



SOCIAL SECURITY

The Commissioner

November 9, 2012

The Honorable Harold Rogers
Chairman, Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter transmits the Operating Plan for the Social Security Administration, as required by Section 116 of the Continuing Appropriations Resolution, 2013 (Public Law (P.L.) 112-175).

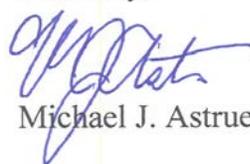
The enclosed plan provides proposed spending and expenditures for each of our accounts through March 27 of fiscal year (FY) 2013. The plan also provides workload and performance measures as shown in the Justification of Estimates for the committees, including actual experience in FY 2012 and FY 2013 estimates for the continuing resolution period, which incorporate current workload projections.

The following appendices are enclosed as well: (1) Extramural Research and Demonstration Budget, (2) FY 2011 Workload Data on Disability Appeals, (3) National Support Center Project Milestones, (4) Historical Staff-on-Duty by Major SSA Component, (5) Key Assumptions and Cost Drivers, and (6) a Report on the Impact of Continuing Resolution Funding Levels on Key Workloads and Services.

We are sending similar letters to Representatives Dicks, Rehberg, DeLauro, and Senators Inouye, Cochran, Harkin, and Shelby.

We are happy to work with your staff to answer any questions about our Operating Plan. If there are any questions, please have your staff contact Bonnie Kind, Associate Commissioner for the Office of Budget, at (410) 965-3501.

Sincerely,



Michael J. Astrue

Enclosure

Social Security Administration (SSA) Fiscal Year (FY) 2013
Continuing Resolution Operating Plan

**(Appropriated FY 2013 Funds and Carryover / Transfers
of Unobligated Prior-Year Funds)**
(\$ in millions)

Budget Authority:

	<u>FY 2013 President's Budget¹</u>	<u>FY 2013 Available Funding</u>
Payments to the Social Security Trust Funds (PTF)		
Pension Reform	\$6.4	\$3.1
Unnegotiated Checks	14.0	6.8
Special Benefits for Certain Uninsured Persons ²	0.0	0.0
Military Service Wage Credits	0.0	0.0
Total Appropriation (P.L. 112-175)	\$20.4	\$9.9

	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
Supplemental Security Income (SSI)		
FY 2013 Benefit Payments, Total	\$54,245.0	\$32,100.0
FY 2013 First Quarter Advance (P.L. 112-74)	18,200.0	18,200.0
FY 2013 Appropriation	36,045.0	13,900.0

	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
Supplemental Security Income (SSI)		
Administrative Expenses, Total	3,950.0	1,771.4
Administrative Expenses (Regular)	3,386.0	1,532.7 ³
Program Integrity	244.0	119.7 ³
Additional Program Integrity	320.0	119.0

¹ FY 2013 President's Budget column reflects proposed full year spending.

² Requested and appropriated amount is \$2,000.

³ Includes the .612% ATB increase.

	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
Supplemental Security Income (SSI)		
Beneficiary Services	0.0	0.0
Research and Demonstration (R&D) Projects	48.0	0.0
Research and Demonstration (R&D) Projects (FY 13 / FY 14)	0.0	3.9 ³
Total Appropriations (P.L. 112-74 and P.L. 112-175)	58,243.0	\$33,875.3

	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
Supplemental Security Income (SSI) – 9 ghja UHYX Carryover of Unobligated FY 2012 Balances and Actual Recoveries		
Benefits	\$0.0	\$0.0
Administrative Expenses	0.0	0.0
Beneficiary Services	59.0	44.0
R&D	9.3	9.8 ⁴
Total, Carryover of Unobligated FY 2012 Balances and Actual Recoveries	\$68.3	\$53.8

	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
Supplemental Security Income (SSI) – Total Funds Available for FY 2013	\$58,311.3	\$33,929.1

	<u>FY 2013 President's Budget⁵</u>	<u>FY 2013 Available Funding</u>
Limitation on Administrative Expenses (LAE)		
Regular LAE	\$10,562.8 ⁶	\$5,169.0 ^{6,7}
PI-CDRs/Redets	273.0	134.2 ⁷
PI-Additional CDRs/Redets	751.0	235.3
SSA Advisory Board	2.2	1.1 ⁷
SSI User Fees	170.0	78.4 ⁷

⁴ To date, we have apportioned \$9.8 million in carryover funding. We anticipate that we will realize at least \$10 million more once the actual carryover from FY 2012 is determined. After the actual carryover is finalized, we will apportion the additional funding needed to cover our planned FY 2013 costs.

