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APPROPRIATION LANGUAGE

SUPPLEMENTAL SECURITY INCOME PROGRAM

For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, [\$30,471,537,000]\$34,742,000,000, to remain available until expended: *Provided*, That any portion of the funds provided to a state in the current fiscal year and not obligated by the state during that year shall be returned to the Treasury.

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

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year [2010, \$15,400,000,000]2011, \$16,000,000,000, to remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.*)

**LANGUAGE ANALYSIS**

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

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2010 are higher than expected and SSA does not have sufficient unobligated balances to cover the difference. Consistent with previous years, the appropriation also includes an advance appropriation for Federal benefit payments in the first quarter of FY 2011 to ensure the timely payment of benefits in case of a delay in the FY 2011 appropriations bill.

**Table 2.1—Appropriation Language Analysis**

Language provision	Explanation
<p>“For carrying out titles XI and XVI of the Social Security Act... including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$34,742,000,000, to remain available until expended.”</p>	<p>Appropriates funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects under the SSI program. SSA may carryover unobligated balances for use in future fiscal years.</p>
<p>"<i>Provided</i>, That any portion of the funds provided to a state in the current fiscal year and not obligated by the state during that year shall be returned to the Treasury."</p>	<p>Ensures that states do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.</p>
<p>"For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary."</p>	<p>Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.</p>
<p>"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2011, \$16,000,000,000, to remain available until expended."</p>	<p>Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that recipients will continue to receive benefits during the first quarter of FY 2010 in the event of a temporary funding hiatus.</p>

## GENERAL STATEMENT

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

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

**Table 2.2—Summary of Appropriations and Obligations**

	FY 2009 Enacted	FY 2010 Estimate	<i>Change</i>
Appropriation	\$ 45,271,537,000	<b>\$ 50,142,000,000</b>	<i>+ 4,870,463,000</i>
Obligations	(\$ 47,913,530,000)	<b>(\$ 50,241,925,000)</b>	<i>+ 2,328,395,000</i>
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 15,400,000,000	<b>\$16,000,000,000</b>	<i>+ 600,000,000</i>

## PROGRAM OVERVIEW

### Eligibility Standards

As a means-tested program, individuals must have income and resources below specified levels to be eligible for benefits. Rules allow some specific categories of income and resources to be either totally or partially excluded.

An individual’s benefit payment is reduced dollar for dollar by the amount of their “countable income”—income less all applicable exclusions—in a given month. Income in the SSI program includes “earned income” such as wages and net earnings from self-employment; and “unearned income” such as Social Security benefits, unemployment compensation, deemed income from a spouse or parent, and the value of in-kind support and maintenance such as food and shelter. Different exclusion rules apply for different types of income.

### Incentives for Work and Opportunities for Rehabilitation

The SSI program is designed to help recipients with disabilities achieve independence by encouraging and supporting their attempts to work. The program includes a number of work incentive provisions that enable recipients who are blind or disabled to work and retain benefits. The program also includes provisions to help disabled beneficiaries obtain vocational

rehabilitation and employment support services. These provisions were revised by legislation establishing the Ticket to Work program, discussed in more detail below.

### **State Supplementation**

Supplementation is mandatory for certain recipients who were on state rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, states are encouraged to supplement the Federal benefit and may elect to have their state supplementation program administered by SSA. States that choose to have SSA administer their program reimburse SSA in advance and SSA makes the payment on behalf of the state. Participating states also reimburse SSA for the cost of administering their program, based on a user fee schedule established by the Social Security Act. The user fee is \$10.45 per SSI check payment in FY 2009 and is expected to increase to \$10.47 in FY 2010. The Department of Treasury receives the first \$5.00 of each fee and SSA retains the amount over \$5.00.

### **Coordination with Other Programs**

SSA plays an important role in helping states administer the Medicaid and Food Stamp programs. Provisions in the SSI statute ensure that payments made by states or under the Social Security program are not duplicated by SSI benefits.

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

SSI recipients may be eligible for food stamps. Social Security offices notify SSI applicants and recipients of their potential benefits under the Food Stamp program and make applications available to them.

### **Benefit Payments**

SSA estimates it will pay \$46.6 billion in Federal benefits to an estimated 7.5 million SSI recipients in FY 2010. Including state supplementary payments, SSA expects to pay a total of \$51.2 billion and administer payments to a total of 7.9 million recipients.

Federal benefit payments represent approximately 93 percent of Federal SSI spending. Administrative expenses represent approximately 6.8 percent of spending; beneficiary services and research and demonstration projects make up the remainder.

**FY 2010 PRESIDENT’S BUDGET REQUEST**

The SSI appropriation includes funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects. In total, the President’s budget request for FY 2010 is \$50,142,000,000. However, this includes \$15,400,000,000 made available for the first quarter of FY 2010 in the FY 2009 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2010, \$34,742,000,000—the total amount requested for FY 2010 less the advance already received.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$16,000,000,000 for Federal benefit payments in the first quarter of FY 2011. This advance is to ensure recipients continue to receive their benefits at the beginning of the subsequent fiscal year in case there is a delay in passing that year’s appropriation.

**Table 2.3—Appropriation Detail<sup>1</sup>**

	<b>FY 2009 Enacted</b>	<b>FY 2010 Estimate</b>	<b>Change</b>
Advance for Federal Benefits <sup>2</sup>	\$ 14,800,000,000	\$ 15,400,000,000	
Regular for Federal Benefits	\$ 27,227,000,000	\$ 31,202,000,000	
<b>Subtotal Federal Benefits</b>	<b>\$ 42,027,000,000</b>	<b>\$ 46,602,000,000</b>	<b>+ \$ 4,575,000,000</b>
Administrative Expenses	\$ 3,206,537,000	\$ 3,442,000,000	+ \$ 235,463,000
Beneficiary Services <sup>3</sup>	\$ 3,000,000	\$ 49,000,000	+ \$ 46,000,000
Research and Demonstration	\$ 35,000,000	\$ 49,000,000	+ \$ 14,000,000
<b>Subtotal Advanced Appropriation</b>	<b>\$ 14,800,000,000</b>	<b>\$ 15,400,000,000</b>	
<b>Subtotal Regular Appropriation</b>	<b>\$ 30,471,573,000</b>	<b>\$ 34,742,000,000</b>	
<b>Total Appropriation</b>	<b>\$ 45,271,573,000</b>	<b>\$ 50,142,000,000</b>	<b>+ \$ 4,870,463,000</b>
<b>Advance for Subsequent Year</b>	<b>\$ 15,400,000,000</b>	<b>\$ 16,000,000,000</b>	<b>+ \$ 600,000,000</b>

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

<sup>2</sup> Amount provided in the previous year’s appropriation bill.

<sup>3</sup> The FY 2010 President’s budget request is higher than FY 2009 enacted levels due to revised Ticket to Work obligation projections. SSA will also use less carryover of prior year unobligated balances in FY 2010.

## KEY INITIATIVES

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

### **Payment Accuracy**

For more than 70 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2007, 90.9 percent of SSI benefit payments were free of overpayment errors and 98.5 percent were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to a recipient's income, resources, or living arrangement.

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

### **Continuing Disability Reviews and Non-Disability Redeterminations**

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

CDRs and redeterminations are key activities in ensuring the integrity of the SSI program and maintaining and improving payment accuracy. In recent years, SSA has not been able to conduct as many CDRs and redeterminations as are needed. Budget limitations, coupled with an increase in SSA's core workloads, such as retirement claims, disability claims, and enumerations, have forced SSA to focus resources on these workloads to prevent degradation of fundamental agency services.

The FY 2010 President's budget request includes \$531 million specifically for conducting SSI CDRs and redeterminations which would allow SSA to conduct approximately 152,000 SSI CDRs and 2,322,000 redeterminations. This funding is estimated to result in more than \$3.0 billion in savings to the SSI program over the next 10 years, with additional savings accruing to Medicaid.



