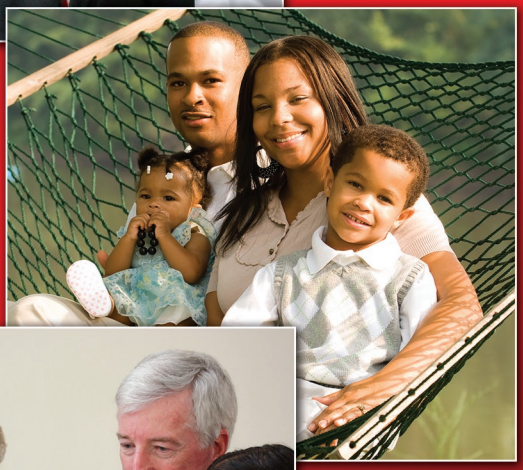

Social Security Administration

Justification of Estimates for Appropriations Committees

Fiscal Year 2010

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TECHNICAL MATERIALS

Summary Table of SSA's Appropriation Request

FY 2010	FTE[1]	Amount
Payments to Social Security Trust Funds		$ 20,404,000
Supplemental Security Income Program		
FY 2010 Request		$ 34,742,000,000[2]
FY 2011 First Quarter Advance		$ 16,000,000,000
Limitation on Administrative Expenses	65,114	$ 11,451,000,000
Office of the Inspector General	605	$ 102,682,000

[1] The totals include workyears funded by LAE, ARRA, and LIS.
[2] Excludes $15,400,000,000 previously appropriated as a first quarter advance for FY 2010.

Payments to Social Security Trust Funds

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APPROPRIATION LANGUAGE

PAYMENTS TO SOCIAL SECURITY TRUST FUNDS

For payment to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as provided under sections 201(m), 228(g), and 1131(b)(2) of the Social Security Act, **[**$20,406,000**]***$20,404,000*. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.)*

GENERAL STATEMENT

The Payments to Social Security Trust Funds (PTF) account provides Federal fund payments to the Social Security trust funds for several distinct activities. The purpose of each requested payment is to put the trust funds in the same financial position they would have been in had they not borne the cost of certain benefits or administrative expenses chargeable to general revenues. This account includes payments requiring an annual appropriation and payments made to the trust funds under permanent indefinite authority.

ANNUAL APPROPRIATION

The annual PTF appropriation provides reimbursement to the Social Security trust funds for four non-trust fund activities. These activities include special payments for certain uninsured persons (also known as Prouty Benefits), pension reform, interest on unnegotiated checks, and a quinquennial adjustment for military service wage credits.[1] The estimated annual appropriation and resulting obligations for FY 2010 are shown below.

Table 1.1—Annual Appropriation and Obligations

	FY 2009 Enacted	FY 2010 Estimate	*FY09 to FY10 Change*
Appropriation	**$ 20,406,000**	**$ 20,404,000**	***- $ 2,000***
Obligations	**($ 20,406,000)**	**($ 20,404,000)**	***(- $ 2,000)***

PERMANENT INDEFINITE AUTHORITY

Amounts not subject to the annual appropriation include receipts from Federal income taxation of Social Security benefits, Federal Insurance Contribution Act (FICA) and Self-Employment Contribution Act (SECA) tax credits, and reimbursement for Federal employee union administrative expenses. The permanent appropriation provides that the trust funds receive the amounts collected from taxation of Social Security benefits (initially collected by the Treasury), are reimbursed for loss of income due to FICA and SECA tax credits, and are reimbursed for union administrative expenses borne by the Trust Funds but attributable to general revenues.

The Social Security Amendments of 1983 provide for taxation of up to one-half of Social Security benefits in excess of certain income thresholds. The Omnibus Reconciliation Act of 1993, P.L. 103-66, amended this provision so that up to 85 percent of benefits could be subject to

[1] The quinquennial adjustment for military service wage credits is authorized to be appropriated every 5 years, if it is determined necessary. The next quinquennial adjustment is due in FY 2011. Appropriations are needed to effectuate transfers from the general funds to the trust funds.

taxation. The additional amounts collected from this 1993 provision are paid to the Hospital Insurance Trust Fund; no additional income is due the Social Security trust funds as a result of the enactment of the 1993 law.

The taxes are collected as Federal income taxes; subsequently, an equivalent payment to the Social Security trust funds is made from the general funds of the Treasury. Transfers of estimated aggregate tax liabilities arising from Social Security benefits of U.S. citizens are made quarterly and then adjusted as actual receipts are known. The estimated income from these taxes is $20,651 million in FY 2009 and $24,348 million in FY 2010 from U.S. citizens; taxes imposed on aliens are transferred monthly and will generate estimated income of $165 million in FY 2009 and $174 million in FY 2010. The estimates for taxation of benefits reflect normal growth related to benefit levels and the beneficiary population.

The Social Security Amendments of 1983 also provided for the granting of FICA and SECA tax credits to individuals. The tax credits are granted at the time the individual is taxed and are funded by the general funds of the Treasury - through reimbursement to the trust funds. The FICA tax credit applies only to wages earned in calendar year 1984. The SECA tax credit applies from calendar year 1984 through calendar year 1989. There are small periodic adjustments made due to tax credits being applied retroactively.

In addition to taxation of benefits and tax credits, the PTF account includes reimbursement to the trust funds from general funds, including interest, for certain administrative expenses incurred in support of Federal employee union activities. This reimbursement is included in SSA's Limitation on Administrative Expenses appropriation.

BUDGETARY RESOURCES

The PTF annual appropriation request for FY 2010 is $20,404,000. SSA expects to make $24,553,804,000 in payments to the trust funds in FY 2010, including amounts appropriated under permanent indefinite authority.

Table 1.2—Amounts Available for Obligation

	FY 2008	FY 2009	FY 2010
Annual Appropriation	**$ 59,140,000**	**$ 20,406,000**	**$ 20,404,000**
Permanent Appropriation	**$ 17,781,573,532**	**$ 20,827,000,000**	**$ 24,533,000,000**
Total Appropriation	$ 17,840,713,532	$ 20,847,406,000	$ 24,553,404,000
Unobligated Balance, Start-of-Year	$ 13,700,935	$ 12,942,027	$ 12,542,027
Recovery of Prior-Year Obligations	$ 0	$ 0	$ 0
Subtotal Budgetary Resources	**$ 17,854,414,467**	**$ 20,860,348,027**	**$ 24,565,946,027**
Obligations	**($ 17,833,441,033)**	**($ 20,847,806,000)**	**($ 24,553,804,000)**
Unobligated Balance, End-of-Year	$ 12,942,027	$ 12,542,027	$ 12,142,027
Unobligated Balance, Lapsing	$ 8,031,407	$ 0	$ 0

The unobligated balances represent funds appropriated for the Coal Industry Retiree Health Benefits Act (CIRHBA) in FY 1996 and FY 1997 and made available until expended. The lapsed unobligated balances represent the amount of the annual appropriation not obligated in the current year.

ANALYSIS OF CHANGES

The FY 2010 annual appropriation request is $2,000 less than the FY 2009 enacted appropriation. The decrease in the request is due to a decrease in the estimated obligations for Prouty benefits. The obligations reported below include CIRHBA activity, funded from unobligated balances carried forward from prior years. These funds were provided in FY 1996 and FY 1997 and remain available until expended.

Table 1.3—Summary of Changes

	FY 2009 Enacted	FY 2010 Estimate	*FY 09 to FY 10 Changes*
Appropriation	$ 20,406,000	$ 20,404,000	*- $ 2,000*
Obligations	($ 20,806,000)	($ 20,804,000)	*(- $ 2,000)*

Table 1.4—Explanation of Changes in Budget Authority

	FY 2009 Base Budget Authority	Change from Base
Decreases to Budget Authority		
Special Payments for Certain Uninsured Persons (Prouty) – *Lower estimated obligations due to a continuing declining population*	$ 6,000	- $ 2,000
Total Decreases		**- $ 2,000**
Total Net Change in Budget Authority		**- $ 2,000**

BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

The table below displays the budget authority and obligations for each of the PTF activities funded by the annual appropriation. The appropriation for the Economic Stimulus Act of 2008, P.L. 110-185, was a one-time payment to the trust funds. The quinquennial adjustment for Military Service Wage Credits was included in the FY 2008 appropriation. Coal Industry Retiree Health Benefit obligations are funded from prior year unobligated balances.

Table 1.5—New Budget Authority & Obligations, Current Authority (in thousands)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Appropriation			
Special Payments for Certain Uninsured Persons	$ 13	$ 6	$ 4
Pension Reform	$ 6,400	$ 6,400	$ 6,400
Unnegotiated Checks	$ 14,000	$ 14,000	$ 14,000
Quinquennial Adj. for Military Wage Credits	$ 7,727	$ 0	$ 0
Coal Industry Retiree Health Benefits	$ 0	$ 0	$ 0
Economic Stimulus	$ 31,000	$ 0	$ 0
Total Annual Appropriation	$ 59,140	$ 20,406	$ 20,404
Obligations			
Special Payments for Certain Uninsured Persons	($ 13)	($ 6)	($ 4)
Pension Reform	($ 1,200)	($ 6,400)	($ 6,400)
Unnegotiated Checks	($ 11,169)	($ 14,000)	($ 14,000)
Quinquennial Adj. for Military Wage Credits	($ 7,727)	($ 0)	($ 0)
Coal Industry Retiree Health Benefits	($ 759)	($ 400)	($ 400)
Economic Stimulus	($ 31,000)	($ 0)	($ 0)
Total Obligations	($ 51,868)	($ 20,806)	($ 20,804)

The table below displays budget authority and obligations for the PTF activities not subject to the annual appropriation. This includes taxation of benefits, FICA and SECA tax credits, and reimbursement for certain union administrative expenses. The actual amount appropriated for these activities is determined by the actual amount collected from taxation of benefits and provided as FICA/SECA tax credits and actual union administrative expenses subject to reimbursement.

Table 1.6—Budget Authority and Obligations, Permanent Indefinite Authority (in thousands)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Appropriation			
Reimb. for Union Administrative Expenses	$ 12,554	$ 11,000	$ 11,000
Taxation of Benefits, U.S.	$ 17,618,886	$ 20,651,000	$ 24,348,000
Taxation of Benefits, Nonresident Alien	$ 150,000	$ 165,000	$ 174,000
FICA Tax Credits	$ 0	$ 0	$ 0
SECA Tax Credits	$ 134	$ 0	$ 0
Total Permanent Appropriation	**$ 17,781,574**	**$ 20,827,000**	**$ 24,533,000**
Obligations			
Reimb. for Union Administrative Expenses	($ 12,554)	($ 11,000)	($ 11,000)
Taxation of Benefits, U.S.	($ 17,618,886)	($ 20,651,000)	($ 24,348,000)
Taxation of Benefits, Nonresident Alien	($ 150,000)	($ 165,000)	($ 174,000)
FICA Tax Credits	($ 0)	($ 0)	($ 0)
SECA Tax Credits	($ 134)	($ 0)	($ 0)
Total Obligations	**($ 17,781,574)**	**($ 20,827,000)**	**($ 24,533,000)**

BUDGET AUTHORITY BY OBJECT

The table below displays the total PTF account by object class.

Table 1.7—New Budget Authority by Object

(in thousands)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Insurance Claims and Indemnities	$ 17,819,489	$ 20,830,006	$ 24,536,004
Other Services	$ 13,754	$ 17,400	$ 17,400
Total Budget Authority	**$ 17,833,243**	**$ 20,847,406**	**$ 24,553,404**

BACKGROUND

AUTHORIZING LEGISLATION

The PTF account is authorized by the sections of the Social Security Act described below. Taxation of benefits is appropriated under permanent indefinite authority.

Table 1.8—Authorizing Legislation (in thousands)

	FY 2009 Amount Authorized	FY 2009 Enacted	FY 2010 Amount Authorized	FY 2010 Estimate
Special payments for certain uninsured persons (Prouty): Social Security Act (S.S. Act), section 228(g)	Indefinite	$ 6	Indefinite	$ 4
Pension reform: S.S. Act, section 1131(b)(2)	Indefinite	$ 6,400	Indefinite	$ 6,400
Unnegotiated checks: S.S. Act, section 201(m); Social Security Amendments of 1983, section 152	Indefinite	$ 14,000	Indefinite	$ 14,000
Coal industry retiree health benefits: Internal Revenue Code of 1986, sections 9704 and 9706; Energy Policy Act of 1992, section 19141	Indefinite	$ 0	Indefinite	$ 0
Quinquennial adjustment for military service wage credits: S.S. Act, section 217(g)	Indefinite	$ 0	Indefinite	$ 0
Subtotal Annual PTF Appropriation		**$ 20,406**		**$ 20,404**
Reimbursement for union administrative expenses: FY 2008 Appropriation, P.L. 110-161	Indefinite	$ 11,000	Indefinite	$ 11,000
Taxation of benefits, U.S.: Social Security Amendments of 1983, section 121	Permanent Indefinite	$ 20,651,000	Permanent Indefinite	$ 24,348,000
Taxation of benefits, nonresident aliens: Social Security Amendments of 1983, section 121	Permanent Indefinite	$ 165,000	Permanent Indefinite	$ 174,000
Total Appropriation		**$ 20,847,406**		**$ 24,553,404**

APPROPRIATION HISTORY

The table below displays the annual appropriation requested by SSA, amounts approved by the House and Senate, and the amount ultimately appropriated by Congress. This does not include amounts appropriated under permanent indefinite authority. The FY 2006 appropriation included a supplemental appropriation for hurricane relief. The FY 2007 appropriation included a one-time reimbursement to the trust funds for an overpayment made from the trust funds to the IRS. The quinquennial adjustment for Military Wage Service Credits is included in the FY 2002 and FY 2008 enacted appropriations.

Table 1.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
2000	$ 20,764,000	$ 20,764,000	$ 20,764,000	$ 20,764,000
2001	$ 20,400,000	$ 20,400,000	$ 20,400,000	$ 20,400,000
2002[2]	$ 434,400,000	$ 434,400,000	$ 434,400,000	$ 434,400,000
2003	$ 20,400,000	$ 20,400,000	$ 20,400,000	$ 20,400,000
2004	$ 21,658,000	$ 21,658,000	$ 21,658,000	$ 21,658,000
2005	$ 20,454,000	$ 20,454,000	$ 20,454,000	$ 20,454,000
2006	$ 20,470,000	$ 20,470,000	$ 20,470,000	$ 20,470,000
Supplemental[3]				$ 38,000,000
2007[4]	$ 27,756,000	$ 20,416,000	$ 20,416,000	$ 20,416,000
Trust Funds Restoration Act[5]				$ 1,297,614,000
2008[6]	$ 28,140,000	$ 28,140,000	$ 28,140,000	$ 28,140,000
Economic Stimulus Act[7]				$31,000,000
2009	$ 20,406,000	$ 20,406,000	$ 20,406,000	$ 20,406,000
2010	$ 20,404,000			

[2] Includes $414,000,000 for the quinquennial adjustment to the Federal Old-Age and Survivors Insurance Trust Fund for the costs of granting noncontributory credit for military service.
[3] FY 2006 Supplemental Appropriation providing for hurricane relief.
[4] The FY 2007 request included $7,340,000 for the quinquennial adjustment to the Federal Disability Insurance Trust Fund for the costs of granting noncontributory credit for military service. This was not appropriated for FY 2007.
[5] Appropriation provided by the Social Security Trust Funds Restoration Act of 2006, P.L. 109-465, to repay the Social Security trust funds for an overpayment to the Internal Revenue Service for Voluntary Income Tax Withholding.
[6] Includes $7,727,000 for the quinquennial adjustment to the Federal Disability Insurance Trust Fund for the costs of granting noncontributory credit for military service.
[7] Appropriation provided by the Economic Stimulus Act of 2008, P.L. 110-185, for agency administrative costs related to stimulus payments to Social Security Beneficiaries.

SPECIAL PAYMENTS FOR CERTAIN UNINSURED PERSONS

Authorizing Legislation: Section 228(g) of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI Trust Fund for the costs of special payments made to certain persons who were not insured for regular Social Security benefits (also know as "Special Age-72 Benefits" or "Prouty Benefits"). Section 228(g) of the Social Security Act, as amended, authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund (with interest) for special monthly benefits paid during the second preceding fiscal year to persons with fewer than three quarters of coverage. The annual appropriation also includes adjustments for prior years, as necessary.

Table 1.10—Special Payments for Certain Uninsured Persons: Budget Authority

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate	*FY 09 to FY10 Change*
Budget Authority	$ 13,000	$ 6,000	**$ 4,000**	*- $ 2,000*

Benefits were authorized in a 1966 amendment to the Social Security Act (the Prouty amendment) providing for special payments to persons aged 72 and over who were too elderly to have worked long enough after passage of the Act to be insured for Social Security benefits. To be eligible under the Prouty amendment, an individual must have attained age 72 before 1968, or meet certain minimal insured status requirements if he or she attained age 72 in 1968 or later.[8] In FY 2008, the maximum benefit amount was $261.30. For individuals receiving a government pension, payments under a Federally-aided public assistance program, or payments under the Supplemental Security Income program, Prouty benefits are reduced or withheld, as required by law.

The number of persons receiving benefits under the Prouty amendment has been decreasing gradually as the size of the aged population meeting the eligibility requirements decreases. As of September 30, 2008, there was only one person receiving benefits under this program; the same as on September 30, 2007.

[8] Special payments made to persons with three or more quarters of coverage were funded from the trust funds and not reimbursed from general revenues. There are no longer any individuals receiving benefits under this provision.

Table 1.11—Special Payments for Certain Uninsured Persons: Obligations

Fiscal Year	Obligations
FY 2003	$ 0
FY 2004	$ 1,258,000
FY 2005	$ 54,000
FY 2006	$ 70,000
FY 2007	$ 16,000
FY 2008	$ 13,000
FY 2009 Enacted	$ 6,000
FY 2010 Estimate	**$ 4,000**

RATIONALE FOR BUDGET REQUEST

The FY 2010 President's budget request is for payment of $4,000 to the OASI Trust Fund for program costs incurred in FY 2008. Program costs include benefit payments actually made, administrative expenses for maintaining the beneficiary rolls, and interest lost to the trust fund. The FY 2009 appropriation was for payment to the OASI Trust Fund for program costs incurred in FY 2007.

PENSION REFORM

Authorizing Legislation: Section 1131(b)(2) of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI Trust Fund for the cost of certain pension reform activities chargeable to Federal funds.

Table 1.12—Pension Reform: Budget Authority

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate	*FY 09 to FY 10 Change*
Budget Authority	$ 6,400,000	$ 6,400,000	**$ 6,400,000**	*$ 0*

The Employee Retirement Income Security Act of 1974, P.L. 93-406 (Pension Reform Act, also known as ERISA) established section 1131 of the Social Security Act. This requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors), either upon request or automatically upon application for retirement, survivors, or disability insurance benefits.

Each time an employee leaves employment, which earned the worker vested rights to a pension, SSA receives the necessary information from the IRS, in both paper and electronic format. SSA controls, scans, and keys data through the Integrated Image-Based Data Capture System (IIBDCS). IIBDCS allows for optical character recognition or manual data entry from an electronic image, eliminating the old Lifeworks system, which had necessitated that all data be keyed from a paper document and microfilmed. IIBDCS transfers the data to the ERISA system, where further information verification against the NUMIDENT (SSN record) database takes place. The data is then populated into the ERISA Master Files (EMF). Each month, an activity file of new benefit applications is compared to the EMF. Any individual in this activity file that shows a corresponding record for the worker in the EMF is sent the required ERISA notice of pension plan eligibility, which includes the information the worker needs to contact the pension plan administrator. SSA staff also resolves exceptions and responds to inquiries from employers and the public.

Section 1131(b)(1) permits the administrative expenses of carrying out this pension reform work to be funded initially from the OASI Trust Fund through SSA's Limitation on Administrative Expenses. Section 1131(b)(2) authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund. To the extent that resources needed to process this workload exceed the budget authority available for reimbursement in the current year, reimbursement is made to the OASI Trust Fund at the beginning of the subsequent year, including interest as appropriate. SSA began to incur pension reform administrative expenses in FY 1977.

Table 1.13—Pension Reform: Obligations

Fiscal Year	Obligations
FY 2004	$ 6,400,000
FY 2005	$ 4,291,000
FY 2006	$ 1,942,000
FY 2007	$ 1,125,000
FY 2008	$ 1,200,000
FY 2009 Estimate	$ 6,400,000
FY 2010 Estimate	**$ 6,400,000**

RATIONALE FOR BUDGET REQUEST

The FY 2010 budget requests $6,400,000 to reimburse the OASI Trust Fund for the cost of carrying out SSA's responsibilities under the Pension Reform Act. This includes adjustments for interest, if necessary, for FY 2009 pension reform costs in excess of the FY 2009 pension reform activity in this appropriation. The FY 2010 request is the same as in the FY 2009 budget. SSA has continued to receive a large volume of pension coverage reports from the IRS. The table below summarizes the recent trend:

Table 1.14—Receipts from Pension Coverage Reports

Fiscal Year	Pension Coverage Report Receipts
FY 2000	3,763,000
FY 2001	2,016,000
FY 2002	3,003,000
FY 2003	1,570,000
FY 2004	5,621,371
FY 2005	5,363,409
FY 2006	6,003,014
FY 2007	5,397,935
FY 2008	**5,554,314**

UNNEGOTIATED CHECKS

Authorizing Legislation: Section 201(m) of the Social Security Act and Section 152 of P.L. 98-21.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI and DI Trust Funds for the value of interest on benefit checks that remain uncashed after 6 months.

Table 1.15—Unnegotiated Checks: Budget Authority

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate	*FY 09 to FY10 Change*
Budget Authority	$ 14,000,000	$ 14,000,000	**$ 14,000,000**	*$ 0*

This activity was originally established to reimburse the trust funds for uncashed benefit checks and accrued interest. Beginning October 1, 1989, Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue under the provisions of the Competitive Equality Banking Act (CEBA) of 1987 (P.L. 100-86). In the 14th month after issue, the Department of the Treasury prepares a listing of checks outstanding from each agency, cancels those checks, and refunds the value of checks canceled to the authorizing agencies. Under this "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989 are credited directly to the trust funds from Treasury's general fund when the checks are canceled, pursuant to P.L. 100-86. These funds do not pass through the Payments to Social Security Trust Funds account. However, the interest adjustment must be paid through this account because CEBA made no provision for it.

This appropriation funds the estimated ongoing level of activity and represents the value of interest for unnegotiated OASDI benefit checks.

Table 1.16—Unnegotiated Checks: Obligations

Fiscal Year	Obligations
FY 2004	$ 7,545,490
FY 2005	$ 8,662,115
FY 2006	$ 9,289,828
FY 2007	$ 10,084,755
FY 2008	$ 11,169,140
FY 2009 Enacted	$ 14,000,000
FY 2010 Estimate	**$ 14,000,000**

RATIONALE FOR BUDGET REQUEST

The FY 2009 request is for $14,000,000 to reimburse the OASDI Trust Funds for the value of interest on unnegotiated checks.

Table 1.17—Unnegotiated Checks: Budget Authority by Trust Fund

	FY 2010 Estimate
OASI Trust Fund	$ 11,000,000
DI Trust Fund	$ 3,000,000
Total	$ 14,000,000

The FY 2010 request is the same as the FY 2009 estimate. The actual interest reflects the ongoing shift of beneficiaries away from the paper check method of benefit payment to direct deposit. Benefits paid via direct deposit bypass the mechanism in which there is the possibility of an uncashed check. However, the effect of the growth in direct deposit participation on unnegotiated check interest is somewhat offset by increases in the number of beneficiaries and in the average monthly benefit payments. The following table summarizes the recent trend in the percentage of OASDI beneficiaries enrolled in the direct deposit payment program.

Table 1.18—Direct Deposit Participation Rate

	Direct Deposit Participation Rate
December 2003	**82%**
December 2004	**82%**
December 2005	**83%**
December 2006	**84%**
December 2007	**85%**
December 2008	**86%**

COAL INDUSTRY RETIREE HEALTH BENEFITS

Authorizing Legislation: Sections 9704 and 9706 of the Internal Revenue Code of 1986 as amended by section 19141 of the Energy Policy Act of 1992.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASDI trust funds for work carried out under section 19141 of the Energy Policy Act of 1992 (Public Law 102-486), which established the Coal Industry Retiree Health Benefit Act of 1992 (CIRHBA).

Table 1.19—Coal Industry Retiree Health Benefits: Obligations

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate	*FY09 to FY10 Change*
New Budget Authority	$ 0	$ 0	$ 0	*$ 0*
Obligations	($ 758,908)	($ 400,000)	**($ 400,000)**	*$ 0*

CIRHBA combined two existing United Mine Workers of America pension plans into a single fund and required that certain existing coal mine operators pay health benefit premiums for the new combined plan. The law directed the Commissioner of Social Security to:

- Search the earnings records of the group of retired coal miners covered by the combined plan;
- Determine which retirees should be assigned to which mine operators;
- Notify the involved mine operators of the names and Social Security numbers of eligible beneficiaries who have been assigned to them;
- Process appeals from operators who believe that assignments have been made incorrectly; and
- Compute the premiums based on a formula established in the Act.

PROGRESS TO DATE

SSA has completed initial decisions and review on all of the retired miners covered under these provisions of the 1992 CIRHBA. In addition, SSA has implemented the Coal Act provisions of The Tax Relief and Health Care Act of 2006 (P.L. 109-432), which significantly impacted and restructured CIRHBA. SSA carefully reviewed the legislation, obtained legal advice, and assessed how P.L. 109-432 affected existing policies and procedures. SSA complied with the provision that specifically directed the Commissioner to "revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on or after October 1, 2007."

SSA has devoted considerable time and resources to comply with P.L. 109-432. All court cases challenging SSA's involvement in the Coal Act are now closed. There is no active litigation. SSA remains obligated to provide yearly data on miner assignments to the UMWA Combined Benefit Fund.

This account provides general fund reimbursement to the trust funds to the extent that the Limitation on Administrative Expenses account advances funds for SSA to carry out this work. Additional funds are not requested for FY 2010 because the $10,000,000 per year appropriated in FY 1996 and in FY 1997 remains available until expended to reimburse the trust funds.

MILITARY SERVICE WAGE CREDITS

Authorizing Legislation: Section 217(g) of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASDI trust funds, as necessary, for the costs of granting noncontributory wage credits for military service. Section 217(g) addresses pre-1957 military service and payments to the trust funds for this purpose are authorized to be made every five years. Because $7,727,000 was appropriated in FY 2008, no appropriations are needed for FY 2009 and FY 2010.

