT modernization effort.

In addition, the Budget supports our plan to consolidate our three telephone systems into a unified communications platform. This platform allows the agency to integrate an enterprise communication service that allows seamless movement between service channels with long-term savings.

Disability Case Processing System

In an ongoing effort to issue timely disability decisions, we are continuing work to modernize our disability case processing system (DCPS). When complete, DCPS will replace 52 independently operated, aging systems. To date, we deployed DCPS to 10 DDSs (Delaware, Maine, Ohio, Virginia, Iowa, Rhode Island, South Dakota, Washington, Nebraska, and the District of Columbia) and are preparing for deployment to additional sites. In FYs 2018 and 2019, we will continue development.

Reducing our Real Property Footprint

We will continue reducing our real property footprint, as we renovate existing buildings and renew lease agreements. In FY 2016, we received $150 million in no-year funding to renovate the Arthur J. Altmeyer Building at our headquarters campus. The Altmeyer Building is over 55 years old and requires major upgrades to address health and safety issues, meet current accessibility standards, improve space utilization, and provide a comfortable, energy-efficient working environment that meets 21st century standards.

The General Services Administration (GSA) approved the conceptual design for the modernized Altmeyer Building on January 29, 2018. GSA plans to award the construction contract by March 2018. We are finalizing a plan with GSA to demolish the interior of the Altmeyer Building and begin construction. By adhering to the space utilization rate of 150 square feet per person, we will be able to house an increased number of occupants when we complete the Altmeyer Building renovation, currently scheduled for calendar year 2021.

FUNDING REQUEST

Our FY 2019 LAE budget request of $12.393 billion allows us to focus on our mission-critical work and our agency priorities, address key backlogs, ensures stewardship of our programs, and helps us become a stronger, more efficient and effective organization. The table below provides dollars and workyears funded by this budget:

Table 3.3—Budgetary Request

In all tables presented in this CJ, the FY 2018 column does not include $174 million that is in the President's Budget appendix.

	FY 2017 Actual[1]	FY 2018 Estimate[2]	FY 2019 Estimate[3]
Budget Authority (in millions)			
Limitation on Administrative Expenses (LAE)[4]	$12,482	$12,236	$12,393
Office of the Inspector General (OIG)[5]	$106	$105	$106
Subtotal, One-Year Budget Authority	**$12,588**	**$12,341**	**$12,499**
Research and Demonstrations[6]	$58	$101	$101
Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)[7]	$22	$27	$0
Subtotal, Multi/No-Year Budget Authority	**$80**	**$128**	**$101**
Total, Budget Authority[8]	**$12,668**	**$12,469**	**$12,600**
Workyears			
Full-Time Equivalents	60,877	61,014	60,036
Overtime	2,360	1,350	700
Lump Sum	198	298	298
Total SSA Workyears	**63,435**	**62,662**	**61,034**
Total Disability Determination Services (DDS) Workyears	**14,522**	**13,721**	**13,680**
Total SSA/DDS Workyears	**77,957**	**76,383**	**74,714**
MACRA	8	348	63
Total SSA/DDS/MACRA Workyears	**77,965**	**76,731**	**74,777**
OIG Workyears	514	520	567
Total SSA/DDS/MACRA/OIG Workyears	**78,479**	**77,251**	**75,344**

[1] The FY 2017 Consolidated Appropriations Act includes $90M in available funding through Sept. 30, 2018, for activities to address the hearing backlog within the Office of Hearings Operations (formerly the Office of Disability Adjudication and Review).

[2] SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full-year continuing resolution, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included

in our FY 2018 total obligations. Please note that this level differs from the Appendix, which assumes the FY 2017 Omnibus level.

[3] The FY 2019 Budget includes $60 million for reinstating reconsiderations; $132 million for IT modernization; $71.5 million for our unified communications project; and $30 million for OPM reinvestigations.

[4] FY 2017 program integrity funding was made available for 18 months (through March 31, 2018) under the Consolidated Appropriations Act, 2017 (Division H of Public Law 115-31). The FY 2019 Budget assumes appropriations language for FYs 2018 and 2019 will provide for similar 18-month authority to obligate program integrity funds. Beginning in FY 2019, the FY 2019 Budget proposes appropriations language allowing SSA to transfer up to $10 million from program integrity cap adjustment funds to OIG to for expenses associated with OIG employees serving as cooperative disability investigations (CDI) unit team leaders. CDI unit operations are an approved use of the cap adjustment.

[5] The FY 2018 column applies the 0.6791% across-the-board reduction from the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended) to OIG's FY 2017 funding level of $105.5 million, yielding a CR level of approximately $104.8 million, which rounds to $105 million. In the FY 2019 column, $105.5 million ($106 million rounded) in OIG budget authority does not reflect the planned transfer of $10 million from LAE program integrity funding to support CDI unit team leaders.

[6] The FY 2018 amount for research and demonstration reflects the FY 2018 President's Budget. Please note that this level differs from the Appendix, which assumes the FY 2017 Omnibus level.

[7] Congress appropriated SSA $98 million in incremental funding for implementation costs to comply with the provisions of the Medicare Access and CHIP Reauthorization Act of 2015. The available funding amount for each fiscal year is as follows: FY 2015 - $27 million (available through FY 2018); FY 2016 - $22 million (available through FY 2018); FY 2017 - $22 million (available through FY 2018); and FY 2018 - $27 million (available until expended).

[8] Totals may not add due to rounding.

SSI STATE SUPPLEMENTATION

The SSI program was designed to provide a nationwide uniform floor of cash assistance to the aged, blind, and disabled. In recognizing that there were variations in living costs across the nation, Congress added section 1618 to the Social Security Act to encourage states to supplement the Federal payment. This ensured that SSI recipients received the full benefit of each cost-of-living adjustment. States may administer their own state supplement programs or have SSA administer the programs on their behalf. States electing to have SSA administer their programs reimburse SSA monthly in advance for these benefit payments and SSA makes eligibility determinations and payments on behalf of the states.

Table 3.4—State Supplement Payments

(in millions)

	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Federally Administered State Supplement Payments	$ 2,644	$ 2,525	**$ 2,785**
Offsetting Collections	$ 2,649	$ 2,759	**$ 2,805**

Participating states pay SSA user fees to administer their programs, based on a schedule established by the Social Security Act. The user fee was $11.68 per SSI check payment in FY 2017 and is $11.87 in FY 2018. We estimate that the user fee will increase to $12.17 per payment in FY 2019. The Department of Treasury receives the first $5.00 of each fee and SSA retains the amount over $5.00. This user fee is discretionary budget authority that supplements our LAE account.

Table 3.5—SSI User Fee Collections

(in millions)

	FY 2017 Actual[1]	FY 2018 Estimate[1]	FY 2019 Estimate	*Change*
Number of Monthly Payments	12	11	**12**	
SSA User Fee Collections	$ 122	$ 118[2]	**$ 134**	*+$ 16*
Treasury User Fee Collections	$ 91	$ 85	**$ 93**	*+$ 8*
Total User Fee Collections	$ 213	$ 203	**$ 227**	*+$ 24*

[1] There were 12 payments in FY 2017. The October 2017 payment (FY 2018) was paid in September 2017 (FY 2017). This results in 11 payments in FY 2018.

[2] Although SSA is authorized to collect up to $123 million in FY 2018 under the annualized continuing resolution, we estimate that we will collect only $118 million in SSI user fees. We will reconcile any shortfall from our LAE account.

IMPACT OF STATES DROPPING OUT OF STATE SUPPLEMENTATION PROGRAM

Currently, SSA helps administer the state supplementation for 20 states and the District of Columbia. However, participation in the state supplementation program is voluntary. States can opt out of the program, but must provide notice to SSA at least 90 days in advance before dropping out. The result of states dropping out of the program is a loss of LAE authority in the current and possibly following fiscal year when it is too late to adjust our request. In FY 2015, New York dropped out of the state supplement program resulting in approximately a 30% reduction in user fee collections. California and New Jersey are the two largest states for whom SSA administers the state supplementation. If either state opted to administer their own state supplementation, our estimate would dramatically decrease.

Table 3.6—Estimated User Fee Collections by State
(in thousands)

State	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Arkansas	*	*	*
California	$ 103,037	$ 99,435	$ 112,975
Delaware	$ 48	$ 46	$ 52
DC	$ 102	$ 98	$ 111
Georgia	*	*	$ 1
Hawaii	$ 238	$ 230	$ 261
Iowa	$ 132	$ 127	$ 145
Kansas	*	*	*
Louisiana	*	*	*
Maryland	*	*	$ 1
Michigan	$ 980	$ 946	$ 1,075
Mississippi	$ 1	$ 1	$ 1
Montana	$ 74	$ 71	$ 81
Nevada	$ 1,141	$ 1,101	$ 1,251
New Jersey	$ 14,645	$ 14,133	$ 16,057
Ohio	*	*	*
Pennsylvania	$ 516	$ 498	$ 566
Rhode Island	$ 37	$ 36	$ 41
South Dakota	*	*	*
Tennessee	$ 1	$ 1	$ 1
Vermont	$ 1,260	$ 1,215	$ 1,381
Total	**$ 122,213**	**$ 117,938**	**$ 134,000**

*Less than $500

ALL PURPOSE TABLE (APT)

Table 3.7—All Purpose Table (APT)
(in thousands)

	FY 2017	FY 2018	FY 2019	
	Consolidated Appropriations Act P.L. 115-31 [1,2]	Estimate [3,4]	President's Budget [5,6]	FY 2019 +/- FY 2018
Payments to Social Security Trust Funds				
Pension Reform	6,400	6,400	6,000	(400)
Unnegotiated Checks	5,000	5,000	5,000	-
Special Benefits for Certain Uninsured Persons	-	-	-	-
Military Service Wage Credits	-	-	-	-
Total PTF	**$ 11,400**	**$ 11,400**	**$ 11,000**	**$ (400)**
Supplemental Security Income				
Federal Benefits Payments	52,941,736	53,441,736	55,716,000	2,274,264
Beneficiary Services [7]	89,000	159,000	126,000	37,000
Research & Demonstration [7]	58,000	101,000	101,000	43,346
Administration	5,029,427	5,058,700	4,765,000	(293,700)
Subtotal SSI Program Level	58,118,163	58,760,436	60,708,000	2,060,910
Advance from PY	(14,500,000)	(15,000,000)	(15,000,000)	-
Subtotal Current Year SSI	**$ 43,618,163**	**$ 43,760,436**	**$ 45,708,000**	**$ 2,060,910**
New Advance SSI	**$ 15,000,000**	**$ 15,000,000**	**$ 19,700,000**	**$ 4,700,000**
Limitation on Administrative Expenses				
Regular LAE				
OASDI Trust Funds	5,145,407	5,021,076	4,895,700	(125,376)
HI/SMI Trust Funds	1,684,753	1,673,312	2,220,000	546,688
Social Security Advisory Board	2,300	2,284	2,300	16
SSI	3,706,485	3,681,314	3,457,000	(224,314)
Subtotal Regular LAE	**$ 10,538,945**	**$ 10,377,986**	**$ 10,575,000**	**$ 197,014**
Program Integrity Funding				
OASDI Trust Funds	496,058	357,614	375,000	17,386
SSI	1,322,942	1,377,386	1,308,000	(69,386)
Subtotal Program Integrity Funding	**$ 1,819,000**	**$ 1,735,000**	**$ 1,683,000**	**$ (52,000)**
Base Program Integrity	*273,000*	*273,000*	*273,000*	-
Cap Adjustment	*1,546,000*	*1,462,000*	*1,410,000*	*(52,000)*
User Fees				
SSI User Fee [8]	123,000	122,165	134,000	11,835
SSPA User Fee	1,000	993	1,000	7
Subtotal User Fees	**$ 124,000**	**$ 123,158**	**$ 135,000**	**$ 11,842**
Total LAE	**$ 12,481,945**	**$ 12,236,144**	**$ 12,393,000**	**$ 156,856**
Non-PI LAE	10,662,945	10,501,144	10,710,000	208,856
Office of the Inspector General				
Federal Funds	$ 29,787	$ 29,585	$ 30,000	$ 415
Trust Funds	$ 75,713	$ 75,199	$ 75,500	$ 301
Total, OIG	**$ 105,500**	**$ 104,784**	**$ 105,500**	**$ 716**
Total, Social Security Administration, New BA	$ 66,187,581	$ 66,054,063	$ 73,152,500	$ 7,211,783
Federal Funds	$ 58,783,350	$ 58,924,578	$ 65,584,000	$ 6,772,768
Current Year	$ 43,783,350	$ 43,924,578	$ 45,884,000	$ 2,072,768
New Advance	$ 15,000,000	$ 15,000,000	$ 19,700,000	$ 4,700,000
Trust Funds	$ 7,404,231	$ 7,129,485	$ 7,568,500	$ 439,015

[1] The FY 2017 Consolidated Appropriations Act includes $90M in available funding through Sept. 30, 2018 for activities to address the hearing backlog within the Office of Hearings Operations (formerly the Office of Disability Adjudication and Review). It is included in regular LAE.

[2] Includes $1.819B in Program Integrity funding to remain available through March 31, 2018.

[3] SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full-year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations. SSA's overall LAE funding level in the President's Budget appendix (approximately $12.406 billion) uses different assumptions.

[4] Includes $1.735B in Program Integrity funding to remain available through March 31, 2019.

[5] Includes $1.683B in Program Integrity funding to remain available through March 31, 2020. Beginning in FY 2019, SSA may transfer up to $10 million from Program Integrity funds to SSA's Inspector General (OIG) to fund CDI unit team leaders.

[6] The FY 2019 Office of the Inspector General (OIG) federal fund and trust fund splits do not match what is provided in the President's Budget appendix.

[7] The FY 2018 amount for research and demonstration reflects the FY 2018 President's Budget. Please note that this level differs from the Appendix, which assumes the FY 2017 Omnibus level.

[8] Although SSA is authorized to collect up to $123 million in FY 2018 under the annualized continuing resolution, we estimate that we will collect only $118 million in SSI user fees. We will reconcile any shortfall from our LAE account.

PERFORMANCE TARGETS

The President's FY 2019 request will allow SSA to achieve the following key performance targets:

Table 3.8—Key Performance Targets

FY 2019 Performance Table	FY 2017 Actuals	FY 2018 Estimate[1]	FY 2019 Request[2]
Retirement and Survivors Claims			
Retirement and Survivors Claims Completed (thousands)	5,620	5,801	6,022
Disability Claims			
Initial Disability Claims Receipts (thousands)	2,443	2,476	2,621
Initial Disability Claims Completed (thousands)	2,485	2,310	2,420
Initial Disability Claims Pending (thousands)	523	688	889
Average Processing Time for Initial Disability Claims (days)	111	111	114
Disability Reconsiderations			
Disability Reconsiderations Receipts (thousands)	583	542	642
Disability Reconsiderations Completed (thousands)	596	518	594
Disability Reconsiderations Pending (thousands)	105	129	177
Average Processing Time for Disability Reconsiderations (days)	101	102	106
Hearings			
Hearings Receipts (thousands)	620	582	578
Hearings Completed (thousands)	686	738	761
Hearings Pending (thousands)	1,056	900	717
Annual Average Processing Time for Hearings Decisions (days)[3]	605	605	535
National 800 Number			
National 800 Number Calls Handled (millions)	36	34	36
Average Speed of Answer (ASA) (seconds)	802	1,200	960
Agent Busy Rate (percent)	10%	15%	12%
Program Integrity			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	2,257	1,990	1,803
Full Medical CDRs (included above, thousands)	874	890	703
SSI Non-Medical Redeterminations Completed (thousands)	2,590	2,900	2,822
Selected Other Agency Workload Measures			
Social Security Numbers (SSN) Completed (millions)	17	17	17
Annual Earnings Items Completed (millions)	279	281	282
Social Security Statements Issued (millions)[4]	14	14	15
Selected Production Workload Measures			
Disability Determination Services Production per Workyear	306	306	306
Hearings Production per Workyear	94	98	104
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	N/A	(2,500)	(3,300)

[1] A full-year appropriation for FY 2018 was not enacted at the time the FY 2019 President's Budget was prepared. All FY 2018 performance data assume the enactment of a full-year continuing resolution provided in the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended)..

[2] This budget assumes a multi-year rollout of the reinstatement of the reconsideration level of appeal in the ten prototype states beginning on 10/01/2018, which will increase reconsideration receipts and processed and reduce hearings receipts in FY 2019.

[3] Average processing time for hearings is an annual figure. End of year (September) processing time for hearings is estimated to be 595 days and 498 days, for FYs 2018 and 2019, respectively.

[4] The Social Security Statements Issued performance measure includes paper statements only; does not include electronic statements issued. In FY 2017, *my* Social Security users accessed their Social Security Statements 46.2 million times.

SSA's budget is fully integrated with its Annual Performance Plan (APP), which is included as the third from last tab in this *Justification of Estimates for Appropriations Committees*, and online at our website. The budget estimates are linked to the key performance measures above and support all of the more detailed measures outlined in the APP.

RECENT ACCOMPLISHMENTS

In FY 2017, we focused on our core mission activities and made several critical service improvements. Most notably, we were able to start reducing the disability hearings backlog, putting us on the path to eliminate the backlog by the end of FY 2022. We also were able to begin reducing processing center (PC) backlogs by filling some critical vacancies and providing targeted overtime. At the same time, we safeguarded taxpayer dollars by completing high levels of program integrity reviews and expanding our anti-fraud efforts. In addition, we built a more efficient, effective organization by expanding online and video services, increasing our use of data analytics, and increasing the collection of electronic medical records. These efforts will help us provide more convenient, timely, accurate, and cost-effective services.

In FY 2017, we accomplished the following activities:

- Paid approximately $990 billion to a monthly average of over 69 million Social Security beneficiaries and SSI recipients each month;
- Served about 42 million visitors in over 1,200 field offices nationwide;
- Handled over 36 million calls on our National 800 Number;
- Completed over 5.6 million new applications for retirement, survivors, and Medicare benefits; almost 2.5 million Social Security and SSI initial disability claims; and almost 187,000 SSI aged claims;
- Issued over 680,000 hearing dispositions;
- Handled approximately 18,000 cases in U.S. district courts;
- Issued almost 17 million new and replacement Social Security cards;
- Posted over 279 million earnings reports to workers' records;
- Completed about 874,000 full medical CDRs; and
- Performed nearly 2.6 million non-medical redeterminations of SSI eligibility.

PRIORITY GOALS

To ensure our accountability to the public we serve, and as required by the GPRA Modernization Act of 2010, we established the following ambitious and outcome-focused Agency Priority Goals (APG). Our APG helps us achieve our overarching strategic goals and objectives set forth in our FY 2018-2022 Agency Strategic Plan.

- **Improve customer service in the hearings process by prioritizing those who have waited the longest for a hearing decision**

  - In FY 2018, we will complete 97 percent of cases that begin the year 430 days old or older.
  - In FY 2019, we will complete 95 percent of cases that begin the year 350 days old or older.
- **Improve the integrity of the SSI program by focusing our efforts on reducing overpayments**
  - In FY 2018, achieve an SSI overpayment accuracy rate of 94 percent.
  - In FY 2019, achieve an SSI overpayment accuracy rate of 94 percent.

We have specific measures and milestones to monitor our progress and have taken SSA's Enterprise Risk Management actions into account. Additionally, through our quarterly internal review process, our executives have candid discussions regarding progress, any challenges we must overcome, and strategies that will support goal achievement.

NATIONAL SUPPORT CENTER

In FY 2009, Congress provided $500 million for the construction and partial equipping of a new National Support Center (NSC) as part of the American Recovery and Reinvestment Act (Recovery Act). While once a state-of-the-art data center designed for mainframe use, the NCC is over 30 years old and the facility infrastructure systems have exceeded their useful life. Our systems maintain demographic, wage, and benefit information on almost every American. The data previously housed at the NCC and now at the new NSC are critical national economic and information resources and essential to providing service to the millions of individuals who count on us each day. The Recovery Act funding allowed us to take timely action to build and open the NSC facility before the NCC ended its functional life.

