FY 2018 Congressional Justification

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A MESSAGE FROM THE ACTING COMMISSIONER

The Social Security Administration's programs serve nearly every American at critical junctures in their lives: when they reach retirement age, when they become disabled, or when they lose a loved one.

The American people expect and deserve well-managed programs that provide timely and accurate payments. The fiscal year (FY) 2018 President's Budget will allow us to focus on our core mission by addressing the current backlogs in key areas, reducing improper payments, building a technology infrastructure suitable for the 21st century, and continuing to develop a strong workforce.

Specifically, the FY 2018 President's Budget will help us:

Reduce the disability hearings backlog: We will be able to fund our administrative law judges and support staff and implement business process improvements to continue to support our plan to address the hearings backlog. Our goal is to reduce hearings wait times from over 580 days today to 270 days by the end of FY 2022. Today, over 1.1 million people are waiting for a hearing decision. In FY 2018, we will begin reducing the number of people waiting by over 150,000–a decrease of nearly 14 percent.

Serve the public: We expect to handle 33 million calls on our National 800 Number, complete 5.9 million retirement and survivor's claims, process 2.5 million initial disability claims, and fulfill 16 million requests for Social Security Numbers. We will continue to expand our service delivery options, such as our new Internet claims application for the Supplemental Security Income (SSI) program and the Internet Social Security Number Replacement Card (iSSNRC) application, where people may request a replacement Social Security card. These cost-effective approaches have allowed us to keep up with key workloads and mitigate backlog growth in other areas.

Safeguard taxpayer dollars by performing program integrity work, protecting beneficiaries from fraud, and ensuring the accuracy of our decisions: We will continue to increase our efforts to reduce improper payments and to combat fraud, waste, and abuse. With the program integrity cap adjustments in the FY 2018 President's Budget, we would eliminate the backlog of continuing disability reviews by the end of FY 2018 and remain current with program integrity workloads. In addition, we plan to open three new cooperative disability investigations units, maintain our corps of fraud prosecutors, and expand our use of data analytics to detect and prevent fraud.

<u>Build a more efficient, effective organization by modernizing our information technology infrastructure and improving our business processes:</u> With the President's Budget, we will begin implementing our comprehensive project to modernize our information technology (IT) infrastructure. A modernized IT infrastructure will reduce costs to develop new systems; emphasizing the use of efficient, affordable, and secure IT solutions; and enhance data driven decision-making. It positions the agency to serve the public more efficiently and effectively, and provides for a modern technology foundation that eliminates legacy systems, reduces reliance on old mainframe architectures, and allows for agile development. Additionally, we will continue to improve and streamline business processes and mission-support functions, provide more self-service options, and maximize employee performance.

Our administrative expenses continue to be less than 1.3 percent of the combined Social Security and SSI benefits we pay, largely due to our increased automation and improved business processes. The President's request of nearly $12.5 billion for our administrative budget will position the agency to lessen our current backlogs and improve the quality and timeliness of our service in the future.

Respectfully,

Nancy A. Berryhill

Baltimore, Maryland
May 23, 2017

OUR PROGRAMS

For over 80 years, the Social Security Administration (SSA) has provided financial security to millions of Americans. Our services affect nearly every person in our Nation. We administer three key programs under the Social Security Act.

- **Old-Age and Survivors Insurance:** Created in 1935, the Old-Age and Survivors Insurance (OASI) program provides retirement and survivors benefits to qualified workers and their family members. In fiscal year (FY) 2018, we will pay about $851 billion in OASI benefits to an average of approximately 53 million beneficiaries a month, including 88 percent of the population aged 65 and over.

- **Disability Insurance:** Established in 1956, the Disability Insurance (DI) program provides benefits for workers who become disabled and their families. In FY 2018, we will pay about $149 billion in DI benefits to an average of 11 million disabled beneficiaries and their family members a month.

- **Supplemental Security Income**: Established in 1972, the Supplemental Security Income (SSI) program provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2018, we will pay over $54 billion in Federal benefits and State supplementary payments to an average of 8.2 million recipients a month.

In addition, we support other national programs, such as Medicare, Employees Retirement Income Security Act of 1974, Coal Act, Supplemental Nutrition Assistance Program (formerly Food Stamps), Help America Vote Act, State Children's Health Insurance Program, E-Verify, Medicaid, and Federal Benefits for Veterans.

Our ongoing workloads include the following:

- **Claims:** We take claims for benefits, evaluate evidence, and determine benefit eligibility and payment amounts. In FY 2018, we will handle over 5.9 million retirement, survivors, and Medicare claims; 2.5 million Social Security and SSI initial disability claims; and nearly 204,000 SSI aged claims.

- **Appeals:** We have three levels of administrative appeals for claimants who disagree with our decisions. These appeals are non-adversarial, and claimants may submit new evidence for review.

    1) Reconsideration of a claim,

    2) Hearing before an administrative law judge (ALJ), and

    3) Review of ALJ decisions by administrative appeals judges of the Appeals Council.

If a claimant disagrees with the Appeals Council's decision, or if the Appeals Council decides not to review the case, a claimant may file a civil action in a U.S. district court. In FY 2018, we will complete approximately 582,000 reconsiderations, 750,000 hearings, 153,000 Appeals Council reviews, and 18,000 U.S. district court cases.

- **Program Integrity:** Our duty to safeguard the integrity of our programs includes conducting non-medical SSI redeterminations and full medical continuing disability reviews (CDR). These reviews save significant program dollars by ensuring that only those eligible for benefits continue to receive them. In FY 2018, we will conduct 2.822 million SSI redeterminations and 890,000 full medical CDRs.

- **Social Security Numbers:** We complete applications for and assign Social Security Numbers (SSN) to nearly all Americans and certain noncitizens. In FY 2018, we will complete requests for approximately 16 million new and replacement Social Security cards.

- **Earnings Records:** We receive updates from employers and the self-employed on the earnings of the working population. We post the reported earnings to workers' records and resolve any discrepancies. In FY 2018, we will post 273 million earnings items to workers' records.

- **Social Security Statements:** We provide information on earnings as well as estimates of future benefits workers and their families may receive based on those earnings. Beginning in January 2017, we limited mailing paper Social Security Statements to people age 60 and over, who are not receiving Social Security benefits, and who are not registered for a *my* Social Security account. All individuals may access their Social Security Statement at any time through their personal online *my* Social Security account.

- **Post-Entitlement Services:** In FY 2018, we will complete more than 100 million post-entitlement actions for beneficiaries and recipients, such as issuing emergency payments, recomputing payment amounts, and changing addresses.

- **Medicare:** We accept applications and determine eligibility for Medicare Hospital Insurance, Supplementary Medical Insurance, and the low-income subsidy for Medicare prescription drug coverage. In FY 2018, we will handle about 800,000 Medicare applications. In FY 2018, we will assist the Centers for Medicare and Medicaid Services in removing the SSN from Medicare cards.

- **Data Exchanges:** With over 3,000 exchange agreements, we provide and verify data for many purposes such as employment, voting, and eligibility for Federal and State programs.

FY 2016 ACCOMPLISHMENTS

In FY 2016, we made several critical service improvements. We introduced new service options and significantly expanded online transactions. We focused on the disability hearings backlog. We hired necessary staff, improved our business processes, and continued to modernize case processing systems. We also expanded the collection of electronic medical records and increased our use of data analytics—all of which helps us to make timely, accurate decisions. We updated our disability determination policies to reflect contemporary health care delivery and advances in medicine—updating 93 percent of the medical criteria used in decisions—with final updates underway. At the same time, we completed high levels of program integrity work and expanded our anti-fraud initiatives. Most notably, we accomplished the following activities in FY 2016:

- Paid over $960 billion to an average of over 68 million Social Security beneficiaries and SSI recipients each month;
- Handled approximately 37 million calls on our National 800 Number;
- Served over 43 million visitors in over 1,200 field offices nationwide;
- Completed over 5.6 million new retirement, survivors, and Medicare applications and nearly 2.7 million new disability claims;
- Completed over 650,000 hearing dispositions;
- Updated more than 33 million beneficiary records;
- Issued more than 17 million new and replacement Social Security cards;
- Posted about 273 million earnings reports to workers' records;
- Handled over 17,000 disability cases in Federal district courts;
- Completed over 850,000 full medical CDRs; and
- Performed over 2.5 million non-medical redeterminations of SSI eligibility.

FY 2018 PRESIDENT'S BUDGET – REQUEST

The FY 2018 President's Budget of $12.457 billion will allow us to focus on our core mission of providing a financial security net for the American people. This core mission drives our resource decisions, service improvements, and our program integrity efforts. We will focus on addressing key backlogs, directing support to our frontline operations, and reducing improper payments. In addition, we will concentrate on making the agency an even more efficient and effective organization to improve service to the public.

This funding will allow us to:

- Reduce the disability hearings backlog, through initiatives aimed at improving business processes and increasing the number of decisions we make;
- Support our frontline operations—our field offices, processing centers, and National 800 Number—by providing some critical hires and expanding our alternative service delivery channels and online service options;
- Improve business processes that help us make quick and accurate disability decisions, such as increasing the use of electronic medical information and modernizing our case processing systems;
- Complete 850,000 medical CDRs in FY 2017 and 890,000 full medical CDRs in FY 2018, eliminating our CDR backlog;
- Conduct 2.8 million redeterminations, which is about 300,000 more SSI non-medical redeterminations, ensuring that we are paying the right people the right amount;
- Expand our efforts to prevent and deter fraud by adding three new cooperative disability investigations (CDI) units, which help support SSA fraud prosecutions;
- Provide our employees with training opportunities to help them maximize their performance and to develop leadership and management skills;
- Begin modernizing our information technology (IT) infrastructure to improve public service, reduce costs, and enhance data driven decision-making; and
- Expand our internal demonstration capacity through staff and other resources that test creative ways to reform the disability programs and promote greater labor force participation of people with disabilities.

The Budget also will allow us to pursue a number of legislative proposals to reform our disability programs and promote greater labor force participation (LFP). Currently, people with disabilities have low rates of LFP (20 percent), which is less than a third of the LFP rate of the overall working age population. Disability benefits are essential for workers with long-term and permanent disabilities who are unable to work. At the same time, the Federal Government must ensure only those who are truly eligible receive benefits. Reform proposals in the Budget include efforts to improve program integrity, close loopholes that make the program more susceptible to fraud, and address inequities in programs. For instance, the Budget proposes to hold fraud facilitators liable for overpayments and a probationary period for all new administrative law judges hired. *See* Appendix B.

The Budget also proposes to test creative and effective ways to promote greater LFP of people with disabilities. The Budget will expand demonstration authority to allow SSA, in collaboration with agencies across the Federal Government, to test new program rules and require mandatory participation by program applicants and beneficiaries. An expert panel, informed by demonstration results and other evidence, will identify specific changes to program rules that would increase LFP and reduce program participation.

The charts on the subsequent page outline the funding amounts, associated workyears, and key performance goals based on our administrative expenses included in the FY 2018 President's Budget. The FY 2018 Funding Table provides amounts for our key appropriations and the associated workyears. The FY 2018 Performance Table includes the actual performance for FY 2016 and anticipated targets for FYs 2017 and 2018.

FY 2018 President's Budget – Funding

The funding table depicts appropriated dollar figures and actual workyears expended for FY 2016, our estimated spending for FY 2017 based upon Pub. L. No. 114-254, and the FY 2018 Budget.

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Budget Authority, One-Year (in millions)			
Limitation on Administrative Expenses (LAE)[1]	$12,162	$12,135	$12,457
(Program Integrity Base and Cap included in LAE)	*($1,426)*	*($1,426)*	*($1,735)*
Research and Demonstrations[2]	$101	$101	$101
Office of the Inspector General (OIG)	$106	$106	$106
Subtotal, One-Year Budget Authority	**$12,368**	**$12,341**	**$12,664**
Budget Authority, Multi/No-Year (in millions)			
Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)[3]	$22	$22	$27
Subtotal, Multi/No-Year Budget Authority	**$22**	**$22**	**$27**
Total, Budget Authority[4,5]	**$12,390**	**$12,363**	**$12,691**
Workyears (WY)			
Social Security Administration (SSA)			
Full-Time Equivalents	63,159	61,104	61,265
Overtime	1,893	1,552	1,683
Lump Sum	220	299	299
Total SSA WYs	**65,272**	**62,955**	**63,247**
Disability Determination Services (DDS)	15,152	14,416	14,110
Total SSA/DDS WYs	**80,424**	**77,371**	**77,357**
MACRA	0	21	357
Total SSA/DDS/MACRA WYs	**80,424**	**77,392**	**77,714**
OIG	526	520	520
Total SSA/DDS/MACRA/OIG WYs	**80,950**	**77,912**	**78,234**

[1] We will not receive $136 million in SSI User Fees in FY 2017. We have been given authority for $136 million, but we estimate that we will only collect $124 million. FY 2017 also includes approximately $150 million in dedicated funding to address the hearings backlog.

[2] The FY 2017 enacted Research and Demonstration amount is $58 million.

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

[4] Totals may not add exactly due to rounding.

[5] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under the Further Continuing and Security Assistance Appropriations Act, 2017.

FY 2018 PRESIDENT'S BUDGET – PERFORMANCE

The performance table depicts our actual performance for FY 2016, our estimate for FY 2017 based upon Pub. L. No. 114-254, and what we can achieve with full funding of the FY 2018 Budget.

FY 2018 Performance Table	FY 2016 Actual[1]		FY 2017 Estimate[2]	FY 2018 Estimate
	52-week	53-week		
Retirement and Survivors Claims				
Retirement and Survivors Claims Completed (thousands)	5,502	5,602	5,782	5,948
Disability Claims				
Initial Disability Claims Receipts (thousands)	2,582	2,638	2,499	2,569
Initial Disability Claims Completed (thousands)	2,627	2,689	2,455	2,500
Initial Disability Claims Pending (thousands)	576	568	612	681
Average Processing Time for Initial Disability Claims (days)	110	110	113	114
Disability Reconsiderations				
Disability Reconsiderations Completed (thousands)	653	667	581	582
Disability Reconsiderations Pending (thousands)	121	121	130	149
Average Processing Time for Disability Reconsiderations (days)	103	103	105	108
Hearings				
Hearings Receipts (thousands)	699	713	632	645
Hearings Completed (thousands)	637	652	683	750
Hearings Pending (thousands)	1,122	1,122	1,071	965
Annual Average Processing Time for Hearings Decisions (days)	543	545	605	600
National 800 Number				
National 800 Number Calls Handled (millions)[3]	N/A	37	35	33
Average Speed of Answer (ASA) (seconds)[3]	N/A	817	970	1,250
Agent Busy Rate (percent)[3]	N/A	8.9%	12%	16%
Program Integrity				
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	N/A	2,107	1,950	1,990
Full Medical CDRs (included above, thousands)	N/A	854	850	890
SSI Non-Medical Redeterminations Completed (thousands)	2,505	2,530	2,522	2,822
Selected Other Agency Workload Measures				
Social Security Numbers (SSN) Completed (millions)	17	17	16	16
Annual Earnings Items Completed (millions)	273	273	273	273
Social Security Statements Issued (millions)[4]	47	48	10	10
Selected Production Workload Measures				
Disability Determination Services Production per Workyear	306	306	301	313
Office of Disability Adjudication and Review Production per Workyear	88	88	96	99
Other Work/Service in Support of the Public -Annual Growth of Backlog (workyears)	N/A	N/A	(1,600)	(3,100)

[1] FY 2016 was a 53-week year for management information purposes. For comparison purposes to FYs 2017 and 2018, we are reporting both 52 and 53-week actual performance data.

[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.

[3] The data reported for FY 2016 is based on the fiscal year beginning 10/1/2015 and ending on 9/30/2016.

[4] Social Security Statements Issued performance measure includes paper statements only; it does not include electronic statements issued. In FY 2016, *my* Social Security users accessed their Social Security Statements 40.5 million times.

Improving Service Delivery and Expanding Service Delivery Options

A vast majority of the public will complete their business with us in person at one of our field offices or with one of our representatives on our National 800 Number. We continue to offer and expand our additional service delivery methods for the ease of customers.

Field Offices

Every day, about 170,000 people visit one of over 1,200 field offices nationwide. Our field offices provide assistance for a broad range of services. Some of the more frequent tasks performed by our field office representatives include: issuing replacement Social Security cards, processing claims and appeals, critical post-entitlement actions, and program integrity workloads as well as addressing the immediate needs of our field office visitors.

We expect the number of visitors to our offices to remain steady as our beneficiary population increases. Full funding of the Budget will allow us to meet the constant demand for our services by providing some critical frontline hiring as well as supporting enhancements in additional service delivery methods. We will continue to look for ways to automate processes and develop online tools.

National 800 Number

The National 800 Number receives approximately 3.1 million calls each month in 24 teleservice centers nationwide. Our National 800 Number also provides 24-hour automated services every day. Callers can conduct a variety of business transactions through our automated services, including requesting benefit verification letters, ordering replacement Medicare cards, and obtaining claim status updates.

We handled 37.2 million calls in FY 2016, compared to 36.9 million calls in FY 2015, with an FY 2016 average speed of answer of 817 seconds and average busy rate of 8.9 percent. We expect the average speed of answer and agent busy rate in FY 2017 to be 970 seconds (over 16 minutes) and 12 percent, respectively. In FY 2018, we expect average speed of answer and agent busy rate to increase to 1,250 seconds (almost 21 minutes) and 16 percent.

We plan to transition our disparate telephone systems into a single, unified communications platform as part of our Next Generation Telephony Project. This platform will allow the agency to route calls across our network for a quicker answer based on employee experience and availability. In FY 2018, we plan to complete the acquisition process and start testing our telephone systems for the new platform.

Initial Disability Claims

We accept applications for disability benefits in-person at local field offices, over the phone, online at *www.socialsecurity.gov*, and by mail. Claims representatives in our field offices collect evidence of disability and determine whether a claimant meets our non-medical qualifications. State disability examiners in the disability determination services (DDS) gather medical and vocational evidence to determine whether a claimant meets our definition of disability and the onset of disability. With full funding of the Budget, we will be able to maintain the average number of days to determine an initial disability claim at 114 days in FY 2018. The Budget will further our goal of keeping initial disability claims processing times stable while also eliminating the CDR backlog in FY 2018, one year ahead of schedule.

Disability Case Processing System
In an ongoing effort to render timely disability decisions, we are continuing to work to modernize our disability case processing system (DCPS). When complete, DCPS will replace 52 independently operated, outdated systems. We deployed DCPS to Delaware, Maine, and Ohio in December 2016. In FY 2018, we plan to deploy the national case processing system to the remaining DDSs.

Health Information Technology
We depend on healthcare providers to gather the medical records we need to determine whether a claimant is disabled. Some providers rely on paper records that they must copy and mail to our disability examiners, but in recent years most providers have shifted to electronic medical records. This step of the disability determination process consumes the most time among all other steps. We are improving this process by expanding the use of Health Information Technology (HIT) to collect medical evidence. HIT provides faster access to medical information, reducing the time providers spend to comply with our requests. When we use HIT to gather medical records, we can complete an initial claim nearly 50 percent (45 days) faster than other cases. In FY 2016, 9.6 percent of initial disability claims received medical records via HIT. Our goal is to increase the percentage of initial disability claims accessing medical evidence with HIT to 12 percent in FY 2017 and 20 percent in FY 2018.

Hearings

More than 1.1 million people are waiting for a decision on their hearing request. We project that the average wait time for a hearing decision in FY 2017 will be 605 days. To reduce the backlog, we implemented numerous initiatives as part of our Plan for Compassionate and Responsive Service (CARES) to improve hearings capacity and efficiency in our hearings operations. While we are doing what we can to automate and streamline the process where possible, due process requires a capable cadre of judges to hear each case and knowledgeable staff to schedule, prepare, and write decisions.

The Consolidated Appropriations Act, 2017 provided $90 million of funding to address the hearings backlog. With this funding, we project that we will process approximately 120,000 additional cases and improve average processing time by 2 months by FY 2020.

In FY 2018, we will reduce the hearings backlog as we continue implementing our CARES plan. The plan includes initiatives to increase decisional capacity and achieve business process efficiencies. Because of these initiatives, we expect to reduce the number of people waiting for a hearing decision by over 150,000 cases by FY 2018–a nearly 14 percent reduction from FY 2016. The number of people waiting will decrease over time, helping us reach our goal to reduce hearings wait times to 270 days by the end of FY 2022, down from over 580 days today.

A few key initiatives that will support our backlog reduction strategy include the following:

Expanding Video Hearings Capacity
Video hearings improve our ability to balance workloads and eliminate service inequities nationally. In FY 2016, we began replacing or upgrading the oldest generation video units, implemented a schedule to replace or upgrade equipment annually, and established collaboration with Alaska Online with Libraries network to share videoconference room space.

In FY 2017 and FY 2018, we will increase video hearings capacity by identifying more external partners to share video hearing sites (e.g., Department of Veterans Affairs, Centers for Medicare and Medicaid Services) and continue expansion of our video hearing infrastructure in our hearing offices and field offices. The Budget would fund up to 500 additional video units.

Duplicate Identifying Software (DeDoop)
It is not unusual for our staff preparing a claims file for a hearing to discover that claimants or representatives have submitted duplicate medical evidence. Some case files may contain up to 23 percent of duplicative evidence. DeDoop is a software concept that uses artificial intelligence and Natural Language Processing (NLP) to automatically scan case files, identify duplicative medical evidence, and suggest those pieces of evidence for removal by the user.

In FY 2017 and FY 2018, we will develop, deploy, and pilot software to increase efficiency and quality of support staff and ALJs, resulting in a decrease in average wait time. We will pilot this software in three sites in FY 2017: Mobile, Alabama, Reno, Nevada, and Albany, New York. Assuming the pilot is successful, we will pursue next steps for broader implementation in FY 2018. The time savings realized from this software could potentially result in ALJs hearing approximately 8,000 more cases annually.

Expanding Natural Language Processing Quality Assurance Tools (Insight)
Insight is an inline quality tool that uses NLP to scan an ALJ decision for language that could result in error. Using NLP in the hearings and appeals operations will improve inline quality by ensuring legal sufficiency of draft decisions, thus decreasing the number of remanded decisions to the hearings level. In FY 2017, we will expand the initial Appeals Council pilot to the hearings operation and continue our efforts into FY 2018.

Modernize the Office of Disability Adjudication and Review's Case Processing System
Technology investments are designed to provide faster, streamlined, and more efficient IT tools for our employees, external stakeholders, and the public. Modernizing the case processing for the hearings and appeals operations will remove inefficiencies, drive policy compliance and consistency, and provide self-service options, which allows us to redirect staff to more time-consuming work. In FY 2017 and FY 2018, we will begin a multi-year project to develop a more comprehensive and modern case processing system and integrate it into our overall disability system.

Processing Centers

Our processing centers (PC) handle claims after we determine a beneficiary is eligible for Social Security benefits. They support our frontline components with efforts such as processing claims, performing program integrity work, collecting debt, correcting records, providing eligibility verification services, and completing complex benefit claims that our field offices cannot readily handle. They also process cyclical workloads, such as the annual earnings record updates and benefit rate adjustments. Our PC technicians directly support our ability to provide timely and accurate benefits.

At the end of FY 2016, there were over 4.5 million actions pending in the PCs, which is double the normal actions pending. While we are making progress, we will continue prioritizing the most critical work while automating more of our processes to achieve higher productivity.

The Budget will support the hiring of critical PC vacancies and position us to begin reducing the backlog. It will also allow us to modernize the outdated legacy systems currently in use within the PCs.

Multi-Channel Service Delivery

In FY 2016, the public continued to increase their use of our online services to conduct business with us as they completed nearly 120 million transactions via our website. Customer satisfaction with our online services also continues to stand out, as 7 of the 8 SSA online applications exceeded the Foresee E-Government Satisfaction Index with scores of 80 or higher, the threshold for highly satisfied customers. We will continue to enhance our online services and promote them as a safe and convenient service option while also reducing unnecessary field office visits. With increased usage of online services, we can free more time for customers that need to complete their business with us in person.

iSSNRC

Since we launched the Internet Social Security Number Replacement Card (iSSNRC) application in November 2015, we have increased the number of States where people may request a replacement Social Security Card. Adults with a *my* Social Security account, a domestic mailing address, and a valid State identification or driver's license may apply for the card through iSSNRC.

Each year, we issue about 10 million SSN replacement cards in our field offices. We want to reduce this volume to allow our field office staff to handle more complex and time-intensive workloads. In FY 2016, we successfully issued more than 100,000 replacement cards through the iSSNRC application and are on pace to issue even more cards through the iSSNRC application in FY 2017. We currently offer iSSNRC in 17 States and the District of Columbia and plan to continue to expand to additional States in FY 2018.

iSSI

We recently expanded the current iClaim process to include questions that will allow us to establish certain SSI claims online. Individuals who wish to file a concurrent Social Security disability and SSI application may use this service. We also added an option for individuals with limited English proficiency to request an appointment at a local field office or to file a claim in their language of choice. The iClaim process reduces the need for re-contact as applicants can view their SSI eligibility online. We will continue to study the results of the new iSSI application in FY 2018 to determine next steps for expansion.

Icon Project

The Icon Project is a free, streamlined SSA.gov portal that houses the most common online services, such as registering for a *my* Social Security account, printing benefit verification letters, requesting a replacement Social Security card, and submitting a change of address. It offers members of the public a quick and convenient option that can be easily accessed at home or within local community centers, libraries, and senior centers. We regularly work with community representatives to promote the Icon Project to third-party sites to help people use our online services. Also, members of the public may install a desktop Icon on their computer and companies can embed the Icon within a company website. To date, we have over 750 partner sites that include our Icon and have had over 117,000 hits in search of information.

Video Service Delivery

We use video service delivery to help us balance our workloads and reduce wait times in our busier field offices. Video service delivery allows individuals living in remote areas to experience virtual, face-to-face interaction with a field office representative through live-streaming video. We currently have video units in 670 sites around the country. In FY 2016, we conducted approximately 126,500 video service delivery interviews. Our next step is to explore more cost-efficient technology that will allow us to expand video service delivery.

Click-to-Chat

Click-to-Chat will enable our claims representatives to support the public through the convenience of a chat window in their browser. This new service will provide another method of communications for those accessing our online services. The Budget supports its development and ongoing enhancements.

COMBATING FRAUD AND IMPROVING PAYMENT ACCURACY

The American people expect us to be stewards of the Social Security programs, and we are dedicated to safeguarding taxpayer dollars. In FY 2018, we expect to expand our core program integrity activities to continue supporting our data-driven anti-fraud initiatives. Our anti-fraud efforts require up-to-date technology and an integrated enterprise solution to detect, deter, and mitigate fraud. In addition, we have broadened our payment accuracy initiatives to increase policy compliance and incorporate third-party computer matching agreements. Altogether, we are using more data, better technology, and enhanced policies to ensure we are paying the right amount to the right person as well as to detect and prevent fraud.

Dedicated Program Integrity Funding

SSA is authorized to use dedicated program integrity funding to support four core program integrity activities: CDRs, SSI redeterminations, CDI units, and fraud prosecutions by Special

Assistant United States Attorneys. Together, these activities bring about significant program savings and reinforce the veracity of our programs.

We perform periodic and full medical CDRs to ensure beneficiaries still qualify to receive benefits under the Title II and Title XVI programs. For those receiving SSI, we also perform redeterminations to confirm whether recipients meet the program's income and resource limits. The Budget will fund the completion of 890,000 full medical CDRs and 2.8 million redeterminations. We expect to eliminate the backlog of CDRs by the end of FY 2018.

Full funding of CDRs and redeterminations will save billions of taxpayer dollars. We estimate that CDRs conducted in FY 2018 will yield net Federal program savings over the next 10 years of roughly $8 on average per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare, and Medicaid effects. Our estimates indicate that non-medical redeterminations conducted in FY 2018 will yield a return on investment of about $3 on average of net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

CDI units are jointly operated by SSA, along with the Office of the Inspector General, State DDS, and State and local law enforcement. Generally, they investigate suspected fraud before the agency awards benefits as well as during the CDR and redetermination processes when fraud may be involved. Section 811 of The Bipartisan Budget Act of 2015 requires the agency to have CDI units in all 50 States, the District of Columbia, and the territories by October 1, 2022. Currently, the CDI program has 39 units covering 33 States, the District of Columbia, and the Commonwealth of Puerto Rico. In FY 2017, we plan to add one unit in New Jersey, bringing our total to 40 units. In FY 2018, we plan to open three additional CDI units.

Special Assistant United States Attorneys prosecute cases of alleged Social Security fraud. We have attorneys in 20 States and the Commonwealth of Puerto Rico. They successfully argued 196 cases and were able to obtain $14.7 million in restitution during FY 2016. In FYs 2017 and 2018, we expect to continue funding our corps of fraud prosecutors and their caseload.

Anti-Fraud Programs and Initiatives

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

We are expanding the use of data analytics and predictive modeling to enhance fraud detection. For example, we are collaborating with IBM to build an integrated Anti-Fraud Enterprise Solution (AFES). AFES is a multi-year effort that will enable the agency to replace and expand current anti-fraud systems. AFES will integrate data from multiple sources and use industry-proven predictive analytics software to identify high-risk transactions that require further review. When fully implemented, AFES will include a data analytics engine, case management system, and a workflow tool to combat fraud across all of the agency's lines of business.

Quality and Payment Accuracy Initiatives

Making the right payment to the right person at the right time has been one of our longstanding priorities. It embodies the service and stewardship responsibilities we must carry out to protect current and future generations of workers. The Budget will sustain our current detection methods, like our Access to Financial Institutions (AFI) process, as well as initiate new programs that will expand our means to identify error-prone benefit payments.

Access to Financial Institutions
Excess resources in financial accounts are the leading cause of overpayments in the SSI program, totaling nearly $5 billion over the last 5 fiscal years. The AFI process allows us to detect underreported or unreported accounts by searching institutions where individuals allege having an account and at other nearby institutions. We will also require our employees to use the AFI process when we make certain overpayment waiver determinations.

Integrating Third-Party Data
Underreported and unreported wages, employment, and property are also leading causes of improper payments in our programs. We are building information exchanges with payroll data providers to receive and use, without further verification, wage and employment information. In FY 2017, we began using quarterly earnings from the Office of Child Support Enforcement in our work CDR process. We are also moving to incorporate third-party non-home real property ownership data directly into our claims system as a prompt for further development. By implementing these new processes for initial claims and high-error redeterminations, our employees can help prevent or stop erroneous SSI payments.

Increase Policy Compliance
The Budget will reinforce our efforts to automate manual work processes that could lead to error. It will also support the redesign of our Title II claims processing system. This redesign will enhance our detection of error-prone transactions.

INFORMATION TECHNOLOGY MODERNIZATION AND INCREASING EFFICIENCIES

Our IT infrastructure is inadequate for the current demands of our services. We maintain the benefit, citizenship, earnings and vital records of nearly every American on an antiquated system designed over 40 years ago. Because of the extensive records we maintain, our systems play a much bigger role than just administering the Social Security programs. We have data agreements to support national security, immigration, health care, tax collection, child support enforcement, and more. However, as demand on our systems grow, we still use obsolete technology.

It is important to protect our systems from cyber attacks. Recent breaches at other Federal agencies have underscored the importance of securing networks and protecting sensitive data. While our cybersecurity program compares well against other Federal agencies, it remains costly and difficult to integrate with our current legacy systems.

The Budget would support our effort to modernize our legacy systems, automate more of our workloads, streamline services to the public, and continue protecting Americans' personal data.

Building a Modern Information Technology Infrastructure

Contrary to the incremental work of the last 30 years, our effort is to replace our core systems with new components and platforms, engineered for maximum usability, operability, and future adaptability. The Budget invests over $100 million in FY 2018 to support our IT modernization effort. We began laying the foundation of this effort by incorporating agile methodology in our engineering practices and restructuring our legacy data to better match its intended uses.

The Budget will realize our modernization plans by replacing our core legacy systems with new code. Our legacy systems are expensive; they consume a greater proportion of our available resources just to maintain their current operational state. They run on over 60 million lines of COBOL, FOCUS, and other outdated legacy languages that few programmers know. Unfortunately, our legacy systems are also functional silos, as each system was created to support new programs as our legislative mandate evolved over the years; many of our systems are designed to do one job. These silos add complexity in an already complicated policy environment, requiring lengthy training and causing processing delays. We need to consolidate these distinct systems into a flexible platform that is more in line with our prevailing work processes.

The Budget would also support moving more functions to common cloud services. The database-centered world is changing rapidly with the advent of cloud computing and with new cloud operating system facilities. Cloud computing has the potential to reduce duplication of programs and lead to faster sharing of data.

Enhancing Our Cybersecurity Protection

Our cybersecurity program is vital in protecting our IT assets. We use knowledge of the threat landscape, advanced technologies, and skilled cyber professionals to secure our network and data from dangers, both foreign and domestic. We designed a program that achieves a balance between protection and productivity by taking a risk-based approach that focuses on continuous improvements. For example, we have enabled stronger identity controls to limit who has access to our systems. We have also expanded our cybersecurity policies and training so all employees play an active role in detecting cyber attacks.

The Budget supports our cybersecurity program by investing in the overall modernization of our IT, including the licensing of cybersecurity software, retaining skilled talent, and continuing to update our systems to meet or exceed Federal cybersecurity performance measures. Cyber attacks are ever changing, and we must remain vigilant to prevent any intrusion on our networks.

DEVELOPING A STRONG WORKFORCE

Investing in our Employees

The administration of our programs and the responsibilities entrusted to us by the public rely on our greatest asset–our employees. A knowledgeable, dedicated, and high-performing workforce is required to understand and carry out our inherently complex programs. It is our responsibility to ensure our employees have the tools, training, and feedback they need to effectively and efficiently carry out our mission. With many of our senior executives and frontline supervisors eligible to retire, it is imperative that we are creative and resourceful in our agency staffing approaches. We must ensure our employees possess the skills, competencies, and leadership expertise needed to fill critical agency positions. Without leadership development and succession planning, these inevitable losses will result in a lack of institutional knowledge and experience.

Succession Planning

Succession planning plays a vital role in preparing our agency for the future. It focuses on strengthening future leaders and identifying advancement and leadership opportunities at all levels of our organization. To support this ongoing commitment to our employees, we are taking a comprehensive look at our current cadre of senior leadership and implementing a process to facilitate enterprise-wide talent management and succession planning critical to our ongoing success.

Strengthened Employee Development

We will explore opportunities that allow employees to identify desirable career paths and the necessary steps to achieve their career goals. We will provide access to resources for creating a path for career development. We will ensure that employees are aware of the full array of potential career paths and allow them to identify the skills and experiences necessary for our most sought after positions. By doing so, employees will be able to focus on acquiring the right skills and design a personalized career path to best serve the agency.

Increase Demonstration Projects Staff Capacity

We will focus on building our internal demonstration capacity staff to test creative and effective ways to reform the disability programs for a modern labor market and promote greater labor force participation (LFP) of people with disabilities. To maximize the potential of success, in collaboration with agencies across the Government, we would simultaneously test a variety of strategies, but in order to achieve this success we need to build the internal staff capacity to focus on this work. The ability to design and implement a rigorous demonstration requires staff with unique skill sets in program administration, policy design, project management, research and evaluation, and problem solving.

CONCLUSION

Our programs support millions of Americans across the nation. The public expects competent, timely service for the benefits they earned. They also expect that we provide modernized service options that include more online tools. The FY 2018 President's Budget will support our plans to work down our disability hearings and processing center backlogs, invest in alternative service delivery options, begin modernizing our systems, and increase our program integrity work.

The Budget supports the President's effort to streamline how we work and to find more efficient and effective means of accomplishing our mission. We are using data analytics and automation to improve our business processes. We plan to expand our data analytics tools using industry best practices and reinforce oversight of our IT investments. We are committed to delivering significant results with the taxpayers' dollars—including eliminating the backlog of CDRs by the end of FY 2018 by building the foundation for a more modern, efficient administration.

Full funding of the President's Budget will reinforce the promise started over 80 years ago in the midst of the Great Depression—Social Security ensures income security in event of death, disability, and retirement for millions of Americans.

APPENDIX A – OUR EXTRAMURAL RESEARCH BUDGET

In fiscal year (FY) 2018, we are requesting $101 million in new budget authority as part of our Supplemental Security Income (SSI) appropriation to support extramural research and early intervention demonstration projects. These projects will continue to test changes to the disability programs to improve their administration and to reduce dependency on them. The broad-based SSI, Old-Age and Survivors Insurance (OASI), and Disability Insurance (DI) projects funded in this Budget include those in the areas of disability policy research, employment support programs, retirement policy research, financial literacy and education, and evaluations of proposed or newly enacted legislation.

The Budget continues to support ongoing rigorous evaluations, such as our assessment of the interagency Promoting Readiness of Minors in SSI (PROMISE) effort. The Departments of Education, Labor, and Health and Human Services created the PROMISE initiative to foster improved outcomes for children who receive SSI by facilitating positive changes in health status, physical and emotional development, completion of education and training, and eventually, employment opportunities. PROMISE activities scheduled for FY 2018 include developing and administering a 5-year survey of participants as well as preparing data files for our 18-month survey. We will receive the draft process analysis reports and a comprehensive interim services and impact report focusing on short-run results in late FY 2018.

The Budget also includes continued funding for our Occupational Information System (OIS) project, which will allow us to make consistent, better-informed disability decisions. We often need information about work to make a disability determination, but the types of jobs in the workforce, as well as job requirements, change over time. The occupational resources we currently use to adjudicate claims have not been updated in more than 20 years. To support the development of new occupational data, we entered into an interagency agreement with the Department of Labor’s Bureau of Labor Statistics (BLS). Starting in FY 2016 and continuing through FY 2018, BLS has been collecting occupational data related to the requirements of work. We expect to update the OIS on a 5-year cycle so we continue to remain current with workforce trends. In FY 2018, BLS will finish the initial 3-year data collection cycle and begin collecting data for the first 5-year update.

In FY 2018, we will continue to support a new Bipartisan Budget Act of 2015 (BBA) demonstration called the Promoting Opportunity Demonstration (POD). The POD will test a benefit offset in the DI program to determine its effects on outcomes such as earnings, employment, and benefit payments. Benefits will be reduced by $1 for every $2 earned above the greater of the Trial Work Period (TWP) level of earnings or the amount of a participant’s itemized impairment-related work expenses. The demonstration will include 5,000 beneficiaries in each of three study groups over a 5-year timespan. We plan to begin recruiting participants in the first quarter of FY 2018 and will spend the remainder of FY 2018 implementing the demonstration. This project is funded under section 234 of the Social Security Act by the Social Security Trust Funds and is not part of our FY 2018 appropriations request.

Early Intervention Demonstrations

Early intervention measures have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities. By providing medical and vocational services prior to receiving benefits as part of a demonstration project, we can test whether such services help individuals with these impairments remain active in the workforce, and perhaps avoid or delay a need for disability benefits. In FY 2018, we will continue to move forward with the Supported Employment Demonstration, formerly known as the Early Intervention Mental Health Demonstration. This study will examine whether supportive employment measures can help individuals with mental health impairments remain in the workforce. After finalizing site selections and beginning enrollment in FY 2017, we will fully implement the demonstration in FY 2018, including recruitment and service delivery, technical assistance, training, and data collection activities. No additional funding is required for this demonstration in FY 2018.