Table 1.20—Military Service Wage Credits: Budget Authority

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate	*FY09 to FY10 Change*
Budget Authority	$ 7,727,000	$ 0	$ 0	*$ 0*

Pre-1957 Military Service: The 1946 Social Security Amendments provided for payment of Social Security benefits to World War II veterans and their survivors based upon noncontributory wage credits of $160 for each month of the veteran's active military service. Subsequent amendments extended the period for which these credits were granted through December 1956. For that period, the Social Security Act did not require contributions to the trust funds based on the wages of individuals in the military service. To finance the additional costs incurred in paying benefits, which are based on periods of military service before 1957 for which no contributions were made, the Social Security Act provides for reimbursement to the OASI and the DI trust funds from the general fund of the Treasury.

The Social Security Amendments of 1983 modified section 217(g) to reimburse the trust funds in a lump sum for the present value of all future benefits arising from the gratuitous credits granted for military service before 1957. This provision directed the Secretary of the Treasury to transfer the pre-1957 wage credit lump sum to the trust funds within 30 days after enactment of the legislation. This lump sum settlement, which covered periods through September 30, 2015, is subject to adjustment every fifth year beginning in 1985. For periods beginning FY 2016, the Commissioner of Social Security will determine the adjustments on the basis of benefits and administrative costs actually paid under section 217(g) and relevant actuarial assumptions in the Social Security Trustees Report. Under the 1983 amendments, the only costs of pre-1957 military service credits to these appropriations will be any additional payments due as a result of these adjustment determinations.

Following the initial transfers from the general fund to the trust funds in 1983 and 1985, the quinquennial adjustments resulted in the transfer of funds from SSA's trust funds to the general fund of the Treasury each time until the 2000 determination was prepared. In that year, it was determined that the general fund owed a payment to the OASI trust fund instead. The FY 2002

appropriation for this transfer, including interest, was $414,000,000. Appropriations are currently not needed to effectuate quinquennial transfers from the trust funds to the general fund.

Supplemental Security Income Program

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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
"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."	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.
"*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."	Ensures that states do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.
"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."	Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.
"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."	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.

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	*Change*
Appropriation	$ 45,271,537,000	**$ 50,142,000,000**	*+ 4,870,463,000*
Obligations	($ 47,913,530,000)	**($ 50,241,925,000)**	*+ 2,328,395,000*
First Quarter Advance Appropriation for Subsequent Fiscal Year	$ 15,400,000,000	**$16,000,000,000**	*+ 600,000,000*

PROGRAM OVERVIEW

Eligibility Standards

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

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[1]

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

[1] Does not include state supplementary payments and reimbursements or the corresponding state supplementation user fee collections; user fees are included in the LAE appropriation.
[2] Amount provided in the previous year's appropriation bill.
[3] 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

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.

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);

- 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[1, 2]

	FY 2008[3] 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
Total Annual Appropriation	**$ 43,756,170,423**	**$ 45,271,537,000**	**$ 50,142,000,000**
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
Subtotal Federal Resources	**$ 46,294,534,706**	**$ 48,379,602,051**	**$ 50,608,072,051**
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
Total Budgetary Resources	**$ 51,026,116,893**	**$ 53,222,602,051**	**$ 55,597,072,051**
Federal Obligations	**($ 44,555,912,954)**	**($ 47,913,530,000)**	**($ 50,241,925,000)**
State Supplement Obligations	($ 4,369,689,749)	($ 4,460,000,000)	($ 4,595,000,000)
Total Obligations	**($ 48,925,602,702)**	**($ 52,373,530,000)**	**($ 54,836,925,000)**
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
Total Unobligated Balance	$ 2,100,514,190	$ 849,072,051	$ 760,147,051

[1] Totals may not add due to rounding.
[2] Does not include state supplementation user fees; user fees are included in the LAE appropriation.
[3] 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.

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

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[1]

	FY 2009 Enacted	FY 2010 Estimate	*Change*
Appropriation	**$ 45,271,537,000**	**$ 50,142,000,000**	***+ $ 4,870,463,000***
Estimated Obligations	**($ 47,913,530,000)**	**($ 50,241,925,000)**	***+ $ 2,328,395,000***
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*
Increases: Built-In		
Federal Benefit Payments	$ 42,027,000	*+ $* ***4,766,000***
• *Cost-of-living adjustments (COLA)— 5.8% beginning January 2009 and 0.0% beginning January 2010*		*+ 800,000*
• *Increase of 225,000 recipients in FY 2010*		*+ 1,466,000*
• *Decrease in amount of carryover and indefinite authority funding available in FY 2010*		*+2,500,000*
Administrative Expenses	$ 3,206,537	*+ $****235,463***
• *Additional funding for program integrity workloads*		+$124,393
• *Additional base funding*		*+$111,070*
Beneficiary Services	$ 3,000	*+ $****46,000***
• *Decrease in amount of carryover funding available for obligation in FY 2010*		*+ $ 25,000*
• *Revised Ticket to Work projections*		*+ $ 21,000*
Research and Demonstration	$ 35,000	*+ $* ***14,000***
• *Decrease in amount of carryover funding available for obligation in FY 2010*		*+ $ 10,605*
• *Increase in FY 2010 funding for several projects*		*+ $ 3,395*
Total	**$ 45,271,537**	***+$ 5,061,463***

[1] 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	*Change from Base*
Decreases: Built-In		
Federal Benefit Payments- *Effect of OASDI COLA for concurrent SSI/OASDI recipients*	$ 42,027,000	*- $ 191,000*
Administrative Expenses	$ 3,206,537	- -
Beneficiary Services	$ 3,000	- -
Research & Demonstration	$ 35,000	- -
Total	**$ 45,271,537**	***- $ 191,000***
Net Change to Budget Authority Requested		***+ $ 4,870,463***

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 [8]
(in thousands)

	FY 2008 Actual	FY 2009[9], [10] Enacted	FY 2010[11] Estimate
Federal Benefit Payments			
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
Administrative Expenses			
Appropriation	$ 3,018,520	$ 3,206,537	$ 3,442,000
Obligations	($ 3,168,520)	($ 3,266,000)	($ 3,495,000)
Beneficiary Services			
Appropriation	$ 36,000	$ 3,000	$ 49,000
Obligations	($ 47,942)	($ 67,000)	($ 88,000)
Research and Demonstration			
Appropriation	$ 26,651	$ 35,000	$ 49,000
Obligations	($ 29,729)	($ 53,530)	($ 56,925)
Total Appropriation	**$ 43,756,170**	**$ 45,271,537**	**$ 50,142,000**
Total Obligations	**($ 44,555,913)**	**($ 47,913,530)**	**($ 50,241,925)**

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.

[8] Totals may not add due to rounding.
[9] 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.
[10] SSA expects to use $1,143 million in indefinite authority for FY 2009 Federal benefit obligations.
[11] 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.

NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

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

Table 2.8—New Budget Authority and Obligations by Object[12]
(in thousands)

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

[12] Numbers may not add due to rounding.
[13] 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

	FY 2009 Amount Authorized	FY 2009 Enacted	FY 2010 Amount Authorized	FY 2010 Estimate
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	*Indefinite*	$ 45,271,537,000	*Indefinite*	**$ 50,142,000,000**
First Quarter Advance appropriation for subsequent fiscal year	---	$ 15,400,000,000	---	**$ 16,000,000,000**

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
Indefinite	*$ 367,000,000*			
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
Indefinite	*$ 578,881,680*			
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 [14]	$ 40,235,000,000	$ 40,181,169,000	$ 40,181,169,000	$ 40,181,169,000
2008 [15]	$ 43,721,000,000	$ 43,758,525,000	$ 43,815,500,000	$ 43,756,170,423
2009	$ 45,214,000,000	$ 45,263,000,000	$ 45,229,875,000	$ 45,271,537,000
Indefinite	*$ 1,142,889,312*			
2010	**$ 50,142,000,000**			
2011 [16]	**$16,000,000,000**			

[14] The amounts passed by the House and Senate reflect the amounts included in the Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5).
[15] 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.
[16] 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*
Appropriation	**$ 40,675,000**	**$ 42,027,000**	***+ $1,352,000***	**$ 46,602,000**	***+ $ 4,575,000***
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*
Obligations	**$ 41,309,722**	**$ 44,527,000**	***+ $3,217,278***	**$ 46,602,000**	***+ $ 2,075,000***
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[17]
(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
Total Federal	**6,775**	**6,878**	**7,003**	**7,117**
Year-to-Year Change	***1.6%***	***1.5%***	***1.8%***	***1.6%***
State Supplement Only	290	291	296	298
Total Federally Administered	**7,065**	**7,169**	**7,300**	**7,415**

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%*
Total Federal	**7,322**	***+ 2.9%***	**7,547**	***+ 3.1%***
State Supplement only	304	*+ 2.0%*	311	*+ 2.3%*
Total Federally Administered	**7,626**	***+ 2.8%***	**7,858**	***+ 3.0%***

[17] 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)

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

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**

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

	Number of Check Payments	Federal Benefit Obligations
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
FY 2008	**12**	**$ 41,309,722,313**
FY 2009	**12**	**$ 44,527,000,000**
FY 2010	**12**	**$ 46,602,000,000**

ADMINISTRATIVE EXPENSES

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

PURPOSE AND METHOD OF OPERATION

Administrative expenses for the SSI program are funded from general revenues. Section 201(g)(1) of the Social Security Act provides that administrative expenses for the SSI program, including Federal administration of state 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 [18]	**($ 3,168,520)**	**($ 3,266,000)**	*+ $ 97,480*	**($ 3,495,000)**	*+ $ 229,000*

[18] In FY 2008, SSA partially funded administrative expenses with recoveries of prior-year obligations.

RATIONALE FOR BUDGET REQUEST

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*
Appropriation	**$ 36,000**	**$ 3,000**	***- $ 33,000***	**$ 49,000**	***+ $ 46,000***
Obligations Funded from Prior-Year Unobligated Balances	$ 11,942	$ 64,000	*+ $ 52,058*	**$ 39,000**	*- $ 25,000*
Obligations	**($ 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).

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

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[19]	FY 2009 Enacted	*FY 08 to FY 09 Change*	FY 2010 Estimate	*FY 09 to FY 10 Change*
Appropriation	**$ 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*
Obligations	**($ 29,729)**	**($ 53,530)**	***+ $ 23,801***	**($ 56,925)**	***+ $ 3,395***

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

[19] Pursuant to P.L. 110-161, the FY 2008 appropriation for research and demonstration projects includes a rescission of $349,400.

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) [20, 21]

	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
Total Obligations	**$ 29.7**	**$ 53.5**	**$ 56.9**
New Budget Authority	**$ 26.7**	**$ 35.0**	**$ 49.0**

[20] Does not include funding authorized under section 234.
[21] Numbers may not add due to rounding.

MAJOR RESEARCH AND OUTREACH PROJECTS

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.

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 21st century workforce. SSA uses both

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 21st 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).

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)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Appropriation	$ 3.0	$ 3.0	**$ 3.0**
Obligations	($ 2.6)	($ 3.0)	**($ 3.0)**

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.

RELATED FUNDING SOURCES

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.

Limitation on Administrative Expenses

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APPROPRIATION LANGUAGE

LIMITATION ON ADMINISTRATIVE EXPENSES

For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed [$15,000]*$45,000* for official reception and representation expenses, not more than [$10,067,500,000]*$10,800,500,000* may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: *Provided,* That not less than [$2,000,000]*$2,300,000* shall be for the Social Security Advisory Board: *Provided further,* That unobligated balances of funds provided under this paragraph at the end of fiscal year [2009]*2010* not needed for fiscal year [2009]*2010* shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: *Provided further,* That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to 5 U.S.C. 7131, and for facilities or support services for labor organizations pursuant to policies, regulations, or procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made.

From funds provided under the first paragraph, not less than [$264,000,000] *$273,000,000* shall be available for the cost associated with conducting continuing disability reviews under titles II and XVI of the Social Security Act and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act.

In addition to the amounts made available above, and subject to the same terms and conditions,[$240,000,000]*$485,000,000*, for additional continuing disability reviews and redeterminations of eligibility, *of which, upon a determination by the Commissioner of Social Security that such initiative would be at least as cost-effective as redeterminations of eligibility, up to $34,000,000 shall be available for one or more initiatives to improve asset verification: Provided,* That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these additional amounts, similar to the reports that were required by section 103(d)(2) of Public Law. 104-121 for fiscal years 1996 through 2002.

In addition, [$145,000,000]*$165,000,000* to be derived from administration fees in excess of $5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended. To the extent that the amounts collected pursuant to such sections in fiscal year [2009]*2010* exceed [$145,000,000]*$165,000,000*, the amounts shall be available in fiscal year [2010]*2011* only to the extent provided in advance in appropriations Acts.

In addition, up to [$1,000,000]*$500,000* to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.)*

LANGUAGE ANALYSIS

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

In addition to the base request, SSA is requesting $485,000,000 in cap adjustment funding specifically for program integrity workloads including continuing disability reviews (CDRs) and SSI non-medical redeterminations (redeterminations). Funding also allows SSA to use up to $34,000,000 on asset verification initiatives such as Access to Financial Institutions, pending determination that these initiatives are at least as cost-effective as redeterminations. This process will help us identify individuals who have financial accounts exceeding the SSI resource limits.

In addition to the appropriated amounts, SSA is authorized to spend up to $165,000,000 in SSI state supplemental user fees and up to $500,000 in non-attorney representative fees.

Table 3.1—Appropriation Language Analysis

Language Provision	Explanation
"Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year [2009]*2010* not needed for fiscal year [2009]*2010* shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure."	Allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.
"From funds provided under the first paragraph, not less than [$264,000,000]*$273,000,000* shall be available for the cost associated with conducting continuing disability reviews under titles II and XVI of the Social Security Act and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act."	Of the $10,800,500,000 appropriated for the LAE account, $273,000,000 shall be available for conducting DI and SSI CDRs and SSI redeterminations of eligibility.

Appropriation Language Analysis continued on the next page

"In addition to the amounts made available above, and subject to the same terms and conditions, [$240,000,000]*$485,000,000*, for additional continuing disability reviews and redeterminations of eligibility*, of which, upon a determination by the Commissioner of Social Security that such initiative would be at least as cost-effective as redeterminations of eligibility, up to $34,000,000 shall be available for one or more initiatives to improve asset verification: Provided,* That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these additional amounts, similar to the reports that were required by section 103(d)(2) of Public Law 104-121 for fiscal years 1996 through 2002."	In addition to the $10,800,500,000 appropriated, $485,000,000 is appropriated for additional CDRs and redeterminations. If found to be as cost-effective as redeterminations, up to $34,000,000 of this amount may be used for asset verification initiatives. At the end of the fiscal year, the Commissioner must submit to Congress a report on the use of these additional funds.
"In addition, [$145,000,000]*$165,000,000* to be derived from administration fees in excess of $5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended. To the extent that the amounts collected pursuant to such sections in fiscal year [2009]*2010* exceed [$145,000,000] *$165,000,000*, the amounts shall be available in fiscal year [2010]*2011* only to the extent provided in advance in appropriations Acts."	Makes available up to $165,000,000 collected from states for administration of their supplementary payments to the SSI program. This assumes the fee will increase from $10.45 per check in FY 2009 to $10.47 in FY 2010, according to increases established by statute. SSA receives the amount collected above $5.00 from each fee.
"In addition, up to [$1,000,000]*$500,000* to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended."	Provides for the use of up to $500,000 derived from fees charged to non-attorneys who represent claimants. These fees were authorized as part of a 5-year demonstration project, which will end in FY 2010. Note: Authorization for this program expires in March 2010 and has not been reauthorized to date.

GENERAL STATEMENT

LIMITATION ON ADMINISTRATIVE EXPENSES OVERVIEW

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

SSA currently employs over 60,000 dedicated public servants in over 1,400 offices nationwide. Combined with over 16,000 state employees in the Disability Determination Services (DDS), they demonstrate their commitment to the American public daily by providing the best service possible. SSA's employees take pride in administering agency programs, realizing that the work they do can affect the lives of all Americans.

FY 2010 PRESIDENT'S BUDGET

SSA's Programs

For FY 2010, SSA is requesting total administrative budget resources of $11.4 billion. This request will fund our day-to-day operational responsibilities and will allow us to make key investments in addressing our increasing disability and retirement workloads, in program integrity, and in our IT infrastructure.[1] As the baby boomers continue to enter our retirement and disability rolls at increasing rates, it is essential that we have the resources to not only pay for inflationary increases that are out of our control, but also to continue to make progress in dealing with this great influx of work. We expect to process approximately 4.6 million applications for retirement benefits in FY 2010. We will administer $569 billion in Old Age and Survivors Insurance benefit payments to 42.9 million beneficiaries.

The Disability Insurance program is also experiencing ongoing growth. This budget will fund the staff at the 54 State DDSs who will process about 2.9 million initial disability claims in FY 2010. It will also allow SSA to continue implementing the Hearings Backlog Reduction Plan and make critical changes to the disability process to improve timeliness, quality, and efficiency. These changes will align SSA's disability policy with modern medical technology and knowledge while reducing the number of hearings pending to 727,000 cases by the end of FY 2010. SSA will distribute over $122 billion in disability benefits to 9.8 million beneficiaries.

[1] The capital asset plans and business case summaries (Exhibit 300s) for each major SSA IT investment are located at www.socialsecurity.gov/exhibit300/.

The Supplemental Security Income program is a nationwide Federal assistance program administered by SSA that guarantees a minimum level of income for needy aged, blind, or disabled individuals. It acts as a safety net for individuals who have little or no Social Security or other income and limited resources. SSA estimates it will pay $47 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 approximately 7.9 million recipients.

SSA assists the Centers for Medicare and Medicaid Services in administering the Medicare Hospital Insurance (HI), Supplementary Medical Insurance (SMI), and work related to the Prescription Drug programs. In FY 2009, Congress also appropriated funding through the Medicare Improvements Patients and Providers Act (MIPPA) to SSA for activities related to the implementation of changes to the Low-Income Subsidy (LIS) Prescription Drug program. This funding shall be available until expended. SSA also collaborates with the Department of Homeland Security in administering the E-Verify program through verifying the employment eligibility of newly-hired employees by electronically checking employee names, SSNs, dates of birth, and U.S. citizenship status, and resolving discrepancies with the employee when we are unable to electronically verify that information.

American Recovery and Reinvestment Act (ARRA)

As part of the American Recovery and Reinvestment Act enacted in February 2009, Social Security beneficiaries and SSI recipients will receive a one-time economic recovery payment of $250. The agency will distribute these payments to almost 55 million beneficiaries and recipients by late May. These payments will give seniors and disabled Americans an infusion of funds to help them deal with these difficult economic times. SSA received $90 million to cover the administrative cost associated with issuing these payments and sending notices to all eligible beneficiaries. This funding is available until expended.

SSA also received $500 million to help address our increasing disability and retirement workloads. This funding is available through FY 2010 and will allow SSA to hire over 2,000 additional staff. These new employees will increase our capacity to process a growing number of claims. Further, the funding will support information technology acquisitions for the additional workload processing funded from the Recovery Act and will allow us to invest in Health Information Technology Initiatives.

We estimate that in FY 2009, receipts of both retirement and disability claims will each increase by over 300,000 from FY 2008 levels. Together with FY 2009 funding, the resources provided for workload processing by ARRA will allow us to increase our capacity in FY 2009, processing over 300,000 more retirement claims, 30,000 more disability claims, and more than 70,000 additional hearings.

In addition, SSA also received $500 million for replacement of SSA's National Computer Center (NCC). This funding is available until expended. The NCC houses critical computer operations that are necessary to the prompt and accurate payment of benefits to many Americans and stores data necessary to provide service to all Americans. The current NCC is over 30 years old and it will not be capable of supporting the growing demands of our computer systems and computer-

based services into the future. With these recovery funds, we are moving quickly to design and build a new data center.

Program Integrity

The budget includes a special funding mechanism that will provide $485 million for SSA's program integrity activities, in addition to the $273 million already included in the base request, for a total of $758 million. These activities protect taxpayers' trust in our programs by reviewing factors that could affect eligibility for benefits or the payment amount. The two most cost-effective efforts are CDRs and SSI redeterminations. CDRs are periodic reevaluations of medical eligibility factors for DI and SSI disability recipients and are estimated to yield $10 in lifetime program savings for every $1 spent. Redeterminations are also a proven investment, by ensuring that SSI recipients are receiving the correct benefit amount based on non-medical factors of eligibility. An estimate based on the FY 2010 request is that redeterminations processed above the base level have a return on investment of $7 in program savings over 10 years for each $1 of additional funding spent, including savings accruing to Medicaid. SSA plans to process 329,000 medical CDRs and 2.3 million SSI redeterminations in FY 2010. If found to be as cost effective as redeterminations, up to $34 million may be used to expand the Access to Financial Institutions project, which automates verification of SSI recipients' assets held in banks. In total, SSA estimates this program integrity funding in FY 2010 will result in over $6 billion in savings over 10 years, including Medicare and Medicaid savings.

IT Infrastructure

This budget will help to continue our IT Infrastructure Modernization plans that will enable the agency to implement 21st century service delivery paths. IT plays a critical role in our day-to-day operations. Our computers maintain demographic, wage, and benefit information on almost every American. We process an average of over 75 million business transactions per day. Currently, our IT infrastructure supports the payment of more than $700 billion in benefits to 56 million people and supports the maintenance of hundreds of millions of SSNs and related earnings records for nearly every American.

As individuals accept and use the Internet to conduct more complex and sensitive transactions, secure online service options are essential to providing a quality service experience. SSA is investing in IT to provide improved, customer-focused technology that allows the American public access to a stable, easy-to-use, convenient, and secure suite of services 24 hours a day, 7 days a week.

Investments in New IT Projects

Ready Retirement focuses on public education, simplified enrollment, and streamlined adjudication. In 2008, we introduced a new dynamic Internet application – iClaim - for retirement, spouses, and disability benefits, which streamlines the process by relying on information SSA already has on record. In FY 2009 and FY 2010, we will expand the online filing option to include Medicare claims and other enhancements. All of our work in this area also helps us with program simplification by making it easier for people to apply for benefits.

Disability Direct will automate the processing of online disability claims. It will improve the online disability claim and appeals process by streamlining the collection of information, which will improve our labor-intensive disability workload. This streamlined process will provide more time for employees to handle other workloads. It will also fulfill the public's expectation of convenient, effective, and secure electronic service delivery options.

Quick, Simple, and Safe SSNs will provide better, faster, and more secure SSN processing. We are developing an electronic process that will include an online application allowing individuals to apply – in a secure manner – for simple replacement Social Security cards through our website. This Internet application will reduce the amount of traffic in our field offices, freeing up front-line personnel to handle more complex workloads. We plan to implement signature proxy alternatives to the pen-and-ink or "wet" paper-based signatures currently required. We also plan to expand Enumeration at Entry, which helps the Government reduce fraud and improve efficiency. Under this process, the Department of Homeland Security (DHS) and the Department of State assist SSA in enumerating immigrants. The Department of State collects enumeration data as part of the immigration process. When an immigrant enters the United States, DHS notifies SSA and we issue an SSN card.

Health Information Technology (HIT) will enable us to take advantage of the progress that the medical community is making in automating their services through Electronic Health Records (EHRs) and Personal Health Records. We are a leader in integrating this new technology into our business process. We are currently conducting two pilots to test how we can use HIT to make our disability process more timely, efficient, and accurate. The Medical Evidence Gathering and Analysis Health Information Technology prototype initiated this process in Massachusetts in August 2008, with Beth Israel Deaconess Medical Center as a HIT participating source and the Massachusetts DDS as a HIT participating DDS site. Further, as part of our HIT initiatives, we are a leader in the development and use of the Nationwide Health Information Network (NHIN), the Nation's electronic network of health information. We took part in the first exchange of data across the NHIN when the health care provider MedVirginia transmitted records to us that were necessary to adjudicate a disability claim.

PERFORMANCE TARGETS

The President's FY 2010 request will allow SSA to build on the progress we plan to make in FY 2009. The table below lists key performance targets linked to this budget:

Table 3.2—Key Performance Targets

	FY 2009	FY 2010
Selected Workload Measures		
Retirement and Survivors Claims Processed (thousands)[2,3]	4,543	4,565
Initial Disability Claims Processed (thousands) [1]	2,637	2,851
SSA Hearings Processed (thousands)[1]	647	726
Periodic CDRs Processed (thousands)	1,079	794
Periodic Medical CDRs (included above, thousands)	329	329
SSI Non-Disability Redeterminations Processed (thousands)	1,711	2,322
800-Number Transactions Handled (millions)	60	61
Social Security Cards Issued (millions)	18	18
Annual Earnings Items Processed (millions)	271	271
Social Security Statements Issued (millions)	151	153
Selected Outcome Measures		
Initial Disability Claims Pending (thousands)[1]	833	964
SSA Hearings Pending (thousands)[1]	755	727
Average Processing Time for Initial Disability Claims (days) [4]	129	156
Average Processing Time for Hearing Decisions (days)	516	508
Disability Determination Services Production per Workyear	265	268
Office of Disability Adjudication and Review Production per Workyear	107	109
Other Work/Service in Support of the Public—Annual Growth of Backlog (workyears)	900	2,100

[2] These FY 2009 and FY 2010 measures will be achieved through the combination of our annual LAE appropriation and with funds from the American Recovery and Reinvestment Act.
[3] Includes Medicare-only claims.
[4] Disability decisions that receive a technical (non-medical) denial are not included.

RECENT ACCOMPLISHMENTS

In FY 2008, SSA's resources were primarily used to process workloads, including:

- Paying benefits to almost 55 million people;
- Making decisions on 575,000 hearings;
- Issuing 18 million Social Security cards;
- Processing 270 million earnings items for crediting to workers' earnings records;
- Handling 60 million transactions through SSA's 800-number;
- Issuing 149 million Social Security Statements;
- Processing 245,000 medical CDRs;
- Processing 1.2 million non-disability SSI redeterminations to ensure that recipients continue to meet SSI eligibility; and
- Administering components of the Medicare programs, including subsidy applications, calculating and withholding premiums, making eligibility determinations, and taking applications for replacement Medicare cards.

Over the past 5 years, SSA's efforts to innovate and automate, coupled with the dedication of our staff, have improved productivity by an average of over 2 percent per year. SSA has continued to maintain its high standards of productivity and looks forward to improvements in FY 2010. The agency believes that, given the array of services SSA provides and the major workload processing initiatives implemented each year, incremental productivity improvements are sustainable with full funding.

Program Performance

SSA's budget and plans also reflect the assessments performed with OMB's Program Assessment Rating Tool (PART), a diagnostic tool used to examine different aspects of program performance and identify the strengths and weaknesses of Federal programs. SSA has performed well on its PART evaluations, achieving "moderately effective" – the second-highest score – for the OASI, DI and SSI programs. SSA has had success in strengthening its programs by linking the allocation of resources to performance metrics.