⁵ FY 2013 President's Budget column reflects proposed full year spending.

⁶ Excludes funding PI (CDRs and Redeterminations).

⁷ Includes the .612% ATB increase.

	<u>FY 2013 President's Budget</u> ⁵	<u>FY 2013 Available Funding</u>
Limitation on Administrative Expenses (LAE)		
Non-Attorney Certification User Fee	1.0	0.5 ⁷
Total Appropriated (P.L. 112-175)	\$11,760.0	\$5,618.5
	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
American Recovery and Reinvestment Act (P.L. 111-5)		
NSC Replacement	\$88.0	\$137.3 ⁸
	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
Medicare Improvement for Patients and Providers Act (P.L. 110-275)		
Low Income Subsidy	\$10.9	\$10.0 ⁸
	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
Other Available Funds:		
<u>Automation Investment Fund (AIF) (No-Year) – Carryover/Recoveries from Unobligated AIF Balances</u>	\$0.0	\$0.1 ⁸
<u>Information Technology Systems (ITS) (No-Year) – Carryover/Recoveries from Unobligated ITS Balances</u>	\$0.0	\$120.0 ⁸
<u>Carryover/Recoveries of Other Unobligated Balances</u>	\$0.0	\$20.2 ^{8 9}
	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
Office of the Inspector General, SSA		
Federal Funds	\$30.0	\$14.2
Trust Funds	\$77.6	\$36.0
Total Appropriated (P.L. 112-175)	\$107.6	\$50.2

⁸ Estimated carryover.

⁹ Includes authority from prior years carried over for the following purposes: \$20M for operation and maintenance of special facilities delegated to SSA by the General Services Administration, \$200K for construction and \$26K for Disaster Relief.

Estimated Outlays	<u>FY 2013 President's Budget</u>	<u>FY 2013 Available Funding</u>
PTF	\$20	\$0
LAE	\$11,666	\$5,574
SSI	\$58,209	\$28,144
OIG	\$107	\$50

Social Security Administration

	FY 2012		FY 2013	
	Enacted Appropriation	Actual	President's Budget	Operating Plan through March 27, 2013
SELECTED OUTCOME MEASURES				
Retirement and Survivors Claims Completed (thousands)	4,918	5,001	5,049	2,609
Initial Disability Claims Completed (thousands)	3,173	3,207	2,847	1,400
Reconsiderations Completed (thousands) ¹	787	809	663	372
SSA Hearings Completed (thousands)	875	820	960	390
Periodic Continuing Disability Reviews (CDRs) Completed (thousands)	1,285	1,404	1,550	646
Periodic Medical CDRs (included above)	435	443	650	211
Supplemental Security Income (SSI) Non-Disability Redeterminations Processed (thousands)	2,622	2,624	2,622	1,269
800 Number Transaction Handled (millions)	63	57	62	28
Average Speed of Answer (seconds)	285	294	300	395
Agent Busy Rate	6%	5%	7%	10%
Social Security Numbers Issued (millions)	17	Not Available ¹	16	8
Annual Earnings Items Processed (millions)	242	Not Available ¹	251	121
Social Security Statements Issued (millions)	14	Not Available ¹	158	0
SELECTED WORKLOAD MEASURES				
Initial Disability Claims Pending (thousands)	861	708	1,164	776
Reconsiderations Pending (thousands) ¹	184	198	242	202
Hearings Pending (thousands)	746	817	544	815
Average Processing Time for Initial Disability Claims (days)	111	102	137	108
September Average Processing Time for Hearings Decisions (days)	321	362	270	~370 ²
Disability Determination Services Production per Workyear	322	324	322	320
Office of Disability Adjudication and Review Production per Workyear	114	111	115	112
Disability Determination Services Accuracy Rate	97%	Not Available ¹	97%	97%

1/ Data not available. Final numbers will be included in the full year operating plan.