## **Supplemental Security Income Program**

### **Pre-Effectuation Reviews**

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

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

### **Combating Fraud**

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2007, SSA's Office of the Inspector General (OIG) received over 49,000 SSI fraud-related allegations via telephone, correspondence, fax, or email. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition, the Fugitive Felon Program enables SSA to suspend SSI payments to fugitives and parole violators, and allows the Agency to provide vital information on their status to law enforcement agencies. Individuals are identified by using an automated data matching process which compares warrant information at the state and federal levels with the SSI rolls.

### **SSI Simplification**

Complexity is inherent in the process of evaluating eligibility and payment levels for the SSI program and in addressing the accuracy of payments that have already been made. SSA remains committed to simplifying the SSI program and is exploring ways to do this in a fair and equitable manner.

### **Access to Financial Institutions (AFI)**

Unreported bank accounts are one of the largest causes of overpayments. SSA is currently conducting an initiative that allows SSA to automatically verify bank assets for SSI applicants through an electronic system in New York, New Jersey, and California. The President's Budget includes an allocation adjustment primarily for SSI redeterminations and CDRs. Up to \$34 million of the allocation adjustment request can be used for expanding the AFI initiative nationwide provided it is as cost-effective as SSI redeterminations.

## Debt Collection

SSA currently makes use of the following debt collection tools that are authorized by law: benefit withholding, cross-program recovery, repayment by installment agreements, credit bureau reporting, administrative wage garnishment, and the Treasury offset program which includes administrative offset (e.g., Federal travel and expense reimbursements).

The Foster Care Independence Act of 1999 extended to the SSI program all of the debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs. In FY 2008, this enabled the Agency to collect \$1.1 billion in SSI overpayments, including Federally-administered state supplementation overpayments. Also in FY 2008, SSA recovered an additional \$124.5 million through Netting, a process that collects SSI overpayments through an automated offset against SSI underpayments.

SSA implemented three collection tools in FY 2002: administrative offset, credit bureau reporting, and cross program recovery. Through FY 2008, administrative offset and credit bureau reporting have contributed to the collection of \$397.0 million in SSI debt, and cross program recovery has collected \$442.2 million.

In FY 2005, SSA implemented administrative wage garnishment (AWG) which has collected \$7.5 million in SSI debt through FY 2008. In FY 2006, SSA implemented Federal salary offset (FSO), a collection tool that is used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. In the future, SSA plans to implement the remaining authorized collection tools, which include interest charging, administrative cost recovery, and the use of private collection agencies.

## Computer Matching Programs

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

SSA's computer matching operations include:

- Prison inmate records to find recipients made ineligible by incarceration;
- Law enforcement agencies match for data on fugitive felons;
- Quarterly matches for wage and unemployment compensation information;
- Monthly nursing home admission and discharge information;
- Internal Revenue Service records of non-wage income to detect unreported assets (primarily bank accounts);

## **Supplemental Security Income Program**

- Bureau of Public Debt's Savings Bond records to detect unreported assets;
- Department of Defense (DOD) records to detect and verify DOD pension information;
- Veterans Administration pension data to offset SSI;
- Office of Personnel Management pension data to offset SSI;
- Railroad Retirement Board match to offset SSI;
- U.S. Department of Homeland Security (DHS) match for deportation information on aliens outside U.S. for more than 30 continuous days to terminate SSI benefits; and
- DHS match for records of aliens who voluntarily leave the U.S.

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

### **Performance**

The Office of Management and Budget (OMB) found in 2007 that the SSI program is strong overall, but recommended continued improvements in SSA's efforts to shorten the time it takes to provide payments to eligible people and to make payments in the correct amount.

## BUDGETARY RESOURCES

The SSI annual appropriation consists of a regular appropriation made available by the current year's appropriation bill and an advance made available by the prior year's appropriation. This advance is for Federal benefit payments in the first quarter of the subsequent fiscal year to ensure recipients continue to receive their benefits in case there is a delay in passing that year's appropriation bill. The President's Budget for FY 2010 is \$50,142,000,000, including \$15,400,000,000 appropriated in advance by the FY 2009 appropriations bill, P.L. 111-8.

**Table 2.4—Amounts Available for Obligation<sup>1, 2</sup>**

	FY 2008 <sup>3</sup> Actual	FY 2009 Enacted	FY 2010 Estimate
Regular Appropriation	\$ 26,946,170,423	\$ 30,471,537,000	\$ 34,742,000,000
Advanced Appropriation	\$ 16,810,000,000	\$ 14,800,000,000	\$ 15,400,000,000
<b>Total Annual Appropriation</b>	<b>\$ 43,756,170,423</b>	<b>\$ 45,271,537,000</b>	<b>\$ 50,142,000,000</b>
Federal Unobligated Balance	\$ 2,151,608,817	\$ 1,738,621,752	\$ 466,072,051
Recovery of Prior-Year Obligations	\$ 386,755,466	\$ 226,553,987	\$ 0
Indefinite Authority	N/A	\$ 1,142,889,312	N/A
<b>Subtotal Federal Resources</b>	<b>\$ 46,294,534,706</b>	<b>\$ 48,379,602,051</b>	<b>\$ 50,608,072,051</b>
State Supp Reimbursements	\$ 4,382,880,098	\$ 4,481,107,562	\$ 4,606,000,000
State Supp Unobligated Balance	\$ 348,702,089	\$ 361,892,438	\$ 383,000,000
<b>Total Budgetary Resources</b>	<b>\$ 51,026,116,893</b>	<b>\$ 53,222,602,051</b>	<b>\$ 55,597,072,051</b>
<b>Federal Obligations</b>	<b>(\$ 44,555,912,954)</b>	<b>(\$ 47,913,530,000)</b>	<b>(\$ 50,241,925,000)</b>
State Supplement Obligations	(\$ 4,369,689,749)	(\$ 4,460,000,000)	(\$ 4,595,000,000)
<b>Total Obligations</b>	<b>(\$ 48,925,602,702)</b>	<b>(\$ 52,373,530,000)</b>	<b>(\$ 54,836,925,000)</b>
Federal Unobligated Balance	1,738,621,752	466,072,051	366,147,051
State Supp. Unobligated Balance	361,892,438	383,000,000	394,000,000
<b>Total Unobligated Balance</b>	<b>\$ 2,100,514,190</b>	<b>\$ 849,072,051</b>	<b>\$ 760,147,051</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Does not include state supplementation user fees; user fees are included in the LAE appropriation.

<sup>3</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

## Supplemental Security Income Program

The SSI annual appropriation was \$43.8 billion in FY 2008 and \$45.3 billion in FY 2009. Pursuant to P.L. 110-161, the FY 2008 appropriation included a rescission of approximately \$53.7 million for SSI administrative expenses and \$349,400 for research and demonstration projects.

Because the amounts appropriated are made available until expended, SSA has the authority to carry over unobligated balances for use in future fiscal years. SSA carried over approximately \$1.7 billion in Federal unobligated balances into FY 2009. Based on the FY 2009 appropriation and estimated obligations in FY 2009, SSA expects to carry over almost \$.5 billion into FY 2010.

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

## ANALYSIS OF CHANGES

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The FY 2010 request represents almost a \$5 billion increase over the FY 2009 enacted level. The majority of this increase results from mandatory increases in Federal benefit payments due primarily to annual cost-of-living adjustments and an increase in SSI recipients.

SSA plans to use indefinite authority and carryover of unobligated balances to partially fund Federal benefit payments in FY 2009. SSA plans to use carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects in FY 2009 and FY 2010. SSA plans to use \$1.5 billion in unobligated balances and recoveries in FY 2009 and almost \$100 million in FY 2010.

### **Federal Benefit Payments**

The increase in the FY 2010 request for Federal benefit payments is due to annual cost-of-living adjustments and an increase in SSI recipients. This increase is partially offset by the impact of OASDI COLAs on concurrent SSI/OASDI recipients; because OASDI benefits are counted as income in the SSI program, the annual OASDI COLA decreases the SSI benefit payment for concurrent recipients. Also, SSA expects to use \$1.4 billion in carryover of prior-year unobligated balances in FY 2009 and \$1.1 billion in indefinite authority, but the FY 2010 request anticipates no carryover and no need to tap indefinite authority funding.