Projected Milestone Schedule

On December 28, 2012, we received a Presidential waiver allowing us to retain and continue to obligate funds appropriated for expenses for the replacement of our NCC. As of September 30, 2017, we obligated $499.5 million, and we expect to spend the remaining ARRA funds by the end of FY 2018. The General Services Administration and the Social Security Administration provided the following schedule of key milestones.

Planned	Actual	Milestone
Aug 2010	Aug 2010	Program of Requirements
Feb 2011	Feb 2011	Recommend Site
Sep 2011	Aug 2011	Acquire Site
Mar 2012	Jan 2012	Award Design-Build Construction
July 2014	July 2014	Complete Construction
Oct 2014	Sept 2014	Final Commissioning/Contingency
Mar 2015	Oct 2014	Begin Transition of IT Services
Aug 2016	Aug 2016	Complete Transition of IT Services

We began moving the IT services from the NCC to the NSC beginning in October 2014 and completed migration activities on August 22, 2016. The program will closeout on schedule and formal closeout activities are underway including preparatory efforts for the audit process.

Actual and Planned Obligations for the New NSC

The following table provides actual and planned obligations for the NSC as of September 30, 2017.

Table 3.9—Actual and Planned Obligations for the New NSC

(Dollars in thousands)

Year	Obligations
FY 2009 Actuals	$1,330.4
FY 2010 Actuals	$1,850.8
FY 2011 Actuals	$387,699.5
FY 2012 Actuals	($30,856.2)[1]
FY 2013 Actuals	$39,191.1
FY 2014 Actuals	$59,797.7[2]
FY 2015 Actuals	($12,451)[3]
FY 2016 Actuals	$41,497.0[4]
FY 2017 Actuals	$11,413.9[5]
FY 2018 Planned	$526.9

In FY 2018, we plan to use the remaining ARRA NSC funding to continue the build-out of the On-Premise/Private Cloud Infrastructure.

[1] In FY 2012, there were $27.5 million in obligations and a recovery from previous construction obligations of $58.4 million, resulting in a net recovery of $30.9 million.

[2] In FY 2014, there were $69.8 million in obligations and a recovery from previous construction obligations of $10 million, resulting in a net obligation of $59.8 million.

[3] In FY 2015, there were $42.7 million in obligations and a recovery from previous construction obligations of $55.1 million, resulting in a net recovery of $12.5 million. Numbers do not add due to rounding.

[4] In FY 2016, actual obligations were $50.0M. These were offset by $8.5M recovered due to revised estimates and de-obligations from FY 2011-FY 2015, resulting in $41.5M in net obligations.

[5] In FY 2017, actual obligations were $11.6M. These were offset by $158K recovered due to revised estimates and de-obligations resulting in $11.4M in net obligations.

ANOMALY FUNDING TO REDUCE THE HEARINGS BACKLOG IN OHO

The Consolidated Appropriations Act, 2017 provided $90 million to address the hearings backlog in the Office of Hearings Operations (formerly known as the Office of Disability Adjudication and Review). This funding is available through FY 2018. We have undertaken a plan to address the backlog, called CARES (Compassionate and Responsive Service), and provide updates on this plan quarterly – for more information, please see https://www.ssa.gov/appeals/documents/2017_Updated_CARES_Anomaly_Plan.pdf.

MAJOR BUILDING RENOVATIONS AND REPAIR COSTS

A number of our facilities need renovation or repair to improve infrastructure reliability and comply with current building codes, including health and safety standards, to ensure a safe work environment.

We are also actively pursuing opportunities to reduce our real estate footprint by reconfiguring and consolidating space for optimal space utilization. As part of this effort, we are in the process of re-evaluating the long-term need for additional leased space surrounding our headquarters in Woodlawn, with a goal of maximizing the use of existing federally-owned and leased space to address our current and future housing needs.

This exhibit describes our on-going major building renovations, repairs, and other associated costs in support of these goals. The table below displays our FY 2017 expenditures.

Building	FY 2017
Altmeyer (Woodlawn, MD)	$2
National Computer Center, Third Floor (Woodlawn, MD)	N/A
Dallas Regional Office (Dallas, TX)	$3
Mid-Atlantic Social Security Center (Philadelphia, PA)	$4.4
International Trade Commission (Washington, D.C.)	$1.3
Harold Washington (Chicago, Illinois)	$12.4
Frank Hagel Federal Building (Richmond, California)	N/A

Altmeyer Building

The Arthur J. Altmeyer Federal office building is over 55 years old and requires major upgrades to address health and safety issues, meet current accessibility standards, improve space utilization, and provide a comfortable, energy efficient working environment that meets 21st century standards. The Altmeyer Modernization Project involves full interior and exterior renovation of the existing building, including infrastructure, electrical systems, and space. By adhering to the space utilization rate of 150 square feet per person and employing space-sharing policies, we will be able to house an increased number of occupants when we complete the Altmeyer Building renovation, currently scheduled for calendar year 2021.

The scope of the modernization, for which we received $150 million in fiscal year (FY) 2016, includes the following:

- Taking the building down to the support structure (concrete columns and floor slabs);
- Full abatement of hazards (asbestos, lead paint, etc.);
- Building systems modernizations (i.e. electrical systems, heating, air conditioning, and ventilation (HVAC) systems, etc.); and
- Space reconfiguration to achieve an office space utilization rate (UR) of 150 square feet per person for post-renovation occupancy.

In order to expedite procurement and ensure a more integrated approach to design and construction, the General Services Administration (GSA) is pursuing a construction manager by contractor (CMc) approach to this project. This decision allowed us to obligate most of the appropriated funds in FY 2016. In February 2017, GSA awarded the architectural and engineering (A&E) contract for design services associated with the Altmeyer Modernization Project. On July 17, 2017, GSA began the CMc procurement process with a solicitation of interest, and anticipates awarding the CMc contract in March 2018. The CMc construction firm will work with the A&E contractor throughout the design process, providing input about constructability, construction methods, design efficiencies, cost controls, etc.

Timeline and Cost

Timeline	Milestones	TBD (in millions)
FY 2016	Funding appropriated; GSA begins procurement actions for A&E contractor; begins planning for CMc solicitation	$123
FY 2017	GSA awards construction manager as agent (CMa) contract and contract for A&E design services. GSA begins CMc procurement. Executives and staff begin vacating the Altmeyer Building for existing spaces around campus	$2

Timeline	**Milestones**	**TBD (in millions)**
FY 2018	GSA awards CMc. A&E completes design. Executives and staff finish vacating the building and occupy swing space. Demolition work begins	$26.5[1]
FY 2019-FY2020	Construction begins/continues. SSA begins purchases for furniture, security systems, tenant improvement and other special requirements in the modernized Altmeyer	N/A
FY 2021	Occupy renovated building	N/A

National Computer Center (NCC) – Third Floor Renovation

The NCC Third Floor Renovation Project follows the 2016 migration of SSA's primary data center operations from the NCC to the National Support Center. The planned renovation involves approximately 75,000 useable square feet (USF).

Our Headquarters Master Plan, completed in September 2013, identified this project as integral to the goal of creating a dense campus and reducing leased space. The renovation will provide a more efficient office space layout for up to 500 people.

GSA's A&E contractor, Whitman, Requardt and Associates LLP, completed the design in August 2016. GSA began the construction procurement process shortly thereafter, and awarded the contract in February 2017 to Whiting and Turner. We expect to complete the project and occupy the renovated space in FY 2018.

Timeline and Costs

Timeline	Milestones	Cost (in millions)
FY 2016	Obligated funding for construction ($21.4) and for furniture design and acquisition ($3.5)	$24.9
FY 2017	Construction underway	N/A
FY 2018	Construction and furniture installation completed; occupy renovated space	N/A

[1] This project is on schedule with a completion date of FY 2021. The FY 2018 obligations represent an estimate at the point in time the budget was prepared; some funding may be reserved for the end of the project for furniture, security, and other associated move-in costs.

Dallas Regional Office (RO)

The Dallas RO is housed in a 13-story building in the Dallas Downtown Central Business District. The original structure was built in 1952 with improvements made over time. The current building has multi-tenants, with SSA occupying all or part of eight floors, and is fully leased by GSA. The lease is set to expire in November 2019. The Dallas RO currently occupies 174,082 USF.

In February 2017, GSA awarded a replacement lease, which will support the agency's efforts to reduce our footprint with a reduction in square footage down to 117,617 USF, an almost 60,000 USF reduction compared to the current space.

Timeline and Costs

Timeline	Milestones	Cost (in millions)
FY 2016	Design and Construction (Tenant Improvements)	$15
FY 2017	Furniture	$3

Mid-Atlantic Social Security Center (MATSSC)

The seven-story MATSSC in Philadelphia, Pennsylvania is over 40 years old and needs funding to address critical deficiencies identified in the 2015 Building Engineering Report (BER). These needs include an elevator modernization to address frequent failures and occasional entrapment; HVAC infrastructure upgrades; accessibility enhancements; plaza replacement; and other modifications to address fire and life safety issues.

Timeline and Costs

Timeline	Milestones	Cost (in millions)
FY 2017	Elevator Modernization	$4.4
FY 2018	Study, Design, Repairs	N/A
FY 2019	Study, Design, Repairs	N/A

International Trade Commission (ITC)

We occupy 49,412 USF at the ITC building, which serves as our headquarters in Washington, D.C. The ITC lease expires in February 2019. In February 2017, GSA awarded a new lease at 250 E Street, SW in Washington D.C. for approximately 32,000 USF. The new lease will reduce our real estate portfolio by 17,000 USF, which is almost a 35 percent reduction from the current lease.

Timeline and Costs

Timeline	Milestones	Cost (in millions)
FY 2016	Design and Construction (Tenant Improvements)	$4.1
FY 2017	Furniture	$1.3
FY 2018	N/A	N/A

Harold Washington Social Security Center (HWSSC)

The HWSSC is a 10-story building in Chicago, Illinois that currently houses multiple SSA components, including, but not limited to, a field office, the program service center, Chicago Teleservice Center, and the regional office, in approximately 515,000 USF.

Timeline and Costs

Timeline	Milestones	Cost (in millions)
FY 2017	Design and Construction	$12.4
FY 2018	N/A	N/A

Frank Hagel Federal Building (FHFB)

The six-story FHFB located in Richmond, CA, was completed and occupied in 1975. Over time, modifications to the interior space to accommodate staffing and work process changes adversely affected fire egress, HVAC operations, and electrical and lighting distribution, resulting in health, safety, and code compliance issues and potentially employee exposure to an unsafe work environment. GSA identified these deficiencies as high risk in a BER completed in FY 2014.

Working with GSA, we initiated a space utilization analysis and feasibility study in FY 2014 to identify and analyze efficient and cost effective options for housing our staff located in offices in the surrounding area. Study findings documented renovations needed and opportunities for consolidating our components within the building and from outlying locations to achieve operational efficiencies, and reduce our real estate footprint and lease costs. GSA finalized the feasibility study in FY 2017.

SSA RELATED LEGISLATION ENACTED MAY 24, 2017 – FEBRUARY 11, 2018

FY 2017

The Social Security Number Fraud Prevention Act of 2017 (P.L. 115-59, enacted September 15, 2017)

- The law restricts the inclusion of Social Security Numbers (SSNs) on documents sent by mail by the Federal Government.
- The act requires the head of each of the 24 agencies with Chief Financial Officers (CFOs), including SSA, to issue regulations, not later than 5 years after enactment, specifying the circumstances under which inclusion of the SSN is necessary on a mailed document.

MEDICARE ACCESS AND CHIP REAUTHORIZATION ACT (MACRA)

On April 16, 2015, the President signed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) (Public Law 114-10). Title V, section 501, prohibits displaying, coding, or embedding Social Security numbers (SSN) on beneficiaries' Medicare cards. The Centers for Medicare and Medicaid Services (CMS) will issue Medicare cards with a new Medicare Beneficiary Identifier (MBI) that replaces SSNs. CMS plans to issue the new cards in a phased approach from April 2018 to October 2018.

Congress appropriated the Social Security Administration (SSA) $98 million to fund the implementation costs to comply with the provisions of MACRA. Beginning fiscal year (FY) 2015, we receive the funding incrementally through FY 2018. The funding is available in the following amounts:

- FY 2015 - $27 million (available through FY 2018);
- FY 2016 - $22 million (available through FY 2018);
- FY 2017 - $22 million (available through FY 2018); and
- FY 2018 - $27 million (available until expended).

We do not anticipate intensive systems changes to support CMS in the SSN Removal Initiative and implementation of MACRA. However, we expect a significant impact on our workload processing components due to inquiries from the public and requests for replacement cards. SSA had limited spending in FY 2015-2017 for planning, inquiries, and system updates. CMS outreach activities and phased Medicare card issuance will begin in 2018. We plan to spend about $35.1 million in FY 2018 and $6.5 million in FY 2019 fielding inquiries and processing requests for replacement cards. SSA does not plan to spend approximately $33.6 million of the MACRA funds available through FY 2018. At the end of FY 2019, SSA will have $20.5 million available to continue to process future fall out work.

MACRA spending		
FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
$ 2,300,000	*$ 35,100,000*	*$ 6,500,000*

BUDGETARY RESOURCES

The LAE account represents SSA's administrative budget for carrying out its responsibilities under the Social Security Act. This includes administering the OASI, DI, SSI, and Special Benefits for Certain WWII Veterans programs and supporting the Centers for Medicare and Medicaid Services in administering the HI, SMI, and Medicare Part D programs. The President's Budget for the LAE account in FY 2019 is $12.393 billion.

AMOUNTS AVAILABLE FOR OBLIGATION

Table 3.10—Amounts Available for Obligation[1,2]
(in thousands)

	FY 2017 Actual	FY 2018[3] Estimate	FY 2019 Estimate
LAE			
LAE Appropriation	$12,503,945	$12,236,144	$12,393,000
Unobligated Balance, start-of-year	$294,231	$448,202	$453,351
Recoveries and Transfers	$51,291	$46,297	$46,297
Unrealized Non-Attorney User Fees	-$834	$0	$0
Unrealized SSI User Fees	-$787	$0	$0
Subtotal LAE Resources	**$12,847,846**	**$12,730,643**	**$12,892,648**
Unobligated Balance, lapsing	-$68,672	$0	$0
Unobligated Balance, end-of-year (LAE Carryover)	-$552,753	-$453,813	-$436,648
Total Obligations, LAE	**$12,226,421**	**$12,276,831**	**$12,456,000**
American Recovery and Reinvestment Act Resources (ARRA)[4]			
National Support Center Unobligated Balances, start-of-year	$11,941	$527	$0
National Support Center Estimated Recovery	$158	$0	$0
National Support Center Unobligated Balances, end-of-year	-$527	$0	$0
Obligations, ARRA	**$11,572**	**$527**	**$0**
Medicare Savings Plan (MSP)			

Table Continues on the Next Page

[1] Totals may not add due to rounding.
[2] Totals do not include reimbursables.
[3] SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full-year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations. SSA's overall LAE funding level in the President's Budget appendix (approximately $12.406 billion) uses different assumptions.
[4] SSA received a Presidential waiver from rescission allowing for the use of ARRA NSC funds until expended.

	FY 2017 Actual	FY 2018[3] Estimate	FY 2019 Estimate
Unobligated Balances, start-of-year	$14,896	$14,896	$7,448
Unobligated Balances, end-of-year	-$14,896	-$7,448	$0
Obligations, MSP	**$0**	**$7,448**	**$7,448**
Medicare Improvements for Patients and Providers Act (MIPPA) – Low Income Subsidy (LIS)			
Unobligated Balances, start-of-year	**$11,657**	**$11,618**	**$5,809**
Unobligated Balances, end-of-year	-$11,618	-$5,809	$0
Obligations, MIPPA – LIS	**$39**	**$5,809**	**$5,809**
State Children's Health Insurance Program (SCHIP)			
Unobligated Balances, start-of-year	**$2,031**	**$2,015**	**$1,008**
Unobligated Balances, end-of-year	-$2,015	-$1,008	$0
Obligations, SCHIP	**$16**	**$1,008**	**$1,008**
Medicare Access and CHIP Reauthorization Act (MACRA) [1]			
Unobligated Balances, start-of-year	**$48,908**	**$68,636**	**$27,000**
Expenditure Transfers from Trust Funds	$22,000	$27,000	$0
Unobligated Balances, end-of-year	-$68,636	-$60,583	-$20,462
Obligations, MACRA	**$2,272**	**$35,053**	**$6,538**

[1] Congress appropriated SSA $98 million to fund the implementation costs to comply with the provisions of the Medicare Access and CHIP Reauthorization Act of 2015. SSA will receive the funding incrementally. The available funding amount for each fiscal year is as follows: FY 2015 - $27 million (available through FY 2018); FY 2016 - $22 million (available through FY 2018); FY 2017 - $22 million (available through FY 2018); and FY 2018 - $27 million (available until expended).

BUDGET AUTHORITY AND OUTLAYS

The LAE account is funded by the Social Security Trust Funds, the General Fund, the Medicare Trust Funds, and applicable user fees. Section 201(g) of the Social Security Act provides that SSA determine the share of administrative expenses that should have been borne by the appropriate trust funds for the administration of their respective programs and the General Fund for administration of the SSI program. SSA calculates the administrative costs attributable to each program using its Government Accountability Office approved cost analysis system. In FY 2009, SSA received additional funds from the General Fund of the Treasury, provided by the Recovery Act and the MIPPA. SSA also received $98 million funded incrementally from FY 2015 to FY 2018 for implementation costs associated with the MACRA provisions.

Table 3.11—Budget Authority and Outlays
(dollars in thousands)[1]

	FY 2017 Actual[2]	FY 2018 Estimate[3,4]	FY 2019 Estimate[5]
OASI and DI Trust Funds[6]	$5,641,465[7]	$5,378,690[8]	$5,270,700[9]
HI and SMI Trust Funds	$1,684,753	$1,673,312	$2,220,000
SSA Advisory Board	$2,300	$2,284	$2,300
SSI Administrative Expenses	$5,029,427	$5,058,700	$4,765,000
SSI State Supplement User Fees	$123,000	$122,165	$134,000
Non-Attorney Representative User Fees	$1,000	$993	$1,000
MIPPA – LIS	N/A	N/A	N/A
MACRA	$22,000	$27,000	N/A
Recovery Act	N/A	N/A	N/A
Total Budget Authority	**$12,503,945**	**$12,263,144**	**$12,393,000**
OASI and DI Trust Funds[10]	$5,338,800[11]	$5,696,200[12]	$5,471,600[13]
HI and SMI Trust Funds	$2,001,900	$1,775,700	$2,308,200
SSI Administrative Expenses	$4,736,000	$5,116,600	$4,912,100
SSI State Supplement User Fees	$122,213	$118,000[14]	$134,000
Non-Attorney Representative User Fees	$1,000	$993	$1,000
MIPPA – LIS	$39	$5,809	$5,809
MACRA	$1,412	$35,053	$6,538
Recovery Act – New NSC	$5,586	$15,482	$0
Total Administrative Outlays	**$12,206,950**	**$12,763,837**	**$12,839,247**

[1] Totals may not add due to rounding.
[2] In FY 2017, our administrative costs were about 1.2 percent of the benefit payments we made.
[3] In FY 2018, our administrative costs are about 1.2 percent of the benefit payments we plan to pay.
[4] SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full-year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations. SSA's overall LAE funding level in the President's Budget appendix (approximately $12.406 billion) uses different assumptions.
[5] In FY 2019, our administrative costs are about 1.2 percent of the benefit payments we plan to pay.
[6] Includes funding for administration of the Special Benefits for Certain World War II Veterans, which is funded through general revenues.
[7] The total includes $2,897,165 in DI and $2,744,300 in OASI costs.
[8] The total includes $2,644,544 in DI and $2,734,146 in OASI costs.
[9] The total includes $2,605,000 in DI and $2,665,700 in OASI costs.
[10] Includes funding for administration of the Special Benefits for Certain World War II Veterans, which is funded through general revenues.
[11] The total includes $2,661,400 in DI and $2,677,400 in OASI costs.
[12] The total includes $2,764,600 in DI and $2,931,600 in OASI costs.
[13] The total includes $2,696,600 in DI and $2,775,000 in OASI costs.
[14] Although SSA is authorized to collect up to $123 million in FY 2018 under the annualized continuing resolution, we estimate that we will collect only $118 million in SSI user fees. We will reconcile any shortfall from our LAE account.