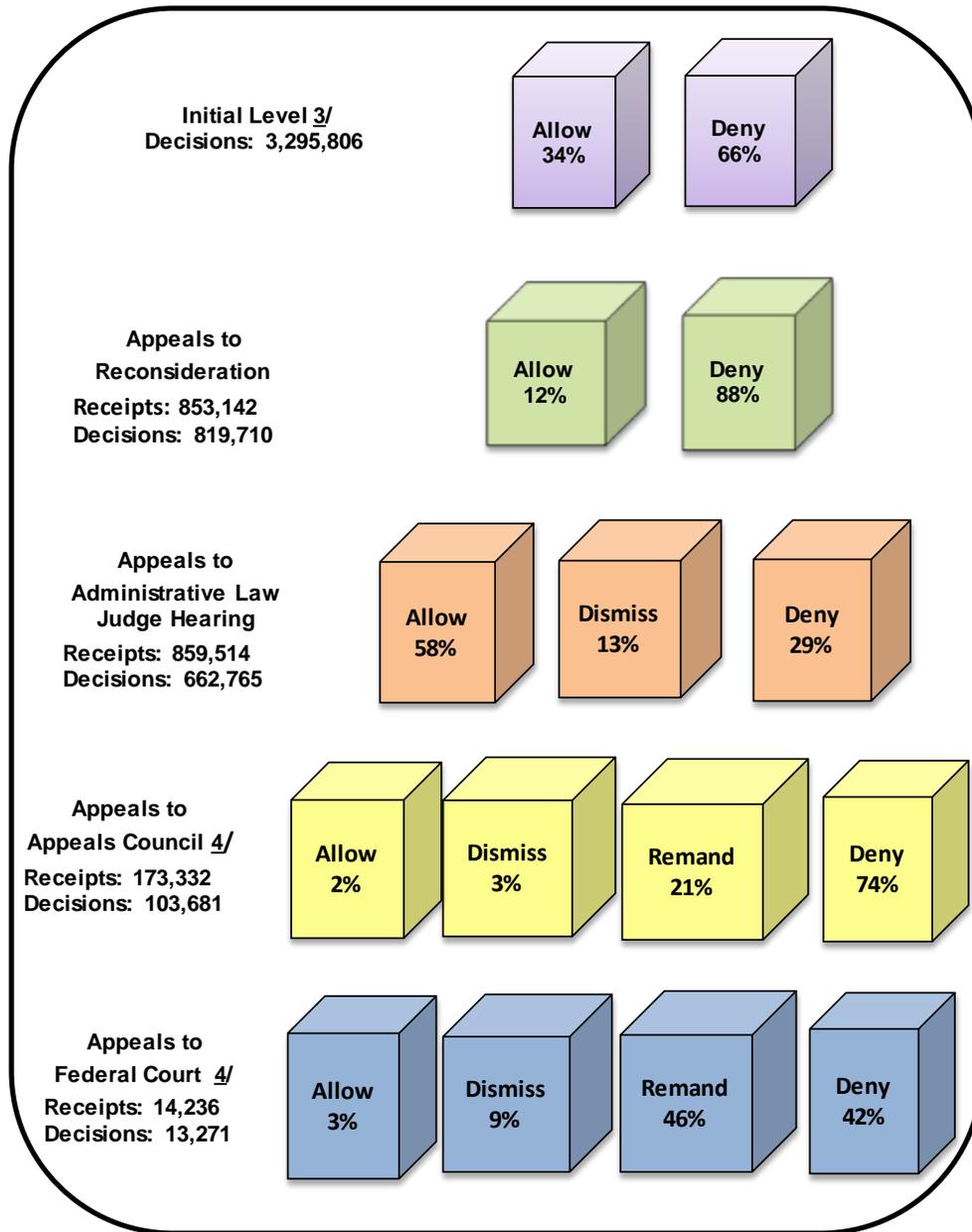
2/ Data is through March 27, 2013.