SSA-RELATED LEGISLATION ENACTED OCTOBER 2007 – MARCH 2009

FY 2009

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

- This provides SSA's LAE account an annual appropriation of $10,453,500,000.
- This law extends until September 30, 2009, E-Verify, a Department of Homeland Security program for which SSA provides support.

American Recovery and Reinvestment Act of 2009 (P.L. 111-5)

- This law directs the Department of the Treasury to provide a one-time recovery payment of $250 to most individuals eligible for Social Security, SSI, Veterans Disability, or Railroad Retirement. In May 2009, SSA will certify more than 50 million such payments to Treasury for current Social Security and SSI recipients.

- The legislation appropriated $90 million to remain available until expended to SSA's LAE account for costs incurred in carrying out the provision.
- The Act also provided $500 million to SSA for a new National Support Center and $500 million for processing of disability and retirement workloads and IT acquisitions in support of workload processing.
- The Act made available up to $40 million of the workload funding for health information technology research and activities to facilitate the adoption of electronic medical records.
- SSA is providing reports on the implementation of this Act; the reports can be found at: http://www.ssa.gov/recovery/.

Children's Health Insurance Program (CHIP) Reauthorization Act of 2009 (P.L. 111-3)

- This law provides states the option to verify an individual's declaration of citizenship or nationality for purposes of Medicaid and/or CHIP eligibility through an electronic comparison of the information provided by the individual with information in SSA records, effective January 1, 2010.
- The law appropriated $5 million to SSA to remain available until expended to carry out SSA's responsibilities under this provision.
- SSA is preparing to begin implementation of this Act.

FY 2008

SSI Extension for Elderly and Disabled Refugees Act of 2008 (P.L. 110-328)

- This Act temporarily extended the 7-year SSI eligibility period for refugees, asylees, and certain other immigrants, including victims of human trafficking, to 9 years for the period of October 1, 2008, through September 30, 2011.
- This law applied retroactively to those noncitizens whose SSI benefits had previously been cut off solely due to the expiration of the 7-year period.
- SSA immediately processed the reinstatement of benefits that were suspended in October and November due to the expiration of the 7-year eligibility period. Effective December 1, 2008, aliens who would have been subject to suspension due to the 7-year time limit were not automatically suspended. These individuals and other noncitizens whose 7-year period expired at some point in the past received notices to contact SSA and (in most cases) sign a statement that they are pursuing U.S. citizenship.

Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275)

- This Act eliminated barriers to enrollment in Medicare Savings Programs (MSP). The legislation requires SSA to inform Medicare Part D Low-Income Subsidy (LIS) applicants about MSP assistance and train employees currently involved in LIS application-taking on how to promote beneficiary awareness of MSP. It also requires SSA to transmit LIS application data to the states for use in the MSP determination process.
- This law provides from the General Fund of the Treasury $24.1 million for MSP outreach and data transmittal to the states and $24.8 million for SSA activities related to implementation of LIS changes.
- SSA is preparing to implement these changes by January 1, 2010.

Food, Conservation and Energy Act of 2008 (P.L. 110-246)

- This act excludes the Conservation Reserve Program payments from the Self-Employment Contributions Act tax for certain individuals who are receiving Social Security retirement or disability benefits.
- This law increased the amount of net earnings from self-employment that is credited to individuals, who file under the optional method of reporting, to the amount of earnings needed for four quarters of coverage a year.
- The law also provides for the transfer of funds by the Department of the Treasury, from the General Fund to the OASDI Trust Funds, to ensure that the assets of the OASDI Trust Funds are not reduced as a result of enactment of this Act.
- Further, the law requires the Secretary of Agriculture, at least twice a year, to submit the Social Security numbers of all individuals who receive payments under farm commodity programs to SSA in order to determine whether such individuals are alive.

Heroes Earning Assistance and Relief Tax (HEART) Act of 2008 (P.L. 110-245)

- This law amended the Internal Revenue Code and the Social Security Act to exclude from FICA-taxable wages any property tax rebate or other qualified benefit provided to volunteer firefighters and emergency medical responders in return for labor services.
- This act also provides for the treatment of most cash military compensation as earned income for SSI purposes, thus allowing service members to benefit from the SSI program's more favorable consideration of earned income. It excludes AmeriCorps program payments (cash or in-kind) from consideration as income for SSI purposes. In addition, the law excluded state-provided pensions for certain veterans from consideration as income or resources. SSA has implemented these changes.
- This law further amended the Internal Revenue Code and the Social Security Act to treat foreign subsidiaries of U.S. companies performing services under contract with the U.S. Government as American employers for the purpose of Social Security and Medicare payroll taxes. This change affects U.S. citizens and U.S. residents working for these subsidiaries.

Second Chance Act of 2007 (P.L. 110-199)

- This law reauthorized the grant program in the Omnibus Crime Control and Safe Streets Act of 1968 for reentry of adult and juvenile ex-offenders into the community. The law includes the establishment of pre-release planning procedures to help Federal prisoners apply for Federal and state benefits upon release, including Social Security cards and benefits.

Economic Stimulus Act of 2008 (P.L. 110-185)

- This law provides business tax incentives and rebate checks for individuals.
- The law appropriated $31 million to SSA's LAE account for FY 2008 to assist in carrying out the rebate program for OASDI beneficiaries and disabled veterans.
- SSA began issuing the payments in May 2008.
- Further, the law provides that the rebate payment, and any other credit or refund under section 6428 of the Internal Revenue Code, is not to be considered income for the purposes of determining SSI eligibility and payment amounts.

National Defense Authorization Act for Fiscal Year 2008 (P.L. 110-181)

- This Act amended the *Family and Medical Leave Act of 1993* to provide protection for families caring for injured service members. This law also exempts wounded veterans who are Federal employees from a requirement to exhaust annual and sick leave before receiving and using transferred leave, with certain provisions.
- The law requires the Department of Defense to consult with SSA in maintaining a handbook for members of the armed forces on compensation and benefits available for serious injuries and illnesses.
- This law provides making certain Iraqi aliens who have provided service to the United States with special immigrant status eligible for entitlement programs for a period not to exceed 8 months.

Openness Promotes Effectiveness in our National Government Act of 2007 (P.L. 110-175)

- This law revises requirements for Federal agency disclosures of information under the Freedom of Information Act (FOIA).
- The law requires that the 20-day limit for SSA to respond to a FOIA request beginning upon receipt by the appropriate agency component receives the request.
- Further, the law requires SSA to assign a tracking number to each request that will take longer than 10 days to process. SSA must also establish a telephone line or Internet service that provides information about the status of requests. SSA FOIA information can be found here: http://www.socialsecurity.gov/foia/.
- This Act requires agencies to designate a Chief FOIA Officer. SSA first designated a Chief FOIA Officer in 2006 and subsequent to this Act included the designation in the position description for the General Counsel.

The Consolidated Appropriations Act, 2008 (P.L. 110-161)

- This provides SSA's LAE account an annual appropriation of $9,744,577,000.
- This Act provides, for a period not to exceed 6 months, SSI eligibility to the same extent as refugees admitted under section 207 of the Immigration and Nationality Act to Iraqi and Afghan aliens who have been granted special immigrant status.

ANNUAL PERFORMANCE PLAN (APP)

SSA's budget is fully integrated with its APP, which is included as the final tab in this *Justification of Estimates for Appropriations Committees*. The budget estimates are linked to key performance measures, included earlier in this General Statement, and support all of the more detailed measures outlined in the APP.

BUDGETARY RESOURCES

The LAE account represents SSA's administrative budget for carrying out its responsibilities under the Social Security Act. This includes administering the OASI, DI, SSI and Special Benefits for Certain WWII Veterans programs and supporting the Centers for Medicare and Medicaid Services in administering the HI, SMI, and Medicare Part D programs. The President's Budget for the LAE account in FY 2010 is $11,451,000,000. In addition, the American Recovery and Reinvestment Act of 2009 provides SSA with a total of $1,090,000,000 to help address the increasing disability and retirement workloads, replace SSA's current National Computer Center, and provide administrative expenses to administer the $250 economic recovery payments to Social Security and Supplemental Security Income beneficiaries.

AMOUNTS AVAILABLE FOR OBLIGATION

Table 3.3—Amounts Available for Obligation[5]
(dollars in thousands)

	FY 2008 Actual	FY 2009[6] Enacted	FY 2010 Estimate
Base Appropriation[7, 8]	$ 9,744,577	$ 10,453,500	$ 11,451,000
Economic Stimulus Act (P.L. 110-185)	$ 31,000	N/A	N/A
ARRA - Workload Processing	N/A	$ 175,000	$ 325,000
ARRA - Economic Recovery Payment - Admin	N/A	$ 60,000	$ 30,000
ARRA - NCC Replacement	N/A	$ 0	$ 20,000
MIPPA - LIS	N/A	$ 24,800	$0
Total	**$ 9,775,577**	**$ 10,713,300**	**$ 11,826,000**
Unobligated Balance, start-of-year[9]	$ 207,643	$ 242,625	$ 186,800
Recoveries and Transfers	$ 180,543	$ 0	$ 0
Total Resources Available	**$ 10,163,763**	**$ 10,955,925**	**$ 12,012,800**
Obligations	**($ 9,801,643)**	**($ 10,939,125)**	**($ 11,992,800)**
Uncollected User Fees	($ 828)	$ 0	$ 0
Unobligated Balance, lapsing	($ 118,667)	$ 0	$ 0
Unobligated Balance, end-of-year[10]	$ 242,625	$ 16,800	$ 20,000

[5] Totals may not add due to rounding.
[6] FY 2009 Total Base Appropriation includes $1,378,700 to be transferred to OIG for the financial statement audit.
[7] Includes State Supplementation user fees and non-attorney representative payee user fees collected pursuant to section 303 of P.L. 108-203.
[8] The FY 2010 appropriation request includes a total of $758 million in funding for cost-effective program integrity initiatives ($273 million base funding and $485 million cap adjustment funding).
[9] FY 2010 Unobligated Balance, start-of-year reflects anticipated additional recoveries assumed available in FY 2010, but not reflected in Unobligated Balance, end-of-year FY 2009.
[10] FY 2009 Unobligated Balance, end-of-year includes $16,800 in MIPPA funding expected to be obligated in FY 2010.

BUDGET AUTHORITY AND OUTLAYS

The LAE account is funded by the Social Security Trust Funds, the General Fund, the Medicare Trust Funds, and applicable user fees. Section 201(g) of the Social Security Act provides that SSA determines the share of administrative expenses that should have been borne by the appropriate trust funds for the administration of their respective programs and the General Fund for administration of the SSI program. SSA calculates the administrative costs attributable to each program using its Government Accountability Office (GAO) approved cost analysis system. In FY 2009, SSA received additional funds from the General Fund of the Treasury, provided by the American Recovery and Reinvestment Act (ARRA) and the Medicare Improvement Patients and Providers Act (MIPPA).

Table 3.4—Budget Authority and Outlays[11]
(dollars in thousands)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
OASI and DI Trust Funds[12]	$ 4,910,773	$ 5,222,963	$ 5,734,401
HI and SMI Trust Funds	$ 1,679,661	$ 1,876,000	$ 2,106,892
SSA Advisory Board	$ 2,000	$ 2,000	$ 2,300
SSI Administrative Expenses	$ 3,018,520	$ 3,206,537	$ 3,441,908
State Supplementation User Fees	$ 132,642	$ 145,000	$ 165,000
Non-Attorney Representative User Fees[13]	$ 983	$ 1,000	$ 500
Economic Stimulus Act	$ 31,000	N/A	N/A
MIPPA - LIS	N/A	$ 24,800	N/A
ARRA	N/A	$ 1,090,000	N/A
Total Budget Authority	**$ 9,775,577**	**$ 11,568,300[1]**	**$ 11,451,000**
OASI and DI Trust Funds[2]	$ 4,780,781	$ 5,215,149	$ 5,675,011
HI and SMI Trust Funds	$ 1,742,315	$ 1,887,884	$ 2,084,236
SSI Administrative Expenses	$ 2,893,240	$ 3,182,265	$ 3,403,121
State Supplementation User Fees	$ 132,642	$ 145,000	$ 165,000
Non-Attorney Representative User Fees[3]	$ 155	$ 160	$ 160
Economic Stimulus Act	$ 23,486	N/A	N/A
MIPPA - LIS	N/A	$ 8,000	$ 16,800
ARRA - Workload Processing	N/A	$ 175,000	$ 325,000
ARRA - Economic Recovery Payment - Admin	N/A	$ 60,000	$ 10,000
ARRA - NCC Replacement	N/A	N/A	$ 20,000
Total LAE Outlays	**$ 9,572,619**	**$ 10,673,459**	**$ 11,699,328**

[11] Totals may not add due to rounding.
[12] OASDI includes funding for administration of the Special Benefits for Certain World War II Veterans.
[13] The authority for the Non-Attorney Representative User Fees will expired March 2010. SSA plans to seek a 2-year extension of the authority through 2012.

ANALYSIS OF CHANGES

The FY 2010 request represents a $997.5 million increase over the FY 2009 enacted appropriation. The majority of this increase is attributable to built-in increases including pay increases and the rising costs of personnel benefits, rent, and security. The increase in obligations is less than the increase in total budget authority requested due mostly to the use of higher prior-year unobligated balances to fund obligations in FY 2009.

Table 3.5—Summary of Changes from FY 2009 to FY 2010
(dollars in thousands)

	FY 2009[14] Enacted	FY 2010 Estimate	*Changes*
Total Appropriation	**$ 10,713,300**	**$ 11,826,000**	***+ $ 1,112,700***
Base LAE	$ 10,453,500	$ 11,451,000	***+ $ 997,500***
ARRA			
Workload Processing	$ 175,000	$ 325,000	***+ $ 150,00***
Economic Recovery Payment - Admin	$ 60,000	$ 30,000	***- $ 30,000***
NCC Replacement	$ 0	$ 20,000	***+ $ 20,000***
MIPPA - LIS	$ 24,800	$ 0	***- $ 24,800***
Obligations Funded From Prior Year Unobligated Balances[15]	$ 242,625	$ 186,800	***- $ 55,825***
Obligations	**($ 10,939,125)**	**($ 11,992,800)**	***+ $ 1,053,675***
Unobligated Balance, end-of-year[16]	$ 16,800	$ 20,000	***+ $ 3,200***

Base payroll expenses increase annually due to periodic step increases, career ladder promotions, increased health benefit costs, new employees hired under the Federal Employees Retirement System (FERS) and annual pay increases. The FY 2010 request includes the annualized effect of the January 2009 Federal pay increase of 5.8 percent and no increase in January 2010. Built-in non-payroll increases include increases in the cost of rent, security, and guard services.

[14] FY 2009 Appropriation includes $1,378,700 to be transferred to OIG for the financial statement audit.
[15] FY 2010 Unobligated Balances reflects anticipated additional recoveries assumed available in FY 2010, but not reflected in Unobligated Balance, end-of-year FY 2009.
[16] FY 2009 Unobligated Balance, end-of-year includes $16,800 in MIPPA funding which is expected to be obligated in FY 2010.

Table 3.6—Explanation of LAE Budget Changes from FY 2009 to FY 2010
(dollars in thousands)

	FY 2009 Base		Change from FY 2009 Base	
	Federal WYs	Obligations (thousands)	Federal WYs	Obligations (thousands)
BUILT-IN INCREASES				
Base Payroll Expenses [1]	66,223	$ 6,061,000		$ 294,497
• *Increases due to periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System*				*+ $ 153,356*
• *Annualized effect of the January 2009 Federal pay increase of 3.9 percent*				*+ $ 56,464*
• *9-month effect of assumed 2.0 percent Federal pay increase effective January 2010*				*+ $ 84,677*
Non-Payroll Costs - Mandatory growth in non-payroll costs, including higher costs of rent, security, and guard services		$ 1,954,500		+ $ 148,279
State Disability Determination Services[1] - Mandatory growth in State DDS costs, including pay raises and the cost of medical evidence		$ 2,038,000		+ $ 112,722
Subtotal, Built-In Increases				**+ $ 555,498**
PROGRAM INCREASES				
Base Funding for Information Technology (IT)[1] Increase in base funding for IT, including desktop, voice and data communications, infrastructure and costs for major projects		$ 575,000		+ $ 172,000
Net Increase in WYs to process increased workloads[2]			+ 2,522	+ $ 244,503
Net Increase in State Disability Determination Services[2] **–** To process additional workloads				+ $ 109,278
Increase funding for the Access to Financial Institutions initiative				+ $ 34,000
Net Increase in base essential non-payroll costs				+ $ 32,221

Table Continues on the Next Page

[1] Base includes ARRA funding for disability workload processing.
[2] Increase includes ARRA funds obligated in FY 2010 for disability workload processing.

ARRA – National Computer Center Resources Non-personnel Costs				+ $ 20,000
MIPPA – Low Income Subsidy		$ 8,000		+ $ 8,800
Subtotal, Program Increases			**+ 2,522**	**+ $ 620,802**
Total Increases			**+ 2,522**	**+$ 1,176,300**
PROGRAM DECREASES:				
ARRA – Economic Recovery Payment				
Payroll Expenses	300	$ 27,000	- 200	- $ 17,000
Non-personnel Costs[17]		$ 28,000		- $ 28,000
ITS Costs		$ 5,000		- $ 5,000
Decrease in Obligations Funded from Prior-Year Unobligated Balances		$242,625		- $72,625
Total Decreases			**- 200**	**- $122,625**
Total LAE Obligations, Net Change	**66,523**	**$10,939,125**	**2,322**	**+ $1,053,675**
Increase in new budget authority needed due to use of unobligated balances to fund obligations				**+ $59,025**
Total LAE Budget Authority, Net Change	**66,523**	**$10,713,300**	**2,322**	**+ $1,112,700**

The table on the next page displays estimated LAE obligations by object class in FY 2009 and FY 2010. In FY 2009, SSA expects to fund $242,625,000 in obligations from prior-year unobligated balances. In addition, FY 2009 funding reflects appropriations through the American Recovery and Reinvestment Act and the Medicare Improvement Patients and Providers Act (Low-Income Subsidy).

The majority of SSA's request is for payment of its personnel costs, including benefits. The remainder of the request is for payments to the State DDSs, SSA's information technology infrastructure, rental payments to GSA, guard services, postage, and other non-personnel costs.

[17] Change from base excludes $20,000,000 of ARRA ERP funds available but not obligated.

BUDGETARY RESOURCES BY OBJECT

Table 3.7—Budgetary Resources by Object[18]
(dollars in thousands)

	FY 2009 Enacted	FY 2010 Estimate	Change
Personnel Compensation			
Permanent positions	$4,467,837	$4,787,026	+ $319,189
Positions other than permanent	$96,552	$100,901	+ $4,349
Other personnel compensation	$275,174	$344,420	+ $69,246
Special personal service payments	$2,203	$2,286	+ $83
Subtotal, personnel compensation	$4,841,766	$5,234,633	+ $392,867
Personnel Benefits	$1,251,801	$1,391,142	+ $139,341
Travel and transportation of persons	$58,102	$58,102	$0
Transportation of things	$8,070	$8,269	+ $199
Rent, communications, and utilities			
Rental payments to GSA	$671,074	$733,724	+ $62,650
Rental payments to others	$2,265	$2,272	+ $7
Communications, utilities, misc.	$447,079	$461,062	+ $13,983
Printing and reproduction	$48,588	$47,654	- $934
Other services (DDS, guards, etc.)	$3,216,977	$3,612,254	+ $395,277
Supplies and materials	$49,602	$50,829	+ $1,227
Equipment	$265,087	$303,668	+ $38,581
Land and structures	$29,775	$39,050	+ $9,275
Grants, subsidies and contributions	$27,192	$27,860	+ $668
Insurance claims and indemnities	$21,745	$22,279	+ $534
Interest and dividends	$2	$2	$0
Total Obligations	**$10,939,125**	**$11,992,800**	**+ $1,053,675**
Less obligations funded from prior year unobligated balances	- $16,800	- $20,000	+ $3,200
Total Budgetary Resources	**$10,955,925**	**$12,012,800**	**+ $1,056,875**
Notes:			
Payments to State DDS (funded from other services and Communications, utilities, and misc.	$2,038,000	$2,260,000	+ $222,000
Automation Investment Fund (included on previous page – funded from carryover of unexpended prior year balances)	$5,331	$0	- $5,331

[18] The budgetary resources include the base LAE appropriation and funding for ARRA and LIS.

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes significant items included in the FY 2009 appropriations bill conference report.

Table 3.8—*Omnibus Appropriations Act, 2009:* Joint Explanatory Statement—Significant Items

Report on Investments and Initiatives to Improve Key Services to the Public	Actions Taken or To Be Taken
SSA should provide a report to the Committees on Appropriations of the House of Representatives and the Senate, not later than 180 days after enactment of this Act, which identifies the specific investments and major initiatives that have or will be made to improve SSA's key services to the public.	SSA will submit a report to the Appropriations Committees within the timeframe requested.

Report on Continuing Disability Reviews and Redeterminations of Eligibility	Actions Taken or To Be Taken
The bill includes new language designating that from within the amounts provided for the Limitation on Administrative Expenses, not less than $264,000,000 may be used for conducting continuing disability reviews and redeterminations of eligibility under SSA's disability programs. An additional $240,000,000 is also provided for these continuing disability reviews and redeterminations of eligibility. These amounts are the same as the budget request. A report to Congress on the obligation and expenditure of these additional amounts is required.	SSA will submit a report to Congress as requested.

Agency Operating Plans	Actions Taken or To Be Taken
The bill continues a provision requesting each department and related agency funded through this Act to submit an operating plan within 45 days of enactment of this Act, detailing any reprogramming of funds which result in a different funding allocation than that in this Act, the accompanying detailed table, or budget request.	SSA will submit a report to the Appropriations Committees within the timeframe requested.

BACKGROUND

AUTHORIZING LEGISLATION

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

Table 3.9—Authorizing Legislation (dollars in thousands)

	2009 Amount Authorized	2009 Enacted[19]	2010 Amount Authorized	2010 Estimate[20]
Title II, Section 201(g)(1) of the Social Security Act	Indefinite	$ 10,453,500[21]	Indefinite	$ 11,451,000

[19] Pursuant to P.L. 111-8, the FY 2009 appropriation includes up to $145,000,000 collected from SSIs state supplemental user fees and up to $1,000,000 collected from non-attorney payee.
[20] The FY 2010 request includes $485 million in cap adjustment funding for program integrity work.
[21] This amount does not reflect a transfer of $1,378,700 from LAE to OIG for financial statement audit.

APPROPRIATION HISTORY

The table below includes the amount requested, passed by the House and Senate, and ultimately appropriated for the LAE account, including any supplemental appropriations or other legislation providing appropriations as well as rescissions, for the last ten years. The annual appropriation includes amounts authorized from state supplementation user fees and, beginning in FY 2005, non-attorney representative payee user fees. Appropriated amounts in FY 2001 through FY 2002 include additional funding for CDRs authorized by Section 303 of P.L 104-121 and Section 10203 of P.L. 105-33. The FY 2009 appropriation also includes additional funding for CDRs and redeterminations.

Table 3.10—Appropriations History Table

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
2001	$7,134,000,000[1]	$6,978,036,000	$7,010,800,000	**$7,124,000,000**
2002	$7,574,000,000[2]	$7,568,000,000	$7,568,000,000	$7,568,000,000[3]
Rescission[4]				-$5,915,000
Final				**$7,562,085,000**
Supplemental[5]				$7,500,000
2003	$8,282,753,000[6]	$7,936,000,000	$7,936,000,000	$7,936,000,000
Rescission[7]				-$50,862,500
Final				**$7,885,137,500**
2004	$8,530,000,000[8]	$8,361,800,000	$8,530,000,000	$8,361,800,000
Rescission[9]				-$48,626,600
Final				**$8,313,173,400**
Medicare Modernization Act[10]				$500,000,000
2005	$8,878,000,000[11]	$8,798,100,000	$8,622,818,000	$8,801,896,000[12]
Rescission[13]				-$69,394,400
Final				**$8,732,501,600**
2006	$9,403,000,000[14]	$9,279,700,000	$9,329,400,000	$9,199,400,000[15]
Rescission[16]				-$90,794,000
Final				**$9,108,606,000**
Supplemental[17]				$38,000,000
2007	$9,496,000,000[18]	$9,297,573,000[19]	$9,297,573,000[19]	**$9,297,573,000**
2008	$9,596,953,000[20]	$9,969,953,000	$9,871,953,000	$9,917,842,000[21]
Rescission				-$173,264,731
Final				**$9,744,577,269**
Economic Stimulus Act[22]				$31,000,000
2009	$10,327,000,000[23]	$10,453,500,000	$10,453,500,000	**$10,453,500,000**
MIPPA – Low Income Subsidy[24]				$24,800,000
ARRA[25]				$1,090,000,000
2010	$11,451,000,000[26]			

[1] Includes $91,000,000 from user fees paid by states for Federal administration of SSI state supplementation payments. Also includes an additional $450,000,000 to remain available until September 30, 2002, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

[2] Includes $106,000,000 from user fees paid by states for Federal administration of SSI state supplementation payments. Also includes an additional $433,000,000 to remain available until September 30, 2003, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

[3] Includes $100,000,000 from user fees paid by states for Federal administration of SSI state supplementation payments. Also includes, as requested, an additional $433,000,000 to remain available until September 30, 2003, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

[4] A total of $5,915,000 was rescinded by P.L. 107-206. $3,400,000 was applied to base expenses; $2,515,000 was applied to cap adjustment funding for continuing disability reviews.

[5] The President requested and the Congress provided $7,500,000 in emergency response funding to SSA for infrastructure and security costs related to the events of September 11, 2001 (P.L. 107-117).

[6] Amount reflects the Administration's proposal to charge the full cost of accruing retirement benefits and annuitant health benefits to agency accounts (+$345,753,000), in addition to the current law request of $7,937,000,000. Total includes $112,000,000 from user fees paid by states for Federal administration of SSI state supplementation payments.

[7] A total of $50,862,500 was rescinded by P.L. 108-7, Consolidated Appropriations Resolution, 2003.

[8] Total includes $120,000,000 from user fees paid by states for Federal administration of SSI state supplementation payments.

[9] A total of $48,626,600 was rescinded by P.L. 108-199, Consolidated Appropriations Bill.

[10] A total of $500,000,000 was provided to SSA for start-up costs for the implementation of the Medicare Modernization Act of 2003 (P.L. 108-173)

[11] Total includes up to $121,000,000 from user fees paid by states for Federal administration of SSI state supplementation payments.

[12] Total includes up to $124,000,000 from user fees paid by states for Federal administration of SSI state Supplementation payments. Also includes up to $3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[13] A total of $69,394,400 was rescinded by P.L. 108-447, Consolidated Appropriations Bill.