### **Administrative Expenses**

The total request for administrative expenses is \$235 million more than the enacted level in FY 2009. The FY 2010 request includes \$342 million in allocation adjustment funding for program integrity work in the SSI program – SSI CDRs, redeterminations, and asset verification initiatives. The base funding for SSI administrative expenses is \$111 million more than the FY 2009 enacted level.

### **Beneficiary Services**

The request for new budget authority in FY 2010 is higher because of the revised higher projected cost per case and includes the increases due to the revision of the Ticket to Work regulation. This increase also reflects less carryover of unobligated balances available in FY 2010. In FY 2008, SSA used \$12 million from prior-year unobligated balances for beneficiary services. SSA expects to use \$64 million of carryover funds in FY 2009, and \$39 million in FY 2010.

### **Research and Demonstration**

The request for new budget authority is higher than in FY 2009 because SSA expects to have less carryover funding available in FY 2010. SSA carried over \$43 million of prior-year unobligated balances for research and demonstration projects into FY 2009; SSA expects to use \$19 million of this balance in FY 2009 and \$8 million in FY 2010.

Table 2.5—Summary of Changes<sup>1</sup>

	FY 2009 Enacted	FY 2010 Estimate	Change
<b>Appropriation</b>	<b>\$ 45,271,537,000</b>	<b>\$ 50,142,000,000</b>	<b>+ \$ 4,870,463,000</b>
<b>Estimated Obligations</b>	<b>(\$ 47,913,530,000)</b>	<b>(\$ 50,241,925,000)</b>	<b>+ \$ 2,328,395,000</b>
Obligations Funded from Prior-Year Unobligated Balances and Recoveries	\$ 1,499,103,688	\$ 99,925,000	- \$ 1,399,178,688
Obligations Funded from Indefinite Authority	\$ 1,142,889,312	N/A	- \$ 1,142,889,312

Table 2.6—Explanation of SSI Budget Changes from FY 2009 to FY 2010  
(in thousands)

	FY 2009 Base Budget Authority	Change from Base
<b><u>Increases: Built-In</u></b>		
<b><u>Federal Benefit Payments</u></b>	\$ 42,027,000	+ \$ <b>4,766,000</b>
• <i>Cost-of-living adjustments (COLA)— 5.8% beginning January 2009 and 0.0% beginning January 2010</i>		+ 800,000
• <i>Increase of 225,000 recipients in FY 2010</i>		+ 1,466,000
• <i>Decrease in amount of carryover and indefinite authority funding available in FY 2010</i>		+2,500,000
<b><u>Administrative Expenses</u></b>	\$ 3,206,537	+ \$ <b>235,463</b>
• <i>Additional funding for program integrity workloads</i>		+\$124,393
• <i>Additional base funding</i>		+\$111,070
<b><u>Beneficiary Services</u></b>	\$ 3,000	+ \$ <b>46,000</b>
• <i>Decrease in amount of carryover funding available for obligation in FY 2010</i>		+ \$ 25,000
• <i>Revised Ticket to Work projections</i>		+ \$ 21,000
<b><u>Research and Demonstration</u></b>	\$ 35,000	+ \$ <b>14,000</b>
• <i>Decrease in amount of carryover funding available for obligation in FY 2010</i>		+ \$ 10,605
• <i>Increase in FY 2010 funding for several projects</i>		+ \$ 3,395
<b>Total</b>	<b>\$ 45,271,537</b>	<b>+\$ 5,061,463</b>

<sup>1</sup> Does not include state supplementary payments and reimbursements or the corresponding state supplementation user fee collections; user fees are included in the LAE appropriation. Totals may not add due to rounding.

Table Continues on the Next Page

	FY 2009 Base Budget Authority	<i>Change from Base</i>
<b><u>Decreases: Built-In</u></b>		
<u>Federal Benefit Payments- Effect of OASDI COLA for concurrent SSI/OASDI recipients</u>	\$ 42,027,000	- \$ 191,000
<u>Administrative Expenses</u>	\$ 3,206,537	- -
<u>Beneficiary Services</u>	\$ 3,000	- -
<u>Research &amp; Demonstration</u>	\$ 35,000	- -
<b>Total</b>	<b>\$ 45,271,537</b>	<b>- \$ 191,000</b>
<b>Net Change to Budget Authority Requested</b>		<b>+ \$ 4,870,463</b>



## NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

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

**Table 2.7—New Budget Authority and Obligations by Activity**<sup>8</sup>  
(in thousands)

	FY 2008 Actual	FY 2009 <sup>9, 10</sup> Enacted	FY 2010 <sup>11</sup> Estimate
<b><u>Federal Benefit Payments</u></b>			
Appropriation	\$ 40,675,000	\$ 42,027,000	\$ 46,602,000
Obligations	(\$ 41,309,722)	(\$ 44,527,000)	(\$ 46,602,000)
Monthly Check Payments	12	12	12
<b><u>Administrative Expenses</u></b>			
Appropriation	\$ 3,018,520	\$ 3,206,537	\$ 3,442,000
Obligations	(\$ 3,168,520)	(\$ 3,266,000)	(\$ 3,495,000)
<b><u>Beneficiary Services</u></b>			
Appropriation	\$ 36,000	\$ 3,000	\$ 49,000
Obligations	(\$ 47,942)	(\$ 67,000)	(\$ 88,000)
<b><u>Research and Demonstration</u></b>			
Appropriation	\$ 26,651	\$ 35,000	\$ 49,000
Obligations	(\$ 29,729)	(\$ 53,530)	(\$ 56,925)
<b>Total Appropriation</b>	<b>\$ 43,756,170</b>	<b>\$ 45,271,537</b>	<b>\$ 50,142,000</b>
<b>Total Obligations</b>	<b>(\$ 44,555,913)</b>	<b>(\$ 47,913,530)</b>	<b>(\$ 50,241,925)</b>

In FY 2008, SSA used carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects, and recoveries of prior year obligations to partially fund administrative expenses. In FY 2009, SSA plans to use indefinite authority and carryover of unobligated balances to partially fund Federal benefit payments. In FY 2009 and FY 2010, SSA plans to use carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects. The FY 2010 President's budget request reflects these plans.

<sup>8</sup> Totals may not add due to rounding.

<sup>9</sup> In addition to the appropriated amounts, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2009 obligations as follows: Federal benefits, \$1,357 million; administrative expenses, \$59 million; beneficiary services, \$64 million; and research and demonstration projects, \$19 million.

<sup>10</sup> SSA expects to use \$1,143 million in indefinite authority for FY 2009 Federal benefit obligations.

<sup>11</sup> In addition to the FY 2010 President's budget request, SSA expects to use carryover of prior year unobligated balances for FY 2010 obligations as follows: administrative expenses, \$53 million; beneficiary services, \$39 million; and research and demonstration projects, \$8 million.

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**NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT**


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

**Table 2.8—New Budget Authority and Obligations by Object<sup>12</sup>**  
(in thousands)

	<b>FY 2008 Actual</b>	<b>FY 2009 Enacted</b>	<b>FY 2010 Estimate</b>
<u>Other Services</u>			
Appropriation <sup>13</sup>	\$ 3,054,520	\$ 3,209,537	<b>\$ 3,491,000</b>
Obligations	(\$ 3,216,462)	(\$ 3,333,000)	<b>(\$ 3,583,000)</b>
<u>Federal Benefits and Research</u>			
Appropriation <sup>2</sup>	\$ 40,701,651	\$ 42,062,000	<b>\$ 46,651,000</b>
Obligations	(\$ 41,339,450)	(\$ 44,580,530)	<b>(\$ 46,658,925)</b>
<b>Total Appropriation<sup>2</sup></b>	<b>\$ 43,756,170</b>	<b>\$ 45,271,537</b>	<b>\$ 50,142,000</b>
<b>Total Obligations</b>	<b>(\$ 44,555,913)</b>	<b>(\$ 47,913,530)</b>	<b>(\$ 50,241,925)</b>

<sup>12</sup> Numbers may not add due to rounding.

