



SOCIAL SECURITY

The Commissioner

November 14, 2018

The Honorable Richard Shelby
Chairman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

We are pleased to share our fiscal year (FY) 2019 Operating Plan, as required by Section 516 of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (Public Law 115-245).

Our Operating Plan provides proposed spending and expenditures for each of our accounts through the end of FY 2019 under the funding levels provided in the law. We hope that you find the information regarding workload and performance measures, which incorporate current workload projections, helpful. We also included a General Statement, which provides highlights of our Operating Plan.

We are sending similar letters to Senators Leahy, Blunt, and Murray, and Representatives Frelinghuysen, Lowey, Cole, and DeLauro.

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

Sincerely,

Nancy A. Berryhill
Acting Commissioner

Enclosures

SOCIAL SECURITY ADMINISTRATION GENERAL STATEMENT

The Consolidated Appropriations Act, 2019 provides nearly \$12.877 billion in administrative funding to operate our agency in fiscal year (FY) 2019. This amount includes \$100 million to address the disability hearings backlog, which remains available through September 30, 2020; \$45 million to modernize our information technology (IT), including related hardware and software, infrastructure and equipment, which is available until expended; and \$1.683 billion in dedicated program integrity funding, which remains available through March 31, 2020. We are thankful for the support from Congress to address our challenges, and we have plans in place to address our backlogs, modernize our IT infrastructure, and improve our service to the public.

We made significant strides in our efforts to eliminate the hearings backlog and reduce the average wait for a hearing decision. In FY 2018, we decreased the number of people waiting for a hearing decision by about 200,000, or nearly 20 percent, from FY 2017. We will continue this momentum throughout FY 2019 and expect to reduce the average wait for a hearing by 75 days and the number of people waiting by another 226,000. With our plan for Compassionate and REsponsive Service (CARES) and the dedicated hearings backlog funding, we will be on track to eliminate the hearings backlog and reduce the average wait for a hearing decision to 270 days in FY 2021.

We continue to focus on service in our frontline operations, such as our field offices, processing centers (PC), and National 800 Number. In FY 2019, we plan to replace our staffing losses in our frontline operations and provide overtime to better deliver quality service. Our PCs, which handle complex actions that arise after we determine benefit eligibility to ensure we are making proper and timely payments, reduced the number of pending actions to 3.2 million as of September 2018, a 37 percent decrease from an all-time high of more than 5 million pending actions in January 2016. In FY 2019, we plan to reduce pending actions to 2.9 million. We will improve our National 800 Number service, reducing both average wait times and the busy signal rate so that people can reach us more quickly. At the State disability determination services (DDS), we will continue to direct resources to make timely decisions on initial disability claims and reconsiderations.

We will begin our multi-year rollout of the reinstatement of the reconsideration level of appeal in the 10 prototype States in FY 2019. As a result, we will have a more unified, consistent administrative review process across the country. By reinstating the reconsideration step, we will also reduce the number of claimants who would otherwise be waiting for a hearing decision by an administrative law judge.

We appreciate the continued investment of funds to help modernize our IT systems according to our five-year plan and improve our service to the public. With the dedicated IT funding, we will be able to upgrade our existing functions while maintaining our current IT technology, so our customers receive uninterrupted service. Some successes in FY 2018 include replacing our outdated Supplemental Security Income (SSI) claims intake “green screens” with web-based pages for a more seamless process. We also deployed a new case analysis tool for hearing offices while also retiring the Electronic Bench Book legacy system. In FY 2019, we plan to

implement the initial release for a consolidated claims system that eliminates the need to enter the same data multiple times for concurrent Social Security and SSI claims. We will improve the disability claims adjudication process through use of decision support tools that use artificial intelligence. We will also build a customer-centric portal as a foundation for many modernization initiatives. Our vision is that this portal will display information to our technicians on scheduled appointments, notices received by the customer, status of claims, and any outstanding overpayments. By modernizing our IT, we will transform the way we work and improve the customer experience.

The FY 2019 dedicated program integrity funding enables us to continue our stewardship efforts by completing our cost-effective program integrity work. We plan to process over 700,000 full medical continuing disability reviews (CDR) and 2.822 million non-medical SSI redeterminations, to ensure that only qualified individuals continue to receive benefits. In FY 2018, we became current with full medical CDRs for the first time since 2002. With the funding received in FY 2019, we will be able to maintain CDR currency.

This funding will also allow us to add additional cooperative disability investigations (CDI) units, which are highly successful at detecting fraud before we make a disability decision. Along with the Office of the Inspector General, we jointly operate CDI units with State DDSs, and State and local law enforcement. In addition, we will be able to maintain our corps of Special Assistant U.S. Attorneys, who prosecute cases of alleged Social Security fraud that would otherwise not be prosecuted in Federal courts. They also serve as a deterrent against those individuals who unlawfully attempt to receive Social Security benefits.