[14] Includes a total of $601,000,000 in earmarked funding for continuing disability reviews in FY 2006. Total consists of $412,000,000 in base funding and $189,000,000 in additional funds. Includes up to $131,000,000 from user fees paid by states for Federal administration of SSI state Supplementation payments. Also includes up to $3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[15] Total includes up to $119,000,000 from user fees paid by states for Federal administration of SSI state Supplementation payments. Also includes up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[16] A total of $90,794,000 was rescinded by P.L. 109-148, Department of Defense Appropriations Act, 2006.

[17] A transfer from Department of Homeland Security for Hurricane Katrina-related costs (P.L. 109-234).

[18] Includes a total of $490,000,000 in funding designated for continuing disability reviews in FY 2007. Total consists of $289,000,000 in base funding and $201,000,000 in additional funds. Includes up to $119,000,000 from

user fees paid by states for Federal administration of SSI state supplementation payments. Also includes up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[19] The amounts passed by the House and Senate reflect the amounts included in the Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5).

[20] Includes a total of $477,000,000 in funding designated for SSI redeterminations and continuing disability reviews (CDRs). The base and cap adjustment requests for 2008 include both CDRs and SSI redeterminations, whereas previous cap adjustment requests were for CDRs only. Total consists of $264,000,000 in base funding and $213,000,000 in additional funds. Includes up to $135,000,000 from user fees paid by states for Federal administration of SSI state supplementation payments. Also includes up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[21] Includes up to $132,641,550 from user fees paid by states for Federal administration of SSI state supplemental payments. Also includes up to $982,530 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[22] Economic Stimulus Act (P.L. 110-185) provides funds for work related to rebate checks for Title II beneficiaries and disabled veterans.

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

[24] From the General Fund of the Treasury, the Medicare Improvements for Patients and Providers Act (MIPPA) (P.L. 110-275) provides $24,8000,000 for activities related to the implementation of changes to the Low-Income Subsidy program. The Medicare Improvements for Patients and Providers Act total does not include $24,100,000 for Medicare Savings Program outreach and transmittal of data to states. Also not included is the Children's Health Insurance Program Reauthorization Act (P.L 111-3), which appropriated to SSA $5,000,000 to provide states the option to verify citizenship or nationality for the purposes of determining Medicaid or Children's Health Insurance Program eligibility.

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

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

ADDITIONAL BUDGET DETAIL

SIZE AND SCOPE OF SSA'S PROGRAMS

SSA's administrative budget is driven by the size of the programs it administers—both in terms of the amount of work performed and the number of people needed to process it—and by its continuing efforts to improve service and efficiency.

Between the three major programs SSA administers—OASI, DI, and SSI—Federal benefit payment outlays totaled $648.3 billion in FY 2008; under current law, Federal benefit payment outlays are expected to increase to $701.6 billion in FY 2009 and $737.2 billion in FY 2010. At less than 2 percent of total outlays, SSA's administrative expenses continue to be a small fraction of overall program spending, demonstrating the agency's cost-conscious approach to managing its resources.

Table 3.11—Federal Benefit Outlays[22]
(dollars in billions)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Old-Age and Survivors Insurance	$ 503.0	$ 542.7	$ 568.5
Disability Insurance	$ 104.2	$ 114.3	$ 122.1
Supplemental Security Income	$ 41.1	$ 44.5	$ 46.6
Total Outlays	**$ 648.3**	**$ 701.6**	**$ 737.2**

Paralleling the growth in benefit payment outlays, the number of Federal beneficiaries of the three major programs SSA administers is expected to increase from 54.7 million in FY 2008 to 55.9 million in FY 2009 and 57.4 million in FY 2010.

Table 3.12—Beneficiaries[1]
(average in payment status, in millions)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Old-Age and Survivors Insurance	41.2	41.9	42.9
Disability Insurance	9.0	9.4	9.8
Supplemental Security Income [23]	7.1	7.3	7.5
Concurrent Recipients[24]	(2.6)	(2.7)	(2.7)
Total Beneficiaries	**54.7**	**55.9**	**57.4**

[22] Totals may not add due to rounding.
[23] Does not include recipients who only receive a Federally Administered State Supplementary payment and no Federal benefit.
[24] Recipients receiving both OASDI and SSI benefits.

FULL TIME EQUIVALENTS AND WORKYEARS

The following table summarizes the LAE Federal and state workyears that the President's Budget for FY 2010 will support.

Table 3.13—SSA Supported Federal and State Workyears

	FY 2009	FY 2010
LAE Full-Time Equivalents (FTEs)	63,469	65,114
LAE Overtime/Lump Sum Leave	3,054	3,731
Total SSA Workyears (excludes OIG)	**66,523**	**68,845**
Total DDS Workyears	14,369	15,128
Total SSA/DDS Workyears (includes ARRA and LIS, excludes OIG)	**80,892**	**83,973**

SOCIAL SECURITY ADVISORY BOARD

This budget includes $2.3 million for the Social Security Advisory Board in FY 2010. The *Social Security Independence and Program Improvements Act of 1994* mandated the creation of a seven-member Advisory Board to make recommendations on policies and regulations relating to SSA's major programs: OASDI and SSI. The Board is required by law to meet at least four times per year.

SSA E-GOV CONTRIBUTIONS

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

Table 3.14 – SSA e-Gov Contributions (in thousands) [25]

	FY 2009	FY 2010
Business Gateway	$ 88.7	$ 88.7
Disaster Assist Improvement Plan	$ 476.4	$ 476.4
E-Rulemaking	$ 48.2	$ 48.2
E-Travel	$ .1	$ .1
E-Travel Migration	$ 465.0	$ 465.0
Financial Management LoB	$ 44.4	$ 44.4
Geospatial LoB	$ 15.0	$ 15.0
GovBenefits.gov	$ 323.8	$ 323.8
Grants.gov	$ 74.6	$ 74.6
Grants Management LoB	$ 28.5	$ 28.5
Human Resources Management LoB	$ 130.4	$ 130.4
IAE-Loans and Grants	$ 13.0	$ 13.0
Integrated Acquisition Environment (IAE)	$ 39.8	$ 39.8
Total	$ 1,747.9	$1,747.9

Social Security remains an active contributor to E-Government initiatives, participating and assisting in four Lines of Business (LoB): Financial Management, Geospatial, Grants Management, and Human Resources Management. SSA also participates in many related E-Government Implementation initiatives.

Business Gateway eliminates multiple web sites searching to locate and access government information, services, legal/regulatory requirements, and forms required by the business community.

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

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

[25] FY 2010 contributions and fee for service (FFS) costs are identical to those of FY 2009, but are subject to change, as redistributions to meet changes in resource demands are assessed.

E-Travel provides a government wide web-based service to consolidate Federal travel through leveraging administrative, financial, and information technology best practices.

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

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

GovBenefits.gov helps to promote awareness of SSA's benefit programs to the public, assisting SSA in its strategic goals of delivering citizen-centric world-class service and strengthening public understanding of Social Security programs.

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

Grants Management LoB is developing solutions to standardize and streamline the grants management process government-wide. GM LoB is pursuing a consortia based approach to share operations and maintenance (O&M) costs, and development, modernization, and enhancement (DME) costs across agencies, decreasing the burden that any one grant-making agency must bear. Business processes as available through consortium lead agencies will decrease agency reliance on manual and paper-based grants processing.

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

Integrated Acquisition Environment and IAE-Loans and Grants creates a secure environment to facilitate the acquisition of goods and services.

Table 3.15 – Other SSA Expenses/Service Fees Related to e-Gov Projects (in thousands)[26]

	FY 2009	FY 2010
Recruitment One-Stop	$ 398.3	$ 398.3
Enhanced Human Resource Integration	$ 1,489.3	$ 1489.3
E-Payroll	$ 13,681.0	$ 13,681.0
E-Travel	$ 548.0	$ 548.0
Total	**$ 16,116.6**	**$ 16,116.6**

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

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

Enhanced Human Resource Integration initiative is developing policies and tools to streamline and automate the electronic exchange of standardized human resource data needed for the creation of an official employee record across the Executive Branch.

E-Payroll standardizes and consolidates government wide Federal civilian payroll services and processes.

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

[26] FY 2010 contributions and FFS costs are identical to those of FY 2009, but are subject to change, as redistributions to meet changes in resource demands are assessed.

EMPLOYMENT

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

Table 3.16—Detail of Full-Time Equivalent Employment

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
Limitation on Administrative Expenses Account	60,456	63,169	64,814
Reimbursable Work	288	300	300
SSA Proper (excludes DDS and OIG)	**60,744**	**63,469**	**65,114**

The following table lists the Average Grade and Salary for SSA employees from FY 2008 through FY 2010. It includes averages for Executive Service (ES) and General Service (GS) employees.

Table 3.17—Average Grade and Salary

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate	*Change*
Average ES Salary	**$ 157,100**	$ 163,200	**$ 166,500**	***+ $ 3,300***
Average GS Grade	**10**	10	**10**	***0***
Average GS Salary	**$ 64,200**	$ 66,000	**$ 67,000**	***+ $ 1,000***

Office of the Inspector General

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APPROPRIATION LANGUAGE

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [$28,000,000] *$29,000,000*, together with not to exceed [$70,127,000] *$73,682,000*, to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the "Limitation on Administrative Expenses", Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: *Provided*, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House and Senate. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.)*

GENERAL STATEMENT

OVERVIEW

The Fiscal Year (FY) 2010 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is $102,682,000 in total budget authority and 605 full-time equivalents (FTE). This is $4,555,000 above the funding received from the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.

The FY 2010 request provides resources needed to maintain the FY 2009 staffing level. The FY 2010 budget request will support spending at an operating level that will allow our auditors and investigators to meet their productivity goals. The budget request will provide funding for mandatory payroll increases (e.g., pay raises, health benefits, etc.) and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2010 and provides ongoing support for the major initiatives already in place. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security Number (SSN) misuse. The OIG will also conduct, supervise, and coordinate audits and evaluations involving the use of funds for the planning, acquisition, management, and disposal of assets pursued by SSA for the purpose of replacing its National Computer Center (NCC). Additional funding under the American Recovery and Reinvestment Act of 2009 (ARRA) will provide the OIG with resources to monitor the agency's use of ARRA funding for workload processing, Economic Recovery Payments, and for the replacement of the National Computer Center (NCC). This funding is available through 2012.

Table 4.1—Justification

	FY 2009 Enacted	FY 2010 Estimate	*Change*
FTE	604	605	*+1*
Appropriation	$ 98,127,000	$ 102,682,000	*+ $ 4,555,000*
ARRA	$ 2,000,000	N/A	*N/A*

ONGOING INITIATIVES

Computer Forensic Investigations

Over the past several years, there has been a heightened awareness of the need for robust measures in the protection of government networks and the investigation of incidents of cyber crimes against those networks. With the creation of National Security Presidential Directive 54 and the emphasis placed on the Government's Trusted Internet Connection initiative, the protection of government networks has become a priority. The Electronic Crimes Division (ECD) is charged with providing computer forensic support to the Office of Investigations and SSA. The ECD is a partner in the agency's effort to protect Personally Identifiable Information (PII) stored within SSA's networks. However, with the increased focus on network security, the ECD must enhance its abilities in the area of Computer Security and Incident Response. The ECD seeks to develop the skills and hire personnel to maintain an effective Computer Security Incident Response Team. This team will provide investigative and security support to SSA in the event of a network intrusion.

OIG recognizes the potential for fraud against SSA through the use of computer technology. Techniques used to compromise computer systems are on the rise nationally as computer crimes become easier to commit with new technology. To be effective, OIG must keep pace with technological advances. Our FY 2010 budget request includes funds to provide our computer forensic investigators with the equipment, training, and software needed to combat computer crimes.

Homeland Security

OIG continues to make homeland security issues a priority with audit and investigative work that has both a direct and indirect impact on the Government's effort in this area. OIG's audits address the security of SSA facilities and information, SSA's process for issuing SSNs, and the use and protection of SSNs. OIG investigates SSN misuse and identity theft and works to secure critical infrastructure sites directed at ensuring that individuals with access are not misrepresenting their identities and backgrounds. The widespread use of the SSN and the critical role that Social Security benefits play in the lives of so many Americans make the OIG's efforts critical to the Government-wide fight against terrorism.

Allegation Management and Fugitive Enforcement

The Allegation Management and Fugitive Enforcement Division (AMFED) is responsible for receiving, analyzing, and referring allegations of fraud, waste, and abuse in Social Security programs and operations. AMFED is also responsible for managing the fugitive warrant verification and referral process for Social Security's fugitive enforcement operations.

In FY 2008, these processes contributed significantly to the mission of the OIG and Social Security. AMFED received 42,768 allegations. Through development of referred allegations, SSA identified $16,572,982 in benefit overpayments and projected additional savings of $1,890,671. AMFED matched 107,779 fugitive subjects from incoming Federal, state, and local

warrant files and referred them to law enforcement for apprehension and warrant verification. AMFED referred 94,641 fugitive subjects for benefit suspension. Through data sharing efforts, 11,847 fugitives were apprehended.

The workloads have significantly increased over the years. In FY 2008, the fugitive enforcement backlog increased to over 30,000 open subjects, and the allegation backlog grew to 6,000 pending allegations with aged dates older than 90 days. Technological improvements have helped alleviate some of the burden, but they cannot replace our need for qualified staff in this area. The OIG needs stable funding both to replace SSA/OIG employees who retire or resign, and to build upon the success of this division.

Civil Monetary Penalty Program

OIG improves SSA program integrity through its administration of the Civil Monetary Penalty (CMP) enforcement statutes. This authority, delegated by the Commissioner of Social Security, allows OIG to impose CMPs against violators of sections 1129 and 1140 of the *Social Security Act*. Section 1140 of the Act enables OIG to impose penalties against individuals or entities that use SSA's program words, letters, symbols, or emblems in advertisements or other communications in a misleading manner that falsely implies SSA's approval, endorsement, or authorization. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements, representations, or omissions in connection with obtaining or retaining DI benefits or SSI payments. Section 1129 also allows for CMPs against representative payees who misuse benefits or payments. In FY 2008, the OIG CMP program successfully closed over 250 cases resulting in penalties and assessments exceeding $6.4 million.

SSA'S SIGNIFICANT MANAGEMENT ISSUES

OIG annually identifies the most significant management issues facing SSA based on congressional mandates and its audit and investigative work. These issues are:

1. SSN Protection
2. Management of the Disability Process
3. Improper Payments and Recovery of Overpayments
4. Internal Control Environment
5. Systems Security and Critical Infrastructure Protection
6. Service Delivery and Electronic Government

The FY 2010 budget provides resources needed to address each of these issues. A summary of each is discussed below:

Issue #1: SSN Protection

The SSN is the key to social, legal, and financial assimilation in the United States. Because the SSN is so heavily relied upon as an identifier, it is also valuable as an illegal commodity. Criminals improperly obtain SSNs by: (1) presenting false documentation; (2) stealing another

person's SSN; (3) purchasing an SSN; (4) using the SSN of a deceased individual; or (5) contriving an SSN by selecting any nine digits.

SSA has made significant strides in providing greater protection for the SSN. However, OIG is concerned that SSA has few mechanisms to curb the unnecessary collection and use of SSNs. OIG's audit and investigative work has confirmed that the more SSNs are unnecessarily used, the higher the probability that these numbers could be used to commit crimes throughout society.

Issue #2: Management of the Disability Process

Modernizing Federal disability programs, including SSA's disability programs, has been included on the Government Accountability Office's (GAO) high-risk list since FY 2003 due in part to outmoded concepts of disability, as well as ongoing challenges to make timely, accurate, and consistent decisions. Moreover, at the forefront of congressional and agency concern, is the timeliness of SSA's disability decisions at the hearings adjudicative level.

SSA's Office of Disability Adjudication and Review (ODAR) FY 2008 Semiannual Report detailed a plan to eliminate the backlog of hearing requests and prevent its recurrence. The plan focused on (1) expanding compassionate allowances; (2) improving hearing office procedures; (3) increasing adjudicatory capacity; and (4) increasing efficiency with automation and improved business processes. OIG will continue to monitor the agency's activities in this area and will offer recommendations through its continued audit work.

OIG continues to work with SSA to address the integrity of the disability programs through the Cooperative Disability Investigations (CDI) Program. The CDI Program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. From its inception in FY 1998 through January 2009, CDI efforts nationwide have resulted in over $1.2 billion in projected savings to SSA's Title II and Title XVI disability programs and over $718.5 million in projected savings to non-SSA programs.

Issue #3: Improper Payments and Recovery of Overpayments

Taxpayers who fund SSA's programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its care and must minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the agency administers, some payment errors will occur.

Since SSA is responsible for issuing timely benefit payments for complex entitlement programs to millions of people, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In FY 2008, SSA issued over $645 billion in Old-Age, Survivors and Disability Insurance (OASDI) and SSI benefit payments to nearly 55 million people. A January 2008 Office of Management and Budget (OMB) report, *Improving the Accuracy and Integrity of Federal Payments*, noted that nine Federal programs—including SSA's OASDI and SSI programs—accounted for more than 90 percent of the improper payments in FY 2007.

The reduction of improper payments is one of SSA's key strategic objectives. Further, Congress passed the *Improper Payments Information Act of 2002*, and OMB issued implementing guidance clarifying the definition of an improper payment. The Act defined OMB's authority to require that agencies track programs with low error rates (that is, less than 2.5 percent), but significant improper payment amounts.

SSA has been working to improve its ability to prevent over- and underpayments by agreeing to, and then implementing, OIG audit recommendations. For example, in July 2008, we issued an audit report titled Supplemental Security Income: Recipients With Excess Income and/or Resources. In that report we estimated that overpayments totaling approximately $409 million went undetected because about 68,966 SSI recipients did not inform SSA of their changes in income and/or resources. SSA has been responsive to our recommendation that it obtain detailed electronic bank statement information to prevent overpayments of approximately $169 million each year which are caused by recipients who have unreported income and/or resources above the maximum allowable amounts.

The OIG has issued a report on overpayments in SSA's disability programs, estimating that SSA had not detected about $3.2 billion in overpayments; we also estimated that SSA paid about $2.1 billion in benefits annually to potentially ineligible beneficiaries. Although SSA tries to achieve a balance between stewardship and service, it is a challenge due to the funding needed for the agency to conduct an adequate number of both medical and work-related Continuing Disability Reviews (CDRs). Although the agency had special funding for CDRs from FYs 1996 through 2002, and SSA's data shows that CDRs save about $10 for every $1 spent, the agency has cut back on this workload.

We will continue to work with SSA to identify improper payments in its programs and recommend improvements to prevent them from occurring in the future.

Issue #4: Internal Control Environment

Internal control includes the plans, methods, and procedures used to meet missions, goals, and objectives. Internal controls are critical in helping safeguard assets and in preventing and detecting errors and fraud.

From FYs 2000 through 2008, OIG conducted 72 administrative cost audits for SSA's State Disability Determination Services. In 40 of the 70 audits, OIG identified internal control weaknesses. The lack of effective internal controls can result in the mismanagement of Federal resources and increase the risk of fraud.

Another area requiring effective internal controls is the selection and oversight of contractors. Contracting is one mechanism Federal agencies use in managing increasing workloads with diminished levels of staff. OIG will review multiple contracts to ensure SSA is receiving the services for which it is paying and that there are proper internal controls in place to ensure effective oversight of contractors. Additionally, we will review a number of the grants SSA provides for research and demonstration efforts involving SSA's Old Age, Survivors and Disability Insurance and SSI programs.

Issue #5: Systems Security and Critical Infrastructure Protection

The vulnerability of critical infrastructures and the unique risks associated with networked computing have been recognized for some time. SSA's information security challenge is to understand and mitigate system vulnerabilities. SSA must ensure the security of sensitive data such as PII; otherwise, the public will be justifiably reluctant to use SSA's electronic services. Under the Federal Information Security Management Act (FISMA), OIG independently evaluates SSA's security program. Since the inception of FISMA, OIG has worked with the agency to resolve numerous security issues. Even though SSA is substantially compliant with the OMB FISMA requirements, there are several system security areas that the agency could improve upon.

One of SSA's most important assets is the sensitive information in its databases. To ensure effective use of these databases in the future, SSA is converting them from legacy systems to more commercially used applications. This will take several years to complete. Additionally, in recent years, the need for a robust disaster recovery strategy has become increasingly important. To ensure the agency can recover its mission critical applications in the event of a disaster, SSA built a data support center to both handle some of the current workload of SSA's primary NCC and to provide a fail-safe in the event of a significant incident. SSA took occupancy of this facility in January 2009. Because of the importance of this support center, we plan to continue to monitor SSA's progress.

Further, technology is the foundation for SSA's current and future ability to provide services to the public while facing both dramatic workload growth and an employee retirement wave. SSA's NCC houses the infrastructure to support these services and ensuring the system's availability is essential for the agency to achieve its core business goals. In FY 2008, SSA commissioned a feasibility study of the NCC. The resulting report noted that the NCC is a 30 year old facility with a number of key electrical and mechanical systems which are nearing the end of their useful lives. It also noted that there were a number of single-points-of-failure in the current facility, many of which could not be fixed without significant risk of unscheduled outages and it concluded that the "failure of critical infrastructure items…pose a significant risk to the continuity of SSA's operations." These outages would cause a lengthy disruption of service to the public which relies on the agency's programs to provide a vital part of the nation's safety net on a 24/7 basis. The study also raised concerns that, based on current trends, the current NCC facility will reach maximum electrical distribution capacity in 2 to 4 years. In response to these concerns, SSA has received $500 million in Recovery Act resources to replace the NCC.

In FY 2009, we will conduct several reviews to monitor SSA's response to the feasibility study and any actions taken towards replacement of the NCC. Moreover, OIG will continue to monitor SSA's efforts to protect PII, as well as its implementation of new technologies, to make certain the information security program is operating effectively. To provide oversight and accountability of the additional funding provided to SSA for replacement of the NCC, we will also conduct, supervise, and coordinate additional audits and evaluations involving the use of these funds for the planning, acquisition, management, and disposal of assets. Specifically, we will conduct: an evaluation of SSA management's determination of the appropriate strategy to replace the NCC; an evaluation of SSA's actions to implement a time-phased action plan to

replace the NCC; an assessment of the actions taken by SSA to determine whether the agency received value for the funds expended; and an assessment of SSA's plan and actions to ensure proper oversight of infrastructure requirements.

Issue #6: Service Delivery and Electronic Government

In SSA's FYs 2008-2013 strategic plan, the agency identified its employees and information technology as key foundational elements, stating that it must invest in developing and supporting its employees and its information technology because they are essential to everything the agency does. SSA's strategic plan also identified certain actions that must be taken to preserve the public's trust and confidence in the agency's programs. These actions include the need to move forward aggressively with process, policy, and systems improvement.

This management challenge includes such areas as the Representative Payee Process, Electronic Government, and Managing Human Capital.

Representative Payee Process
When SSA determines a beneficiary cannot manage his or her benefits, SSA selects a representative payee who must use the payments for the beneficiary's needs. SSA reports that there are approximately 5.4 million representative payees who manage about $52.7 billion in annual benefit payments for approximately 7.2 million beneficiaries. While representative payees provide a valuable service for beneficiaries, SSA must provide appropriate safeguards to ensure they meet their responsibilities to the beneficiaries they serve. In a July 2007 study, the National Academy of Science (NAS) reported that SSA's current methods to detect misuse of benefits by representative payees are not reliable. As such, NAS recommended that SSA target its reviews to those representative payees most likely to misuse benefits. In FY 2009, we plan to complete two such targeted reviews of representative payees who are likely to commit misuse. One of our reviews will determine whether certain characteristics of representative payees as identified by NAS result in an increased risk of misuse. In another review, we will determine whether individual representative payees who act as organizations or operate "group homes" need increased monitoring. During FY 2009, we also plan to conduct audits of specific individual representative payees serving a large number of beneficiaries. These audits are intended to determine whether the large number of beneficiaries served by a single individual payee receive the support and benefit that their payments are intended to deliver.

Electronic Government
Electronic Government has changed the way Government operates and the way citizens relate to Government. SSA is developing a wide range of Electronic Services (eServices) to improve its service to the public and to respond to the increase in baby boomer retirement and disability claims, while at the same time addressing large, existing backlogs. As SSA continues to expand its use of electronic services, OIG will continue to assist SSA by offering recommendations through the audit process.

Managing Human Capital
Like many other Federal agencies, SSA is being challenged to address its human capital shortfalls. As of March 2008, GAO continued to identify strategic human capital management on its list of high-risk Federal programs and operations. By the end of 2012, SSA projects its DI rolls will have increased by 35 percent. Further, the agency projects 53 percent of its employees

will be eligible to retire by FY 2017. It is expected this will result in a loss of institutional knowledge that will affect SSA's ability to deliver quality service to the public. The agency acknowledges that these two issues combined with a growing workload, technological advances, increased diversity, and changes in economic conditions will have a significant impact on the agency's workforce, the public's expectations, and the agency's ability to meet those expectations. OIG will continue to monitor the agency's activities in this area and will offer recommendations through its continued audit work.

MONETARY BENEFITS

In FY 2008, OIG issued 108 audit reports with recommendations, identifying over $2.4 billion in questioned costs and over $1.1 billion in Federal funds that could be put to better use. OIG also received 121,000 allegations of fraud, effected 2,100 criminal convictions, and obtained a return of over $370 million in investigative accomplishments, comprised of over $69 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over $300 million in projected SSA savings. Our FY 2010 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

STRATEGIC PLANNING

FY 2008 was the third year under OIG's 5-year Strategic Plan. OIG operates within a framework set by three general goals: the *Impact* OIG's investigations, audits, and legal activities have on SSA's effectiveness and efficiency; the *Value* OIG brings to SSA, Congress, and the public; and the strategies OIG uses to cultivate the talents of its *People*. These general goals are further broken down into 14 separate performance measures. All of these measures are designed to support OIG's core mission to inspire public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2008, OIG successfully met the targets for 12 performance measures. The specific results for FY 2008 are as follows:

Table 4.2—2008 Performance Measure Results

Goal	Target	Result
Impact		
1. Maintain an annual acceptance rate of at least 85% for all recommendations.	85%	**96%**
2. Through FY 2010, achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency and effectiveness of SSA.[1]	85%	**89%**
3. Achieve a positive action on at least 85% of all cases closed during the FY.	85%	**93%**
Value		
4. Generate a positive return of $6 for every tax dollar invested in OIG activities.	$6 to $1	**$42 to $1**
5. Evaluate and respond to 90% of all allegations received within 30 days.	90%	**95%**
6. Complete investigative fieldwork on 75% on all cases within 180 days.	75%	**94%**
7. Respond to 90% of congressional requests within 21 days.	90%	**98%**
8. Take action on 90% of CMP subjects within 30 days of receipt.	90%	**94%**
9. Achieve a positive internal and external user assessment rating of 85% for product-service quality.	85%	**89%**
10. Issue 75% of final audit reports within 1 year of the entrance conference with SSA.	75%	**83%**
11. Complete 85% of requests for legal advice and review within 30 days.	85%	**99%**
People		
12. Achieve an annual attrition rate of 5% or less.	≤ 5 %	**6%**
13. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvement is needed.	81%	**79%**
14. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90%	**96%**

[1] The implementation rate is the cumulative percentage for fiscal years 2003 through 2007.