Extramural Research & Demonstration Budget
(in thousands)

	FY 2013* Available Funding
<u>Deliver Quality Disability Services</u>	\$15,978
Compassionate Allowances	\$1,083
Disability Determination Process-Small Grants	\$0
Disability Research Consortium	\$0
Listing of Impairments	\$550
Occupational Information Systems	\$10,845
Other Research	\$1,000
SSI Childhood Disability	\$2,500
SSI PROMISE	\$0
WIPA Web-Based Data Collection	\$0
Youth Transition Demo (YTD)	\$0
<u>Provide Quality Services to the Public</u>	\$1,000
Medicare Outreach	\$1,000
<u>Preserve the Public's Trust in Our Programs</u>	\$1,540
American Life Panel (ALP)	\$0
CENSUS Surveys	\$1,250
Collaboration with Other FLEC Members	\$0
Health & Retirement Study	\$0
Health & Retirement Study Supplement	\$0
Modernization of Statistical Table Processes	\$0
Policy Evaluation and Other Data Development	\$290
Programmatic Development	\$0
Retirement Income Modeling	\$0
Retirement Research Consortium	\$0
<u>Total Obligations</u>	\$18,518

*To date, we have apportioned \$9.8 million in carryover funding. We anticipate that we will realize at least \$10 million more once the actual carryover from FY 2012 is determined. After the actual carryover is finalized, we will apportion funding needed to cover planned FY 2013 costs.

Fiscal Year 2011 Workload Data: Disability Appeals ^{1 2}



¹ Includes Title II, Title XVI, and concurrent initial disability determinations and appeals decisions issued in FY 2011, regardless of the year in which the initial claim was filed, and regardless of whether the claimant ever received benefits (in a small number of cases with a favorable disability decision, benefits are subsequently denied because the claimant does not meet other eligibility requirements.) Does not include claims where we made an eligibility determination without a determination of disability. If we made a determination or appeal decision on Title II and Title XVI claims for the same person, the results are treated as one concurrent decision.

² FY 2012 data is currently unavailable. These data will be provided with the full year operating plan.

³ About 23% of initial level denials are issued in States that use the Disability Prototype process, which eliminates the reconsideration step of the appeals process. The first level of appeal for these cases is a hearing before an Administrative Law Judge.

⁴ Federal Court data includes appeals of Continuing Disability Reviews.

Prepared by: SSA Office of Disability Program Management Information

Date Prepared: December 20, 2011, Office of Budget Receipt Additions January 10, 2012

Data Sources: A) Initial and Reconsideration Data - SSA State Agency Operations Report; B) Administrative Law Judge and Appeals Council data - SSA Office of Disability Adjudication and Review; and C) Federal Court data - SSA Office of General Counsel.

New National Data Center Project Milestones

Aug 2010	Program of Requirements (POR) Completed
Jan 2011	FedBizOpps (FBO) Notice/Phase I Request for Proposal (RFP) for Design Build Offerers
Feb 2011	Select Site
April 2011	FBO Notice/Phase I RFP for Design/Build Submittals
Aug 2011	Purchase Site
Jan 2012	Award Design-Build Construction
Dec 2014	Complete Construction
Feb 2015	Complete Commissioning
Mar 2015	Begin Transition of IT Services
Aug 2016	Complete Transition of IT Services

Historical Staff-on-Duty by Major SSA Component

(Includes full time, part time, and temporary employees)

	<u>FY 2011 Actual</u>	<u>FY 2012 Actual*</u>
Field Offices	29,652	
Teleservice Centers	4,802	
Processing Centers	11,216	
Regional Offices	1,801	
Operations Subtotal	47,471	
Office of Disability Adjudication and Review	9,963	
Systems	3,384	
Office of Quality Performance	1,271	
CH Yf HE '7 ca dcbYbfg	4,784	
SSA Total	66,873	

*FY 2012 actuals are currently unavailable. Actuals will be provided with the full year operating plan.