<sup>13</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

**BACKGROUND**

**AUTHORIZING LEGISLATION**

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

**Table 2.9—Authorizing Legislation**

	<b>FY 2009 Amount Authorized</b>	<b>FY 2009 Enacted</b>	<b>FY 2010 Amount Authorized</b>	<b>FY 2010 Estimate</b>
Title XVI of the Social Security Act, section 401 of P.L. 92-603 and section 212 of P.L. 93-66, as amended, and section 405 of P.L. 92-216	<i>Indefinite</i>	\$ 45,271,537,000	<i>Indefinite</i>	<b>\$ 50,142,000,000</b>
First Quarter Advance appropriation for subsequent fiscal year	---	\$ 15,400,000,000	---	<b>\$ 16,000,000,000</b>

## APPROPRIATION HISTORY

The table below displays the President's budget request, amounts passed by the House and Senate, and the actual amount appropriated, for the period FY 2000 to FY 2010. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

**Table 2.10—Appropriation History**

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
2000	\$ 31,313,000,000	\$ 31,224,000,000	\$ 31,303,085,000	\$ 31,253,085,000
<i>Indefinite</i>	<i>\$ 367,000,000</i>			
2001	\$ 33,153,000,000	\$ 32,926,000,000	\$ 33,153,000,000	\$ 33,143,000,000
2002	\$ 31,940,412,000	\$ 31,940,412,000	\$ 31,947,412,000	\$ 31,947,412,000
2003	\$ 34,824,618,000	\$ 34,696,392,000	\$ 34,704,392,000	\$ 34,704,392,000
<i>Indefinite</i>	<i>\$ 578,881,680</i>			
2004	\$ 37,362,000,000	\$ 37,301,300,000	\$ 37,370,000,000	\$ 37,317,800,000
2005	\$ 41,198,929,000	\$ 41,168,829,000	\$ 37,917,949,000	\$ 41,176,829,000
2006	\$ 40,463,174,000	\$ 40,463,174,000	\$ 40,276,574,000	\$ 40,299,174,000
2007 <sup>14</sup>	\$ 40,235,000,000	\$ 40,181,169,000	\$ 40,181,169,000	\$ 40,181,169,000
2008 <sup>15</sup>	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,815,500,000	\$ 43,756,170,423
<b>2009</b>	<b>\$ 45,214,000,000</b>	<b>\$ 45,263,000,000</b>	<b>\$ 45,229,875,000</b>	<b>\$ 45,271,537,000</b>
<i>Indefinite</i>	<i>\$ 1,142,889,312</i>			
<b>2010</b>	<b>\$ 50,142,000,000</b>			
<b>2011<sup>16</sup></b>	<b>\$16,000,000,000</b>			

<sup>14</sup> The amounts passed by the House and Senate reflect the amounts included in the Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5).

<sup>15</sup> The amounts passed by the House and Senate reflect the amounts initially passed by the House on 7/17/07 and the Senate on 10/23/07. The conference bill included \$43,824,000,000 and was subsequently vetoed by the President. The final appropriation provided by P.L.110-161 includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

<sup>16</sup> Advance appropriation for the first quarter of FY 2011.

## FEDERAL BENEFIT PAYMENTS

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

### PURPOSE AND METHOD OF OPERATION

The SSI program was established to pay needy aged, blind and disabled individuals a minimum level of income through Federally-administered monthly cash payments. In many cases, these payments supplement income from other sources, including Social Security benefits and state programs. In FY 2010, SSA estimates benefit payments will total \$46.6 billion for more than 7.5 million Federal SSI recipients.

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

	FY 2008 Actual	FY 2009 Enacted	FY08 to FY09 Change	FY 2010 Estimate	FY09 to FY10 Change
<b>Appropriation</b>	<b>\$ 40,675,000</b>	<b>\$ 42,027,000</b>	<b>+ \$1,352,000</b>	<b>\$ 46,602,000</b>	<b>+ \$ 4,575,000</b>
Obligations funded from prior year unobligated balances	\$ 634,722	\$ 1,357,111	+ \$ 722,389	\$ 0	- \$1,357,111
Indefinite Authority	\$ 0	\$ 1,142,889	+ \$1,142,889	\$0	- \$ 1,142,889
<b>Obligations</b>	<b>\$ 41,309,722</b>	<b>\$ 44,527,000</b>	<b>+ \$3,217,278</b>	<b>\$ 46,602,000</b>	<b>+ \$ 2,075,000</b>
Advance for subsequent fiscal year	\$ 14,800,000	\$ 15,400,000	+ \$ 600,000	\$ 16,000,000	+ \$ 600,000

### RATIONALE FOR BUDGET REQUEST

SSA is requesting \$46.6 billion in new budget authority for Federal benefit payments in FY 2010.

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

## SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from over 6.7 million in FY 2005 to 7.1 million in FY 2008 and is expected to continue to increase to more than 7.5 million in FY 2010. The estimated increase in Federal recipients in FY 2010 represents a 3.1 percent increase over the FY 2009 level. SSA estimates the number of SSI recipients by analyzing a number of factors including applications, award and termination rates, and funding for program integrity initiatives.

**Table 2.12—SSI Recipients, Actual<sup>17</sup>**  
(average over fiscal year, in thousands)

	FY 2005	FY 2006	FY 2007	FY 2008
Aged	1,118	1,116	1,111	1,103
Blind or Disabled	5,657	5,762	5,892	6,014
<b>Total Federal</b>	<b>6,775</b>	<b>6,878</b>	<b>7,003</b>	<b>7,117</b>
<b>Year-to-Year Change</b>	<b>1.6%</b>	<b>1.5%</b>	<b>1.8%</b>	<b>1.6%</b>
State Supplement Only	290	291	296	298
<b>Total Federally Administered</b>	<b>7,065</b>	<b>7,169</b>	<b>7,300</b>	<b>7,415</b>

In addition to Federal SSI recipients SSA administers state supplementary payments for 23 states and the District of Columbia. SSA administers payments for approximately 2 million state supplementation recipients annually, of which approximately 300,000 do not receive a Federal SSI benefit and only receive the state supplementary benefit.

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

	FY 2009 Estimate	FY08 to FY09 Change	FY 2010 Estimate	FY09 to FY10 Change
Aged	1,100	- 0.3%	1,095	- 0.5%
Blind or Disabled	6,222	+ 3.5%	6,452	+ 3.7%
<b>Total Federal</b>	<b>7,322</b>	<b>+ 2.9%</b>	<b>7,547</b>	<b>+ 3.1%</b>
State Supplement only	304	+ 2.0%	311	+ 2.3%
<b>Total Federally Administered</b>	<b>7,626</b>	<b>+ 2.8%</b>	<b>7,858</b>	<b>+ 3.0%</b>

<sup>17</sup> Totals may not add due to rounding.

**SSI Disabled vs. Aged Recipient Population**

The number of blind or disabled SSI recipients as a percentage of all SSI recipients has steadily increased from 75.5 percent in FY 1993 to 84.5 percent in FY 2008. It is expected to continue to increase to 85.5 percent in FY 2010. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this consistent shift in the population make-up increases overall SSI benefit payments.

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

<b>Fiscal Year</b>	<b>Total</b>	<b>Aged</b>	<b>Blind or Disabled</b>	<b>Blind or Disabled as % of Total</b>
1995	6,070	1,327	4,743	<b>78.1%</b>
2000	6,328	1,203	5,125	<b>81.0%</b>
2005	6,775	1,118	5,657	<b>83.5%</b>
2006	6,878	1,116	5,762	<b>83.8%</b>
2007	7,003	1,111	5,892	<b>84.1%</b>
2008	7,117	1,103	6,014	<b>84.5%</b>
2009 Estimate	7,322	1,100	6,222	<b>85.0%</b>
<b>2010 Estimate</b>	<b>7,547</b>	<b>1,095</b>	<b>6,452</b>	<b>85.5%</b>

**Concurrent SSI/OASDI Recipients**

SSI recipients also receiving OASI or DI benefits have their SSI benefit reduced, less applicable exclusions, by the amount of their OASDI benefit. Approximately 35 percent of all SSI recipients (including those only receiving a state supplement) also receive Social Security benefits. Approximately 57 percent of the SSI aged and 31 percent of the SSI blind and disabled populations receive concurrent payments.