TRANSFER AUTHORITY

The budget request includes language providing authority to transfer an amount of up to 3 percent of the total OIG appropriation from SSA's Limitation on Administrative Expenses appropriation. This language provides the flexibility to meet unanticipated funding requirements and to ensure that adequate resources are available to meet program objectives. The request is consistent with similar authority to transfer funds between appropriations provided to other departments and agencies in appropriation language.

BUDGETARY RESOURCES

The OIG annual appropriation consists of appropriation from both the general fund and the trust funds. The President's budget request for FY 2010 consists of $29,000,000 appropriated from the general fund and $73,682,000 which will be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

Table 4.3—Amounts Available for Obligation (in thousands)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
General Funds Annual	$ 25,989	$ 28,000	**$ 29,000**
Trust Funds Annual Transfer	$ 65,926	$ 70,127	**$ 73,682**
Total Appropriation	**$ 91,915**	**$ 98,127**[2]	**$ 102,682**
ARRA (Planned Obligations)	N/A	$ 500	**$ 500**
Total Budgetary Resources	**$ 91,915**	**$ 98,627**	**$ 103,182**
Obligations	$ 90,604[3]	$ 98,627	**$ 103,182**
Unobligated balance lapsing	($ 1,311)	($ 0)	**$ 0**

ANALYSIS OF CHANGES

The FY 2010 request represents a $4,555,000 increase over the FY 2009 enacted level. These increases can be attributed to annual pay raises and to an increase in base expenses for employee benefits, as well as an increase in training and support services.

Table 4.4—Summary of Changes

	FY 2009 Enacted	FY 2010 Estimate	Change
General Fund Appropriation	$ 28,000,000	**$ 29,000,000**	+ $ 1,000,000
Trust Fund Appropriation	$ 70,127,000	**$ 73,682,000**	+ $ 3,555,000
Total Appropriation	**$ 98,127,000**	**$ 102,682,000**	**+ $ 4,555,000**
ARRA (Planned Obligations)	$ 500,000	**$ 500,000**	$ 0
Total Obligations	($ 98,627,000)	**($ 103,182,000)**	+$ 4,555,000

[2] This amount does not reflect a transfer of $1,378,700 from the LAE account to the OIG account in FY 2009.
[3] Some FY 2008 relocation expenses were inadvertently not processed until the first quarter of FY 2009 and, as a result, did not appear on the end-of-year report. After posting those expenses, the FY 2008 obligations are $91,633,509.

Table 4.5—Explanation of OIG Budget Changes

	FY 2009 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
BUILT-IN INCREASES				
Base Payroll Expenses	**614 (604)**	**$ 86,760,000**	***-3 (1)***	***+ $ 4,380,000***
• *Annualization of the January 2009 Federal pay increase of 3.9 percent*	- - -	- - -	*-3 (1)*	*+ $ 620,000*
• *Nine-month effect of assumed 2.0 percent Federal pay increase effective January 2010*	- - -	- - -	- - -	*+ $1,098,000*
• *Change in base payroll expenses related to career ladder promotions and within-grade increases*	- - -	- - -	- - -	*+ $1,324,000*
• *Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS)*	- - -	- - -	- - -	*+ $1,094,000*
• *All other payroll changes, including overtime and awards*	- - -	- - -	- - -	*+ $ 244,000*
Non-Payroll Costs - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	- - -	**$ 11,867,000**	**- - -**	***+ $ 18,000***
Subtotal, Built-in increases	**614 (604)**	**$ 98,627,000**[4]	***-3 (1)***	***+ $ 4,398,000***
PROGRAM INCREASES				
Increase for operations and maintenance of facilities and equipment	- - -	- - -	- - -	*+ $ 221,000*
Subtotal, Program Increases	**- - -**	**- - -**	**- - -**	***+ $ 221,000***
Total Increases	**614 (604)**	**$ 98,627,000**[1]	***-3 (1)***	***+ $ 4,619,000***

Table Continues on the Next Page

[4] This amount does not reflect a transfer of $1,378,700 from the LAE account to the OIG account in FY 2009. It does reflect the planned use of $500,000 of the $2,000,000 in funds that were appropriated in FY 2009 as part of ARRA.

	FY 2009 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
BUILT-IN DECREASES				
Base Payroll Expenses—Decrease in all other payroll costs, including one less paid day	- - -	- - -	- - -	- - -
Non-Payroll Costs—Decrease in rental payments to GSA	- - -	- - -	- - -	*- $ 64,000*
Subtotal, Built-in decreases				***- $ 64,000***
PROGRAM DECREASES				
Decrease in costs for training, other support services, and supplies				
Subtotal, Program Decreases				
Total Decreases		**$ 0**		***- $ 64,000***
Net Change	**614 (604)**	**$ 98,627,000**[5]	***-3 (1)***	***+ $ 4,555,000***

[5] This amount does not reflect a transfer of $1,378,700 from the LAE account to the OIG account in FY 2009. It does reflect the planned use of $500,000 of the $2,000,000 in funds that were appropriated in FY 2009 as part of ARRA.

BUDGET AUTHORITY BY ACTIVITY

The table below displays budget authority, split by type of funding, and obligations. This table also includes the Full Time Equivalents (FTE).

Table 4.6—Budget Authority by Activity (in thousands)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
General Funds	$ 25,989	$ 28,000	**$ 29,000**
OASDI Trust Fund Transfers	$ 65,926	$ 70,127	**$ 73,682**
Total Appropriation	**$ 91,915**	**$ 98,127**	**$ 102,682**
ARRA	N/A	$ 2,000	N/A
Total Budgetary Authority	**$ 91,915**	**$ 100,127**[6]	**$ 102,682**
(Obligations)	($ 90,604)[7]	($ 98,627)	**($ 103,182)**[8]
(FTEs)	(583)	(604)	**(605)**

[6] This amount does not reflect a transfer of $1,378,700 from the LAE account to the OIG account in FY 2009.
[7] Some FY 2008 relocation expenses were inadvertently not processed until the first quarter of FY 2009 and, as a result, did not appear on the end-of-year report. After posting those expenses, the FY 2008 obligations are $91,633,509.
[8] The American Recovery and Reinvestment Act (ARRA) appropriated $2,000,000 for activities available through FY 2012. The planned obligations for FY 2009 and FY 2010 are $500,000 each year.

BUDGET RESOURCES BY OBJECT

The table below displays the breakdown of budget resources by object class.

Table 4.7—Budget Resources by Object

	FY 2009	FY 2010	Difference
Full-time permanent	$ 62,325,000	**$ 65,470,000**	+ $ 3,145,000
Other than full-time permanent	$ 1,225,000	**$ 1,316,000**	+ $ 91,000
Other compensation	$ 1,520,000	**$ 1,570,000**	+ $ 50,000
Subtotal, Personnel Compensation	$ 65,070,000	**$ 68,356,000**	+ $ 3,286,000
Civilian personnel benefits	$ 21,690,000	**$ 22,784,000**	+ $ 1,094,000
Total, Compensation and Benefits	$ 86,760,000	**$ 91,140,000**	+ $ 4,380,000
Travel	$ 2,655,000	**$ 2,780,000**	+ $ 125,000
Transportation of things	$ 84,000	**$ 88,000**	+ $ 4,000
Rental payments to GSA	$ 5,017,000	**$ 4,953,000**	- $ 64,000
Rental payments to others	$ 100,000	**$ 100,000**	- - -
Communications, utilities, and others	$ 547,000	**$ 560,000**	+ $ 13,000
Printing and reproduction	$ 23,000	**$ 24,000**	+ $ 1,000
Other services	$ 2,798,000	**$ 2,848,000**	+ $ 50,000
Supplies and materials	$ 93,000	**$ 108,000**	+ $ 15,000
Equipment	$ 550,000	**$ 581,000**	+ $ 31,000
Total Budgetary Resources[9]	$ 98,627,000[10]	**$ 103,182,000**	+ $ 4,555,000

[9] The American Recovery and Reinvestment Act (ARRA) appropriated $2,000,000 for activities available through FY 2012. The planned obligations for FY 2009 and FY 2010 are $500,000 each year.
[10] This amount does not reflect a transfer of $1,378,700 from the LAE account to the OIG account in FY 2009.

BACKGROUND

AUTHORIZING LEGISLATION

The Office of the Inspector General is authorized necessary expenses to carry out the provisions of the Inspector General Act of 1978.

Table 4.8—Authorizing Legislation

	FY 2009 Authorized	FY 2009 Estimate	FY 2010 Authorized	FY 2010 Estimate
Office of the Inspector General (P.L. 103-296)	Indefinite	$ 98,127,000[11]	Indefinite	$ 102,682,000

[11] This amount does not reflect a transfer of $1,378,700 from the LAE account to the OIG account in FY 2009.

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.

Table 4.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
General Funds	$ 15,000,000	$ 12,000,000	$ 15,000,000	**$ 14,944,000**
Trust Funds	$ 51,000,000	$ 44,000,000	$ 51,000,000	**$ 50,808,000**
2000 Total [1]	$ 66,000,000	$ 56,000,000	$ 66,000,000	**$ 65,752,000**
General Funds	$ 17,000,000	$ 14,944,000	$ 16,944,000	**$ 16,944,000**
Trust Funds	$ 56,000,000	$ 50,808,000	$ 52,500,000	**$ 52,500,000**
2001 Total	$ 73,000,000	$ 65,752,000	$ 69,444,000	**$ 69,444,000**
General Funds	$ 19,000,000	$ 19,000,000	$ 19,000,000	**$ 18,985,800**
Trust Funds	$ 56,000,000	$ 56,000,000	$ 56,000,000	**$ 55,958,200**
2002 Total [2]	$ 75,000,000	$ 75,000,000	$ 75,000,000	**$ 74,944,000**
General Funds	$ 21,000,000	$ 21,000,000	$ 21,000,000	**$ 20,863,500**
Trust Funds	$ 62,000,000	$ 62,000,000	$ 62,000,000	**$ 61,597,000**
2003 Total [3]	$ 83,000,000	$ 83,000,000	$ 83,000,000	**$ 82,460,500**
General Funds	$ 25,000,000	$ 24,500,000	$ 20,863,000	**$ 24,355,400**
Trust Funds	$ 65,000,000	$ 63,700,000	$ 61,597,000	**$ 63,324,200**
2004 Total [4]	$ 90,000,000	$ 88,200,000	$ 82,460,000	**$ 87,679,600**
General Funds	$ 26,000,000	$ 25,748,000	$ 26,000,000	**$ 25,542,000**
Trust Funds	$ 66,000,000	$ 65,359,000	$ 66,000,000	**$ 64,836,100**
2005 Total [5]	$ 92,000,000	$ 91,107,000	$ 92,000,000	**$ 90,378,100**
General Funds	$ 26,000,000	$ 26,000,000	$ 26,000,000	**$ 25,740,000**
Trust Funds	$ 67,000,000	$ 66,805,000	$ 67,000,000	**$ 65,736,000**
2006 Total [6]	$ 93,000,000	$ 92,805,000	$ 93,000,000	**$ 91,476,000**
General Funds	$ 27,000,000	$ 25,872,000	$ 25,740,000	**$ 25,902,000**
Trust Funds	$ 69,000,000	$ 66,072,000	$ 65,736,000	**$ 66,149,000**
2007 Total	$ 96,000,000	$ 91,944,000	$ 91,476,000	**$ 92,051,000**
General Funds	$ 27,000,000	$ 27,000,000	$ 28,000,000	**$ 25,988,901**
Trust Funds	$ 68,047,000	$ 68,047,000	$ 68,047,000	**$ 65,926,000**
2008 Total [7]	$ 95,047,000	$ 95,047,000	$ 96,047,000	**$ 91,914,901**
General Funds	$ 28,000,000	$ 28,000,000	$ 28,000,000	**$ 28,000,000**
Trust Funds	$ 70,127,000	$ 70,127,000	$ 70,127,000	**$ 70,127,000**
2009 Total	$ 98,127,000	$ 98,127,000	$ 98,127,000	**$ 98,127,000**
ARRA [8]	N/A	N/A	N/A	**$ 2,000,000**
General Funds	**$ 29,000,000**			
Trust Funds	**$ 73,682,000**			
2010 Total	**$ 102,682,00**			

[1] The $15,000,000 in appropriated funds and $51,000,000 in trust funds included in the language for this account for FY 2000 were reduced by $56,000 and $192,000, respectively, in accordance with P.L. 106 113.

[2] The $19,000,000 in appropriated funds and $56,000,000 in trust funds included in the language for this account for FY 2002 were reduced by $14,200 and $41,800, respectively, in accordance with P.L. 107 206

[3] The $21,000,000 in appropriated funds and $62,000,000 in trust funds included in the language for this account for FY 2003 were reduced by $136,500 and $403,000, respectively, in accordance with P.L. 108-7.

[4] The $24,500,000 in appropriated funds and $63,700,000 in trust funds included in the language for this account for FY 2004 were reduced by $144,600 and $375,800, respectively, in accordance with P.L. 108-199.

[5] The $25,748,000 in appropriated funds and $65,359,000 in trust funds included in the language for this account for FY 2005 were reduced by $206,000 and $522,900, respectively, in accordance with P.L. 108-447.

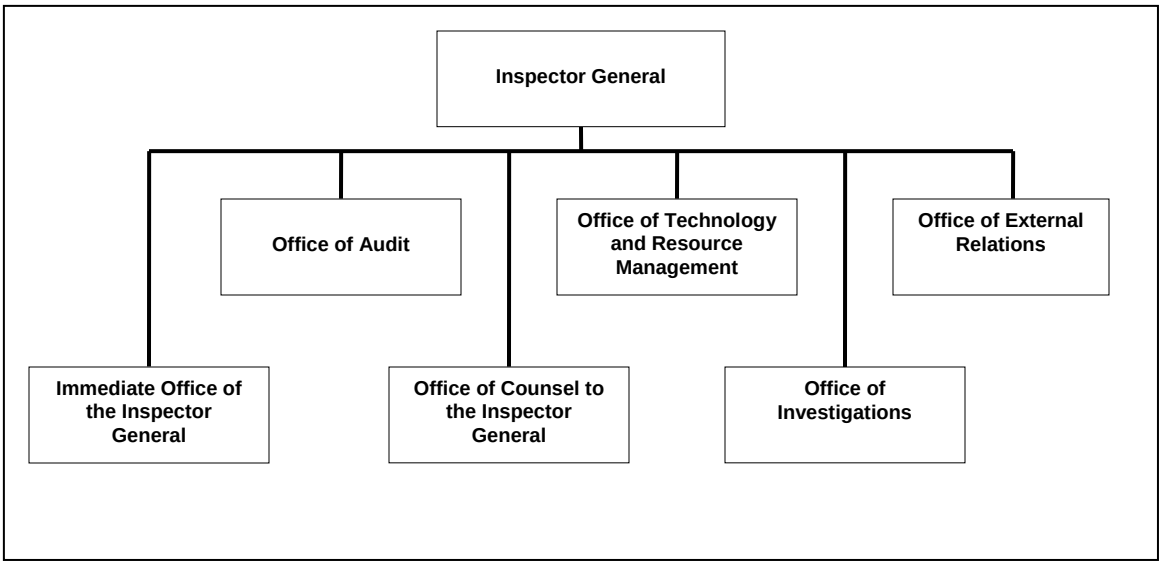
[6] The $26,000,000 in appropriated funds and $66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by $260,000 and $664,000, respectively, in accordance with P.L. 109-148.

[7] The $26,451,000 in appropriated funds and $67,098,000 in trust funds included in the language for this account for FY 2008 were reduced by $462,099 and $1,172,000 respectively, in accordance with P.L. 110-161.

[8] The OIG received $2,000,000 through the American Recovery and Reinvestment Act, passed on February 17, 2009. The OIG will conduct necessary oversight and audit of SSA programs, projects, and activities, assessing whether SSA used the resources as intended by the Act, and will identify any instances of fraud, waste, error, and abuse.

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

GENERAL PURPOSE



As mandated by the *Inspector General Act of 1978*, as amended, the OIG's mission is to protect the integrity of SSA's programs. By conducting independent and objective audits, evaluations and investigations, OIG works to ensure public confidence in the integrity and security of SSA's programs and operations and works to protect them against fraud, waste, and abuse. OIG provides timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

OIG is comprised of six components: The Immediate Office of the Inspector General (IO), Office of Audit (OA), Office of Counsel to the Inspector General (OCIG), Office of Technology and Resource Management (OTRM), Office of Investigations (OI), and the Office of External Relations (OER).

Immediate Office of the Inspector General

IO provides the Inspector General (IG) and the Deputy Inspector General with staff assistance on the full range of their responsibilities. The IO also administers a comprehensive Quality Assurance and Professional Responsibility program, and conducts Quality Control reviews that ensure the adequacy of OIG compliance with its policies and procedures, internal controls, and professional standards. In addition, the IO oversees the Organizational Health Committee (OHC). The purpose of the OHC is to be an agent of positive change by discussing, evaluating, and presenting to senior management employee issues and proposed solutions that affect the operations, administration, and efficiency of OIG. In doing this, the committee acts as a representative of all OIG employees.

Office of Audit

Office of Audit (OA) conducts and/or supervises comprehensive financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives and operational functions are achieved effectively and efficiently. Financial audits, required by the *Chief Financial Officers' Act of 1990*, assess whether SSA's financial statements fairly present the agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program and operational fraud, waste, and abuse, as well as inefficiency and ineffectiveness.

Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides independent authoritative legal advice, guidance, and counsel to the IG and senior staff on a wide range of issues, including regulatory strategy, policy directives, and interpretation of new and emerging authorities and agency responsibilities. OCIG reviews materials to ensure sufficiency and compliance with regulatory and statutory requirements. OCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCIG is also responsible for the Civil Monetary Penalty (CMP) program, including imposition of penalties and assessments and the settlement and litigation of CMP cases.

Office of Technology and Resource Management

The Office of Technology and Resource Management (OTRM) provides administrative and management support to the OIG by providing information resource management; systems security and software development; and the coordination of budget, procurement, telecommunications, facilities, equipment, and human resources activities. OTRM also administers the Fugitive Felon Program and the OIG Fraud Hotline, and manages the Electronic Crimes program. In addition, OTRM is responsible for strategic planning, organizational performance management, and reporting.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations, including wrongdoing by individuals such as applicants, grantees, or contractors perpetrating criminal activity against SSA programs and operations. OI also investigates allegations of employee misconduct in the performance of their official duties. This office serves as the OIG liaison to the Department of Justice on all matters relating to investigations of SSA programs and personnel. OI works with other investigative agencies and organizations on special projects and assignments.

Office of External Relations

The Office of External Relations (OER) manages OIG's public affairs programs, develops the OIG's media and public information policies, and serves as the primary contact for those seeking information about the OIG. OER responds to inquiries from the media and the public and prepares OIG publications and presentations for internal and external organizations. OER coordinates interagency activities as well as OIG participation in SSA and other Federal events. OER also conducts dialogue and participates in negotiations with Members of Congress; coordinates input on pending and proposed legislation; gathers and disseminates information on congressional activities affecting OIG; and prepares congressional correspondence and testimony.

RATIONALE FOR THE BUDGET REQUEST

The budget request for FY 2010 is $102,682,000 and 605 FTEs, which reflects an increase of $4,555,000 from the FY 2009 annual appropriations level. The FY 2010 funding increase will be used for personnel costs (such as within-grade increases, Federal pay raises and benefit-rate increases) for current staff and related support costs.

Table 4.10—Detail of Full-Time Equivalent Employment and Workyears

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
FTEs	583	604	**605**
Overtime/Lump Sum Leave	2	10	**6**
Total	**585**	**614**	**611**

Table 4.11—Average Grade and Salary

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate	Difference
Average ES Salary	$ 146,600	$ 165,500	**$ 171,000**	+ $ 5,500
Average GS Grade	12	12	**12**	0
Average GS Salary	$ 97,800	$ 102,200	**$ 106,900**	+ $ 4,700

Annual Performance Plan

Annual Performance Plan for Fiscal Year 2010 and

Revised Final Annual Performance Plan for Fiscal Year 2009

Commissioner's Message

I am pleased to present the *Social Security Administration's Fiscal Year (FY) 2010 Annual Performance Plan and Revised Final Performance Plan for FY 2009*, the first under our new *FY 2008 – FY 2013 Agency Strategic Plan* released in September 2008. Our *Annual Performance Plan* demonstrates our commitment to openness in government, as well as fostering public trust through transparency, public participation, and collaboration. This Plan sets forth our performance commitments and concentrates on our four strategic goals: 1) eliminate our hearings backlog and prevent its recurrence; 2) improve the speed and quality of our disability process; 3) improve our retiree and other core services; and 4) preserve the public's trust in our programs.

Stemming from our country's current economic challenges, individuals are seeking our services and applying for Social Security benefits more than ever. I am grateful for Congress providing ongoing support of our programs that allows us to better serve the American public. In addition to granting us a seven percent budget increase in FY 2009, the recently-enacted *American Recovery and Reinvestment Act* included $500 million to process our rapidly growing disability and retirement workloads, and $500 million to replace our National Computer Center that is nearing the end of its functional life. These additional funds will truly make a difference in people's lives.

Our *Annual Performance Plan* charts the course for transforming the way we do business by integrating new technologies into our processes and enhancing our current services to provide a better experience for the public to conduct their business with us online, on the phone, and in our offices. We have also undertaken many initiatives to accomplish our strategic goals, for example:

- To address the hearings backlog, we will follow our *Hearings Backlog Reduction Plan* and continue to improve our hearing office procedures to increase our ability to hear and decide cases and accelerate processing of hearings;
- To enhance our disability process, we will fast-track disability claims highly likely or certain to meet our disability requirements, and make it easier for disabled individuals who are entitled to benefits to return to work under our work incentive programs such as our *Ticket to Work* program;
- To improve our retirement process, we will develop innovative ways to handle the influx of baby-boomer retirements. In addition, we will address our other core services such as strengthening the Social Security Number and earnings processes; and
- To preserve trust in our programs, we will safeguard our programs from waste, fraud, and abuse by minimizing improper payments, protecting personally identifiable information, and increasing the use of "green" solutions in our daily operations.

We must work more efficiently to close the gap between limited resources and increasing workloads so that we may continue serving more than 165 million workers and 60 million individuals receiving benefits. This *Annual Performance Plan* addresses the challenges we face and lays out the initial approach to implementing our multi-year Agency Strategic Plan. We must be proactive and aggressive in achieving our mission to *deliver Social Security services that meet the changing needs of the public.*

Michael J. Astrue
Commissioner

Our Values

Our Mission

Deliver Social Security services that meet the changing needs of the public

Our Vision

Provide the highest standard of considerate and thoughtful service for generations to come

Our Motto

Social Security Benefits America

Our Service Principles

We serve with empathy, creativity, integrity, and "an unbeatable determination to do the job at hand" by following these service principles:

- Adherence to the law
- Clarity
- Commitment to best demonstrated practices
- Cultural sensitivity
- Honesty
- Prevention of waste, fraud, and abuse
- Protection of privacy and personal information
- Recruitment and training of the best public servants
- Safety of the public and our employees

Summary of Our Goals and Objectives

Eliminate Our Hearings Backlog and Prevent Its Recurrence

- Increase our capacity to hear and decide cases
- Improve our workload management practices throughout the hearings process

Improve the Speed and Quality of Our Disability Process

- Fast-track cases that obviously meet our disability standards
- Make it easier and faster to file for disability benefits online
- Regularly update our disability policies and procedures

Improve Our Retiree and Other Core Services

- Dramatically increase baby boomers' use of our online retirement services
- Provide individuals with accurate, clear, up-to-date information
- Improve our telephone service
- Improve service for individuals who visit our field offices
- Process our Social Security Number workload more effectively and efficiently

Preserve the Public's Trust in Our Programs

- Curb improper payments
- Ensure privacy and security of personal information
- Maintain accurate earnings records
- Simplify and streamline how we do our work
- Protect our programs from waste, fraud, and abuse
- Use "green" solutions to improve our environment

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Appendix A: Fiscal Year 2009 Major Evaluations

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Appendix C: Performance Measure Changes From Fiscal Year 2008

Appendix D: Summary of *Program Assessment Rating Tool* (PART) – Only Measures

SUMMARY OF *GOVERNMENT PERFORMANCE AND RESULTS ACT* PERFORMANCE MEASURES

We continually seek to improve our business processes, policies, and procedures to uphold the principles of good government, accountability, and integrity. These principles form the basis of the *Government Performance and Results Act* (GPRA) *of 1993,* which seeks to improve Government performance and ensure accountability by linking budget to performance and connecting resources to results. As such, targets for several measures are tied directly to our budget and are set by the amount of money dedicated to this workload. These measures include "budgeted number" in the title.

The following chart lists our performance measures and targets for Fiscal Year (FY) 2009 and FY 2010. We use these performance measures to gauge our progress in meeting our strategic goals and objectives as outlined in our *Agency Strategic Plan* (http://www.socialsecurity.gov/asp/index.htm). These measures specifically address how we will improve performance, accountability, effectiveness, and efficiency over the next 2 fiscal years.