We are also planning to partner with the Department of Labor to conduct an early intervention demonstration designed to assist individuals with musculoskeletal and other disorders remain in the workforce. This demonstration will be modeled after the Centers of Occupational Health and Education (COHE) program developed in Washington State. While COHE is focused on workers' compensation related injuries, the demonstration will test the effects of implementing key features of the model in other states or municipalities and/or for a broader population beyond workers' compensation. Some of the key features include care and service coordination, population screening and monitoring, increased access and targeted vocational rehabilitation and work supports, workplace accommodations, and technical assistance to healthcare providers and employers. Evaluations of COHE have found that participating workers are nearly 20 percent more likely to be working a year after the initial work absence, and are 26 percent less likely to receive DI benefits after 8 years. SSA's budget includes $50 million to support this demonstration project in FY 2018 and the Department of Labor's budget also includes additional funds to support this joint project.

Test New Approaches and Reform Disability Programs

The FY 2018 Budget proposes to evaluate creative and effective ways to promote greater labor force participation (LFP) of people with disabilities by expanding demonstration authority that allows SSA, in collaboration with other agencies, to test new program rules and requires mandatory participation by program applicants and beneficiaries. An expert panel will identify specific changes to program rules that would increase LFP and reduce program participation, informed by successful demonstration results and other evidence.

Past efforts have provided enhanced incentives to pursue work for disability insurance beneficiaries who already spent years out of the labor force. The Budget, in contrast, focuses on early intervention return-to-work initiatives that would help the individual worker maintain attachment to the labor force while also reducing the individual's need to apply to the disability insurance programs.

Currently, there is often an expectation that receipt of disability benefits results in a permanent exit from the labor force. The Budget challenges this assumption by evaluating alternative program designs that will result in helping individuals with temporary work disabilities return to work. The Budget includes targets for reduced program costs in the second five years of the budget window, savings that would result from increased LFP by people with disabilities.

To maximize the potential of success, the Administration would simultaneously test a variety of strategies. The Administration is calling on Congress to mandate participation of applicants and program beneficiaries in these projects including:

- Test "time limited benefits" for beneficiaries for a period when they would be more likely to return to work;

- Require applicants to engage in job seeking activities before their application is considered;

- Push existing State vocational rehabilitation offices to intervene earlier with individuals on a track to end up on DI;

- Replicate welfare-to-work strategies in State Temporary Assistance for Needy Families (TANF) offices to provide wellness care and vocational services to welfare applicants that cannot work due to a short-term or uncontrolled health condition; and

- Mandate that lower back pain and arthritis sufferers engage in rehabilitation traditionally used in occupational health treatment services before receiving benefits.

APPENDIX B – SUMMARIES OF LEGISLATIVE PROPOSALS

1. **Offset Overlapping Unemployment Insurance-Disability Insurance Payments.** The Budget proposes to close a loophole that allows individuals to receive Unemployment Insurance (UI) and DI for the same period of joblessness. The proposal would offset the DI benefit to account for concurrent receipt of UI benefits. Under current law, concurrent receipt of DI benefits and unemployment compensation is allowable. UI is intended to compensate individuals for short-term bouts of unemployment while they look to return to work while DI is intended to compensate individuals who cannot return to work on a long-term basis due to a disability, allowing double dipping that is unnecessary and wasteful.

2. **Allow SSA to Use Commercial Databases to Verify Real Property in the SSI Program.** This proposal would reduce improper payments and lessen recipients' reporting burden by authorizing SSA to conduct data matches with private commercial databases that maintain data on ownership of real property (i.e., land and buildings), which can be a countable resource for SSI purposes. The proposal would authorize SSA to use that information to automatically determine an individual's eligibility for benefits, after proper notification. SSA would also be authorized to require beneficiaries to consent to allow SSA to access these databases as a condition of benefit receipt. All current due process and appeal rights would be preserved.

3. **Government-wide Use of Customs and Border Protection Entry/Exit Data to Prevent Improper Payments**. This proposal would provide Federal agencies access to and use of Customs and Border Protection (CBP) entry and exit data (i.e., when individuals enter and exit the United States). The information may be used in the SSI program, which requires all recipients to be physically present in the U.S. to receive benefits. Generally, U.S. citizens can receive Old-Age, Survivors, and Disability Insurance (OASDI) benefits regardless of place of residence. Non-citizens may be subject to additional residency requirements. SSA would use this data match to prevent improper payments. These data have the potential to be useful across the Government to prevent improper payments.

4. **Use Death Master File to Prevent Improper Payments.** This proposal would authorize SSA to share its full file of death information—including State-reported death data—with Federal law enforcement agencies, and with the Department of the Treasury's Do Not Pay Portal for use in preventing improper payments. SSA receives death information from many sources, including family members, funeral homes, financial institutions, and the States. Current law limits the purposes for which SSA can share death information it receives from the States, and does not provide SSA authority to share State death data with Federal law enforcement agencies or Treasury's Do Not Pay Portal. This proposal would ensure that Federal law enforcement and Treasury's Do Not Pay Portal have access to all death information in SSA's records, including State-reported death data.

5. **Expand the Definition of Overpayment to Authorize SSA to Use All Collection Tools to Recover Funds In Certain Scenarios.** Current law provides SSA only limited authority to recover certain incorrect payments that do not meet the statutory definition of an overpayment. Such incorrect payments include when someone improperly cashes a beneficiary's check or improperly removes benefit funds from a joint account after a beneficiary's death. Because these incorrect payments are not considered overpayments, SSA's recovery options are limited. This proposal would define such situations as overpayments, thus subjecting them to a broader range of collection procedures, while maintaining the same rules and right of due process. As a result, SSA would be able to use all of its overpayment collection tools, such as credit bureau reporting and administrative wage garnishment, to recover these newly defined overpayments.

6. **Hold Fraud Facilitators Liable for Overpayments.** The proposal would allow SSA to recover the overpayment of a beneficiary from a third party if said third party was responsible for making fraudulent statements or providing false evidence that allowed the beneficiary to receive payments that should not have been paid. Specifically, in any case in which a third party facilitates fraud against any program administered by the Commissioner of Social Security, by providing false evidence or by creating such false evidence which is submitted to the Commissioner, the third party or parties would be jointly and severally liable for the erroneous benefit made because of the fraud. The third party facilitator could not seek waiver of the overpayment, and such overpayment would be in addition to any other penalties that may be imposed on such third party. The third party would be required to repay the Commissioner the amount of any erroneous payment together with the interest. Such interest would be calculated in the same manner as interest would be calculated for persons who have underpaid federal taxes (in accordance with section 6621(a) (2) of the Internal Revenue Code).

7. **Increase the Overpayment Collection Threshold for OASDI.** This proposal would change the minimum monthly withholding amount for recovery of Title II benefit overpayments for the first time since the agency established the current minimum of $10 in 1960. By changing this amount from $10 to 10 percent of the monthly benefit payable, SSA would recover overpayments more quickly and better fulfill their stewardship obligations to the combined OASDI Trust Funds. The SSI program already uses a 10 percent recovery policy. Debtors could still pay less if the negotiated amount would allow for repayment of the debt in 36 months. If the beneficiary cannot afford to have that amount withheld because he or she cannot meet ordinary and necessary living expenses, the beneficiary may request partial withholding. To determine a proper partial withholding amount, SSA negotiates (as well as re-negotiates at the overpaid beneficiary's request) a partial withholding rate.

8. **Exclude SSA Debts from Discharge in Bankruptcy.** Debts due to an overpayment of Social Security benefits are generally dischargeable in bankruptcy. The Budget includes a proposal to exclude such debts from discharge in bankruptcy. This proposal would help ensure program integrity by increasing the amount of overpayments SSA recovers. Current administrative protections for undue hardship would remain.

9. **Test new approaches and reform Disability Programs.** The FY 2018 Budget proposes to evaluate creative and effective ways to promote greater labor force participation (LFP) of people with disabilities by expanding demonstration authority that allows SSA, in collaboration with other agencies, to test new program rules and requires mandatory participation by program applicants and beneficiaries. An expert panel will identify specific changes to program rules that would increase LFP and reduce program participation, informed by successful demonstration results and other evidence.

10. **Reinstating the Reconsideration 10 Prototype States.** The Budget proposes reinstating reconsideration in 10 states, conforming these states with the practices used in the rest of the country. This reform requires a second review by the state Disability Determination Services (DDS) before an appeal goes to an administrative law judge (ALJ). Other states already require disability applicants to have their claim "reconsidered" before they can appeal to an ALJ. The following 10 States are currently without the reconsideration level of appeal: Alaska, Alabama, California, Colorado, Massachusetts, Michigan, Missouri, New Hampshire, New York, and Pennsylvania.

11. **Reduce 12 month Retroactive DI Benefits to 6 Months.** New DI beneficiaries are eligible for up to 12 months of benefits before the date of their application, depending upon the date they became disabled. This proposal would reduce retroactivity for disabled workers, which is the same policy already in effect for individuals receiving retirement benefits. This proposal will not modify retroactivity for Medicare eligibility.

12. **Eliminate Workers Compensation Reverse Offset.** In most States, if an individual concurrently receives workers' compensation (WC) and DI, SSA may offset his or her DI benefits. Currently, some States instead have "reverse offset," whereby the WC is reduced due to the receipt of DI benefits. This option would eliminate reverse offsets in these States, allowing SSA to consistently offset DI benefits because of WC receipt (when needed), regardless of the State in which the WC is being paid.

13. **Create Sliding Scale for Multi-Recipient SSI Families.** Currently, families receive an equal amount for each SSI child recipient. However, economies of scale in some types of consumption—housing, in particular— reduces per capita living expenses and therefore means that two children generally do not need twice the income to be supported as one child. Federal poverty guidelines and other means-tested benefits take into account these efficiencies. The Budget proposes to create a sliding scale for SSI disability benefits that considers the number of additional family recipients. It would keep the maximum benefit for one recipient the same as in current law but reduce benefits for additional recipients in the same family.

14. **Create a Probationary Period for ALJs.** Currently, new ALJs do not have a probationary period, like other Federal employees or new senior executive service (SES) employees. There have been recent cases where an ALJ was hired and it became clear the individual would be unsuccessful at the job. This proposal would create a 1-year probationary period for ALJs, similar to SES, to ensure that the ALJ is performing at a satisfactory level.

15. **Strengthening Child Support Enforcement and Establishment.** SSA reduces a child's monthly SSI benefit by up to two thirds of any monthly child support payment he or she also receives. The President's Budget includes several proposals aimed at increasing and improving child support collections and program efficiency. By increasing the amount of child support collected, these proposals would result in savings to the SSI program.

SOCIAL SECURITY ADMINISTRATION

FY 2018 PRESIDENT'S BUDGET

Key Tables

Table i.1 - Summary Table of SSA's Appropriation Request

FY 2018	FTE	Amount
Payments to Social Security Trust Funds		$ 11,400,000
Supplemental Security Income (SSI) Program		
FY 2018 Request		$ 38,557,000,000[1]
FY 2019 First Quarter Advance		$ 19,500,000,000
Limitation on Administrative Expenses (LAE)	61,265[2]	$ 12,457,000,000[3]
Office of the Inspector General	517	$ 105,500,000

[1] Excludes $15,000,000,000, previously appropriated as a first quarter advance for FY 2018.
[2] Figure includes workyears for LAE and reimbursable work. Excludes workyears associated with the State Children's Health Insurance Program (SCHIP), Medicare Access and CHIP Reauthorization Act (MACRA), and Medicare Savings Plan (MSP).
[3] Includes $118,000,000 for SSI State Supplementary user fees and up to $1,000,000 for non-attorney user fees.

Table i.2 – Administrative Budget Authority and Other Planned Obligations[1] (in millions)

	FY 2016 Actual	FY 2017 Estimate[2]	FY 2018 Estimate	Change FY 17/FY 18
Budget Authority				
Base Limitation on Administrative Expenses (LAE)	$10,599	$10,573	$10,603	$30
Program Integrity Base Level	$273	$273	$273	$0
Program Integrity Cap Adjustment	$1,153	$1,153	$1,462	$309
User Fees [3]	$137	$137	$119	-$18
Subtotal, LAE Appropriation	**$12,162**	**$12,135**	**$12,457**	**$322**
Percent change from FY 2017				2.65%
Research	$101	$101	$101	$0
Office of the Inspector General (OIG)	$106	$105	$106	$0
Subtotal, Budget Authority	**$12,368**	**$12,341**	**$12,664**	**$322**
Percent change from FY 2017				2.61%
Other Planned Obligations				
No-year Information Technology	$135	$126	$50	-$76
MIPPA – Low-Income Subsidy (LIS)[4]	$0	$6	$6	$0
MIPPA - Medicare Savings Program (MSP)	$0	$7	$7	$0
SCHIP - State Children's Health Insurance	$0	$1	$1	$0
Medicare Access and Chip Reauthorization Act of 2015 (MACRA)	$0	$4	$34	$30
Recovery Act [5]				
Workload Processing	$0	$0	$0	$0
Economic Recovery Payments Admin	$0	$0	$0	$0
National Computer Center Replacement	$50	$12	$0	-$12
OIG Oversight	$0	$0	$0	$0
Subtotal, Other Planned Obligations	**$185**	**$156**	**$98**	**-$58**
TOTAL BUDGET AUTHORITY AND PLANNED OBLIGATIONS	**$12,553**	**$12,498**	**$12,762**	**$264**

[1] Totals may not equal sums of component parts due to rounding.
[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.
[3] Includes SSI user fees and Social Security Protection Act user fees.
[4] The Medicare Improvements for Patients and Providers Act 2008 (MIPPA) provided funding through the general fund for SSA activities related to MSP outreach and transmittal of data to states and implementation of changes to the LIS program. $27 million in carryover funds remain available, $12 million of which are set aside for reimbursements for the LIS workload and the remaining $15 million for MSP costs above our annual reimbursable cap of $3 million.
[5] Funds provided in the American Recovery and Reinvestment Act of 2009 (Recovery Act) (P.L. 111-5).

Table i.3 – SSA Full Time Equivalents and Workyears

	FY 2016 Actual	FY 2017 Estimate[1]	FY 2018 Estimate	Change FY 17/FY 18
SSA Full Time Equivalents[2]	63,159	61,104	61,265	161
SSA Overtime/Lump Sum Leave	2,113	1,851	1,982	131
Subtotal, SSA Workyears	**65,272**	**62,955**	**63,247**	**292**
Disability Determination Services (DDS) Workyears	15,152	14,416	14,110	-306
Subtotal, SSA and DDS Workyears	**80,424**	**77,371**	**77,357**	**-14**
MACRA Workyears	0	21	357	336
Subtotal, SSA, DDS and MACRA Workyears	**80,424**	**77,392**	**77,714**	**322**
OIG Full Time Equivalents	522	517	517	0
OIG Overtime/Lump Sum Leave	4	3	3	0
Subtotal, OIG Workyears	**526**	**520**	**520**	**0**
TOTAL SSA/DDS/OIG WORKYEARS	**80,950**	**77,912**	**78,234**	**322**

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Continuing Appropriations Act, 2017.

[2] Excludes workyears associated with MSP and SCHIP.

Table i.4 – SSA Outlays by Program (in millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	Change FY 17/FY 18
Trust Fund Programs				
Old-Age and Survivors Insurance (OASI)	$769,801	$804,697	$858,650	$53,953
Disability Insurance (DI)	$146,272	$147,191	$151,955	$4,764
Subtotal, Trust Fund Programs	**$916,073**	**$951,888**	**$1,010,605**	**$58,717**
Proposed OASDI Legislation:				
Reduce 12 month retroactive benefits to 6 months	$0	$0	-$113	-$113
Increase Overpayment Collection to 10%	$0	$0	-$8	-$8
Exclude SSA Debts From Discharge in Bankruptcy	$0	$0	-$9	-$9
Subtotal, Proposed OASDI Legislation	**$0**	**$0**	**-$130**	**-$130**
Medicare Access and Chip Reauthorization[1] Act of 2015 (MACRA)	**$0**	**$4**	**$34**	**$30**
General Fund Programs				
Supplemental Security Income (SSI)[2]	$63,351	$59,518	$56,715	-$2,803
Special Benefits for Certain World War II Veterans	$3	$3	$3	$0
Recovery Act: National Support Center	$70	$21	$0	-$21
Subtotal, General Fund Programs	**$63,423**	**$59,542**	**$56,718**	-$2,824
Proposed General Fund Legislation:				
Special Immigrant Visa Extension	$0	$0	$3	$3
Verify Real Property Data	$0	$0	-$12	-$12
Strengthen Child Support Enforcement	$0	$0	-$3	-$3
Sliding Scale for SSI Multi-Recipient Families	$0	$0	-$743	-$743
Subtotal, Proposed General Fund Legislation	$0	$0	-$755	-$755
TOTAL SSA Outlays, Current Law	$979,496	$1,011,435	$1,067,357	$55,922
Percent change from FY 2017				5.53%
TOTAL SSA Outlays, Proposed Law[3]	$0	$0	-$885	-$885
TOTAL SSA Outlays, Current & Proposed	$979,496	$1,011,435	$1,066,472	$55,037

[1] MACRA outlays will not match outlays in the budget appendix.
[2] Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.
[3] This does not include the estimated $100 million outlay for a disability reform proposal. We are still working through the details of this multi-agency proposal.

Table i.5 – Current Law- OASDI Outlays and Income (in millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	Change FY 17/FY 18
Outlays				
OASI Benefits	$762,121	$797,062	$850,760	$53,698
DI Benefits	$142,963	$143,946	$148,750	$4,804
Other[1]	$10,989	$10,880	$11,095	$215
TOTAL OUTLAYS, Current Law	$916,073	$951,888	$1,010,605	$58,717
Income				
OASI	$799,904	$828,168	$857,649	$29,481
DI	$150,363	$170,879	$178,501	$7,622
TOTAL INCOME, Current Law	$950,267	$999,047	$1,036,150	$37,103

Table i.6 – Current Law- OASDI Beneficiaries and Average Benefit Payments[2] (in thousands)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	Change FY 17/FY 18
Average Number of Beneficiaries				
OASI	49,455	50,989	52,612	1,623
DI	10,762	10,636	10,648	12
TOTAL BENEFICIARIES	**60,216**	**61,625**	**63,260**	**1,635**
Average Monthly Benefit				
Retired Worker	$1,345	$1,364	$1,410	$46
Disabled Worker	$1,166	$1,170	$1,200	$30
Projected COLA Payable in January	0.0%	0.3%	2.8%	2.5%

[1] "Other" includes SSA & non-SSA administration expenses, beneficiary services, payment to the Railroad Retirement Board, and demonstration projects.
[2] Totals may not equal sums of component parts due to rounding

Table i.7 – Current Law- Supplemental Security Income Outlays[1] (in millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	Change FY 17/FY 18
Federal Benefits[23]	$58,904	$54,463	$51,581	-$2,882
Other [4]	$4,226	$5,063	$5,359	$296
Subtotal, Federal Outlays	$63,130	$59,526	$56,940	-$2,586
State Supplementary Benefits	$2,838	$2,645	$2,505	-$140
State Supplementary Reimbursements	-$2,617	-$2,653	-$2,730	-$77
Subtotal, Net State Supplementary Payments[5]	$221	-$8	-$225	-$217
TOTAL OUTLAYS, Current Law	$63,351	$59,518	$56,715	-$2,803

[1] Totals may not equal sums of component parts due to rounding.
[2] There were 13 payments in FY 2016. There are 12 payments in FY 2017 and 11 in FY 2018.
[3] Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.
[4] "Other" includes beneficiary services, research and administrative costs.
[5] States must reimburse SSA in advance for State Supplementary Payments. There will always be 12 state reimbursements in each fiscal year, but there can be 11, 12, or 13 benefit payments per fiscal year because a monthly payment is advanced into the end of the previous month anytime the due date falls on a weekend or holiday. Hence, the "Net State Supplementary Payment" numbers vary from year-to-year depending on the timing of the October benefit payments at the beginning and end of each fiscal year.

Table i.8 – SSI Recipients and Benefit Payments[1] (Recipients in thousands)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	Change FY 17/FY 18
<u>Average Number of SSI Recipients</u>				
Federal Recipients				
Aged	1,108	1,112	1,120	8
Blind or Disabled	7,048	6,974	6,935	-39
SUBTOTAL, FEDERAL RECIPIENTS	**8,157**	**8,086**	**8,054**	**-32**
State Supplement Recipients (with no Federal SSI payment)	166	163	164	1
TOTAL SSI RECIPIENTS, Current Law	**8,323**	**8,249**	**8,219**	**-30**
SSI Federal Recipients Concurrently Receiving				
OASDI Benefits (included above)	2,611	2,593	2,586	-7
<u>Average Monthly Benefit</u>				
Aged	$394	$399	$411	$12
Blind and Disabled	$578	$579	$594	$15
AVERAGE, All SSI Recipients	**$553**	**$555**	**$569**	**$14**
Projected COLA Payable in January	0.0%	0.3%	2.8%	2.5%

[1] Totals may not equal sums of component parts due to rounding.

Table i.9 – Special Benefits for Certain WWII Veterans Overview (Outlays in millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	Change FY 17/FY 18
Federal Benefits	$ 3	$ 2	$ 2	$ 0
Administration	$ 0[1]	$ 1	$ 1	$ 0
TOTAL OUTLAYS	**$ 3**	**$ 3**	**$ 3**	**$ 0**
Average Number of Beneficiaries (in thousands)	1	1	0[2]	-1
Average Monthly Benefit	$ 382	$ 381	$ 389	$ 8

[1] Less than $500,000.
[2] Estimated average number of recipients less than 500.

Table i.10 – Administrative Outlays as a Percent of Trust Fund Income and Benefit Payments - FY 2018

	Percent of Income	Percent of Benefit Payments
OASI	0.3%	0.3%
DI	1.5%	1.8%
OASDI (combined)	0.5%	0.5%
SSI (Federal and State)	N/A	9.6%
TOTAL SSA [1]		1.2%

[1] Includes Hospital Insurance (HI) and Supplemental Medical Insurance (SMI) administrative outlays. SSA's calculation of discretionary administrative expenses excludes Treasury Administrative expenses which are mandatory outlays.

Table i.11 – Tax Rates, Wage Base and Economic Assumptions

	CY 2016	CY 2017	CY 2018	Change CY 17/CY 18
Employer/Employee Rates (each)				
OASDI (Social Security)	6.20%	6.20%	6.20%	0.0%
Hospital Insurance (HI) (Medicare)	1.45%	1.45%	1.45%	0.0%
EMPLOYEE TOTAL	7.65%	7.65%	7.65%	0.0%
Self-Employment Rates				
OASDI (Social Security)	12.40%	12.40%	12.40%	0.0%
HI (Medicare)	2.90%	2.90%	2.90%	0.0%
TOTAL	15.30%	15.30%	15.30%	0.0%
Cost of Living Adjustments (COLAs)				
January	0.0%	0.3%	2.8%	2.5%
Contribution and Benefit Base				
OASDI	$118,500	$127,200	$130,200	$3,000
HI	(no cap)	(no cap)	(no cap)	
Annual Retirement Test				
Year Individual Reaches Full Retirement Age	$41,880	$44,880	$45,960[1]	$1,080
Under Full Retirement Age	$15,720	$16,920	$17,280[1]	$360
Wages Required for a Quarter of Coverage	$1,260	$1,300	$1,340[1]	$40

[1] Estimate.

Table i.12 – Selected Performance Measures

FY 2018 Performance Table	FY 2016 Actual[1]		FY 2017 Estimate[2]	FY 2018 Estimate
	52-week	53-week		
Retirement and Survivors Claims				
Retirement and Survivors Claims Completed (thousands)	5,502	5,602	5,782	5,948
Disability Claims				
Initial Disability Claims Receipts (thousands)	2,582	2,638	2,499	2,569
Initial Disability Claims Completed (thousands)	2,627	2,689	2,455	2,500
Initial Disability Claims Pending (thousands)	576	568	612	681
Average Processing Time for Initial Disability Claims (days)	110	110	113	114
Disability Reconsiderations				
Disability Reconsiderations Completed (thousands)	653	667	581	582
Disability Reconsiderations Pending (thousands)	121	121	130	149
Average Processing Time for Disability Reconsiderations (days)	103	103	105	108
Hearings				
Hearings Receipts (thousands)	699	713	632	645
Hearings Completed (thousands)	637	652	683	750
Hearings Pending (thousands)	1,122	1,122	1,071	965
Annual Average Processing Time for Hearings Decisions (days)	543	545	605	600
National 800 Number				
National 800 Number Calls Handled (millions)[3]	N/A	37	35	33
Average Speed of Answer (ASA) (seconds)[3]	N/A	817	970	1,250
Agent Busy Rate (percent)[3]	N/A	8.9%	12%	16%
Program Integrity				
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	N/A	2,107	1,950	1,990
Full Medical CDRs (included above, thousands)	N/A	854	850	890
SSI Non-Medical Redeterminations Completed (thousands)	2,505	2,530	2,522	2,822
Selected Other Agency Workload Measures				
Social Security Numbers (SSN) Completed (millions)	17	17	16	16
Annual Earnings Items Completed (millions)	273	273	273	273
Social Security Statements Issued (millions)[4]	47	48	10	10
Selected Production Workload Measures				
Disability Determination Services Production per Workyear	306	306	301	313
Office of Disability Adjudication and Review Production per Workyear	88	88	96	99
Other Work/Service in Support of the Public -Annual Growth of Backlog (workyears)	N/A	N/A	(1,600)	(3,100)

[1] FY 2016 was a 53-week year for management information purposes. For comparison purposes to FYs 2017 and 2018, we are reporting both 52 and 53-week actual performance data.

[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.

[3] The data reported for FY 2016 is based on the fiscal year beginning 10/1/2015 and ending on 9/30/2016.

[4] Social Security Statements Issued performance measure includes paper statements only; it does not include electronic statements issued. In FY 2016, my Social Security users accessed their Social Security Statements 40.5 million times.

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TABLES

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) and 1131(b)(2) of the Social Security Act, $11,400,000.

[1] *Note- A full year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.*

[1] Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue. Under the "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. These funds do not pass through the Payments to Social Security Trust Funds account, but the interest adjustments do pass through this account.

Section 1131 of the Social Security Act requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors). It 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 and authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund.

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 non-trust fund activities. These activities include pension reform and interest on unnegotiated checks[1]. Listed below is the estimated annual appropriation and resulting obligations for FY 2018.

Table 1.1—Annual Appropriation and Obligations (In thousands)

	FY 2016 Actual	FY 2017 Estimate[2]	FY 2018 Estimate	*FY17 to FY18 Change*
Appropriation	$ 11,400	$ 11,400	**$ 11,400**	***$ 0***
Obligations	$ 3,518	$ 11,450	**$ 11,450**	***$ 0***

PERMANENT INDEFINITE AUTHORITY

Amounts not subject to the annual appropriation include: (1) receipts from Federal income taxation of Social Security benefits, (2) Federal Insurance Contribution Act (FICA) and Self-Employment Contribution Act (SECA) tax credits, (3) reimbursement for Federal employee union administrative expenses, (4) transfers to offset the financial effects of the Food, Conservation, and Energy Act of 2008, and (5) reimbursements for the loss in FICA tax revenue resulting from the payroll tax holiday provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and extended by the Temporary Payroll Tax Cut Continuation Act of 2011. The permanent appropriation provides that the trust funds are credited for each of these revenue items.

[1] This account used to include the quinquennial adjustment for military service wage credits that was authorized to be appropriated every five years. Section 842 of the Bipartisan Budget Act, 2015 (Public Law 114–74) amends section 217(g)(2) of the Social Security Act ending trust fund/general fund Quinquennial Military Service Credit adjustments effective retroactively to 2010, the date of the last such adjustment.

[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

Taxation of Social Security Benefits

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

Section 733 of the Uruguay Round Agreements Act, P.L. 103-465, also increased the taxable portion of nonresident aliens' Social Security benefits from 50 percent to 85 percent. The Offices of the General Counsel at SSA and at the Centers for Medicare and Medicaid Services, Department of Health and Human Services, agreed that the additional income resulting from the law should go to the Old Age, Survivors, and Disability (OASDI) trust funds as opposed to the HI trust fund.

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 $37,318 million in FY 2017 and $40,805 million in FY 2018 from U.S. citizens; the taxes imposed on aliens are withheld from benefit payments and will generate estimated income of $213 million in FY 2017 and $228 million in FY 2018. The estimates for taxation of benefits reflect corresponding growth related to benefit levels and the beneficiary population.

FICA and SECA Tax Credits

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.

Reimbursement for Employee Union Expenses

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. In FY 2017 and FY 2018, this $11 million reimbursement is included in SSA's Limitation on Administrative Expenses (LAE) appropriation.

Transfers to Offset Two Coverage Provisions

Section 15361 of P.L. 110-246, the Food, Conservation, and Energy Act of 2008, provides for annual transfers from the general fund of the Treasury to the OASDI trust funds in FYs 2009 through 2017 to roughly offset the financial effects of the law's two coverage provisions. Section 15301 of P.L. 110-246 excludes Conservation Reserve Program payments from SECA coverage for OASDI beneficiaries, and Section 15352 increases the limit for the optional method for computing earnings from self-employment. The final transfers will total $7 million in FY 2017.

Reimbursement for Payroll Tax Holiday

P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011, amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. On February 22, 2012, a new law, the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) extended the reduced rate through December 31, 2012. The general funds reimbursed the trust funds for this loss in tax revenue. The final planned reimbursement from the general fund for the payroll tax holiday was $138 million in FY 2016.

BUDGETARY RESOURCES

The FY 2018 annual appropriation request for PTF is $11,400,000. SSA expects to make $41,055,450,000 in payments to the trust funds in FY 2018, including amounts appropriated under permanent indefinite authority.

Table 1.2—Amounts Available for Obligation (In thousands)

	FY 2016 Actual	FY 2017 Estimate[1]	FY 2018 Estimate
Annual Appropriation	**$ 11,400**	**$ 11,400**	**$ 11,400**
Permanent Appropriation	**$ 32,457,220**	**$ 37,549,000**	**$ 41,044,000**
Total Appropriation	$ 32,468,620	$ 37,560,400	$ 41,055,400
Unobligated Balance, Start-of-Year	$ 12,830	$ 12,826	$ 12,776
Subtotal Budgetary Resources	**$ 32,481,450**	**$ 37,573,226**	**$ 41,068,176**
Obligations	**($ 32,460,738)**	**($ 37,560,450)**	**($ 41,055,450)**
Unobligated Balance, End-of-Year	$ 12,826	$ 12,776	$ 12,726
Unobligated Balance, Lapsing	$ 7,886	$ 0	$ 0

The "Start-of-Year" and "End-of-Year" 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 balance represents the amount of the annual appropriation not obligated in the current year.

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

ANALYSIS OF CHANGES

The FY 2018 annual appropriation request is the same as the FY 2017 level. The obligations reported below include CIRHBA activity, funded from unobligated balances carried forward from prior years. These funds, provided in FY 1996 and FY 1997, remain available until expended.

Table 1.3—Summary of Changes
(In thousands)

	FY 2017 Estimate[1]	FY 2018 Estimate	*FY17 to FY18 Change*
Appropriation	**$ 11,400**	**$ 11,400**	***$ 0***
Obligations	**$ 11,450**	**$ 11,450**	***$ 0***

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. CIRHBA obligations are funded from prior year unobligated balances.

Table 1.4—New Budget Authority & Obligations, Annual Authority
(In thousands)

	FY 2016 Actual	FY 2017 Estimate[1]	FY 2018 Estimate
Appropriation			
Pension Reform	$ 6,400	$ 6,400	$ 6,400
Unnegotiated Checks	$ 5,000	$ 5,000	$ 5,000
Coal Industry Retiree Health Benefits	$ 0	$ 0	$ 0
Total Annual Appropriation	**$ 11,400**	**$ 11,400**	**$ 11,400**
Obligations			
Pension Reform	$ 1,422	$ 6,400	$ 6,400
Unnegotiated Checks	$ 2,092	$ 5,000	$ 5,000
Coal Industry Retiree Health Benefits	$ 4	$ 50	$ 50
Total Obligations	**$ 3,518**	**$ 11,450**	**$ 11,450**

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

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, reimbursement for certain union administrative expenses, transfers to offset the financial effects of the Food, Conservation, and Energy Act of 2008, and reimbursements for the employee payroll tax holiday. The actual amount appropriated for these activities is determined by the actual amount collected from, or to be reimbursed for, each activity.

Table 1.5—Budget Authority and Obligations, Permanent Indefinite Authority (In thousands)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Appropriation			
Reimb. for Union Administrative Expenses	$ 10,410	$ 11,000	$ 11,000
Food, Conservation, and Energy Act, 2008[1]	$ 6,000	$ 7,000	$ 0
Employee Payroll Tax Holiday[2]	$ 138,433	$ 0	$ 0
Taxation of Benefits, U.S.	$ 32,101,340	$ 37,318,000	$ 40,805,000
Taxation of Benefits, Nonresident Alien	$ 201,000	$ 213,000	$ 228,000
FICA Tax Credits	$ 0	$ 0	$ 0
SECA Tax Credits	$ 37	$ 0	$ 0
Total Permanent Appropriation	**$ 32,457,220**	**$ 37,549,000**	**$ 41,044,000**
Obligations			
Reimb. for Union Administrative Expenses	$ 10,410	$ 11,000	$ 11,000
Food, Conservation, and Energy Act, 2008	$ 6,000	$ 7,000	$ 0
Employee Payroll Tax Holiday	$ 138,433	$ 0	$ 0
Taxation of Benefits, U.S.	$ 32,101,340	$ 37,318,000	$ 40,805,000
Taxation of Benefits, Nonresident Alien	$ 201,000	$ 213,000	$ 228,000
FICA Tax Credits	$ 0	$ 0	$ 0
SECA Tax Credits	$ 37	$ 0	$ 0
Total Obligations	**$ 32,457,220**	**$ 37,549,000**	**$ 41,044,000**

[1] P.L. 110-246, the Food, Conservation, and Energy Act of 2008 provided that SSA's trust funds would be reimbursed for lost income resulting from enacted changes to the reporting of SECA taxes. The bill established that SSA would be reimbursed from FY 2009 to FY 2017.

[2] P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011 amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. On February 22, 2012, a new law, the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) extended the reduced rate through December 31, 2012. The general funds reimburse the trust funds for the loss in tax revenue (Title VI, Sec 601).

OBLIGATIONS BY OBJECT CLASS

The table below displays the obligations by object class for the total PTF account (annually and permanently appropriated funds).

Table 1.6—Obligations by Object
(In thousands)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Other Services	$ 19,965	$ 29,450	$ 22,450
Financial Transfers	$ 32,302,340	$ 37,531,000	$ 41,033,000
Financial Transfers: Employee Payroll Tax Holiday	$ 138,433	$ 0	$ 0
Total Obligations	**$ 32,460,738**	**$ 37,560,450**	**$ 41,055,450**

BACKGROUND

AUTHORIZING LEGISLATION

The PTF account is authorized by the sections of the Social Security Act described below.

Table 1.7—Authorizing Legislation (In thousands)

	Amount Authorized	FY 2016 Actual	FY 2017 Estimate[1]	FY 2018 Estimate
Pension Reform: S.S. Act, Section 1131(b)(2)	Indefinite	$ 6,400	$ 6,400	$ 6,400
Unnegotiated Checks: S.S. Act, Section 201(m); Social Security Amendments of 1983, Section 152	Indefinite	$ 5,000	$ 5,000	$ 5,000
Coal Industry Retiree Health Benefits: Internal Revenue Code of 1986, Sections 9704 and 9706; Energy Policy Act of 1992, Section 19141	Indefinite	$ 0	$ 0	$ 0
Subtotal Annual PTF Appropriation		**$ 11,400**	**$ 11,400**	**$ 11,400**
Reimbursement for Union Administrative Expenses: FY 2002 Social Security Appropriations Act	Permanent Indefinite	$ 10,410	$ 11,000	$ 11,000
Food, Conservation, and Energy Act, 2008: P.L. 110-246, Section 15361	Permanent	$ 6,000	$ 7,000	$ 0
Employee Payroll Tax Holiday: P.L. 111-312, Section 601, As Amended By Temporary Payroll Tax Cut Continuation Act: P.L. 112-78	Permanent Indefinite	$ 138,433	$ 0	$ 0
Taxation of Benefits, U.S.: Social Security Amendments of 1983, Section 121	Permanent Indefinite	$ 32,101,340	$ 37,318,000	$ 40,805,000
Taxation of Benefits, Nonresident Aliens: Social Security Amendments of 1983, Section 121	Permanent Indefinite	$ 201,000	$ 213,000	$ 228,000
FICA/SECA Tax Credits: Social Security Amendments of 1983, Section 124(b)	Permanent Indefinite	$ 37	$ 0	$ 0
Subtotal Permanent PTF Appropriation		**$ 32,457,220**	**$ 37,549,000**	**$ 41,044,000**
Total Appropriation		**$ 32,468,620**	**$ 37,560,400**	**$ 41,055,400**

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

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 authority. The quinquennial adjustment for Military Service Wage Credits is included in the FY 2008 and FY 2011 enacted appropriations. The FY 2008 appropriation also included funds to administer economic recovery payments to beneficiaries.

Table 1.8—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
2008[1]	$ 28,140,000	$ 28,140,000[2]	$ 28,140,000[3]	$ 28,140,000[4]
Economic Stimulus Act[5]				$ 31,000,000
2009	$ 20,406,000	- - -[6]	$ 20,406,000[7]	$ 20,406,000[8]
2010	$ 20,404,000	$ 20,404,000[9]	$ 20,404,000[10]	$ 20,404,000[11]
2011[12]	$ 21,404,000	- - -[13]	$ 21,404,000[14]	$ 21,404,000[15]
2012	$ 20,404,000	- - -[16]	$ 20,404,000[17]	$ 20,404,000[18]
2013	$ 20,402,000	- - -[19]	$ 20,404,000[20]	$ 20,404,000[21]
2014	$ 16,400,000	- - -[22]	$ 16,400,000[23]	$ 16,400,000[24]
2015	$ 16,400,000	$ 16,400,000[25]	---[26]	$ 16,400,000[27]
2016	$ 20,400,000	$ 20,400,000[28]	$ 20,400,000[29]	$ 11,400,000[30]
2017	$ 11,400,000	$ 11,400,000[31]	$ 11,400,000[32]	[33]
2018	**$ 11,400,000**			

[1] 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.

[2] H.R. 3043.

[3] S. 1710.

[4] Consolidated Appropriations Act, 2008 (P.L. 110-161).

[5] 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.

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

[7] S. 3230.

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

[9] H.R. 3293.

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

[11] Consolidated Appropriations Act, 2010 (P.L. 111-117).

[12] Requested $1 million in FY 2011 for the quinquennial adjustment for military service wage credits from the general funds to the Federal Disability Insurance Trust Fund. However, we later determined that transfers should

be made from the trust funds to the general fund in FY 2011.

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

[14] S. 3686.

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

[16] The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included $20,404,000.

[17] S. 1599.