PROGRAM INTEGRITY

The following table provides a consolidated account of the total funding required for CDRs and redeterminations for FY 2017 through FY 2019. More information is available in the Budget Process chapter of the Analytical Perspectives.

Table 3.12—Program Integrity
(dollars in millions)

	FY 2017 Actual[1]	FY 2018 Estimate[2]	FY 2019 Estimate
Full Medical CDRs Completed	874,411	890,000	703,000
SSI Non-Medical Redeterminations Completed	2,589,638	2,900,000	2,822,000
Funding			
Unobligated Balance, start-of-year[3]	$0	$195	$403
Dedicated Program Integrity Funding[4]	$1,819	$1,735	$1,683
Subtotal PI Resources	**$1,819**	**$1,930**	**$2,086**
Unobligated Balance, end-of-year[4]	-$195	-$403	-$390
Total Obligations, PI	**$1,624**	**$1,527**	**$1,696[5]**

[1] FY 2017 actual completed figures represent the total volume processed of Full Medical CDRs and SSI Redeterminations in FY 2017. FY 2017 actual funding and costs represent the combined costs of CDRs, SSI Redeterminations, Cooperative Disability Investigations (CDI) Units, and the Special Assistant United States Attorneys in FY 2017, including $1.624 billion in the base and cap adjustment and $195 million unobligated funds carried over into FY 2018.

[2] A full-year appropriation for FY 2018 was not enacted at the time the FY 2019 President's Budget was prepared. Please note that the funding level displayed here represents the amount authorized in the Bipartisan Budget Act of 2015 (P.L. 114-74) for FY 2018 and is lower than the $1.819 billion provided by the annualized funding level provided by the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended).

[3] The Consolidated Appropriations Act, 2017 (P.L. 115-31) extended the availability of the FY 2017 Program Integrity funding through March 31, 2018. FY 2018 and FY 2019 assume that SSA will continue to receive the extended availability in the Program Integrity funding language.

[4] Dedicated Program Integrity Funding represents the authorized level that was provided in the Bipartisan Budget Act of 2015 (P.L. 114-74).

[5] Beginning in FY 2019, SSA will expand how the agency charges medical CDRs to the dedicated Program Integrity fund to encompass the full suite of workloads related to the medical CDR process, as reflected in the annual CDR report to Congress. In addition, SSA will reimburse SSA's Inspector General (OIG) up to $10 million for the OIG team leaders of all the CDI units from cap adjustment funds. This important anti-fraud activity is an approved use of the cap adjustment.

The following table satisfies SSA's requirement directed by the House Report.

Table 3.13 – SSA Program Integrity (PI) Spending
(in thousands)

	FY 2017 Total PI Obligations[1]	FY 2018 Total PI Obligations[2]	FY 2019 Total PI Obligations[3]
OASI	$165,156	$0	$0
DI	$263,695	$315,000	$378,000
SSI	$1,037,547	$1,212,000	$1,318,000
HI	$67,365	$0	$0
SMI	$76,640	$0	$0
Medicare Part D	$14,065	$0	$0
Total PI Obligations[4]	**$1,624,468**	**$1,527,000**	**$1,696,000**

KEY ASSUMPTIONS

The agency budget has been formulated to address our growing public service demands as well as an array of priorities for our programs. We continue to do everything we can to reduce our operating costs and work toward administering our programs efficiently.

The budget address the following key areas:

- Disability appeals (hearings) and Processing Center backlogs;
- Implementing our Information Technology Modernization plan;
- Providing the resources necessary to address cybersecurity needs and threats
- Administering our complex disability process, see Social Security Disability;
- Demand for services resulting from increases in our beneficiary populations, largely due to the aging population, see Social Security Beneficiary Statistics;
- Combatting waste, fraud and abuse across our programs;
- Reducing improper payments and completing cost-effective program integrity work, see Social Security Improper Payments;
- Improving organizational effectiveness, reducing costs, identifying efficiencies and streamlining business processes;

[1] Represents the full cost of completing Continuing Disability Reviews and SSI Redeterminations as authorized by the Bipartisan Budget Act of 2015 (P.L. 114-74). Continuing Disability Review (CDR) costs include the cost of processing Medical and Work CDRs and excludes the cost of Medical CDR appeals, which are different than the costs reported in the CDR Report to Congress. Also includes the SSA costs of Cooperative Disability Investigations units and the Special Assistant United States Attorneys. For a description of anti-fraud activities, please see the Budget Overview.

[2] In budget formulation, workload costs are projected for DI and SSI spending but not for OASI, HI, SMI, or Medicare Part D. These costs will be reported with the actuals.

[3] Beginning in FY 2019, SSA will expand how the agency charges medical CDRs to the dedicated Program Integrity fund to encompass the full suite of workloads related to the medical CDR process, as reflected in the annual CDR report to Congress. In addition, SSA will reimburse SSA's Inspector General (OIG) up to $10 million for the OIG team leaders of all the CDI units from cap adjustment funds. This important anti-fraud activity is an approved use of the cap adjustment.

[4] Numbers may not add due to rounding.

- Expanding our service delivery channels; and
- Improving workforce performance and increasing accountability.

Please see the Key Performance Table for projected work completed for our major workloads, as well as selected production workload measures.

ANALYSIS OF CHANGES

The FY 2019 request for the LAE account represents a $151 million increase over the FY 2018 level. The following tables provide a summary of the changes from the FY 2018 level to the FY 2019 President's Budget.

Table 3.14—Summary of Changes from FY 2018 to FY 2019
(dollars in thousands)[1,2]

	FY 2018 Estimate[1]	FY 2019 Estimate	FY18 to FY19 Change
Total LAE	**$12,730,643**	**$12,892,648**	**$162,005**
Appropriation	$12,236,144	$12,393,000	**$156,856**
Amounts Available From Prior Year Unobligated Balances	$494,499[3]	$499,648[3]	**$5,149**
Obligations, LAE	**$12,276,831**	**$12,456,000**	**$179,169**
Unobligated Balance, end-of-year	$453,812	$436,648	**- $17,164**
MIPPA - LIS Obligations	**$5,809**	**$5,809**	**$0**
MIPPA – MSP	**$7,448**	**$7,448**	**$0**
SCHIP Obligations	**$1,008**	**$1,008**	**$0**
MACRA[4]	**$35,053**	**$6,538**	**- $28,515**
Obligations, Total	**$12,326,148**	**$12,476,802**	**$150,654**

[1] A full-year appropriation for FY 2018 was not enacted at the time the FY 2019 President's Budget was prepared. All FY 2018 figures assume funding at the annualized funding level provided in the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56). SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations.
[2] Totals do not include reimbursables and may not add due to rounding.
[3] Amounts available from prior year unobligated balances include dedicated program integrity funding of $195M in FY 2018 and $403M in FY 2019 to be expended in line with the 18-month authority provided by P.L. 115-31 – Consolidated Appropriations Act, 2017. The Budget assumes appropriations language for 2018 and 2019 will provide for similar 18-month authority to obligate dedicated program integrity funds.
[4] Congress appropriated SSA $98 million to fund the implementation costs to comply with the provisions of the Medicare Access and CHIP Reauthorization Act of 2015. SSA will receive the funding incrementally. The available funding amount for each fiscal year is as follows: FY 2015 - $27 million (available through FY 2018); FY 2016 - $22 million (available through FY 2018); FY 2017 - $22 million (available through FY 2018); and FY 2018 - $27 million (available until expended).

Table 3.15—Explanation of LAE Budget Changes from FY 2018 to FY 2019
(dollars in thousands)[1,2]

	FY 2018		Change from FY 2018	
	Federal WYs	**Obligations (thousands)**	**Federal WYs**	**Obligations (thousands)**
BUILT-IN INCREASES – Built-in increases are year-over-year cost increases that are outside agency control, such as across the board Federal pay raises, changes in employee health benefit premiums, and the price of postage. These increases are not a result of changes in overall agency resources or program or policy changes. Most agency operational costs are captured in this category as payroll costs.				
A. **Payroll Expenses**	61,998	$6,797,299		$242,229
Increases due to periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System				$190,141
Three-month effect of Federal pay increase effective January 2018 - 1.9%				$28,178
Increase due to additional paid day				$23,910
B. **Non-Payroll Costs** - Mandatory growth in non-payroll costs, including higher costs of rent, lease renewals, security, and guard services		$1,957,917		$21,240
C. **State Disability Determination Services** - Mandatory growth in state DDS costs, including pay raises and the cost of medical evidence		$2,197,000		$48,295
Subtotal, Built-In Increases				**+ $311,763**

[1] SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, included in our FY 2018 total obligations.
[2] Totals may not add due to rounding.

	FY 2018		Change from FY 2018	
	Federal WYs	**Obligations (thousands)**	**Federal WYs**	**Obligations (thousands)**
PROGRAM CHANGES – Program changes are year-over-year cost increases or decreases not captured in the section above. These are often products of changes in agency priorities, policy decisions, or dedicated funding.				
PROGRAM INCREASES				
A. **Disability Determination Services**				
Costs for Reinstating Reconsideration		$15,000		$45,000[1]
B. **Non-Payroll Costs**		$124,163		$17,680
C. **Information Technology (IT)**		$842,600		$149,400
Base IT				$77,900
Unified Communications Platform				$71,500
D. **IT Modernization**		$90,000		$40,000[2]
IT Modernization - Staff Costs	336	$50,000	-	$0
IT Modernization - ITS Costs		$40,000		$40,000
E. **OIG Program Integrity Activities**				$10,000
Subtotal, Program Increases			-	**+$262,080**
Total Increases			-	**+$573,844**
PROGRAM DECREASES				
A. **Payroll Decreases**				- $185,945
Net Decrease in SSA WYs			- 1,300	- $147,528
Dedicated Funding to Address the Hearings Backlog[3]	328	$38,418	- 328	- $38,418
B. **Disability Determination Services**				

[1] Total planned FY 2019 obligations for Reinstating Reconsideration in FY 2019 is $60 million.
[2] The total FY 2018 cost associated with IT Modernization is $122 million, which includes $70 million in ITS costs ($30 million using FY 2017 funds and $40 million using FY 2018 funds). The total FY 2019 cost associated with IT Modernization is $132 million, which includes $80 million in ITS. The net change in ITS spending from FY 2018 to FY 2019 is $40 million.
[3] Public Law 115-31 - Consolidated Appropriations Act, 2017 included $90 million in dedicated funding to address the hearings backlog. FY 2017 actual obligations were $38.3 million and planned FY 2018 obligations are $51.7 million.

	FY 2018		Change from FY 2018	
	Federal WYs	**Obligations (thousands)**	**Federal WYs**	**Obligations (thousands)**
Net Decrease in State Disability Determination Services				- $44,295
C. **Non-Payroll Dedicated Funding to Address the Hearings Backlog**[1]		$13,236		- $13,236
F. **Other Obligations Funded from Other Prior-Year Unobligated Balances**[2]		$174,664		- $124,664
Total Decreases			**- 1,628**	**- $368,141**

OTHER OBLIGATIONS – Other Obligations represent changes in year-over-year costs for non-LAE buckets of funding. For example, Altmeyer funding is assumed to be fully expended in FY 2018, while MACRA spending is projected to decrease from FY 2018 to 2019.

A. **Medicare Improvement for Patient and Providers Act (MIPPA) - Low Income Subsidy (LIS)**		$5,809		$0
B. **Medicare Improvement for Patient and Providers Act (MIPPA) - Medicare Savings Program (MSP)**		$7,448		$0
C. **State Children's Health Insurance Program (SCHIP)**		$1,008		$0
D. **Altmeyer**		$26,533		- $26,533
E. **Medicare Access & CHIP Reauthorization Act (MACRA)**[3]	348	$35,053	- 285	- $28,515
Total Other Obligations			**- 285**	**- $55,048**
Total Obligations, Net Change	**63,010**	**$12,326,147**	**- 1,913**	**+$150,654**
				$12,476,802

[1] Public Law 115-31 - Consolidated Appropriations Act, 2017 included $90 million in dedicated funding to address the hearings backlog. FY 2017 actual obligations were $38.3 million and planned FY 2018 obligations are $51.7 million.

[2] Planned obligations for Information Technology also include obligations funded from prior-year unobligated balances in the amounts of ~$175 million in FY 2018 and $50 million in FY 2019.

[3] Congress appropriated SSA $98 million to fund the implementation costs to comply with the provisions of the Medicare Access and CHIP Reauthorization Act of 2015. SSA will receive the funding incrementally. The available funding amount for each fiscal year is as follows: FY 2015 - $27 million (available through FY 2018); FY 2016 - $22 million (available through FY 2018); FY 2017 - $22 million (available through FY 2018); and FY 2018 - $27 million (available until expended).

BUDGETARY RESOURCES BY OBJECT

Table 3.16—Budgetary Resources by Object
(dollars in thousands)[1,2,3,4,5]

	FY 2018	FY 2019[6]	Change
Personnel Compensation			
Permanent positions	$4,939,544	$4,965,564	$26,020
Positions other than permanent	$74,872	$76,062	$1,190
Other personnel compensation	$159,396	$74,097	- $85,299
Special personal service payments	$193	$198	$ 5
Subtotal, personnel compensation	$5,174,005	$5,115,921	- $58,084
Personnel Benefits	$1,761,029	$1,846,881	$85,852
Travel and transportation of persons	$12,392	$12,374	- $18
Transportation of things	$4,024	$4,018	- $6
Rent, communications, and utilities			
Rental payments to GSA	$712,709	$717,891	$5,183
Rental payments to others	$0	$575	$575
Communications, utilities, misc.	$499,612	$518,733	$19,121
Printing and reproduction	$23,676	$23,592	- $84
Other services (DDS, guards, etc.)	$3,790,527	$3,878,922	$88,394
Supplies and materials	$24,286	$24,252	- $34
Equipment	$187,121	$197,270	$10,149
Land and structures	$90,846	$90,519	- $327
Grants, subsidies and contributions	$18,188	$18,161	- $26
Insurance claims and indemnities	$27,733	$27,693	- $40
Interest and dividends	$0	$0	$0
Total Obligations	**$12,326,147.306**	**$12,476,801.732**	$150,654
Resources not being obligated in the current year (carrying over or lapsing)	$524,495	$457,111	- $67,385
Total Budgetary Resources	**$12,850,643**	**$12,933,912**	$83,270
Payments to State DDS (funded from other services and Communications, utilities, and misc.)	$2,212,000	$2,261,000	$49,000

[1] Totals do not include reimbursables and may not add due to rounding.
[2] The obligations include the base LAE appropriation, LIS, SCHIP, NSC, MACRA, the Altmeyer Renovation, and dedicated funding to address the hearings backlog. Total budgetary resources in the table reflect FY 2018 and FY 2019 projections of spending by object class. Resources are not managed at the object class level and SSA has the flexibility within the LAE account to modify projected spending during the budget execution process.
[3] A full-year appropriation for FY 2018 was not enacted at the time the FY 2019 President's Budget was prepared. All FY 2018 figures assume funding at the annualized funding level provided in the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended).
[4] SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full-year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations. SSA's overall LAE funding level in the President's Budget appendix (approximately $12.406 billion) uses different assumptions.
[5] As required by the FY 2017 Omnibus General Provision 524, the Office of Communications estimates $4 million of FY 2018 funds to be obligated for advertising.
[6] Includes $10 million in Program Integrity funds that SSA may transfer to SSA's Inspector General (OIG) to fund CDI unit team leaders. CDI unit operations are an approved use of the cap adjustment.

The following tables satisfy SSA's requirement directed by the House Report.

Table 3.17— FY 2017 Physical Infrastructure Costs by Component
(dollars in thousands)[1]

Components	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
			LAE One Year		
Office of Operations	$511,980	$29,165	$170,983	$21	$712,148
Office of Systems	$0	$1	$0	$0	$1
Office of Disability Adjudication and Review	$110,993	$4,041	$40,406	$18	$155,458
Office of Human Resources	$0	$4	$208	$1	$213
Office of Retirement and Disability Policy	$0	$12	$14	$0	$26
Office of Communications	$0	$0	$7	$0	$7
Office of the Chief Strategic Officer[3]	$0	$1	$0	$0	$1
Office of Budget, Finance, Quality and Management	$4,662	$172	$544	$0	$5,378
Office of Budget, Finance, Quality and Management – Agency Level	$75,512	$143,534	$88,744	$293	$308,082
Office of the General Counsel	$2,135	$23	$256	$2	$2,416
Disability Determination Services	$0	$32,675	$183	$0	$32,858
Information Technology Systems	$0	$184,125	$0	$766,409	$950,534
Social Security Advisory Board	$278	$2	$7	$7	$293
Subtotal LAE One Year	$705,559	$393,755	$301,352	$766,751	$2,167,417
			LAE No Year		
Delegated Buildings	$0	$21,443	$22,863	$0	$44,306
Information Technology Systems	$0	$80,240	$0	$0	$80,240
National Security Center	$0	$61	$0	$2,994	$3,056
Subtotal LAE No Year	$0	$101,745	$22,863	$2,994	$127,602
			LAE Multi Year		
MACRA	$0	$0	$0	$1,009	$1,009
ODAR Anomaly	$0	$0	$220	$8,248	$8,468
Subtotal LAE Multi Year	$0	$0	$220	$9,257	$9,477
Grand Total	$705,559	$495,499	$324,435	$779,002	$2,304,495

[1] Totals may not add due to rounding.
[2] Includes guard services.
[3] OCSO was realigned with BFQM in May 2017.

Table 3.18 – FY 2018 Estimated Physical Infrastructure Costs by Component
(dollars in thousands)[1,2]

Components	LAE One Year				
	Rental Payments to GSA	Communications, Utilities & Misc. Charges	Operations & Maintenance of Facilities	Operations & Maintenance of Equipment	Total
Office of Operations	$517,168	$34,497	$147,630	$16	$699,311
Office of Systems[3]	$0	$1	$0	$0	$1
Office of Hearings Operations	$112,118	$4,780	$34,887	$14	$151,799
Office of Human Resources	$0	$5	$180	$1	$185
Office of Retirement and Disability Policy	$0	$14	$12	$0	$26
Office of Communications	$0	$0	$6	$0	$6
Office of Budget, Finance, and Management	$4,709	$203	$470	$0	$5,382
DCBFM - Agency Level	$76,277	$169,775	$76,623	$228	$322,904
Office of the General Counsel	$2,157	$27	$221	$2	$2,406
Disability Determination Services	$0	$38,649	$158	$0	$38,807
Information Technology Systems	$0	$217,787	$0	$597,285	$815,072
Social Security Advisory Board	$281	$2	$6	$5	$295
Subtotal LAE One Year	**$712,709**	**$465,742**	**$260,193**	**$597,552**	**$2,036,195**
	LAE No Year				
Delegated Buildings	$0	$0	$0	$0	$0
Information Technology Systems[3]	$0	$33,870	$0	$107,399	$141,269
Subtotal LAE No Year	**$0**	**$33,870**	**$0**	**$107,399**	**$141,269**
	LAE Multi Year				
Hearings Backlog Anomaly	$0	$0	$0	$9,104	$9,104
Subtotal LAE Multi Year	**$0**	**$0**	**$0**	**$9,104**	**$9,104**
Grand Total	**$712,709**	**$499,612**	**$260,193**	**$714,055**	**$2,186,568**

[1] Totals may not add due to rounding.
[2] Includes guard services.
[3] The ITS budget funds all information technology projects for the agency. The Office of Systems is a staff component that is responsible for the Information Management and Information Technology programs.