KEY ASSUMPTIONS AND COST DRIVERS¹

We continue to do everything we can to reduce our costs. Nevertheless, as our beneficiary population rises each year, our costs continue to rise as well. While some of our programs have discrete cost-drivers associated with them, the majority of cost-drivers affect all programs. For example, State furloughs of Disability Determination Services (DDS) employees influence the Supplemental Security Income and Disability Insurance programs, while our aging data center affects all of our programs. In light of these difficulties, we formulated this budget to address the following challenges:

- High demand for services due to the aging population and the effects of the economic downturn, see [Social Security Beneficiary Statistics](#)
- Hearings backlog;
- Complex disability process, see [Online Disability Application](#)
- Growth in non-traditional workloads (e.g., immigration, Medicare, and verifications for other programs);
- Reducing improper payments and completing cost-effective program integrity work, see [Strategies to Reduce Improper Payments](#)
- Finding additional efficiencies and streamlining business processes;
- Modernizing computer systems, see [Agency Tracking Online](#)
- Cyber threats;
- Rising infrastructure costs; and
- State furloughs of DDS employees, see [Press Releases and Articles](#) and [Impact of State DDS Furloughs](#)

Please see the performance table for projected work completed for our major workloads, as well as our productivity numbers.

¹ Appendix 5 is consistent with the documents we provided with our FY 2012 Congressional Operating Plan as directed in the FY 2012 Managers Report.

**SOCIAL SECURITY ADMINISTRATION
REPORT ON THE IMPACT OF PUBLIC LAW 112-175 CONTINUING
RESOLUTION FUNDING LEVEL ON KEY WORKLOADS AND SERVICES ¹**

Provided below is a report to the Committees on Appropriations of the House of Representatives and the Senate detailing the effect of the six-month continuing resolution (CR) funding level on key workloads and services.

Hiring employees requires an ongoing fiscal commitment, and under the CR we must continue an agency-wide hiring freeze with very limited exceptions. We have eliminated most overtime and further reduced our office hours so our employees can complete interviews and claims work without using overtime. We continue to consolidate offices to save money and further reduce our already limited travel expenditures.

Program integrity remains a priority workload. Under the CR, we continue to complete program integrity work at the same rate as we did in FY 2012. We estimate every dollar spent on medical Continuing Disability Reviews will yield approximately \$9 in program savings over 10 years, including Medicare and Medicaid. We estimate every dollar spent on Supplemental Security Income (SSI) non-disability redeterminations will yield approximately \$6 in program savings over 10 years, including the Medicaid program.

As predicted, reduced budgets, increased hearing receipts, and the inability to timely hire qualified judges has slowed our momentum in reducing the hearings backlog. At the beginning of FY 2012, the average wait for a hearing was at 340 days, the lowest level since 2003. The average wait has begun to increase, and we expect it will be around 370 days in March 2013.

There is an obvious correlation between the number of agents to answer calls and our 800-number service. As we lose staff, service is deteriorating. We expect that busy signals will rise from about 5 percent in FY 2012 to 10 percent through March 2013. Our average speed of answer will increase from 294 seconds in FY 2012 to 395 seconds through March 2013.

Field offices and processing centers service face the same challenge. While we try to prioritize work, we will not complete important post-entitlement work that we do after a person begins receiving benefits. For example, we may have to delay handling some SSI status changes (which can affect payment amounts), overpayment actions, and representative payee actions.

We have suspended mailing paper Social Security Statements. Once we receive annual funding, we will determine if we can resume mailings. To provide the public with important information while being fiscally responsive, we have implemented a secure and easy-to-use online Social Security Statement, which provides all of the information available in the traditional mailed Statement and links users to other information and services to help them plan for retirement.

¹ Appendix 6 is consistent with documents we provided with our FY 2012 Congressional Operating Plan as directed in the FY 2012 Senate Report.

The public can also access our highly-rated online Retirement Estimator to estimate benefits based on different retirement scenarios.

The FY 2013 President's Budget would allow us to complete the Budget Control Act level of our program integrity work, handle most of the incoming benefit applications, complete work to ensure benefits are paid timely and accurately, and resume mailing Social Security Statements to all eligible Americans.