STRATEGIC GOAL 1: ELIMINATE OUR HEARINGS BACKLOG AND PREVENT ITS RECURRENCE				
Strategic Objective 1.1: Increase our capacity to hear and decide cases				
Performance Measure		**FY 2009 Target**	**FY 2010 Target**	**Page**
1.1a	Process the budgeted number of hearings	647,000	726,000	8
Strategic Objective 1.2: Improve our workload management practices throughout the hearing process				
Performance Measures		**FY 2009 Target**	**FY 2010 Target**	**Page**
1.2a	Achieve the target for number of hearings pending	755,000	727,000	10
1.2b	Achieve the target to eliminate the oldest hearings pending	Less than 1% of hearings pending 850 days or older	Less than 0.5% of hearings pending 825 days or older	10
1.2c	Achieve the budgeted goal for average processing time in days for hearings*	516 days	508 days	11
1.2d	Achieve the target to eliminate the oldest Appeals Council cases pending	Less than 1% of Appeals Council cases pending 750 days or older	Less than 1% of Appeals Council cases pending 700 days or older	11
1.2e	Achieve the target for average processing time of Appeals Council decisions	265 days	370 days	12

*This is also a *Program Assessment Rating Tool* measure (see page 5)

STRATEGIC GOAL 2: IMPROVE THE SPEED AND QUALITY OF OUR DISABILITY PROCESS				
Strategic Objective 2.1: Fast-track cases that obviously meet our disability standards				
Performance Measures		**FY 2009 Target**	**FY 2010 Target**	**Page**
2.1a	Achieve the target percentage of initial disability claims identified as a *Quick Disability Determination* or a *Compassionate Allowance*	3.8%	4.5%	14
2.1b	Process the budgeted number of initial disability claims	2,637,000	2,851,000	14
2.1c	Minimize average processing time in days for initial disability claims to provide timely decisions*	129 days	156 days	15
Strategic Objective 2.2: Make it easier and faster to file for disability benefits online				
Performance Measure		**FY 2009 Target**	**FY 2010 Target**	**Page**
2.2a	Achieve the target percentage of initial disability claims filed online	18%	25%	16
Strategic Objective 2.3: Regularly update our disability policies and procedures				
Performance Measure		**FY 2009 Target**	**FY 2010 Target**	**Page**
2.3a	Update the medical *Listing of Impairments*	Develop and submit at least 3 regulatory actions or *Social Security Rulings*	Develop and submit at least 3 regulatory actions or *Social Security Rulings*	18

**Program Assessment Rating Tool* measure (see page 5)

STRATEGIC GOAL 3:

IMPROVE OUR RETIREE AND OTHER CORE SERVICES

Strategic Objective 3.1: Dramatically increase baby boomers' use of our online retirement services

	Performance Measures	FY 2009 Target	FY 2010 Target	Page
3.1a	Percent of Retirement and Survivors claims receipts processed up to the budgeted level*	100% (4,543,000)	100% (4,565,000)	21
3.1b	Achieve the target percentage of retirement claims filed online	26%	38%	21

Strategic Objective 3.3: Improve our telephone service

	Performance Measures	FY 2009 Target	FY 2010 Target	Page
3.3a	Achieve the target speed in answering National 800 Number calls	330 seconds	300 seconds	23
3.3b	Achieve the target busy rate for National 800 Number calls	10%	9%	23

Strategic Objective 3.4: Improve service for individuals who visit our field offices

	Performance Measure	FY 2009 Target	FY 2010 Target	Page
3.4a	Percent of individuals who do business with SSA rating the overall services as "excellent," "very good," or "good"*	83%	83%	25

Strategic Objective 3.5: Process our Social Security Number workload more effectively and efficiently

	Performance Measure	FY 2009 Target	FY 2010 Target	Page
3.5a	Achieve the target percentage for assigning original Social Security Numbers correctly	95%	95%	27

**Program Assessment Rating Tool* measure (see page 5)

STRATEGIC GOAL 4:
PRESERVE THE PUBLIC'S TRUST IN OUR PROGRAMS

Strategic Objective 4.1: Curb improper payments

	Performance Measures	FY 2009 Target	FY 2010 Target	Page
4.1a	Process the budgeted number of Supplemental Security Income non-disability redeterminations	1,711,000	2,322,000	30
4.1b	Process the budgeted number of continuing disability reviews	1,079,000	794,000	30
4.1c	Percent of Supplemental Security Income payments free of overpayment (O/P) and underpayment (U/P) errors*	96% (O/P)	96% (O/P)	31
		98.8% (U/P)	98.8% (U/P)	
4.1d	Percentage of Old-Age, Survivors, and Disability Insurance payments free of overpayment (O/P) and underpayment (U/P) error*	99.8% (O/P)	99.8% (O/P)	32
		99.8% (U/P)	99.8% (U/P)	

Strategic Objective 4.3: Maintain accurate earnings record

	Performance Measure	FY 2009 Target	FY 2010 Target	Page
4.3a	Achieve the target percentage of paper *Forms W-2* received	17%	17%	35

Strategic Objective 4.5: Protect our programs from waste, fraud, and abuse

	Performance Measure	FY 2009 Target	FY 2010 Target	Page
4.5a	Receive an unqualified audit opinion on SSA's financial statements	Receive an unqualified opinion	Receive an unqualified opinion	37

Strategic Objective 4.6: Use "green" solutions to improve our environment

	Performance Measures	FY 2009 Target	FY 2010 Target	Page
4.6a	Replace gasoline-powered vehicles with alternative-fuel vehicles	20	50	38
4.6b	Develop and implement an agency *Environmental Management System*	Develop a high-level project plan	Provide training needed for implementation	38

**Program Assessment Rating Tool* measure (see page 5)

SUMMARY OF *PROGRAM ASSESSMENT RATING TOOL* MEASURES

We use a variety of methods to measure program performance. In addition to the *Government Performance and Results Act* (GPRA) performance measures listed earlier, we use the *Program Assessment Rating Tool* (PART). PART is a diagnostic tool that the Office of Management and Budget (OMB) developed to assess and improve program performance so that the Federal Government can achieve better results. A PART review helps identify a program's strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. OMB has selected three of our programs for review under the PART process – Old-Age and Survivors Insurance, Disability Insurance, and Supplemental Security Income. Most of the PART measures are also GPRA performance measures.

PART/GPRA Performance Measures		
Performance Measures	**FY 2009 Target**	**FY 2010 Target**
Achieve the budgeted goal for average processing time in days for hearings	516 days	508 days
Minimize average processing time in days for initial disability claims to provide timely decisions	129 days	156 days
Percent of Retirement and Survivors claims receipts processed up to the budgeted level	100% (4,543,000)	100% (4,565,000)
Percent of individuals who do business with SSA rating the overall services as "excellent," "very good," or "good"	83%	83%
Percent of Supplemental Security Income payments free of overpayment error	96%	96%
Percent of Supplemental Security Income payments free of underpayment error	98.8%	98.8%
Percentage of Old-Age, Survivors, and Disability Insurance payments free of overpayment error	99.8%	99.8%
Percentage of Old-Age, Survivors, and Disability Insurance payments free of underpayment error	99.8%	99.8%
PART-only Performance Measures (see Appendix D)		
Achieve target percentage of hearing level cases pending over 365 days	50%	40%
Achieve the budgeted goal for SSA hearings case production per workyear	107	109
Disability Determination Services net accuracy rate for combined initial disability allowances and denials	97%	97%
Disability Determination Services cases processed per workyear	265	268
Number of Disability Insurance and Supplemental Security Income beneficiaries, with Tickets in use, who work	TBD (July 2009)	TBD (July 2009)
Percent of Supplemental Security Income aged claims processed by the time the first payment is due or within 14 days of the effective filing date	80%	80%
Issue an annual SSA-initiated *Social Security Statement* to eligible individuals age 25 and older	100%	100%
Average Agency productivity	2%	TBD
Cumulative productivity improvement for Retirement and Survivors Insurance claims (compared to FY 2005)	7%	7%
Through changes in the law, achieve and maintain sustainable solvency such that today's and tomorrow's workers can expect to receive the benefits scheduled in law as reformed rather than as determined by Trust Fund solvency, while continuing to protect those who depend on Social Security the most	Conduct Analysis	Conduct Analysis

STRATEGIC GOAL 1

Eliminate our Hearings Backlog and Prevent Its Recurrence

Long-Term Outcomes	• Reduce the number of pending hearings to 466,000 by FY 2013; • Reduce the time it takes an individual to receive a hearing decision to an average of 270 days; • Increase productivity by automating labor-intensive tasks necessary to issue a hearing decision; and • Establish standardized electronic hearing business processes.

For more than half a century, we have helped disabled workers and their families cope with the loss of income caused by severe disability. However, in recent years, we have experienced an unprecedented backlog of cases at the hearing level. This backlog has significantly affected our ability to provide the level of service that the public deserves. For some, the long wait has led to homelessness and the loss of family and friends. Tragically, individuals have died while waiting for a hearing. We have a moral imperative to fix this problem – the American people deserve better from their Government. To address these issues, we have improved our processes, added new staff, utilized new technologies, and introduced several initiatives.

We continue to concentrate on processing our oldest pending hearing cases. In fiscal year (FY) 2008, we processed almost all of our aged hearing cases, at which time were defined as those cases pending 900 days or more. In FY 2009, we redefine aged cases to those cases pending 850 days or more, and in FY 2010, to those cases pending 825 days or more. In FY 2010, we will be focusing on the largest group of aged cases since we initiated this effort. We will continue to lower the aged-case threshold incrementally as we work towards our hearings processing time goal of 270 days. We will also reduce the time for an individual to receive a hearing decision, increase productivity through automation of labor-intensive tasks, and establish a standardized electronic hearings business process. We expect to reduce the number of pending hearings to 466,000 by FY 2013 – our optimal pending level necessary to ensure a sufficient "pipeline" of cases to maximize the efficiency of our hearings process. Prior to FY 2008, our optimal pending level was 400,000 hearings, but due to the increase in our ALJ cadre, we raised it in FY 2008.

Despite our progress, we still face considerable challenges in processing the large backlog of requests for hearings. We anticipate receiving approximately 50,000 more hearing requests in FY 2009 than FY 2008, and we have prepared for this surge in hearing requests. However, the short- and long-term state of the economy and the significant growth in hearings receipts anticipated in FYs 2009 and 2010 will pose more challenges and undoubtedly influence our decisions about future initiatives.

Strategic Objective 1.1:
Increase our capacity to hear and decide cases

We have developed and begun implementing the *Plan to Eliminate the Hearing Backlog and Prevent its Recurrence.* Our plan includes improving hearing office procedures, increasing our ability to hear and decide cases, increasing efficiency through automation and improving business processes, and accelerating review of cases that are likely to result in a favorable decision. Although we do not anticipate eliminating this backlog until 2013, we have already made considerable progress. To accomplish our goals, we will adopt and expand several initiatives.

- **Increase the number of administrative law judges (ALJs) and support staff at the hearings level.** We will build a cadre of at least 1,400 to 1,450 ALJs by FY 2010 and request each ALJ to issue 500 to 700 hearing decisions each year. We will hire additional support staff, better balance workloads between hearing offices, and add 13 new hearing offices in locations where we are unable to handle the pending caseloads effectively and efficiently. We will also add centralized centers for case pulling and decision writing in regional office sites to support more quickly and flexibly our growing workloads.
- **Screen hearing requests quickly to identify any possible allowances.** We will continue to refine computer models to screen and triage hearing requests to identify cases where we can issue a fully-favorable decision without a hearing. In addition, to augment our decision-making capacity, we will continue to use Attorney Adjudicators and disability specialists to screen pending hearing requests to determine if they can issue fully-favorable decisions based on the evidence already in our files. This process conserves ALJ resources for the more complex cases requiring a hearing.
- **Increase the use of video hearings.** We will increase the use of video hearing technology across the Nation. Video hearing technology will minimize travel to hearing sites for individuals, their representatives, expert witnesses, and ALJs. In remote areas, this secure technology enables individuals to attend a video hearing rather than travel long distances to a hearing site. Additionally, video hearings allow ALJs to be more productive by providing them more time to hold hearings and issue decisions. We will also expand the *Representative Video Project*. Under this project, claimant representatives may use their personal video equipment to participate in hearings from their own office.
- **Open National Hearing Centers.** In October 2007, we opened a National Hearing Center in Falls Church, Virginia. We will open a second National Hearing Center in Albuquerque, New Mexico, in the Spring of 2009, and will add another in Chicago, Illinois in late May 2009. We also will open a National Hearing Center in Baltimore, Maryland, early in FY 2010. These sites will use video hearing technology to process electronic disability cases. National Hearing Centers give us flexibility in addressing our hearings backlog and swiftly targeting assistance to the most heavily backlogged hearing offices across the country. As we gain experience with National Hearing Centers, we will evaluate our projected workload levels and consider opening additional centers.

Performance Measure – Strategic Objective 1.1

1.1a: Process the budgeted number of hearings

Fiscal Year	2009		2010	
Target	647,000		726,000	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	519,359	558,978	547,951	575,380

Data definition: The number of hearing requests processed in the current fiscal year up to the number budgeted.

Data source: *Case Processing and Management System*

Frequency reported: Monthly

Strategic Objective 1.2:
Improve our workload management practices throughout the hearing process

We will continue to revisit the way we perform work in hearing offices by establishing best demonstrated practices, increasing automation, and testing a variety of models to determine the most efficient methods of doing our work. Our transition from paper to electronic disability folders allows us to further automate and standardize our hearings processes.

- **Streamline and automate case tasks.** We will improve hearing office business processes using automation to assist us with labor-intensive tasks such as preparing for and scheduling hearings, centralizing printing and mailing of notices, and transferring electronic workloads. The accompanying chart, *Automation Initiatives to Improve Hearing Office Business Processes*, reflects some of these initiatives. We will also continue to refine and expand the centralized printing and mailing of notices to streamline the processing of the millions of notices hearings offices send annually.

Automation Initiatives to Improve Hearing Office Business Processes

ePulling – A project, currently in pilot, that assembles files electronically. We are working on software improvements to improve its accuracy and efficiency.

Representative Suite of Services – A pilot to allow authorized representatives access to the electronic folder through *Electronic Records Express*. We anticipate expanding the pilot in FY 2010 to additional authorized representatives.

Increase the Amount of Data Propagated to the Case Processing and Management System (CPMS) – An enhancement of the electronic capabilities of CPMS, our hearing-level case control and tracking system.

Electronic Signature – This new capability will allow ALJs and Attorney Adjudicators to sign decisions electronically, eliminating the need for a wet signature and saving time and paper.

Central Printing and Mailing – An initiative to remove notice printing and mailing tasks from hearing offices, thereby freeing staff to perform other duties.

Video Teleconferencing Expansion – Expansion of our video teleconferencing capability by creating claimant-only video rooms and allowing representatives to purchase their own equipment for use during hearings.

- **Eliminate use of temporary sites.** We use a variety of sites to hold hearings, including temporary space in hotels, motels, courthouses, schools, and conference centers. The increased use of electronic disability files makes holding hearings in temporary space more difficult as we are generally not able to connect to our electronic system at these sites. We will begin to eliminate use of temporary hearing sites and replace them with video hearing rooms in field offices and other Social Security facilities. This change will allow us to operate more efficiently and provide individuals with a more convenient, secure, and professional environment for their hearing.
- **Establish standardized electronic hearings business processes.** We will implement standardized electronic business processes in every hearing office and integrate advanced information technology initiatives to support these processes. We will build on these efforts to ensure consistency within hearing offices, reduce operating expenses, and help us determine the ideal ratio of staff needed to support an ALJ in our electronic environment. As a first step, we will complete the rollout of the standardized electronic business process to pilot sites in each region in 2009.

As we increase our capacity to hear and decide cases, we are mindful of the resulting effect on the Appeals Council workloads. We anticipate receiving more than 20,000 requests for Appeals Council reviews in FY 2009 compared to FY 2008. More requests, coupled with our concentration on processing our oldest and more complex Appeals Council cases, will significantly increase the overall time to process these cases. We estimate average processing time to increase 55 percent between FYs 2008 and 2010. We will closely monitor Appeals Council workloads and take necessary actions. For example, we will invoke new authority that allows the Appeals Council to make final decisions on cases with technical errors, eliminating the need to return them for ALJ review. We will also provide additional support staff and implement early screening initiatives to reduce the time for Appeals Council decisions.

Performance Measures ~ Strategic Objective 1.2

1.2a: Achieve the target for number of hearings pending

Fiscal Year	2009		2010	
Target	755,000		727,000	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	708,164	715,568	746,744	760,813

Data definition: The number of hearing requests pending at the end of the fiscal year compared to the target.

Data source: *Case Processing and Management System*

Frequency reported: Monthly

1.2b: Achieve the target to eliminate the oldest hearings pending

Fiscal Year	2009	2010
Target	Less than 1% of hearings pending 850 days or older	Less than 0.5% of hearings pending 825 days or older
FY 2008 Historical Performance		
Fiscal Year	2008	
Performance	Less than 1% of hearings pending 900 days or older	

Data definition: The percentage of oldest hearings pending. The oldest hearings are those cases identified as those cases that are pending or will be pending 850 days or more at the end of the fiscal year. The percentage is derived by dividing the total number of hearings pending 850 days or more at the end of the fiscal year by the universe of oldest hearings identified.

Data source: *Case Processing and Management System*

Frequency reported: Monthly

1.2c: Achieve the budgeted goal for average processing time in days for hearings

Fiscal Year	2009		2010	
Target	516 days		508 days	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	415 days	483 days	512 days	514 days

Data definition: The average processing time for hearing decisions compared to the target. The average processing time is the cumulative processing time for all hearings processed divided by the total number of hearings processed in the fiscal year.

Data source: *Case Processing and Management System*

Frequency reported: Monthly

Note: This is also a *Program Assessment Rating Tool* measure.

1.2d: Achieve the target to eliminate the oldest Appeals Council cases pending

Fiscal Year	2009	2010
Target	Less than 1% of Appeals Council cases pending 750 days or older	Less than 1% of Appeals Council cases pending 700 days or older

Data definition: The percentage of oldest Appeals Council cases pending. Oldest cases are identified as those cases that are pending, or will be pending 750 days or more at the end of the fiscal year. The percentage is derived by dividing the total number of cases pending 750 days or more at the end of the fiscal year by the universe of oldest Appeals Council cases identified.

Data source: *Appeals Review Processing System*

Frequency reported: Monthly

Note: This is a new performance measure for FY 2009.

1.2e: Achieve the target for average processing time of Appeals Council decisions

Fiscal Year	2009		2010	
Target	265 days		370 days	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	242 days	203 days	227 days	238 days

Data definition: The average processing time for Appeals Council decisions compared to the target. The average processing time is the cumulative processing time for all Appeals Council decisions divided by the total number of Appeals Council decisions processed in the fiscal year.

Data source: *Appeals Review Processing System*

Frequency reported: Monthly

STRATEGIC GOAL 2:

Improve the Speed and Quality of Our Disability Process

Long-Term Outcomes	• Ensure individuals who are clearly disabled receive a decision within 20 calendar days of filing; • Reach an online filing rate of 25 percent for disability applications by 2012; • Regularly update our regulations and policies to incorporate the most recent medical advances; • Develop and implement a common case processing system for the Disability Determination Services; and • Make it easier for disabled individuals to return to work.

We are responsible for the Nation's two primary Federal disability programs: Social Security Disability Insurance and Supplemental Security Income. Over the last 5 years, our disability workloads have grown significantly, and this trend will accelerate as baby boomers reach their most disability-prone years. Studies suggest a correlation between increases in unemployment and increases in disability filings, and we have seen a sizable increase in filings. We expect more than 2.9 million disability applications in FY 2009, a 12 percent increase from FY 2008. Due to the significant growth in disability applications, the increased complexity of those applications, limited resources, advances in medical treatments, changing health information technology, and outdated policies and procedures, our ability to process disability applications has fallen short of our own expectations. Furthermore, we anticipate a 20 percent increase in the average amount of time it will take to process an initial disability claim.

Strategic Objective 2.1: Fast-track cases that obviously meet our disability standards

We are obligated to provide benefits quickly to individuals whose medical conditions are so serious that they obviously meet our disability standards. This is particularly critical in Supplemental Security Income claims to ensure these individuals immediately get the vital medical coverage they need. The *Quick Disability Determination* (QDD) process and the *Compassionate Allowances* (CAL) initiative enable us to fast-track these cases by utilizing computer technology to identify those individuals with the most severe disabilities. Moreover, these fast-track disability processes help free up resources so we can better cope with a projected increase of about 300,000 disability cases. We will continue to refine our fast-tracking capabilities by:

- **Expanding *Quick Disability Determinations*:** The QDD decision process uses a computer predictive model to screen initial applications to identify individuals for whom a favorable disability determination is highly likely and medical evidence is quickly and easily obtainable; e.g., low birth-weight babies, cancer, and end-stage renal disease. On average, we process allowances on those cases we identify as QDD in about 10 days. QDD is now in use across the country. We will expand our QDD process by refining the predictive model and using it to its maximum capacity to accurately identify these cases.

- **Refining *Compassionate Allowances*:** The CAL decision process provides quick identification of individuals who are clearly disabled by the nature of their disease or condition. With CAL, we can favorably decide these claims based on confirmation of the diagnosis alone for such diseases as acute leukemia, amyotrophic lateral sclerosis, and pancreatic cancer. Currently 50 impairments and conditions are identified as CAL cases. We are also working with the National Institutes of Health to identify the most up-to-date scientific information to assist us in identifying CAL cases so that we can accelerate the processing of these claims. We implemented CAL nationally in 2008, and we will continue to refine and expand CAL as we gain additional insight into how we might better recognize and fast-track disability claims.

Performance Measures ~ Strategic Objective 2.1

2.1a: Achieve the target percentage of initial disability claims identified as a *Quick Disability Determination* or a *Compassionate Allowance*

Fiscal Year	2009	2010
Target	3.8%	4.5%

Data definition: The percentage is derived by dividing the total number of initial disability claims identified as *Quick Disability Determinations* or *Compassionate Allowances* by the total number of electronic initial disability claims filed in the current fiscal year.

Data source: *Executive and Management Information System, Claims/Post-eligibility Report, Disability Management Information*

Frequency reported: Monthly

Note: This is a new performance measure for FY 2009.

2.1b: Process the budgeted number of initial disability claims

Fiscal Year	2009	2010
Target	2,637,000	2,851,000
FY 2007- 2008 Historical Performance		
Fiscal Year	2007	2008
Performance	2,529,721	2,607,282

Data definition: The number of Social Security and Supplemental Security Income initial disability claims processed in the Disability Determination Services and other agency components in the current fiscal year up to the budgeted number.

Data source: *National Disability Determination Services System and Disability Operational Data Store*

Frequency reported: Monthly

2.1c: Minimize average processing time in days for initial disability claims to provide timely decisions

Fiscal Year	2009	2010
Target	129 days	156 days
FY 2008 Historical Performance		
Fiscal Year	2008	
Performance	106 days	

Data definition: The average processing time is the overall, cumulative number of elapsed days, including both Disability Determination Services and field office processing times, from the date of filing through the date payment is made or the denial notice is issued for all initial claims that require a medical determination. The total number of days to process all initial disability claims requiring a medical determination is divided by the total number of initial disability claims requiring a medical determination that are processed during the fiscal year.

Data source: *Social Security Unified Measurement Systems*

Frequency reported: Monthly

Note: This is also a *Program Assessment Rating Tool* measure.

Strategic Objective 2.2: Make it easier and faster to file for disability benefits online

In the next 10 years, we project initial disability claims will increase by at least 10 percent, mainly due to the aging baby boomers reaching their most disability-prone years and because more people are filing for disability benefits due to the current economic crisis. To handle this anticipated growth, as well as fulfill the rapidly growing expectation for convenient, effective, and secure electronic service delivery options, we will:

Implement *Disability Direct*: *Disability Direct* is a new initiative that will make it easier and faster for individuals to apply for disability benefits online by using *iClaim*, a tool that enables individuals to file electronically for disability benefits from the comfort and convenience of their home or office. *Disability Direct* provides a simplified, secure, and user-friendly application process. It only asks questions relevant to the particular individual, thereby streamlining the process by making it easier and faster to file for disability benefits online. *Disability Direct* also includes links, prompts, and other tools to assist individuals.

Increasingly, representatives transact business with us on behalf of individuals filing for disability benefits. To meet the demand for service from representatives (such as attorneys, non-attorneys, representative payees, and third parties) and alleviate workloads in our field offices, as a second element of *Disability Direct*, we will build a comprehensive package of online services for representatives.

Performance Measure ~ Strategic Objective 2.2

2.2a: Achieve the target percentage of initial disability claims filed online

Fiscal Year	2009	2010
Target	18%	25%

Data definition: The percentage of initial Social Security disability claims filed online. The percentage is derived by dividing the number of initial Social Security disability claims filed online by the total number of initial disability claims that could be filed online in the current fiscal year.

Data source: *Executive and Management Information System, Electronic Service Delivery, Localized Management Information Report*

Frequency reported: Monthly

Note: This is a new performance measure for FY 2009.

Strategic Objective 2.3: Regularly update our disability policies and procedures

With the dramatic growth in the number of people applying for disability benefits, we cannot continue to process cases as we have in the past. Testing for and treatment of impairments have changed over the years. By comparison, the way we process medical information to define disability has not changed in any fundamental way in years. Therefore, we will update our disability policies and procedures and use automation as outlined below:

- **Improve the *Ticket to Work* program.** In 1999, Congress established the *Ticket to Work* program to encourage individuals receiving disability benefits to return to work. For a number of reasons, the *Ticket to Work* program did not achieve the goals intended by Congress. As a result, we published new regulations in 2008, revising the *Ticket to Work* program to provide more incentives to increase participation. We expect these changes to lead to a 150 percent increase in the number of participants from 200,000 to 500,000 by the end of FY 2013. We will also conduct research to help us better identify individuals likely to participate in the *Ticket to Work* program and to improve its efficiency.
- **Simplify work incentive programs.** When individuals return to work, they must deal with complex rules regarding how much they can earn and when, and how these earnings affect their benefits. We are simplifying these rules to further encourage individuals with disabilities to return to work without fear of losing their monthly benefit payments and Medicare or Medicaid coverage. We are seeking input from key disability advocates on simplifying these rules and streamlining the process. The result will be a program that is less complicated to explain, administer, and understand. We will also continue to conduct research and demonstration projects to study ways to improve and simplify our services and address the varied needs of individuals with disabilities. One project, *Benefit Offset National Demonstration,* will test the effect of allowing individuals returning to work to continue receiving disability benefits at a reduced rate rather than losing all of their benefits, as they would under our current policy.

- **Update our *Listing of Impairments*.** One of the most effective tools we have for adjudicating disability claims is the *Listing of Impairments*, which allows us to determine if an individual is disabled when his or her impairment meets specified criteria. The *Listing of Impairments* improves the consistency and accuracy of our decisions throughout all levels of the disability process. In the last two years, we have published final regulations for three of the 14 adult body systems so they now reflect updated advancements in medicine and technology. We are on schedule to update all of the medical *Listings* every 5 years, and in the future, we plan to update the *Listings* as often as every 3 years. We also are in the process of expanding the *Listings* to include rare diseases and conditions that clearly represent permanently disabling conditions.

- **Develop an *Occupational Information System*.** We rely on the occupational information found in the *Dictionary of Occupational Titles* (DOT), produced by the Department of Labor, to determine whether individuals can do their usual work or any other work in the U.S. economy. The Department of Labor no longer updates the DOT; consequently, we are developing a long-term strategy to create a new *Occupational Information System* tailored to our disability programs. We are also exploring whether comparable information is available in the private sector that our decision-makers can use in the interim.