## BENEFIT PAYMENTS

### Maximum Monthly Federal Payments

The maximum monthly Federal Benefit Rate (FBR) is increased each January based on increases in the cost-of-living. A 5.8 percent increase was effective January 2009. Due to the economic downturn, no increase is projected for January 2010. The FBR increased from \$637 for an individual and \$956 for a couple in calendar year (CY) 2008 to \$674 for an individual and \$1,011 for a couple in CY 2009. Because the COLA was effective for January of 2009, the maximum benefit rate in the first 3 months of FY 2009 is lower than in the last 9 months.

**Table 2.15—Maximum Benefit Rates**

	FY 2009		FY 2010	
	First 3 Months	Last 9 Months	First 3 Months	Last 9 Months
Individual	\$ 637	\$ 674	\$ 674	\$ 674
Couple	\$ 956	\$ 1,011	\$ 1,011	\$ 1,011

### Average Monthly Benefit Payments

The amount actually paid to a recipient can vary from the FBR based on their income received (e.g., earnings and Social Security benefits) and the living arrangement of the recipient (e.g., residence in one's own home, the household of another person, or in a nursing home which meets Medicaid standards). The average monthly benefit is expected to increase from \$476 in FY 2008 to \$500 in FY 2009 and \$508 in FY 2010. The increase in the average benefit payment is a factor of annual cost-of-living adjustments and recipient population characteristics.

**Table 2.16—Average Monthly Benefit Payments**

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Aged	\$ 333	\$ 351	\$ 358
Blind or Disabled	\$ 502	\$ 526	\$ 533
All SSI Recipients	\$ 476	\$ 500	\$ 508



## Supplemental Security Income Program

### Annual Cost of Living Adjustments

Annual cost of living adjustments increase both the maximum and average monthly benefit payment. However, the increase in the average benefit payment, and therefore overall SSI benefit payments, is partially offset by the increase in Social Security benefits resulting from the same COLA for concurrent SSI/OASDI recipients. Social Security benefits are counted as income in the SSI program. Therefore, any increase in Social Security benefits resulting from the annual COLA increases countable income and reduces SSI benefits.

### Program Integrity Funding

Annual benefit payment estimates are based on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2010 estimate assumes SSA receives the funding to conduct 152,000 SSI CDRs and 2,322,000 non-medical redeterminations.

### Timing of Monthly Benefit Payments

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

**Table 2.17—Check Payments by Fiscal Year**

	<b>Number of Check Payments</b>	<b>Federal Benefit Obligations</b>
FY 2004	12	\$ 33,803,282,000
FY 2005	13	\$ 38,271,653,000
FY 2006	12	\$ 37,510,765,017
FY 2007	11	\$ 36,481,897,840
<b>FY 2008</b>	<b>12</b>	<b>\$ 41,309,722,313</b>
<b>FY 2009</b>	<b>12</b>	<b>\$ 44,527,000,000</b>
<b>FY 2010</b>	<b>12</b>	<b>\$ 46,602,000,000</b>

## ADMINISTRATIVE EXPENSES

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

### PURPOSE AND METHOD OF OPERATION

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

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

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

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

	FY 2008 (Actual)	FY 2009 (Enacted)	FY08 to FY09 Change	FY 2010 Estimate	FY09 to FY10 Change
Appropriation	\$ 3,018,520	\$ 3,206,537	+ \$ 188,017	\$ 3,442,000	+ \$ 235,463
Obligations <sup>18</sup>	(\$ 3,168,520)	(\$ 3,266,000)	+ \$ 97,480	(\$ 3,495,000)	+ \$ 229,000

<sup>18</sup> In FY 2008, SSA partially funded administrative expenses with recoveries of prior-year obligations.

**RATIONALE FOR BUDGET REQUEST**

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The FY 2010 request for SSI administrative expenses is \$3,442,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$342 million specifically for program integrity activities in the SSI program in FY 2010.

These amounts exclude funding made available in the LAE account from state user fees for SSA expenses for administering SSI state supplementary payments. The LAE account assumes funding of up to \$145,000,000 for SSI state Supplement user fees in FY 2009 and up to \$165,000,000 from this source in FY 2010.

## BENEFICIARY SERVICES

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

### PURPOSE AND METHOD OF OPERATION

Most of the FY 2010 funds to be obligated will reimburse Vocational Rehabilitation (VR) agencies for reasonable and necessary costs of services which result in disabled SSI recipients being successfully rehabilitated (section 1615(d) of the Social Security Act). For SSI recipients, VR's objective is to help disabled individuals achieve and sustain productive, self-supporting work activity. SSA provides funds to reimburse VR agencies for costs incurred in successfully rehabilitating SSI recipients. A successful rehabilitation is defined by law as one in which VR services result in performance of substantial gainful activity for a continuous period of nine months out of twelve.

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

	FY 2008 Actual	FY 2009 Enacted	FY08 to FY09 Change	FY 2010 Estimate	FY09 to FY10 Change
<b>Appropriation</b>	\$ 36,000	\$ 3,000	- \$ 33,000	\$ 49,000	+ \$ 46,000
Obligations Funded from Prior-Year	\$ 11,942	\$ 64,000	+ \$ 52,058	\$ 39,000	- \$ 25,000
Unobligated Balances					
<b>Obligations</b>	(\$ 47,942)	(\$ 67,000)	+ \$ 19,058	(\$ 88,000)	+ \$21,000

A portion of the FY 2010 obligations will be used to cover estimated payments authorized under the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). This law provides SSI disabled recipients with a Ticket to offer to an employment network (EN) (including a state VR agency choosing to be paid as an EN) in exchange for VR and employment services, and other support services. The original regulation for implementing the Ticket to Work Program was published on December 28, 2001 and was effective January 28, 2002. The roll out of the Ticket program was completed in September 2004.

Unlike the reimbursement payment system, ticket payments are not based on the costs of specific services provided by the EN. The EN is paid based on either an outcome-milestone payment method or an outcome-payment method. Under the outcome-milestone payment method, the EN is paid for each milestone the recipient successfully achieves. SSA does not have to stop monthly benefit payments before a milestone payment can be made. In order for SSA to make an outcome payment, however, the individual must not be receiving monthly benefit payments due to work or earnings. Outcome-payment amounts are based on the prior year's national average disability benefit payable under Title XVI. Outcome payments are payable for a maximum of 60 months (consecutive or otherwise).

## Supplemental Security Income Program

A revision of the Ticket to Work regulation, published on May 20, 2008, was effective July 21, 2008. This revised regulation will increase up-front costs through FY 2019 due to increases in the frequency and levels of payments to providers. This revision also allows a Ticket holder to receive VR services to meet his/her intensive up-front service needs. After the VR case is closed, his/her Ticket is assigned to an EN to receive ongoing support services.

### **RATIONALE FOR BUDGET REQUEST**

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SSA is requesting \$49 million in new budget authority for this activity. The estimate for FY 2010 assumes 7,400 payment awards for successful rehabilitation and ticket-related cessations. The new budget authority request for FY 2010 includes the projected increases due to the revision of the Ticket to Work regulation.

The average cost per award under the reimbursement program was estimated in the FY 2009 President's Budget to be \$9,600 in FY 2009. The current estimate reflects a revised cost per case of \$9,200 in FY 2009 which is expected to increase to \$9,600 in FY 2010. The average cost per award reflects current trends in rehabilitation costs, advances in expensive medical technology, and increases due to the latest rule revision.

SSA continues its ongoing efforts to improve management and oversight of the current VR program, to ensure program effectiveness, and to ensure that the money spent is a good investment. This includes an ongoing quality review of state claims for reimbursement and continuing internal audits of the agency's payment process.

## RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

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

### PURPOSE AND METHOD OF OPERATION

SSA conducts research and outreach under sections 1110, 1115, and 1144, as well as section 234 of the Social Security Act. Projects funded under section 234, however, are not a part of this appropriations request.