[18] Consolidated Appropriations Act, 2012 (P.L. 112-74).

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

[20] S. 3295.

[21] Department of Defense, Military Construction and Veterans Affairs, and Full-Year Continuing Appropriations Act, 2013 (P.L. 113-6).

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

[23] S. 1284.

[24] Consolidated Appropriations Act, 2014 (P.L. 113-76).

[25] H.R. 83.

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

[27] Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

[28] H.R. 3020.

[29] S. 1695.

[30] Consolidated Appropriations Act, 2016 (P.L. 114-113).

[31] H.R. 5926.

[32] S. 3040.

[33] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

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 1.9—Pension Reform: Budget Authority

	FY 2016 Actual	FY 2017 Estimate[1]	FY 2018 Estimate	*FY17 to FY18 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 that earned him or her vested rights to a pension, SSA or its contractor representative receives related information from the IRS in either paper or electronic format. SSA or its contractor representative controls, scans (using optical character recognition), and, if necessary, keys the paper forms and transfers the data to the ERISA mainframe system. This data, along with electronic data received from the IRS, is added to the ERISA Master Files after name verification against the NUMIDENT (SSN record) database takes place. Each month, an activity file of new benefit applications is compared to the ERISA Master Files. SSA sends an ERISA notice of pension plan eligibility to individuals included in both the activity file and the ERISA Master Files. This notice 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.

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

Table 1.10—Pension Reform: Obligations

Fiscal Year	Obligations
FY 2009	$ 813,000
FY 2010	$ 2,022,000
FY 2011[1]	$ 3,802,000
FY 2012	$ 6,400,000
FY 2013	$ 2,521,092
FY 2014	$ 1,010,592
FY 2015	$ 858,477
FY 2016	$ 1,421,941
FY 2017 Estimate[2]	$ 6,400,000
FY 2018 Estimate	**$ 6,400,000**

RATIONALE FOR BUDGET REQUEST

The FY 2018 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. The FY 2018 request is the same as the FY 2017 level. The table below summarizes the recent trend of pension coverage report receipts:

Table 1.11—Receipts from Pension Coverage Reports

Fiscal Year	Pension Coverage Report Receipts
FY 2005	5,363,409
FY 2006	6,003,014
FY 2007	5,397,935
FY 2008	5,554,314
FY 2009	6,073,898
FY 2010	6,334,329
FY 2011[3]	68,159
FY 2012	10,454,215
FY 2013	3,810,675
FY 2014	8,156,306
FY 2015	6,310,851
FY 2016	**7,964,997**

[1] Despite a downturn in report receipts, due to costs incurred to support the conversion of ERISA microfilm to computer images, as well as other IT-related costs, obligations for Pension Reform increased in FY 2011.

[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

[3] Because IRS created a new form (IRS Form 8955-SSA) for filers and a new electronic filing system, in addition to granting a filing deferral during this timeframe, most of the pension coverage report receipts were input into the system in FY 2012 (i.e., FY 2012 receipts essentially represent 2 years of receipts).

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 cashed after 6 months or subsequently cancelled.

Table 1.12—Unnegotiated Checks: Budget Authority

	FY 2016 Actual	FY 2017 Estimate[1]	FY 2018 Estimate	*FY17 to FY18 Change*
Budget	$ 5,000,000	$ 5,000,000	**$ 5,000,000**	*$ 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 PTF 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 1.13—Unnegotiated Checks: Obligations

Fiscal Year	Obligations
FY 2010	$ 7,435,351
FY 2011	$ 7,471,475
FY 2012	$ 5,910,374
FY 2013	$ 3,082,985
FY 2014	$ 2,698,386
FY 2015	$ 2,989,099
FY 2016	$ 2,091,901
FY 2017 Estimate[1]	$ 5,000,000
FY 2018 Estimate	**$ 5,000,000**

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

The actual interest reflects the ongoing shift of beneficiaries away from the paper check method of benefit payment to direct deposit. On December 21, 2010, the Department of Treasury published a final rule amending 31 Code of Federal Regulations Part 208 to require recipients of Federal benefits and nontax payments to receive their payments by electronic funds transfer. People who apply for Social Security benefits on or after May 1, 2011 receive their payments electronically. Many people who previously received Federal benefit checks before May 1, 2011, have switched to an electronic payment. As a result, the final rule has decreased the volume of unnegotiated benefit checks, and we expect this trend to continue. 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 1.14—Direct Deposit Participation Rate

	Direct Deposit Participation Rate
FY 2007	84%
FY 2008	85%
FY 2009	86%
FY 2010	87%
FY 2011	89%
FY 2012	94%
FY 2013	98%
FY 2014	99%
FY 2015	99%
FY 2016	**99%**

RATIONALE FOR BUDGET REQUEST

The FY 2018 request is for $5,000,000 to reimburse the OASDI Trust Funds for the value of interest on unnegotiated checks. The FY 2018 request is equal to the FY 2017 level.[1]

Table 1.15—Unnegotiated Checks: Budget Authority by Trust Fund

	FY 2018 Estimate
OASI Trust Fund	$ 3,000,000
DI Trust Fund	$ 2,000,000
Total	**$ 5,000,000**

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.

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 1.16—Coal Industry Retiree Health Benefits: Obligations

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate	*FY17 to FY18 Change*
New Budget Authority	$ 0	$ 0	$ 0	$ 0
Obligations	$ 4,072	$ 50,000	**$ 50,000**	$ 0

CIRHBA combined two existing United Mine Workers of America (UMWA) 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 reviews on all of the retired miners covered under the provisions of the 1992 CIRHBA. In addition, SSA implemented the Coal Act provisions of the Tax Relief and Health Care Act of 2006 (P.L. 109-432), which significantly affected 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 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 has also completed its obligation to provide yearly data on miner assignments to the

UMWA Combined Benefit Fund. SSA's Office of the Chief Actuary continues to compute the per beneficiary premiums on a yearly basis.

This account provides general fund reimbursement to the trust funds to the extent that the LAE account advances funds for SSA to carry out this work. Additional funds are not requested for FY 2018 because the balance of the $10,000,000 per year appropriated in FY 1996 and in FY 1997 remains available until expended to reimburse the trust funds.

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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, $38,557,000,000 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: Provided further, That not more than $101,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, 2023.

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 2019, $19,500,000,000, to remain available until expended.

Note. - A full year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

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, and provide beneficiary services to recipients. 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. Furthermore, a portion of this funding is made available for SSA to conduct research and demonstration projects, which is available for 6 years, providing SSA the authority to carryover unobligated balances into the next fiscal year.

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2018 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 2019 to ensure the timely payment of benefits in case of a delay in the FY 2019 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, *$38,557,000,000*, 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.
Provided further, That not more than $101,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, 2023.	Specifies that not more than $101 million of the SSI appropriation is available for research and demonstration projects. SSA may carryover unobligated balances through September 30, 2023.

"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 *2019, $19,500,000,000*, 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 2019 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[1]
(in thousands)

	FY 2016 Actual	FY 2017 Estimate[2]	FY 2018 Estimate	*Change*
Appropriation	$ 65,505,733	$ 57,895,802	**$ 53,557,000**	*-$ 4,338,802*
Obligations	$ 63,912,887	$ 59,481,484	**$ 56,925,249**	- *$ 2,556,235*
First Quarter Advance Appropriation	$ 14,500,000	$15,000,000	**$ 19,500,000**	+ *$ 4,500,000*

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.[3] The process of evaluating eligibility and payment levels for the SSI program and addressing the accuracy of payments is inherently complex due to the different rules.

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

[1] Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.
[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President’s Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017
[3] Recently, the ABLE Act of 2014 created a new type of tax-advantaged account that has a limited effect on an individual’s eligibility for the SSI program and other Federal means-tested programs.

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.

Benefit Payments

SSA estimates it will pay $51.6 billion in Federal benefits to nearly 8.1 million SSI recipients in FY 2018. Including state supplementary payments, SSA expects to pay a total of $54.1 billion and administer payments to over 8.2 million recipients.

Federal benefit payments represent approximately 91 percent of Federal SSI spending. Administrative expenses represent nearly 9 percent of spending; beneficiary services and research and demonstration projects make up the remaining less than one percent.

Incentives for Work and Opportunities for Vocational 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 in the Beneficiary Services section.

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 $11.68 per SSI check payment in FY 2017 and is expected to increase to $11.97 in FY 2018. The Department of the Treasury receives the first $5.00 of each fee and SSA retains the amount over $5.00. Additional information regarding state supplementation can be found within the Limitation on Administrative Expenses (LAE) section.

Coordination with Other Programs

SSA plays an important role in helping states administer Medicaid and the Supplemental Nutrition Assistance Program (SNAP). 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 qualify for SNAP. Social Security offices work with SSI applicants and recipients in a variety of ways to help them file for SNAP, including informing them of their potential benefits, making applications available to them, and in some cases helping them complete their applications. Social Security also shares applicant data with a number of states in support of SNAP.

FY 2018 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 2018 is $53,557,000,000. However, this includes $15,000,000,000 requested for the first quarter of FY 2018 in the FY 2017 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2018, $38,557,000,000—the total amount requested for FY 2018 less the advance expected.

Similarly, in addition to the amount above, the request includes an advance appropriation of $19,500,000,000 for Federal benefit payments in the first quarter of FY 2019. 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 [1,2,3]
(in thousands)

	FY 2016 Actual	FY 2017 Estimate[4]	FY 2018 Estimate	*Change*
Advance for Federal Benefits[5]	$ 19,200,000	$ 14,500,000	$ 15,000,000	
Regular for Federal Benefits[6]	$ 41,486,000	$ 38,441,736	$ 33,236,000	
Subtotal Federal Benefits	**$ 60,686,000**	**$ 52,941,736**	**$48,236,000**	***- $ 4,705,736***
Administrative Expenses	$ 3,718,791	$ 3,657,300	$ 3,672,000	*+ $ 14,700*
Program Integrity (Base)	$ 245,327	$222,000	$222,000	*+ $ 0*
Program Integrity (Cap)	$ 684,616	$ 904,000	$ 1,167,000	*+ $ 263,000*
Beneficiary Services	$ 70,000	$ 70,000	$ 159,000	*+ $ 89,000*
Research and Demonstration	$ 101,000	$ 100,766	$ 101,000	*+ $ 234*
Subtotal Advanced Appropriation	**$ 19,200,000**	**$ 14,500,000**	**$ 15,000,000**	
Subtotal Regular Appropriation	**$ 46,305,733**	**$ 43,395,802**	**$ 38,557,000**	
Total Appropriation	$ 65,505,733	$ 57,895,802	$ 53,557,000	*- $ 4,338,802*
Advance for Subsequent Year	**$ 14,500,000**	**$ 15,000,000**	**$ 19,500,000**	***+ $ 4,500,000***

[1] Does not include state supplementary payments and reimbursements or the corresponding state supplementary user fee collections; user fees are included in the LAE appropriation.
[2] Totals may not add due to rounding.
[3] There were 13 payments in FY 2016. There are 12 payments in FY 2017 and 11 payments in FY 2018.
[4] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017
[5] Amount provided or requested in the previous year's appropriation bill.
[6] Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

KEY INITIATIVES

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

Payment Accuracy

For more than 80 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 2015, 93.9 percent of SSI benefit payments were free of overpayment errors and 98.6 percent were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to recipients' incomes, resources, or living arrangements.

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 arrangements, 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.

The FY 2018 President's Budget request includes $1,389 million specifically for conducting SSI CDRs and redeterminations, which would allow SSA to conduct about 557,000 SSI CDRs[1] and 2,822,000 redeterminations. For details on the estimated program savings resulting from the PI proposal, please refer to the Budget Process chapter in the Analytical Perspectives volume of the Budget.

Access to Financial Institutions

Access to Financial Institutions (AFI) is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility. In addition to verifying alleged accounts, AFI detects undisclosed accounts by using geographic searches to generate requests to other financial institutions. AFI's purpose is to identify excess resources in financial accounts, which are a leading cause of SSI payment errors. We currently use the AFI system in all 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands

[1] The total estimated CDR volume is 890,000. We expect to complete about 333,000 Social Security Disability Insurance (DI)/Concurrent CDRs in addition to SSI CDRs.

for essentially all SSI non-medical redeterminations and full applications where there is an allegation of financial resources above the current AFI resource tolerance level.

Along with preventing overpayments, AFI can help us to eliminate ineligible applicants at the beginning of the application process, reducing the workload in the State Disability Determination Services (DDS). Additionally, as part of the Bipartisan Budget Act of 2015, AFI will help us to make informed decisions on overpayment waiver requests. The change in the law grants us the ability to verify financial information for all overpaid individuals who request waivers to determine whether they have the ability to repay their overpayment. We must obtain authorization from the overpaid individual to request the financial records. If an individual refuses to provide or revokes any authorization to obtain financial records, we may determine that they do not meet one of the requirements for granting a waiver.

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 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 2016, SSA's Office of the Inspector General (OIG) received almost 92,200 fraud-related allegations via telephone, correspondence, fax, or email. Of those allegations, almost 19,200 were related to SSI fraud. 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 to matching the law enforcement data received pursuant to the matching program, Federal law authorizes OIG and SSA to release information back to law enforcement regarding beneficiaries and recipients who have unsatisfied felony arrest warrants or who are violating a condition of probation or parole imposed under Federal or State law. Individuals are identified by using an automated data matching process which compares warrant information at the State and Federal levels with the SSI rolls.

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 (TOP), which includes Tax Refund Offset (TRO), Administrative Offset (e.g., Federal travel and expense reimbursements), and Federal Salary Offset. Using these debt collection tools, SSA collected $1.2 billion in SSI overpayments, including Federally-administered state supplement overpayments, in FY 2016. Also in FY 2016, SSA eliminated an additional $138.1 million through Netting, a process that adjusts SSI overpayments through an automated offset against SSI underpayments.

SSA began collecting SSI overpayments by TRO in 1998 under the authority of The Deficit Reduction Act of 1984. The Foster Care Independence Act of 1999 extended to the SSI program all of the additional debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs. In FY 2002, SSA expanded the use of TOP by implementing Administrative Offset. SSA further expanded the use of TOP in FY 2006 when the agency implemented Federal Salary Offset, a collection tool used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. We again expanded our use of TOP in FYs 2012 and 2013. In FY 2012, we began referring debts delinquent for 10 years or longer to TOP[1] and in FY 2013, we began collecting delinquent debts via TOP through Treasury's State Reciprocal Program (SRP). The SRP allows states to enter into reciprocal agreements with Treasury to collect unpaid State debt by offset of Federal non-tax payments. In return, the agreements allow the Federal Government to collect delinquent non-tax debt by offset of State payments. In FY 2016, TOP enabled the agency to collect $72 million in delinquent SSI overpayments.

In FY 2002, SSA implemented Credit Bureau Reporting and Cross Program Recovery. In FY 2016, Credit Bureau Reporting contributed to the voluntary repayment of almost $34 million and the Agency recovered $131 million via Cross Program Recovery.

In FY 2005, SSA implemented Administrative Wage Garnishment, which has collected $28.3 million in SSI debt through FY 2016. In the future, as resources permit, 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.

[1] In April 2014, some members of the public alleged that they received no prior notice that the Department of the Treasury would offset their eligible payments to recover their delinquent overpayments. In response to the allegations, effective April 14, 2014, our Acting Commissioner ordered a halt of TOP referrals for debts 10 years or more delinquent, pending a thorough review of our responsibility and discretion under the law.

We concluded our review in July 2014. Through our review, we determined that we correctly applied our regulations, policies, and procedures when we referred delinquent debts to TOP. Our OIG conducted a review of our use of TOP and concluded we complied with applicable laws and policies.

Effective May 12, 2017, we will not refer to TOP OASDI and SSI debts with a delinquency date of May 19, 2002 or earlier.

SSA's computer matching operations include matches with:

- Prison inmate records to find recipients made ineligible by incarceration;
- Law enforcement agencies data on fugitive felons;
- Quarterly data on wage and unemployment compensation information;
- Monthly nursing home admission and discharge information;
- Internal Revenue Service records of non-wage income reported via 1099s to detect resources and/or income;
- Bureau of the Public Debt's Savings Bond records to detect unreported assets;
- Department of Defense (DOD) records to detect and verify DOD pension information;
- Veterans Administration benefit data to be used in SSI benefit calculations;
- Office of Personnel Management pension data to be used in certain SSI benefit calculations;
- Railroad Retirement Board data to be used in certain SSI benefit calculations;
- Department of Homeland Security (DHS) data for deportation information on aliens outside the U.S. for more than 30 continuous days to terminate SSI benefits;
- DHS records of aliens who voluntarily leave the U.S; and
- AFI system to electronically request and receive financial account information.

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.

Legislative Proposals

Our FY 2018 legislative proposals would:

- Hold facilitators liable for overpayments
- Authorize SSA to establish a computer match with the DHS's Customs and Border Protection data for purposes of enforcing lawful presence provisions
- Authorize SSA to use all collection tools to recover funds
- Allow SSA to use commercial databases to verify real property
- Create a probationary period for Administrative Law Judges (ALJ)
- Use the Death Master File to prevent improper payments
- Reinstate the reconsideration appeal level in the 10 prototype states to require a second review by the state-based Disability Determination Services (DDS) before an appeal goes to an ALJ

- Create a sliding scale to determine payment amounts for multi-recipient SSI families
- Strengthen Child Support Enforcement
- Extend the State Department's 2-Year Special Immigrant Visa extension for Afghans

For additional information regarding these proposals, refer to the legislative proposal summaries on page 186 of the LAE section.

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 2018 is $53,557,000,000, including $15,000,000,000, requested in the FY 2017 appropriation.

Table 2.4—Amounts Available for Obligation[1,2,3]

in thousands)

	FY 2016 Actual	FY 2017 Estimate[4]	FY 2018 Estimate
Regular Appropriation	$ 46,305,733	$ 43,395,802	$ 38,557,000
Advanced Appropriation	$ 19,200,000	$ 14,500,000	$ 15,000,000
Total Annual Appropriation	**$ 65,505,733**	**$ 57,895,802**	**$ 53,557,000**
Federal Unobligated Balance	$ 3,623,669	$ 5,792,378	$ 4,206,696
Recovery of Prior-Year Obligations	$ 575,863	$ 0	$ 0
Subtotal Federal Resources	**$ 69,705,265**	**$ 63,688,180**	**$ 57,763,696**
State Supp. Reimbursements	$ 2,616,603	$ 2,653,000	$ 2,730,000
State Supp. Unobligated Balance	$ 220,968	$ 0	$ 8,000
Total Budgetary Resources	**$ 72,542,836**	**$ 66,341,180**	**$ 60,501,696**
Federal Obligations	**$ 63,912,887**	**$ 59,481,484**	**$ 56,925,249**
State Supp. Obligations	$ 2,837,571	$ 2,645,000	$ 2,505,000
Total Obligations	**$ 66,750,458**	**$ 62,126,484**	**$ 59,430,249**
Federal Unobligated Balance	$ 5,792,378	$ 4,206,696	$ 838,447
State Supp. Unobligated Balance[5]	$ 0	$ 8,000	$ 233,000
Total Unobligated Balance	$ 5,792,378	$ 4,214,696	$ 1,071,447

[1] Does not include state supplementary user fees; user fees are included in the LAE appropriation.
[2] Totals may not add due to rounding.
[3] There were 13 payments in FY 2016. There are 12 payments in FY 2017 and 11 payments in FY 2018.
[4] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.
[5] The amount received for the October 1 payment, reimbursed at the end of September in the prior fiscal year, is available for use in the subsequent fiscal year.

The SSI annual appropriation was $65.5 billion in FY 2016. The estimated FY 2017 appropriation is $57.9 billion. SSA has the authority to carry over unobligated balances for use in future fiscal years for Federal benefit payments, administrative expenses, and beneficiary services because the amounts appropriated are made available until expended. SSA carried over approximately $5.8 billion in Federal unobligated balances into FY 2017. SSA expects to carry over approximately $4.2 billion into FY 2018, and use about $3.4 billion in carryover funds, including Federal benefits and research, in that year.

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 2018 request represents a decrease of approximately $4.3 billion from the FY 2017 level. The majority of this decrease results from fewer Federal benefit payments in FY 2018 and carryover funds from FY 2017.

SSA plans to use unobligated balances to partially fund Federal benefits and beneficiary services and administrative expenses in FY 2017. In FY 2018, SSA plans to use unobligated balances to partially fund Federal benefit payments and research and demonstration projects. SSA plans to use approximately $1,617 million in unobligated balances and recoveries in FY 2017 and approximately $3,368 million in FY 2018.

Federal Benefit Payments

The decrease in the FY 2018 request for Federal benefit payments is a result of one fewer benefit payment and carryover funding from FY 2017, stemming from lower beneficiary estimates. There is a slight increase in estimated payments due to the estimated FY 2018 cost of living adjustment (COLA). The increase in Federal benefit payments is partially offset by the impact of Old-Age, Survivors, and Disability Insurance (OASDI) COLAs on concurrent SSI/OASDI recipients. Since OASDI benefits are counted as income in the SSI program, the annual OASDI COLA decreases the SSI benefit payment for concurrent recipients.

Administrative Expenses

The FY 2018 request for administrative expenses is $14.7 million more than the FY 2017 level. SSA expects to use $21.8 million in carryover funds in FY 2017 and no carryover funds in FY 2018 to cover estimated obligations.

Beneficiary Services

SSA is requesting $159 million in new authority for FY 2018. Our estimate reflects a steady level of payments to Employment Networks under the Ticket to Work program. In FY 2016, SSA used $70 million in budget authority and $29 million in carryover for beneficiary services. SSA expects to use $74 million in carryover funds in FY 2017 and no carryover funds in FY 2018 to cover our estimated obligations.

Research and Demonstration

The FY 2018 combined request for research and early intervention demonstration projects is $0.2 million more than the FY 2017 level.[1] SSA expects to use no carryover funds in FY 2017 and $23.2 million in carryover funds in FY 2018 to cover our estimated obligations.

Table 2.5—Summary of Changes[2,3]

	FY 2017 Estimate[4]	FY 2018 Estimate	*Change*
Appropriation[5]	**$57,895,802,155**	**$ 53,557,000,000**	***- $ 4,338,802,155***
Obligations Funded from Prior-Year Unobligated Balances and Recoveries net of estimated carryover from appropriation	+$ 1,617,064,000	+$ 3,368,249,000	+ *$ 1,751,185,000*
Research and Demonstration Unobligated Balance Carry Forward into 2018	-$ 31,382,155		+*$ 31,382,155*
Estimated Federal Obligations	**$ 59,481,484,000**	**$ 56,925,249,000**	***- $ 2,556,235,000***

[1] The FY 2017 enacted Research and Demonstration amount is $58 million..
[2] Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.
[3] Totals may not add due to rounding.
[4] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.
[5] Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

Table 2.6—Explanation of SSI Budget Changes from FY 2017 to FY 2018
(in thousands)

	FY 2017 Obligations	*Change from FY 2017*
		Increases
Federal Benefit Payments	$ 52,941,736	
• COLA—2.8% beginning January 2018		+$ 1,553,000
• Outlays attributable to FY 2017		+ $ 6,000
Administrative Expenses	$ 4,783,300	
• Additional base funding		+ $ 277,700
Beneficiary Services	$ 70,000	
• Increase in Base Funding		+ $ 89,000
Research and Demonstrations	$ 100,766	
• Increase in base funding		+ $ 234
• Increase in amount of carryover funding planned for obligation in FY 2018.		+ $ 54,631
Total Increases		**+ $ 1,980,565**
		Decreases
Federal Benefit Payments – Carryover	$ 1,521,264	
• Effect of OASDI COLA for concurrent SSI/OASDI recipients		-$ 369,000
• Net decrease in SSI recipients due to annualized closings		-$ 12,000
• Net decrease due to adjustment for October 1, 2018 payment paid in FY 2017		-$ 4,060,000
Administrative Expenses – Carryover	$ 21,800	
• Decrease in amount of carryover funding planned for obligation in FY 2018		-$ 21,800
Beneficiary Services – Carryover	$ 4,832	
• SSI Transfer	$ 69,168	
• Decrease in amount of carryover funding planned for obligation in FY 2018		-$ 74,000
Research & Demonstration		
• Decrease in amount of carryover funding planned for obligation in FY 2017	-$ 31,382	
Total Decreases		**- $ 4,536,800**
Total Obligations Requested, Net Change	**$ 59,481,484**	**- $ 2,556,235**

NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

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

Table 2.7—New Budget Authority and Obligations by Activity [1,2,3]
(in thousands)

	FY 2016 Actual	FY 2017 Estimate[4]	FY 2018 Estimate[5]
Federal Benefit Payments[6]			
Appropriation	$ 60,686,000	$ 52,941,736	$ 48,236,000
Obligations	$ 59,044,228	$ 54,463,000	$ 51,581,000
Monthly Check Payments	13	12	11
Administrative Expenses			
Appropriation	$ 3,718,791	$ 3,657,300	$ 3,672,000
Obligations	$ 3,718,791	$ 3,679,100	$ 3,672,000
Program Integrity (Base)			
Appropriation	$ 245,327	$ 222,000	$ 222,000
Obligations	$ 245,327	$ 222,000	$ 222,000
Program Integrity (Cap)			
Appropriation	$ 684,616	$ 904,000	$ 1,167,000
Obligations	$ 684,616	$ 904,000	$ 1,167,000
Beneficiary Services			
Appropriation	$ 70,000	$ 70,000	$ 159,000
Obligations	$ 99,218	$ 144,000	$ 159,000
Research and Demonstration			
Appropriation	$ 101,000	$ 100,766	$ 101,000
Obligations	$ 120,708	$ 69,384	$ 124,249
Total Appropriation	**$ 65,505,733**	**$ 57,895,802**	**$ 53,557,000**
Total Federal Obligations	**$ 63,912,887**	**$ 59,481,484**	**$ 56,925,249**

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.
[2] Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.
[3] Totals may not add due to rounding.
[4] SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2017 obligations as follows: Federal benefits, $1,521 million; beneficiary services, $74 million; and administrative expenses, $21.8 million.
[5] In addition to the FY 2018 President's Budget request, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2018 obligations as follows: Federal benefits, $3,345 million; and research and demonstration projects, $23.2 million.
[6] Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

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

Table 2.8—New Budget Authority and Obligations by Object [1,2]
(in thousands)

	FY 2016 Actual	FY 2017 Estimate[3]	FY 2018 Estimate
Other Services[4]			
Appropriation	$ 4,718,733	$ 4,853,300	**$ 5,220,000**
Obligations	$ 4,747,951	$ 4,949,100	**$ 5,220,000**
Federal Benefits and Research[5]			
Appropriation	$ 60,787,000	$ 53,042,502	**$ 48,337,000**
Obligations	$ 59,164,936	$ 54,532,384	**$ 51,705,249**
Total Appropriation	**$ 65,505,733**	**$ 57,895,802**	**$ 53,557,000**
Total Obligations	**$ 63,912,887**	**$ 59,481,484**	**$ 56,925,249**

[1] Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.
[2] Totals may not add due to rounding.
[3] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing Appropriations Act, 2017.
[4] The administrative portion of these services includes the SSI's prorated share of unobligated LAE money that has been converted into no-year IT funds. It is not part of the annual administrative appropriation.
[5] Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

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[1]

	FY 2016 Actual	FY 2017 Estimate[2]	FY 2018 Estimate	FY Amount Authorized
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[3]	$ 65,505,733,000	$ 57,895,802,000	**$ 53,557,000,000**	*Indefinite*
First Quarter Advance Appropriation for Subsequent Fiscal Year	$ 14,500,000,000	$ 15,000,000,000	**$ 19,500,000,000**	---

[1] Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

[3] Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

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 2008 to FY 2018. 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[1]

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	$ 16,810,000,000	$ 16,810,000,000	$ 16,810,000,000	$ 16,810,000,000
Current Year	$ 26,911,000,000	$ 26,948,525,000[2]	$ 26,959,000,000[3]	$ 27,000,191,000[4]
2008 Total	$ 43,721,000,000	$ 43,758,525,000	$ 43,769,000,000	$ 43,810,191,000
Q1 Advance	$ 14,800,000,000	$ 14,800,000,000	$ 14,800,000,000	$ 14,800,000,000
Current Year	$ 30,414,000,000	- - -[5]	$ 30,429,875,000[6]	$ 30,471,537,000[7]
2009 Total	$ 45,214,000,000	- - -	$ 45,229,875,000	$ 45,271,537,000
2009 Indefinite				*$ 1,602,935,179*
Q1 Advance	$ 15,400,000,000	- - -	$ 15,400,000,000	$ 15,400,000,000
Current Year	$ 34,742,000,000	$ 34,742,000,000[8]	$ 34,742,000,000[9]	$ 34,742,000,000[10]
2010 Total	$ 50,142,000,000	- - -	$ 50,142,000,000	$ 50,142,000,000
2010 Indefinite				*$ 458,465,781*
Q1 Advance	$ 16,000,000,000	$ 16,000,000,000	$ 16,000,000,000	$ 16,000,000,000
Current Year	$ 40,513,000,000	- - -[11]	$ 40,513,000,000[12]	$ 39,983,273,000[13]
2011 Total	$ 56,513,000,000	- - -	$ 56,513,000,000	$ 55,983,273,000
Q1 Advance	$ 13,400,000,000	- - -	$ 13,400,000,000	$ 13,400,000,000
Current Year	$ 38,083,000,000[14]	- -[15]	$ 37,922,543,000[16]	$ 37,582,991,000[17]
2012 Total	$ 51,483,000,000[18]	- - -	$ 51,322,543,000	$ 50,982,991,000
2012 Indefinite				*$ 560,000,000*
Q1 Advance	$ 18,200,000,000	- - -	$ 18,200,000,000	$ 18,200,000,000
Current Year	$ 40,043,000,000[19]	- -[20]	$ 40,043,000,000[21]	$ 32,782,991,000[22]
2013 Total	$ 58,243,000,000[23]		$ 58,243,000,000	$ 50,982,991,000
2013 Rescission				$ 32,779,347,000
2013 Sequester[24]				
Q1 Advance	$ 19,300,000,000		$ 19,300,000,000	$ 19,300,000,000
Current Year	$ 40,737,000,000[25]		$ 40,568,741,000[26]	$ 41,249,064,000[27]
2014 Total	$ 60,037,000,000[28]		$ 59,868,741,000	$ 60,549,064,000
Q1 Advance	$ 19,700,000,000		$ 19,700,000,000	$ 19,700,000,000
Current Year	$ 40,927,000,000			$ 41,232,978,000[29]
2015 Total	$ 60,627,000,000			$ 60,932,978,000[30]

Table Continues on the Next Page

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	$ 19,200,000,000			$ 19,200,000,000
Current Year	$ 46,422,000,000	$46,232,978,000[31]	$ 46,110,777,000[32]	$ 46,305,733,000[33]
2016 Total	**$ 65,622,000,000**	**$ 65,432,978,000**	**$ 65,310,777,000**	**$ 65,505,733,000[34]**
Q1 Advance	**$ 14,500,000,000**	$ 14,500,000,000	$ 14,500,000,000	$ 14,500,000,000
Current Year	$ 43,824,868,000			$ 43,395,802,155
2017 Total	**$ 58,324,868,000**			**$ 57,895,802,155[35]**
Q1 Advance	**$ 15,000,000,000**			**$ 15,000,000,000**
Current Year	$ 38,557,000,000			
2018 Total	**$ 53,557,000,000**			
Q1 Advance	**$ 19,500,000,000**			
Current Year				
2019 Total				

[1] Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

[2] H.R. 3043.

[3] S. 1710.

[4] Consolidated Appropriations Act, 2008 (P.L. 110-161). The amount does not include a rescission of $53,671,177 for SSI administrative expenses and $349,400 for research and demonstration projects in accordance with P.L. 110-161.

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

[6] S. 3230.

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

[8] H.R. 3293.

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

[10] Consolidated Appropriations Act, 2010 (P.L. 111-117).

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

[12] S. 3686.

[13] The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). Of this amount, $3,493,273,000 was available for administrative expenses. The amount does not include a rescission of $6,987,000 for SSI administrative expenses and $72,000 for research and demonstration projects in accordance with P.L. 112-10.

[14] Of this amount, not to exceed $10,000,000 was for Supplemental Security Income Program-related performance-based awards for Pay for Success projects and not more than $10,000,000 was to provide incentive payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families.

[15] The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included $38,062,428,000 for fiscal year 2012. Of this amount, not more than $17,428,000 was made available for research and demonstrations under sections 1110 and 1114 of the Social Security Act and remain available until the end of fiscal year 2013. Up to $10,000,000 of the research funds were to provide incentives payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families. In addition, H.R. 3070 included $18,200,000,000 for benefit payments for the first quarter of fiscal year 2013.

[16] S. 1599.

[17] Consolidated Appropriations Act, 2012 (P.L. 112-74). Of this amount, not more than $8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act. The amount does not include a rescission of $6,377,000 for SSI administrative expenses and $2,000 for research and demonstration projects in accordance with P.L. 112-74.

[18] The President's Budget proposed to provide $140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the $140 million, the SSI portion totaled $46 million.

[19] Of this amount, not more than $48,000,000 was for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.

[20] The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included $39,335,614,000 for fiscal year 2013. Of this amount, not more than $8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act and to remain available until the end of fiscal year 2014. In addition, the draft bill included $19,300,000,000 for benefit payments for the first quarter of fiscal year 2014.

[21] S. 3295.

[22] Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

[23] The President's Budget proposed to provide $266 million in mandatory administrative funding in FY 2013. Of the $266 million, the SSI portion totals $106 million.

[24] SSI was exempt from sequestration in FY 2013.

[25] Of this amount, not more than $54,000,000 is for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.

[26] S. 1284.

[27] Consolidated Appropriations Act, 2014 (P.L. 113-76).

[28] The President's Budget proposed to provide $1.2 billion in mandatory administrative funding in FY 2014. Of the $1.2 billion, the SSI portion totals $587 million.

[29] Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

[30] Of this amount, not more than $48,000,000 is for research and demonstrations and not more than $35,000,000 is for early intervention demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.

[31] H.R. 3020.

[32] S.1695

[33] Consolidated Appropriations Act, 2016 (P.L. 114-113).

[34] Of this amount, not more than $101,000,000 is for research and demonstrations under sections 1110,1115, and 1144 of the Social Security Act.

[35] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President’s Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

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 2018, SSA estimates benefit payments will total approximately $51.6 billion for nearly than 8.1 million Federal SSI recipients.

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

	FY 2016 Actual	FY 2017[1] Estimate	FY 2018 Estimate	*FY 17 to FY 18 Change*
Appropriation	**$ 60,686,000**	**$ 52,941,736**	**$ 48,236,000**	***- $ 4,705,736***
Obligations	**$ 59,044,228**	**$ 54,463,000**	**$ 51,581,000**	***- $ 2,882,000***
Advance for subsequent fiscal year	$ 14,500,000	$ 15,000,000	$ 19,500,000	+ *$ 4,500,000*

RATIONALE FOR BUDGET REQUEST

SSA is requesting $48.2 billion in new budget authority for Federal benefit payments in FY 2018.

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, average payment amounts and number of payments per fiscal year.

[1] Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from 8.1 million in FY 2013 to 8.2 million in FY 2016 and is expected to decrease to 8.1 million in FY 2018. The estimated decrease in Federal recipients in FY 2018 represents a 0.4 percent decrease over the FY 2017 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 [1]
(average over fiscal year, in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016
Aged	1,089	1,094	1,100	1,108
Blind or Disabled	7,000	7,076	7,073	7,048
Total Federal	**8,089**	**8,171**	**8,173**	**8,157**
Year-to-Year Change	***1.9%***	***1.0%***	***0.0%***	***-0.2 %***
State Supplement Only	220	217	171	166
Total Federally Administered	**8,309**	**8,388**	**8,344**	**8,323**

In addition to Federal SSI recipients, SSA currently administers state supplementary payments for 20 states and the District of Columbia. SSA administers payments for approximately 1.5 million state supplement recipients, of which approximately 163,000 do not receive a Federal SSI benefit and only receive the state supplementary payment.

Table 2.13—SSI Recipients, Projected[1]
(average over fiscal year, in thousands)

	FY 2017 Estimate	FY 2018 Estimate	*FY 17 FY 18 Change*
Aged	1,112	1,120	+ *0.7%*
Blind or Disabled	6,974	6,935	- *0.6%*
Total Federal	**8,086**	**8,054**	***- 0.4%***
State Supplement only	163	164	+ *0.6%*
Total Federally Administered	**8,249**	**8,219**	***- 0.4%***

[1] Totals may not add due to rounding.

SSI Disabled vs. Aged Recipient Population

The number of Federal blind or disabled SSI recipients as a percentage of all Federal SSI recipients increased from 81 percent in FY 2000 to 86.6 percent in FY 2014 and has slightly declined since then. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this shift in the population make-up has increased overall Federal SSI benefit payments.

Table 2.14—Blind or Disabled Recipients as a Percentage of Total [1]
(average over fiscal year, in thousands)

Fiscal Year	Total Federal	Aged	Blind or Disabled	Blind or Disabled as % of Total
2000	6,328	1,203	5,125	**81.0%**
2009	7,304	1,106	6,198	**84.9%**
2010	7,522	1,105	6,417	**85.3%**
2011	7,756	1,105	6,652	**85.8%**
2012	7,940	1,094	6,846	**86.2%**
2013	8,089	1,089	7,000	**86.5%**
2014	8,171	1,094	7,076	**86.6%**
2015	8,173	1,100	7,073	**86.5%**
2016	8,157	1,108	7,048	**86.4%**
2017 Estimate	**8,086**	**1,112**	**6,974**	**86.2%**
2018 Estimate	**8,054**	**1,120**	**6,935**	**86.1%**

Concurrent SSI/OASDI Recipients

SSI recipients also receiving Old-Age and Survivors Insurance (OASI) or DI benefits have their SSI benefit reduced, less applicable exclusions, by the amount of their OASDI benefit. Approximately 33 percent of all SSI recipients (including those only receiving a state supplement) also receive Social Security benefits. Approximately 56 percent of the SSI aged and 30 percent of the SSI blind and disabled populations receive concurrent payments.

[1] Totals may not add due to rounding.

BENEFIT PAYMENTS

Maximum Monthly Federal Payments

The maximum monthly Federal benefit rate (FBR) is increased each January when there are increases in the cost-of-living. There is a 0.3 percent cost of living increase in 2017. An increase of 2.8 percent is projected for January 2018. The FBR increased from $733 for an individual and $1,100 for a couple for calendar year (CY) 2016 to $735 for an individual and $1,103 for a couple in CY 2017. SSA estimates the FBR will increase to $756 for an individual and $1,134 for a couple in CY 2018. The COLA will be effective in January 2018, raising the maximum benefit rate to higher levels than the first 3 months of the fiscal year.

Table 2.15—Maximum Benefit Rates

	FY 2017		FY 2018	
	First 3 Months	**Last 9 Months**	**First 3 Months**	**Last 9 Months**
Individual	**$ 733**	**$ 735**	**$ 735**	**$ 756**
Couple	**$ 1,100**	**$ 1,103**	**$ 1,103**	**$ 1,134**

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 $553 in FY 2016 to $555 in FY 2017 and $569 in FY 2018. The increase in the average benefit payment is driven by COLAs and recipient population characteristics.