Table 3.19 – FY 2019 Estimated Physical Infrastructure Costs by Component
(dollars in thousands)[1,2]

Components	Rental Payments to GSA	Communications, Utilities & Misc. Charges	Operations & Maintenance of Facilities	Operations & Maintenance of Equipment	Total
			LAE One Year		
Office of Operations	$520,929	$37,701	$153,826	$20	$712,475
Office of Systems[3]	$0	$1	$0	$0	$1
Office of Hearings Operations	$112,933	$5,224	$36,351	$17	$154,525
Office of Human Resources	$0	$5	$187	$1	$193
Office of Retirement and Disability Policy	$0	$16	$13	$0	$28
Office of Communications	$0	$0	$6	$0	$6
Office of Budget, Finance, and Management	$4,743	$222	$489	$0	$5,455
DCBFM - Agency Level	$76,832	$185,542	$79,839	$272	$342,485
Office of the General Counsel	$2,172	$30	$230	$2	$2,434
Disability Determination Services	$0	$42,238	$165	$0	$42,402
Information Technology Systems	$0	$238,012	$0	$712,556	$950,568
Social Security Advisory Board	$283	$3	$6	$7	$298
Subtotal LAE One Year	**$717,891**	**$508,994**	**$271,112**	**$712,874**	**$2,210,871**
			LAE No Year		
Delegated Buildings	$0	$0	$0	$0	$0
Information Technology Systems[3]	$0	$9,739	$0	$30,715	$40,454
Subtotal LAE No Year	**$0**	**$9,739**	**$0**	**$30,715**	**$40,454**
			LAE Multi Year		
Hearings Backlog Anomaly	$0	$0	$0	$0	$0
Subtotal LAE Multi Year	**$0**	**$0**	**$0**	**$0**	**$0**
Grand Total	**$717,891**	**$518,733**	**$271,112**	**$743,589**	**$2,251,326**

[1] Totals may not add due to rounding.
[2] Includes guard services.
[3] The ITS budget funds all information technology projects for the agency. The Office of Systems is a staff component that is responsible for the Information Management and Information Technology programs.

Table 3.20 — FY 2017 Physical Infrastructure Costs by Region
(dollars in thousands)[1]

Regions	LAE One Year, Multi Year, and No Year				
	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
Boston	$26,366	$2,095	$11,062	$4	$39,528
New York	$81,431	$6,265	$34,722	$15	$122,432
Philadelphia	$54,310	$5,058	$36,131	$16	$95,515
Atlanta	$118,755	$12,339	$37,366	$13	$168,474
Chicago	$93,575	$9,976	$37,639	$14	$141,204
Dallas	$66,444	$5,401	$9,440	$11	$81,295
Kansas City	$29,917	$3,203	$5,815	$4	$38,939
Denver	$14,262	$1,376	$7,719	$1	$23,359
San Francisco	$100,637	$7,971	$39,576	$15	$148,199
Seattle	$24,929	$1,597	$6,287	$3	$32,817
Headquarters[3]	$94,933	$440,218	$98,677	$778,906	$1,412,734
Total	**$705,559**	**$495,499**	**$324,435**	**$779,002**	**$2,304,495**

Table 3.21 — FY 2018 Estimated Physical Infrastructure Costs by Region
(dollars in thousands)[1]

Regions	LAE One Year, Multi Year, and No Year				
	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
Boston	$26,633	$2,112	$8,872	$4	$37,621
New York	$82,256	$6,317	$27,847	$14	$116,434
Philadelphia	$54,860	$5,100	$28,977	$15	$88,952
Atlanta	$119,958	$12,441	$29,967	$12	$162,379
Chicago	$94,523	$10,059	$30,186	$13	$134,781
Dallas	$67,117	$5,446	$7,571	$10	$80,144
Kansas City	$30,220	$3,230	$4,664	$4	$38,117
Denver	$14,407	$1,387	$6,191	$1	$21,985

[1] Totals may not add due to rounding.
[2] Includes guard services.
[3] Includes DDS, SSAB, ITS, NSC, and Delegated Buildings.

Regions	LAE One Year, Multi Year, and No Year				
	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
San Francisco	$101,657	$8,037	$31,739	$14	$141,447
Seattle	$25,182	$1,610	$5,042	$3	$31,837
Headquarters[3]	$95,895	$443,872	$79,138	$713,967	$1,332,872
Total	**$712,709**	**$499,612**	**$260,193**	**$714,055**	**$2,186,568**

Table 3.22 — FY 2019 Estimated Physical Infrastructure Costs by Region (dollars in thousands)[1]

Regions	LAE One Year, Multi Year, and No Year				
	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
Boston	$26,827	$2,193	$9,244	$4	$38,268
New York	$82,854	$6,559	$29,015	$14	$118,443
Philadelphia	$55,259	$5,295	$30,193	$15	$90,762
Atlanta	$120,831	$12,918	$31,225	$12	$164,985
Chicago	$95,211	$10,444	$31,453	$13	$137,121
Dallas	$67,605	$5,654	$7,888	$10	$81,159
Kansas City	$30,440	$3,353	$4,859	$4	$38,656
Denver	$14,511	$1,441	$6,450	$1	$22,403
San Francisco	$102,396	$8,345	$33,071	$14	$143,827
Seattle	$25,365	$1,672	$5,254	$3	$32,293
Headquarters[3]	$96,592	$460,860	$82,459	$743,497	$1,383,408
Total	**$717,891**	**$518,733**	**$271,112**	**$743,589**	**$2,251,326**

[1] Totals may not add due to rounding.
[2] Includes guard services.
[3] Includes DDS, SSAB, ITS, NSC, and Delegated Buildings.

BACKGROUND

AUTHORIZING LEGISLATION

The LAE account is authorized by section 201(g) of the Social Security Act. The authorization language makes available for expenditure, out of any or all of the Trust Funds, such amounts as Congress deems appropriate for administering Title II, Title VIII, Title XVI, and Title XVIII of the Social Security Act for which SSA is responsible and Title XVIII of the Act for which the Secretary of the Department of Health and Human Services is responsible.

Table 3.23—Authorizing Legislation
(dollars in thousands)

	2017 Amount Authorized	2017 Actual[1]	2018 Amount Authorized	2018 Estimate[2]	2019 Amount Authorized	2019 Estimate[3]
Title II, Section 201(g)(1) of the Social Security Act	Indefinite	$12,481,945	Indefinite	$12,236,144	Indefinite	$12,393,000

[1] The FY 2017 appropriation included $90 million in available funding through September 30, 2018 for activities to address the hearing backlog within the Office of Hearings Operations (formerly the Office of Disability Adjudication and Review), $1,819 million in dedicated funding for program integrity to remain available until March 31, 2018, $123 million for SSI State Supplement user fees, and up to $1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[2] The FY 2018 column does not include $174 million that is in the President's Budget appendix. SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full-year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations. SSA's overall LAE funding level in the President's Budget appendix (approximately $12.406 billion) uses different assumptions. The FY 2018 estimate detailed here includes $1,735 million in dedicated funding for program integrity to remain available until March 31, 2019, $122.2 million for SSI State Supplement user fees, and up to $993,209 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Although SSA is authorized to collect up to $123 million in FY 2018 under the annualized continuing resolution, we estimate that we will collect only $118 million in SSI user fees. We will reconcile any shortfall from our LAE account.

[3] The FY 2019 request includes $1,683 million in dedicated funding for program integrity to remain available until March 31, 2020, $134 million for SSI State Supplement user fees, and up to $1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Beginning in FY 2019, SSA may transfer up to $10 million from Program Integrity cap adjustment funds to SSA's Inspector General (OIG) to fund CDI unit team leaders. CDI unit operations are an approved use of the cap adjustment.

APPROPRIATION HISTORY

The table below includes the amount requested by the President, passed by the House and Senate Committees on Appropriations, and ultimately appropriated for the LAE account, including any rescissions and supplemental appropriations, for the last 10 years. The annual appropriation includes amounts authorized from SSI State Supplement user fees and, beginning in FY 2009, non-attorney representative user fees.

Table 3.24—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
2009	$10,327,000,000 [1]	- - - [2]	$10,377,000,000 [3]	**$10,453,500,000** [4]
MIPPA – Low Income Subsidy[5]				$24,800,000
Recovery Act[6]				$1,090,000,000
2010	$11,451,000,000 [7]	$11,446,500,000 [8]	$11,446,500,000 [9]	$11,446,500,000 [10]
Rescission[11]				-$47,000,000
2011	$12,378,863,280 [12]	- - - [13]	$12,377,000,000 [14]	$11,446,500,000 [15]
Rescission[16]				-$22,893,000
Final				**$11,423,607,000**
2012	$12,522,000,000 [17]	- - - [18]	$11,632,448,000 [19]	$11,474,978,000 [20]
Rescission[21]				$21,688,000
Final				**$11,453,290,000** [22]
2013	$11,760,000,000 [23]	- - - [24]	$11,736,044,000 [25]	$11,453,290,000 [26]
Rescission				-$21,394,476 [27]
Sequestration				-$386,329,494 [28]
Final				**$11,045,566,321** [29]
2014	$12,296,846,000	- - - [30]	$11,697,040,000 [31]	**$11,697,040,000** [32]
LAE	$11,069,846,000 [33]			
PIAE	$1,227,000,000 [34]			
2015	$12,024,000,000 [35]	- - - [36]	- - - [37]	**$11,805,945,000** [38]
2016	$12,513,000,000 [39]	$11,817,945,000 [46]	$11,620,945,000 [47]	**$12,161,945,000** [48]
2017	$13,067,000,000 [49]	$11,898,945,000 [50]	$12,481,945,000 [51]	**$12,481,945,000** [52]
2018	$12,457,000,000 [53]	$12,392,945,000 [54]	$11,992,945,000 [55]	**- - -** [56]
2019	$12,393,000,000 [57]			

[1] Total includes $504,000,000 in funding designated for SSI redeterminations and continuing disability reviews – $264,000,000 in base funding and $240,000,000 in additional funds. Includes up to $145,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[2] The House Committee on Appropriations did not report a bill.

[3] S. 3230.

[4] Omnibus Appropriations Act, 2009 (P.L. 111-8). Total includes $504,000,000 in funding designated for SSI redeterminations and continuing disability reviews – $264,000,000 in base funding and $240,000,000 in additional funds. After enactment of the FY 2009 appropriation, $1,378,700 was transferred from LAE to OIG.

[5] From the General Fund of the Treasury, the Medicare Improvements for Patients and Providers Act (MIPPA) (P.L. 110-275) provides $24,800,000 for activities related to the implementation of changes to the Low-Income Subsidy program. The MIPPA total does not include $24,100,000 for Medicare Savings Program outreach and transmittal of data to states. Also not included is the Children's Health Insurance Program Reauthorization Act (P.L. 111-3), which appropriated to SSA $5,000,000 to provide states the option to verify citizenship or nationality for the purposes of determining Medicaid or Children's Health Insurance Program eligibility.

[6] The American Recovery and Reinvestment Act (Recovery Act) (P.L. 111-5) provides SSA $500,000,000 to process growing disability and retirement workloads, $500,000,000 to replace the National Computer Center, and $90,000,000 to administer the $250 economic recovery payments for eligible Social Security and Supplemental Security Income beneficiaries.

[7] Total includes $758,000,000 in funding designated for SSI redeterminations and continuing disability reviews – $273,000,000 in base funding and $485,000,000 in additional funds. Includes up to $165,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to $500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[8] H.R. 3293.

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

[10] Consolidated Appropriations Act, 2010 (P.L. 111-117). Total includes $758,000,000 in funding designated for SSI redeterminations and continuing disability reviews – $273,000,000 in base funding and $485,000,000 in additional funds. The enacted amount matches the President's request, after accounting for a technical adjustment resulting from CBO's scoring of user fees. Total includes up to $160,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments, and $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[11] $47,000,000 of Recovery Act Economic Recovery Payment administration funds rescinded by section 318 of P.L. 111-226.

[12] Total includes $796,000,000 in funding designated for SSI redeterminations and continuing disability reviews – $283,000,000 in base funding and $513,000,000 in additional funds. Includes up to $185,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes $1,863,280 to increase SSA's acquisition workforce capacity and capabilities.

[13] The House Committee on Appropriations did not report a bill.

[14] S. 3686.

[15] Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

[16] A total of $22,893,000 was rescinded by the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The table does not display a $200,000,000 rescission of no-year IT funds enacted in the Additional Continuing Appropriations Amendments, 2011 (P.L. 112-6) or a $75,000,000 rescission of no-year IT funds enacted in the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

[17] Total includes $938,000,000 in funding designated for SSI redeterminations and continuing disability reviews – $315,000,000 in base funding and $623,000,000 in additional funds. Includes up to $163,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes $1,863,000 to increase SSA's acquisition workforce capacity and capabilities.

[18] The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included $12,041,494,000.

[19] S. 1599.

[20] Consolidated Appropriations Act, 2012 (P.L. 112-74). Total includes $483,484,000 for continuing disability reviews and SSI redeterminations appropriated in the Disaster Relief Appropriations Act (P.L. 112-77).

[21] A total of $21,688,000 was rescinded by the Consolidated Appropriations Act, 2012 (P.L. 112-74).

[22] The FY 2012 enacted LAE Budget Authority is $11,453 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately $7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately $154 million. The available LAE funding for FY 2012 is approximately $11,446 million.

[23] Total includes $1,024,000,000 in funding designated for SSI redeterminations and continuing disability reviews – $273,000,000 in base funding and $751,000,000 in additional funds. Includes up to $170,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[24] The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included $10,684,414,000 for LAE.

[25] S. 3295.

[26] At the time the Budget was formulated we had not received a full year appropriation for FY 2013. We were operating under a six month CR (P.L. 112-175) that funded agency operations at $11,520,000,000 if annualized. This represents a 0.612 percent increase from the FY 2012 enacted level. Funding was reduced to the FY 2012 enacted level of $11,453,290,000 under a full year CR (P.L. 113-6).

[27] As per BDR 13-19, SSA was subject to an Across-the-Board (ATB) Reduction/Rescission of .2% of LAE. Both Base and Cap Program Integrity funds were exempt from this reduction.

[28] Under P.L. 112-175, all non-SSI funding was reduced by 5% after sequestration was triggered by Congress.

[29] Agency funding post sequestration (P.L. 112-175) and ATB reduction (BDR 13-19) was $407,723,000 lower than the original CR funding level (P.L. 113-6).

[30] The House Committee on Appropriations did not report a bill. The LAE appropriation of $11,697,040,000 for FY 2014 was incorporated into H.R. 3547.

[31] S. 3533.

[32] Consolidated Appropriations Act, 2014 (P.L. 113-76). Total includes $1,197,000,000 for continuing disability reviews and SSI redeterminations. Includes up to $171,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[33] Total includes $273,000,000 in funding designated for SSI redeterminations and continuing disability reviews. Includes up to $173,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[34] The FY 2014 President's Budget included a legislative proposal to create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request was $1,227,000,000. With the addition of $273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 was $1,500,000,000.

[35] Total includes $1,396,000,000 in dedicated funding designated for SSI redeterminations and continuing disability reviews – $273,000,000 in base funding and $1,123,000,000 in funds outside the discretionary caps as authorized by the BCA, as well as $131,000,000 from LAE to assist in program integrity work. Includes up to $124,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[36] The House Committee on Appropriations did not report a bill.

[37] The Senate Committee on Appropriations did not report a bill.

[38] Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235). Total includes $1,396,000,000 for continuing disability reviews and SSI redeterminations. Includes up to $124,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[39] Total includes $1,439,000,000 in dedicated funding designated for SSI redeterminations and continuing disability reviews – $273,000,000 in base funding and $1,166,000,000 in funds outside the discretionary caps as authorized by the BCA. Includes up to $136,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[46] H.R. 3020.

[47] S.1695.

[48] Consolidated Appropriations Act, 2016 (P.L. 114-113). Total includes $1,426,000,000 for continuing disability reviews and SSI redeterminations. Includes up to $124,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[49] The FY 2017 request includes $1,819,000,000 in dedicated funding for program integrity - $273,000,000 in base funding and $1,546,000,000 in funds outside the discretionary caps as authorized by the BCA. Additionally, the LAE account carves out funding to support the fully loaded costs of performing 1.1 million CDRs and approximately 2.8 million redeterminations, $126,000,000for SSI State Supplement user fees, and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[50] H.R. 5926.

[51] S. 3040.

[52] Consolidated Appropriations Act, 2017 (P.L. 115-31). Total includes $90,000,000 in available funding through September 30, 2018 for activities to address the hearing backlog within the Office of Hearings Operations (formerly the Office of Disability Adjudication and Review). Includes $1,819,000,000 in dedicated funding for program integrity to remain available until March 31, 2018. Includes $123,000,000 for SSI State Supplement user fees and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[53] The FY 2018 request includes $1,735,000,000 in dedicated funding for program integrity - $273,000,000 in base funding and $1,462,000,000 in funds outside the discretionary caps as authorized by the BBA. Includes up to $118,000,000 for SSI State Supplement user fees, and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[54] H.R.3358

[55] S. 1771

[56] The FY 2018 column does not include $174 million that is in the President's Budget appendix. SSA's overall LAE funding level in FY 2018 of $12,236,144,131 assumes the enactment of a full-year CR, including the FY 2018 authorized level of $1,735,000,000 in program integrity funding, an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations. SSA's

overall LAE funding level in the President's Budget appendix (approximately $12.406 billion) uses different assumptions. The FY 2018 estimate assumed in this document includes $1,735,000,000 in dedicated funding for program integrity- $273,000,000 in base funding and $1,462,000,000 in funds outside the discretionary caps as authorized by the BBA to remain available until March 31, 2019. Includes $122,164,707 for SSI State Supplement user fees, and up to $993,209 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Although SSA is authorized to collect up to $123,000,000 in FY 2018 under the annualized continuing resolution, we estimate that we will collect only $118,000,000 in SSI user fees. We will reconcile any shortfall from our LAE account.

[57] The FY 2019 request includes $1,683,000,000 in dedicated funding for program integrity - $273,000,000 in base funding and $1,410,000,000 in funds outside the discretionary caps as authorized by the BBA to remain available until March 31, 2020. Beginning in FY 2019, SSA may transfer up to $10 million from Program Integrity cap adjustment funds to SSA's Inspector General (OIG) to fund CDI unit team leaders. CDI unit operations are an approved use of the cap adjustment. Includes up to $134,000,000 for SSI State Supplement user fees, and up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

ADDITIONAL BUDGET DETAIL

SIZE AND SCOPE OF SSA'S PROGRAMS

SSA's administrative budget is driven by the programs we administer—both in terms of the amount of work performed and the number of people needed to process it—and by our continuing efforts to improve service, stewardship, and efficiency.

Between the three major programs SSA administers—OASI, DI, and SSI—Federal benefit payment outlays totaled $988.5 billion in FY 2017; under current law, Federal benefit payment outlays are expected to increase to over $1 trillion in FY 2018 and nearly $1.1 trillion in FY 2019. At less than 1.3 percent of total benefit payment outlays, SSA's administrative expenses[1] continue to be a small fraction of overall program spending, demonstrating our cost-conscious approach to managing its resources.

Table 3.25—Federal Benefit Outlays
(dollars in billions)[2,3]

	FY 2017 Actuals	FY 2018 Estimate	FY 2019 Estimate
Old-Age and Survivors Insurance	$791.1	$836.1	$892.0
Disability Insurance	$142.8	$144.8	$149.0
Supplemental Security Income	$54.6	$50.8	$56.2
Total Outlays	**$988.5**	**$1,031.6**	**$1,097.2**

Paralleling the growth in benefit payment outlays, the number of Federal beneficiaries of the three major programs SSA administers is expected to increase from 66.7 million in FY 2017 to 68 million in FY 2018 and 69.6 million in FY 2019.

Table 3.26—Beneficiaries
(average in payment status, in millions)[4,5,6]

	FY 2017	FY 2018	FY 2019
Old-Age and Survivors Insurance	50.6	52.1	53.7
Disability Insurance	10.6	10.5	10.4
Supplemental Security Income	8.1	8.0	8.0
Concurrent Recipients[7]	-2.6	-2.6	-2.6
Total Beneficiaries	**66.7**	**68.0**	**69.6**

[1] SSA's calculation of discretionary administrative expenses excludes Treasury administrative expenses, which are mandatory outlays.
[2] Totals may not add due to rounding.
[3] Totals do not include payments to recipients of Special Benefits for World War II Veterans.
[4] Totals do not include recipients of Special Benefits for World War II Veterans.
[5] Does not include recipients receiving a Federally Administered State supplementary payment only.
[6] Totals may not add due to rounding.
[7] Recipients receiving both DI and SSI benefits.