**Table 2.20—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands)**

	FY 2008 Actual <sup>19</sup>	FY 2009 Enacted	FY 08 to FY 09 Change	FY 2010 Estimate	FY 09 to FY 10 Change
<b>Appropriation</b>	\$ 26,651	\$ 35,000	+ \$ 8,349	\$ 49,000	+ \$ 14,000
Net obligations funded from prior-year unobligated balances	\$ 3,078	\$ 18,530	+ \$ 15,452	\$ 7,925	- \$ 10,605
<b>Obligations</b>	<b>(\$ 29,729)</b>	<b>(\$ 53,530)</b>	<b>+ \$ 23,801</b>	<b>(\$ 56,925)</b>	<b>+ \$ 3,395</b>

Section 1110 of the Social Security Act provides authority for conducting broad-based cross programmatic projects for Social Security and Supplemental Security Income (SSI) programs, including waiver authority for the SSI program, and projects dealing with specific SSI issues. Under the authority of section 1110, SSA funds a range of projects: disability policy research; projects to develop effective rehabilitation and return-to-work strategies; financial literacy and education; retirement policy research; and evaluation of newly enacted or proposed legislative changes and projects to maintain and improve basic data about our programs and beneficiaries.

Section 1115 provides the Secretary of Health and Human Services with the funding and authority to waive compliance with Medicaid requirements for the purpose of allowing states to participate in SSA's research and disability demonstration projects.

Section 1144 amended the Social Security Act to include outreach regarding Medicare cost-sharing, and subsequently Medicare prescription drug outreach as well. Under this mandate, SSA is required to use its database to conduct expanded mailings to reach out to those individuals who are potentially eligible for state-administered Medicaid programs or Medicare prescription drug subsidies under Medicare Part D. SSA identifies these potential beneficiaries, informs them about these programs, and notifies state Medicaid agencies. The Centers for

<sup>19</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation for research and demonstration projects includes a rescission of \$349,400.

## Supplemental Security Income Program

Medicare and Medicaid Services, within the Department of Health and Human Services, oversees both the Medicare and Medicaid programs.

### RATIONALE FOR BUDGET REQUEST

SSA's research budget is designed to provide significant support for key Administration priorities. The budget supports projects such as the *Compassionate Allowances Initiative* that is integral to improving the disability process; projects that provide opportunities for disability beneficiaries to achieve economic independence through work; and projects providing analytical and data resources for use in preparing and reviewing program reform proposals. SSA's disability research and demonstration projects are designed to promote self-sufficiency and assist individuals in their effort to return to work. SSA has also begun work on a financial literacy and education initiative that is designed to encourage saving and effective retirement planning. Additionally, as the debate on how best to strengthen and reform Social Security continues, SSA must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration.

SSA's FY 2010 extramural research budget is less than 1 percent of the administrative budget and only a fraction of program expenditures. The discussion that follows describes SSA's planned research and outreach efforts and how those efforts satisfy the Office of Management and Budget's research and development investment criteria. Funding for research by major category is summarized in the following table.

**Table 2.21—Major Research Areas and Outreach:  
Obligations and New Budget Authority (in millions)**<sup>20, 21</sup>

	Obligations		
	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Disability Program Improvements	\$ 1.9	\$ 15.3	\$ 17.4
Return-to-Work	\$ 10.2	\$ 10.1	\$ 7.2
Financial Literacy and Education	\$ 0	\$ 7.0	\$ 15.0
Retirement Policy Research	\$ 9.0	\$ 10.5	\$ 9.0
Policy Evaluation and Data Development	\$ 6.1	\$ 7.7	\$ 5.3
Outreach	\$ 2.6	\$ 3.0	\$ 3.0
<b>Total Obligations</b>	<b>\$ 29.7</b>	<b>\$ 53.5</b>	<b>\$ 56.9</b>
<b>New Budget Authority</b>	<b>\$ 26.7</b>	<b>\$ 35.0</b>	<b>\$ 49.0</b>

<sup>20</sup> Does not include funding authorized under section 234.

<sup>21</sup> Numbers may not add due to rounding.

## MAJOR RESEARCH AND OUTREACH PROJECTS

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Below is summary of the major research and demonstration projects, by category, being conducted by SSA:

### **Disability Program Improvements**

SSA must continue to build and maintain the capability to provide data and data analysis that support internal policy decisions as well as decision making by the Administration and Congress. Our infrastructure investments are targeted to expand our ability to respond to information requests and to improve the quality and reliability of the data used in our analytical activities. Key projects are as follows:

#### *Compassionate Allowances Initiative and Listings of Impairments*

The Compassionate Allowances initiative is designed to quickly identify diseases and other medical conditions that invariably qualify for allowance under the Listing of Impairments based on minimal objective medical information.

- These determinations can be made as soon as the diagnosis and onset date are confirmed and other necessary medical evidence is obtained.
- For example, individuals with acute leukemia, amyotrophic lateral sclerosis, and pancreatic cancer would fall into this category.

Funding of this initiative supports the following activities:

- Interagency agreements with the National Institutes of Health, including agreements with its individual institutes and grantees;
- Development of an up-to-date, disease-specific medical information database specifically designed to be applicable to SSA's disability criteria;
- Investigation of how advances in medical and information systems technologies can be applied to expedite SSA's processing of compassionate allowances;
- Obtaining expert advice from the Institute of Medicine (IOM) on discreet medical issues pertaining to SSA's medical criteria for determining disability.

Regarding the Listings of Impairments, SSA has entered into a 3-year contract with the IOM to establish a standing committee of medical experts to ensure that our listings are always medically supportable, relevant, and technologically current. As part of our contract with IOM, the standing committee will scan medical literature and major studies to inform potential listings revisions. If SSA requests, the IOM will also establish Federal Advisory Committee Act compliant consensus committees to provide recommendations for changes to specific medical listings.



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### Consultative Exam Study

This project will provide SSA with an independent analysis and documentation regarding the overall quality of consultative examinations (CEs) ordered for claims adjudicated at both the initial and hearings levels. The study will use evidence gathered in SSA's electronic disability claims folder to conduct a statistically valid review of initial claims and hearings for each state. An analysis will be conducted to assess if CEs are being requested in compliance with SSA regulations and identify any differences in processes either by state or by claims level that may affect CE quality. Information gained from the study could result in an improvement in the process for obtaining fees and improving the quality of CEs. This study builds on another SSA CE study completed in April 2008.

### Occupational Information System

SSA needs information about work to make a determination of disability under its disability programs. SSA uses the Dictionary of Occupational Titles (DOT) and its companion volume, the Selected Characteristics of Occupations, as the primary sources of information about jobs and job requirements. However, the Department of Labor (DOL) last updated the DOT in 1991 and has no plans to conduct further updates. Instead, the DOL has developed the Occupational Information Network (O\*NET) for career exploration and education. SSA, after conducting research, found that O\*NET is not suitable for disability evaluation. No other occupational classification systems exist that provide all the current information SSA needs for its disability programs.

SSA will conduct research to obtain occupational information critical to evaluating disability, including information not contained in the DOT, and to investigate medical-vocational issues to improve and update SSA policies. This project will provide SSA with legally defensible occupational information that is optimal for disability evaluation. Also, the outcomes of investigations of medical-vocational issues will enable SSA to update its disability evaluation policies and process.

SSA has established the Occupational Information Development Advisory Panel to provide expertise for the development of SSA's new occupational system. This panel consists of experts in the medical, psychological, legal, vocational rehabilitation, and Social Security disability fields and will convene for four panel meetings in 2010. The panel will provide guidance for all issues relevant to the development of a new occupational information system. Specifically, in 2010, the Panel will provide guidance with:

- Testing of newly developed instruments;
- Focus group testing of new instruments with end-users; and
- Observations to test instrument validation for job analysis.