Table 2.16—Average Monthly Benefit Payments

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Aged	$ 394	$ 399	**$ 411**
Blind or Disabled	$ 578	$ 579	**$ 594**
All SSI Recipients	$ 553	$ 555	**$ 569**

Cost of Living Adjustments

When applicable, COLAs increase both the maximum and average monthly benefit payment. However, for concurrent SSI/OASDI recipients, increases in SSI benefit payments are partially offset by increases in Social Security benefits resulting from the same COLA. 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 in the SSI benefit computation.

Program Integrity Funding

Annual benefit payment estimates are dependent on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2018 estimate assumes SSA receives the proposed administrative funding to conduct almost 557,000 SSI CDRs and 2,822,000 non-medical redeterminations.

Timing of Monthly Benefit Payments

Monthly 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 in the prior fiscal year at the end of September. 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 2009	12	$ 44,987,045,867
FY 2010	12	$ 47,322,385,581
FY 2011	13	$ 52,274,301,053
FY 2012	11	$ 47,003,477,518
FY 2013	12	$ 52,782,740,412
FY 2014	12	$ 53,849,499,196
FY 2015	12	$ 54,706,388,183
FY 2016	13	$ 59,044,228,391
FY 2017	**12**	**$ 54,463,000,000**
FY 2018	**11**	**$ 51,581,000,000**

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 supplementary 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 these 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 shares. 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 2016 Actual	FY 2017 Estimate[1]	FY 2018 Estimate	*FY 17 to FY 18 Change*
Total Appropriation	**$ 4,648,733**	**$ 4,783,300**	**$ 5,061,000**	**+ *$ 277,700***
Obligations Funded from Prior-Year Unobligated Balance	+ $ 0	+ $ 21,800	+ $ 0	**- $ 21,800**
Obligations	**$ 4,648,733**	**$ 4,805,100**	**$ 5,061,000**	**+ $ 255,900**

RATIONALE FOR BUDGET REQUEST

The FY 2018 request for SSI administrative expenses is $5,061,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of $1,389 million specifically for FY 2018 SSI program integrity activities.

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 $118,000,000 in FY 2018.

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing Appropriations Act, 2017.

BENEFICIARY SERVICES

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

PURPOSE AND METHOD OF OPERATION

Beneficiary services consist of the Vocational Rehabilitation (VR) and Ticket to Work programs. The objective of the programs is to help disabled individuals return to work. The trust funds and general revenues fund beneficiary services. OMB directly apportions the trust funds portions of beneficiary services and it is not part of this appropriation request. The general revenues fund beneficiary services for disabled Supplemental Security Income (SSI) recipients as described below.

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

	FY 2016 Actual	FY 2017 Estimate[1]	FY 2018 Estimate	*FY 17 to FY 18 Change*
Appropriation	**$ 70,000**	**$ 70,000**	**$ 159,000**	***+ $ 89,000***
SSI Transfer[2]	$ 13,000	$ 69,168	$ 0	*- $ 69,168*
Prior-Year Unobligated Balances and Recoveries	$ 21,000	$ 4,832	$ 0	*- $ 4,832*
Total Budgetary Resources	**$ 104,000**	**$ 144,000**	**$ 159,000**	***+ $ 15,000***
Obligations	**$ 99,218**	**$ 144,000**	**$ 159,000**	***+ $ 15,000***

Under the VR program, SSA repays state VR agencies for the reasonable and necessary costs of services that successfully help disabled beneficiaries and recipients return to work. VR agencies are successful when a disabled recipient performs substantial gainful activity (SGA) for a continuous period of nine out of twelve months.[3] VR agencies can serve as ENs in the Ticket to Work Program or under SSA's VR reimbursement program.

Under the Ticket to Work program, authorized by the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170), SSA pays Employment Networks (ENs) for providing vocational rehabilitation, employment, and other support services to disabled SSI recipients.

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing and Security Assistance Appropriations Act, 2017.

[2] In FY 2016, SSA transferred $13M from SSI's Administrative Budget for beneficiary services. In FY 2017, SSA transferred $38M from SSI benefit payments for beneficiary services. SSA may transfer another $31M from SSI benefit payments for beneficiary services in FY 2017 as necessary.

[3] In 2017, we consider non-blind and blind disabled recipients to be performing SGA if they earn more than $1,170 and $1,950 per month, respectively.

Recipients select an EN, which SSA pays in exchange for services that may reduce reliance on Federal cash benefits.

Ticket payments, unlike VR reimbursement awards, are not based on the costs of specific services provided by the EN. SSA pays ENs using either an outcome-milestone payment method or an outcome-payment method.

SSA bases Ticket payment amounts on the prior year's average disability benefit payable under Title XVI. While SSA previously made Ticket payments only upon request, the agency now initiates payments to ENs when information in its records indicate the recipient has achieved the prerequisite earnings and all other requirements qualifying the EN for a payment are met.

RATIONALE FOR BUDGET REQUEST

SSA is requesting $159 million in new budget authority for beneficiary services in FY 2018. The FY 2018 request is a 60 percent increase in obligations, resulting from a 40 percent increase in VR awards and a 95 percent increase in Ticket payments, above FY 2016 levels. The increase in obligations, awards, and payments is due to multiple factors. The primary driver of these increases is operational efficiencies. Other factors include the strength of the economy, the number of individuals that seek services or use a Ticket, and the availability of jobs.
In recent years, SSA has undergone major process and systems enhancements to improve efficiencies for beneficiary services. In July 2015, SSA automated the EN business processes and implemented ePay, a payment process that helps ENs receive payments in a more timely fashion. With ePay, SSA can initiate Ticket payments to ENs when all payment criteria is met, including an indication of the earnings threshold for payment. Previously, ENs found it difficult to receive Ticket payments from SSA because ENs heavily relied on SSI recipients to self-report earnings information. In March 2017, SSA implemented the Internet Ticket Operations Provider Support System (iTOPSS) that improves automation for the VR program. iTOPSS allows VRs to submit and manage case information through an online portal while SSA can verify and authorize VR awards through a series of systems checks. Considering all the factors above and assuming that more beneficiaries will return to work, we estimate that FY 2018 will result in more outcome and milestone payments, as well as VR reimbursements.

SSA continues its efforts to improve management and oversight of the VR and Ticket programs to ensure effectiveness and to make certain the money spent is a good investment. These efforts include ongoing quality reviews of state reimbursement claims and internal audits of the agency's payment process. ENs and VRs help those who need services to be successful. With the help of ENs and VRs, individuals may attain higher levels of sustained employment success.

Table 2.20—SSI VR Reimbursement and Ticket to Work Payments[1]

	FY 2016 Actual	FY 2017 Estimate[2]	FY 2018 Estimate
Vocational Rehabilitation			
SSI Only Reimbursement Awards	4,069	5,200	5,600
SSI/DI Concurrent Reimbursement Awards	3,165	4,200	4,500
Total Reimbursement Awards	**7,234**	**9,400**	**10,100**
VR Obligations (in thousands)	**$ 80,672**	**$ 107,000**	**$ 118,000**
Ticket to Work			
SSI Only Milestone Payments	8,838	15,700	17,300
SSI Only Outcome Payments	12,608	22,300	24,700
SSI/DI Concurrent Milestone Payments	13,091	23,100	25,600
SSI/DI Concurrent Outcome Payments	6,551	11,500	12,900
Total Ticket Payments	**41,088**	**72,600**	**80,500**
Ticket Obligations (in thousands)	**$ 18,545**	**$ 37,000**	**$ 41,000**
Total VR Awards & Ticket Payments	**48,322**	**82,000**	**90,600**
Total Obligations (in thousands)	**$ 99,218**	**$ 144,000**	**$ 159,000**

Additional Information on Ticket to Work Program

Outcome-Milestone Payment Method:

- There are two phases of outcome-milestone payments. Phase I allows four payments and Phase II allows 18 payments.
- SSA begins paying the EN when the recipient successfully achieves certain predetermined work-related milestones while still receiving Federal benefits.
- SSA stops paying milestone payments and begins outcome payments when the recipient is no longer receiving monthly Federal benefits.

Outcome-Payment Method:

- Outcome payments are payable for a maximum of 60 months (consecutive or otherwise).
- SSA will begin issuing outcome payments after the individual's monthly Federal cash benefit payments cease.
- The dollar amounts of the monthly outcome payments are larger when the EN elects not to receive milestone payments while the recipient still receives benefits.

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[1] Totals may not add due to rounding.

[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 – Further Continuing and Security Assistance Appropriations Act, 2017.

MUSCULAR DYSTROPHY AND THE SSI AND DI PROGRAMS

This section provides statistics on DI beneficiaries and SSI recipients who have a diagnosis code indicating muscular dystrophy as a primary or secondary impairment. Not all individuals with muscular dystrophy will be on SSA's rolls. Some may not meet the child or adult definitions of disability or may not meet other program requirements, such as having sufficient Social Security covered employment or having income or resources below the SSI thresholds.
Data on the number of individuals with muscular dystrophy in the overall United States population is incomplete, according to components within the Department of Health and Human Services. However, for context, we note that Duchenne muscular dystrophy is the most common form among children and, thus, most likely reflected in statistics on SSI children. In addition, Duchenne and Becker (which is similar to but less severe than Duchenne) muscular dystrophy primarily affect males. The Centers for Disease Control and Prevention estimates one in every 5,600 to 7,700 males aged 5 through 24 in the United States has Duchenne or Becker muscular dystrophy. Finally, for adults, we note the most common form of muscular dystrophy is Myotonic muscular dystrophy.[1]

In December 2015, there were 38,178 DI and SSI beneficiaries under age 67 with a primary or secondary diagnosis of muscular dystrophy who were in current payment status (the data do not break out the type of muscular dystrophy). Among this group, 34,942 are adult beneficiaries.

Table 2.21– Beneficiaries with Muscular Dystrophy by Beneficiary Type in Current Pay Status, December 2015[2]

Beneficiary Type	Number	Percent	Average Age at Start of Benefits
Adult DI only	22,401	58.7	38
Adult SSI only	9,433	24.7	18
Adult concurrent	3,108	8.1	21
SSI child	3,236	8.5	4
Total	**38,178**	**100.0**	**31 (adult beneficiaries only)**

There are 3,236 children on SSI with a diagnosis of muscular dystrophy or about one out of every 392 child recipients. Most of these children are male (73 percent); one out of every 358 male children on SSI has an impairment code indicating muscular dystrophy.

[1] Please see https://www.nichd.nih.gov/health/topics/musculardys/conditioninfo/pages/types.aspx and http://www.cdc.gov/ncbddd/musculardystrophy/data.html.
[2] Source: Program statistics are based on SSA tabulations of administrative records.

Table 2.22 provides additional information on the child population. Most begin receiving benefits at a very young age. The average age for the start of benefits is four. Thirty-two percent of child recipients are on benefits by age two and 56 percent are on benefits by age four. Over 80 percent of child recipients with muscular dystrophy were receiving benefits by age eight.

Table 2.22– Age at First Benefit, Child Recipients, Ages 0-17 with Muscular Dystrophy in December 2015[1]

Child Age	Number	Percent
0-1	1,048	32.4
2-4	776	24.0
5-8	873	27.0
9-17	539	16.7
Total	**3,236**	**100.0**

The average age of child recipients is 11 (not shown in Table 2.22). One-quarter of child recipients were under the age of seven in December 2015, and three-quarters were under the age of 14.

Employment Activities of Adult Beneficiaries with Muscular Dystrophy

The population under study includes not only adults who are in current pay in December 2015, but also adults that have had benefits suspended or terminated due to work. There are 35,977 such beneficiaries with an impairment code indicating muscular dystrophy.
Among such individuals:

- 4,425 (12%) have participated in the TTW program, receiving services from either an EN or a VR. The vast majority of this group (93%) received services through VR.
- 1,035 (3%) had benefits suspended due to work in December 2015 or had their DI or SSI benefits terminated in the past due to work.

Allowance rates for Child and Adult beneficiaries with Muscular Dystrophy

We also examined application records since 2008 and found 1,819 cases with Muscular Dystrophy listed as the impairment, and “Duchenne” included under the claim’s allegation description. These cases had a very high allowance rate at 88%. Allowance rates were highest for the very young and those older than age 10. Among this group:

- Those less than age 1 at the time of onset were allowed at a rate of 85%.
- Those older than age 10 were allowed at a rate of 96%.
- The allowance rate for those between the ages of 1 and 10 was 82%.

[1] Totals may not add due to rounding.

RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

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

PURPOSE AND METHOD OF OPERATION

SSA conducts extramural research, demonstrations, and outreach under sections 1110, 1115, 1144, and 234 of the Social Security Act. Projects funded under section 234 are part of the mandatory budget; therefore not a part of this appropriations request, although 234 projects are essential to SSA's demonstration portfolio.

Table 2.23—Research, Outreach, and Early Intervention Demonstration Projects: Budget Authority and Obligations (in thousands)

	FY 2016 Actual	FY 2017[1] Estimate	FY 2018 Estimate	*FY 17 to FY 18 Change*
Appropriation	**$101,000**	**$100,766**	**$101,000**	***+$234***
Unobligated Balance	$51,882	$34,633	$66,015	+ *$31,382*
Recovery of Prior-Year Obligations	$2,459	$ 0	$ 0	$0
Total Budgetary Resources	**$155,341**	**$135,399**	**$167,015**	***+$31,616***
Total Obligations	**$120,708**	**$69,384**	**$124,249**	***+ $54,865***
Total Unobligated Balance	$34,633	$66,015	$42,766	- *$23,249*

Section 1110 of the Social Security Act provides authority for conducting broad-based, cross-programmatic projects for the Old-Age, Survivor's, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. This includes both waiver authorities for the SSI program, as well as projects dealing with specific SSI issues. Under the authority of section 1110, we fund a range of extramural projects: disability and retirement policy research, demonstration projects to test creative and effective ways to promote greater labor force participation of people with disabilities (including early intervention rehabilitation strategies), evaluations of proposed or newly enacted 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 (HHS) 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. There are currently no research projects funded under this section.

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing and Security Assistance Appropriations Act, 2017. The FY 2017 enacted Research and Demonstration amount is $58 million.

Section 1144 requires SSA to conduct outreach to those individuals with Medicare who are potentially eligible for state-administered Medicaid programs or Medicare prescription drug subsidies under Medicare Part D. We identify these potential beneficiaries, inform them about these programs, and notify state Medicaid agencies. The Centers for Medicare & Medicaid Services, within HHS, oversees both the Medicare and Medicaid programs.

Section 234 gives the Commissioner of Social Security the authority to conduct research and demonstration projects testing alternative Disability Insurance (DI) benefit rules. SSA uses trust fund monies to conduct various demonstration projects, including alternative program rules including treating work activity of individuals entitled to DI benefits. Section 234 covers both applicants and current beneficiaries to the program. SSA currently has authority to commence new projects under section 234 due to the Bipartisan Budget Act of 2015 but our current authority is limited to voluntary participation of applicants and beneficiaries and a limited timeline that requires us to complete all projects by December 31, 2022.

RATIONALE FOR BUDGET REQUEST

We are requesting $101 million in new budget authority in FY 2018 for research and early intervention demonstration projects designed to explore potential improvements to our programs. A priority of this Administration is to increase the labor force participation (LFP) of people with disabilities with evidenced-based policy solutions. This challenge cannot be solved by SSA in isolation but rather requires multiple-agency cross-sector collaboration. The first of many projects on this topic proposed by the Administration is a partnership between with the Department of Labor (DOL) and SSA to conduct an early intervention demonstration designed to assist individuals with musculoskeletal and other disorders to remain in the workforce. $50 million of this request for new budget authority is intended to support this DOL/SSA collaboration. DOL's discretionary budget also requests funding for this project.

Additionally, this funding level will allow continued support for key Congressional and SSA priorities such as the development of the Occupational Information System (OIS), our evaluation of the Promoting Readiness of Minors in SSI (PROMISE) pilot, and the National Academies of Sciences, Engineering, and Medicine (NAS) independent consensus committee reports used to strengthen the disability programs for adults and children. The request also provides funding for our Interagency Agreement (IAA) with the National Institutes of Health (NIH) to help quickly and efficiently identify individuals who should be awarded disability benefits. We will also continue to fund the Supported Employment Demonstration (SED) to test strategies designed to help individuals with mental impairments remain in the workforce.

In FY 2018, we plan to continue our efforts to ensure that policymakers and the public have access to objective, scientific and methodologically sound data and analysis as the dialogue on how to strengthen and reform Social Security continues. We plan to continue funding the RRC, which will continue to maintain our capability to produce policy-relevant research on retirement, and the DRC, which will continue to address a shortage of disability policy research and foster collaborative research with other Federal agencies that serve individuals with disabilities. The table and discussion that follow provide more details on the research and outreach efforts we plan to fund in FY 2018.

Table 2.24—Major Research Areas and Outreach Obligations and New Budget Authority
(in thousands)[1]

	Obligations[2]		
	FY 2016 Actual	**FY 2017 Estimate[3]**	**FY 2018 Estimate**
Serve the Public through a Stronger and more Responsive Disability Program	**$104,643**	**$51,837**	**$101,539**
Advisory Services to Assist. SSA with Disability Issues	$2,881	$1,870	$5,311
Disability Analysis File (DAF)	$810	$804	$823
Analyzing Relationships between Disability, Rehabilitation, and Work (ARDRAW)	$300	$300	$300
Disability Research Consortium (DRC)	$4,520	$4,400	$5,500
National Beneficiary Survey (NBS)	$3,324	$805	$1,036
New and Emerging Research – Disability	$40	$414	$851
NIH IAA for Data Analytics/FAB Development	$3,061	$2,493	$4,632
Occupational Information Systems (OIS)	$21,320	$26,614	$30,725
Occupational Information System Vocational	$0	$1,450	$300
Promoting Readiness of Minors in SSI (PROMISE)	$4,469	$4,080	$2,061
Supported Employment Demonstration (SED)	$63,918	$8,607	$0
Musculoskeletal Demonstration	$0	$0	$50,000
Deliver Innovative Quality Services	**$5,071**	**$7,305**	**$9,124**
Understanding Americans Study (UAS) Enhancements	$1,490	$2,000	$3,000
Collaboration with Other FLEC Members	$961	$480	$480
Enterprise Business Platform	$1,178	$1,000	$2,000
New and Emerging Research – Retirement	$325	$250	$250
Research and Innovation Lab	$0	$2,000	$2,000
Medicare Outreach	$1,117	$1,575	$1,394
Strengthen the Integrity of Our Programs	**$10,995**	**$10,242**	**$13,586**
Census Surveys	$0	$0	$3,000
Data Development	$365	$387	$381
Health & Retirement Study (HRS)	$2,655	$2,655	$2,655
Health & Retirement Study Supplement	$1,500	$1,500	$1,500
Retirement Income Modeling	$0	$1,000	$250
Retirement Research Consortium (RRC)	$6,200	$4,400	$5,500
Social Security Programs Throughout the World	$275	$300	$300
Total Research Obligations	**$120,708**	**$69,384**	**$124,249**
New Budget Authority	**$101,000**	**$100,766**	**$101,000**

[1] Totals may not add due to rounding.
[2] This amount includes obligations funded from prior-year unobligated balances.
[3] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under P.L. 114-254 - Further Continuing and Security Assistance Appropriations Act, 2017. The FY 2017 enacted Research and Demonstration amount is $58 million.

New 1110 Demonstration Project: Musculoskeletal and Other Health Conditions

In order to better target underlying barriers to employment that may vary widely by disability type, some of SSA's research projects focus on workers with specific types of disabilities. Workers experiencing musculoskeletal impairments may be a particularly promising population for early intervention. They make up the second-largest primary impairment group among SSA's disabled beneficiaries (24 percent) and comprise an even larger segment of applicants. Existing research suggests they are among the groups most likely to benefit from early intervention.[1] In addition, musculoskeletal conditions are often work-related, making it easier to identify such individuals through workers' compensation systems before they exit the labor force and apply for disability benefits.

A key factor in effective early intervention is identifying individuals at risk of becoming DI or SSI recipients who would also have the potential to benefit from the intervention methods. Programs such as workers' compensation and state Temporary Disability Insurance (TDI), which serve many workers who later apply for and receive SSA's disability benefits, present a promising opportunity to identify and recruit individuals whose disabilities are likely to affect their work capacity.[2] Partnering with other Federal agencies – such as DOL, which is tasked with providing services and supports to workers with and without disabilities – will allow SSA to better identify and serve such workers before they apply for benefits.

The following pages explore a potential demonstration project that SSA and DOL could jointly design and implement with the requested funding from both agencies. SSA's requested $50 million for this initiative includes some funds that SSA would provide to DOL to fund implementation and technical assistance grants; the remainder would be reserved to conduct a rigorous evaluation of the demonstration.

Proposed Demonstration: Early Intervention Services to Keep Prime Working-Age People with Disabilities in the Labor Market

This proposed demonstration is modeled on a successful early intervention program developed in Washington State. Washington runs an innovative program called Centers of Occupational Health and Education (COHE), funded by the state workers' compensation insurance fund, to provide early intervention and return-to-work services for individuals with work-related conditions.[3] The affiliated physicians receive training in occupational health best practices that include an employment focus and receive financial and non-financial incentives to deliver these best practices when treating patients who receive workers' compensation. Health services coordinators within the COHE organizations coordinate care, employment services, and return-to-work activities (including functional assessments, referrals to existing services, and

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[1] See Stapleton et al. (2015), "Targeting Early Intervention to Workers Who Need Help to Stay in the Labor Force," https://www.mathematica-mpr.com/our-publications-and-findings/publications/targeting-early-intervention-to-workers-who-need-help-to-stay-in-the-labor-force.

[2] See O'Leary et al. (2012), "Workplace Injuries and the Take-Up of Social Security Disability Benefits," https://www.ssa.gov/policy/docs/ssb/v72n3/v72n3p1.html.

[3] For more on COHE, see Washington State Department of Labor & Industries, "Centers of Occupational Health & Education (COHE)," http://www.lni.wa.gov/ClaimsIns/Providers/ProjResearchComm/OHS/default.asp; and Christian et al. (2016), "A Community-Focused Health & Work Service," http://ssdisolutions.org/sites/default/files/christianwickizerburton.pdf and http://ssdisolutions.org/document/christian-burton-and-wickizer-appendix-iii.html.

setting appropriate return-to-work expectations) among patients, providers, employers, and other stakeholders. Evaluations of COHE have found that participating workers are nearly 20 percent more likely to be working a year after the initial work absence, and are 26 percent less likely to receive DI benefits after 8 years.[1] The impacts were larger for certain musculoskeletal conditions, such as low back injuries.[2]

Our proposed demonstration would test the effects of implementing a similar model in other states and/or for a broader population beyond workers' compensation by funding the expansion of one or more existing COHE-style programs (here called early intervention centers), or fund states to establish such entities, in a small handful of locations. The demonstration would target workers with medical conditions of any type that impact their work capacity; however, we expect that workers with musculoskeletal conditions would make up a sizeable portion of the population served, as these conditions are the most frequent occupational injury or illness causing days away from work.[3]

Each early intervention center would be responsible for recruiting and training health care providers within their region, informing and educating employers, coordinating health services and other employment and return-to-work services, and handling centralized data collection. The recruited provider units would be randomly assigned to treatment and control arms to create a randomized cluster design; this allows for a randomized experiment even as individual workers continue to visit their regular providers. In both arms (treatment and control), the providers would need to evaluate or screen their patients for eligibility – that is, for conditions that could affect work – and gain informed consent. Treatment-arm providers would receive training on best practices with a focus on returning to work – such as timely reports on the patient's visits and activity restrictions, initiating contact with employers, assessing the patient's barriers to return to work, and developing a plan to assess them. They would also implement the full COHE model of service delivery for all patients with conditions that could affect continued employment. To ensure successful implementation, a technical assistance contract could be established to advise the pilot early intervention centers and ensure fidelity to the COHE model.

We would implement this pilot demonstration over six years: one year for design, grant and contract development, and award; four years for implementation, including a start-up period of at least one year for the early intervention centers to recruit and train providers, followed by three full years of service provision; and a sixth year to complete the evaluation. SSA would evaluate impacts on outcomes such as employment, earnings, receipt and duration of workers' compensation or TDI benefits, and DI and SSI applications and benefit receipt.

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[1] For employment effects, see Wickizer et al. (2011), "Improving Quality, Preventing Disability and Reducing Costs in Workers' Compensation Healthcare: A Population-based Intervention Study," https://www.ncbi.nlm.nih.gov/pubmed/22015667; and Wickizer et al. (2008), "Report on the Outcomes of the Original COHEs' Later Cohorts," http://www.lni.wa.gov/ClaimsIns/Files/Providers/ohs/4Task4n5FINAL.pdf. For DI effects, see Franklin et al. (2015).

[2] Wickizer et al. (2011).

[3] BLS data indicate that musculoskeletal disorders account for 31% of nonfatal occupational injury and illness cases requiring days away from work. In Washington State, 90% of allowed workers' compensation claims are musculoskeletal.

OTHER RESEARCH AUTHORITY REQUEST

In addition to the 1110 authority, the FY 2018 Budget proposes to evaluate creative and effective ways to promote greater LFP of people with disabilities by expanding demonstration authority that allows SSA, in collaboration with other agencies, to test new program rules and activities that require mandatory participation by program applicants and beneficiaries. An expert panel will identify specific changes to program rules that would increase LFP and reduce program participation, informed by successful demonstration results and other evidence. SSA will partner with HHS and the Department of Education (ED), in addition to further collaboration with the DOL. The funding for these demonstrations will depend on the design and target population. Those projects focused on changes to SSA program rules such as time-limited benefits or disability eligibility will require an expansion of both section 234 and section 1110 authorities. Projects focused on people with disabilities before the individuals apply for SSA's disability programs require additional 1110 funding.

Potential projects for this proposal include:

- Test "time limited benefits" for beneficiaries for a period when they would be more likely to return to work;
- Enhanced disability determination screening process that replaces the reconsideration appeal step after an initial denial with a detailed case review and report by a qualified attorney;
- Require applicants to engage in job seeking activities before their application is considered;
- Push existing state vocational rehabilitation offices to intervene earlier with individuals on a track to end up on DI;
- Replicate welfare-to-work strategies in state TANF offices to provide wellness care and vocational services to welfare applicants that cannot work due to a short-term or uncontrolled health conditions; and
- Mandate that lower back pain and arthritis sufferers engage in rehabilitation traditionally used in occupational health treatment services before receiving benefits.

Mandatory Participation of Program Applicants and Beneficiaries

People with disabilities should be independent and self-sufficient whenever possible, and these demonstrations require universal engagement (that is, mandatory participation) of the eligible population to provide policy-relevant motivations for individuals to pursue other options beside disability benefits. Furthermore, the exploration of alternative program designs will help ensure that we can sustain these vital programs for generations by targeting them carefully and directing resources to where they are needed most.

Potential applicants and beneficiaries have a wide range of conditions and experiences; universal engagement is required in order to accurately assess how program changes might affect different groups of people. In contrast, when demonstration projects are voluntary, the results reflect the outcomes of the subset of the population who volunteered. As a result, the impacts are not easily generalizable to the national population and may not provide the adequate understanding required to make informed decisions about broader policy changes. Policy decisions made without an understanding of the distributional impact could have harmful repercussions. For these reasons, mandatory participation in the proposed demonstrations will allow us to identify improved program designs that will provide a basis for permanent reforms to the programs.

EXISTING MAJOR RESEARCH AND OUTREACH PROJECTS

Although our extramural research budget represents a small piece of our overall funding, our research and demonstration projects help us to significantly increase the efficiency and accuracy of our mission-critical work. Below is a detailed summary, by category, of the major research and demonstration projects we plan to conduct in FY 2018:

Increase Labor Force Participation Through Successful Demonstration Projects

Social Security has a history of conducting demonstrations to test strategies to increase the self-sufficiency of individuals with disabilities and improve their labor force participation. Key projects in support of this effort include:

Promoting Readiness of Minors in SSI (PROMISE)

PROMISE is a joint pilot demonstration program with ED, HHS, and DOL. The goal of the program is to test interventions that improve the health, education, and post-school outcomes of children who receive SSI, including the completion of postsecondary education and employment. It is also intended to improve family or household outcomes through improved services and supports, such as education and job training for parents.

In FY 2013, ED’s Office of Special Education and Rehabilitation Services awarded competitive grants to five states and one consortium of states. States are using these funds to improve coordination and increase the use of existing services for which children receiving SSI and their families are already eligible. These services are available through the Individuals with Disabilities Education Act, the Vocational Rehabilitation State Grants program, Medicaid’s Care Coordination Cervices, Job Corps, and other Workforce Investment Act programs.

Developing and conducting a rigorous evaluation to guide implementation and gather evidence is a key component of PROMISE. In FY 2012, we convened a technical advisory panel to help prioritize the evaluation needs of this project. In FY 2013, we awarded a contract to evaluate PROMISE pilot interventions. In FY 2014 and FY 2015, our evaluation contractor provided technical assistance to the state grantees and began randomly assigning youth into treatment and control groups, conducted site visits and focus groups, and began delivering early assessments of the demonstration’s recruitment and enrollment process.

In FY 2016, our contractor delivered the last of the early assessment reports and began collecting data for the first national evaluation survey. The contractor also conducted additional site visits and focus groups. In FY 2017, our contractor will continue conducting surveys and will conduct the final site visits.

PROMISE activities scheduled for FY 2018 include the development and administration of a 5-year survey as well as preparing data files for our 18-month survey. We will receive the draft process analysis reports and a comprehensive interim services and impact report focusing on short-run impacts in late FY 2018.

Supported Employment Demonstration (SED) (previously Early Intervention Mental Health Demonstration (EIMHD))

SSA has conducted various demonstrations for DI beneficiaries that show interventions after complete disability onset can yield positive outcomes, such as moderately increased earnings.[1] These demonstrations, however, have not identified interventions that would return beneficiaries to substantial and sustained employment. The SED will investigate whether earlier interventions can help people with behavioral health challenges eliminate or significantly reduce the demand for disability benefits and remain in the labor force.

The SED will provide participants with an intensive set of behavioral health and related services above and beyond what is available through the individual's existing health plan. Additionally, long-term employment services following the evidence-based Individual Placement and Support (IPS) model will be used to help participants remain in or return to the labor market rather than seek SSA disability benefits. IPS services are delivered by supported employment teams that operate within community mental health agencies and other medical providers, with a key differentiator from other interventions being the linkage between employment and medical services. We will follow an IPS service model similar to that successfully implemented for SSA's Mental Health Treatment Study demonstration.

In FY 2015, we released a competitive Request for Proposals for the SED. The contract was awarded in late FY 2016 and we have begun the 1-year design refinement, including OMB clearance for surveys and other data collection instruments, such as the work disability functional assessment battery (WD-FAB). We plan to administer the WD-FAB as a supplement to other project surveys. In FY 2017, we plan to finalize site selections and begin recruitment and participant enrollment. The study plans to enroll 3,000 individuals living within the catchment areas of 30 community mental health centers distributed across the United States.

In FY 2018, we will fully implement the demonstration, including recruitment and service delivery, technical assistance, training, and data collection activities.

Serve the Public through a Stronger, more Responsive Disability Program

The Social Security and SSI disability programs are the largest Federal programs providing assistance to people with disabilities. Eliminating the disability hearings backlog and improving the disability process are two of our top priorities. Key projects in support of this effort include:

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[1] For a detailed discussion of SSA's demonstrations, their findings, and related publications, see SSA's *September 2016 Annual Report on Section 234 Demonstration Projects* at http://www.ssa.gov/disabilityresearch/demos.htm.

Advisory Services to Assist SSA with Disability Issues/National Academies

As part of our efforts to continuously improve the administration and effectiveness of our disability programs, in FY 2013 we entered into a new 5-year contract with the National Academies to conduct research on behalf of SSA. The National Academies established a standing committee of medical experts to assist us with ongoing and emerging disability issues at steps 3, 4, and 5 of the sequential evaluation process. The standing committee meets three to four times per year and assists SSA with the review of disability-related research and clinical practices. Involving independent medical experts in our process helps to further maintain the objectivity of our policies and procedures. Additionally, the current contract also provides for Federal Advisory Committee Act (FACA)-compliant consensus committees of medical and other experts.

In FY 2013, we awarded a task order for a consensus study committee to describe past and current trends in the prevalence and persistence of mental disorders for the general U.S. population under age 18, and provide a comparison between those trends and trends in the SSI childhood disability population. In October 2015 we received the committee's final report, which concluded that the number of children that receive SSI benefits for mental disorders has remained relatively stable. The committee found that, after taking child poverty into account, the increase in the percentage of poor children receiving SSI benefits for mental disorders (from 1.88 percent in 2004 to 2.09 percent in 2013) is consistent with and proportionate to trends in the prevalence of mental disorders among children in the general population.

In FY 2014, we awarded a task order for a consensus study committee to perform a critical review of selected psychological testing, including symptom validity testing, that could contribute to our disability determinations. In June 2015 we received the committee's final report, which verified that, where appropriate, there is value in standardized psychological testing, including both non-cognitive measures and cognitive tests. The committee also concluded that validity tests alone do not provide information about whether or not an individual is disabled. These findings support our current practice of considering the results of standardized psychological tests when they are part of the record, but not ordering validity tests alone.

In FY 2014, we also awarded a task order for a consensus study committee to describe past and current trends in the prevalence and persistence of speech and language disorders for the general U.S. population under age 18, and provide a comparison between those trends and trends in the SSI childhood disability population. In April 2016 we received the committee's final report, which found that trends in child SSI recipients are generally consistent with trends in the prevalence of the disorders in the general population. Further, the trend in child poverty—with more families meeting the SSI income requirements—is a factor affecting trends observed in the SSI program for children with speech and/or language disorders. The report further concludes that severe speech and/or language disorders in children are conditions that interfere with communication and learning and represent serious lifelong threats to social, emotional, educational, and employment outcomes. Thus, the report helps to explain that it is reasonable to expect that children with severe speech or language disorders continue to remain on our rolls. These disorders persist despite effective treatment. The report also offered support for the manner in which determinations are made, noting: "the Social Security Administration employs the results of professionally administered assessments, and also takes into account other clinical evidence that would be consistent with severe speech and language disorders."

In FY 2014, we awarded a task order for a consensus study committee to provide recommendations to improve the accuracy and efficiency of our policy and procedures for adult capability determinations. In May 2016 we received the committee's final report, which recognized the importance of the representative payee program to the well-being of beneficiaries in need. The committee found that SSA provides the most in-depth information on beneficiary behaviors and abilities that potentially bring capability into question during the disability determination process as compared to other programs studied. SSA's requirement for lay evidence of beneficiaries' financial performance in making capability determinations is consistent with the committee's conclusion that evidence of real-world financial performance is the most reliable basis for making such determinations. The committee found no "gold standard" for determining financial capability among the similar benefit programs reviewed. Likewise, the committee concluded that sufficient data on reliability and validity of various instruments to assess financial capability are not yet available. The committee recommended that SSA should:

- Provide detailed guidance to professional and lay informants regarding the information it would find most helpful for making capability determinations;
- Create a data-driven process to support the development of approaches, including screening criteria, for identifying people at high risk for financial incapability;
- Ensure intra-agency communication regarding capability determinations within its different programs and among other relevant Federal agencies;
- Develop systematic mechanisms for recognizing and responding to changes in beneficiaries' capability over time;
- Implement a demonstration project to evaluate the efficacy of a supervised direct payment option for qualified beneficiaries; and
- Develop and implement an ongoing measurement and evaluation process to quantify and track the accuracy of capability determinations. This will also help SSA inform and improve its policies and procedures for identifying beneficiaries who are incapable of managing or directing the management of their benefits.

Each recommendation requires an independent evaluation to determine if the recommendation can be funded within the agency's constrained resources.

In FY 2015, to help SSA modernize disability criteria and in response to a GAO recommendation, we awarded a task order for a consensus study committee to provide an overview of assistive devices that relate to physical and mental disorders and functioning for adults. It will also provide a comprehensive review of selected assistive devices that relate to physical and mental disorders. We expect to receive the final report in July 2017.

In FY 2016, we awarded a task order for a consensus study committee to identify and describe programs and services aimed at improving health, and functioning outcomes for school-aged children with disabilities, especially the most commonly-occurring disabilities in children who receive SSI or may qualify for SSI. This will help SSA to better understand what programs and services can improve the functioning of certain disabled child SSI recipients. We expect to receive the final report in April 2018.

We also awarded a task order for a consensus study committee to provide a general description of the health care delivery system and identify health care utilizations that represent a good indicator of impairment severity for the purposes of the disability program.

In FY 2017, we plan to award a task order for a consensus study committee to provide an overview of the functional abilities an adult needs to meet the physical and mental demands of work, along with information about functional assessment tools and instruments that deliver information about an adult's functional limitations.

In FY 2018, we plan to enter into a 5-year contract for an independent standing committee of medical and other experts to provide us with the most current medical information by conducting surveillance research to identify advancements in new technologies, diagnostics, biomarkers, and methods for detecting medical conditions. The multidisciplinary information that results from this research is critical in identifying opportunities for us to update disability policy in an effective and targeted way. By having independent medical experts provide us this information, we maintain our objectivity. Under this contract, we also plan to award a task order for a consensus study committee to determine the appropriateness of a medical improvement standard for childhood continuing disability reviews (CDRs), which is important because of the basic changes children experience due to natural childhood development. We will then evaluate the effectiveness of conducting disability redeterminations (not CDRs) at ages other than 18 using the childhood disability rules.

Disability Analysis File (DAF)

The DAF is a composite of the ten most relevant SSA administrative files that are used to answer questions about disability and work. The DAF pulls these files together into a single, meaningful file that researchers can easily understand and use. The DAF also provides complete, researcher-friendly documentation of the data for these files. As a result, having a standing DAF eliminates the first 6 to 12 months of investigation and start-up assembly of the data for every new research project that uses it and is essential in providing quick responses to agency inquiries. The DAF proved to be an essential tool in FY 2016 for providing disability data and analysis in response to inquiries from Congress and other Federal agencies, including the Office of Management and Budget. Using the DAF allowed us to make data-driven policy recommendations and changes. The DAF also supported many research projects in 2016, especially those under the DRC.

In FY 2017, we will continue to build the DAF and use this tool for quick turnaround inquiries and analysis as well as longer term research projects. Currently, the DAF includes information on SSA beneficiaries only; denied applicants are not included in the file. In FY 2017, we will add data to the DAF for all SSI and DI applicants from 2007 forward, including those whose applications are denied. The second development will be a public-use version of the DAF for researchers outside SSA. This will be a scaled-down version of the full DAF that will include the DAF variables that have the broadest researcher interest. The file will contain a random 10 percent sample of the full DAF, including approximately three million observations. Once SSA's Office of Retirement and Disability Policy Disclosure Review Board has certified that no personally identifiable data will be disclosed, we will post the public-use data and documentation on https://www.data.gov.

We intend to pull and post new independent random samples of the full DAF each year. Each new DAF public use file will replace the prior version to keep the information in the file current. We expect to make the first versions of the new applicant file and public use DAF available to researchers in FY 2017.