Our programs affect nearly every person at some point: when they retire, after the onset of a disability, or following the death of a loved one. The public deserves a Social Security Administration that delivers timely, quality services, is an efficient and effective organization, and is a good steward of the taxpayers' dollars. With this year's appropriation and your continued support, we will build on our accomplishments to improve service; protect our programs, systems, and beneficiaries; and more efficiently manage our agency.

Social Security Administration (SSA) Fiscal Year (FY) 2019 Operating Plan
(Appropriated FY 2019 Funds and Carryover/Transfers
of Unobligated Prior-Year Funds)
 (\$ in millions)

	<u>FY 2019 President's Budget</u>	<u>FY 2019 Available Funding</u>
<u>Budget Authority:</u>		
<u>Payments to the Social Security Trust Funds (PTF)</u>		
Pension Reform.....	\$6.0	\$6.0
Unnegotiated Checks.....	<u>5.0</u>	<u>5.0</u>
Total Appropriation (P.L. 115-245).....	<u>\$11.0</u>	<u>\$11.0</u>
 <u>Supplemental Security Income (SSI)</u>		
FY 2019 Benefit Payments, Total.....	<u>\$55,716.0</u>	<u>\$55,716.0</u>
- FY 2019 First Quarter Advance (P.L. 115-141).....	19,500.0	19,500.0
- FY 2019 Appropriation	36,216.0	36,216.0
Administrative Expenses, Total.....	<u>4,765.0</u>	<u>4,923.2</u>
- Administrative Expenses (Regular).....	3,457.0	3,615.2
- Program Integrity (Base)	245.0	247.1
- Additional Program Integrity.....	1,063.0	1,060.9
Beneficiary Services.....	126.0	126.0
Research and Demonstration (R&D) Projects (FY 19 / FY 20 / FY 21).....	<u>101.0</u>	<u>101.0</u>
Total Appropriations (P.L. 115-141 and P.L. 115-245).....	\$60,708.0	\$60,866.2
Carryover of Unobligated FY 2018 Balances and Recoveries:		
- Benefits.....	\$455.0	\$0.0
- Administrative Expenses.....	16.0	815.9
- Beneficiary Services.....	53.0	97.8
- R&D (No-Year).....	7.0	6.9 1/
- R&D (FY 17 / FY 18/ FY 19).....	0.0	0.0
- R&D (FY 18/ FY 19/ FY 20).....	0.0	50.0
Total, Carryover of Unobligated FY 2018 Balances and Actual Recoveries.....	<u>\$531.0</u>	<u>\$970.7</u>
Total SSI Funds Available for FY 2019.....	<u>\$61,239.0</u>	<u>\$61,836.9</u>

1/ An additional \$3.3 million is available for reapportionment for FY 2020.

Note: Numbers may not add due to rounding.

	FY 2019 President's Budget		FY 2019 Available Funding
<u>Limitation on Administrative Expenses (LAE)</u>			
Regular LAE.....	\$10,572.7	1/	\$10,911.5 1/
Program Integrity (Base).....	\$273.0		\$273.0 2/
Additional Program Integrity.....	\$1,410.0		\$1,410.0 2/
SSA Advisory Board.....	2.3		2.4
SSI User Fees.....	134.0		134.0
Non-Attorney Certification User Fee.....	1.0		1.0
Total Appropriated (P.L. 115-245).....	<u>\$12,393.0</u>	3/	<u>\$12,731.9</u>
American Recovery and Reinvestment Act (P.L. 111-5):			
NSC Replacement.....	\$0.0		\$2.1
Medicare Improvement for Patients and Providers Act (P.L. 110-275):			
Low Income Subsidy.....	\$5.8		\$11.6
Other Available Funds:			
<u>Information Technology Systems (ITS) (No-Year)</u>			
Carryover/Recoveries from Unobligated ITS Balances.....	\$50.0		\$99.8
Carryover/Recoveries of Other Unobligated Balances.....	\$46.3	4/	\$71.2 5/
IT Modernization.....	\$0.0		\$280.5
Hearing Backlog within Office of Hearings Operations			
FY18 / FY19 (P.L. 115-141).....	0.0		\$94.0
FY19 / FY20 (P.L. 115-245).....	N/A		\$100.0
Additional Program Integrity - FY18 / FY19 (P.L. 115-141).....	403.4	6/	\$141.3 6/
<u>Medicare Access and CHIP Reauthorization Act (P.L. 114-10)</u>			
Carryover/Recoveries from Unobligated MACRA Balances (No-Year).....	\$27.0		\$27.0
<u>Office of the Inspector General, SSA</u>			
Federal Funds.....	\$30.0		\$30.0
Trust Funds.....	75.5		75.5
Total Appropriated (P.L. 115-245).....	<u>\$105.5</u>		<u>\$105.5</u>
	FY 2019 President's Budget		FY 2019 Current Estimate
<u>Estimated Outlays:</u>			
PTF.....	\$11		\$11
LAE.....	\$12,825		\$12,908
SSI.....	\$61,320		\$60,299
OIG.....	\$116		\$116

1/ Excludes funding for dedicated PI.