Temporary Assistance to Needy Families – Supplemental Security Income (TANF-SSI) Disability Transition Project

In 2004, the Government Accountability Office recommended that SSA and the Department of Health and Human Services' Administration for Children and Families (ACF) collaborate to improve coordination between the SSI program and the Temporary Assistance for Needy Families (TANF) program, given the number of individuals and families served by both of these programs. Better coordination has become increasingly necessary, as the TANF program has strengthened policies to help recipients enter the workforce and increase self-sufficiency, requiring it to identify disabilities that may limit work, and to refer individuals to appropriate services, including SSI. However, considering the strict definition of disability used to determine eligibility for SSI, many TANF recipients with a disability will likely be found ineligible. Applying for SSI both delays their efforts to return to work and contributes to SSA's backlog in disability claims. Thus, it is in the best interest of TANF applicants, recipients, TANF agencies and SSA to ensure accurate screening and appropriate referrals for persons with a disability. This will enable SSA to better serve individuals while conserving our adjudicative resources.

To address this need, SSA has partnered with ACF to begin the TANF/SSI Disability Transition Project. The project began with initial planning between the two agencies, identifying states and localities to participate in the project, and gaining their agreement to participate and to enter into legal agreements allowing state and local TANF caseload data to be linked to SSA administrative data for analysis. The project also will examine promising program innovations to better coordinate TANF and SSI and serve individuals with a disability, and will help states and localities refine and pilot-test their program innovations, to provide models for other states and localities and to determine if a larger demonstration project is warranted. SSA is finalizing data-exchange agreements with six states, involving six local TANF agencies, selected based on the belief that their programs may provide useful information.

In FY 2008, SSA and ACF jointly funded a two-year research contract with evaluation contractors MDRC and the Lewin Group to examine and refine these local program innovations and identify options for further research. The project will culminate in September 2010 with analysis of trends in the numbers of TANF applicants and recipients applying for and eligible for SSI, lessons learned from local programs, and options for demonstration research. Findings should provide valuable information to policymakers, program administrators, and stakeholders on the overlap between TANF and SSI, effective coordination of the programs to better serve individuals with a disability, and possibilities for program improvement and reform.

Other Disability Research

Other disability research includes projects which provide broad program analysis and development in support of the Social Security Disability Insurance (SSDI) and SSI programs. These projects include studies of program policy issues, the identification of trends in the disability programs, the formulation of SSA policy regarding cross-cutting programs or issues related to disability and/or income assistance programs and the development and implementation of policy and procedures on SSDI and SSI work incentives.

### Return to Work

SSA's FY 2009 and FY 2010 budgets reflect significant resource commitments for extramural research in the area of returning beneficiaries to work. These commitments will provide SSA with the ability to invest in comprehensive, cost-effective policy designs that promote economic self-sufficiency and assist individuals in their efforts to return to work.

The budget request for FY 2010 reflects a careful assessment and prioritization of SSA's activities in disability research. The budget contains a structured package of demonstration projects designed to facilitate the employment of individuals at different stages of disability. We will continue to fund some of these projects under section 234 authority. The package includes a youth employment strategy to assist young individuals with disabilities in their transition into the workforce, and a demonstration targeted at the particular needs of individuals with mental illness. The Youth Transition Demonstration project will continue to have joint funding with section 234, as appropriate, based on the participation of both Title II and Title XVI beneficiaries.

#### *Organization for Economic Cooperation and Development (OECD) – Pathways to Transition of Students with Disabilities into Tertiary Education and Work*

Beginning July 2005, SSA and the Department of Education, Office of Special Education and Rehabilitative Services, Office of Special Education Programs entered into an interagency agreement (IAA) to jointly fund the OECD's five-year *Pathways to Transitions for People with Disabilities into Tertiary Education and Work* project. The IAA was not continued beyond year three. In FY 2009 and FY 2010, SSA and OECD will enter into a jointly financed cooperative agreement so that SSA can continue to provide funding for year 4 and year 5 of the project. The focus of this international project is to identify and promote best practices in the field of transition by identifying effective programs in OECD-developed countries that facilitate the successful transition of youth with disabilities to tertiary education and employment. Information obtained from the five-year Pathways study can provide knowledge to: (1) assist in preventing children with disabilities who are not currently on SSA rolls from eventually becoming beneficiaries once they reach adulthood; and (2) provide supports and assistance to transition youth with disabilities to tertiary education and substantial gainful work so they can become self-sufficient.

#### *Youth Transition Demonstration*

The Youth Transition Demonstration (YTD) is a research study whose purpose is to identify services, implement integrated service interventions, and test modified SSI rules (waivers) that lead to better education and employment outcomes for youth with disabilities. The evaluation uses a random assignment design. Eligible youth are randomly chosen to either receive YTD services or to be in a control group that will remain eligible for non-YTD services in the community.

YTD began in 2003 with seven projects (two ended in 2007). Three additional projects with random assignment design were added in 2007. At present, there are six projects implementing random assignment design. These YTD Projects are located in New York (two sites), Colorado,

Florida, Maryland and West Virginia. The non random assignment sites are in Mississippi and California and are continuing under no cost extensions.

The projects focus on youth between the ages of 14 and 25 who receive (or could receive) disability benefits. The overall goal is to determine effective and efficient methods of assisting youth with disabilities to transition from school to work. Throughout implementation of YTD, project staff receives technical assistance and training. YTD has joint funding with section 234, as appropriate, based on the participation of both Title II and Title XVI beneficiaries.

In order to encourage youth to work and/or increase their work activities or earnings, SSA has modified certain program rules to promote work and asset accumulation. As of January 2009, 503 of the 2,028 YTD participants (25 percent) were employed full-time or part-time. Most are students, so the nature of the work varies widely with regards to long-term and short-term employment. As a rough comparison, only about 11 percent of all SSI recipients aged 18-21 were working as of December 2007.

The national evaluator, Mathematica Policy Research, is conducting a process, cost-benefit, and impact evaluation. Youth participating in the impact evaluation will be followed for at least four years after they are recruited into the study. A variety of data sources, including SSA payment and employment data, surveys of youth, and interviews with project staff will be used to determine the difference the project made in the lives of project participants. For example, the analysis will determine whether the intervention led to increased earnings or increased enrollment in postsecondary education for youth.

Recent YTD accomplishments include the completion of random assignment enrollment in three original projects in FY 2008 and the initiation of random assignment enrollment in the three new projects in April 2008. Two reports on the national evaluation were also completed — (1) the Demonstration Profiles of the Random Assignment Projects Report; and (2) the YTD Evaluation Design Report.

### **Financial Literacy and Education**

The FY 2010 budget includes funds for the Financial Literacy and Education initiative that is designed to develop and implement projects that increase the ability of the American public to successfully plan for retirement. It also supports the objectives of broader Federal goals to improve financial literacy and education among the public. The initiative will meet these objectives by developing, testing, and refining effective print, web-based, and other products that can be used to better inform the public about retirement planning topics. A main component of our efforts on financial literacy will be the establishment of a Financial Literacy Research Center (FLRC) at the end of fiscal year 2009. The FLRC is being modeled on SSA's successful Retirement Research Consortium and will be charged with conducting research and development on agency-specific topic areas. The FLRC will be producing research by the end of FY 2010.

### **Retirement Policy Research**

SSA's research program provides analyses and data that support the Agency's efforts to make Social Security more responsive to the needs of the 21<sup>st</sup> century workforce. SSA uses both

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internal and external resources to meet this challenge. The extramural research budget enables the Agency to:

- Conduct broad-based retirement policy research through the Retirement Research Consortium;
- Develop and use simulation models to assess the likely impact of reform proposals;
- Improve the quality and reliability of the data used in policy analysis and modeling efforts; and
- Evaluate the effects of policy options or enacted legislation.

### Retirement Research Consortium

The Retirement Research Consortium (RRC) is one of SSA's key tools for maintaining a strong capability for research on Social Security solvency. The RRC is funded under 5-year cooperative agreements. The current agreements support centers based at the University of Michigan, Boston College, and the National Bureau of Economic Research, which provide the Agency with access to the best analysts on the full range of Social Security issues. Work produced by the RRC includes analyses on retirement behavior, the well-being of the retiree population, savings trends, the impact of aging societies, Social Security reform, individual accounts and investment behavior, and lessons from abroad. At the end of FY 2008, using a fully open and competitive process, SSA awarded new 5-year agreements to the existing centers.