FULL TIME EQUIVALENTS AND WORKYEARS

The following table summarizes the LAE Federal and State workyears requested for FY 2019.

Table 3.27—SSA Supported Federal and State Workyears[1,2,3,4]

	FY 2017 Actual	FY 2018[5] Estimate	FY 2019 Estimate
Federal Full-Time Equivalents (FTEs)	60,877	61,014	60,036
Federal Overtime/Lump Sum Leave	2,558	1,648	998
Total SSA Workyears (excludes OIG)	**63,435**	**62,662**	**61,034**
Total State DDS Workyears	14,522	13,721	13,680
Total SSA/DDS Workyears (excludes OIG)	**77,957**	**76,383**	**74,714**

SOCIAL SECURITY ADVISORY BOARD

This Budget includes $2.3 million for the Social Security Advisory Board in FY 2019. The *Social Security Independence and Program Improvements Act of 1994* mandated the creation of a bipartisan, seven-member advisory board to advise the President, the Congress, and the Commissioner of Social Security and to make recommendations on policies and regulations relating to SSA's major programs: OASDI and SSI.

The Board analyzes the OASDI and SSI programs, including how other public and private systems support these programs, and makes recommendations on how to improve the economic security of millions of Americans. The Board makes recommendations to the President and to the Congress on policies related to preserving the short-term and long-term solvency of the OASI and DI programs. The Board also analyzes and makes recommendations on the coordination of

[1] SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full-year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, included in our FY 2018 total obligations.

[2] Excludes 8 workyears in FY 2017, 348 workyears in FY 2018 and 63 workyears in FY 2019 funded by the Medicare Access and CHIP Reauthorization Act of 2015.

[3] Excludes workyears associated with the Children's Health Insurance Program (CHIP) Reauthorization Act of 2009 and the Medicare Savings Plan.

[4] Includes 268 workyears in FY 2017 and 328 workyears in FY 2018 Dedicated Funding to Address the Hearings Backlog available through September 30, 2018 as provided by PL 115-31 – Consolidated Appropriations Act, 2017.

[5] A full-year appropriation for FY 2018 was not enacted at the time the FY 2019 President's Budget was prepared. All FY 2018 figures assume funding at the annualized funding level provided in the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended).

Social Security programs with other health security programs, improving the quality of service to the public, and improving public understanding of the Social Security.

The Board is required by law to meet at least four times per year and currently holds 2-day meetings every other month supplemented with field visits and monthly conference calls. For more information about the Social Security Advisory Board, please see their website at *www.ssab.gov*.

Budget Authority by Object Class and Staffing

Object Class	FY 2017 Actual	FY 2018 Estimate[1]	FY 2019 Request
Salaries	$1,241,300	$1,474,858	$1,485,424
Benefits	$349,900	$347,055	$349,576
Subtotal, Compensation	**$1,591,200**	**$1,821,913**	**$1,835,000**
Travel	$66,442	$74,490	$100,000
Rent, Communications, Utilities	$283,269	$188,710	$150,000
Printing & Reproduction	$2,839	$2,980	$4,000
Consultants & Contracts	$121,599	$171,458	$190,000
Equipment	$10,709	$9,932	$6,000
Supplies	$23,531	$14,898	$15,000
Total, All Objects	**$2,099,589**	**$2,284,381**	**$2,300,000**
Staffing Levels			
Full-time, Permanent Staff	9	8	8
Part-time, and other Special Government Employees Temporary Staff	1	1	1
Board Members	6	7	7

Note: Totals may not add due to rounding.

[1] A full-year appropriation for FY 2018 was not enacted at the time the FY 2019 President's Budget was prepared. All FY 2018 figures assume funding at the annualized funding level provided in the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The CR estimate for Advisory Board reflects an across the board cut of .6791% of the FY 2017 enacted levels.

INFORMATION TECHNOLOGY SYSTEMS (ITS) FUND TABLES

Table 3.28 — LAE Expired Balances & No-Year IT Account
(in thousands)

LAE Expired Accounts	Amounts
LAE unobligated balance from FY 2013-2016	$176,800
LAE unobligated balance available from FY 2017	$46,500
Total LAE unobligated balance from FY 2013-2017	$223,300[1]
Amounts projected for prior year adjustments	-$171,500[2]
Total LAE unobligated balance available for transfer from FY 2013-2017	**$51,800**
No-Year ITS Account	
Carryover from funds transferred in FY 2016 for FY 2017	$51,852
Carryover from FY 2016 (Unobligated Balances)	$1,003
Total carryover from FY 2016 to FY 2017	$52,855
Funds transferred in FY 2017 for FY 2017	$139,626
Total FY 2017 no-year ITS funding available	$192,481
FY 2017 Obligations	-$80,241
Recoveries in FY 2017	$0
Total carryover into FY 2018	**$112,240**
Funds available for transfer in FY 2018 for FY 2018	$51,800
Total FY 2018 no-year ITS funding available	**$164,040**

INFORMATION TECHNOLOGY

The fiscal year (FY) 2019 Information Technology Systems (ITS) budget provides resources for the acquisition and maintenance of automated data processing (ADP) and telecommunications hardware and software, as well as ADP support services and related contractual services. The budget provides for the technology to support the ongoing computer and telecommunications

[1] Reflects adjustments to the unobligated balances for these years. Balances as of 9/30/2017.
[2] It is essential that these funds remain in the expired LAE accounts (FY 2013-2017) to cover potential upward adjustments. Otherwise, SSA could face an anti-deficiency violation.

operations, as well as support for agency initiatives. The Chief Information Officer (CIO) reviews all information technology (IT) spending to ensure it includes only those projects and activities that are most critical for the agency's operations and/or have the highest payback. Two critical components of this year's budget submission are continuing and improving our aggressive cybersecurity program and beginning execution of our comprehensive multi-year IT Modernization initiative.

The table below reflects the total ITS Budget Authority.

Table 3.29 – ITS Budget Authority

(Dollars in Millions)	FY 2018	FY 2019	Change
ITS New Budget Authority	$882.60	$1,072.00	$189.40
Prior Year Transfer/Carryover	$173.89	$50.00	$(123.89)
IT Reimbursables	$6.00	$5.00	$(1.00)
Subtotal	***$1,062.49***	***$1,127.00***	***$64.51***
Recovery Act (NSC)	$0.43	$0.00	$(0.43)
ODAR Anomaly[1]	$9.10	$0.00	$(9.10)
Payroll	$546.38	$544.33	$(2.05)
Total	**$1,618.40**	**$1,671.33**	**$52.93**

The IT Budget Summary table, which immediately follows, is composed of five sections that reflect the agency's IT portfolios by funding type: IT Modernization, Agency Programmatic IT Applications, Agency Administrative Applications, Infrastructure, and Cybersecurity. Accompanying the table is a high-level IT operations narrative and a list of major areas supported by the budget. Separate sections detailing IT Modernization and Cybersecurity follow the summary section.

Table 3.30 – ITS Budget Summary Table

IT Budget by Portfolio (in Millions)	FY 2018[2]	FY 2019	Change
ITS	34.2	80.0	45.8
IT Payroll	49.5	52.0	2.5
ODAR Anomaly	5.7	-	(5.7)
IT Modernization, Subtotal	***$ 89.4***	***$ 132.0***	***$ 42.6***
ITS	890.8[3]	880.6	(10.2)
IT Payroll	312.9	317.4	4.6
Infrastructure, Subtotal	***$ 1,203.6***	***$ 1,198.0***	***$ (5.5)***
ITS	29.9	29.1	(0.8)
IT Payroll	27.4	23.8	(3.6)

[1] The Office of Disability Adjudication and Review (ODAR) is now the Office of Hearings Operations (OHO).
[2] $46.4 million funded in FY 2017 for IT Modernization.
[3] $3.4 million of FY 2018 ODAR Anomaly funding included in Infrastructure portfolio.

IT Budget by Portfolio (in Millions)	FY 2018[2]	FY 2019	Change
Administrative Applications, Subtotal	***$ 57.3***	***$ 52.9***	***$ (4.4)***
ITS	42.1	61.6	19.5
IT Payroll	122.6	115.1	(7.6)
Programmatic Applications, Subtotal	***$ 164.7***	***$ 176.7***	***$ 12.0***
ITS	69.3	75.7	6.3
IT Payroll	34.0	36.0	2.0
Cybersecurity, Subtotal	***$ 103.3***	***$ 111.6***	***$ 8.3***
Total IT Budget	**$ 1,618.4**	**$ 1,671.3**	**$ 52.9**

Note: Totals may not add due to rounding.

We use the capabilities of IT to meet our growing workload demands and the changing expectations of our customers. With a highly skilled workforce and maximum use of technology properly aligned to achieve optimum value, we continue to build an agency for the future while upholding the privacy and security of the information we possess. This budget proposes projects addressing the following major areas:

- Improving and expanding service delivery options that meet the changing needs of the public, today and tomorrow. To fulfill our commitment, we must continually improve how we serve the public in our field and hearings offices and on our National 800 Number. We will also further enhance our online services and promote them as a safe and convenient service option.
- Improving the way we do business through mission-focused policies, processes, and systems. Through modern technology and data analytics, we will advance our means to provide effective services to the public.
- Ensuring efficient administration of our programs and resources. Over the next five years, we will focus our stewardship efforts in three major areas: improving program integrity; enhancing our fraud prevention activities; and improving workforce performance and increasing accountability.

IT plays a critical role in our day-to-day business processes. The agency's computers maintain demographic, wage, and benefit information on almost every American. The data in the agency's computer systems is a critical national, economic, and information resource, and it is essential to providing services to the millions of people who count on us each day.
Our field offices cannot continue to accommodate growing workloads unless the agency further automates its business processes wherever possible and offers more online services. As individuals accept and use the Internet to conduct more complex and sensitive transactions, secure online service options are essential to providing a quality experience. We continue to invest in IT to provide improved customer-focused technology that allows the public to access a stable, easy-to-use, convenient, and secure suite of services 24 hours a day, 7 days a week.

The table below is the FY 2019 IT budget request by funding type within portfolios and investment categories. We will discuss these areas in detail in the section that follows.

Table 3.31 – FY 2019 ITS Budget Request by Funding Type

IT Budget (in Millions)	FY 2018		FY 2019	
	ITS	Payroll	ITS	Payroll
Business Domains (Applications)	17.2	44.3	53.0	45.5
Technical Domains	18.0	3.5	27.0	5.0
IT Mod – Chief Program Office (CPO)	4.7	1.7	0.0	1.5
IT Modernization[1]	***$ 39.9***	***$ 49.5***	***$ 80.0***	***$ 52.0***
Application Standard Investment	23.2	44.2	39.5	40.0
Data Center Standard Investment	429.1	42.3	367.8	43.8
End User Standard Investment	90.9	87.1	80.2	90.1
IT Management Standard Investment	12.7	111.3	15.3	114.5
Network Standard Investment	334.8	28.0	306.3	29.0
Next Generation Telephony	-	-	71.5	-
Infrastructure	***$ 890.8***	***$ 312.9***	***$ 880.6***	***$ 317.4***
Business Intelligence/Data Analytics	4.0	7.2	3.7	7.4
E-Government Initiatives	2.3	-	2.8	-
Financial Systems	17.5	7.3	17.7	7.5
Human Resources Investments	3.9	6.6	4.0	6.8
Legal/Public Disclosure Processing	0.2	3.1	0.4	0.3
Reimbursable Services	2.0	3.2	0.6	1.8
Agency Administrative Applications	***$ 29.9***	***$ 27.4***	***$ 29.2***	***$ 23.8***
Anti-Fraud Investments	10.2	4.9	9.8	5.1
Data Exchange	-	3.1	-	3.1
Disability Claim Processing	14.8	35.1	25.9	30.9
Earnings	1.2	5.3	2.3	5.5
Electronic Services	10.0	18.5	12.7	17.5
Enumeration	0.5	2.5	0.9	2.6
Medical Evidence Processing	0.7	4.7	1.0	1.7
Notice Improvement	0.4	4.4	0.7	4.5
Payment Accuracy	0.6	12.6	1.2	12.9
Title II Processing	2.8	22	5.4	21.5
Title XVI Processing	0.9	9.5	1.7	9.8
Agency Programmatic Applications	***$ 42.1***	***$ 122.6***	***$ 61.6***	***$ 115.1***
Cybersecurity	***$ 69.3***	***$ 34.0***	***$ 75.6***	***$ 36.0***
Total IT Budget	***$ 1,072.0***	***$ 546.4***	***$ 1,127.0***	***$ 544.3***

Note: Totals may not add due to rounding.

[1] $46.4 million funded in FY 2017 for IT Modernization.

TECHNOLOGY INVESTMENTS

In the sections below, we provide descriptive information of the agency's IT investments by the portfolio and investment areas in the chart above.

IT Modernization

Our IT Modernization initiative reflects our strong commitment to provide a high degree of service to the public while also emphasizing the use of efficient, affordable, and secure IT solutions. The agency will better serve the public with a modern technology foundation that eliminates legacy systems, reduces reliance on old mainframe architectures, employs agile development, and makes us more nimble. Our IT plays a critical role in support of the agency's mission, ensuring access to information when and how the public needs it, and upholding the protection of personal information. We view modernization as a vital means to fulfill our commitment to the citizens who rely on our services.

We will create a modern technology platform where we build streamlined workflow systems that take advantage of innovations by our business partners. We will use modular construction and agile development methods, so our systems can share common elements, making development of our software faster and more responsive. We will implement automation and tools enabling us to test software early, so the quality produced will be higher when released to the end users. Automation and new computing environments, like the cloud, will enable us to release new software much faster than now when we release new legacy code on the mainframe. Our new architecture will be modular and based on compact services--chunks of functionality that can be deployed efficiently and reused across many systems.

Modernized systems will enable a person to work through a single entry point for all our programs. We plan to implement artificial intelligence systems to help us streamline our workloads. Further, we will develop the capability to use advanced analytics to better utilize electronic medical evidence we receive. We will continue to improve and expand online interactions. We will bring more of our services behind our secure portal, so if a person wants to do business with us, they will come in through the same site with all options available to them. Because our data will be aligned based on who the person is and the ways in which they interact with us, our systems will better determine if we have all the information we need to complete the interaction. If not, we will automatically ask for it, which avoids the inconvenience of being contacted again, speeds whatever response is required, and saves everyone time. We want our Internet options to become the option of choice for most people.

More detailed information is listed in the IT Modernization section of this document.

SSA Infrastructure

This portfolio provides the overall foundation from which the entire agency's IT is designed, developed, and operated. With extensive workloads and new service delivery channels, our reliance on IT and electronic data continues to increase. Rising expectations of the public and our employees, as well as new agency workloads, continue to put increased demands on our IT. The initiatives within our infrastructure assure the sustained operation of current IT and provide an environment to support the growth of the agency's new systems and technical infrastructure.

Infrastructure Investments - Consistent with the Office of Management and Budget's (OMB) IT Budget Capital Planning Guidance, and ahead of the proposed timeline, we reorganized the Infrastructure portfolio into four new standard investments to align with the Technology Business Management (TBM) Framework for the FY 2019 submission.

- The Data Center and Cloud standard investment provides the IT Infrastructure for our data center facilities. It maintains our physical and virtual servers, offline storage resources, and supports the transfer of information between the agency and internal/external customers.
- The End User standard investment provides IT resources such as workstations, mobile devices, end user software, and helpdesk support, which we require to meet our workload demands.
- The IT Management standard Investment category captures all costs associated with IT Management and Strategic Planning (including CIO and other senior leadership FTE costs), Enterprise Architecture, Capital Planning, Project Management Offices, IT Budget/Finance, and IT Vendor Management, 508 Compliance, general IT policy and reporting, and IT Governance.
- The Network standard investment provides data, voice, services, equipment, access arrangements, cable and wiring to manage network and telecommunications activities. A major initiative kicking off in FY 2019 is the Next Generation Telephony Project (NGTP), which is the establishment of a unified communications (UC) platform replacing the three major agency telephone systems with a single enterprise system that handles multiple tenants. The UC establishes multiple channels for communications between the public and our agency and internal communication.
- The Application standard investment includes resources involved with analysis, design, development, code, test and release packaging support services for development projects and operations, support, fix and minor enhancements for existing applications. It also includes distributed database services, distributed platform, application and system integration resources enabling cross application development. This includes both distributed and mainframe platforms.

Agency Administrative Applications

The Agency Administrative Applications portfolio includes initiatives for administrative services and support systems. This portfolio includes functional areas such as financial management, human resources, acquisitions, accounting, training, and communications.

Business Intelligence and Data Analytics Investments

- The Business Intelligence and Data Analytics investment is composed of IT projects that assist in the development of Business Intelligence tools, collection for management information, and the retirement of legacy systems, which will assist the agency to make better data-driven decisions in outline years.

E-Government Initiatives

- Financial Management Line of Business (LoB) - This initiative reduces non-compliant systems by leveraging common standards and shared service solutions in Federal financial operations. Servicing Agency: Department of the Treasury (DT)
- Disaster Assistance Improvement Plan - The purpose of this initiative is to provide a unified point of access to disaster management-related information, mitigation, response, and recovery information. Servicing Agency: Department of Homeland Security (DHS)
- Grants.gov - This initiative provides a single, online portal and central storehouse of information on grant programs for all Federal grant applicants. Servicing Agency: Department of Health and Human Services (HHS)
- Integrated Acquisition Environment - This initiative creates a secure environment to facilitate agency acquisition of goods and services. Servicing Agency: General Services Administration (GSA)
- Human Resources Line of Business (LoB) - The purpose of this initiative is to provide common core functionality to support the strategic management of human capital government-wide. Servicing Agency: Office of Personnel Management (OPM)
- Federal Health Architecture Line of Business (LoB) - This initiative supports the integration of our health information systems into the emerging Nationwide Health Information Network. Servicing Agency: Department of Health and Human Services (HHS)

Legal/Public Disclosure Processing Investments

- Electronic Discovery (e-Discovery) refers to the identification, preservation, retention, review, and production of electronically stored information (ESI) in the agency's custody and control, which may ultimately be used in litigation, investigations, or third-party inquiries.
- LAWS Critical Needs

Human Resources Investments

- Human Resources Support Systems - this Investment Area is composed of IT projects that focus on improving the overall effectiveness of Human Resources systems. Its objective is to leverage technology to build a model workforce and the ability to provide quality service to the public.
- Human Resources (HR) Portal - provides supervisors, employees, and administrators with a usable, quality product to centralize and support human resources functions. Continuing the development effort will allow the agency to improve our HR Portal services by completing full e7B functionality, redesigning the HR Portal home page, and expanding personnel analytics, processing, and reporting.

Financial Systems

- Our Financial Management Systems investment supports the agency's compliance with applicable accounting principles, standard, and related requirements; management control standards; and policies and requirements prescribed by OMB and the Department of the Treasury.
- Remittance Modernization for Programmatic Debt Collection will streamline and optimize the remittance process for programmatic debt collection.

Reimbursable Services

- Reimbursable Services - Initiative supports different types of reimbursable services that includes data exchanges with other entities. Public reimbursable services are services provided to other Federal agencies under a reimbursable agreement (an example of services includes providing "latest employer" for purposes of detecting tax evasion and illegal aliens). Private reimbursable services are services provided under agreement to State/local agencies.

Agency Programmatic Applications

This IT portfolio includes investments for systems used by employees to serve the public, initiatives enabling the public to conduct online transactions with our agency, and the applications and transactions we make with other government agencies.

Anti-Fraud Investments

- Anti-Fraud Support Systems - The mission of this initiative is to preserve and strengthen the public's trust in the Social Security programs by developing and implementing robust and flexible fraud and abuse detection and prevention programs.
- The Anti-Fraud Enterprise Solution major IT investment will implement a dynamic and flexible enterprise-wide anti-fraud solution that employs advanced data analytics to identify patterns indicative of fraud, improve functionality for data-driven fraud triggers, conduct real-time risk analysis, and integrate technology into the Office of Anti-Fraud Programs' (OAFP) anti-fraud business processes. This solution will also provide true business intelligence to our leaders to aid in data-driven anti-fraud decision-making and real-time monitoring of fraud trends.