- **Adapt our systems to *Health Information Technology*.** To assist us in making disability determinations, we collect and store more than 250 million medical documents and make over 15 million requests for medical evidence on behalf of disability applicants each year. In partnership with the Department of Health and Human Services, the Department of Veterans Affairs, other federal and state agencies, health care providers, and insurers, we will collaborate to create uniform diagnostic codes and medical report formats to standardize electronic storage of medical records. Such standardization will allow us to not only identify disabling conditions quickly and automatically, but will allow us to search our vast database of medical records to track trends in disability cases and design more objective methods to identify disabling conditions.

  We began working with Beth Israel Deaconess Medical Center in Boston last year to determine how we could use health information technology to make disability decision-making more efficient and timely. We are also collaborating with MedVirginia, the North Carolina Healthcare Information and Communications Alliance, and Kaiser Permanente to implement the *Nationwide Health Information Network*, the nation's electronic network of health information. Through this *Network*, we will have instantaneous access to medical records that will significantly shorten the time it takes to make a disability decision. For example, when an individual receiving treatment at a hospital files a disability application, our system will automatically send out a medical record request. Almost immediately, the hospital will electronically transmit back to us the individual's medical record. This initiative will revolutionize the way we process disability claims at all levels. In addition, the *Network* follows the privacy principles established in the *Nationwide Privacy and Security Framework for Electronic Exchange of Individually Identifiable Health Information*. To access this document, click on the link below: (*http://healthit.hhs.gov/portal/server.pt?open=512&objID=1173&parentname=CommunityPage&parentid=34&mode=2&in_hi_userid=10732&cached=true*).

- **Expedite record requests in disability cases.** Currently, we must obtain written authorization from individuals to send to their medical sources to acquire their medical records when they apply for disability benefits. This written authorization is the single remaining paper document currently required in our otherwise fully electronic disability case process. We will explore options and develop legislative proposals to streamline the process of obtaining consent to access medical records. This modification will enable us to reduce the burden on all parties involved and provide more timely decisions to disabled individuals while respecting the confidentiality of their personal information.

- **Develop and implement a Disability Determination Services common case processing system.** Each of the 54 state and territorial Disability Determination Services has its own unique case processing system, many of which are incompatible, outdated, and expensive to maintain. Under the *Disability Case Processing System Initiative,* we are working collaboratively with the Disability Determination Services Administrators to develop and implement a common system for use by all Disability Determination Services. This common system will incorporate decision support tools, contain better quality checks, and be compatible with industry standards for electronic medical records. Furthermore, the new system will provide the foundation for a seamless disability case processing system from the point of application to the final level of appeal.
- **Employ the *Electronic Claims Analysis Tool* (eCAT).** We are piloting a new web-based tool, eCAT, to assist examiners in the Disability Determination Services in making disability determinations. This tool guides disability examiners through the policy aspects of a disability claim to yield consistent, policy compliant outcomes. We expect eCat's use will produce well-reasoned decisions with easy to understand explanations of how we reached our decision. First tested in the Virginia and Connecticut Disability Determination Services, we will expand testing of eCAT to three additional states in FY 2009.

Performance Measure – Strategic Objective 2.3

2.3a: Update the medical *Listing of Impairments*

Fiscal Year	2009	2010
Target	Develop and submit at least 3 regulatory actions or *Social Security Rulings*	Develop and submit at least 3 regulatory actions or *Social Security Rulings*

Data definition: Regulatory actions include *Advance Notice of Proposed Rulemaking, Notice of Proposed Rule Making, Final Rules,* or *Ruling*, or other *Federal Register* notice. We will develop regulatory actions or *Social Security Rulings* related to updating the medical *Listings of Impairments* for publication in the *Federal Register*.

Data source: *Office of Retirement and Disability Policy Workplan*

Frequency reported: Annually

Note: This is a new performance measure for FY 2009

STRATEGIC GOAL 3:

Improve Our retiree and Other Core Services

Long-Term Outcomes	• Achieve an online filing rate of 50 percent for retirement applications by 2012; • Improve the clarity of our correspondence; • Improve telephone service on our National 800 Number and in our field offices; and • Further automate our Social Security card application process.

Millions of baby boomers are attaining retirement age and filing for retirement benefits. Many of these individuals expect and increasingly demand the availability and convenience of online services. In addition to processing retirement claims, we provide many other core services, such as processing claims for survivors, disability, and Supplemental Security Income benefits; issuing new and replacement Social Security cards; posting earnings to workers' records; handling calls to our National 800 Number and field offices; issuing annual *Social Security Statements*; and serving the public in our community-based field offices. To address the increased growth in our workloads, we must transform the way we deliver service by developing a wide-range of online and automated services. Our ultimate goal is to provide individuals and their representatives with the ability to apply for all types of benefits and to update their records online.

What We Do

- 3.7 million retirement and survivors applications;
- 1 million Medicare Low Income Subsidy applications;
- 321,000 Supplemental Security Income Aged applications;
- 62,000 Food Stamp applications;
- 18 million Social Security cards;
- 1 billion requests for Social Security Number verifications;
- 270 million self-employment income and employer wage reports;
- 19 million requests for benefit verification;
- 149 million *Social Security Statements*;
- 60 million calls to our National 800 Number;
- 44 million visitors to our field offices;
- 8.2 million representative payee accountings and other changes;
- 3.1 million overpayment actions; and
- 34 million status changes (e.g. direct deposit, address changes).

Numbers based on FY 2008 workloads

Strategic Objective 3.1:
Dramatically increase baby boomers' use of our online retirement services

Nearly 80 million baby boomers will file for retirement benefits over the next 20 years – an average of 10,000 per day – making it necessary to transform the way we deliver service by developing a wide range of online and automated services. To enhance our online services, we will:

- **Implement *Ready Retirement.*** *Ready Retirement* is a new initiative that will fully streamline the retirement application process and allow online filing using *iClaim*, a tool that enables individuals to file electronically for retirement benefits from the comfort and convenience of their home or office. On average, users are able to complete the application in as little as 15 minutes – far shorter than the 45 minutes it often took to complete the former online application. Much of this reduction stems from simplifying and streamlining our policies and procedures. For example, *iClaim* only asks questions pertinent to an individual's personal situation. It also eliminates the need to ask questions for information we already have in our records, e.g. age, earnings, citizenship, and military service. We have also embarked on an extensive and creative marketing strategy to increase public awareness of both the availability and advantages of *iClaim*, including public service announcements on radio and television and ads in newspapers and magazines. We will enhance *iClaim* in FY 2009 to enable individuals to file Medicare-only claims online. Future releases of *iClaim* will include authentication protocols to provide two-way online communications with individual filers while safeguarding personally identifiable information, as well as streamlined policies to support online filing.
- **Expand the use of electronic data exchanges.** We will increase electronic data exchange with the states and other government agencies to eliminate the need for online filers to bring or mail us evidentiary documents, such as birth and death certificates, proof of citizenship, and *Forms* W-2. Electronic data exchange transforms the process from paper to fully electronic, making it more efficient and convenient.
- **Provide online tools to plan for retirement.** We have greatly improved the information available to an individual who is trying to decide the optimum date for retirement with our *Retirement Estimator*. This quick and secure online financial planning tool eliminates the need to manually key in years of earnings information and provides comparisons of various retirement scenarios. We will continue to refine and enhance our *Retirement Estimator* based on feedback from users.

Performance Measures -- Strategic Objective 3.1

3.1a: Percent of Retirement and Survivors claims receipts processed up to the budgeted level

Fiscal Year	2009	2010
Target	100% (4,543,000)	100% (4,565,000)
FY 2007 – FY 2008 Historical Performance		
Fiscal Year	2007	2008
Performance	100.7% (3,863,813)	101.2% (4,236,455)

Data definition: The number of retirement, survivors, and health insurance claims processed in the current fiscal year up to the budgeted number.

Data source: *Social Security Unified Measurement System Operational Data Store*

Frequency reported: Monthly

Note: This is also a *Program Assessment Rating Tool* measure.

3.1b: Achieve the target percentage of retirement claims filed online

Fiscal Year	2009	2010
Target	26%	38%

Data definition: The percentage of retirement claims filed online. The percentage is derived by dividing the number of retirement claims filed online by the total number of retirement claims that could be filed online in the fiscal year.

Data source: *Executive and Management Information System*

Frequency reported: Monthly

Note: This is a new performance measure for FY 2009.

Strategic Objective 3.2:
Provide individuals with accurate, clear, up-to-date information

We issue 350 million notices annually that communicate decisions, payment, and other important information, as well as inform individuals of their rights and responsibilities under our programs, including appeal rights. It is critical that our notices be clear, concise, and easily understood. This will reduce confusion and uncertainty among individuals who might otherwise call our National 800 Number or come into a field office for clarification – an unnecessary drain on their time and our resources.

We will assess and improve agency notices. Our notice improvement efforts will include targeting high-volume, problematic notices and obtaining input from those who receive our notices on how we can improve them. Once we identify and assess problem notices, we will develop notice standards, clear writing guidelines, and a national notice clearance process to ensure that the standards and guidelines are applied. Initial efforts will focus on improving letters that notify individuals of the date of their hearing, as well as Supplemental Security Income award and denial notices.

Strategic Objective 3.3:
Improve our telephone service

Our telephone service remains a primary option for providing effective and efficient service to the public. Last year, we handled 60 million calls to our National 800 Number and a comparable number to our field offices, and we expect the volume to grow to 61 million by 2010. To address these increases in call volumes, we must enhance our automated telephone services so more people can successfully conduct their business with us by phone. We continue to provide optimal call services with new technologies that help us forecast call volumes, anticipate staffing needs, and better distribute incoming calls across the network. This allows us to answer calls and connect callers wishing to speak to an agent as quickly as possible. For example, we now offer speech recognition that allows callers to speak their request into an interactive voice-prompt system, thereby reducing the time callers spend navigating through menu-prompts and error-prone, touch-tone commands. Our automated telephone services provide callers an array of choices, including changes of address, benefit verification requests, and Medicare replacement cards, without the assistance of an agent.

In addition, we have begun implementing the *Telephone Service Replacement Project*, a multi-year replacement of our aged telephone system. The new telephone system will include *Voice over Internet Protocol* (VoIP). VoIP is a single system that carries voice and data over one line, saves administrative costs, and supports future technological improvements. VoIP provides a new capability to re-route calls during disasters and other emergencies. A VoIP network will enable us to test future technologies, such as "click to talk" to connect individuals to our telephone agents who can help them while they are conducting business online.

Performance Measures – Strategic Objective 3.3

3.3a: Achieve the target speed in answering National 800 Number calls

Fiscal Year	2009		2010	
Target	330 seconds		300 seconds	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	296 seconds	278 seconds	250 seconds	326 seconds

Data definition: Speed of answer is calculated by dividing the wait time of all calls by the number of all calls answered in the fiscal year. Wait time begins from the time the caller is transferred to an agent (in queue) until an agent answers the call.

Data source: Report generated by Cisco router software

Frequency reported: Monthly

3.3b: Achieve the target busy rate for National 800 Number calls

Fiscal Year	2009		2010	
Target	10%		9%	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	10%	12%	8%	10%

Data definition: The busy rate is calculated as the number of busy messages divided by number of calls offered to agents in the fiscal year. The caller receives a busy message when an agent is not available to answer the call because the queue has reached its maximum capacity of waiting calls. When this happens, we instruct the individual to call back later.

Data source: Report generated by Cisco router software

Frequency reported: Monthly

Strategic Objective 3.4:
Improve service for individuals who visit our field offices

Our field offices are our front door for the American public. To better serve the public, we have a new initiative – *Space Modernization and Reception Transformation* (SMART) – that will upgrade our field office reception areas and use new technologies to offer improved services to accommodate the increasing number of individuals who visit us each day. Under this initiative, we are identifying and incorporating new reception area features and designs to make visiting our offices a better experience. For individuals who live in remote areas and find it difficult to visit a field office, we are expanding our ability to serve them by using video technology. The ultimate goal of this initiative is to lay the groundwork for the "SSA Office of the Future." To support this initiative, we will:

- **Improve field office reception and interview areas.** We are redesigning our reception and interview areas to improve privacy and confidentiality for visitors to conduct their business. We are installing easy-to-read digital signs to inform visitors where to go, as well as providing a more welcoming and accommodating look.
- **Pilot self-help personal computers.** This initiative offers visitors access to a personal computer in our reception area to use our online services as an alternative to waiting for an interview with field office personnel. Self-help personal computers will provide an option for individuals who may not have access to a personal computer at home. For visitors using these computers, we will provide a wide-range of support services as they complete their transactions online, such as instructional videos and employees offering technical assistance.
- **Provide *Social Security TV.*** We will continue to pilot *Social Security TV* in field offices. The televisions will run informational broadcasts in reception areas to provide office visitors with information about our programs and services, such as what documents they need to apply for benefits or a Social Security Number. We can modify the broadcasts to adapt to specific locations, types of service, and language needs.
- **Expand video service delivery.** We will continue to expand the use of video conferencing for individuals living in rural areas where transportation to visit our offices is limited and costly. Video conferencing offers a convenient and low-cost option to obtain a full-range of our services. We are testing its use in a number of locations across the country and examining the feasibility of expanding video service delivery for individuals living abroad.

Performance Measure ~ Strategic Objective 3.4

3.4a: Percent of individuals who do business with SSA rating the overall services as "excellent," "very good," or "good"

Fiscal Year	2009	2010
Target	83%	83%

FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	85%	82%	81%	81%

Data definition: The percent is derived by dividing the number of respondents who rate overall service as "good," "very good," or "excellent" on a six-point scale ranging from "excellent" to "very poor" in the fiscal year by the total number of respondents.

Data source: *Service Satisfaction Surveys*

Frequency reported: Annually

Note: This is also a *Program Assessment Rating Tool* Measure.

Strategic Objective 3.5: Process our Social Security Number workload more effectively and efficiently

Each year we process 6 million original and 12 million replacement Social Security card applications. We also verify Social Security Numbers more than one billion times a year through a variety of electronic exchanges with public and private organizations. The process of assigning and issuing Social Security Numbers is referred to as enumeration. This workload is highly sensitive and often complex. As Congress continues to debate immigration reform, we expect additional work and complexity in this area. We must develop efficient ways to handle this workload electronically to meet the increases in our enumeration workloads. To accomplish this, we will implement features of a plan we have developed, referred to as *Quick, Simple, and Safe SSNs*. This plan will drastically reduce the burden on the public as we improve the efficiency of our process through automation:

- **Strengthen the *Social Security Number Application Process* (SSNAP).** Our employees currently use two systems to process Social Security card requests. The SSNAP initiative will combine the functionality from the two systems into a single web-based application that ensures the integrity of the enumeration process.

- **Assess the feasibility of an online application for replacement Social Security cards.** We will conduct a study to determine if we should build an online application for individuals to request a replacement Social Security card. We will ensure this online application provides the highest level of security, privacy, and identity assurance.
- **Provide central locations to process Social Security Number applications.** We are providing central locations, Social Security Card Centers, to process Social Security Number applications in high-volume geographical areas. We direct all Social Security Number-related business in the surrounding area to the Card Center where staff specializes in this workload. Social Security Card Centers reduce the wait time and help us process Social Security cards more accurately. In turn, this allows field offices in the surrounding area to reduce the wait time for visitors and concentrate on other important workloads. We recently opened our seventh Card Center in Sacramento, California. We have estimated opening dates during FY 2009 for four more Card Centers located in Pasadena, Texas; Northwest Houston, Texas; South Bronx, New York; and Twin cities (Minneapolis), Minnesota. In FY 2010, we have an estimated opening date for a Card Center in Philadelphia, Pennsylvania and one in Manhattan, New York during FY 2011.
- **Expand use of Social Security Number verification services.** The *Social Security Number Verification Service* (SSNVS) allows employers to determine, almost instantaneously, if the reported name and Social Security Number of an employee matches our records. We will work with the business community to encourage additional employers and private-sector companies to use this service. SSNVS will help minimize fraud, prevent the use of Social Security Numbers for identity theft, and ensure the accuracy of individuals' earnings records.
- **Support *E-Verify*.** Because SSNVS does not verify employment eligibility, we will continue to support *E-Verify*, a voluntary Department of Homeland Security program that allows employers to electronically verify the employment eligibility status of newly hired employees. The *E-Verify* system checks the information employers submit about an employee against our records and then notifies employers if the data matches our records. For non-citizens, *E-Verify* also checks Department of Homeland Security immigration databases to verify work authorization status.
- **Expand *Enumeration-at-Entry*.** Currently, this program allows aliens age 18 or older to apply for a Social Security Number with the Department of State or the Department of Homeland Security when they arrive in the U.S. We will work with these agencies to expand this process to children under age 18 who apply for immigrant visas and to individuals applying for admission to the U.S. who are under certain non-immigrant visa classifications. These planned improvements will curtail opportunities for fraud and reduce the number of enumeration-at-entry problem cases handled by our field offices employees.
- **Implement use of *Auto Cards*.** We will work with the Department of Homeland Security and support their transmission of data directly to our enumeration system to allow us to automatically and securely assign a Social Security Number and issue a Social Security card without field office action for certain changes in alien and citizenship status. The new process will be available for three categories of individuals: 1) non-immigrants whose status changes to permanent resident status, 2) non-citizens applying for a work permit for the first time, and 3) people who become naturalized citizens and may have changed their name.

Performance Measure – Strategic Objective 3.5

3.5a: Achieve the target percentage for assigning original Social Security Numbers correctly

Fiscal Year	2009	2010
Target	95%	95%
FY 2008 Historical Performance		
Fiscal Year	2008	
Performance	Available May 2009	

Data definition: The percentage is derived using a statistically valid sample of original Social Security Numbers assigned in the fiscal year. The number of correctly issued Social Security Numbers is divided by the total number sampled. We consider the Social Security Number assigned correctly when: 1) the individual did not receive a Social Security Number that belongs to someone else; 2) the individual does not receive more than one Social Security Number; and 3) the individual is eligible to receive a Social Security Number based on supporting documentation.

Data source: *Enumeration Process Quality Review*

Frequency reported: Annually

STRATEGIC GOAL 4:
Preserve the Public's Trust in Our Programs

Long-Term Outcomes	• Minimize improper payments; • Improve protection of personally identifiable information; • Increase the electronic filing of wage reports; • Strengthen our efforts to protect program dollars from waste, fraud, and abuse; and • Increase the use of "green" solutions in our daily operations.

Last year we paid 60 million individuals approximately $700 billion in Social Security and Supplemental Security Income payments. We must have policies and core processes in place to ensure we pay benefits accurately and timely and administer our programs efficiently and effectively. Since we take our stewardship of these programs seriously, we will continue to demonstrate an unyielding commitment to sound management practices. To accomplish this objective, we employ technology and work collaboratively with our Federal, state, and local partners to identify improper payments. We also conduct ongoing, extensive reviews to not only confirm individuals receive the benefits they are due, but also to maintain public confidence that we protect and properly manage our resources and program dollars.

Strategic Objective 4.1:
Curb improper payments

As good stewards of the programs entrusted to us, we must ensure that we pay individuals the correct amount – neither overpaying nor underpaying them. To accomplish this, we have undertaken projects with the most potential to improve program integrity across three fronts: detect improper payments, prevent improper payments, and collect debt.

Detect improper payments

- **Conduct Supplemental Security Income redeterminations.** Supplemental Security Income is a means-tested program that provides cash assistance to aged, blind, and disabled individuals with limited income and resources. Once individuals are eligible for these benefits, changes in their living arrangements or in the amount of their income or resources can affect their ongoing eligibility for or the amount of their benefit. In order to assure that we are making accurate Supplemental Security Income payments only to eligible individuals, we conduct periodic reviews, or redeterminations. Redeterminations are also a proven investment, by ensuring that Supplemental Security Income recipients are receiving the correct benefit amount based on non-medical factors of eligibility. An estimate based on the FY 2010 request is

that redeterminations processed above the base level have a return on investment of $7 in program savings over 10 years for each $1 of additional funding spent, including savings accruing to Medicaid. The number of redeterminations conducted has fallen in order to devote our resources to our other important services, such as taking and processing applications for benefits and Social Security Number workloads. Our payment accuracy has suffered as a result. We directly attribute our decline in overpayment accuracy to the reduction in the number of redeterminations conducted.

- **Perform Continuing Disability Reviews (CDR).** To ensure we pay disability benefits only to those who continue to meet our medical requirements, we periodically conduct CDRs. We have found that CDRs are highly productive, and like redeterminations, every $1 spent produces a $10 return. To make this process even more efficient, we have developed the CDR mailer/statistical scoring model to screen cases and identify those in which a full medical review would not be cost-effective. We then conduct full medical CDRs for the remaining cases. We expect to process more CDRs in FY 2009 in large part because of the additional dedicated funding provided by Congress for FY 2009.

Prevent improper payments

- **Expand the *Access to Financial Information* project.** In the Supplemental Security Income program, resources in undisclosed financial accounts are a primary factor contributing to many overpayments. We will continue to use an electronic process, known as *Access to Financial Information*, to check account balances directly with financial institutions. This process will help us identify individuals who have accounts exceeding the Supplemental Security Income resource limits. To date, we have implemented *Access to Financial Information* in three states – California, New Jersey, and New York and, as funding allows, we will move forward with national implementation.
- **Promote use of Supplemental Security Income monthly wage verification.** Wages continue to be a major source of payment error in the Supplemental Security Income program because we do not always receive accurate or timely monthly wage information. We have made it easier for individuals and representative payees – individuals or organizations who receive Social Security or Supplemental Security Insurance benefits on behalf of others who cannot manage their own benefits – to report monthly wages through an automated telephone system. This project also eliminates the need for individuals to mail or bring copies of their pay slips into their local field offices. As we move forward with additional enhancements to the system, we will be able to process even more wage reports electronically. We will also continue to refine our Supplemental Security Income monthly wage-reporting website, which contains helpful hints for making wage reporting faster and easier.

Collect debt

- **Maintain overpayment collection efforts.** We recover Social Security and Supplemental Security Income debt from the overpaid individual. We also recover debt from a representative payee who is liable for the overpayment. To recover debt, we withhold current benefit payments from the individual. Debt is more difficult to recoup once benefits end; therefore, we make every effort to identify and collect debt as soon as possible. If the overpaid individual no longer receives benefits, we withhold debt from a variety of sources including tax refunds, Federal annuities, and wages.

Performance Measures ~ Strategic Objective 4.1

4.1a: Process the budgeted number of Supplemental Security Income non-disability redeterminations

Fiscal Year	2009	2010
Target	1,711,000	2,322,000
FY 2007 – FY 2008 Historical Performance		
Fiscal Year	2007	2008
Performance	1,038,948	1,220,664

Data definition: The number of non-disability Supplemental Security Income redeterminations processed in the fiscal year up to the target. This number includes scheduled and unscheduled reviews, as well as targeted redeterminations.

Data source: *Redetermination Service Delivery Objective Report, Limited Issue Service Delivery Objective Report, Post-eligibility Operational Data Store*

Frequency reported: Monthly

4.1b: Process the budgeted number of continuing disability reviews

Fiscal Year	2009		2010	
Target	1,079,000		794,000	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	1,515,477	1,337,638	764,852	1,091,303

Data definition: The number of continuing disability reviews processed in the fiscal year up to the target. This number includes medical reviews processed by the Disability Determination Services and other agency components, reviews conducted by questionnaires (mailers) that do not require a medical review, and cases where we initiated a review but one was not conducted because the individual failed to cooperate.

Data source: *Continuing Disability Review Tracking Files*

Frequency reported: Monthly

4.1c: Percent of Supplemental Security Income payments free of overpayment (O/P) and underpayment (U/P) errors

Overpayment Accuracy Rate

Fiscal Year	2009		2010	
Target	96%		96%	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	93.6%	92.1%	90.9%	Available June 2009

Underpayment Accuracy Rate

Fiscal Year	2009		2010	
Target	98.8%		98.8%	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	98.6%	97.8%	98.5%	Available June 2009

Data definition: The Supplemental Security Income payment accuracy rate free of overpayment and underpayment error is determined by an annual review of a statistically valid sample of the beneficiary rolls. The payment accuracy is based on a non-medical review of sampled individuals receiving Supplemental Security Income payments during the fiscal year. The overpayment accuracy rate is determined by dividing the total overpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100%. The underpayment accuracy rate is determined by dividing the total underpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100%.

Data source: *Supplemental Security Income Stewardship Report*

Frequency reported: Annually

Note: This is also a *Program Assessment Rating Tool* measure

4.1d: Percentage of Old-Age, Survivors, and Disability Insurance payments free of overpayment (O/P) and underpayment (U/P) error

Overpayment Accuracy Rate

Fiscal Year	2009		2010	
Target	99.8%		99.8%	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	99.6%	99.7%	99.8%	99.7%

Underpayment Accuracy Rate

Fiscal Year	2009		2010	
Target	99.8%		99.8%	
FY 2005 – FY 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	99.8%	99.9%	99.9%	99.9%

Data definition: The Old-Age, Survivors, and Disability Insurance (OASDI) payment accuracy rate free of overpayment and underpayment error is determined by an annual review of a statistically valid sample of the beneficiary rolls. The payment accuracy is based on a non-medical review of sampled individuals receiving OASDI payments during the fiscal year. The overpayment accuracy rate is determined by dividing the total overpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100%. The underpayment accuracy rate is determined by dividing the total underpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100%.

Data source: *Old-Age, Survivors, and Disability Insurance Stewardship Report*

Frequency reported: Annually

Note: This is also a *Program Assessment Rating Tool* measure

Strategic Objective 4.2:
Ensure privacy and security of personal information

Since the enactment of the *Social Security Act* in 1935, one of our priorities continues to be protecting the privacy of personally identifiable information in our records. We consider privacy protection so important it was the subject of our first regulation in 1936. The regulation details our privacy policy and the permissible disclosures of personally identifiable information. It also reflects our commitment to maintaining the confidentiality and integrity of such information.

To continue safeguarding such information, we will improve our encryption practices for data moving outside our facilities and networks, train employees and contractors and hold them accountable for safeguarding personally identifiable information with which they work, and strictly control access to systems containing such information. We will also conduct rigorous annual security reviews of our systems and programs, and ensure our data-exchange activities adhere to the National Institute of Standards and Technology requirements. To further ensure privacy and security of personal information, we will:

- **Develop authentication solutions.** The public expects and deserves a secure environment when they conduct business with us online and on the telephone. To provide a secure environment, we must authenticate, with certainty, that we are conducting business with the person he or she claims to be. The public is already familiar with authentication because it is currently used in conducting day-to-day business online and on the telephone, e.g., paying bills, banking online, purchasing goods and services, etc. We are strengthening our current authentication methods to ensure they continue to meet Federal standards to protect personal information. To accomplish this, we will hold public focus groups, analyze authentication protocols used by private-sector businesses and other Government agencies, and improve the way we identify individuals online and over the telephone.
- **Comply with the *Federal Information Security Management Act of 2002.*** We report annually to the Office of Management and Budget and to Congress about our ability to safeguard information security programs and practices including personally identifiable information. We strive to maintain compliance with requirements as determined by the *Federal Information Security Management Act*. See Appendix B for more information about the *Federal Information Security Management Act.*
- **Inform the public**. Through notices in the *Federal Register,* we will continue to inform the public and invite their comments about our authority for collecting and using personal information, rules governing the maintenance of personal information, what possible disclosures might be made of the information, and how to access, amend, or correct information we have in our records.
- **Conduct *Privacy Impact Assessments*.** Before we develop or purchase information technology that collects, maintains, or shares personal information from or about members of the public, we will ensure the technology protects an individual's personal information. We will publish assessments on www.socialsecurity.gov.