### Retirement Income Modeling

Econometric and simulation models can provide policy makers with detailed information on the effects of changes in Social Security on individuals and the economy, with projections for years into the future. SSA's MINT model (Modeling Income in the Near Term) has become one of the most important tools for evaluating the effects of Social Security reform proposals on the distribution of retirement income. MINT's projections of the aged population have been extended well into the 21<sup>st</sup> century to enable simulation of additional Social Security policy changes. SSA analysts have used MINT to provide distributional analysis on how baby boom retirees will fare under reform proposals compared to current law. The budget also supports models that provide long-term projections and consider the effects of changes in Social Security on the economy.

## **Policy Evaluation and Data Development**

The research budget includes funds for evaluating proposals to change the Social Security programs, producing additional policy-relevant data, and improving the quality of statistics on the aged and persons with disabilities. Good data form the foundation upon which model development efforts and analytical capability are built. SSA's administrative data are useful in addressing many policy issues, but they often provide an incomplete picture of the effects of current and proposed policies. Consequently, SSA must seek cost-effective methods for obtaining the necessary data from other sources. As part of this effort, the agency will continue support for Census Bureau surveys and the National Institute on Aging's Health and Retirement Study (HRS). SSA funds to the Census Bureau and HRS support improvements to the quality of survey data that are of particular importance for Social Security, more complete linkage of program and survey data, and greater usage of data by researchers.

Evaluation of Ticket to Work

The Ticket to Work and Work Incentives Improvement Act of 1999 requires the Commissioner of Social Security to provide for independent evaluations to assess the effectiveness of the Ticket to Work program. The Act also requires the Commissioner to submit a report to Congress with recommendations for methodology to adjust payment rates to ensure adequate incentives for the provision of services by employment networks (EN).

In May 2003, SSA awarded two 5-year contracts to Mathematica Policy Research to conduct an independent evaluation of the Ticket program. The first contract focuses on data development, qualitative data collection, and implementation of the comprehensive evaluation analyses. The second contract implements a repeated survey of beneficiaries with 4 waves of interviews between 2004 and 2010. SSA submitted the first (post-2003) evaluation report to Congress in August 2004. SSA also released an interim report following the 2004 fiscal year. SSA sent to Congress the post-2005 evaluation report in October 2007 and the post-2006 evaluation report in October 2008.

The findings thus far indicate that the Ticket program has significant potential but that improvements in beneficiary awareness and EN incentives are needed. Survey findings show that many more beneficiaries are interested in employment and working their way off disability benefits than is reflected in Ticket to Work program participation. Most beneficiaries remain unaware of the Ticket to Work program despite various efforts by SSA to publicize it. Among those who are aware of the program, some have tried to use their Ticket but have been unable to find an EN to accept it. Participation by ENs has been disappointing, and the evaluation indicated that the old payment rules were not providing enough revenue to ENs to cover their costs. SSA initiatives to reduce EN costs helped, but have not significantly affected EN profitability. The changes to the Ticket to Work program regulations that were implemented in July of 2008 are designed to address this cost/revenue imbalance for ENs and hold promise for reinvigorating the program. Future reports will examine whether the new regulations improve the TTW program.

Longitudinal Programmatic Disability Data Repository Project (formerly Longitudinal Programmatic Disability Data Files)

SSA has a critical need to examine more longitudinal data to identify trends within the disability program. Executives and policy-makers need to be able to access both summary and detailed disability data, which they can combine with knowledge of the disability programs to enable them to make better-informed policy decisions. It is therefore critical that SSA develop systems that will give Agency leaders timely access to the longitudinal programmatic data needed to make sound policy decisions.

SSA is planning a multi-year project to address this need. This will be accomplished by analyzing the numerous data sources and types of data that are available within various SSA systems, developing a comprehensive strategy to effectively and efficiently collect this data in a centralized location, and developing a repository of disability data files and databases (consistent with SSA's overall system's architecture and standards).



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This data repository will modernize the role and functions of the current Disability Research File and eliminate the current time intensive processes. The new system will utilize state-of-the-art technologies that will modernize and automate the process and will be built with at least 10 rolling years of data, including the current year, on a continuous basis.

The actual development of the longitudinal data repository is anticipated to be completed in phases.

- Phase One will be devoted to the analysis of many data sources/files within SSA to select the appropriate data to be used for disability trends and research.
- Phase Two will focus on the initial development of the data repository, by compiling initial claims data and beneficiary specific data such as earnings and demographic data. Phase Two will also include development of web-based presentation of this data that offers data-mining functionality via pivot tables, drop-down boxes and other available sorting tools.
- Phase Three will include enhanced detailed data analysis, delivery and presentation methods that utilize advanced data-mining and business-intelligence tools. This phase will offer significantly advanced user-options, including standardized reports, multi-dimensional query capabilities, and charting and graphing options.
- Phase Four will include custom and ad hoc queries and reports required by Congress. This phase will also present that data via a web-based format with data-mining capabilities, consistent with the formats and functionalities developed in Phases Two and Three.

## Outreach Projects

SSA is responsible for several outreach efforts, including outreach to low-income beneficiaries who may be eligible for additional assistance with medical expenses.

### *Medicare Outreach – Section 1144*

Medicare Buy-in Outreach, required by section 1144 of the Social Security Act, requires SSA to conduct outreach to SSA beneficiaries and former beneficiaries who may potentially qualify for Medicare cost-sharing assistance. Outreach for Medicare Part A (hospital insurance) and Medicare Part B (medical insurance) is targeted to income-tested new Medicare-eligible beneficiaries, those who have experienced a drop in income, and 20 percent of those who have been previously notified.

**Table 2.22—Medicare Outreach: New Budget Authority and Obligations  
(in millions)**

	<b>FY 2008 Actual</b>	<b>FY 2009 Enacted</b>	<b>FY 2010 Estimate</b>
<b>Appropriation</b>	\$ 3.0	\$ 3.0	<b>\$ 3.0</b>
<b>Obligations</b>	(\$ 2.6)	(\$ 3.0)	<b>(\$ 3.0)</b>

Section 1144 was amended by the Medicare Prescription Drug legislation to include those potentially eligible for transitional assistance Medicare prescription drug cards and subsidized prescription drug benefits under Medicare Part D. In 2004, a special SSA mailing was sent to potential transitional assistance beneficiaries, and a comprehensive application mailing was sent to the potential subsidized Part D population in FY 2005. Starting in 2006, SSA provided outreach letters to the potential cost-sharing universe with incomes below 135 percent of the poverty level about help with “traditional” Medicare that included information about subsidized Part D when appropriate. Beneficiaries with incomes of 135 percent to less than 150 percent of the poverty level received outreach letters with subsidized Part D information, without reference to cost-sharing assistance with traditional Medicare. SSA also sent outreach letters to former disability insurance beneficiaries without Medicaid who may be eligible for state Medicaid cost-sharing for their purchase of Medicare Part A.

In addition, SSA is required to share lists of individuals potentially eligible for cost-sharing with state Medicaid agencies. The major objective of these projects is to increase enrollment of eligible low-income individuals into programs which assist Medicare beneficiaries with their out-of-pocket medical expenses, including prescription drugs.

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### RELATED FUNDING SOURCES

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The Commissioner of Social Security has authority to conduct research and demonstration projects under section 234 of the Social Security Act. The Commissioner uses trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. Funds for these demonstration projects, authorized under the 1999 Ticket to Work Act and funded from the trust funds, are not part of this appropriation request. Section 234 funds are directly apportioned by OMB and are estimated at \$34.3 million for FY 2009 and \$29.4 million for FY 2010. Because the Youth Transition Demonstration project involves both the SSI and DI programs, it is funded under both sections 1110 and 234. While section 234 authorization terminated on December 18, 2005, SSA has the authority to continue to conduct projects that were initiated prior to the expiration date. No new projects may be pursued under section 234.