Data Exchange

- Data Exchange - Supports managed file transfer software on z/OS, windows, and Unix platforms in order to assist with the delivery of data to internal/external trading partners. This initiative includes, but is not limited to, the use of automated software, management information-gathering tools, and diagnostic procedures for troubleshooting.

Disability Claim Processing

- In an ongoing effort to issue timely disability decisions, we are continuing work to modernize our disability case processing system (DCPS). When complete, DCPS will replace 52 independently operated, aging systems. To date, we deployed DCPS

to 10 DDSs (Delaware, Maine, Ohio, Virginia, Iowa, Rhode Island, South Dakota, Washington, Nebraska, and the District of Columbia) and are preparing for deployment to additional sites. In FYs 2018 and 2019, we will continue development.

- Disability Claim Processing Applications - consists of multiple ongoing projects to maintain existing disability support applications and make modifications as needed.
- BBA Section 823 - Promoting Opportunity Demonstration - Section 823 of the Bipartisan Budget Act of 2015 (BBA) mandates for us to conduct a demonstration to test a $1 for $2 benefit offset for Social Security Disability Insurance beneficiaries. The POD investment will allow us to conduct these tests as well as establish an IT system to facilitate the implementation of the benefit offset.
- Unprocessed Medical Cessations – Enhancements - Establish automation solutions to prevent improper payments due to unprocessed medical cessations following Continuing Disability Reviews.
- Disability Quality Review (DQR) - To design, develop, and replace the legacy client-server system, Disability Case Adjudication and Review System (DICARS) with a web-based modernized Quality Assurance system. DQR is used to provide Disability Examiners in Disability Quality Branches the ability to perform pre-effectuation reviews on disability decisions made by the DDSs.
- OAO iAppeals: Non-Medical - Development of the systems functionality, allowing the creation of requests for of cases and appeals electronically. iAppeals will also greatly reduce the usage of paper as well as postage by eliminating this need as appeals will now be handled electronically.
- Rep Payee - Ongoing activities for Representative Payee systems. Reduces backlogs of pending misuse cases by preventing and correcting improper actions within the electronic Representative Payee System.

Earnings Investments

- Earnings Support Systems - Consists of projects to conduct ongoing maintenance and cyclical activities for existing Earnings applications.

Electronic Services Investments

- The Customer Engagement Tools (CET) major IT investment focuses on the creation of interactive tools for our customers, the members of the public, to conduct business with us. The purpose of this investment is to offer mission-essential benefits, including developing and increasing the use of self-service options and enhancing the online experience for the public by completing business at the first point of contact. Overall, this initiative will expand online communication methods and provide interactive services. The expansion of these services will provide enhanced customer experiences and assist users in managing their personal information and benefits.
- *my* Social Security Services is central to the envisioned Social Security Experience in 2025. We identify *my* Social Security as the online gateway for our customers. *my* Social Security customers will use this gateway throughout their lives as their

circumstances and needs change. The idea for *my* Social Security is to create a personalized, interactive, customizable, and secure one-stop shop for all Social Security electronic services, while providing a superior customer experience. This investment's goal is to design and develop the products necessary to enable *my* Social Security to meet the business needs. The current design is appropriate for individuals accessing their own personal information, but does not include the processes needed to authorize users for the variety of other services. Many of these services are currently available through the agency's legacy registration/authentication application (i.e., IRES - Integrated Registration Services).

- Electronic Services - This initiative focuses on expanding online access for the public through various delivery channels and continuing to develop and enhance the agency's E-Government and eServices architecture over the next several years.

Enumeration

- Enumerations Support Systems - Provides routine maintenance, enhancements as required, and investigation and correction of anomalies for all current and legacy Enumeration support applications.

Medical Evidence Processing Investments

- Health Information Technology (HIT) - HIT volume is the key factor that drives benefits to the disability process. Increasing volume has resulted from our outreach efforts with potential new partners and our collaboration with the Department of Defense, Department of Veterans Affairs, and eHealth Exchange. Moving forward, we are well positioned to accelerate our goal in FY 2018 and beyond through our many strategic approaches and work efforts. We anticipate that HIT will continue to provide positive benefits to our agency.
- Electronic Records Express for Experts – The Office of Hearings Operations (OHO) contracts with medical and vocational experts to perform services such as providing testimony and responding to interrogatories. These services require that experts review case documentation stored in the electronic folder (eFolder). When an expert is contracted to perform services, the appropriate exhibits in the claimant's eFolder are burned to an encrypted CD and provided to the expert. Each year, OHO burns over 1 million CDs for experts. With this investment, OHO will mandate eFolder usage for all individual experts and expert companies, and eliminate the burning and mailing of encrypted CDs for these contractors.

Notice Improvement Investments

- Notice Improvement - Provides accurate, clear, up to date notices. Improved readability and clarity resulting in fewer field office and telephone inquiries. New communication architecture supporting multiple delivery channels and user defined communication preferences. Over time, an ever increasing share of SSA's current mail delivery channel for notices will be through the secure *my* Social Security accounts on line.

Payment Accuracy Investments

- Overpayment Redesign - Initiative to redesign the Title II and Title XVI systems that process overpayments and underpayments and corresponding accounting systems to unbundle debts, prioritize debts, apply benefit withholding or remittances to a specific overpayment, and centralize overpayment data
- Payment Accuracy Support Systems - Detect, prevent, and correct payments resulting from errors by the agency or the beneficiary. Increases the accuracy of our internal payment processes and assists in recovering overpayments that result from incorrect payments.

Title II Processing Investments

- Title II Processing Applications - Initiative will maintain systems processing efficiency, including accuracy and timeliness of Title II payments and Medicare transactions.
- Paperless Enhancements - The project will provide additional enhancements to the existing Paperless Front End Client Server Application. The additional enhancements included will improve processing center workload tracking and monitoring efficiency and increase usability.

Title XVI Processing

- Title XVI Processing Applications - Initiative will maintain the programmatic systems for processing initial claims and post-entitlement actions.

Cybersecurity

Our cybersecurity program continues to improve the agency's detection, protection, and intelligence capabilities against evolving threats and cyber-attacks. This program incorporates security capabilities into a comprehensive, multi-layered defensive approach ensuring the privacy of the public and proper issuance of nearly a trillion dollars in benefits. The Cybersecurity section of this document describes these activities in more detail.

Cybersecurity Investments - Consistent with OMB's IT Budget Capital Planning Guidance, we report Cybersecurity costs in a standard investment to align with the TBM Framework.

- The IT Security & Compliance standard investment captures costs for setting Cybersecurity policy, establishing process and means, measuring compliance, and responding to security breaches. Additionally, the investment captures costs associated with IT compliance such as establishing controls and measuring compliance to relevant legal and compliance requirements. The Investment also includes costs associated with privacy, but it does not include mission (non-IT) security and compliance.

INFORMATION TECHNOLOGY MODERNIZATION

In FY 2018, we will begin to undertake a comprehensive initiative to modernize our IT systems.

Table 3.32 – IT Modernization Activities[1]

IT Budget (in Millions)	FY 2018		FY 2019	
IT Modernization	**ITS**	**Payroll**	**ITS**	**Payroll**
Business Domains (Applications)	17.2	44.3	53.0	45.5
Technical Domains	18.0	3.5	27.0	5.0
IT Mod – Chief Program Office (CPO)	4.7	1.7	0.0	1.5
IT Modernization	***$ 39.9***	***$ 49.5***	***$ 80.0***	***$ 52.0***

Our IT Modernization initiative reflects our strong commitment to provide a high degree of service to the public while also emphasizing use of efficient, affordable and secure IT solutions. The agency will better serve the public with a modern technology foundation that eliminates legacy systems, reduces reliance on old mainframe architectures, employs agile development, and makes us more nimble. Our IT plays a critical role in support of the agency's mission, ensuring access to information when and how the public needs it, and upholding the protection of personal information. We view modernization as a vital means to fulfill our commitment to the citizens who rely on our services.

We will create a modern technology platform where we build streamlined workflow systems that take advantage of innovations by our business partners. We will use modular construction and agile development methods, so our systems can share common elements, making development of our software faster and more responsive. We will implement automation and tools enabling us to test software earlier in the development process, so the quality produced will be higher when released to the end users. Automation and new computing environments, like the cloud, will enable us to release new software much faster than now when we release new legacy code on the mainframe. Our new architecture will be based on compact services – "chunks of functionality" that can be deployed efficiently and reused across many systems, ensuring consistency in how we handle common functions and computation and expediting changes to the common code.

Modernized systems will enable a person to submit a single application for all our programs. We plan to implement artificial intelligence systems to help us streamline our work, starting with our disability determination workloads. Further, we will develop the capability to use advanced analytics to better utilize electronic medical evidence we receive. We will continue to improve and expand online interactions. We will bring more of our services behind our secure portal; so, if a person wants to do business with us, they will come in through the same site with all options available to them. Because our data will be aligned based on who the person is and the ways in which they interact with us, our systems will better determine if we have all the information we need to complete the interaction. If not, we will automatically ask for it, which avoids the inconvenience of being contacted again, speeds whatever response is required, and saves

[1] $46.4 million funded in FY 2017 for IT Modernization.

everyone time. We will take a service-design approach, understanding all of our service channels and how the public prefers to interact with us. We want our Internet options to become the option of choice for most people, and the others will be able to receive the service they require through the most appropriate channel.

This comprehensive initiative consists of three major efforts: modernizing and structuring our code, modernizing our data and data management, and modernizing our infrastructure.

The IT Modernization initiative offers tangible benefits to the agency and its customers. Upgrading our systems will provide a superior customer experience, better focus our IT workforce to future needs, better secure our systems and data, and reduce IT and other operating costs by adopting more modern technologies such as agile development, artificial intelligence, predictive analytics, mobile device tools, and cloud services.

Our IT Modernization program benefits include:

1. **Improving Service to the Public** through increasing online self-service, real-time processing and moving towards a more service-centric organization, technical structure, and overall better customer experience.
2. **Increasing Value of IT for Business** by increasing IT and data reliability, security and enabling faster disability claim decisions
3. **Improving IT Workforce Engagement** by enabling a quicker path to fielding new capabilities, modernizing the development environment to improve productivity, and building a culture to attract and retain top technology talent
4. **Improving Business Workforce Engagement** by enabling better customer service with enhanced customer-centric tools and the ability to move routine work through the systems quickly, enabling more focus on the most challenging service requests
5. **Reducing IT and other Operating Costs** through expanding shared services and the cloud, increasing benefits available through disciplined approaches and reuse of components, and encouraging innovation to improve operational efficiency
6. **Reducing Risk to Continuity of Operations** by increasing awareness of cyber threats and capacity to defend against these threats, and replacing time-worn systems with maintainable technology

The activity planned for FY 2018, described below, assumes funding in both FY 2017 and FY 2018.

Modernizing and Structuring Our Code

Our current applications inventory is written in multiple languages including Assembler and COBOL. These languages are dated and are becoming more unsupportable each day as experienced programmers continue to retire. Today's coders use more modern computer languages. An equally troubling aspect of our existing code is that the older code is largely unstructured and overly complex–analogous to a tangled bowl of spaghetti noodles. Over the last 30 years, we have modified or added to our code base continually, often in an ad hoc way, driven by requirements as they arose, rather than an organized way. Although this method allowed us to address changes with the speed that was required, we have not been able to

consolidate and replace applications in an organized way. Modernizing our code is by far the most difficult and costly element of the three major modernization efforts; it constitutes about 75 percent of the total multi-year request.

In FY 2018, we will focus on modernizing our Title II (retirement), Communications and Disability applications via agile development techniques into more modern and structured code. We will also modernize aspects of Earnings, Enumerations, and Title XVI (Supplemental Security Income) applications in preparation for more comprehensive modernization scheduled for FY 2019.

Data and Database Modernization

We are among the single largest data repositories in the world. However, we are unable to efficiently access and analyze data due to our dated enterprise data model and databases. Updating our databases will enable faster, automated, and integrated access. Equally important is reorganizing (structuring) the enterprise data model for optimum access and use. Currently, pieces of data for a single person exist in multiple databases. The modernization initiative allows us to build a new database to integrate data from a variety of sources to streamline our database infrastructure, and converts current, solid business logic into comprehensive subject areas. In this way, we can build data around individual beneficiaries, so we can understand how we can provide better service across the board, not just by individual benefit programs. One of the major advantages to structured data and modern database technologies is the ability to perform advanced analytics. Advanced analytics enable more evidenced based decision-making, efficiencies in development efforts, and a greatly expanded means of detecting fraud and improper payments. This element is about 10 percent of the total multi-year IT Modernization budget.

Data modernization will continue in FY 2018 including optimizing our data architecture, which consolidates multiple unstructured data sources into a person-centric design; and continued migration to the enterprise data warehouse, which is a consolidated system used for reporting and data analysis, and serves as the basis for successful business intelligence.

Infrastructure Optimization

New technologies and our new, modern National Support Center data center have opened up possibilities for greater data center optimization, virtualization, and adoption of cloud-based technologies. Our ultimate objective is to create an on-premises cloud environment with enough capacity and capability to become a “premier data center service provider.” Coordinating and harnessing these technologies and data center capabilities represents about 15 percent of our total multi-year IT Modernization request.

In FY 2018, we will continue development in our modern development environment public cloud and begin to develop the on-premises cloud.

CYBERSECURITY

In the table below, we provide a summary of the Cybersecurity budget by function area. Details regarding each of these functions follow in the narrative sections below.

Table 3.33 – Cybersecurity Budget Summary

Cybersecurity Function (Dollars in Millions)	FY 2018		FY 2019	
	Cybersecurity Portfolio	Other IT Portfolios	Cybersecurity Portfolio	Other IT Portfolios
Detect	8.8	5.9	5.1	9.0
Identify	30.8	8.0	25.9	10.5
Protect	56.3	25.9	73.6	25.8
Recover	3.3	2.2	3.3	2.5
Respond	4.1	1.6	3.7	-
Total	**$ 103.3**	**$ 43.6**	**$ 111.6**	**$ 47.8**

Introduction

Today, our Cybersecurity and Privacy Programs perform a vital role in protecting, enabling, assuring, and securing our IT assets, network, and data. It is a vital component of protecting the personally identifiable information (PII) of every United States citizen and non-citizen we serve, and for achieving our mission of delivering Social Security services to the public.

Our Cybersecurity Program identifies and achieves a balance between protection and productivity by taking a risk-based approach that focuses on continuous improvement, and we have a proven record of successfully meeting or exceeding Federal cybersecurity performance measures. Nevertheless, the continued modernization of our Cybersecurity and Privacy Programs is vital to addressing ongoing cyber threats and continuing to enable our mission and operations.

Many of the tenets of IT modernization are also the tenets of cybersecurity modernization. By taking greater advantage of automation, analytics, and agile development processes, we will address the risks inherent in legacy applications, avoiding the vulnerabilities associated with outdated, proprietary technologies.

We will incorporate security and privacy into the design of our IT environments and systems by providing a modern security architecture and delivering enterprise security services in areas such as encryption, authentication, and authorization of web and micro services, and secure code design. Finally, we will take advantage of shared services provided by Federal agencies such as GSA's Login.gov service to provide secure access to our electronic services.

Aligning Agency Goals to our Cybersecurity Program Capabilities

By modernizing our Cybersecurity program capabilities, we will support our agency goal to "Improve the Way We Do Business" and our strategy to "strengthen our cybersecurity program and modernize our cybersecurity infrastructure." Our efforts include:

- Managing cybersecurity and privacy risk across the enterprise, business lines, and IT assets
- Building security and privacy into applications from the design stage
- Providing threat-aware and risk-based cybersecurity operations
- Preserving the confidentiality, integrity, and availability of our IT assets
- Protecting the PII of U.S. citizens and non-citizens from unauthorized disclosure or modification
- Developing a professional cybersecurity and privacy workforce
- Increasing awareness of cybersecurity and privacy concepts in our workforce

Addressing Security Risk

We take our agency risk rating seriously. We established an Enterprise Risk Management (ERM) Profile for prioritizing risks that affect our mission and operations. Our ERM Profile tracks security as one of our highest enterprise risks. To support our ERM Profile, we created a detailed Cyber Risk Register to record and prioritize cybersecurity risks. The Register provides a comprehensive view of risks identified through security reviews, external audits, third party testing, and government-wide performance measures. We evaluate these risks based on their potential impact to our business functions, the likelihood and presence of compensating controls to determine the overall risk exposure. We develop risk mitigation strategies by evaluating alternatives and considering a range of factors. We consider the added security benefits and balance those benefits with the operational and budgetary costs. We also identify the human capital resources needed, the availability of resources, and impact on competing cybersecurity priorities. We further assess the technical impact on our network and IT assets, the effect on our related business processes, and any additional user burden.

Aligning to the NIST Cybersecurity Framework

On May 11, 2017, the Administration released a Presidential Executive Order on Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure. The Executive Order requires agency heads to describe planned actions for aligning their cybersecurity activities with the National Institute of Standards and Technology (NIST) Cybersecurity Framework. The Framework provides a standard for managing and reducing cybersecurity risks by planning and organizing capabilities around five function areas: Identify, Protect, Detect, Respond, and Recover. We have been using the framework in past years, and for each of the NIST Cybersecurity Framework function areas, we have provided highlights.

Identify

- **Expand Continuous Diagnostic and Mitigation (CDM) Program Capabilities -** CDM is a collaborative program with DHS that automates critical aspects of Federal agency cybersecurity programs to provide a continuous monitoring function and ongoing authorization function. We are deploying advanced technology solutions through our participation in DHS' Continuous Monitoring as a Service (CMaaS) program. CDM will provide us with continuous monitoring observation, assessment, analysis, and diagnosis, of our security posture, hygiene, and operational readiness.

  We plan to implement application whitelisting to prevent the installation and execution of unauthorized software and malicious software (malware) on our network. Unauthorized software exposes us to the potential of malware (virus, worms, Trojan) attacks that quickly spread and do harm to the confidentiality, integrity, and availability of our systems across our enterprise. Software whitelisting only allows authorized software ('whitelist') to install and run on systems. Software whitelisting prevents unauthorized software and malware from installing and running on systems, which provides further protection from the damaging effects of malware.

  We plan to fully implement CDM. Phase 1 provides agencies with automated capabilities to improve their management of IT assets and detect and mitigate vulnerabilities. Phase 2 will support the Identity Credential and Access Management (ICAM) program. Additionally, we will improve our software asset management (SWAM) capabilities by implementing new technical solutions with our implementation of CDM.

- **Ongoing Authorization -** We will transition to an ongoing security authorization model providing us with continuous risk management. In contrast to traditional three-year security authorization, this model provides Authorizing Officials and Risk Executives a near real-time view of a system's security posture along with integration of cybersecurity risk into the enterprise risk management program. Additionally, we plan to continue to work to implement strong security risk management for all agency software.

Protect

- **Strengthen ICAM Capabilities -** Technology expansion and modernization has changed the way our personnel and citizens access our information and systems. The ICAM program addresses the mission-critical need to ensure appropriate access to resources across multiple operating environments and devices. Continued improvement to this program will automate previously paper-based processes, integrate and centralize onboarding, off-boarding and reporting.

  We continue to implement strong identity verification processes and smart-card-based identity credentials for all of our employees and contractors and also plan to continue to increase cooperation with other Federal agencies. We plan to provide stronger protections for privileged accounts and prevent compromise by continuing to deploy a privileged access management solution to our systems. We also plan to continue to streamline through automation the authorization of security applications.

- **Adopt a Flexible Approach for Protecting Expanding Boundaries -** Similar to ICAM challenges, modern technology has changed the definition of an agency's boundary and how information can be protected while being accessed from devices outside the traditional boundary. Because of this challenge, the Zero-Trust model was designed as a flexible approach to protecting information no matter where users are accessing it.

  We can prevent unauthorized network access by limiting network access based on access need. With network segmentation in place, only authorized systems and users would have physical access to the network and network access would be limited to just those key resources, critical systems, and networks they are authorized to access. By limiting network access, we prevent attacks to our network, systems, and users across our enterprise. In FY 2018, we plan to deploy network segmentation technologies across our network.