We will continue to support research using the DAF and reproduce these files in FY 2018. In FY 2018, we will also modify the DAF to include changes and additions suggested by users. In particular, we plan to expand the file to include information on the appeals process. We are also planning to expand the DAF to include all childhood SSI cases; the DAF currently contains information for SSI youth ages 10 through 17 only. Finally, we will explore the possibility of adding workers' compensation offset information to the DAF.

Analyzing Relationships between Disability, Rehabilitation, and Work (ARDRAW)

This grant program provides 1-year stipends to graduate and post-doctoral students to conduct research related to work, disability, rehabilitation, and employment support issues. Potential research topics include: working conditions of people with disabilities, work accommodations and needs, non-competitive employment, vocational and other types of services, and additional non-SSA assistance provided to SSA beneficiaries to promote return to work. ARDRAW is renewable on a yearly basis, for five option years.

In September 2016, SSA awarded the grant to manage the ARDRAW to Policy Research Inc. (PRI). In FY 2017, PRI is conducting active outreach to graduate students in accredited programs with an academic emphasis in topics of interest to disability programs, including, but not limited to, public health, social work, economics, occupational medicine, vocational and rehabilitation counseling, public policy and administration, sociology, psychology, education, medicine, and law.

PRI will recruit student researchers on a yearly basis. Applications for the first cohort of student researchers closed March 2, 2017. Awardees will be announced in June 2017, with projects due June 2018. In FY 2018, PRI will solicit applications for the second cohort of grantees. For more information, please see the ARDRAW website: http://ardraw.policyresearchinc.org.

Disability Research Consortium (DRC)

We awarded the fifth year of the DRC cooperative agreements with the Mathematica Policy Research center and the National Bureau of Economic Research center in September 2016. This funding supports the production and dissemination of program and policy-relevant research to assist policymakers in improving services and benefits from the DI and SSI programs. The DRC supports research to better understand how programs that provide services and benefits to people with disabilities (Federal and nonfederal) intersect and interact with each other. This will help develop policy to improve service delivery, enhance coordination of services across programs, build on complementarities across programs, eliminate duplication and waste, and advance cooperation across Federal agencies that serve people with disabilities.

A recent and ongoing analysis estimates the effect of application costs associated with field office consolidation on the number and characteristics of disability applicants and recipients.

The different types of application costs induced by field office consolidations include travel time to assistance, congestion at neighboring field offices, and information gathering. We find that field office closings reduce the number of disability applications by 11 percent in "closing Zone Improvement Plan Codes (ZIPs)" (12 applications per ZIP per quarter), defined as ZIPs whose nearest office closes, and that these effects are persistent for at least 2 years after the closing. The fall in applications occurs for all programs, though the effects are larger for the lower-income SSI population than for the DI population. Closings reduce applications disproportionately among those with low- and medium-severity conditions, lower education levels, and lower pre-application earnings.

Another recent paper with continuing work examines the prevalence and effect of representation on the initial disability determination process. Initial findings reflect a 40 percent rise in initial claim level representation between 2010 and 2014. About 19 percent of claims had representation by the end of the period, but the pattern of representation varies significantly across different parts of the country. Claimants' representatives are more likely to be involved in cases with older and English speaking claimants who have impairments in less easy-to-document diagnosis groups, notably psychiatric disorders and back pain. They also found that although cases involving representatives are generally more likely to be allowed, the cases are also more likely to be denied due to insufficient evidence or failure to submit to a medical examination.

The DRC centers will continue research activities across six broad priority research areas: demographics, economics, health, programmatic issues, work and education, and international comparisons. These topics will be guided by the agenda for the consortium's research projects for FY 2017. In addition, the DRC will continue to train future experts on disability issues and policy through summer research training fellowships, dissertation support, and pre- and post-doctoral fellowships.

National Beneficiary Survey (NBS)

The NBS collects data from a national sample of DI and SSI beneficiaries and a sample of Ticket to Work (TTW) participants that are not available from any other source. We have used the NBS to provide information on our programs and beneficiaries to answer questions for SSA, other Federal agencies, the Government Accountability Office (GAO), and Congress. The NBS is available as a public use file on Data.gov and on the SSA website.

From the NBS, we have learned about the health and socio-demographic characteristics of our SSI and DI beneficiaries with disabilities, including their physical and mental health status, functional limitations, education, health insurance, household living arrangements, and income. Beyond this basic information, we have also examined the work aspirations of beneficiaries with disabilities, their use of employment-related services, and their work activities and outcomes.

The NBS has provided us with detailed information on wages, hours of work, benefits, work accommodations and unmet needs, and the barriers beneficiaries face as they try to work. NBS data tell us that nearly half of all beneficiaries are interested in work and many are pursuing employment goals. The data also tell us that many barriers to work remain. Beneficiaries tend to have activity limitations, poor health, and low levels of education that limit their employment opportunities. Many rely on public programs where benefits may be limited by work and earnings. Many also experience work-specific obstacles, such as a lack of reliable transportation, inaccessible workplaces, and discouragement from work, either by others or through their own experiences.

We completed the first four rounds of the NBS in 2004, 2005, 2006, and 2010. During this period, we completed 27,000 interviews. In FY 2012, we began to make changes in the NBS to collect more information on the factors associated with successful and unsuccessful work attempts and less information on the TTW program. In the redesigned NBS, new questions focus on the home, community, employer, and SSA policies that influence successful work attempts.

In 2015, we completed interviews for the first of three rounds of the redesigned NBS, including 4,000 interviews of the national sample of SSI and DI beneficiaries and 90 in-depth interviews of the most successful working beneficiaries. From the information we learned from the in-depth interviews, we developed the new questions and the design of the larger sample of the most successful working beneficiaries. We plan to conduct the second and third rounds of the national sample and the sample of the most successful working beneficiaries in FY 2017 and FY 2019.

Public use data files, documentation, and reports for the first four rounds of the NBS, as well as the report of the in-depth interviews, are available on our website at: http://www.ssa.gov/disabilityresearch/nbs.html. The public use file for the 2015 national sample will be available in the spring of 2017.

New and Emerging Research – Disability

Our "New and Emerging Research –Disability" line item replaces the former "Other Research" category and includes projects that provide broad program analysis and development in support of the DI and SSI programs. These projects typically include studies of program policy issues, the identification of trends in the disability programs, the formulation of agency 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 DI and SSI work incentives. Often, these projects address necessary but unforeseen requests for studies from Congress, OMB, the Administrative Conference of the United States, or our leadership, which are typically quick turnaround projects regarding policy priorities.

National Institutes of Health (NIH) IAA for Data Analytics and FAB Development

Under an agreement with their Epidemiology and Biostatistics Section, Rehabilitation Medicine Department of the Clinical Research Center, NIH provides in-depth analysis of our existing data and contracts with Boston University (BU) in developing a Work Disability Functional Assessment Battery (WD-FAB). The WD-FAB may provide uniform information about individuals' self-reported functional ability that we can use to inform our data collection and determination processes.

In FY 2016, NIH finalized and delivered an empirical method for nominating new candidates for our Compassionate Allowances (CAL) list of medical conditions and initiated a data analytic effort with the objective of improving the precision of the CAL software. The CAL initiative identifies diseases and other medical conditions that invariably qualify for allowance under our Listing of Impairments. The initiative allows us to target the most obviously disabled individuals for allowances based on objective medical information that we can obtain quickly. We currently have 225 CAL conditions. In addition, NIH and BU finalized the domain structure of the WD-FAB, concluded a national calibration study, and initiated predictive validity and item replenishment studies of the WD-FAB instrument.

In FY 2017, NIH and BU will continue the item replenishment study and develop a demonstration design report to examine the administration of the WD-FAB to individuals participating in return to work activities through employment networks (EN) and/or state vocational rehabilitation agencies. In addition, NIH will expand their data analytic effort to improve the precision of the CAL software by reviewing additional CAL conditions.

In FY 2018, NIH will continue to explore data-driven methods to inform our data collection and determination processes, complete work on the WD-FAB predictive validity study, and continue working with BU to complete the item replenishment of the existing WD-FAB instrument.

Occupational Information System (OIS)

We are developing a new OIS that will replace the Dictionary of Occupational Titles (DOT) as the primary source of occupational information in our disability adjudication process. DOL, which developed the DOT, has not updated the Dictionary since 1991 and is not planning to do so. In 2012, SSA asked the Bureau of Labor Statistics (BLS) to conduct feasibility tests to determine whether they could collect the type of occupational information we need, using their National Compensation Survey (NCS) platform. BLS calls this data collection effort the Occupational Requirements Survey (ORS). In September 2015, after three years of successful testing, BLS began collecting production data that our adjudicators will eventually use to make disability decisions. The first production collection cycle will take three years, and disability adjudicators will begin using the new data in 2019. Based on a shelf-life study commissioned by BLS, we believe that occupational data will remain current for 5 to 10 years. Our plan is to put the OIS on a 5-year update cycle; thus, the first update after the initial 3-year collection cycle will be completed in FY 2024.

The new OIS will include many occupational descriptors similar to those our adjudicators currently use in the DOT, but will expand on the DOT by describing the basic mental and cognitive requirements of work. In addition to the new occupational data, the OIS will include elements from DOL's Occupational Information Network (O*NET)[1], and will crosswalk to the Military Occupational Classification. A web-based, publically available information technology platform called the Vocational Information Tool (VIT) will combine, filter, and sort the data as needed and will eventually integrate with our internal electronic case processing systems.

[1] O*NET was developed in 1998 by the DOL's Employment and Training Administration as a replacement to the DOT. Although SSA research has indicated that we cannot use much of the information contained in O*NET without significant modification, we plan to integrate certain aspects of O*NET such as job task lists into the OIS to avoid duplicating work already done by DOL.

From FY 2013 through FY 2015, we signed yearly IAAs with BLS to conduct data collection feasibility testing. In FY 2013, BLS tested collecting the physical and skill requirements of occupations and workers' environmental exposure. After each of the three test phases, BLS consulted with SSA, evaluated data collection issues, and refined the data collection protocols and processes.

In FY 2014, BLS resolved outstanding issues identified in FY 2013 and tested collecting new data elements, including the mental and cognitive requirements of work. BLS also contracted with an expert on worker skills and job requirements to evaluate internal research regarding the methods of occupational data collection and approaches for testing the validity and reliability of the data. In accordance with the expert's recommendations, BLS conducted a job observation test during the summer of 2015 to compare the data collected through respondent interviews to that collected through direct job observation. The testing indicated high levels of agreement across most elements. For elements with lower levels of agreement, the testing was used to provide additional guidance to field economists to improve data accuracy. BLS will consider continuing to select a subsample of occupations for direct observation as a quality assurance measure. The complete job observation report can be found on the BLS website at http://www.bls.gov/ncs/ors/preprod_job_ob.pdf.

In early FY 2015, BLS conducted a nationwide pre-production test to prepare for production data collection. During pre-production testing, we continued working with BLS to evaluate and refine the survey elements describing the mental and cognitive requirements of work to ensure the information met the needs of our adjudicators. BLS released the pre-production test data in September 2015. BLS also started researching the shelf-life of occupational data to inform decisions about the OIS lifecycle. Finally, in late FY 2015, BLS began the first year of production data collection to be used in adjudication.

In FY 2016, BLS completed the first round of production data collection, and continued analysis of the pre-production test data to improve collection methods and ensure data quality. In May 2016, BLS began the second year of production data collection. We estimate it will take three years to fully populate the OIS database.

On December 1, 2016, BLS released estimates from the first year of production data collection. We will explore using the new data to provide statistical support for the medical/vocational rules adjudicators use to guide decisions made at step five of sequential evaluation. Currently, the step five rules evaluate whether there are jobs available in the national economy that the claimant could perform. First year production data could be used to provide updated support for our use of these rules.

In FY 2017, BLS will also complete the second year and begin the third year of production data collection. They will continue activities to improve survey methods and conduct ongoing validity studies, such as a second job observation test and an incumbent respondent test. BLS will release the second year of production data to us by the end of 2017.

In FY 2018, BLS will complete the third year of data collection and begin the first OIS refresh cycle, which will run for five years.

The current IAA with BLS expires at the end of FY 2017, and we plan to renew it annually, providing our collaboration continues to be successful.

More information regarding this project is available at our OIS website: https://www.ssa.gov/disabilityresearch/occupational_info_systems.html.

Occupational Information System Vocational Information Tool (OIS VIT)

After obtaining new occupational data for the OIS, we will need a front-end tool incorporating this data for use by adjudicators. We plan to update the occupational data routinely and have concluded that our best option is to create a web-based tool, the Vocational Information Tool (VIT). This will give us the ability to update and maintain occupational information without distributing and installing software, minimizing disruption to users. The web-based tool will be accessible to the American public.

In FY 2015, we assembled a workgroup from SSA's occupational information stakeholder components and State Disability Determination Services to develop requirements for the VIT that will pull together the occupational data BLS is collecting, selected O*NET data, and the Military Occupation Code crosswalks. We then contracted with Northrop Grumman (NG) to design the system. SSA's Office of Systems will develop the physical database and conduct system testing and validation.

In FY 2016, we used pre-production data to create business rules for the display of information in the VIT and to conduct alpha testing. Alpha testing gave NG a critical picture of how the production data will look and provided a rough outline of how we will filter and present occupational information to users. NG completed prototype development and prepared the documents for the Office of Systems to begin developing the physical database and to prepare for testing and validation. At the end of FY 2016, NG prepared the data load procedures for the first year of production data from BLS.

In 2017, we are continuing the development and validation of the VIT database and data loading procedures. We are also completing user research and testing on the VIT design prototype.

In FY 2018, we will complete the development and design of the VIT platform based on user testing and research results. We will use three years of BLS data to load into the VIT and complete a formal usability study. Final modifications to the interface design, based on the results of the study, will also be implemented.

Deliver Innovative Quality Service

Understanding America Study (UAS) Enhancements

The UAS is an innovative, nationally representative longitudinal internet panel. Through a jointly financed cooperative agreement with the National Institute on Aging (NIA), our support will maintain the sample size we funded in prior fiscal years. It will also allow for additional data improvements that support policy-relevant research and evidence-based decision-making. Planned data enhancements include:

- Increasing the sample size so that we can conduct more robust retirement security research on the American public to inform SSA's targeted outreach efforts to specific populations, including young workers and those nearing retirement; and
- Maintaining a Quick Turnaround Project fund for directly testing and answering emerging research questions from internal and external policy makers.

The UAS enhancements allow SSA to make more informed decisions about initiating new policies, procedures, and educational products designed to enhance retirement security. The UAS data also serves the public because the sample we support is available for researchers inside and outside of SSA to use in addressing research questions. For example, the grantee has worked with the agency and outside groups such as the American Association of Retired Persons (AARP), the White House Social and Behavioral Sciences Team, the Society of Actuaries, the Department of Treasury, and the Consumer Financial Protection Bureau, on a study to test if changing the names for the "earliest eligibility age," (i.e. age 62) to "minimum benefit claiming age," the "full retirement age" to "standard benefit age," and age 70 to "maximum benefit claiming age" will improve the UAS respondents' understanding of the Social Security claiming decision. In addition, the FLEC has used data from the UAS about consumer debt, the public's knowledge of Social Security programs, and from whom the public seeks financial advice at research symposiums.

Collaboration with Other FLEC Members

In FY 2017, we are continuing our focus on collaborative initiatives designed to improve retirement security among vulnerable populations. One component of this effort is to support activities of Federal agencies that are members of the FLEC. The FLEC, established by Congress in 2003, is a consortium of more than twenty Federal departments, agencies, and other entities working together toward the goal of improving the financial literacy and education of persons in the United States. Coordinating extramural research efforts on financial literacy and retirement security with other Federal agencies allows SSA to minimize redundancy, identify best practices, share results, and leverage existing investments.

In FY 2018, we plan to continue supporting jointly funded cooperative agreements with ED, a key FLEC partner. Our extramural research partnership with ED builds on existing programs to foster retirement security-related research at Historically Black Colleges and Universities (HBCUs) and other minority-serving institutions. This partnership, launched in FY 2011, is consistent with Executive Order 13532 which supports HBCUs. ED issued the initial awards under the program at the end of FY 2013. The four grantee institutions are now using this funding to produce research on retirement security issues and to build capacity and human capital for future research. This research has been submitted to academic journals, such as the Elder Law Journals and the *Journal of Economic Behavior and Organization*, and to conferences, such as the Society of Business and Industry Conference. In addition, one grantee has developed a culturally-sensitive mobile app called "SavMe," which asks questions about retirement and financial security.

Investing in this collaborative research initiative is a critical way for SSA to support the FLEC and to help improve financial capability, financial literacy, and retirement security among economically vulnerable groups. We anticipate that this program may also increase the return on our investment in data support for the UAS and HRS. More broadly, the financial literacy and education research we fund via this project line is specifically designed to prevent dependency in old age and to promote understanding and effectiveness of Social Security program features.

Enterprise Business Intelligence Platform

The Enterprise Business Intelligence Platform (EBI), together with the Office of Retirement and Disability Policy's (ORDP) Analytics Research Center (ARC), provide advanced analytics and data integration tools for efficient access and analysis of agency records to support data based decision-making. Section 1110 funds support a subset of activities to enhance research and statistical functions conducted by the Office of Research, Evaluation and Statistics (ORES), primarily the publication of statistics from administrative records.

In FY 2016, research support for EBI led to the completion of the following automated publication projects:

- Windfall Elimination Provision (WEP) /Government Pension Offset (GPO) reports
- Representative Payee publication reports
- Automated validation processes for WEP/GPO, Representative Payee and Earnings publications, as well as general statistical publication reports and data files.

The legacy processes required staff to create reports manually from the supporting data files. The new applications process data, create reports, and send the output to a SharePoint site. This has improved report production efficiency and accuracy.

FY 2017 plans include:

- Automating the SSI publication process for monthly, quarterly and yearly reports. This includes development and validation of over 30 statistical data files and 110 reports.
- Enhancing the data file and report validation for SSI publication process to improve its accuracy and efficiency. The current validation process is manual, labor intensive and prone to subjective evaluation and errors. Validation in parallel is critical to completion of the overall reports automation process.
- Providing support for ad-hoc statistical analysis project requests. Work includes partnership with ORES staff and Statistical Analysis System (SAS) contractors using EBI tools to support the production of statistics or data extracts.

In FY 2018, ORES will continue building these tools to tap SSA administrative data to enhance our research and statistical reports. This will include the OASDI and SSI programs as well as wage/earnings histories. In addition to full automation of the statistical publication process, we plan to develop and enhance current processes for geographic assignment applications using new SAS Tools. This effort will improve efficiency and accuracy of geo-code assignments used in statistical publication and ad-hoc reports.

New and Emerging Research- Retirement

In FY 2018, we plan to continue our partnership with the NIA supporting the "Roybal Center for Decision Making to Improve Health and Financial Independence in Old Age" at the University of Southern California. Congress created the Roybal Centers Program in 1992 to help translate basic social and behavioral research into practical applications for improving the health and well-being of older Americans. We intend to use the Roybal Center project to address emerging research topics of value to the agency and external stakeholders, such as the White House and Congress. We first contributed funding to this project in FY 2015. The initial set of pilot projects the grantee has proposed to NIA includes research on financial decisions, annuities, and other topics that could inform our outreach and messaging to improve retirement security. For example, one of these pilot projects has been developed into the paper, "Hispanics' Understanding of Social Security: Implications for Retirement Security, A Qualitative Study."

We may also continue to address retirement topics using other research vehicles, such as Intergovernmental Personnel Act (IPA) scholars. Through the IPA program, we fund recognized scholars to work on defined and targeted projects to help create unique and valuable retirement research relevant to SSA's mission. Past accomplishments from the IPA program include research on the impact of the Social Security Statement for both younger and older workers, the earnings implications of divorce for women, and the effects of employment gaps and layoffs on earnings and Social Security benefits. In FY 2017, we are funding an IPA scholar to work with agency staff on a project examining mortality adjustments and longevity in Social Security reforms.

Research and Innovation Lab

In FY 2017, we plan to pursue a multiple award task order contract to conduct targeted research projects to further ensure policy decisions are evidence-based. By pursuing such a contract, we ensure that the expertise is available to support the diverse needs of our expansive disability program, including such areas as medical and vocational policy, earnings, and the synthesis of claimant demographics and social insurance trends. Using a multiple award task order contract affords us sufficient capacity to quickly address multiple research topics simultaneously and the flexibility to develop well-targeted research topics and deliverables. Potential topics include consideration of how the vocational factors of age, education, and past work experience apply to the disability program today in light of technological and demographic changes in the workplace; the analysis of the Bureau of Labor Statistics' Occupational Requirements Survey data; and the effects of multiple impairments.

Medicare Outreach – Section 1144

Section 1144 of the Social Security Act requires that we conduct outreach to Medicare beneficiaries who may qualify for Medicare cost-sharing assistance under the Medicare Savings Programs (MSP) or for the Medicare prescription drug coverage low-income subsidy. In order to meet this requirement, we have targeted our outreach efforts to include income-tested new Medicare beneficiaries, beneficiaries that have experienced a drop in income, and 20 percent of those who were previously notified of their potential eligibility and still meet the appropriate test.

We use a variety of outreach methods to inform those who potentially qualify for the MSP and/or subsidized Part D. We also send outreach letters to former DI beneficiaries without Medicaid who lost their free Medicare Hospital Insurance (Part A) due to work. These beneficiaries may be eligible to get help from the MSP to pay their monthly Part A premiums.

In FY 2016, we mailed approximately 2.4 million outreach letters to those who potentially qualified for MSP or Medicare prescription drug coverage and in FY 2017 we anticipate approximately the same number of mailings.

Strengthen the Integrity of Our Programs

One of the primary aims of our research program is to preserve the public's trust in SSA's programs by simplifying and streamlining how we do our work. To meet the challenges of our growing workload, SSA's research program provides analyses and data that support our efforts to make Social Security more responsive to the needs of the 21st century workforce. The following project summaries highlight the external efforts we plan to fund in FY 2018 that will help to simplify and streamline our policies, procedures, and business processes, as well as maximize our use of automation:

Census Surveys

The Census Bureau's surveys—primarily the SIPP and the Current Population Survey —are the foundation for much of our policy analysis and modeling efforts. Improving the overall quality of data from Census Bureau surveys enhances the value and reliability of the analyses we conduct. We support efforts to improve the quality of Census Bureau survey data that are of direct relevance to analyses of the OASDI, SSI, and related income-maintenance programs. In addition, we support efforts by the Census Bureau to improve the ability to match Census Bureau survey data to our administrative data on benefits and earnings.

Beginning in FY 2010, a major focus of our funding has been to contribute to the Census Bureau's re-engineering of SIPP, with a new survey that entered the field in February 2014. We rely upon SIPP data matched to our records to study the effects of OASDI, SSI, and related programs and to determine how program changes affect individuals, the economy, and trust fund solvency. Some of the important data elements required for our modeling and analysis efforts are not contained in the Census Bureau's re-engineered SIPP. In recent years, we have provided funding and worked with the Census Bureau to design a supplementary data collection to the re-engineered SIPP to meet our research and evaluation needs. Our FY 2015 funding completed our support of the supplemental data collection effort and data processing. The data are due to be released to SSA later in calendar year 2017, according to the Census Bureau.

Without this supplemental data collection from the 2014 SIPP panel, our ability to update and use our models to respond to requests from the White House, Congress, and others to evaluate the impact of proposed changes to the Social Security programs would be severely impaired.

Data Development

One of the main objectives of our extramural research program is to provide information for decision-makers on the Social Security and SSI programs. A key ingredient to providing such information is having appropriate data to answer questions on a range of pending issues. As part of this effort, we develop and maintain a series of detailed statistical databases drawn from SSA’s major administrative data systems, prepare a broad range of statistical tables, produce statistical compilations and publications, and develop information for research, evaluation, and models using survey data collected by SSA, other Federal agencies, or Federally-sponsored institutions.

This project funds the creation of data that are needed to inform policymakers about important programs, efforts to make data more widely accessible or usable for policy research purposes, and collaboration with other agencies to study issues of policy relevance or to improve data quality and methods of data analysis.

Projects that we are currently funding include:

- Workers’ Compensation Statistics—provides support to produce an income series on Workers' Compensation that we publish on an ongoing basis in the Annual Statistical Supplement.
- Committee on National Statistics of the National Research Council—along with contributions from other Federal statistical agencies, provides support to the committee to improve statistical methods and information on which public policy decisions are based. Recent Committee topics include survey options for estimating the undocumented immigrant flow at the Southwest border; redesigning the Consumer Expenditure Surveys; improving healthcare cost projections for the Medicare population; formulating a research agenda for the future of social science data collection; the future of Federal household surveys collecting pay information from employers by gender, race and national origin; and measuring financial vulnerability by analyzing spending on medical care spending.
- Joint Program in Survey Methodology—a project jointly sponsored by the Census Bureau and the Interagency Council on Statistical Policy to develop up-to-date research techniques and training programs to train the next generation of researchers on state of the art practices in the statistical and methodological aspects of surveys.
- Research on Survey Methodology Program—a project jointly sponsored by the National Science Foundation and the Interagency Council on Statistical Policy to further the development of new and innovative approaches to surveys that will have broad

implications for the field in general and specifically for the Federal statistical system. Research topics include survey measurement issues, data collection procedures, technological issues related to survey design, and methods for the analysis of survey data.

- Key Indicators of Well-Being of Older Americans—provides support to the Federal Interagency Forum on Aging-Related Statistics for an interagency collaboration to produce a chart book with 37 key indicators about older Americans in five broad areas: population; economics; health status; health risks and behaviors; and healthcare; and related publications and workshops to identify and fill gaps and improve the quality of data on older Americans.

In addition to these specific projects, we will respond to new needs and opportunities for expansion and improvement of data as they arise.

Health and Retirement Study (HRS)

The University of Michigan's HRS surveys more than 22,000 Americans over the age of 50 every two years and provides an ongoing source of longitudinal data for research on retirement and aging. The study paints an emerging portrait of an aging nation's transition from work to retirement and provides data on health and economic well-being after retirement. HRS data help us assess a wide range of issues, including pre-retirement saving, health insurance and pension coverage, retirement patterns, and projected benefits of disabled and retired workers. Through jointly financed cooperative agreements with NIA, we have supported the HRS from its inception. HRS has become the premier source of data on the retirement-age population, especially when linked with our administrative records on benefits and earnings.

This project has five major components in FY 2018:

- Basic survey support that is targeted toward protecting against losses in sample size, improving data quality, assuring confidentiality of the data, and developing restricted access to administrative data on benefits and earnings.
- Production of user-friendly public-use HRS longitudinal data files with consistent imputations of missing data and simplified merging of observations across interview waves.
- Collection of longitudinal information from HRS respondents on consumption to understand how it changes through retirement and whether people have adequate retirement income to meet their needs.
- Improvements to the consent rate among respondents to match HRS survey information to SSA administrative records on benefits and earnings. This goal is largely achieved through increasing the proportion of HRS interviews in each wave that are conducted in person rather than by telephone. This effort will continue with the new cohort of respondents that was added to the HRS survey in 2016.
- Updates of sample weights that account for attrition across waves of the HRS, longitudinal imputations of wealth and asset measures, and an integrated file to facilitate matching of HRS data to SSA administrative records.

HRS Supplement

The HRS is an important source of longitudinal data on retirement and aging, but sample sizes of minority and low-income populations are small, limiting research on these groups. Through a jointly financed cooperative agreement with NIA, this project will maintain the increased sample size in the HRS for minority and low-income populations that we started supporting in FY 2009. The minority expansion will continue to have HRS data matched to agency administrative records.

The HRS minority sample expansion allows researchers to complete subgroup analysis of vulnerable populations, which is particularly important as the HRS has become the premier data source for research on the near-retirement-age and retirement-age populations. The HRS is used heavily for research projects funded by SSA through the RRC and by SSA staff in conducting research on topics including pension participation, differences in contributions to tax-deferred savings accounts among different birth cohorts, and retirement resources of near-retirees. The HRS data we support is also available for outside researchers to use.

Since its inception in 1992, SSA has provided annual funding to support and improve data collection and linkage of HRS data to SSA administrative data. Among the things we fund are a user-friendly longitudinal HRS data file, which is heavily used by SSA analysts, academics and contractors; in-person interviews to improve consent rates to match to SSA records; and the collection of longitudinal data on consumption patterns of a subset of HRS respondents. This unique longitudinal dataset makes it possible to study the dynamics of retirement and the aging of the population and how this is changing in successive cohorts. Over 2,000 studies using HRS data are registered on the HRS website. SSA uses the HRS for both policy analysis and model development. HRS data have been used to estimate labor force participation, retirement transitions, financial wealth, and housing equity relationships in SSA’s Modeling Income in the Near Term (MINT) model. The data are also extensively used for RRC-funded research and as the basis for reports by the Congressional Budget Office (CBO), the United States Government Accountability Office (GAO), the Council on Economic Advisors, and the President’s Commission to Strengthen Social Security.

Retirement Research Consortium (RRC)

The RRC is one of our key tools for maintaining a strong capability to produce a large body of policy-relevant research on retirement and Social Security. The RRC comprises three competitively selected research centers based at the University of Michigan, Boston College, and the National Bureau of Economic Research. They are broadly charged with planning, initiating, and maintaining a high quality, multidisciplinary research program that covers retirement and Social Security program issues. The centers perform valuable research and evaluation of retirement policy, disseminate results, provide training and education awards, and facilitate the use of our administrative data by outside researchers. These centers have greatly expanded the amount of policy research on Social Security-related issues and have responded to our specific analytical needs.

The research results of the RRC are widely reported in professional journals and conferences and in leading newspapers, radio, and television programs. The centers also disseminate results, train students and practitioners, and facilitate the use of our administrative data by outside researchers. In FY 2018, we will enter the fifth year of the current 5-year cooperative agreements, which run through the end of the fiscal year.

Some recent and current studies funded through the RRC examine how behavioral and psychological factors affect individuals' financial and claiming decisions. These studies are looking at the roles of personality traits and biases, such as the tendency to underestimate exponential growth, which could lead to decisions that may put future retirees' financial security at risk. A continuation of this work currently underway investigates whether providing appropriate tools to retirement plan participants can mitigate this problem. These tools could allow individuals to be more prepared for retirement by strengthening the employer and personal savings component of retirement income.

Other recent RRC studies have looked at the role of occupations and their characteristics on the work choices of older workers. These studies are looking at how job demands influence retirement plans and whether changes to working conditions, either through job change or workplace accommodations, could lead older workers to delay leaving the workforce. International studies provide an additional opportunity to learn from comparing working conditions in the United States with working conditions in other countries and evaluating the effects of retirement and pension reforms relevant to the U.S. system.

Finally, additional studies through the RRC assess the relationship between age and cognitive decline as they relate to financial decision making. This work is currently being extended to understand the arrangements individuals with dementia or cognitive decline have to manage their finances, whether informal family care, power of attorney, a representative payee, or other help. This research is important to establish the size and the characteristics of the population of future retirees who will require representative payees to manage their Social Security benefits. Recent RRC papers are available at the following link: http://www.ssa.gov/policy/rrc/.

Retirement Income Modeling

Fundamental changes to the Social Security retirement program can have a significant effect on the distribution of benefits, total retirement income, and incidence of poverty. Econometric and simulation models can provide policy makers with detailed information on the effects of changes in government programs on individuals, with projections for years into the future. SSA's MINT model is an important tool for such evaluations. MINT's projections of the aged population have been extended well into the 21st century to enable simulation of additional Social Security policy changes. MINT is particularly well suited for studying the distributional effects of reform proposals that are implemented immediately, but also provides valuable insights into proposals that are phased in over time. For example, MINT has been used by SSA, GAO, the Council of Economic Advisors, and OMB. MINT estimates have provided data for numerous congressional policy proposals.

SSA continually assesses the functionality of MINT. MINT is updated frequently to enhance components of the model, add new components, use more recent data, and incorporate the latest assumptions from the Trustees Reports through individual 1 to 2-year contracts. A recently completed contract enhanced MINT to include more recent survey and SSA administrative data and incorporated behavioral responses, modeled family-level consumption, and improved processing efficiency and turnaround time.

The MINT project provides quality and productivity improvements that go beyond SSA's staffing resources and expertise. All costs for the development of MINT are charged to our Section 1110 appropriation. However, most MINT analyses are conducted in-house and the costs associated with in-house staff analyses using MINT are funded through our administrative budget. In FY 2017 we are upgrading the seventh version of MINT to conform with the 2016 Trustees Report and better measure the Supplemental Poverty Measure (SPM). We will produce an update of a previous publication on the financial well-being of the baby boom and Gen-X birth cohorts and of the measurement of poverty with the SPM. We also will compete a contract to upgrade MINT by improving retirement account and wealth projections and incorporate more recent administrative data through 2016. The MINT contract will be awarded in FY 2017 and implemented over FYs 2018-2019.

Social Security Programs throughout the World

The Social Security Programs throughout the World (SSPTW) publication is the product of a cooperative effort between SSA and the International Social Security Association (ISSA). The ISSA is the principal international institution bringing together social security agencies and organizations around the world. The information contained in these volumes is crucial to our efforts and those of researchers in other countries to review different ways of approaching social security challenges that will enable us to adapt our social security systems to the evolving needs of individuals, households and families. These efforts are particularly important as each nation faces major demographic changes, especially the increasing number of aged persons, as well as economic and fiscal issues.

ORES has produced the SSPTW since 1937. It is the only source that provides reliable, current country-specific information on such a large number of foreign social security programs, including more than 170 countries around the world. Internally, it is used extensively by the Office of International Programs in the preparation of totalization agreements and for determining a country's eligibility under section 202(t) of the Social Security Act as to prepare for international meetings and for internal research activities (e.g. Social Security Bulletin articles, International Update and a monthly newsletter). Externally, it is used by Congress (such as the Senate Special Committee on Aging and the Senate Committee on Health, Education, Labor, and Pensions), across other Federal agencies (e.g., the GAO, DOL, and HHS) to prepare reports on a variety of social insurance topics, and by the State Department, which widely distributes copies to its embassies around the world. International Organizations including the World Bank, International Labor Organization (ILO), International Monetary Fund and the United Nations, often include SSPTW data in their publications (e.g., the ILO relies on SSPTW for its series World Social Protection Report). In FY 2017, we plan to continue to fund this effort.

RELATED FUNDING SOURCES

The Commissioner of Social Security has the authority to conduct research and demonstration projects under section 234 of the Social Security Act. SSA uses trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. These demonstration projects, authorized under the 1999 Ticket to Work Act and the Bipartisan Budget Act (BBA) of 2015, P.L. 114-74, are funded from the trust funds, and are not part of the annual research appropriation request. OMB directly apportions section 234 funds. The BBA provides authorization to initiate such projects until December 31, 2021 and to carry out such projects through December 31, 2022. As mentioned in the section “Other Research Authority Request,” some new demonstration projects would require revised section 234 authority.

Benefit Offset National Demonstration (BOND)

The Ticket to Work and Work Incentives Improvement Act of 1999 directed SSA to conduct a research demonstration to test the effect of offering a $1-for-$2 benefit offset to DI beneficiaries. BOND tests a benefit offset that gradually reduces benefits by $1 for every $2 earned above an annualized Substantial Gainful Activity (SGA) amount after the Trial Work Period (TWP) in combination with varying levels of benefits counseling. The goal of the project is to enable more beneficiaries to return to work and maximize their employment, earnings, and economic independence. Project participants maintain Medicare eligibility while their benefits are offset. BOND allows us to evaluate program costs and savings and trust fund implications if we were to implement such a program on a national scale.

In December of 2009 SSA awarded the contract to implement and evaluate BOND to Abt Associates. BOND is in the 8^{th} year of operation. The BOND research project will end December 2018, but will continue offset operations until 2022. The final evaluation draft report is due October 2017.

Promoting Opportunities Demonstration

The BBA directed SSA to conduct a new demonstration testing a benefit offset after an allowance for impairment-related work expenses. This project, called the Promoting Opportunity Demonstration (POD), will test a $1-for-$2 benefit offset for each month DI workers earn above the greater of the TWP level of earnings ($840 in 2017) or their itemized impairment-related work expenses (up to the SGA, which is $1,170 for 2017). TWP and Extended Period of Eligibility rules will not apply to participants in the treatment groups. The demonstration will include 5,000 beneficiaries in each of the three study groups: A control group; a treatment group who will be placed into suspense if benefits are reduced to $0; and a treatment group whose DI eligibility will terminate if benefits are reduced to $0 for 12 consecutive months.

In December 2016, SSA awarded the POD evaluation contract to Mathematica Policy Research. The POD implementation contract was awarded to Abt Associates in January 2017. With the state vocational rehabilitation agencies in about eight states, SSA will conduct the demonstration for the next five years. We plan to begin recruiting participants in October 2017 and will spend the remainder of FY 2018 preparing for implementation.

ADMINISTRATION OF SOCIAL SECURITY'S RESEARCH ACTIVITIES

To implement these demonstrations, we will need to hire staff to test creative and effective ways to reform the disability programs for a modern labor market and promote greater labor force participation of people with disabilities. To maximize the potential for success, we would simultaneously test a variety of strategies in collaboration with other government agencies. However, in order to achieve this success, we need to build the internal staff proficiency to focus on this work. The ability to design and implement a rigorous demonstration requires employees with unique skill sets in program administration, policy design, project management, research and evaluation, and problem solving.

SSA's primary research components are housed within the Office of Retirement and Disability Policy (ORDP). ORDP is responsible for all major activities in the areas of strategic and program policy planning, policy research and evaluation, statistical programs, and overall policy development, analysis and implementation. Within ORDP, the Office of Retirement Policy; the Office of Research, Demonstration, and Employment Support; the Office of Disability Policy; and the Office of Research, Evaluation, and Statistics share the responsibility of administering projects funded under SSA's research appropriation.

Office of Retirement Policy (ORP) - ORP provides policymakers in SSA, the White House, Congress, and the policy community with research on retirement security and information on the latest techniques to help the public make informed choices about planning for retirement, such as when to claim benefits. In addition to publishing research internally, ORP also funds four extramural research initiatives: the UAS, the Minorities and Retirement Security Program, the New and Emerging Research—Retirement, and the HRS Supplement.

Office of Research, Demonstration, and Employment Support (ORDES) - ORDES conducts research and analysis related to the DI and SSI programs. ORDES implements demonstration projects to test changes to the disability programs primarily aimed at improving program administration and supporting employment; conducts research, analysis, evaluations, and statistical modeling that support the agency goals to strengthen our disability programs and improve program integrity; and collects new occupational information to support the agency's disability programs.

Office of Disability Policy (ODP) - ODP oversees and supports the planning, development, evaluation, and issuance of substantive regulations, policies, and procedures for the SSA administered disability programs; development and promulgation of policies and guidelines for use by state, Federal, or private contractor providers who implement the disability provisions of the Social Security Act; evaluation of the effects of proposed legislation and legislation pending before Congress to determine the impact on the disability programs; and the coordination of interrelated policy areas. ODP uses research to identify opportunities for policy improvement; keep medical, childhood, disability, and CDR policies up to date; and make informed decisions.