2/ PI funds available until March 31, 2020.

3/ The FY 2019 President's budget did not include separate funding for IT Modernization. However, \$132 million was included in the LAE base for this purpose.

4/ Reflects Delegations authority from prior years estimated to be carried over into FY 2019.

5/ Includes authority from prior years estimated to be carried over for the following purposes: \$44.4 million for operation and maintenance of specific facilities delegated to SSA by the General Services Administration, \$26.5 million for the renovation and modernization of the Arthur J. Altmeyer Building, and \$196.5 thousand for construction.

6/ PI funds available until March 31, 2019.

Note: Numbers may not add due to rounding.

FY 2019 Congressional Operating Plan Performance Table

Social Security Administration Workload and Outcome Measures	FY 2018 Enacted	FY 2018 Actual	FY 2019 Enacted ¹
Retirement and Survivor Claims			
Retirement and Survivor Claims Completed (thousands)	5,801	5,862	5,977
Disability Claims			
Initial Disability Claims Receipts (thousands)	2,476	2,354	2,353
Initial Disability Claims Completed (thousands)	2,300	2,307	2,353
Initial Disability Claims Pending (thousands)	699	565	565
Average Processing Time for Initial Disability Claims (days)	111	111	113
Disability Reconsiderations			
Disability Reconsiderations Receipts (thousands)	540	553	643
Disability Reconsiderations Completed (thousands)	518	542	600
Disability Reconsiderations Pending (thousands) ²	129	115	158
Average Processing Time (APT) for Disability Reconsiderations (days) ^{3, 4}	102	103	105
Hearings			
Hearings Receipts (thousands)	582	568	551
Hearings Completed (thousands)	738	766	777
Hearings Pending (thousands)	900	858	632
Annual Average Processing Time for Hearings Decisions (days) ⁵	605	595	520
National 800 Number			
National 800 Number Calls Handled (millions)	33	32	36
Average Speed of Answer (ASA) (minutes) ⁶	25	24	13
Agent Busy Rate (percent)	16%	15%	9%
Program Integrity			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,990	2,286	1,803
Full Medical CDRs (included above, thousands) ⁷	890	897	703
SSI Non-Medical Redeterminations Completed (thousands)	2,900	2,913	2,822
Selected Other Agency Workload Measures			
Social Security Numbers (SSN) Completed (millions)	17	17	17
Annual Earnings Items Completed (millions)	281	284	285
Social Security Statements Issued (millions) ⁸	14	15	15
Selected Production Workload Measures			
Disability Determination Services Production per Workyear	302	310	304
Disability Determination Services Accuracy Rate ⁹	97%	TBD	97%
Office of Hearings Production per Workyear	98	103	105

¹ This budget assumes a multi-year rollout of the reinstatement of the reconsideration level of appeal in the 10 prototype states beginning in FY 2019.

² The increase in pending is a result of the phased-in reinstatement of the reconsideration process in the 10 prototype states. Due to the reconsideration APT of around 100 days, we assume that new reconsiderations received in the last quarter of FY 2019 will likely not be processed to completion until the first quarter of FY 2020. Once roll-out is complete, there will be enough cases pending in the pipeline to account for this lag.

³ Reconsideration processing times may increase slightly due to reconsideration reinstatement and the impact of a learning curve in the prototype states. However, we do not have an estimate that quantifies the impact during the rollout period, and we will continue to monitor closely.

⁴ The average processing time data does not include the special processing of iAppeals claims that involve a specific universe of online appeals that claimants abandoned prior to completion.

⁵ Average processing time for hearings is an annual figure. End of year (September) actual processing time is 582 days for FY 2018; estimated Sept. processing time in FY 2019 is 465 days.

⁶ To more clearly communicate our National 800 Number performance, we are reporting the standard unit of measure for ASA in minutes instead of seconds.

⁷ The table reflects our current estimates for full Medical CDRs including Age 6 and 12 SSI Child CDRs in FY 2019.

⁸ The Social Security Statements Issued measure includes paper statements only; it does not include electronic statements issued. In FY 2018, *my* Social Security users accessed their Social Security Statements 45.1 million times.

⁹ FY 2018 data not yet available.