- **Protecting our important data with data encryption -** We are implementing capabilities to prevent the risk of a significant breach of our data including PII. While we successfully encrypted most of our end point devices, our cloud servers and storage, and our mainframe storage, we are in the process of encrypting our remaining servers, storage, and end point devices.

Detect

- **Modernize Integrity Review Processes -** In addition to deploying strong security and privacy controls designed to protect against external cyber threats, we have implemented integrity review processes designed to examine user behavior for potential fraudulent activity. Modernization of this program will automate multiple new business processes using data analytics and workflow modeling and streamline and reduce the management burden needed to investigate potentially fraudulent activity. The new process will utilize innovative technologies such as big data and predictive analytic tools to proactively detect and stop potentially fraudulent employee programmatic transactions before they occur.
- **Data Loss Prevention -** As part of our strategy to prevent against a significant breach, we have made a significant investment in Data Loss Prevention (DLP) to further protect against a significant data breach. We were an early adopter of DLP in the Federal government because of the potential impact that would result from a significant loss of PII. We plan to deploy a replacement of our existing enterprise-wide DLP solution in FY 2018. We plan to integrate host-based DLP tools to detect the potential loss of sensitive data prior to transmittal.
- **Malware Defense -** We plan to implement new capabilities to strengthen our defenses against malware and improve our ability to detect anomalies. We plan to deploy a new technical solution to better detect, isolate, and remove malware stemming from zero-day attacks and advanced persistent threats. This solution will augment our existing anti-virus and anti-malware detection capabilities. We also plan to implement additional capabilities to monitor activity on our network in order to detect anomalous user or software-based patterns.

  In FY 2018, we plan to implement two signature-less anti-malware that will provide further protection for email and at the endpoint. For email security, we will deploy a new

email sandboxing solution that will improve the detection of embedded malicious links and malicious email attachments. This solution will detect malicious behavior by opening embedded links and by opening email attachments in email. For endpoint security, we plan to deploy signature-less anti-malware solutions across our enterprise; this anti-malware solution will examine the behavior of malware before it has a chance to run.

We will continue our efforts to implement, upgrade, and test anti-phishing & malware defenses, technologies, and processes. We will also continue training that reduces the risk of malware introduced through email and malicious or compromised web sites.

- **User Behavioral Analytics -** In FY 2018, we will continue to improve the agency's ability to detect threats to our network based on suspicious behavior by analyzing information in several log repositories that regularly monitor computer, user, and network activities. Through this analysis, we will assess risk and improve our ability to proactively detect unusual network activities and unauthorized user access activities.

  We will develop and maintain a big data security analytics capability using big data tools (such as Hadoop) and analytics approaches (such as statistical hypothesis testing) to improve information security and achieve risk reduction goals, security monitoring goals or other security requirements

Respond

- **Implement a Cyber Defense Operations Center (CDOC) -** The CDOC seeks to modernize our Security Operations Center (SOC) to combat the next generation of threats and attacks. We will build and maintain an intelligence-driven SOC, grounded in next generation technologies that will ensure the use of multisource threat intelligence, both strategically and tactically; the use of advanced security analytics to operationalize security intelligence; the use of automation whenever feasible; and adoption of adaptive security architecture.

  Evolving threats continue to grow in number, complexity, and sophistication of attack requiring the SOC to implement a strategy that automates as many of the day-to-day operational tasks as possible. Through workflow automation, the SOC will implement a rapid, streamlined workflow process for identifying, detecting, and responding to security incidents to combat against evolving threats. For implementing workflow automation, the SOC plans to deploy new Security Operations, Analytics, and Reporting solutions.

Recover:

- **Business Impact Assessment Maturation –** We plan to update our existing business impact assessment to align more closely into our incident breach and disaster planning processes.

INFORMATION TECHNOLOGY COSTS BY TYPE

The following table satisfies SSA's requirement directed by the House Report.

Table 3.34 – Information Technology Costs[1]

	FY 2017[2] Actual	FY 2018[3] Estimate	FY 2019[4] Estimate
Maintenance & Lease	$304,267,909	$327,079,052	$339,848,705
Contractor Support	$494,124,810	$281,103,608	$398,595,721
Inter-Agency Agreement	$11,352,298	$7,304,755	$7,159,930
Software	$27,034,186	$57,573,089	$51,602,213
Hardware	$165,250,626	$172,254,111	$93,210,962
Telecommunications	$270,203,167	$210,304,064	$219,634,644
IT Service / Subscription	N/A	$16,401,321	$16,947,825
Total	**$1,272,232,996**	**$1,072,020,000**	**$1,127,000,000**

SSA E-GOV CONTRIBUTIONS

SSA supports many E-Government initiatives. These initiatives serve individuals, businesses, and Federal employees by delivering high-quality services more efficiently and by providing services that might not otherwise be available. These initiatives are included in the agency's IT budget.

Table 3.35 – SSA E-Gov Contributions
(in thousands)

	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Disaster Assistance Improvement Plan	$56	$56	$56
E-Federal Health Architecture LoB	$100	$100	$100
E-Rulemaking	$34	$30	$30
Federal PKI Bridge	$158	$168	$486
Geospatial LoB	$25	$25	$25
Benefits.gov	$377	$324	$411
Grants.gov	$25	$30	$26
Human Resources Management LoB	$130	$137	$137
Integrated Award Environment (IAE)	$857	$874	$944

[1] Does not include personnel costs.
[2] FY 2017 includes $5.9M in Reimbursable funds, $11.5M ARRA funds and $10.9M Hearings Backlog 2 Year Anomaly funds.
[3] FY 2018 includes $6.0M in Reimbursable funds, $.43M in ARRA funds and $9.1M in Hearings Backlog 2 Year Anomaly funds.
[4] FY 2019 includes $5M in Reimbursable funds, only.

	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Budget Formulation and Execution LoB[1]	$55	$55	$55
Total	**$1,884**	**$1,866**	**$2,337**

SSA remains an active participant to the following E-Government initiatives:

Disaster Assistance Improvement Plan provides a unified point of access to disaster management-related information, mitigation, response, and recovery information.

E-Federal Health Architecture Line of Business (LoB) supports integration of the agency's health information systems into the emerging Nationwide Health Information Network (NHIN).

E-Rulemaking improves collaboration across government on regulatory matters and provides a central web-based environment for the public to review and comment on SSA regulatory actions while reducing administration costs.

Federal PKI Bridge provides the agency with a common infrastructure to administer digital certificates and public-private key pairs, including the ability to issue, maintain, and revoke public key certificates. In addition, implementation of FPKI allows SSA to meet the mandatory requirement of OMB Memorandum M-11-11.

Financial Management LoB reduces non-compliant systems by leveraging common standards and shared service solutions in Federal financial operations.

Geospatial LoB maximizes geospatial investments by leveraging resources and reducing redundancies. Offering a single point of access to map related data will allow SSA to improve mission delivery and increase service to citizens.

Benefits.gov helps to promote awareness of SSA's benefit programs to the public, assisting SSA in its strategic goals of delivering services effectively and improving the way we do business.

Grants.gov provides a single, online portal and central storehouse of information on grant programs for all Federal grant applicants.

Human Resources Management LoB provides common core functionality to support the strategic management of Human Capital government-wide.

Integrated Award Environment creates a secure environment to facilitate the acquisition of goods and services.

Budget Formulation and Execution LoB supports the Federal Government's effort to improve agency budgeting through collaboration and information sharing. The Department of Education will implement a variety of solutions related to technology, human capital and governance by identifying tools for agency use to enhance budget functions and making them generally available to the Federal budget community.

[1] Beginning in FY 2016, funds are paid from the IT budget.

This includes sharing best practices and developing training and educational resources for all budget activities, and providing year-round coordination through a Program Management Office.

Table 3.36 – Other SSA Expenses/Service Fees Related to E-Gov Projects
(in thousands)

	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate
Recruitment One-Stop	$415.0	$432.1	$447.3
E-Payroll	$18,680.0	$18,954.2	$19,522.8
E-Travel	$557.8	$750.0	$750.0
Total	**$19,652.8**	**$20,136.3**	**$20,720.1**

In addition to making annual contributions to the managing partners of certain E-Gov projects, SSA also funds various ongoing business services that are related to E-Gov projects. These funds are part of SSA's ongoing budget and pay for services provided by other agencies under authority of the Economy Act.

Recruitment One-Stop provides an online portal (*www.usajobs.gov*) through which citizens can easily search for employment opportunities throughout the Federal Government.

E-Payroll standardizes and consolidates government wide Federal civilian payroll services and processes. It incorporates Enhanced Human Resource Integration, which is the initiative to develop policies and tools used to streamline and automate the electronic exchange of standardized human resource data needed for the creation of an official employee record across the Executive Branch.

E-Travel provides a government wide standard set of world-class travel management services to consolidate Federal travel, minimize cost, and improve customer satisfaction.

IMPROPER PAYMENTS

To Address Senate Reports 114-274 and 115-50

We are committed to reducing improper payments. In its Committee Report 115-150, the Senate Committee on Appropriations stated that it is supportive of our agency's efforts to reduce improper payments and improve program integrity in the disability and Supplemental Security Income (SSI) programs. As part of the Bipartisan Budget Act of 2015 (BBA), Congress empowered our agency to enter into an information exchange with a payroll data provider to prevent improper payments of such benefits. These programs have proven to be beneficial in reducing improper payments for other Federal and State benefits programs, and the Committee urged our agency to prioritize the utilization of these opportunities.

In addition, within dedicated program integrity funding, the Committee encouraged us to utilize all of the tools available to the agency from commercial and non-commercial entities that collect and maintain data regarding employment and wages, to ensure that disability and SSI benefits are properly paid and to reduce fraud and abuse. The Committee requested an update in the

fiscal year (FY) 2019 Congressional Justification on the progress that we have made in utilizing additional tools to identify improper payments, as well as progress it has made in those efforts. The Committee also requested reporting on efforts made to address duplication identified by annual Government Accountability Office reports (Senate Report 114-274). In support of these requests, we have provided updates on some of our key improper payment efforts.

While our payment accuracy rates are very high, even a small error rate adds up to substantial improper payments due to the amount of benefits we pay. For instance, in FY 2016, we issued almost $1 trillion in benefit payments while our combined overpayments and underpayments totaled less than $8 billion. Our internal quality reviews, which are validated by a third-party auditor, indicate that approximately 99.8 percent of our FY 2016 Old-Age, Survivor, and Disability Insurance (OASDI) benefit payments were free of overpayment, and nearly 99.9 percent were free of underpayment in FY 2016, the last year for which we have data. For the same year, 92.4 percent of all SSI benefits we paid were free of overpayment, and over 98.8 percent were free of underpayment. One of our Agency Priority Goals (APG) is to improve the integrity of the SSI program by focusing our efforts on reducing overpayments. In FYs 2018 and 2019, our target is to achieve an SSI overpayment accuracy rate of 94 percent.

We are focused on improving the quality and integrity of our programs to protect taxpayer dollars and combatting the leading causes of improper payments. We are also looking at efforts across the Federal sector to best address improper payments. In January 2016, we established a Federal Improper Payment Community of Practice (IP CoP). Our goal was to gather government-wide expertise, share best practices and find common solutions to our shared challenges, build a network of Federal partners, and harmonize policy and processes with the Administration's priorities. The group, which meets throughout the year, now includes 13 Federal benefit-paying agencies.

Reducing Improper Payments

In addition to our key program integrity workloads, we have an aggressive strategy, through various initiatives, to reduce improper payments. We are enhancing our wage reporting and remittance systems as well as modernizing our death reporting system. These systems upgrades will strengthen our internal controls and ensure we administer our programs accurately and efficiently.

Updating Our Death Reporting System: We are updating our death reporting system to ensure we are collecting accurate data from Federal, State, and local agencies as well as from other countries with whom we have totalization agreements. We rely on our death reporting system, so we can stop Social Security and SSI benefits as soon as possible. The early detection of an individual's death is a key means of preventing improper payments.

Our greatest improvements have come from using the Electronic Death Registration (EDR). EDR is a State-sponsored initiative to automate the State paperbound death registration process. The automated process includes an online, real-time verification of the Social Security Number

(SSN). EDR transactions are virtually error-free, and with EDR, we can automatically stop benefits upon death without employee intervention. Currently, 46 States, the City of New York, and the District of Columbia participate in EDR. We continue to work to bring on the remaining States. Universal implementation of EDR significantly reduces death-reporting errors and ensures that our death records are accurate.

In FY 2017, we implemented modifications that provided more accurate death alert data to the Centers for Medicare and Medicaid Services (CMS), and allowed field offices to resolve CMS death alerts more efficiently. We also reduced field office workloads by eliminating some SSI alerts. We will continue our efforts to modernize our death reporting system, including ongoing resolution of data mismatches to increase the accuracy of death information in our master database.

Another effort we are undertaking is the Death Process Redesign, which is a multi-year project that will improve and streamline our death report processing, and seamlessly communicate with the multiple systems that use death information. At the end of the project, the Numident, SSA's main identity record, will be our official source of death data. We will use the death information from the Numident to terminate records in our payment systems more timely, thereby reducing improper payments. These changes will improve the consistency, accuracy, and timeliness of data in our records.

In FY 2017, we centralized Title XVI programmatic death input processes through the Death Information Processing System (DIPS). Users can now perform all Title XVI death processes via DIPS. In FYs 2018 and 2019, we plan to make DIPS the only input location for death data for Title II death inputs; modernize DIPS to better integrate with our other systems; enhance the matching of death information in our systems, and make enhancements that will improve the public Death Master File.

We also have undertaken the Continuing the Death Data Improvement Project to try to increase the accuracy of our payment records, including historical death data clean-ups from our internal systems and States. We are currently in the process of analyzing these historical records to determine the most comprehensive and efficient way to add these records to our Numident.

<u>Making Better Use of Data Exchanges</u>: We currently have 25 computer matching agreements (CMA) with various Federal partners. We obtain benefit payment data, wage data, unemployment data, fugitive felon identification, savings securities, workers compensation, residency information, and nursing facility admission data to help us determine eligibility and offset benefits for our programs. Our objective is to continue current CMAs that yield a positive cost benefit analysis, expand effective CMAs to meet additional program needs, research current programs, work with internal stakeholders to identify data exchange needs, and pursue new data exchanges with potential partners.

<u>Modernizing the Debt Management Process</u>: We receive remittances for repayment of program debt through the mail and in our field offices. We are modernizing our remittance process to provide our debtors with various electronic options to submit their payments. In December 2017, we completed the nationwide rollout of the Social Security Electronic Remittance Systems (SERS), which allows individuals to repay their program debts using checks, money orders, or

credit cards while in our field offices. Doing so will eliminate the mailing of remittances to our processing operation in Philadelphia and result in more timely crediting of payments to debtors' accounts.

While SERS enables the electronic receipt of payment, we still have more than 20 legacy systems that record, track, and manage our programmatic debts. These systems either contain automated functionality or allow technicians to process record updates, establish debts, post corrections, arrange repayment agreements, pursue due process, and terminate collection actions. Various system design limitations affect our ability to fully record and track programmatic debt.

To address these issues, we are developing the Debt Management Product, a multi-year, multi-release IT investment. The Debt Management Product will help us streamline our overpayment process into one system that will enable us to more efficiently post, track, collect, and report our overpayment activity. In addition, the new comprehensive overpayment system will allow us to address limitations previously identified in independent audits and other sources. For example, the Debt Management Product will result in improved and efficient tracking and collection of civil monetary penalties, eliminate the issue around repayment agreements beyond the year 2049, unbundle debts for increased collection opportunities, track remittances from start to finish, and provide better management information and data that will improve our financial reporting.

In FYs 2018 and 2019, we will also continue efforts for the implementation of Pay.gov, an online payment application, with three different store fronts: Department of the Treasury's Pay.gov web portal; *my* Social Security website; and www.socialsecurity.gov. We also initiated preliminary discussions with the U.S. Courts and large third-party payroll providers, exploring opportunities for electronic remittances for court-ordered restitution and administrative wage garnishment.

For more information about our efforts, please see our Annual Report to Congress on Fraud and Improper Payments in the Bipartisan Budget Act of 2015 Section 845(a) Report tab.

EMPLOYMENT

The following table provides a detailed view of the full-time equivalent employment levels.

Table 3.37 —Detail of Full-Time Equivalent Employment[1,2,3]

	FY 2017 Actual	FY 2018[4] Estimate	FY 2019 Estimate
Limitation on Administrative Expenses Accounts	60,664	60,714	59,736
Reimbursable Work	213	300	300
	60,877	**61,014**	**60,036**

The following table lists the Average Grade and Salary for SSA employees for FY 2017. It includes averages for Executive Service (ES) and General Schedule (GS) employees.

Table 3.38 — Average Grade and Salary

	FY 2017 Actual
Average ES Salary	**$176,100**
Average GS/WG Grade	**11**
Average GS/WG Salary	**$74,200**

The following tables satisfy SSA's requirement directed by the House Report.

Table 3.39 — FY 2017 Personnel Costs by Grade

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 0	-	$67,400	$22,600	$90,000
GS – 1	1	$12,700	$3,100	$15,800
GS – 2	1	$62,600	$30,000	$92,600
GS – 3	14	$754,300	$223,400	$977,700

[1] SSA's overall LAE funding level in FY 2018 (approximately $12.236 billion) assumes the enactment of a full-year CR, including the FY 2018 authorized level of program integrity funding ($1.735 billion), an across-the-board cut of .6791%, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations. SSA's overall LAE funding level in the President's Budget appendix (approximately $12.406 billion) uses different assumptions.

[2] Excludes workyears associated with the Children's Health Insurance Program (CHIP) Reauthorization Act of 2009 and the Medicare Savings Plan.

[3] Includes 115 FTEs in FY 2017 and 328 FTEs in FY 2018 Dedicated Funding to Address the Hearings Backlog available through September 30, 2018 as provided by PL 115-31 – Consolidated Appropriations Act, 2017.

[4] A full-year appropriation for FY 2018 was not enacted at the time the FY 2019 President's Budget was prepared. All FY 2018 figures assume funding at the annualized funding level provided in the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended).

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 4	167	$6,721,500	$2,308,700	$9,030,200
GS – 5	1,600	$55,808,800	$18,916,700	$74,725,500
GS – 6	1,620	$78,944,700	$27,661,700	$106,606,400
GS – 7	3,015	$160,397,500	$55,439,100	$215,836,600
GS – 8	8,865	$469,418,500	$169,007,400	$638,425,900
GS – 9	6,009	$375,522,100	$125,493,300	$501,015,400
GS – 10	415	$30,152,100	$9,175,000	$39,327,100
GS – 11	16,319	$1,190,552,300	$407,052,100	$1,597,604,400
GS – 12	12,952	$1,150,776,500	$368,371,500	$1,519,148,000
GS – 13	7,128	$788,569,700	$248,114,600	$1,036,684,300
GS – 14	2,870	$371,708,300	$112,391,800	$484,100,100
GS – 15	729	$112,993,700	$31,973,300	$144,967,000
Subtotal GS Grades[1]	**61,705**	**$4,792,462,700**	**$1,576,184,300**	**$6,368,647,000**
Administrative Law Judge (ALJ)	1,621	$266,196,000	$77,700,500	$343,896,500
Senior Executive Services (SES)	154	$30,032,900	$7,225,600	$37,258,500
Grand Total[2,3]	**63,480**	**$5,088,691,600**	**$1,661,110,400**	**$6,749,802,000**

Table 3.40 — FY 2018 Estimated Personnel Costs by Grade[4]

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 0	-	$69,000	$24,000	$93,000
GS – 1	-	$13,000	$3,000	$16,000
GS – 2	1	$64,000	$32,000	$96,000
GS – 3	14	$773,000	$239,000	$1,013,000
GS – 4	164	$6,891,000	$2,474,000	$9,365,000
GS – 5	1,579	$57,216,000	$20,269,000	$77,485,000
GS – 6	1,598	$80,936,000	$29,638,000	$110,574,000
GS – 7	2,974	$164,443,000	$59,401,000	$223,844,000
GS – 8	8,744	$481,259,000	$181,085,000	$662,344,000
GS – 9	5,927	$384,994,000	$134,461,000	$519,456,000
GS – 10	410	$30,913,000	$9,831,000	$40,743,000
GS – 11	16,097	$1,220,583,000	$436,141,000	$1,656,724,000

[1] Includes $11,925,900 for Reemployed Annuitant (RA) Personnel Costs.
[2] Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.
[3] Data includes OIG.
[4] Workyear and administrative cost estimates are based on FY 2017 ratios. Numbers may not add due to rounding.