ODP is currently engaged in a multi-year contract with the NAS. This contract allows SSA to obtain impartial advice on medical developments and clinical issues from experts in a variety of medical and clinical disciplines. The NAS medical experts provide SSA with a neutral ground for debate and analysis of emerging issues. NAS also provides publically available reports, which include findings and conclusions related to improving the SSA disability programs.

Office of Research, Evaluation, and Statistics (ORES) - ORES is a Federal statistical unit responsible for the production and dissemination of research and data on Social Security programs. ORES meets these responsibilities through three primary functions:

- Research and Evaluation – ORES produces findings on the Social Security retirement, disability, and SSI programs from research and microsimulation projects supported through intramural and extramural programs. Examples include research projects supported by grants to independent third-party analysts through the Retirement and Disability Research Consortiums; microsimulation model development and implementation (i.e. MINT8); and working papers by SSA staff covering SSA program areas primarily using administrative record data.

- Data Infrastructure – ORES, a principal statistical unit of the U.S. Federal Government, engages in activities intended to develop program and survey data to support the agency's research and statistical objectives. These activities include providing administrative data to internal and external partners to support program research, developing administrative linkages to external data sources (e.g. the HRS), and partnering with entities to enhance research data supporting program research (e.g., IAAs to develop data resources, interaction with the Committee on National Statistics, and coordination with the Interagency Council on Statistical Policy).

- Dissemination – maintaining a schedule of research and statistical publications allows ORES to both achieve agency goals and meet requirements for Federal statistical units. ORES statisticians and researchers collaborate with the information resources team to provide reliable data about key Social Security program variables (e.g. trends in applications, benefits, earnings, etc.), information about the design of social insurance programs around the world to support comparative research, as well as social and behavioral research related to SSA programs.

RESEARCH INVESTMENT CRITERIA

The agency supports research to better understand the socio-economic status of Americans under the program we administer; how changes in demography and the economy might alter the well-being of the program and those it covers; the interrelationships between the program and other private and public programs; and the impact of the program on the overall economy. Within this framework, our extramural program places the best available evidence into the hands of policymakers to inform policy development and program administration. We have established guidelines for developing, managing, and vetting projects for potential inclusion in our long-term research and demonstration agenda. We employ a variety of methods to ensure: 1) that we meet the funding requirements of the sections of the Act that authorize our extramural research and demonstration activities; and 2) that our extramural research activities meet high standards for relevance, quality, and performance.

Relevance

The primary purpose of our extramural research is to support evidence building to inform the improvement of our programs. We seek to support research and demonstrations that clearly connect with this goal. A fundamental step in SSA's review is assuring that each project responds to issues facing the Social Security retirement, disability, and/or SSI programs, with priority towards contemporaneous challenges facing the agency. Our review process includes obtaining the advice and recommendations of researchers with technical expertise, program managers, and agency executives. We also receive input on our research program from the Social Security Advisory Board**.** The extramural research budget undergoes careful scrutiny both within SSA and by external monitoring authorities.

Internal reviews also help to ensure that funded activities reflect SSA's strategic goals and objectives and help us respond to legislative requirements and address high-priority issues. Many of our extramural research activities are directed toward providing policymakers and the public with the analytical and data resources they need to assess current SSA programs and the implications of reform proposals.

Our budget request reflects our support of the Administration's and Congress' ongoing goals to provide opportunities for disability beneficiaries to maximize their self-sufficiency through work and to increase the American public's basic financial management skills. For example, we are working collaboratively with the DOL, ED, and HHS in this area to test interventions that will improve the postsecondary education and employment outcomes of children who receive SSI. We also propose working with DOL to test early intervention and return-to-work services for individuals with work-related impairments likely to receive DI or SSI.

Quality

Our extramural program provides access to analysts at top research institutions from around the country to expand our base of expertise to produce the best evidence in support of our program. We use a competitive, merit-based, peer reviewed procurement process to ensure that our extramural research program selects the most appropriate individuals and techniques to produce high quality results. We award nearly all of our extramural research projects conducted by private-sector organizations through competitive contracts, grants, or cooperative agreements. As a result, our extramural program features internationally recognized scholars including many that have held important federal posts (e.g. Council of Economic Advisors) and received significant recognition for their research contributions (e.g. the John Bates Clark Medal).

We also make use of technical evaluation panels to review projects while they are in progress and to provide feedback and suggestions to the agency. These panels include internal experts in relevant disciplines, such as statistics, economics, and survey design. They help ensure that SSA-sponsored research projects are methodologically sound and consistent with professional standards. T research projects that we sponsor through the RRC and DRC are often discussed in a formal seminars or workshops as well as published in top peer reviewed scientific journals.

Performance

We carry out our extramural research and evaluation projects primarily through contracts, jointly funded cooperative agreements, and grants that identify specific deliverables and timetables. The agency has sent a strong message to contractors that they must complete projects on time and within budget. Contracting Officer's, Contracting Officer's Technical Representatives (COTR), analysts, and senior executives monitor the progress of all research contracts and agreements. These agreements are also subject audits by the Office of the Inspector General.

Consistent with the Administration's encouragement to support evidence-based evaluations, we produce reports and data files for each research and evaluation project in an effort to determine whether existing or proposed programs work as designed. Where appropriate, we make these reports publicly available or announce their availability in the *Social Security Bulletin* and online.[1] The RRC also disseminates output at annual meetings, online, and through a variety of publications, workshops, and conferences. Finally, agency funded research projects based on SIPP, HRS, and the MINT model are widely cited in both peer-reviewed publications and the mainstream press.

[1] Social Security's research publication, the Social Security Bulletin, features peer-reviewed research articles produced by agency research staff as well as third-party contributors. Recent publications include Dushi, Iams and Trenkamp (2017), "The Importance of Social Security Benefits to the Income of the Aged Population", 77(2) https://mwww.ba.ssa.gov/policy/docs/ssb/v77n2/v77n2p1.html and Dushi, Iams, and Tamborini (2017) "Contributory Retirement Saving Plans: Differences Across Earnings Groups and Implications for Retirement Security", 77(2) https://mwww.ba.ssa.gov/policy/docs/ssb/v77n2/v77n2p13.html. Our extramural partners often publish supported research in scholarly journals. Recent examples include, but are not limited to: Chetty R, Stepner M, Abraham S, Lin S, Scuderi B, Turner N, Bergeron A, Cutler D. (2016), "The Association Between Income and Life Expectancy in the United States, 2001-2014", JAMA 315(16):1750-1766; Baicker K, Finkelstein A, Song J, and Taubman S, (2014), "The Impact of Medicaid on Labor Market Activity and Program Participation: Evidence from the Oregon Health Insurance Experiment", American Economic Review: Papers and Proceedings, 104(5): 322-328; Gustman A, Steinmeier T, and Tabatabai N, (2017), "Means Testing Social Security: Income versus Wealth", National Tax Journal 70 (1), 111–132; Deshpande M. (2016), "The Effect of Disability Payments on Household Earnings and Income: Evidence from the SSI Children's Program", Review of Economics and Statistics, 98(4): 638-654; Banerjee, Sudipto & Blau, David (2016). "Employment Trends by Age in the United States: Why Are Older Workers Different." Journal of Human Resources. Vol. 51(1): 163-199; Levy H, Buchmueller T, and Nikpay S. (2016), "Health Reform and Retirement", Journals of Gerontology Series B. 115: 1-10; De Nardi, M, French E and Jones J B. (2016), "Medicaid Insurance in Old Age", The American Economic Review, 106 (11:) 3480-3520; Gettens J and Henry A D. (2015), "Employment-Related Health Insurance and Service Delivery Needs of Persons with Disabilities," Journal of Disability Policy Studies 26(3): 164-172; Rutledge M (2016), "How Do Financial Resources Affect the Timing of Retirement After a Job Separation?", Industrial and Labor Relations Review 69(5): 1249-1279.

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TABLES

APPROPRIATION LANGUAGE

For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed $20,000 for official reception and representation expenses, not more than $10,603,000,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, and including the cost of carrying out the Social Security Administration's obligations as required under section 1411 of Public Law 111–148, from any one or all of the trust funds referred to in such section: Provided, That not less than $2,300,000 shall be for the Social Security Advisory Board, of which not more than $5,000 may be expended for official reception and representation expenses: Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2018 not needed for fiscal year 2018 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: Provided further,

That the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso: Provided further, That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to 5 U.S.C. 7131, and for facilities or support services for labor organizations pursuant to policies, regulations, or procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made.

In addition, for the costs associated with continuing disability reviews under titles II and XVI of the Social Security Act, including work-related continuing disability reviews to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, for the cost of co-operative disability investigation units, and for the cost associated with the prosecution of fraud in the programs and operations of the Social Security Administration by Special Assistant United States Attorneys, $1,735,000,000 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, of such amount, $273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and $1,462,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: Provided further, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104–121 for fiscal years 1996 through 2002.

In addition, $118,000,000 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 2018 exceed $118,000,000, the amounts shall be available in fiscal year 2019 only to the extent provided in advance in appropriations Acts.

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

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

LANGUAGE ANALYSIS

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

SSA is requesting a total of $1,735,000,000 in dedicated program integrity funding, including funding for full medical Continuing Disability Reviews (CDR), SSI non-medical redeterminations of eligibility (redeterminations), work related CDRs, cooperative disability investigation (CDI) units, and fraud prosecutions by Special Assistant United States Attorneys (SAUSAs). The FY 2018 program integrity request is comprised of $273,000,000 in base funding to meet the terms of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and $1,462,000,000 in additional new budget authority for the full authorized level cap adjustment level for 2018.

In addition to the appropriated amounts, SSA is requesting to spend up to $118,000,000 in SSI State Supplement user fees and up to $1,000,000 in non-attorney representative fees.

Table 3.1—Appropriation Language Analysis

Language Provision	Explanation
"*…and including the cost of carrying out the Social Security Administration's obligations as required under section 1411 of Public Law 111–148,…*"	The language allows SSA to use LAE resources for some Affordable Care Act activities.
"*Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2018 not needed for fiscal year 2018 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: Provided further, That the Commissioner of Social Security*	The language allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.

Language Provision	Explanation
shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso…"	
"In addition, for the costs associated with continuing disability reviews under titles II and XVI of the Social Security Act, including work related continuing disability reviews to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, for the cost of co-operative disability investigation units, and for the cost associated with the prosecution of fraud in the programs and operations of the Social Security Administration by Special Assistant United States Attorneys, $1,735,000,000 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, of such amount, $273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and 1,462,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: Provided further, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104–121 for fiscal years 1996 through 2002.	The language appropriates $1,735,000,000 of dedicated program integrity funding for SSA's full medical CDRs, redeterminations, work related CDRs, CDI units, and fraud prosecutions by Special Assistant United States Attorneys. That amount comprises a base of $273,000,000 and the authorized 2018 level of $1,462,000,000 for the purposes of an adjustment to the discretionary spending limit as provided in section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Bipartisan Budget Act of 2015 (BBA).

Language Provision	Explanation
"In addition, 118,000,000 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 2018 exceed $118,000,000, the amounts shall be available in fiscal year 2019 only to the extent provided in advance in appropriations Acts."	The language makes available up to $118,000,000 collected from states for administration of their supplementary payments to the SSI program. This assumes the fee will increase from $11.68 per check in FY 2017 to $11.97 in FY 2018 according to increases established by statute. SSA receives the amount collected above $5.00 from each fee.
"In addition, up to $1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended."	The language provides for the use of up to $1,000,000 derived from fees charged to non-attorneys who apply for certification to represent claimants.

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes the significant items in the FY 2017 Joint Committee Report, *P.L. 114-254*, as well as items set forth in House Report H.R. 5926 and Senate Report S. 3040. We just received the Omnibus Appropriation. We will provide updates, as required.

Table 3.2—Further Continuing Appropriations Act, 2017: Joint Committee Report (P.L. 114-254)—Significant Items

Work Incentives Planning and Assistance (WIPA) and Protection and Advocacy for Beneficiaries of Social Security (PABSS)
The agreement includes $23,000,000 for Work Incentives Planning and Assistance and $7,000,000 for Protection and Advocacy for Beneficiaries of Social Security.

Information Technology
The Social Security Administration is requested to submit to the Committee an information technology (IT) modernization plan in the fiscal year 2018 budget request. The plan shall include: a complete list of any new systems and significant improvements of existing systems proposed for development; the projected cost of each development project each year to completion including the total estimated cost of development; the estimated annual operations and maintenance costs for each system once development is complete; and a timeline and estimated maintenance cost savings of any legacy systems that will no longer be necessary and are proposed to be eliminated. The plan should also include an assessment of SSA's IT management controls, including how the systems integrate into SSA's enterprise architecture; an analysis of SSA's project management capabilities; and a review of SSA's IT investment and human capital management practices. The requested plan shall address IT funding provided in this Act and any other spending authority planned for or proposed to be used for such purposes.

Office of Disability Adjudication and Review (ODAR)
The Committee is aware that some locations average twice the processing times of others and that it can take up to two years to process. This degree of differential processing times is a concern to the Committee. The Social Security Administration is directed to include in the fiscal year 2018 budget request steps taken to reduce the processing times at offices that average over 600 days.

Medical Vocational Guidelines
The Committee is dedicated to ensuring that the disabled have access to needed benefits, and strongly encourages SSA to work with us to achieve that goal. The Committee continues to be concerned that SSA uses outdated rules to determine whether or not a claimant meets SSA's definition of disability. The Committee is encouraged by SSA's indication that they are beginning the regulatory process, having already received input from the National Disability Forum, the National Institute of Medicine, as well as various aging and employment experts. These initial steps are well received by the Committee as we continue to work with the Administration to modernize the outdated vocational guidelines into a structure that reflects the 21st century labor market. As this is the first significant overhaul of the grid in nearly 40 years, the Committee requests SSA to submit, no later than 60 days after the enactment of this act, a

report on its ongoing efforts to update the grid. In addition, the report shall include a study assessing the feasibility of maintaining a continuous update of the medical vocational guidelines every 10 years.

Social Security Advisory Board

The Committee recommends that not less than $2,300,000 of the LAE funding be available for the Social Security Advisory Board, which is the same as the fiscal year 2016 enacted level and $200,00 below the fiscal year 2017 budget request. The Committee requests the Social Security Advisory Board include additional information regarding the work of the Social Security Advisory Board and Federal administrative expenses in the fiscal year 2018 budget request.

Vocational Expert (VE)

The Committee notes that SSA's OIG has recommended that SSA periodically determine whether VE fees are appropriate to obtain the required level of VE service. The Committee understands that SSA plans to conduct such a review, including benchmark studies of VE fees paid in the national economy and those paid by other governmental and non-governmental organizations, during SSA's acquisition planning process for the contracts to be awarded in fiscal year 2018. The Committee looks forward to an update in the fiscal year 2018 CJ regarding these studies.

Update to the Social Security Statement

The Social Security benefit calculation is based on an individual's earnings history. Beginning in 1978, SSA has both covered and non covered earnings data. The Committee directs SSA to include both covered and non covered earnings information in the Social Security Statement, in order to allow Americans to confirm the accuracy of agency records from 1978 and later.

Muscular Dystrophy

The Committee is aware that the Social Security Administration is included in the Muscular Dystrophy Coordinating Committee under the Muscular Dystrophy CARE Act Amendments enacted in September 2014. The Committee expects the agency to make data available on the rate at which persons with Duchenne and Becker Muscular Dystrophy utilize SSA programs, particularly those focused on promoting employment and community independence such as the Ticket to Work Program.

Advertising Fees

The Committee continues a provision relating to disclosure of U.S. taxpayer funding for programs used in advertising.

Prioritizing Continuing Disability Reviews To Maximize Cost Savings

A recent Government Accountability Office report (GA0-16-250) found that SSA's Continuing Disability Review (CDR) prioritization models fail to maximize potential cost savings. Within 1 year, and every 3 years thereafter, the agreement directs SSA to review and update the models for prioritization of CDRs with the primary intent of efficiently and effectively maximizing lifetime cost savings to the government. A detailed, cost-based explanation for the model's prioritization of different CDR types and justification for any updates made should be included in the annual CDR Report.

Strengthening the Oversight of Social Security Disability Benefits

The Committee recommendation includes language strengthening oversight of Social Security disability programs. Specifically, the Committee encourages SSA to expedite efforts to update the medical vocational guidelines used as part of the initial disability determination process and to clarify how the medical improvement standard, and exceptions from it, should be applied during continuing disability reviews, as well as revise the treating physician rule to reflect changes in healthcare delivery. The Committee also supports the agency as it implements recommendations from GAO, as outlined in its annual duplication report, to reduce overpayments to individuals receiving concurrent Federal Workers Compensation Act [FECA] payments.

Medical Improvement Standard

The Committee commends SSA for its work to improve program integrity. However, the Committee is concerned, per previous GAO testimony and report findings from the SSA Office of the Inspector General, that confusion still exists about the Medical Improvement Standard (MIRS) and its exceptions. The Committee directs SSA to submit a report no later than 60 days after the enactment of this act on its progress in educating Disability Determinations Services in the proper application of the MIRS and its exceptions.

Disability Hearing Pilot Program

The Committee supports SSA's efforts to reduce the backlog of disability claims hearings. Given the successful implementation of the Disability Hearing Pilot Program in Region 1, the Committee encourages SSA to implement the changes on a nationwide level. The changes should include providing advance notice of a hearing date, and requiring claimants to inform SSA or submit written evidence within a certain period in advance of the hearing, subject to the good cause exception. Furthermore, as recommended in the pilot, SSA should consider removing "new and material evidence" as a basis for reopening any decision made at the hearing of Appeals Council levels for benefits based on disability. The Committee requests a report on plans for implementation no later than 60 days after the enactment of this act.

Report on LAE Expenditures

The Committee directs SSA to include in the fiscal year 2018 budget request the amount of funding for the following categories for fiscal years 2016-2018:

- Personnel costs by General Schedule grade, Administrative Law Judge personnel costs, Senior Executive Service personnel costs, reemployed annuitant personnel costs including the number of Full-Time equivalent for each General Schedule grade, Administrative Law Judge, and Senior Executive Service
- Personnel costs by region, including the number of General Schedule grade, Administrative Law Judge, and Senior Executive Service Full-Time Equivalent for each region
- Information technology costs broken out by hardware/software technology and upgrade/maintenance costs
- Physical infrastructure costs by region and office function
- Overall costs for personnel, time and dollars for the administrative expenses and program

operation expenses for the following programs:

- OASI
- DI
- SSI
- Other SSA missions, including return to work efforts

- Program Integrity work broken out by OASI, DI and SSI as well as types of spending (data matching, predictive data work and data analytics)
- Disability Determination Services State costs and federal staff costs- separated from other SSA administered program costs

Representative Payee

The agreement notes that any vendor hired to conduct representative payee monitoring reviews have significant and demonstrable experience monitoring representative payees, and addressing problems found among individuals with different types of disabilities and among different types of service providers. SSA should expect close Congressional oversight of this situation throughout the coming year. The agreement also notes with concern a lack of oversight and internal controls in the Representative Payee program. SSA is encouraged to improve program monitoring to address program deficiencies discussed in recent Office of the Inspector General reports.

Administrative Law Judge Hiring

The Social Security Administration's National Hearing Centers (NHCs) provide the Social Security Administration (SSA) with invaluable flexibility and support to address the hearings backlog. Understanding the value of this flexibility and support, the agreement directs SSA to ensure that its upcoming Administrative Law Judge (ALJ) hiring allocates additional ALJs to NHCs.

Reducing the Hearing Backlog

The Committee is aware of the discord between SSA and the ALJ community regarding the implementation of part of SSA's Compassionate and Responsive Service [CARES] plan to reduce the significant hearing backlog at the agency. Specifically, there is concern regarding the Administration's hiring of Administrative Appeals Judges for non-disability and remanded cases. The Committee recognizes the need for further discussion regarding this matter and encourages SSA to engage with the ALJ community and appropriate stakeholders to find innovative solutions to address hearing wait times, keeping in mind the goal of reducing the backlog to serve the over 1.1 million individuals and their families awaiting a hearing decision.

Reducing the Disability Adjudication Backlog

The agreement includes funds to address SSA's disability adjudication backlog, which is currently 560 days on average. The Committees on Appropriations of the House of Representatives and the Senate are disappointed in SSA's progress in reducing the backlog when specific funding was provided in the Further Continuing and Security Assistance Appropriations Act, 2017. Due to concerns about continued weaknesses with SSA's CARES plan, SSA is directed to submit a detailed report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate within 90 days of enactment of this

Act that outlines its plan for reducing the disability backlog of the Office of Disability Adjudication and Review (ODAR) and increasing ODAR's effectiveness. The report shall include measurable milestones toward achieving key elements of SSA's hiring and improved automation goals. These milestones shall include workload information, including receipts, pending, and processing time, award rate, and decisions rate at each level of adjudication, workforce information for ALJ s, Decision Writers, and other support staff including new hires, separations, and support staff ratios, planned obligations by quarter for each component of the initiative, as well as the expected reductions in the backlog. To ensure this effort stays on schedule, SSA is directed to submit quarterly reports to such Committees that compare actual data with milestones identified in the initial report. The quarterly reports should compare actual and planned data on obligations, hiring, effects on the backlog, and other performance measures.

Disability Case Processing System

The agreement strongly supports the recommendation by the Office of Inspector General that SSA should periodically evaluate its path forward to ensure it is pursuing the most cost-effective alternative to achieve the goals of a modernized case-processing system for SSA and obtain the greatest value for the taxpayer. To that end, the agreement supports SSA's decision to obtain an independent, third-party evaluation of the advantages and disadvantages of pursuing various alternatives from this point forward, including continued deployment of DCPS2, and other options. The Social Security Administration is directed to brief the Committees on Appropriations of the House of Representatives and the Senate on the results of the evaluation within 90 days of enactment of this Act.

Duplication

As part of its annual duplication report GAO identified areas within the SSA where there are opportunities to improve efficiency and effectiveness and reduce costs. GAO report 15-531 recommends that the SSA evaluate the costs and benefits of alternatives for reducing the potential overpayments to individuals receiving concurrent Federal Employees' Compensation Act payments to determine how best to strengthen internal controls. The Committee is encouraged by the Administration's willingness to implement these recommendations, and requests a report on the progress of the implementation in the fiscal year 2018 CJ.

Disability Fraud Rate Baseline

The SSA has committed significant resources to fighting fraud in the Disability Insurance program. To understand if these efforts are effective, the Committee directs the SSA Commissioner to work with the Office of Inspector General to establish a disability fraud rate baseline no later than September 30, 2017.

The Treating Physician Rule

The Committee expects that in resolving claims for disability insurance, SSA's consideration of medical evidence should reflect the degree of relevance and familiarity each medical source has with the effect of an individual's medically determinable impairment(s) on his or her ability to perform Substantial Gainful Activity [SGA]. Since the Treating Physician rule was first published in the Federal Register in 1991, healthcare delivery in the United States has changed significantly and the Treating Physician rule no longer reflects the present reality of the medical personnel with greatest knowledge of an individual's physical and/or mental condition. The Committee encourages SSA to consider revising the controlling weight doctrine in the Treating Physician rule and revising its Acceptable Medical Sources to reflect the new degree of familiarity with their patients, and rigorous training of, nurse practitioners, physician assistants, licensed clinical social workers, audiologists, and speech and language pathologists for the particular impairments that they are well-equipped to treat.

Administrative Law Judge Data Publication

The Committee expects SSA to publish the same performance and decisional statistics for Administrative Appeals Judges (when holding hearings under SSA's "CARES" plan) as it does for Administrative Law Judges in its public use data files.

Improper Payments

The Committee is supportive of efforts to reduce improper payments and improve program integrity in the SSA's disability and Supplemental Security Income benefits programs. As part of the Bipartisan Budget Act of 2015, Congress empowered SSA to enter into an information exchange with a payroll data provider to prevent improper payments of such benefits. These programs have proven to be beneficial in reducing improper payments for other Federal and State benefits programs, and the Committee urges SSA to prioritize the utilization of these opportunities. Within the funds provided to SSA for continuing disability reviews under titles II and XVI of the Social Security Act and conducting redeterminations of eligibility, the Committee encourages SSA to utilize all of the tools available to it from commercial and non-commercial entities that collect and maintain data regarding employment and wages, to ensure that disability and SSI benefits are properly paid and to reduce fraud and abuse. The Committee requests an update in the fiscal year 2018 CJ on the progress that SSA has made in utilizing additional tools to identify improper payments, as well as progress it has made in those efforts.

Program Integrity

The agreement supports increased funding for program integrity activities within SSA. The intent of this agreement is for SSA to support program integrity activities solely from funds available for that purpose. The agreement provides an additional six months of availability to use program integrity funds to facilitate reconciliation of actual costs at the end of the fiscal year.

Report on Medical Listings

SSA employs medical listings to make disability determinations, many of which have not been up-dated for decades. The Committee directs SSA to provide a report within 60 days of enactment to the House of Representatives Committee on Appropriations Subcommittee on Labor, Health and Human Services, and Education, and Related Agencies and the Committee on

Ways and Means Subcommittee on Social Security regarding the number of years since the last update and when the agency expects to conduct all of the updates.

PROMISE Initiative

The Committee strongly encourages SSA to consider what is being learned from the PROMISE evaluation in order to undertake further demonstration project work for young adults with disabilities who are eligible for SSI. In developing this initiative, the Committee directs the SSA to work in close consultation with the Departments of Labor, Education and Health and Human Services, and nationwide disability and peer advocacy organizations. The Committee also directs the SSA to submit a report to the House and Senate Appropriations Committees no later than 180 days after the enactment of this act regarding the agency's progress in developing this proposal.

Taxpayer Accountability

The Committee directs each agency funded in this bill to report to the Committee, within 1 year of enactment of this act, on all efforts made to address the duplication identified by the annual GAO reports along with identifying substantive challenges and legal barrier to implementing GAO's recommendations, as well as suggested legislative recommendations that could help the agency to further reduce duplication.

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 provides service to millions of Americans in our field offices, via telephone, or through the Internet at the Social Security Website. The LAE account provides the funds SSA needs to perform its core responsibilities, including completing claims and applications for benefits, conducting hearings to review disputed decisions, ensuring benefits continue to be distributed properly, and maintaining the integrity of the trust funds.

FY 2018 PRESIDENT'S BUDGET

SSA's Programs

The FY 2018 President's Budget of $12.457 billion will allow us to focus on our core mission of providing a financial security net for the American people. This core mission drives our resource decisions, service improvements, and our program integrity efforts. We will focus on addressing key backlogs, directing support to our frontline operations, and reducing improper payments. In addition, we will concentrate on making the agency an even more efficient and effective organization to improve service to the public.

SSA currently employs over 60,000 employees through a national network of over 1,200 offices, combined with nearly 16,000 State employees in the Disability Determination Services (DDS). In FY 2018, we expect to complete over 5.9 million applications for retirement benefits. We will pay about $851 billion in OASI benefits to an average of approximately 53 million beneficiaries a month, including 88 percent of the population aged 65 and over.

In FY 2018, we will complete 2.5 million initial disability claims. This Budget, combined with our improvements to the hearings process, will enable us to complete approximately 750,000 hearings, with an annual average processing time of 600 days in FY 2018. See Table 3.42 in the back of this section for more details on the disability appeal workload. In FY 2018, SSA will pay about $149 billion in DI benefits to an average of approximately 11 million disabled beneficiaries and their family members a month.

The SSI program is a Federal assistance program administered by SSA that guarantees a minimum level of income for aged, blind, or people with disabilities. It is a safety net for individuals with little or no Social Security or other income and limited resources. In FY 2018, we estimate that we will pay about $54 billion in Federal benefits and State supplementary payments to an average of 8.2 million recipients a month.

SSA assists the Centers for Medicare and Medicaid Services (CMS) in administering the Medicare Hospital Insurance (HI), Supplementary Medical Insurance (SMI), and the Prescription Drug programs. In FY 2009, Congress appropriated funding through the Medicare Improvements Patients and Providers Act (MIPPA) to SSA for activities related to the implementation of changes to the Low-Income Subsidy (LIS) Prescription Drug program. This funding is available until expended, and we estimate we will spend $6 million for LIS work in FY 2018.

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

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, Social Security numbers, dates of birth, U.S. citizenship status, and resolving SSA-related discrepancies with the employee when we are unable to electronically verify that information.

Program Integrity

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

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

The Budget requests the full authorized level for the cap adjustment in 2018 of $1,462 million. With a $1,735 million total appropriation for program integrity, we plan to conduct 890,000 full medical CDRs and 2,822,000 SSI redeterminations in FY 2018, approximately 40,000 more medical CDRs compared to FY 2017. In FY 2017, we plan to complete 850,000 CDRs and 2,522,000 redeterminations. See Table 3.12 for information on the consolidated accounting of the total funding required for CDRs and redeterminations for FY 2016 through FY 2018.

Our CDRs and SSI redeterminations ensure that beneficiaries continue to meet the eligibility requirements to receive payments. These reviews save billions of program dollars with only a comparatively small investment of administrative funds. Our current estimates indicate that

CDRs conducted in 2018 will yield a return on investment (ROI) of about $8 on average in net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare and Medicaid program effects. Similarly, our estimates indicate that non-medical redeterminations conducted in 2018 will yield a ROI of about $3 on average of net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.[1]

The Budget assumes the full cost of performing CDRs in 2018 and beyond, to ensure that sufficient resources are available. The dedicated program integrity funding is estimated to eliminate our backlog of CDRs by the end of 2018, and allows us to remain current in the budget window.

CDI units are jointly operated by SSA, along with the Office of the Inspector General, State DDS, and State and local law enforcement. Generally, they investigate suspected fraud before the agency awards benefits as well as during the CDR and redetermination processes when fraud may be involved. Section 811 of The Bipartisan Budget Act of 2015 requires the agency to have CDI units in all 50 States, the District of Columbia, and the territories by October 1, 2022. Currently, the CDI program has 39 units covering 33 States, the District of Columbia, and the Commonwealth of Puerto Rico. In FY 2017, we plan to add one unit in New Jersey, bringing our total to 40 units. In FY 2018, we plan to open three additional CDI units.

Special Assistant United States Attorneys prosecute cases of alleged Social Security fraud. We have attorneys in 20 States and the Commonwealth of Puerto Rico. They successfully argued 196 cases and were able to obtain $14.7 million in restitution during FY 2016. In FYs 2017 and 2018, we expect to continue funding our corps of fraud prosecutors and their caseload.

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

Anti-Fraud

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[1] ROI calculations for the President's Budget use estimates and projections that precede the start of the actual budget year. These assumptions are subsequently refined based on the actual appropriation and actual costs incurred through the year for the CDR and non-medical redetermination workloads. For CDRs, the numerator represents the estimated program savings resulting from completion of all planned medical CDRs. The estimated savings do not include any assumption of program savings resulting from work CDRs. The denominator includes that portion of the dedicated PI administrative funding projected for CDRs, including any PI funds that may be needed for work CDRs. (For FY 2018, the CDR ROI is: $7,454M/$886M=8.41) For SSI non-medical redeterminations, the numerator represents the estimated program savings resulting from completion of all planned reviews. The denominator includes that portion of the dedicated PI administrative funding projected for SSI non-medical redeterminations. (For FY 2018, the SSI non-medical redetermination ROI is: $2,374M/$804M=2.95).

For reports to Congress after the close of a fiscal year, the ROIs are based on the actual work accomplished. For the numerator, program savings for the ten-year budget window relies on actuarial models that project future savings and may include cases worked that still have appeals pending. For the denominator, we look to our Cost Analysis System for details on the total administrative dollars expended. For SSI non-medical redeterminations, the denominator is all administrative costs incurred for the work completed. For medical CDRs, the denominator includes administrative expenses for all medical reviews conducted, both full medical reviews as well as our CDR mailers. This also includes the costs for hearings and appeals of medical CDR decisions in the subject year.

Our Office of Anti-Fraud Programs (OAFP) is leading the way in coordinating our anti-fraud efforts. Our programs build upon our dedicated program integrity activities and are funded by our base administrative funds. We are developing consistent anti-fraud policies; refining employee training; and solidifying relationships with other Federal, State, and private partners to identify individuals who wrongfully obtain Social Security and SSI benefits. We are expanding our use of data analytics and predictive modeling to enhance fraud detection. For example, we are collaborating with IBM to build an integrated Anti-Fraud Enterprise Solution (AFES). AFES is a multi-year effort that will enable the agency to replace and expand current anti-fraud systems and processes. AFES will integrate data from multiple sources and use industry-proven predictive analytics software to identify high-risk transactions that require further review. When fully implemented, AFES will include a data analytics engine, case management system, and a workflow tool to combat fraud across all of the agency's lines of business.

Information Technology (IT) Modernization

IT plays a critical role in our day-to-day operations. Most of our IT funding is used for ongoing operational costs such as our National 800 Number service and our online services. In FY 2016, our IT infrastructure supported the payment of over $960 billion to an average of over 68 million Social Security beneficiaries and SSI recipients each month and the maintenance of hundreds of millions of Social Security numbers and related earnings records for nearly every American. However, the database systems our agency uses today are 40 years old and are no longer the best solution to administer our programs. The Budget invests over $100 million in FY 2018 to support our IT modernization effort.

While our existing systems capably support SSA's mission, they are outdated and expensive to maintain. Most importantly, our operations staff finds that our systems are challenging to use, and that affects their ability to serve our SSA customers, including our beneficiaries, their representatives, and external business partners.

Most of SSA's core systems are over 30 years old. They have been subject to constant variation to adapt to changes in legislation, regulations, and policy. Through the years, new technologies and capabilities have been patched into the core systems without a fundamental redesign. With each patch and workaround, the systems become more fragile, and that makes the next change more expensive to deliver. The cycle of workarounds adds to our technical debt – extra work that results from choosing easy solutions over more expensive redesigns.

SSA's IT modernization plan is aimed at returning the agency to a healthy IT foundation, where the costs of change compare favorably to the rest of the IT industry. Contrary to the incremental work of the last 30 years, IT modernization is a plan to replace our core systems with new components and platforms, engineered for maximum usability, innate interoperability, and future adaptability.

Disability Case Processing System

In an ongoing effort to render timely disability decisions, we are continuing to work to modernize our disability case processing system (DCPS). When complete, DCPS will replace 52 independently operated, outdated systems. We deployed DCPS to Delaware, Maine, and Ohio in

December 2016. This initial release of DCPS handles fully favorable decisions for initial adult Quick Disability Determinations and Compassionate Allowance cases from start to finish. In FY 2018, we plan to deploy the national case processing system to the remaining DDSs.

FUNDING REQUEST

Our FY 2018 LAE budget request of $12.457 billion will allow us to focus on our core mission of providing a financial security net for the American people. The table below provides dollars and workyears funded by this budget:

Table 3.3—Budgetary Request

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Budget Authority (in millions)			
Limitation on Administrative Expenses (LAE)[1]	$12,162	$12,135	$12,457
Research and Demonstrations[2]	$101	$101	$101
Office of the Inspector General (OIG)	$106	$105	$106
Subtotal, One-Year Budget Authority	**$12,368**	**$12,341**	**$12,664**
Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)[3]	$22	$22	$27
Subtotal, Multi/No-Year Budget Authority	**$22**	**$22**	**$27**
Total, Budget Authority[4,5]	**$12,390**	**$12,363**	**$12,691**
Workyears			
Full-Time Equivalents	63,159	61,104	61,265
Overtime	1,893	1,552	1,683
Lump Sum	220	299	299
Total SSA Workyears	**65,272**	**62,955**	**63,247**
Total Disability Determination Services (DDS) Workyears	**15,152**	**14,416**	**14,110**
Total SSA/DDS Workyears	**80,424**	**77,371**	**77,357**
MACRA	0	21	357
Total SSA/DDS/MACRA Workyears	**80,424**	**77,392**	**77,714**
OIG Workyears	526	520	520
Total SSA/DDS/MACRA/OIG Workyears	**80,950**	**77,912**	**78,234**

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[1] We will not receive $136 million in SSI User Fees in FY 2017. We have been given authority for $136 million, but we estimate that we will only collect $124 million. FY 2017 also includes approximately $150 million in dedicated funding to address the hearings backlog.
[2] The FY 2017 enacted Research and Demonstration amount is $58 million.
[3] The Congress appropriated SSA $98 million to fund the implementation costs to comply with the provisions of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). SSA will receive this funding incrementally. The available funding amount for each fiscal year is as follows: FY 2015 - $27 million (available through FY 2018), FY 2016 - $22 million (available through FY 2018), FY 2017 - $22 million (available through FY 2018), and FY 2018 - $27 million (available until expended).
[4] Totals may not add exactly due to rounding.
[5] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under the Further Continuing and Security Assistance Appropriations Act, 2017.

SSI STATE SUPPLEMENTATION

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

Table 3.4—State Supplement Payments
(dollars in millions)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Federally Administered State Supplement Payments	$ 2,838	$ 2,645	**$ 2,505**
Offsetting Collections	$ 2,617	$ 2,653	**$ 2,730**

Participating States pay SSA user fees to administer their programs, based on a schedule established by the Social Security Act. The user fee was $11.56 per SSI check payment in FY 2016 and is $11.68 in FY 2017. We estimate that the user fee will increase to $11.97 per payment in FY 2018. The Department of the Treasury receives the first $5.00 of each fee and SSA retains the amount over $5.00. This user fee is discretionary budget authority that supplements our LAE account.

Table 3.5—SSI User Fee Collections
(dollars in millions)

	FY 2016 Actual[1]	FY 2017 Estimate[2]	FY 2018 Estimate	*Change*
Number of Monthly Payments	13	12	**11**	
SSA User Fee Collections	$ 132	$ 124	**$ 119**	*-$ 5*
Treasury User Fee Collections	$ 100	$ 93	**$ 85**	*-$ 8*
Total User Fee Collections	$ 232	$ 217	**$ 204**	*-$ 13*

[1] The October 2016 payment (FY 2017) was paid in September 2016 (FY 2016).
[2] The October 2017 payment (FY 2018) is paid in September 2017 (FY 2017).