Strategic Objective 4.3: Maintain accurate earnings records

Each year, we process and post 270 million reports of earnings to individuals' records. We base Social Security benefit amounts on a worker's lifetime earnings, so it is critical that we maintain accurate earnings records and credit the correct amount of earnings to the right individual. Posting earnings is highly resource-intensive and complex, but vital to the administration of our programs. We make every effort to ensure employers and workers have the tools to report wages accurately and to correct any mistakes. Despite these efforts, since 1937, unreported name changes, employer errors, and misuse of Social Security Numbers have resulted in 275 million wage items (representing over $650 billion in earnings) that cannot be properly posted to individuals' earnings records. We place these unposted wage items in the *Earnings Suspense File*. We are refining and using computer-matching processes to enable us to post greater numbers of *Earnings Suspense File* items to the correct individuals' earnings records, thereby removing millions of wage items from the file. Other efforts we will take to ensure the accuracy of earnings records include:

- **Issue annual *Social Security Statements*.** We will continue to issue the annual *Social Security Statement*, as required by law, so individuals can review their earnings record for accuracy and completeness. We mail the *Statement* to all workers age 25 and older who are not yet receiving Social Security benefits. The *Social Security Statement* arrives 2 to 3 months before an individual's birthday. It provides estimates of the retirement, disability, and survivor benefits based on their Social Security tax contributions and helps individuals and their families plan for their financial future. More information is available at http://www.socialsecurity.gov/mystatement/. In February 2009, we began including an insert for workers aged 25-35 – *What Young Workers Should Know about Social Security and Saving* – that provides information about retirement planning and includes a chart that illustrates the benefits of saving. In FY 2009, we will issue approximately 151 million *Social Security Statements*. To maximize the usefulness of the *Statement*, we will conduct formal surveys and meet with the public to solicit their feedback on its design and content. We will then use the feedback to make necessary revisions and enhancements.
- **Increase electronic wage report filing.** We will continue to work toward eliminating paper wage reports while migrating to an electronic earnings record process. Annually, we receive over 44 million paper wage reports from approximately 5 million employers. Since paper wage reports are more error-prone, labor intensive, and expensive to process, we will continue to encourage employers to use *Business Services Online* to file *Forms W-2* for their employees electronically. We will inform employers about electronic wage reporting through online information and resources, promotional materials, payroll conferences, articles in trade publications, and direct contact. Additionally, we will continue to work and collaborate with the Internal Revenue Service to improve all aspects of wage reporting.
- **Implement *Earnings: The Next Generation* initiative.** Our earnings system, last modernized in 1994, involves manual processes that make it error-prone and poorly suited for today's Internet environment. We will redesign our system to transform our earnings processes from paper to electronic. Some benefits of this redesign include timely wage postings, more accurately posted earnings, and better Social Security Number verification, all of which will result in more accurate earnings records.

Performance Measure ~ Strategic Objective 4.3

4.3a: Achieve the target percentage of paper *Forms W-2* received

Fiscal Year	2009	2010
Target	17%	17%

Data definition: The percentage of paper *Forms W-2* received. The percentage is derived by dividing the number of paper *Forms W-2* received by the total number of *Forms W-2* received.

Data source: *Earnings Modernization Operational Data Store Management Information Reports*

Frequency reported: Annually

Note: This is a new performance measure for FY 2009

Strategic Objective 4.4: Simplify and streamline how we do our work

To meet the challenges of our growing workloads and provide the best service possible, we will simplify and streamline our policies and procedures, as well as transform our business processes to an electronic environment. Our processes, policies, and regulatory and statutory requirements are often complicated and difficult to administer and explain to the public. Moreover, years of legislation and litigation have increased our responsibilities and made our requirements even more complex. We will partner with Congress and stakeholders to identify ways to simplify our statutory and regulatory requirements. Initiatives to support these efforts include:

- **Develop legislative proposals through the *Legis Team*.** This effort will ensure we identify every opportunity for policy improvement and provide Congress with substantive and viable proposals to consider. To support this effort, we have developed an agency-wide collaborative process to seek and shape legislative proposals that affect our programs. Our focus is two-fold: 1) enhancing the equity and adequacy of our programs, and 2) simplifying and streamlining policy. The *Legis Team* will develop these proposals with input from the Commissioner and all agency components.
- **Expand the use of the *Integrated Disability Process*.** The *Integrated Disability Process* is a multi-component initiative, chaired by agency executives, which will address and resolve important disability policy and procedural issues. This initiative will also help us address differences and difficulties in the application of disability policy and procedures at all decision-making levels. Through innovative collaboration, the *Integrated Disability Process* team is working to simplify, clarify, and streamline some of the most complex policy issues in our disability programs.

Strategic Objective 4.5:
Protect our programs from waste, fraud, and abuse

Our programs are a tempting target for fraud and abuse. We maintain a strong detection and prevention program to deter those contemplating fraudulent activities. We also collaborate with other federal agencies to investigate and prosecute fraud, expand forensic computer crime detection capabilities, and strengthen fraud prevention by adding new checks and balances in our processes. We will continue our vigilance both externally and internally through the following activities:

- **Ensure the integrity of our *Annual Financial Statement.*** Each year, as mandated by the *Chief Financial Officers Act of 1990*, an external auditor examines our financial statements. We strive to obtain an unqualified audit opinion. An unqualified audit opinion attests to the fair presentation of our financial statements, and demonstrates the discipline and accountability essential to our responsibilities as stewards of Social Security funds. This opinion assures the public and Congress that: 1) our financial statements conform to generally accepted accounting principles; 2) we have appropriate processes in place to ensure reliable financial reporting; and 3) we are in compliance with laws and regulations, e.g., laws governing use of budgetary authority.
- **Expand our Cooperative Disability Investigation program.** We will continue to work collaboratively with our Office of the Inspector General, state Disability Determination Services, and state and local law enforcement to resolve allegations of fraud in our disability programs. Our Cooperative Disability Investigation program is one of our most successful anti-fraud initiatives and has contributed to more than $1 billion in program savings over the last 10 years. Expanding this program by increasing the number of Cooperative Disability Investigation units will further help us prevent payments to individuals who are not disabled, terminate payments to those who have not reported medical improvement or work activity, and stop payments to those who should have never received disability benefits.
- **Conduct *Onsite Security Control and Audit Reviews.*** We will continue to conduct ongoing *Onsite Security Control and Audit Reviews* to ensure our field offices, teleservice centers, processing centers, Disability Determination Services, and hearing offices follow established policies and procedures and that management controls are in place to deter and detect fraud, waste, and abuse. The reviews identify any major problems before they lead to material weaknesses. Office managers are required to submit a corrective action plan, which details how they will correct each deficiency cited during the review. We also follow-up with offices to ensure they have addressed each deficiency.

Performance Measure ~ Strategic Objective 4.5

4.5a: Receive an unqualified audit opinion on SSA's financial statements

Fiscal Year	2009		2010	
Target	Receive an unqualified opinion		Receive an unqualified opinion	
FYs 2005 - 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	Received an unqualified opinion			

Data definition: The receipt of an unqualified audit opinion from an independent auditor. An independent auditor gives an unqualified opinion when agency financial statements are determined to be fair, accurate, and conform to generally accepted accounting principles.

Data source: The independent auditor report

Frequency reported: Annually

Strategic Objective 4.6: Use "green" solutions to improve our environment

We have a responsibility to the public to conduct business in an environmentally-friendly manner through energy and waste conservation. Even before *Executive Order 13423* directed Federal agencies to strengthen their environmental, energy, and transportation management, we have been recycling and purchasing energy efficient lighting, electronics, and appliances. We will continue "going green." Some examples include powering our vehicles with alternative fuels, purchasing computers with Energy Star ratings, and building and renovating our facilities using environmentally sustainable strategies. We will also implement an agency-wide *Environment Management System* in 2012 to ensure accountability for environmental management; establish performance measures; establish reporting mechanisms to collect, analyze, and report on annual progress; and achieve compliance with the Executive Order.

Performance Measures – Strategic Objective 4.6

4.6a: Replace gasoline-powered vehicles with alternative-fuel vehicles

Fiscal Year	2009	2010
Target	20	50

Data definition: The number of gasoline-powered vehicles in our inventory replaced with alternative-fuel vehicles in the fiscal year.

Data source: *Agency Fleet Vehicle Inventory*

Frequency reported: Annually

Note: This is a new performance measure for FY 2009.

4.6b: Develop and implement an agency *Environmental Management System*

Fiscal Year	2009	2010
Target	Develop a high-level project plan	Provide training needed for implementation

Data definition: A high-level project plan is developed and implemented. Developing the plan includes establishing timeframes, establishing and assigning specific responsibilities, and training suitable staff to implement an organizational *Environmental Management System* by 2012.

Data source: *Office of Management and Budget Environmental Scorecard* Workgroup

Frequency reported: Annually

Note: This is a new performance measure for FY 2009.

APPENDIX A: FISCAL YEAR 2009 MAJOR EVALUATIONS

We routinely evaluate our programs and performance by conducting a variety of studies and surveys. Some we complete on an ongoing basis, whereas others we conduct as needed. We report findings on these studies and surveys in our annual *Performance and Accountability Report* prepared at the end of the fiscal year. Below we list our fiscal year (FY) 2009 evaluations according to the strategic goal they support in our *FY 2008 – FY 2013 Agency Strategic Plan*.

Strategic Goal 1 – Eliminate Our Hearings Backlog and Prevent Its Recurrence	
Evaluation	**Description**
Disability Appeals – Senior Attorney Advisor Quality Assessment	Assesses the accuracy of favorable hearing decisions made by non-Administrative Law Judge decision-makers (e.g., Senior Attorney Advisors)
Hearing Process Report Card Survey	Surveys individuals' perceptions of the entire hearing processes.
Strategic Goal 2 – Improve the Speed and Quality of Our Disability Process	
Evaluation of Ticket to Work Program and Adequacy of Incentives	Evaluates the progress of the *Ticket to Work Program* as required under the *Ticket to Work and Work Incentives Improvement Act of 1999*.
Disability Initial Claims Report Card	Surveys disability claimants' perceptions of the initial disability application processes.
The Office of Quality Performance Denial Review	Assesses the accuracy of initial and reconsideration-level medical denials.
Strategic Goal 3 – Improve our Retiree and Other Core Services	
Enumeration Quality Review	Assesses the accuracy of original Social Security Numbers assigned during the fiscal year.
800 Number Service Evaluation	Evaluates the SSA's accuracy in the handling of individuals' calls to the National 800 Number.
Field Office Telephone Service Evaluation	Evaluates the SSA's accuracy in the handling of individuals' calls to field offices.
Overall Service Satisfaction Surveys	• Telephone service satisfaction surveys evaluate callers' satisfaction with our National 800 Number and field office telephone services. • Office visitor surveys evaluate visitors' satisfaction with our Social Security field and hearing offices.
Internet Services Satisfaction Surveys	Surveys individuals' satisfaction with SSA's online services, e.g., satisfaction with online applications for retirement or disability benefits using the recently redesigned online application process, *iClaim*.

Strategic Goal 4 – Preserve the Public's Trust in Our Programs	
Retirement, Survivors, and Disability Insurance Stewardship Review	Measures the accuracy of payments to individuals receiving Social Security retirement, survivors, or disability benefits.
Supplemental Security Income Stewardship Review	Measures the accuracy of payments to individuals receiving Supplemental Security Income payments.
Pre-effectuation Review of Disability Determinations	Assesses the accuracy of disability initial and reconsideration allowances made by state Disability Determination Services as required in the *Social Security Act*.
Safeguard Procedures Reports	Details the security measures SSA is taking to ensure the confidentiality of the Federal tax information provided to SSA by the Internal Revenue Service.
The Federal Information Security Management Act of 2002 Report to Congress	Reports to Congress whether SSA's overall information technology security programs and practices comply with the *Federal Information Security Management Act of 2002*.
Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds	Reports on the financial and actuarial status of the two Social Security trust funds – the *Old-Age and Survivors Trust Fund* and the *Disability Trust Fund*.
Annual Report of the Supplemental Security Income Program	Reports annually to the President and the Congress on the status of the Supplemental Security Income program and provides projections of program participation and costs through at least 25 years.

APPENDIX B: *FEDERAL INFORMATION SECURITY MANAGEMENT ACT*

The goals of the *eGovernment Act of 2002, Title III – Federal Information Security Management Act* (FISMA) include development of a comprehensive framework to protect the Government's information, operations, and assets. Providing adequate security for the Federal Government's investment in information technology is a significant undertaking. FISMA requires the heads of each agency to implement policies and procedures to reduce information technology security risks to an acceptable level.

Our *Federal Information Security Management Act* Statement

The implementation of FISMA at the Social Security Administration includes annual and ongoing security activities consisting of:

- Security training and awareness;
- Assessing security controls;
- Ensuring compliance with Federal security policy and standards;
- Reporting security incidents;
- Correcting security weaknesses;
- Implementing Federal and agency security initiatives; and
- Continuous monitoring of security threats.

These activities involve all agency components and are reported to the Office of Management and Budget. Meeting FISMA requirements provide a level of assurance that the Social Security Administration's major information technology systems and the data contained therein, including personally identifiable information, are protected. A Congressional report card rates our computer security efforts as among the best in the Federal Government; our fiscal year 2008 grade was "A."

APPENDIX C: PERFORMANCE MEASURE CHANGES FROM FISCAL YEAR 2008

New FY 2009 *Government Performance and Results Act* (GPRA) Performance Measures	
Number	**Performance Measure**
1.2d	Achieve the target to eliminate the oldest Appeals Council cases pending
2.1a	Achieve the target percentage of initial disability claims identified as a *Quick Disability Determination* or a *Compassionate Allowance*
2.2a	Achieve the target percentage of initial disability claims filed online
2.3a	Update the medical *Listing of Impairments*
3.1b	Achieve the target percentage of retirement claims filed online
4.3a	Achieve the target percentage of paper *Forms W-2* received
4.6a	Replace gasoline-powered vehicles with alternative-fuel vehicles
4.6b	Develop and implement an agency *Environmental Management System*

FY 2009 Carryover GPRA Performance Measures with Title Changes		
Number	**FY 2009 New Title**	**FY 2008 Old Title**
1.1a	Process the budgeted number of hearings	Achieve the budgeted goal for SSA hearings processed (at or above the FY 2008 goal)
1.2a	Achieve the target for number of hearings pending	Maintain the number of SSA hearings pending (at or below the FY 2008 goal)
1.2b	Achieve the target to eliminate the oldest hearings pending	Achieve target percentage of hearing level cases pending 900 days or more
1.2e	Achieve the target for average processing time of Appeals Council decisions	Achieve the budgeted goal for average processing time for requests for review (appeals of hearing decisions)
2.1b	Process the budgeted number of initial disability claims	Percent of initial disability claims receipts processed by the Disability Determination Services up to the budgeted level

FY 2009 Carryover GPRA Performance Measures with Title Changes		
Number	**FY 2009 New Title**	**FY 2008 Old Title**
3.3a	Achieve the target speed in answering National 800-Number calls	Improve service to the public by optimizing the speed in answering 800-number calls
3.3b	Achieve the target busy rate for National 800-Number calls	Improve service to the public by optimizing the 800-number busy rate for calls offered to Agents
3.5a	Achieve the target percentage for assigning original Social Security Numbers correctly	Percent of original Social Security Numbers issued that are free of critical error
4.1a	Process the budgeted number of Supplemental Security Income non-disability redeterminations	Process Supplemental Security Income (SSI) non-disability redeterminations to reduce improper payments
4.1b	Process the budgeted number of continuing disability reviews	Number of periodic continuing disability reviews processed to determine continuing entitlement based on disability to help ensure payment accuracy
4.5a	Receive an unqualified audit opinion on SSA's financial statements	Receive an unqualified opinion on SSA's financial statements from the auditors

FY 2009 Carryover *GPRA/PART* Performance Measures from FY 2008	
Number	**Performance Measure**
1.2c	Achieve the budgeted goal for average processing time in days for hearings
2.1c	Minimize average processing time in days for initial disability claims to provide timely decisions
3.1a	Percent of Retirement and Survivors Insurance claims receipts processed up to the budgeted level
3.4a	Percent of individuals who do business with SSA rating the overall service as "excellent," "very good," or "good"
4.1c	Percent of Supplemental Security Income payments free of overpayment and underpayment error
4.1d	Percentage of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error

Deleted FY 2008 GPRA Performance Measures
Decrease the number of pending requests for review (appeals of hearing decisions) over 365 days
Number of quarters of work earned by Disability Insurance and Supplemental Security Income disabled beneficiaries during the calendar year
Percent of Social Security Number receipts processed up to the budgeted level
Enhance SSA's recruitment program to support future workforce needs
Provide support to the Administration and Congress in developing legislative proposals and implementing reforms to achieve sustainable solvency for Social Security

PART-Only Performance Measures
Achieve target percentage of hearing level cases pending over 365 days
Achieve the budgeted goal for SSA hearings case production per workyear
Disability Determination Services net accuracy rate for combined initial disability allowances and denials
Disability Determination Services cases processed per workyear
Number of Disability Insurance and Supplemental Security Income beneficiaries, with tickets in use, who work
Percent of Supplemental Security Income aged claims processed by the time the first payment is due or within 14 days of the effective filing date
Issue an annual SSA-initiated *Social Security Statement* to eligible individuals age 25 and older
Average Agency productivity
Cumulative productivity improvement for Retirement and Survivors Insurance claims (compared to FY 2005)
Through changes in the law, achieve and maintain sustainable solvency such that today's and tomorrow's workers can expect to receive the benefits scheduled in law as reformed rather as determined by Trust Fund solvency, while continuing to protect those who depend on Social Security the most

APPENDIX D: SUMMARY OF *PROGRAM ASSESSMENT RATING TOOL* (PART) -- ONLY MEASURES

The Office of Management and Budget (OMB) uses its *Program Assessment Rating Tool* (PART) as a diagnostic tool to assess the effectiveness of federal programs by identifying strengths and weaknesses to assist executives make informed budget and management decisions. OMB has selected three of our programs for review under the PART process – Old--Age and Survivors Insurance, Disability Insurance, and Supplemental Security Income. PART assesses *Government Performance and Results* Act (GPRA) measures identified as GPRA/PART, as well as the PART-only measures described below. A complete list of all PART measures is on page 5.

Achieve target percentage of hearing level cases pending over 365 days

Fiscal Year	2009		2010
Target	50%		40%
FY 2006 – 2008 Historical Performance			
Fiscal Year	2006	2007	2008
Performance	39%	37%	37%

Data definition: Measured from the date of request for hearing, this represents the number of cases that have been pending for more than 365 days as a percentage of the total number of cases pending at the hearing level. Included in the pending caseload would be remands as well as postentitlement actions. Remands are measured from the remand order date. A remand is an order by either the Appeals Council or a Federal Court returning a claim to a previous level decision maker for further action. Cases may be remanded for various reasons including: new evidence submitted with an appeal; a change in regulations, an error of law by the previous decision-maker; or an abuse of discretion.

Data source: the *Case Processing and Management System* and *Disability Reporting Tools*

Frequency reported: Monthly

Achieve the budgeted goal for SSA hearings case production per workyear

Fiscal Year	2009		2010
Target	107		109
FY 2006 – 2008 Historical Performance*			
Fiscal Year	2006	2007	2008
Performance	100	101	103

*Performance numbers are rounded

Data definition: This indicator represents the average number of SSA hearings case production per workyear expended. A direct workyear represents actual time spent processing cases. It does not include time spent on training, Administrative Law Judge (ALJ) travel, leave, holidays, etc.

Data source: *Office of Disability Adjudication and Review Monthly Activity Report*, the *Case Processing and Management System*, *Payroll Analysis Recap Report*, *Travel Formula* (based on the assumption that ALJs spend an average of ten percent of their time in travel status), and *Training Reports* (Regional reports on new staff training, ongoing training, and special training).

Frequency reported: Monthly

Disability Determination Services net accuracy rate for combined initial disability allowances and denials

Fiscal Year	2009		2010	
Target	97%		97%	
FY 2005 – 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	96%	96%	97%	96.6%

Data definition: Net accuracy is the percentage of correct initial State disability determinations and based on the net error rate (i.e., the number of corrected deficient cases with changed disability decisions), plus the number of deficient cases not corrected within 90 days from the end of the period covered by the report, divided by the number of cases reviewed.

Data source: *Disability Quality Assurance Databases*

Frequency reported: Monthly

Disability Determination Services case production per workyear

Fiscal Year	2009		2010	
Target	265		268	
FY 2005 – 2008 Historical Performance*				
Fiscal Year	2005	2006	2007	2008
Performance	260	241	249	266

*Performance numbers for FYs 2005 - 2007are rounded

Data definition: This indicator represents the average number of Disability Determination Services (DDS) case production per workyear expended for all work. A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.) It is inclusive of everyone on the DDS payroll, including doctors under contract to the DDS.

Data source: *National Disability Determination Services System* and *Disability Operational Data Store*

Frequency reported: Monthly

Number of Disability Insurance and Supplemental Security Income beneficiaries, with Tickets in use, who work

Fiscal Year	2009	2010
Target	TBD (July 2009)	TBD (July 2009)
FY 2007 – 2008 Historical Performance*		
Fiscal Year	2007	2008
Performance	59,443	TBD (July 2009)

*The data are provided on a calendar year basis and are available in July of the following year. We reported FY 2007 performance data in the *Fiscal Year 2008 Performance and Accountability Report.* We will report actual data for FY 2008 in the *Fiscal Year 2009 Performance and Accountability Report.*

Data definition: Count the number of Disability Insurance, Supplemental Security Income, and concurrent beneficiaries who have used their Ticket to sign up with an Employment Network (EN) or State Vocational Rehabilitation (VR) agency and who have recorded earnings in the *Disability Control File* in any month of the calendar year. The data are provided on a calendar year basis and reported in July of the following year. Performance measure language has been changed from "assigned" to "in use" to be consistent with this data definition. Beginning with FY 2008, under new regulations, Tickets will be counted as "in use" when they are being used with an EN or State VR agency, whereas under the pre-FY 2008 system they were counted when assigned.

Data source: "*Verify Update Earnings Screen's Work and Earnings Reports*" data field in the *Disability Control File*

Frequency reported: Annually in July

Percent of Supplemental Security Income aged claims processed by the time the first payment is due or within 14 days of the effective filing date

Fiscal Year	2009		2010	
Target	80%		80%	
FY 2005 – 2008 Historical Performance*				
Fiscal Year	2005	2006	2007	2008
Performance	88%	91%	92%	92%

*Performance numbers are rounded

Data definition: This rate reflects the number of SSI aged applications completed through the SSA operational system (i.e., award or denial notices are triggered) before the first regular continuing payment is due or not more than 14 days from the effective filing date, if later, divided by the total number of SSI aged applications processed. The first regular continuing payment due date is based on the first day of the month that all eligibility factors are met and payment is due. This definition came into effect beginning FY 2001.

Data source: *Title XVI Operational Data Store*

Frequency reported: Monthly

Issue an annual SSA-initiated *Social Security Statement* to eligible individuals age 25 and older

Fiscal Year	2009		2010	
Target	100%		100%	
FY 2005 – 2008 Historical Performance*				
Fiscal Year	2005	2006	2007	2008
Performance	100%	100%	100%	100%

*Performance numbers for FYs 2005 – 2007 are rounded

Data definition: As required by law, SSA issues annual *Social Security Statements* to all eligible individuals (Social Security Number holders age 25 and older who are not yet in benefit status and for whom a mailing address can be determined). The *Statement* contains information about Social Security benefit programs, financing facts, and provides personal benefit estimates. The *Statement* provides individuals the opportunity to review their earnings history and verify their earnings record for accuracy and completeness.

Data source: *Executive and Management Information System*

Frequency reported: Monthly

Average Agency productivity

Fiscal Year	2009		2010
Target	N/A*		N/A*
FY 2006 – 2008 Historical Performance			
Fiscal Year	2006	2007	2008
Performance	2.49%	1.89%	2.72%

*The agency has not established productivity targets for FYs 2009 - 2010

Data definition: The percent change in productivity is measured by comparing the total number of our and Disability Determination Services (DDS) workyears that would have been expended to process current year SSA level workloads at the prior year's rates of production to the actual SSA and DDS workyear totals expended. The average annual productivity is calculated using a five-year rolling average.

Data source: *Agency Cost Accounting System*

Frequency reported: Annually

Cumulative productivity improvement for Retirement and Survivors Insurance claims (compared to FY 2005)

Fiscal Year	2009		2010
Target	7%		7%
FY 2006 – 2008 Historical Performance			
Fiscal Year	2006	2007	2008
Performance	1%	1.4%	11.2%

Data definition: Retirement and Survivors Insurance (RSI) claims are calculated at the agency level and the percent increase will be calculated using FY 2005 (571 claims processed per workyear) as the base.
A 16 percent increase from this base means that the goal in FY 2013 is for us to process 662 claims per workyear. The RSI claims productivity per workyear number includes all retirement benefit claims, survivors benefit claims, and initial claims for Medicare.

Data source: *SSA Workload Trend Report*

Frequency reported: Quarterly

Through changes in the law, achieve and maintain sustainable solvency such that today's and tomorrow's workers can expect to receive the benefits scheduled in law as reformed rather than as determined by Trust Fund solvency, while continuing to protect those who depend on Social Security the most

Fiscal Year	2009		2010	
Target	Conduct analysis		Conduct analysis	
FY 2005 – 2008 Historical Performance				
Fiscal Year	2005	2006	2007	2008
Performance	Completed	Completed	Completed	Completed

Data definition: Completed reports and analysis of present law provisions, as well as proposed and pending legislation and other proposals relating to solvency of the system.

Data source: Office of Policy records (consists primarily of various micro simulation models e.g., *Modeling Income in the Near Term*, *Financial Eligibility Model*, *Social Security and Accounts Simulator*, and surveys, e.g., *Survey of Income and Program Participation*, *Health and Retirement Study*).

Frequency reported: Monthly

Note: Meeting the targets is dependent on research funding, requests, and legislative proposals and changes.