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 12	12,776	$1,179,803,000	$394,696,000	$1,574,500,000
GS – 13	7,032	$808,460,000	$265,846,000	$1,074,306,000
GS – 14	2,831	$381,084,000	$120,424,000	$501,508,000
GS – 15	720	$115,844,000	$34,258,000	$150,102,000
Subtotal GS Grades	**60,867**	**$4,913,347,000**	**$1,688,822,000**	**$6,602,169,000**
Administrative Law Judge (ALJ)	1,599	$272,910,000	$83,253,000	$356,164,000
Senior Executive Services (SES)	152	$30,790,000	$7,742,000	$38,532,000
Grand Total[1,2]	**62,618**	**$5,217,048,000**	**$1,779,817,000**	**$6,996,865,000**

Table 3.41 — FY 2019 Estimated Personnel Costs by Grade[3]

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 0	-	$68,000	$25,000	$94,000
GS – 1	-	$13,000	$3,000	$16,000
GS – 2	1	$64,000	$34,000	$97,000
GS – 3	14	$766,000	$251,000	$1,017,000
GS – 4	160	$6,824,000	$2,597,000	$9,421,000
GS – 5	1,539	$56,657,000	$21,283,000	$77,939,000
GS – 6	1,558	$80,144,000	$31,121,000	$111,265,000
GS – 7	2,899	$162,835,000	$62,373,000	$225,207,000
GS – 8	8,524	$476,551,000	$190,144,000	$666,696,000
GS – 9	5,778	$381,228,000	$141,188,000	$522,416,000
GS – 10	399	$30,610,000	$10,323,000	$40,933,000
GS – 11	15,692	$1,208,642,000	$457,960,000	$1,666,603,000
GS – 12	12,455	$1,168,262,000	$414,442,000	$1,582,704,000
GS – 13	6,855	$800,552,000	$279,145,000	$1,079,697,000
GS – 14	2,760	$377,356,000	$126,448,000	$503,804,000
GS – 15	701	$114,711,000	$35,972,000	$150,683,000
Subtotal GS Grades	**59,336**	**$4,865,283,000**	**$1,773,310,000**	**$6,638,594,000**
Administrative Law Judge (ALJ)	1,559	$270,241,000	$87,418,000	$357,659,000

[1] Only includes FY 2018 estimates from the FY 2019 PB for General Schedule Grades (including RAs), ALJs, and SES personnel.
[2] Data includes OIG.
[3] Workyear and administrative cost estimates are based on FY 2017 ratios. Numbers may not add due to rounding.

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
Senior Executive Services (SES)	148	$30,489,000	$8,129,000	$38,618,000
Grand Total[1,2]	**61,044**	**$5,166,013,000**	**$1,868,858,000**	**$7,034,871,000**

Table 3.42 — Historical Staff-On-Duty by Major SSA Component[3]

	FY 2016 Actual	FY 2017 Actual
Field Offices	28,938	28,060
Teleservice Centers	4,567	4,373
Processing Service Centers	10,070	9,881
Regional Offices	1,448	1,372
Operations Subtotal	**45,023**	**43,686**
Office of Disability Adjudication and Review	10,688	10,551
Systems	3,263	3,162
Headquarters[4]	5,013	4,754
SSA Total	**63,987**	**62,153**

The following tables satisfy SSA's requirement directed by the House Report.

Table 3.43 — FY 2017 Personnel Costs by Region5[,6]

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
Boston	1,951	$163,322,900	$53,580,000	$216,902,900
New York	5,244	$413,841,600	$128,300,300	$542,141,900
Philadelphia	6,743	$486,285,200	$159,087,300	$645,372,500
Atlanta	11,506	$630,147,200	$218,741,700	$848,888,900
Chicago	7,694	$594,292,100	$195,778,100	$790,070,200
Dallas	5,981	$354,023,600	$124,639,800	$478,663,400
Kansas City	3,197	$205,602,900	$69,645,400	$275,248,300
Denver	1,222	$96,981,200	$32,731,500	$129,712,700

[1] Only includes FY 2019 estimates from the FY 2019 PB for General Schedule Grades (including RAs), ALJs, and SES personnel.
[2] Data includes OIG.
[3] Includes full time, part time, and temporary employees.
[4] Headquarters includes counts for Operations Support Staff, Disability Case Processing System, GSA Delegations, and the Social Security Advisory Board.
[5] Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.
[6] Regions consist of all of SSA, Advisory Board, Delegations, and OIG. They do not include DDS.

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
San Francisco	7,642	$588,664,800	$191,620,300	$780,285,100
Seattle	2,053	$156,722,000	$52,653,800	$209,375,800
Headquarters	10,247	$1,398,808,100	$434,332,200	$1,833,140,300
Total	**63,480**	**$5,088,691,600**	**$1,661,110,400**	**$6,749,802,000**

Table 3.44 — FY 2018 Estimated Personnel Costs by Region[1]

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
Boston	1,924	$167,442,500	$57,409,000	$224,851,500
New York	5,173	$424,280,300	$137,468,900	$561,749,300
Philadelphia	6,652	$498,551,200	$170,456,100	$669,007,300
Atlanta	11,350	$646,041,900	$234,373,500	$880,415,400
Chicago	7,589	$609,282,400	$209,768,900	$819,051,300
Dallas	5,900	$362,953,500	$133,546,800	$496,500,300
Kansas City	3,154	$210,789,000	$74,622,500	$285,411,500
Denver	1,206	$99,427,400	$35,070,500	$134,497,900
San Francisco	7,538	$603,513,200	$205,313,900	$808,827,100
Seattle	2,025	$160,675,100	$56,416,500	$217,091,600
Headquarters[2]	10,108	$1,434,091,400	$465,370,600	$1,899,462,000
Total[3]	**62,618**	**$5,217,047,900**	**$1,779,817,200**	**$6,996,865,200**

Table 3.45 — FY 2019 Estimated Personnel Costs by Region[1]

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
Boston	1,876	$165,804,500	$60,281,000	$226,085,500
New York	5,042	$420,129,900	$144,346,200	$564,476,100
Philadelphia	6,484	$493,674,200	$178,983,600	$672,657,900
Atlanta	11,065	$639,722,100	$246,098,700	$885,820,800
Chicago	7,398	$603,322,200	$220,263,200	$823,585,400
Dallas	5,752	$359,402,900	$140,227,900	$499,630,800

[1] Workyear and administrative cost estimates are based on FY 2017 ratios. Numbers may not add due to rounding.
[2] Includes frontline workload staff located at the Wabash and Security West buildings in Baltimore.
[3] Only includes FY 2018 estimates from the FY 2019 PB for General Schedule Grades (including RAs), ALJs, and SES personnel.

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
Kansas City	3,075	$208,727,000	$78,355,700	$287,082,700
Denver	1,175	$98,454,800	$36,825,000	$135,279,800
San Francisco	7,348	$597,609,500	$215,585,300	$813,194,800
Seattle	1,974	$159,103,300	$59,238,900	$218,342,200
Headquarters[1]	9,854	$1,420,062,700	$488,652,100	$1,908,714,800
Total[2]	**61,044**	**$5,166,013,200**	**$1,868,857,700**	**$7,034,870,900**

[1] Includes frontline workload staff located at the Wabash and Security West buildings in Baltimore.
[2] Only includes FY 2019 estimates from the FY 2019 PB for General Schedule Grades (including RAs), ALJs, and SES personnel.

PHYSICIANS' COMPARABILITY ALLOWANCE

Physicians' Comparability Allowance (PCA) permits agencies to provide allowances to certain eligible Federal physicians who enter into service agreements with their agencies to address recruitment and retention problems (5 U.S.C. 5948). The following worksheet provides details on usage of PCA within SSA from FY 2016-2018.

Table 3.46—Physicians' Comparability Allowance Worksheet

1) Department and component:

Social Security Administration

2) Explain the recruitment and retention problem(s) justifying the need for the PCA pay authority.

(*Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

SSA has had no medical officer (MO) accessions and one MO separation in fiscal year 2017.

SSA continues to offer PCAs to our MOs in order to recruit and retain the highly specialized physicians that we need. MOs are critical to our mission as they possess specialized skills required to write, revise, update, and develop agency medical policy, including medical policy that is used for evaluating claims for disability benefits under the Social Security disability insurance program or payments under the Supplemental Security Income program.

The PCA helps to compensate for the decrease in salary that a physician accepts when becoming a civil servant. Our MOs accept a reduction in income under the General Schedule (GS) pay scale, which is capped at the GS 15/step 10.

Also, PCAs continue to be a point of importance among our MOs and are a key factor in our ability to retain our current MO and recruit new ones. If we do not retain the PCA, our MO may elect to find employment in other areas or agencies where PCAs are offered.

SSA must continue to offer PCAs in order to recruit new physician MOs and retain the ones we have as we compete for their services with other government agencies.

3-4) Please complete the table below with details of the PCA agreement for the following years:

	PY 2017 (Actual)	**CY 2018 (Estimates)**	**BY* 2019 (Estimates)**
3a) Number of Physicians Receiving PCAs	1(renewal)	1	1
3b) Number of Physicians with One-Year PCA Agreements	0	0	0
3c) Number of Physicians with Multi-Year PCA Agreements	1	1	1
4a) Average Annual PCA Physician Pay (without PCA payment)	161,900	164,200	164,200
4b) Average Annual PCA Payment	30,000	30,000	30,000

*BY data will be approved during the BY Budget cycle. Please ensure each column is completed.

5) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year.

(*Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*
SSA was able to retain its medical officer by continuing to offer PCA.

6) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

MAXIMUM PHYSICIAN'S COMPARABILITY ALLOWANCES

Table 3.47 —Maximum Physician's Comparability Allowances – 1 – Year Contract

CATEGORY	PHYSICIANS WITH 24 MONTHS OR LESS OF SERVICE			PHYSICIANS WITH MORE THAN 24 MONTHS OF SERVICE		
	GS-13	GS-14	GS-15/SES	GS-13	GS-14	GS-15/SES
1. Occupational Health	*	*	*	*	*	*
2a. Disability Evaluation	*	*	*	*	*	*
2b. Administration	$8,000	$9,000	$10,000	$12,000	$18,000	$24,000

Table 3.48—Maximum Physician's Comparability Allowances – 2 –Year Contract

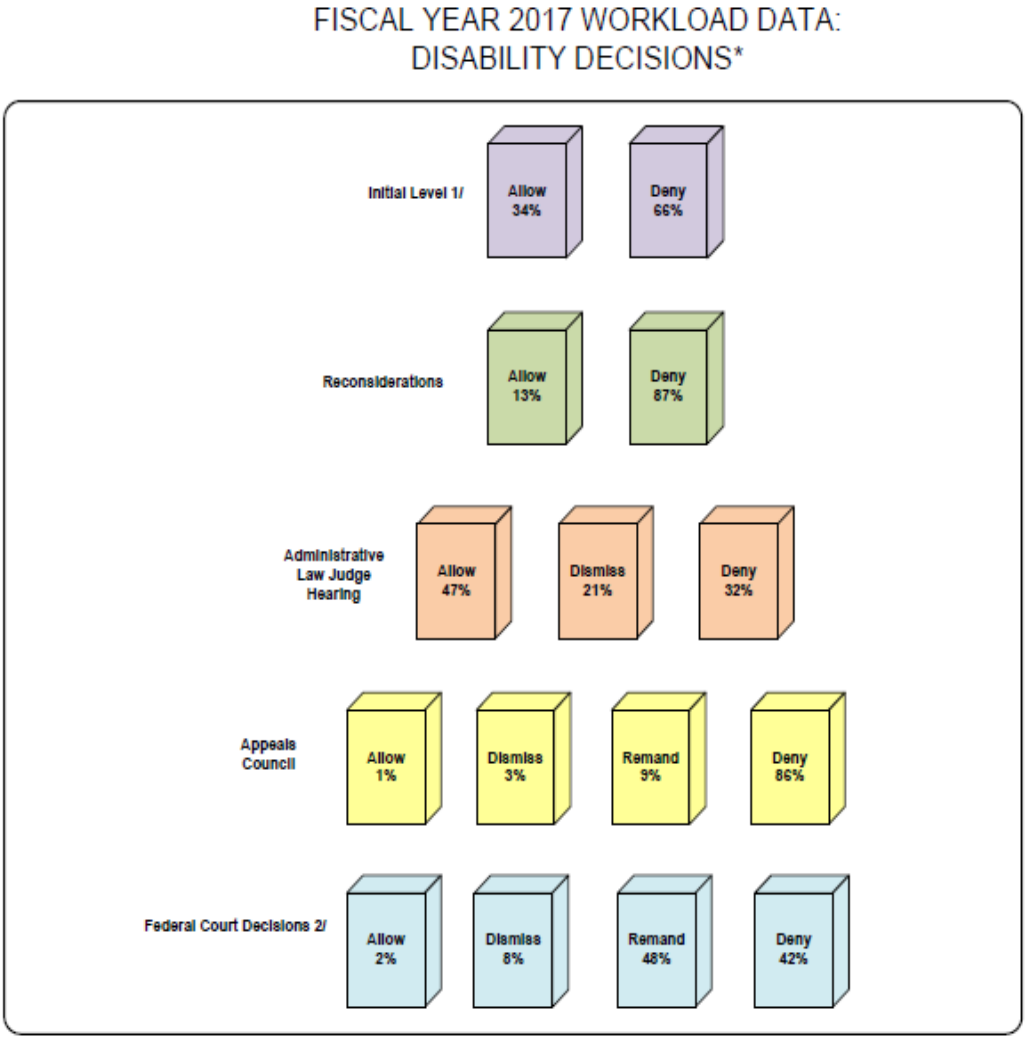
CATEGORY	PHYSICIANS WITH 24 MONTHS OR LESS OF SERVICE			PHYSICIANS WITH MORE THAN 24 MONTHS OF SERVICE		PHYSICIANS WITH MORE THAN 24 MONTHS BUT NOT MORE THAN 48 MONTHS OF SERVICE	PHYSICIANS WITH MORE THAN 48 MONTHS OF SERVICE
	GS-13	GS-14	GS-15/ SES	GS-13	GS-14	GS-15/SES	GS-15/SES
1. Occupational Health	*	*	*	*	*	*	*
2a. Disability Evaluation	*	*	*	*	*	*	*
2b. Administration	$12,000	$13,000	$14,000	$18,000	$24,000	$27,000	$30,000

* SSA currently is not experiencing any recruitment or retention problems for the categories of Occupational Health and Disability Evaluation; therefore, no related maximum allowances have been established for these categories. Maximum allowances have been set for the category of Administration because the Commissioner has determined that there is a significant problem recruiting and retaining physicians for a few positions in this category in the Office of Disability Policy.

FY 2017 DISABILITY WORKLOAD

The following table provides data on the FY 2017 disability claims and appeals workload.

Table 3.49—FY 2017 Workload Data Disability Appeals*



*Includes Title II, Title XVI, and concurrent initial disability determinations and appeals decisions issued in FY 2017, regardless of the year in which the initial claim was filed, and regardless of whether the claimant ever received benefits (in a small number of cases with a favorable disability decision benefits are subsequently denied because the claimant does not meet other eligibility requirements.) Does not include claims where an eligibility determination was reached without a determination of disability. If a determination or appeals decision was made on Title II and Title XVI claims for the same person, the results are treated as one concurrent decision.

1/ About 21% of initial level denials are issued in States that use the Disability Prototype process, which eliminates the reconsideration step of the appeals process. The first level of appeal for these cases is a hearing before an Administrative Law Judge.
2/ Federal Court data includes appeals of Continuing Disability Reviews.

NOTE: Due to rounding, data may not always total 100%.

Prepared by: SSA, ODPMI (Office of Disability Program Management Information)
Date Prepared: January 30, 2018
Data Sources:
1) Initial and Reconsideration Data: SSA State Agency Operations Report
2) Administrative Law Judge and Appeals Council data: SSA Office of Disability Adjudication and Review (ODAR)
3) Federal Court data: SSA Office of General Counsel

SSA ORGANIZATIONAL CHART

The following table provides the current SSA organizational chart.

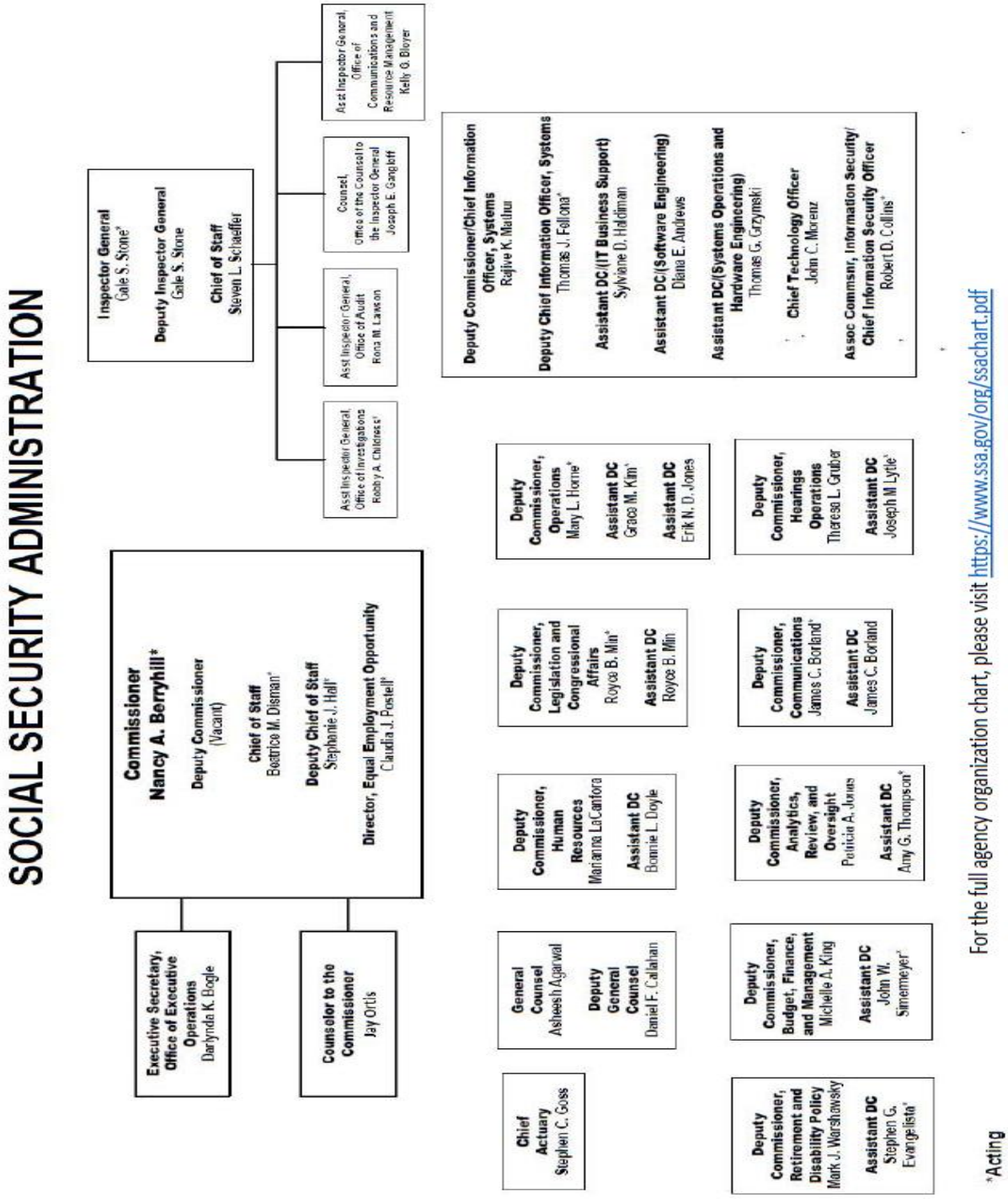



Table 3.50 – SSA Organizational Chart