IMPACT OF STATES DROPPING OUT OF STATE SUPPLEMENTATION PROGRAM

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

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

State	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Arkansas	*	*	*
California	$ 111,369	$ 104,872	$ 100,148
Delaware	$ 48	$ 46	$ 44
DC	$ 112	$ 105	$ 101
Georgia	*	*	*
Hawaii	$ 238	$ 224	$ 214
Iowa	$ 151	$ 142	$ 136
Kansas	*	*	*
Louisiana	*	*	*
Maryland	$ 1	$ 1	$ 1
Michigan	$ 1,064	$ 1,002	$ 957
Mississippi	$ 1	$ 1	$ 1
Montana	$ 79	$ 75	$ 71
Nevada	$ 1,166	$ 1,098	$ 1,048
New Jersey	$ 15,689	$ 14,774	$ 14,108
Ohio	*	*	*
Pennsylvania	$ 574	$ 540	$ 516
Rhode Island	$ 35	$ 33	$ 31
South Dakota	*	*	*
Tennessee	$ 1	$ 1	$ 1
Vermont	$ 1,355	$ 1,276	$ 1,218
Total	**$ 131,883**	**$ 124,190**	**$ 118,595**

*Less than $500

ALL PURPOSE TABLE (APT)

Table 3.7—All Purpose Table (APT)

	FY 2016	FY 2017	FY 2018	
	Omnibus/ Enacted H.R. 2029 /1	Further Continuing Appropriations Act /2/3/4/5/6	President's Budget Submission	FY 2018 +/- FY 2017
Payments to Social Security Trust Funds				
Pension Reform	6,400	6,400	6,400	-
Unnegotiated Checks	5,000	5,000	5,000	-
Special Benefits for Certain Uninsured Persons	-	-	-	-
Military Service Wage Credits	-	-	-	-
Total PTF	**$ 11,400**	**$ 11,400**	**$ 11,400**	**$ -**
Supplemental Security Income				
Federal Benefits Payments	60,686,000	52,941,736	48,236,000	(4,705,736)
Beneficiary Services	70,000	70,000	159,000	89,000
Research & Demonstration	101,000	100,766	101,000	234
Administration	4,648,733	4,783,349	5,060,526	277,177
CHIMP	-	-	-	-
Subtotal SSI Program Level	65,505,733	57,895,851	53,556,526	(4,339,325)
Advance from PY	(19,200,000)	(14,500,000)	(14,500,000)	-
Subtotal Current Year SSI	**$ 46,305,733**	**$ 43,395,851**	**$ 39,056,526**	**$ (4,339,325)**
New Advance SSI	**$ 14,500,000**	**$ 14,500,000**	**$ 19,500,000**	**$ 5,000,000**
Limitation on Administrative Expenses				
Regular LAE				
OASDI Trust Funds	5,100,054	4,904,652	4,916,768	12,116
HI/SMI Trust Funds	1,777,800	2,008,371	2,012,556	4,185
Social Security Advisory Board	2,300	2,294	2,300	6
SSI	3,718,791	3,657,349	3,671,376	14,027
Subtotal Regular LAE	**$ 10,598,945**	**$ 10,572,666**	**$ 10,603,000**	**$ 30,334**
Program Integrity Funding				
OASDI Trust Funds	496,058	300,000	345,850	45,850
SSI	929,942	1,126,000	1,389,150	263,150
Subtotal Program Integrity Funding	**$ 1,426,000**	**$ 1,426,000**	**$ 1,735,000**	**$ 309,000**
Base Program Integrity	*273,000*	*273,000*	*273,000*	-
Cap Adjustment	*1,153,000*	*1,153,000*	*1,462,000*	*309,000*
User Fees				
SSI User Fee	136,000	135,662	118,000	(17,662)
SSPA User Fee	1,000	998	1,000	2
Subtotal User Fees	**$ 137,000**	**$ 136,659**	**$ 119,000**	**$ (17,659)**
Total LAE	**$ 12,161,945**	**$ 12,135,325**	**$ 12,457,000**	**$ 321,675**
Non-PI LAE	10,735,945	10,709,325	10,722,000	12,675
Office of the Inspector General				
Federal Funds	$ 29,787	$ 29,713	$ 30,000	$ 287
Trust Funds	$ 75,713	$ 75,525	$ 75,500	$ (25)
Total, OIG	**$ 105,500**	**$ 105,238**	**$ 105,500**	**$ 262**
Total, Social Security Administration, New BA	$ 68,435,845	$ 65,364,465	$ 66,069,900	$ 705,435
Federal Funds	$ 60,983,920	$ 58,073,623	$ 58,716,926	$ 643,303
Current Year	$ 46,483,920	$ 43,573,623	$ 39,216,926	$ (4,356,697)
New Advance	$ 14,500,000	$ 14,500,000	$ 19,500,000	$ 5,000,000
Trust Funds	$ 7,451,925	$ 7,290,842	$ 7,352,974	$ 62,132

/1 The FY 2016 Omnibus includes $150M in no year funding for the renovation and modernization of the Arthur J. Altmeyer Building. It is included in regular LAE.
/2 Includes an ATB cut of .496%, as required in P.L. 114-223, the Continuing Appropriations Act, 2017.
/3 Includes an ATB cut of .1901%, as required in Public Law 114-254, the Further Continuing and Security Assistance Appropriations Act, 2017.
/4 The second CR of FY 2017 includes $150M in no year funding for activities to address the hearing backlog within the Office of Disability Adjudication and Review. It is included in regular LAE.
/5 Includes a $4.7B reduction to offset the $4.7B increase in funding made available for the 1st quarter in the FY 2016 appropriation.
/6 We will not collect $136M in SSI User Fees in FY 2017. We have been given authority to collect $136M, but will only collect an estimated $124M.

PERFORMANCE TARGETS

The President's FY 2018 request will allow SSA to achieve the following key performance targets:

Table 3.8—Key Performance Targets

FY 2018 Performance Table	FY 2016 Actual[1]		FY 2017 Estimate[2]	FY 2018 Estimate
	52-week	53-week		
Retirement and Survivors Claims				
Retirement and Survivors Claims Completed (thousands)	5,502	5,602	5,782	5,948
Disability Claims				
Initial Disability Claims Receipts (thousands)	2,582	2,638	2,499	2,569
Initial Disability Claims Completed (thousands)	2,627	2,689	2,455	2,500
Initial Disability Claims Pending (thousands)	576	568	612	681
Average Processing Time for Initial Disability Claims (days)	110	110	113	114
Disability Reconsiderations				
Disability Reconsiderations Completed (thousands)	653	667	581	582
Disability Reconsiderations Pending (thousands)	121	121	130	149
Average Processing Time for Disability Reconsiderations (days)[2]	103	103	105	108
Hearings				
Hearings Receipts (thousands)	699	713	632	645
Hearings Completed (thousands)	637	652	683	750
Hearings Pending (thousands)	1,122	1,122	1,071	965
Annual Average Processing Time for Hearings Decisions (days)	543	545	605	600
National 800 Number				
National 800 Number Calls Handled (millions)[3]	N/A	37	35	33
Average Speed of Answer (ASA) (seconds)[3]	N/A	817	970	1,250
Agent Busy Rate (percent)[3]	N/A	8.9%	12%	16%
Program Integrity				
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	N/A	2,107	1,950	1,990
Full Medical CDRs (included above, thousands)	N/A	854	850	890
SSI Non-Medical Redeterminations Completed (thousands)	2,505	2,530	2,522	2,822
Selected Other Agency Workload Measures				
Social Security Numbers (SSN) Completed (millions)	17	17	16	16
Annual Earnings Items Completed (millions)	273	273	273	273
Social Security Statements Issued (millions)[4]	47	48	10	10

[1] FY 2016 was a 53-week year for management information purposes. For comparison purposes to FYs 2017 and 2018, we are reporting both 52 and 53-week actual performance data.
[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.
[3] The data reported for FY 2016 is based on the fiscal year beginning 10/1/2015 and ending on 9/30/2016.
[4] The Social Security Statements Issued performance measure includes paper statements only; does not include electronic statements issued. In FY 2016, *my* Social Security users accessed their Social Security Statements 40.5 million times.

FY 2018 Performance Table	FY 2016 Actual[1]		FY 2017 Estimate[2]	FY 2018 Estimate
	52-week	53-week		
Selected Production Workload Measures				
Disability Determination Services Production per Workyear	306	306	301	313
Office of Disability Adjudication and Review Production per Workyear	88	88	96	99
Other Work/Service in Support of the Public -Annual Growth of Backlog (workyears)	N/A	N/A	(1,600)	(3,100)

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

RECENT ACCOMPLISHMENTS

In FY 2016, we made several critical service improvements. We introduced new service options and significantly expanded online transactions. We focused on the disability hearings backlog. We hired necessary staff, improved our business processes, and continued to modernize case processing systems. We also expanded the collection of electronic medical records and increased our use of data analytics—all of which helps us to make timely, accurate decisions. We updated our disability determination policies to reflect contemporary health care delivery and advances in medicine—updating 93 percent of the medical criteria used in decisions—with final updates underway. At the same time, we completed high levels of program integrity work and expanded our anti-fraud initiatives. Most notably, we accomplished the following activities in FY 2016:

- Paid over $960 billion to an average of over 68 million Social Security beneficiaries and SSI recipients each month;
- Handled approximately 37 million calls on our National 800 Number;
- Served over 43 million visitors in over 1,200 field offices nationwide;
- Completed over 5.6 million new retirement, survivors, and Medicare applications and nearly 2.7 million new disability claims;
- Completed over 650,000 hearing dispositions;
- Updated more than 33 million beneficiary records;
- Issued more than 17 million new and replacement Social Security cards;
- Posted about 273 million earnings reports to workers' records;
- Handled over 17,000 disability cases in Federal district courts;
- Completed over 850,000 full medical CDRs; and
- Performed over 2.5 million non-medical redeterminations of SSI eligibility.

PRIORITY GOALS

We serve the American people in a wide variety of ways. In support of the Administration's performance improvement efforts, we have embraced the power of goal setting as a way to improve our performance and accountability to the American people.

As required by the GPRA Modernization Act of 2010, we established the following ambitious and outcome-focused Agency Priority Goals (APG), linked directly to our overarching strategic goals and objectives set forth in our FY 2014-2018 Agency Strategic Plan.

- **Improve customer service and convenience by increasing online services.**
  - In 2017, we will increase the number of transactions by 25 million over 2016. This increase will result in 137 million transactions.
- **Increase customer satisfaction with our services.**
  - In 2017, our combined customer satisfaction score for our internet services will remain above the excellent threshold (over 80 points) on average, with an average score of at least 85.
  - In 2017, our combined customer satisfaction rating (as Excellent, Very Good, or Good) for our office and telephone services will average at least 80.
- **Reduce the disability hearings pending.**
  - In FY 2017, we will decide 97% of cases that begin the fiscal year at 430 days old or older.
- **Reduce the percentage of improper payments made under the SSI program.**
  - In FY 2017, ensure that 94 percent of our payments are free of overpayment.

We have specific measures and milestones to monitor our progress. Additionally, through our quarterly internal review process, our executives have candid discussions regarding progress, any challenges we must overcome, and strategies that will support goal achievement.

NATIONAL SUPPORT CENTER

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

In FY 2017, we will use the remaining ARRA funds to obtain cloud services, software, hardware, and support to build an agency cloud infrastructure. This agency cloud infrastructure will provide computing, memory storage, security, and network resources necessary for a hybrid cloud solution.

Actual and Planned Obligations for the New NSC

The following table provides actual and planned obligations for the NSC as of August 31, 2016.

Table 3.9—Actual and Planned Obligations for the New NSC
(Dollars in thousands – Table Continues on Next Page)

Year	Obligations
FY 2009 Actuals	$1,330.4
FY 2010 Actuals	$1,850.8
FY 2011 Actuals	$387,699.5

Year	Obligations
FY 2012 Actuals	($30,856.2)[1]
FY 2013 Actuals	$39,191.0
FY 2014 Actuals	$59,797.7[2]
FY 2015 Actuals	($12,451)[3]
FY 2016 Actual	$41,497.0[4]
FY 2017 Estimate	$11,940.8[5]

ANOMALY FUNDING TO REDUCE THE HEARINGS BACKLOG IN ODAR

Pursuant to OMB guidance, we prepared the President's Budget assuming that Congress would enact the full $150 million anomaly to address the hearings backlog in the Office of Disability Adjudication and Review for FY 2017. However, the Consolidated Appropriations Act, 2017 provided $90 million to address the hearings backlog in the Office of Disability Adjudication and Review. This funding is available through FY 2018. With this funding, we project that we will process approximately 120,000 additional cases and improve average processing time by 2 months by FY 2020.

The FY 2018 Budget builds off our anomaly hiring and investment plans in FY 2017 to enhance capacity and efficiency in the hearings operation. In FY 2018, we plan to hire 150 ALJs and increased support staff. We expect to reduce the pending by over 100,000 cases in FY 2018 – a nearly 10-percent reduction in the pending in one year. These results would not be possible without the anomaly investments in FY 2017. With sustained funding, our goal is to reduce hearings wait times to 270 days by the end of FY 2022, down from over 580 days today.

MAJOR BUILDING RENOVATIONS AND REPAIR COSTS

A number of SSA facilities need renovation or repair to improve infrastructure reliability and comply with current building codes, including health and safety standards, to ensure a safe work environment. SSA is also actively pursuing opportunities to reduce our real estate footprint by

[1] In FY 2012, there were $27.5 million in obligations and a recovery from previous construction obligations of $58.4 million, resulting in a net recovery of $30.9 million.
[2] In FY 2014, there were $69.8 million in obligations and a recovery from previous construction obligations of $10 million, resulting in a net obligation of $59.8 million.
[3] In FY 2015, there were $42.7 million in obligations and a recovery from previous construction obligations of $55.1 million, resulting in a net recovery of $12.5 million. Numbers don't add due to rounding.
[4] In FY 2016, actual obligations were $50.0M. These were offset by $8.5M recovered due to revised estimates and de-obligations from FY 2011-FY 2015, resulting in $41.5M in net obligations.
[5] In FY 2017, $11.9M in NSC funding is available.

reconfiguring and consolidating space for optimal space utilization. This exhibit describes our major building renovations, repairs, and other associated costs in support of these goals.

Building	FY 2016	FY 2017	FY 2018
Altmeyer (Woodlawn, MD)	$130	$2	$18
National Computer Center, Third Floor (Woodlawn, MD)	$24.9		
Dallas Regional Office (Dallas, TX)	$14.4	$4.9	$.6
MATSSC (Philadelphia, PA)		$4.4	$1.9
ITC /400 Virginia Avenue (District of Columbia)	$4.6	$1.3	$.2

Altmeyer Building

The Arthur J. Altmeyer federal office building is over 55 years old and requires major upgrades to address health and safety issues, meet current accessibility standards, improve space utilization, and provide a comfortable, energy efficient working environment that meets 21st century standards. The Altmeyer modernization project involves full interior and exterior renovation of the existing building, including infrastructure, electrical systems, and space. The improved space utilization would create space for about 300 to 350 additional staff, for 800 occupants.

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

- Taking the building down to the support structure (concrete columns and floor slabs);
- Full abatement of hazards (asbestos, lead paint, etc.);
- Building systems modernizations; and
- Space reconfiguration to achieve an office space utilization rate of 149 square feet per person for post-renovation occupancy.

In order to expedite procurement and ensure a more integrated approach to design and construction, the General Services Administration (GSA) is pursuing a construction manager by contractor (CMc) approach to this project. This decision allowed us to obligate most of the appropriated funds in FY 2016. In February 2017, GSA awarded the architectural and engineering (A&E) contract for design services associated with the Altmeyer modernization. Later this year GSA will begin the CMc procurement process to select a construction firm to work with the A&E throughout the design, providing input about constructability, construction methods, design efficiencies, cost controls, etc.

Timeline and Cost

Timeline	Milestones	Cost (in millions)
FY 2016	Funding appropriated; GSA began procurement actions for A&E contractor; began planning for construction manager by contractor (CMc) solicitation	$130
FY 2017	GSA awards contract for design services and begins CMc procurement; executives and staff begin to vacate Altmeyer for existing spaces around campus	$2
FY 2018	GSA awards CMc, A&E completes design; SSA obligates funds for furniture, security systems, and other special requirements in the modernized Altmeyer; executives and staff finish vacating the building and occupy swing space; demolition work begins	$18
FY 2019	Construction begins	N/A
FY 2021	Occupy renovated building	N/A

National Computer Center (NCC) – Third Floor Renovation

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

The SSA Headquarters Master Plan, completed in September 2013, identified this project as integral to the goal of creating a dense campus and reducing leased space. The renovation will provide a more efficient office space layout for up to 500 people for a utilization rate of approximately 160 USF per person.

GSA's architecture and engineering contractor, WRA, completed the design in August 2016. GSA began the construction procurement process shortly thereafter, and awarded the contract in February 2017 to Whiting and Turner.

Timeline and Costs

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

Dallas Regional Office

The Dallas Regional Office is housed in a thirteen story building in the Dallas Downtown Central Business District. The original structure was built in 1952 with improvements made over time. The current building has multi-tenants and is fully leased by GSA with the lease set to expire in 2017, with SSA occupying all or part of eight floors. The Dallas Regional Office currently occupies 174,082 USF. GSA is in the process of completing the replacement lease.   The new lease will support agency efforts to reduce our footprint with a reduction in square footage down to 117,617 USF.

The future lease will enable the Dallas Regional Office to provide more efficient continued housing and operations. The new lease will also significantly improve space utilization, as the overall utilization rate will be reduced from 317 to 172 USF per person. To achieve the square footage reduction with the award of the new lease, we will need funding for design, construction, furniture, and staff moves.

Timeline and Costs

Timeline	Milestones	Cost (in millions)
FY 2016	Renovations/construction	$14.4
FY 2017	Furniture	$4.9
FY 2018	Move	$.6

Midatlantic Social Security Center (MATSSC)

The seven-story MATSSC in Philadelphia, Pennsylvania, which is over 40 years old, needs funding to address deficiencies identified in the 2015 Building Engineering Report. These critical needs include elevator modernization to address frequent failures and occasional entrapment; heating, ventilation and air conditioning infrastructure upgrades; accessibility enhancements; plaza replacement; and fire and life safety issues.

GSA recently completed a feasibility study that documents options for improving space utilization within the building.

International Trade Commission/400 Virginia Avenue D.C. (District of Columbia)

GSA currently leases space that we occupy in two buildings in the Washington, D.C. area: one lease at the International Trade Commission (ITC) and two leases at the World Trade Center, 400 Virginia Avenue, SW. The total leased space comprises 63,388 USF. The Virginia Avenue location leases expire in March 2018 and house the Social Security Advisory Board (SSAB) and Office of Retirement and Disability Policy staff. The ITC building lease, which expires in August 2018, provides space for staff from nine Deputy Commissioner-level components and houses the Acting Commissioner's D.C. office.

We intend to optimize space in the new leases and consolidate the non-SSAB leases into one location at a new utilization rate of 194 USF per occupant, requiring approximately 40,079 USF for staff, plus 6,675 USF for special spaces (totaling 46,754 USF). The proposed space requirement will reduce our real estate footprint from our current leases by over 25 percent.

Timeline and Costs

Timeline	Milestones	Cost (in millions)
FY 2016	Funding needed for tenant improvements and construction management services.	$4.6
FY 2017	Funding needed for furniture design and acquisition. Occupy new-leased space; funding needed for move costs.	$1.3
FY 2018	Move	$.2

SSA-RELATED LEGISLATION ENACTED FEBRUARY 10, 2016 – MAY 23, 2017

FY 2017

The Inspector General Empowerment Act of 2016 (P.L. 114-317, enacted December 16, 2016)

- The new public law modifies the "*Inspector General Act of 1978,*" providing additional authorities to Inspectors General, and removing barriers to performance of their investigative duties.

The Treatment of Certain Payments in Eugenics Compensation Act (P.L. 114-241, enacted October 7, 2016)

- The bill requires SSA to exclude - for purposes of the Supplemental Security Income and Medicare Part D Low Income Subsidy programs - payments made by a State program intended to compensate individuals who had been sterilized under the authority of the State. Such payments would be excluded from income and, if retained, from resources.

FY 2016

The Fraud Reduction and Data Analytics Act of 2015 (P.L. 114-186, enacted June 30, 2016)

- The law requires the Office of Management and Budget to establish guidelines for Federal agencies to establish financial and administrative controls to identify and assess fraud risks.
- The act also requires Federal agencies to implement control activities in order to prevent, detect, and respond to fraud, including improper payments.

MEDICARE ACCESS AND CHIP REAUTHORIZATION ACT (MACRA)

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

Congress appropriated SSA $98 million to fund the implementation costs to comply with the provisions of MACRA. Beginning in FY 2015, we began receiving the funding incrementally, and will receive funding FY 2018. The funding is available in the following amounts:

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

SSA will be funding the required systems changes to support CMS in the SSN Removal Initiative and implementation of MACRA. However, we are planning for the impact on our workload processing components due to inquiries from the public and requests for replacement cards. SSA had limited spending in FY 2015-2016 and will continue to have limited spending in FY 2017 for planning, inquires, and system updates. CMS outreach activities and phased Medicare card issuance will begin in 2018. SSA plans to spend about $34 million fielding inquires and processing requests for replacement cards in FY 2018.

MACRA Spending

FY 2016 Actual	**FY 2017 Estimate**	**FY 2018 Estimate**
$75,000	$4,300,000	$34,100,000

BUDGETARY RESOURCES

The LAE account represents SSA's administrative budget for carrying out its responsibilities under the Social Security Act. This includes administering the OASI, DI, SSI, and Special Benefits for Certain WWII Veterans programs and supporting the Centers for Medicare and Medicaid Services in administering the HI, SMI, and Medicare Part D programs. The President's Budget for the LAE account in FY 2018 is $12.457 billion.

AMOUNTS AVAILABLE FOR OBLIGATION

Table 3.10—Amounts Available for Obligation[1,2,3]
(in thousands)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
LAE			
LAE Appropriation	$12,011,945	$12,135,325	$12,457,000
Unobligated Balance, start-of-year	$241,330	$146,017	$144,730
Recoveries and Transfers	$27,905	$29,140	$29,140
Unrealized Non-Attorney User Fees	-$854	$0	$0
Unrealized SSI User Fees	-$1,455		
Subtotal LAE Resources	**$12,278,871**	**$12,310,482**	**$12,630,870**
Unobligated Balance, lapsing	-$48,293	$0	$0
Unobligated Balance, end-of-year (LAE Carryover)	-$82,253	-$135,870	-$29,140
Total Obligations, LAE	**$12,148,326**	**$12,174,612**	**$12,601,730**
American Recovery and Reinvestment Act Resources (ARRA) [4]			
National Support Center Unobligated Balances, start-	$53,438	$11,941	$0
National Support Center Estimated Recovery	$8,540	$0	$0
National Support Center Unobligated Balances, end-of-year	-$11,941	$0	$0
Obligations, ARRA	**$50,037**	**$11,941**	**$0**
Medicare Savings Plan (MSP)			
Unobligated Balances, start-of-year	$14,986	$14,986	$7,493
Unobligated Balances, end-of-year	-$14,986	-$7,493	$0
Obligations, MSP	**$0**	**$7,493**	**$7,493**

Table Continues on the Next Page

[1] Totals may not add due to rounding.
[2] Totals do not include reimbursables.
[3] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.
[4] SSA received a Presidential waiver from rescission allowing for the use of ARRA NSC funds until expended.

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Medicare Improvements for Patients and Providers Act (MIPPA) – Low Income Subsidy (LIS)			
Unobligated Balances, start-of-year	**$11,744**	**$11,657**	**$5,829**
Unobligated Balances, end-of-year	-$11,657	-$5,829	$0
Obligations, MIPPA – LIS	**$86**	**$5,829**	**$5,829**
State Children's Health Insurance Program (SCHIP)			
Unobligated Balances, start-of-year	**$2,051**	**$2,031**	**$1,015**
Unobligated Balances, end-of-year	-$2,031	-$1,015	$0
Obligations, SCHIP	**$20**	**$1,015**	**$1,015**
Medicare Access and CHIP Reauthorization Act (MACRA) [1]			
Unobligated Balances, start-of-year	**$26,983**	**$26,908**	**$66,566**
Expenditure Transfers from Trust Funds	$0	$22,000	$27,000
Unobligated Balances, end-of-year	-$26,908	- $44,566	- $59,432
Obligations, MACRA	**$75**	**$4,342**	**$34,134**

BUDGET AUTHORITY AND OUTLAYS

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

Table 3.11—Budget Authority and Outlays (dollars in thousands)[2]

	FY 2016[3] Actual	FY 2017[4] Estimate	FY 2018[5] Estimate
OASI and DI Trust Funds[6]	$5,596,112[7]	$5,204,652[8]	$5,262,618[9]

[1] Congress appropriated SSA $98 million to fund the implementation costs to comply with the provisions of the Medicare Access and CHIP Reauthorization Act of 2015. SSA will receive the funding incrementally. The available funding amount for each fiscal year is as follows: FY 2015 - $27 million (available through FY 2018); FY 2016 - $22 million (available through FY 2018); FY 2017 - $22 million (available through FY 2018); and FY 2018 - $27 million (available until expended).
[2] Totals may not add due to rounding.
[3] In FY 2016, our administrative costs were about 1.3 percent of the benefit payments we paid.
[4] In FY 2017, our administrative costs are about 1.2 percent of the benefit payments we plan to pay.
[5] In FY 2018, our administrative costs are about 1.2 percent of the benefit payments we plan to pay.
[6] OASDI includes funding for administration of the Special Benefits for Certain World War II Veterans.
[7] The total includes $2,924,552 in DI and $2,671,560 in OASI costs.
[8] The total includes $2,589,542 in DI and $2,615,110 in OASI costs.
[9] The total includes $2,641,898 in DI and $2,620,720 in OASI costs.

	FY 2016[3] Actual	FY 2017[4] Estimate	FY 2018[5] Estimate
HI and SMI Trust Funds	$1,777,800	$2,008,371	$2,012,556
Table Continues on Next Page			
SSA Advisory Board	$2,300	$2,294	$2,300
SSI Administrative Expenses	$4,648,733	$4,783,349	$5,060,526
SSI State Supplement User Fees	$136,000	$135,662	$118,000
Non-Attorney Representative User Fees	$1,000	$998	$1,000
MIPPA – LIS	N/A	N/A	N/A
MACRA	$22,000	$22,000	$27,000
Recovery Act	N/A	N/A	N/A
Total Budget Authority	**$12,183,945**	**$12,157,326**	**$12,484,000**
OASI and DI Trust Funds[1]	$5,459,558[2]	$5,303,898[3]	$5,306,400[4]
HI and SMI Trust Funds	$2,013,300	$2,047,600	$2,029,200
SSI Administrative Expenses	$4,598,042	$4,829,700	$5,091,500
SSI State Supplement User Fees	$136,000	$124,000[5]	$118,000
Non-Attorney Representative User Fees	$1,000	$998	$1,000
MIPPA – LIS	$0	$5,829	$5,829
MACRA[6]	$0	$4,300	$34,100
Recovery Act - Workload Processing	$0	$0	$0
Recovery Act - Economic Recovery Payment – Admin	$0	$0	$0
Recovery Act - New NSC	$69,556	$21,100	$0
Total Administrative Outlays	**$12,277,456**	**$12,337,425**	**$12,586,029**

[1] OASDI includes funding for administration of the Special Benefits for Certain World War II Veterans.
[2] The total includes $2,817,058 in DI and $2,642,500 in OASI costs.
[3] The total includes $2,634,300 in DI and $2,669,598 in OASI costs.
[4] The total includes $2,660,600 in DI and $2,645,800 in OASI costs.
[5] We will not collect $136M in SSI User Fees in FY 2017. We have been given authority to collect $136M, but will only collect an estimated $124M.
[6] MACRA outlays will not match outlays in the budget appendix.

PROGRAM INTEGRITY

The following table provides a consolidated account of the total funding required for CDRs and redeterminations for FY 2016 through FY 2018. More information is available in the Budget Process chapter of the Analytical Perspectives.

Table 3.12—Program Integrity
(in millions)

	FY 2016 Actual[1]	FY 2017 Estimate[2]	FY 2018 Estimate[3]
Full Medical CDRs Completed	853,754	850,000	890,000
SSI Non-Medical Redeterminations Completed	2,530,446	2,522,000	2,822,000
Funding			
Dedicated Program Integrity Funding	$1,426	$1,426	$1,735
Related LAE Funding	$140	$125[4]	TBD

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

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

	FY 2016 Total PI Obligations[5]	FY 2017 Total PI Obligations[6]	FY 2018 Total PI Obligations[6]
OASI	$158,800	$0	$0
DI	$264,300	$299,000	$345,000
SSI	$1,005,800	$1,252,000	$1,390,000
HI	$65,000	$0	$0
SMI	$72,000	$0	$0
Total	**$1,565,800**	**$1,551,000**	**$1,735,000**

[1] FY 2016 actual represents the combined costs of CDRs and SSI redeterminations in FY 2016, including the $1.426 billion in the base and cap adjustment and an additional $140 million from LAE. The FY 2016 omnibus authorized the use of more or less than $116 million from LAE for Program Integrity activities.
[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.
[3] FY 2018 estimate represents $1.735 billion in the base and the fully authorized cap adjustment for dedicated program integrity funding.
[4] The Further Continuing and Security Assistance Appropriations Act of 2017 (PL 114-254) authorizes the use of more or less than $116 million from LAE; SSA estimates using $125 million from LAE.
[5] Represents the full cost of completing Continuing Disability Reviews and SSI Redeterminations as authorized by the Bipartisan Budget Act of 2015 (PL 114-74). Continuing Disability Review (CDR) costs include the cost of processing Medical and Work CDRs and excludes the cost of Medical CDR appeals, which are different than the costs reported in the CDR Report to Congress. For a description of anti-fraud activities, please see the Budget Overview.
[6] In budget formulation, workload costs are projected for DI and SSI spending but not for OASI, HI, or SMI. These costs will be reported with the actuals.

KEY ASSUMPTIONS

We continue to do everything we can to reduce our operating costs. Nevertheless, as our beneficiary population increases each year, our costs continue to rise.

We formulated this budget to address the following areas:

- Disability appeals hearings backlog;
- Complex disability process, see Social Security Disability;
- High demand for services due to the aging population, see Social Security Beneficiary Statistics;
- Combatting waste, fraud and abuse;
- Reducing improper payments and completing cost-effective program integrity work, see Social Security Improper Payments;
- Finding additional efficiencies and streamlining business processes;
- Expanding our service delivery;
- Modernizing computer systems; and
- Cyber threats.

Please see the performance table 3.8 for clarity for projected work completed for our major workloads, as well as our productivity numbers.

ANALYSIS OF CHANGES

The FY 2018 request for the LAE account represents a $445 million increase over the FY 2017 level. The following tables provide a summary of the changes from the FY 2017 level to the FY 2018 President's Budget.

Table 3.14—Summary of Changes from FY 2017 to FY 2018[1]
(dollars in thousands)

	FY 2017 Estimate[2]	FY 2018 Estimate	FY17 to FY18 Change
Total LAE	**$12,310,482**	**$12,630,870**	**$320,388**
Appropriation	$12,135,325	$12,457,000	**$321,675**
Amounts Available From Prior Year Unobligated Balances	$175,157	$173,870	**- $1,287**
Obligations, LAE	**$12,174,612**	**$12,601,730**	**$427,119**
Unobligated Balance, end-of-year	$135,870	$29,140	**-$106,730**
Recovery Act Obligations	**$11,941**	**$0**	**- $11,941**
National Support Center	$11,941	$0	**- $11,941**
MIPPA - LIS Obligations	**$5,829**	**$5,829**	**$0**
MIPPA – MSP	**$7,493**	**$7,493**	**$0**
SCHIP Obligations	**$1,015**	**$1,015**	**$0**
MACRA[3]	**$4,342**	**$34,134**	**$29,792**
Obligations, Total	**$12,205,232**	**$12,650,201**	**$444,969**

[1] Totals do not include reimbursables and may not add due to rounding.
[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.
[3] Congress appropriated SSA $98 million to fund the implementation costs to comply with the provisions of the Medicare Access and CHIP Reauthorization Act of 2015. SSA will receive the funding incrementally. The available funding amount for each fiscal year is as follows: FY 2015 - $27 million (available through FY 2018); FY 2016 - $22 million (available through FY 2018); FY 2017 - $22 million (available through FY 2018); and FY 2018 - $27 million (available until expended).

Table 3.15—Explanation of LAE Budget Changes from FY 2017 to FY 2018 (dollars in thousands)[1]

	FY 2017[2]		Change from FY 2017	
	Federal WYs	**Obligations**	**Federal WYs**	**Obligations**
BUILT-IN INCREASES[3]				
Payroll Expenses	62,502	$6,664,861		$329,080
Increases due to periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System				213,042
Three-month effect of assumed Federal pay increase effective January 2017 – 2.1%				31,031
Nine-month effect of assumed Federal pay increase effective January 2018 – 1.9%				85,007
Non-Payroll Costs				
Mandatory growth in non-payroll costs, including higher costs of rent, lease renewals, security, and guard services		$1,891,600		$34,545
State Disability Determination Services				
Mandatory growth in State DDS costs, including pay raises and the cost of medical evidence		$2,300,300		$14,595
Subtotal, Built-In Increases				**+$378,220**
PROGRAM INCREASES				
Payroll Costs				
Net Increase in WYs			510	$56,412
Dedicated Funding to Address Hearings Backlog[4]	474	$52,810	118	$12,895
Non-Payroll Costs				
Social Security Statements Mailed		$5,671		$19,693
Dedicated Funding to Address the Hearings Backlog[4]		$0		$11,200

[1] Totals may not add due to rounding.
[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.
[3] Built in increases include only costs associated with growth in our fixed costs (e.g. payroll, benefits, rent, postage, guard services).
[4] The annualized funding level provided in FY 2017 under Public Law 114-254 - Further Continuing and Security Assistance Appropriations Act, 2017 includes $149,714,850 in dedicated funding to address the hearings backlog. Planned obligations include $73 million in FY 2017 and $77 million in FY 2018.

	FY 2017		Change from FY 2017	
	Federal WYs	**Obligations**	**Federal WYs**	**Obligations**
Funding for IT[5]		$930,487		$113,660
Subtotal, Program Increases			628	**+$213,860**
Total Increases			**+628**	**$592,080**
PROGRAM DECREASES				
Non-Payroll Costs				
Other Essential Operating Costs		$180,682		- $55,201
Net Decrease in State Disability Determination Services WYs				- $29,395
Funding for Information Technology (IT)[5]				
Obligations Funded from Other Prior-Year Unobligated Balances		$125,913		- $75,913
Dedicated Funding to Address the Hearings Backlog[4]		$20,000		- $20,000
Recovery Act – NSC Resources		$11,941		- $11,941
Total Decreases				**-$192,449**
OTHER OBLIGATIONS				
MIPPA – LIS		$5,829		$0
MIPPA – MSP		$7,493		$0
State Children's Health Insurance Program (SCHIP)		$1,015		$0
Altmeyer		$2,279		$15,547
Medicare Access & CHIP Reauthorization Act (MACRA)[6]		$4,342		$29,792
Total LAE Obligations, Net Change	**62,976**	**$12,205,231**	**+628**	**+$444,969**

[4] The annualized funding level provided in FY 2017 under Public Law 114-254 - Further Continuing and Security Assistance Appropriations Act, 2017 includes $149,714,850 in dedicated funding to address the hearings backlog. Planned obligations include $73 million in FY 2017 and $77 million in FY 2018.

[5] Planned obligations for Information Technology in FY 2017 total $1.085 billion including $20 million dedicated to address the hearings backlog and $125 million from prior year unobligated balances. The FY 2018 planned obligations total $1.1 billion including $70M dedicated to IT Modernization and an assumption that $50 million will be obligated from prior year unobligated balances.

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

BUDGETARY RESOURCES BY OBJECT

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

	FY 2017	FY 2018	Change
Personnel Compensation			
Permanent positions	$4,779,063	$5,038,283	$259,220
Positions other than permanent	$100,707	$107,226	$6,520
Other personnel compensation	$119,646	$153,392	$33,746
Special personal service payments	$76,664	$79,340	$2,677
Subtotal, personnel compensation	$5,076,079	$5,378,241	$302,163
Personnel Benefits	$1,660,271	$1,786,287	$126,016
Travel and transportation of persons	$20,751	$20,547	- $204
Transportation of things	$4,993	$4,944	- $49
Rent, communications, and utilities			
Rental payments to GSA	$717,991	$726,949	$8,958
Rental payments to others	$638	$1,033	$395
Communications, utilities, misc.	$511,670	$533,632	$21,962
Printing and reproduction	$22,493	$22,913	$420
Other services (DDS, guards, etc.)	$3,902,390	$3,870,146	- $32,244
Supplies and materials	$27,007	$26,742	- $266
Equipment	$129,983	$131,446	$1,463
Land and structures	$85,206	$102,012	$16,806
Grants, subsidies and contributions	$18,302	$18,122	- $180
Insurance claims and indemnities	$27,455	$27,185	- $270
Interest and dividends	$2	$2	$0
Total Obligations	**$12,205,231**	**$12,650,201**	**$444,969**
Resources not being obligated in the current year (carrying over or lapsing)	$216,773	$88,572	- $128,201
Total Budgetary Resources	**$12,422,004**	**$12,738,773**	**$316,769**
Payments to State DDS (funded from other services and communications, utilities, and misc.)	$2,300,300	$2,285,500	- $14,800

[1] Totals do not include reimbursables and may not add due to rounding.
[2] The obligations include the base LAE appropriation, LIS, SCHIP, NSC, MACRA, the Altmeyer Renovation, and dedicated funding to address the hearings backlog. Total budgetary resources in the table reflect FY 2017 and FY 2018 projections of spending by object class. Resources are not managed at the object class level and SSA has the flexibility within the LAE account to modify projected spending during the budget execution process.
[3] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.
[4] FY 2016 DDS expenditures were $2.309 billion, as required by the House report language.
[5] As required by FY 2017 Omnibus General Provision 524, the Office of Communications estimates $4 million of FY 2017 funds to be obligated for advertising.

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

Table 3.17— FY 2016 Physical Infrastructure Costs by Component (dollars in thousands) [1]

Components	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities [2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
	LAE One Year				
Office of Operations	$512,789	$25,999	$183,982	$71	$722,841
Office of Systems	$0	$1	$0	$0	$1
Office of Disability Adjudication and Review	$108,665	$3,669	$37,408	$19	$149,761
Office of Human Resources	$0	$2	$241	$0	$243
Office of Retirement and Disability Policy	$0	$14	$5	$0	$19
Office of Communication	$0	$0	$5	$0	$5
Office of the Chief Strategic Officer	$0	$2	$0	$0	$2
Office of Budget, Finance, Quality and Management	$4,375	$99	$586	$0	$5,060
Office of Budget, Finance, Quality and Management – Agency Level	$77,624	$148,128	$81,460	$292	$307,505
Office of General Counsel	$2,232	$72	$364	$0	$2,669
Disability Determination Services	$0	$33,909	$304	$0	$34,213
Information Technology Systems	$0	$247,623	$0	$581,392	$829,015
Social Security Advisory Board	$276	$5	$6	$3	$290
Subtotal LAE One Year	$705,961	$459,524	$304,360	$581,777	$2,051,622
	LAE No Year				
Delegated Buildings	$0	$20,091	$27,862	$0	$47,952
Information Technology Systems	$0	$0	$0	$188,217	$188,217
National Security Center	$0	$2,754	$96	$3,022	$5,872
Subtotal LAE No Year	$0	$22,845	$27,957	$191,239	$242,042
Grand Total	$705,961	$482,369	$332,317	$773,017	$2,293,663

[1] Totals may not add due to rounding.
[2] Includes guard services.

Table 3.18 — FY 2017 Physical Infrastructure Costs by Component
As of April 30, 2017
(dollars in thousands)[1,2]

Components	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[3]	Operations & Maintenance of Equipment	Total Physical Infrastructure
	LAE One Year				
Office of Operations	$298,792	$15,400	$134,198	$10	$448,400
Office of Systems	$0	$0	$0	$0	$0
Office of Disability Adjudication and Review	$64,668	$2,397	$34,473	$3	$101,540
Office of Human Resources	$0	$0	$5	$1	$6
Office of Retirement and Disability Policy	$0	$14	$1	$0	$15
Office of Communication	$0	$0	$0	$0	$0
Office of the Chief Strategic Officer	$0	$1	$0	$0	$1
Office of Budget, Finance, Quality and Management	$2,821	$39	$325	$0	$3,185
Office of Budget, Finance, Quality and Management – Agency Level	$43,626	$87,960	$20,677	$134	$152,396
Office of General Counsel	$1,291	$15	$156	$1	$1,462
Disability Determination Services	$0	$18,917	$183	$0	$19,100
Information Technology Systems	$0	$99,388	$0	$259,710	$359,098
Social Security Advisory Board	$166	$1	$3	$0	$170
Subtotal LAE One Year	$411,364	$224,132	$190,020	$259,858	$1,085,374
	LAE No Year				
Delegated Buildings[4]	$0	$1,335	$4,551	$0	$5,886
Information Technology Systems	$0	$0	$0	$0	$0
National Security Center	$0	$61	$0	$0	$61
Subtotal LAE No Year	$0	$1,396	$4,551	$0	$5,947
	LAE Multi Year				
MACRA	$0	$0	$0	$1,009	$1,009
Subtotal LAE Multi Year	$0	$0	$0	$1,009	$1,009
Grand Total	$411,364	$225,528	$194,571	$260,867	$1,092,330

[1] Figures for FY 2018 are currently unavailable
[2] Totals may not add due to rounding.
[3] Includes guard services.
[4] Delegated Buildings are currently funded from LAE Annual, not LAE X year.

Table 3.19 — FY 2016 Physical Infrastructure Costs by Region (dollars in thousands)[1]

Regions	LAE One Year and No Year				
	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
Boston	$25,507	$1,952	$10,679	$3	$38,141
New York	$83,999	$6,116	$33,530	$14	$123,659
Philadelphia	$54,107	$5,116	$32,734	$18	$91,975
Atlanta	$118,350	$11,463	$36,005	$22	$165,840
Chicago	$93,484	$8,129	$35,870	$48	$137,532
Dallas	$65,929	$5,011	$21,915	$13	$92,867
Kansas City	$30,278	$3,448	$14,914	$12	$48,652
Denver	$13,971	$1,324	$7,067	$3	$22,364
San Francisco	$99,245	$7,566	$36,930	$41	$143,781
Seattle	$25,001	$1,522	$8,455	$4	$34,982
Headquarters[3]	$96,091	$430,723	$94,218	$772,840	$1,393,871
Total	**$705,961**	**$482,369**	**$332,317**	**$773,017**	**$2,293,663**

Table 3.20 — FY 2017 Physical Infrastructure Costs by Region As of April 30, 2017 (dollars in thousands – Table Continues on Next Page) [1,4]

Regions	LAE One Year, Multi Year, and No Year				
	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
Boston	$15,361	$1,165	$6,938	$1	$23,465
New York	$47,377	$2,416	$27,186	$5	$76,983
Philadelphia	$31,818	$2,257	$23,086	$8	$57,169
Atlanta	$69,343	$6,853	$35,267	$6	$111,469
Chicago	$54,340	$3,861	$31,855	$8	$90,064
Dallas	$39,144	$2,870	$5,190	$6	$47,210

[1] Totals may not add due to rounding.
[2] Includes guard services.
[3] Includes DDS, SSAB, ITS, NSC, and Delegated Buildings.
[4] Figures for FY 2018 are currently unavailable.

Regions	LAE One Year, Multi Year, and No Year				
	Rental Payment to GSA	Communications Utilities & Misc. Charges	Operations & Maintenance of Facilities[2]	Operations & Maintenance of Equipment	Total Physical Infrastructure
Kansas City	$17,526	$1,876	$3,313	$3	$22,718
Denver	$8,271	$807	$8,468	$1	$17,547
San Francisco	$58,349	$3,362	$22,952	$4	$84,667
Seattle	$14,668	$806	$5,721	$2	$21,197
Headquarters[1]	$55,167	$199,254	$24,595	$260,825	$539,841
Total	**$411,364**	**$225,528**	**$194,571**	**$260,867**	**$1,092,330**

[1] Includes DDS, SSAB, ITS, NSC, and Delegated Buildings.

BACKGROUND

AUTHORIZING LEGISLATION

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

Table 3.21—Authorizing Legislation
(dollars in thousands)

	2016 Amount Authorized	2016 Actual[1]	2017 Amount Authorized	2017 Estimate[2]	2018 Amount Authorized	2018 Estimate[3]
Title II, Section 201(g)(1) of the Social Security Act	Indefinite	$12,161,945	Indefinite	$12,135,325	Indefinite	$12,457,000

[1] The FY 2016 appropriation included $1,426 million in dedicated funding for program integrity, $136 million for SSI State Supplement user fees, and up to $1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[2] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017. The FY 2017 estimate includes $1,426 million in dedicated funding for program integrity, $135.7 million for SSI State Supplement user fees, and up to $1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[3] The FY 2018 request includes $1,735 million in dedicated funding for program integrity, $118 million for SSI State Supplement user fees, and up to $1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

APPROPRIATION HISTORY

The table below includes the amount requested by the President, passed by the House and Senate Committees on Appropriations, and ultimately appropriated for the LAE account, including any rescissions and supplemental appropriations, for the last 10 years. The annual appropriation includes amounts authorized from SSI State Supplement user fees and, beginning in FY 2008, non-attorney representative user fees.

Table 3.22—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
2008	$9,596,953,000[1]	$9,696,953,000[2]	$9,721,953,000[3]	$9,917,842,000[4]
Rescission[5]				-$173,264,731
Final				**$9,744,577,269**
Economic Stimulus Act[6]				$31,000,000
2009	$10,327,000,000[7]	- - -[8]	$10,377,000,000[9]	**$10,453,500,000**[10]
MIPPA – Low Income Subsidy[11]				$24,800,000
Recovery Act[12]				$1,090,000,000
2010	$11,451,000,000[13]	$11,446,500,000[14]	$11,446,500,000[15]	$11,446,500,000[16]
Rescission[17]				-$47,000,000
2011	$12,378,863,280[18]	- - -[19]	$12,377,000,000[20]	$11,446,500,000[21]
Rescission[22]				-$22,893,000
Final				**$11,423,607,000**
2012	$12,522,000,000[23]	- - -[24]	$11,632,448,000[25]	$11,474,978,000[26]
Rescission[27]				$21,688,000
Final				**$11,453,290,000**[28]
2013	$11,760,000,000[29]	- - -[30]	$11,736,044,000[31]	$11,453,290,000[32]
Rescission				-$21,394,476[33]
Sequestration				-$386,329,494[34]
Final				**$11,045,566,321**[35]
2014	$12,296,846,000	- - -[36]	$11,697,040,000[37]	**$11,697,040,000**[38]
LAE	$11,069,846,000[39]			
PIAE	$1,227,000,000[40]			
2015	$12,024,000,000[41]	- - -[42]	- - -[43]	**$11,805,945,000**[44]
2016	$12,513,000,000[45]	$11,817,945,000[46]	$11,620,945,000[47]	**$12,161,945,000**[48]
2017	$13,067,000,000[49]	$11,898,945,000[50]	$12,481,945,000[51]	- - -[52]
2018	$12,457,000,000[53]			

[1] 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 Supplement payments. Also includes up to $1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

[2] H.R. 3043.

[3] S. 1710.

[4] Consolidated Appropriations Act, 2008 (P.L. 110-161). Includes up to $132,641,550 from user fees paid by states for Federal administration of SSI State Supplement 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).

[5] A total of $173,264,731 was rescinded by the Consolidated Appropriations Act, 2008 (P.L. 110-161).

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

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

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

[9] S. 3230.

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

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

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

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

[14] H.R. 3293.

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

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

[17] $47,000,000 of Recovery Act Economic Recovery Payment administration funds rescinded by section 318 of P.L. 111-226.

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

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

[20] S. 3686.

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

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

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

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

[25] S. 1599.

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

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

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

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

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

[31] S. 3295.

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

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

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

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

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

[37] S. 3533.

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

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

[40] The FY 2014 President's Budget included a legislative proposal to create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The

FY 2014 PIAE request was $1,227,000,000. With the addition of $273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 was $1,500,000,000.

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

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

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

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

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

[46] H.R. 3020.

[47] S.1695.

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

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

[50] H.R. 5926.

[51] S. 3040.

[52] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.This Budget reflects the annualized funding level provided by P.L. 114-254 ($12.135 million). Total includes $1,426,000,000 for continuing disability reviews and SSI redeterminations. Includes up to $135,661,671 from user fees paid by states for Federal administration of SSI State Supplement payments and up to $997,512 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

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

ADDITIONAL BUDGET DETAILS

SIZE AND SCOPE OF SSA'S PROGRAMS

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

Between the three major programs SSA administers—OASI, DI, and SSI—Federal benefit payment outlays totaled $964 billion in FY 2016; under current law, Federal benefit payment outlays are expected to increase to $995.5 billion in FY 2017 and nearly $1.1 trillion in FY 2018. At less than 1.3 percent of total benefit payment outlays, SSA's administrative expenses[1] continue to be a small fraction of overall program spending, demonstrating the agency's cost-conscious approach to managing its resources.

Table 3.23—Federal Benefit Outlays[2,3]
(dollars in billions)

	FY 2016 Actuals	FY 2017 Estimate	FY 2018 Estimate
Old-Age and Survivors Insurance	$762.1	$797.1	$850.8
Disability Insurance	$143.0	$143.9	$148.8
Supplemental Security Income	$58.9	$54.5	$51.6
Total Outlays	**$964.0**	**$995.5**	**$1,051.1**

Paralleling the growth in benefit payment outlays, the number of Federal beneficiaries of the three major programs SSA administers is expected to increase from 65.8 million in FY 2016 to 67.1 million in FY 2017 and 68.7 million in FY 2018.

Table 3.24—Beneficiaries[4,5,6]
(average in payment status, in millions – Table Continues on Next Page)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Old-Age and Survivors Insurance	49.5	51.0	52.6
Disability Insurance	10.8	10.6	10.6

[1] SSA's calculation of discretionary administrative expenses excludes Treasury administrative expenses, which are mandatory outlays.
[2] Totals may not add due to rounding.
[3] Totals do not include payments to recipients of Special Benefits for World War II Veterans.
[4] Totals do not include recipients of Special Benefits for World War II Veterans.
[5] Does not include recipients who only receive a Federally Administered State supplementary payment and no Federal benefit.
[6] Totals may not add due to rounding.

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Supplemental Security Income[1]	8.2	8.1	8.1
Concurrent Recipients[2]	-2.6	-2.6	-2.6
Total Beneficiaries	**65.8**	**67.1**	**68.7**

FULL TIME EQUIVALENTS AND WORKYEARS

The following table summarizes the LAE Federal and State workyears requested for FY 2018.

Table 3.25—SSA Supported Federal and State Workyears[3,4]

	FY 2016 Actual	FY 2017[5] Estimate	FY 2018 Estimate
Federal Full-Time Equivalents (FTEs)	63,159	61,104	61,265
Federal Overtime/Lump Sum Leave	2,113	1,851	1,982
Total SSA Workyears (excludes OIG)	**65,272**	**62,955**	**63,247**
Total State DDS Workyears	15,152	14,416	14,110
Total SSA/DDS Workyears (excludes OIG)	**80,424**	**77,371**	**77,357**

SOCIAL SECURITY ADVISORY BOARD

This Budget includes $2.3 million for the Social Security Advisory Board in FY 2018. The *Social Security Independence and Program Improvements Act of 1994* mandated the creation of a bipartisan, seven-member advisory board to advise the President, the Congress, and the Commissioner of Social Security, and to make recommendations on policies and regulations relating to SSA's major programs: OASDI and SSI.

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

[1] Does not include recipients who only receive a Federally Administered State supplementary payment and no Federal benefit.
[2] Recipients receiving both DI and SSI benefits.
[3] Excludes 21 workyears in FY 2017 and 357 workyears in FY 2018 funded by the Medicare Access and CHIP Reauthorization Act of 2015.
[4] Excludes workyears associated with the Children's Health Insurance Program (CHIP) Reauthorization Act of 2009 and the Medicare Savings Plan.
[5] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.

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

The Board is required by law to meet at least four times per year but has traditionally held 10 meetings and one annual conference call each year. For more information about the Social Security Advisory Board, please see their website at www.ssab.gov.

Budget Authority by Object Class and Staffing

Object Class	FY 2016 Actual	FY 2017 Estimate[1]	FY 2018 Request
Salaries	$1,323,980	$1,455,826	$1,484,942
Benefits	$388,282	$342,574	$349,428
Subtotal, Compensation	**$1,712,262**	**$1,798,400**	**$1,834,370**
Travel	$71,705	$75,000	$75,000
Rent, Communications, Utilities	$281,010	$281,000	$281,000
Printing & Reproduction	$15,650	$10,000	$10,000
Consultants & Contracts	$149,524	$95,600	$79,630
Equipment	$19,596	$9,278	$10,000
Supplies	$16,422	$25,000	$10,000
Total, All Objects	**$2,266,169**	**$2,294,278**	**$2,300,000**
Staffing Levels			
Full-time, Permanent Staff	10	9	9
Part-time, Temporary Staff	5	4	4

Note: Totals may not add due to rounding.

[1] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.

INFORMATION TECHNOLOGY SYSTEMS (ITS) FUND TABLES

Table 3.26 — LAE Expired Balances & No-Year IT Account (in thousands)

LAE Expired Accounts	Amounts
LAE unobligated balance from FY 2012-2015	$103,200
LAE unobligated balance available from FY 2016	$49,400
Total LAE unobligated balance from FY 2012-2016	$152,600[1]
Amounts projected for prior year adjustments	-$152,600[2]
Total LAE unobligated balance available for transfer from FY 2012-2016	**$0**
No-Year ITS Account	
Carryover from funds transferred in FY 2015 for FY 2016	$29,600
Carryover from FY 2015 (Unobligated Balances)	$1,515
Total carryover from FY 2015 to FY 2016	$31,115
Funds transferred in FY 2016 for FY 2016	$209,957
Total FY 2016 no-year ITS funding available	$241,072
FY 2016 Obligations	-$188,217
Recoveries in FY 2016	$0
Total carryover into FY 2017	**$52,855**
Funds transferred in FY 2017 for FY 2017	$72,800
Funds available for transfer in FY 2017 for FY 2017	$0
Total FY 2017 no-year ITS funding available	**$125,655**

[1] Reflects adjustments to the unobligated balances for these years. Balances as of 2/28/2017.
[2] It is essential that these funds remain in the expired LAE accounts (FY 2012-2016) to cover potential upward adjustments. Otherwise, SSA could face an anti-deficiency violation.

ITS BUDGET AUTHORITY

SSA's FY 2018 ITS budget provides resources for the acquisition and maintenance of automated data processing (ADP) and telecommunications hardware and software, as well as ADP support services and related contractual services. SSA reviews all information technology (IT) spending to ensure it includes only those projects and activities that are most crucial for the agency's operations and/or have the highest payback. No-year funding is an essential portion of the total annual IT budget.

The SSA CFO and CIO affirm that the CIO had a significant role in reviewing planned IT support for program objectives and significant increases and decreases in IT resources; and the SSA CIO and CFO affirm that the IT Portfolio includes appropriate estimates of all IT resources included in the budget request.

The table below displays ITS budget authority, split by type of funding, and obligations from FY 2016 through FY 2018.

Table 3.27—ITS Budget by Activity[1]

LAE	FY 2016 Actual	FY 2017 Current Estimate	FY 2018 Estimate
One-Year	$928,543,139	$930,000,000	$1,044,000,000
No-Year	$188,217,265	$126,000,000	$50,000,000
Subtotal	$1,116,760,405	$1,056,000,000	$1,094,000,000
Recovery Act (NSC)	$48,291,603	$11,941,000	$0
Total	$1,165,052,008	$1,067,941,000	$1,094,000,000

Below are some of our significant accomplishments during FY 2016:

- **Public Facing Integrity Review (PFIR) –** This release included the creation of a secure process to download files to the Office of Anti-Fraud Programs (OAFP) and updated code to ensure accuracy of displayed data and counts. PFIR supports the agency's ability to prevent, deter, detect, and investigate instances of internet fraud and abuse.

- **Direct Deposit Fraud Prevention Release 4 –** The first release added functionality to display pending Direct Deposit (DD) changes input through my Social Security or the Post-entitlement Online System (POS) for Title II beneficiaries. This release also provided the user the option to cancel the pending DD change.

  This second release activated the Miscellaneous Suspense Code (LEGI3) and modified the Post Entitlement Online System LEGI screen to allow input of a suspension effective with Current Operating Month (COM) and subsequent resumption of benefits effective

[1] Includes base and cap Program Integrity. Excludes Reimbursable Authority. One-year funds include regular one-year, base CDRs, additional CDRs and DCPS. FY 2017 estimate excludes $20M for anomaly funding.

with the first suspension month. The Office of Anti-Fraud Programs requested this change for use when there is a suspicious direct deposit change and they are not able to contact the Title II beneficiary (or representative payee, if applicable) to verify the Financial Institution (FI) account information. The LEGI3 suspension prevents benefits from being deposited into a presumed unauthorized FI account.

The implementation of this initiative helps preserve customers' trust in our programs and improve the agency's stewardship of the trust funds by reducing the occurrence of unauthorized redirected Title II benefit payments.

- **Automated Resource Access System (ARAS) –** Automated Resource Access System (ARAS) replaced Automated System Access Forms Environment (ATSAFE) form SSA-613 via the Systems Access Management (SAM) portal. The ARAS business process is based on security, management, and resource owner approvals for access requests to data stored on SSA's mainframe computer. The implementation of ARAS agency-wide provides SSA with a consistent and auditable system to grant access to mainframe resources that satisfies audit findings and is one of many projects required to comply with the OMB M-11-11 mandate to align the agency with the Federal Identity, Credential, and Access Management (FICAM) roadmap.

- **Identity, Credential and Access Lifecycle Management –** The Identity, Credential and Access Lifecycle Management project aimed to address recent audit findings by the Office of the Inspector General and Grant Thornton stating that SSA lacked adequate, FISMA-compliant controls over the identity management lifecycle. The Electronic Personnel Enrollment Credential System (EPECS) Authoritative Source for Contractors (ASC), released June 2016 within EPECS version 2.6, introduced new functionality to include comprehensive and integrated processes to track all contractor personnel from onboarding to separation. The EPECS ASC also retains key data for both current and terminated contractor personnel.

- **Systems Access Management (SAM) – ARAS –** The Systems Access Management (SAM) project is an initiative meant to provide the digitization of paper-based forms, as well as centralized automation of business processes for increased efficiency.

  SAM provides:
    - A consistent look and feel to agency- wide security processes (access requests, TEC, Automated Resource Access System (ARAS), etc.)
    - The basis for OIS to incorporate other paper-based forms and processes in the future (e.g., SSA 1123, SSA 398, etc.)
    - The automated SSA-120 as the first process supported by the solution, followed by incorporation of ARAS into a consistent User Experience for access requests

  SAM ARAS moved to replace the current ARAS User Experience with the SSA standard compliant (User Experience Framework (UEF)/508) SAM portal for requesting additional access.

SAM ARAS improved the efficiency and usability of access to SSA mainframe systems, as well as providing centralized request storage in order to enhance auditing capabilities. In addition, SAM/ARAS eliminated a physical dependency on paper-based and legacy systems processes, as well as providing "anywhere" digital approvals in support of telecommuting/remote workers.

- **Systems Access Management (SAM) Access Removal Tool –** The SAM ART (Access Removal Tool) remediates audit findings for employee close out, termination, and access removal in a timely manner (i.e., 18 hours of separation). Additionally, the ART application replaces the current paper-based SSA-2324 form, Clearance of Employees for Separation of Transfer (Exit Checklist), first-line supervisors complete for federal employees under their supervision that exit the agency.

  SAM/ART was built to allow supervisors the ability to schedule access removals prior to the employee's date of separation. Upon the date of separation, systems access is automatically removed, adhering to the 18-hour federal standard.

  The release of the ART application resulted in a successful Systems pilot replacing the current paper SSA-2324 form first-line supervisors complete for federal employees exiting the agency. This will give supervisors the ability to schedule access removals prior to the employee's date of separation so the agency can adhere to the 18-hour federal standard. In addition, the Atlanta region is starting a pilot for regional office managers to successfully remove systems access.

- **National Support Center (aka New NCC) –** The Social Security Administration received an appropriation for facilities funding and initial IT funding via the American Recovery and Reinvestment Act of 2009 for a new data center to replace the existing NCC.
  - The NSC project uses green solutions in Office of Systems Operations and Hardware Engineering (OSOHE) daily operations through the use of new IT infrastructure and hardware that are more energy efficient than the current NCC
  - Completed the migration of 100% of Open Systems and IT security infrastructure applications to the NSC
  - Completed the virtualization of 77% of Open Systems servers at the NSC
  - Removed 99% of inner core systems at the NCC
  - Implemented 100% storage replication between our subsystems in the NSC and SSC
  - Initiated development of on premise cloud computing environment at NSC

  The National Support Center, NSC project built a Tier III data center using the latest 21st century technologies and green solutions to support the Agency’s IT infrastructure and hardware thus mitigating the projected risks to the IT infrastructure of the Agency. For additional information, please see the National Support Center exhibit.

- **Email Archiving and Records Management –** Federal records must be managed in accordance with all applicable records management laws and regulations, including but not limited to the Federal Records Act (44 U.S.C. chapters. 21, 29, 31, 33), and regulations of the National Archives and Records Administration (NARA) at 36 CFR Chapter XII Subchapter B. Managing records includes, but is not limited to, secure storage, retrievability, and proper disposition of all federal records including transfer of permanently valuable records to NARA in a format and manner acceptable to NARA at the time of transfer.

In order to stay in compliance with the records management laws and regulations the Email Archiving and Records Management project procured additional servers to set up the email archive in Exchange for managing SSA email records electronically. As a result, the agency complies with the Presidential Directive M-12-18, Managing Government Records before the required date December 31, 2016.

- **Modern Development Environment (MDE) –** MDE is SSA’s new software application development environment that will facilitate Agile principles and DevOps concepts such as test-driven development, automation, continuous integration, and continuous delivery. Shifting to MDE allows more flexibility in software deployment to ensure better delivery of the “product” rather than the “project.” Multi-Channel Communication is already using that flexibility to its advantage – completing automating the build and deploy processes into z/OS WebSphere Development and Validation environments and allowing developers to use the Jenkins Pipeline as-code to reduce job complexity.

- **Audit Database and Information Tracking System (AuDITS) –** The Audit Liaison Staff (ALS) relies on the Agency Audit Management System (AAMS) for storing, monitoring and tracking audits (and any resulting recommendations) originating from the Office of the Inspector General (OIG), the United States (US) Government Accountability. AAMS does not track audit workflow through the entire audit lifecycle (pre-audit, conferences, field work correspondence, draft/final reports and recommendations), and does not provide sufficient Management Information (MI) reporting needed for data driven analysis and decision making. In addition, ALS must utilize applications outside of AAMS (Outlook for correspondences and K drive for document storage) in order to complete audits.

  AuDITS was implemented to replace the AAMS application and streamline the Audit Liaison Staff’s business processes by improving their ability to track and control the agency’s audits during each audit phase. AuDITS also enhances search capabilities, and provides standardized and ad-hoc management information reporting. AuDITS interfaces with SSA's Electronic Management of Assignments and Correspondences (EMAC) application for tracking correspondences and assignments within SSA via the EMAC Webservice, which was also developed and implemented within this projcet to eliminate multiple steps that involve using multiple applications. ALS now has an application that follows current ALS business processes, provides standardized and ad-hoc MI needed for data driven analysis and decision-making, and interfaces with EMAC. For additional information on the NSC, please see the *National Support Center* exhibit.

- **8308 Enumeration Beyond Entry (EBE) I-765 –** Implementation of the Enumeration Beyond Entry (EBE) I-765 project required SSA to be able to receive data from DHS/USCIS for Enumeration purposes. The data would be processed in our Enumeration Batch system and result in the issuance of original and replacements SSN Cards. This effort also required an update to the Numident and Management Information (MI). Collaboration was necessary with our partners in Software Engineering, Enterprise Business Support, Programmatic Business Support, Policy, as well as the external agency, DHS/USCIS.

  The code was implemented in production but will be turned off until DHS is ready to release. DHS will be ready to release sometime in December 2017. Once released by DHS Enumeration Beyond Entry (EBE) will reduce the Field Office (FO) workload, since these individuals would no longer be required to visit a FO to apply for a Social Security Number (SSN) Card.

- **Inline QA –** This release contains functionality for the Office of Disability Adjudication and Review (ODAR) inline QA process performed at pre-hearing, post-hearing, and pre-disposition. The release provides ODAR with a reworked questionnaire for the QA offices to input when reviewing cases to allow for a more accurate review.

- **CONTRACTOR ACCESS TO eFOLDERS - Phase 1 –** Electronic Records Express (ERE) software was employed to share background evidence with Consultative Examination (CE) providers by sharing electronic folder documents with Medical and Vocational Experts for Hearings. This eliminated the need for hearing offices to burn CDs for Medical and Vocational Experts.

- **POT ENT-Child on Parent DIB Application –** This release enhanced the Modernized Claims System (MCS) to automatically list the children’s names on the DW01 (Development Worksheet) that are mentioned in the application and set tickle dates, diary, and listing codes for a Number Holder’s (NH’s) Retirement and Disability allowance. The award notice will include children’s names, reminding the NH or a representative to file a claim on their behalf. Workload Management software was updated to synchronize with these changes. The purpose of this enhancement is to track and secure children’s claims to prevent missed entitlement for approximately 17,600 children a year.

- **100% Permanent & Total Veterans Initiative –** Feedback received from 508 Test and Evaluation found the VAPT MI Dashboard was non-compliant for Section 508 due to eight Section 508 standards not being met, which would make the Dashboard difficult for 508 users.

  A 508 Non-Compliant waiver request was submitted on 03/11/2016 and the waiver was approved on 04/11/2016 with the condition that we complete our compliance effort by the end of August 2016. The project team was able to allocate resources to correct our 508 non-compliance issues during the 3rd quarter of FY16.

Systems implemented the VAPT MI project batch and on-line process that automates and expedites the claim process when information supplied by the Veterans Benefits Administration (VBA) identifies a client as 100% Permanent and Total Disabled Veteran. This release of VAPT MI allows our 508 users the benefit of being able to effectively access the full functionality of the VAPT MI Dashboard reports, charts, and files.

- **Systems Updates to Support Contract Requirements –** DRAP – Digital Recording Equipment and Procedures (DRAP) 8.0 records audio at a higher quality, and facilitates the Office of Disability Adjudication and Review (ODAR) business process through easier customization of the vendors COTS software. Rollout began in April, 2015, and completed within one year as planned in April, 2016. This included new hardware and software procured through a new vendor. With the initial investment to replace existing equipment, and the fact that the new equipment is cheaper to maintain, a return on investment will be possible in FY2022. After FY2022, DRAP 8.0 will begin to save the agency $642,000 a year.

- **eCAT** – The Electronic Case Analysis Tool (eCAT) was enhanced to improve Section 508 compliance for end users with disabilities; improve the efficiency of electronic claim processing; enhance productivity; enhance usability by making the interface more intuitive; and realize cost efficiencies to the agency. eCAT was also proactive by making language and functionality changes to support Child Continuing Disability Review (CDR) cases. These changes resulted in greater functionality, improved policy compliance, increased usability for DDS end users (employees) and time/cost savings.

- **MIDAS –** Modernized Integrated Disability Adjudicative System (MIDAS) Release 32 was a regularly scheduled release that updated the MIDAS legacy system to take advantage of DDS oriented modifications from several Electronic Folder Interface (EFI) releases, bringing MIDAS to the same level as EFI Release 32. In addition, a big part of the release was two User Requested Enhancements (URE).
    - Print Bundle will eliminate PII issues during contract issuance and printing
    - MC/PC GetNext will provide one case at a time to the MC when they are assigning work to themselves

  In order to make Print Bundle successful, a new design and code was implemented to rewrite the printing process and “bundle” a complete package into one PDF. This rewrite allows a complete contract to print without interspersing different contracts/forms/letters from a different SSN. A second URE was implemented (MC/PC GetNext) that forces MC’s to be assigned the next available case, eliminating the option to “cherry pick” cases. The MC may decline a claim if accepting the claim would break business rules; I.e. the MC had evaluated the claimant on a previous claim.

  Contract bundles may now be printed without being contaminated with letters/forms pertaining to a different claimant. For MC/PC GetNext, the MC is only provided one case at a time and they may either accept the workload or decline it with a valid reason. This will help speed up the adjudication process by having the oldest claims assigned first.

- **HIT –** As the Health Information Technology (HIT) program continues to expand, we needed to stay up to date with the standard specifications for exchanging of medical records electronically between organizations. This would allow us to be able to integrate with more HIT partners and give us the ability to process and analyze more medical record evidences.

  The team was actively involved in the HIT workgroup to discuss the necessary changes, provided feedback, and planned for the new specifications. The team analyzed the requirements and provided the gap analysis to stakeholders, and recommended the enhancements to the user group.

  The HIT MER format enhancements for Consolidated Clinical Document Architecture (C-CDA) Versions 2.0 and 2.1 Support. This allows for new sections in the way MEGAHIT renders medical evidence records (MER).
    - Enhanced Payment Vendor Matching in SSOARS When Adding a Payment Vendor
    - MEGAHIT Support for International Addresses
    - SSA827 ISSUE - HIT Partner Acceptance Preferences Requirements

  We successfully implemented the support for the new Consolidated-Clinical Document Architecture (C-CDA) versions 2.0 and 2.1. With these new functionalities, we can now provide wider support for all of our current HIT partners who are still using the prior standards as well as having the ability to onboard any potential HIT partners who wish to use the new standards.

- **Title II Treasury Report on Receivables Release 2 and 3 –** The Treasury Report on Receivables (TROR) Phase 3 software was released into production, which automated the entire TROR report. This meets compliance set forth by the Department of the Treasury and eliminates any manual workload for OFPO. Logic changes released fixed a flaw in the requirements so that we more accurately accounted for idiosyncrasies of the ROAR Master file.

- **Multi Channel Communication – Click to Callback –** This release included the ability for a user to schedule a callback request, select from a list of topics to identify the reason for a callback request, review and edit the last question searched in Dynamic Help to submit with the callback request, review and edit the prepopulated phone number in Dynamic Help to submit for a callback when the request is initiated and the ability to cancel a callback request.

- **Work Portability –** Streamlined the Internet claims (iClaim) routing process, enabling Operations to change the routing of claims to specific Workload Support Units (WSU). The claims routing update process that once took a month to accomplish now takes only 1-2 weeks. Successfully developed a tool that enables SSA to more efficiently update and manage Operations' claims routing criteria when distributing the online claims workload among Workload Support Units (WSUs) throughout the country.

- **Ensuring Release of Withheld Benefits –** This release is in support of an Office of the Inspector General (OIG) audit recommendation for SSA to ensure accurate and timely payments of Old-Age Survivors and Disability Insurance (OASDI) benefits it withheld pending a windfall offset determination. Software changes to MCS included override options to streamline the process of releasing T2 back pay when Windfall Offset does not apply. Field Office employees who choose to suppress this exception will immediately release the retroactive benefits to the claimant, resulting in a faster payment, satisfying the OIG recommendation.

- **iTOPSS - PHASE 6 –** The primary goal of this project was to eliminate the need for SSA's use of the MAXSTAR and eCMIS systems. These two systems are owned and operated by the Ticket to Work program manager, Maximus. The SSA implementation of the MAXSTAR replacement, iTOPSS, results in the following benefits:
    - SSA will no longer need to budget for and pay Maximus for the use of Maximus' IT capabilities. The estimated cost for the use of the MAXSTAR system alone was about $1 million a year.
    - The SSA system reduces the need for the proprietary contractor work power and further increase direct cost savings.
    - SSA is now to allow competitively bid for the Program Manager of the Ticket to Work program. The TTW program will no longer depend on the Maximus MAXSTAR system.
    - Some business transactions, which used to take up to ten business days now occur on-line with our in house modern web based application.
    - The accuracy of some business transactions has been improved.
    - Security of the Internet facing application formerly a part of MAXSTAR has now been significantly improved in the SSA replacement of iTOPSS.
    - The newer SSA systems are now more maintainable.
    - Certain older SSA programs and one database have now been retired with the full implementation of iTOPSS

- **AWR –** Implemented the second phase of the multi-year Annual Wage Reporting (AWR) Redesign for processing of corrections wage reports (W-2cs). This release replaced legacy software while integrating redesigned corrections (W-3c/W-2c) processing into the existing redesigned regular wage report (W-3/W-2) processing. This release increases the ability of SSA to react to potential legislative changes, such as earlier employer filing deadlines, allowing increased volumes of processing capability to 100 million W-2/W-2cs per week and up to 20 million W-2/W-2cs per day. The modifications included in this release continue to build the foundation for future AWR Redesign releases, and support the Earning Redesign goals of increasing AWR processing capacity, reducing operational earnings workloads, and streamlining business processes.

- **Automatic Removal of K-Tac for Bene no longer in Current Pay –** Released software to automatically remove Cross Program Recovery Decisions from SSI records for beneficiaries who are no longer receiving Title II benefits due to termination or certain suspension reasons. This process places SSI debts into installment payments or SSI check adjustment based on the status of the record. This enhancement reduces a manual workload for technicians and ensures that the agency is actively pursuing and using all tools available to recover this debt.

- **Death Processing Initiative –** Successfully implemented Phase 2 of the Improving Death Processing project, which helps to identify and reduce improper payments, reduce improper release of personally identifiable information (PII), and improves the accuracy and consistency of death data on Social Security's master files. Phase 2 redesigned the Death Alert Control and Update System (DACUS) batch system to be more streamlined and efficient; 2) centralize the receipt of death data in one location and distribute it to other software such as MCS/MSSICS.

- **Bench Book –** Release included the Word interface for decisions with eBB instructions as well as a Case Processing Management Systems (CPMS) procedure change.

- **Workers' Compensation –** These releases are in support of a change in law regarding the age at which Workers' Compensation (WC) offset ends for disability beneficiaries from age 65 to Full Retirement Age or FRA. Software changes that included RETAP, Interactive Computation Facility (ICF), Rates Utilities, and Title 2 Infrastructure (Editor BTH, Business Function Start Date, and Transaction History (THIS)) Query. Subsequently on 09/23/15, 75,841 (including 464 Special Notice Option) one-time letters were generated to explain the change in the law to beneficiaries whose benefits are offset due to receipt of (WC) and Public Disability Benefit (PDB).

- **ECO Modernization –** The External Collection Operation (ECO) system is an application that selects and maintains delinquent SSA debts. The purpose of this project is to have the ability to store ECO notices in the Online Retrieval System (ORS). This storage will allow access to these notices for employees in the field to provide better customer service to our debtors. This project will also enhance ECO MI data for more accurate reporting and delete some reports that are no longer being used.

- **MSSICS Enhancements 2015 –** FY2015 MSSICS enhancements will address the electronic consent for wage verification in support of automated wage data from payroll providers and updated TXVI records. This release implemented the new CICS Personal Information Authorization (APIA) screen. APIA is now part of the MSSICS path and collects the claimant's or member of the deeming unit's authorization for SSA to receive personal information about him from a third party. This information will also be documented in the Print Options (DPRN) and Print Amendments (DPAM) screens. The APIA screen will eliminate the need for the paper SSA-8510.

- **Title II Post-Entitlement Accuracy –** Office of Quality Review (OQR) studies have repeatedly reported poor payment quality for the complex Processing Center (PC) workloads. The largest source of error resulted from the manual processing of Title II Redesign System (T2R) alerts, exceptions, and processing limitations.

  The goal of this release was to:

  1. Break down generic codes into more specific alerts
  2. Identify the source of the present condition and beneficiaries involved

3. Provide rates Title II calculates as being different from the established rates
4. Provide procedural guidance through links or POMS references

All changes assisted Processing Center technicians to quickly determine what is the procedure to process the cases which received the alerts, to understand what caused the alerts to be issued, and to improve accuracy and the ability to complete the case as quickly as possible.

- **BBA 831 Voluntary Delayed Retirement Credits (VOLDRC) –** Bipartisan Budget Act of 2015 Section 831 Closure of Unintended Loopholes – Voluntary Delayed Retirement Credits. Systems released the Title II Summary and Title II Notice software modifications in support of a short-term solution for Section 831 of the Bipartisan Budget Act of 2105, Closure of Unintended Loopholes. This prohibits beneficiaries from receiving retroactive benefits for a period of voluntary suspension or retroactive benefits based on the earnings of another individual who has entered a period of voluntary suspension. It also prohibits an individual whose benefits are suspended from receiving benefits on any other record while their own record is in suspense. Systems implemented the following;
    - T2 Summary made changes to prevent an incorrect payment or overpayment when a retroactive suspension for 'LEGIS1' is added to the system
    - Title II Notices added three new universal text indicators (UTI) to its repository and revised two UTIs in order to support the new legislation. The new UTIs provide language for notices issued to beneficiaries requesting voluntary suspension of benefits in order to earn delayed retirement credits. When applicable, an auxiliary notice is generated for the auxiliaries of the beneficiary requesting the voluntary suspension of benefits in order to earn delayed retirement credits

- **BBA 825 Treatment of Earnings Derived from Services –** Section 825 of the Balance Budget Act (BBA) amends the treatment of earnings derived from services in post entitlement evaluations of work activity. This will simplify and reduce overpayments associated with work CDRs by allowing SSA to assume earnings were earned when paid. New earnings verification codes were added to eWork to allow the technician to clearly identify the type of evidence used documenting when earnings were based on paid versus earned based upon the type of evidence used. The Due Process notice language was updated to advise beneficiaries their decision may have used such evidence. The simplification enacted by the BBA Section 825 will enable adjudicators to use readily available evidence of earnings, such as IRS data, SSI verified wages, quarterly earnings data, and earnings maintained by third party payroll providers while processing WCDRs. This will eliminate the need for slower methods, such as further contact with the employer (SSA-L725), as a first step. These changes to the WCDR process should shorten processing times and lessen overpayments for disabled beneficiaries.

Below is a list of our agency portfolios and their vision statements:

- **Administrative and Mission Support:** The Administrative and Missions Support portfolio aims to develop IT capabilities that support and enable core business functions across the agency. The investments in the Administrative and Missions Support portfolio will improve our responsiveness to the American public through enhancing our services and programs, modernizing our information technology, and building a model workforce.

- **Core Services:** The Core Services Portfolio will provide Innovative Quality Service to the public, Strengthen the Integrity of Our Programs, and Partner with Other Agencies and Organizations to Improve the Customer's Experience and Align with the Administration's One-Government Approach. We will transform the way we deliver service to the public and Enhance the Customer's Experience by striving to Complete the Customer's Business at the First Point of Contact. Core Services Portfolio investments will enhance and execute plans to modernize our legacy systems and streamline workloads for our frontline employees, maintain system performance, and Continuously Strengthen our Cyber Security Program and IT services.

- **Disability and Appeals:** The Disability and Appeals Process portfolio promotes efficient and effective IT systems that increase the quality, timeliness and consistency of disability decisions and services. These systems will facilitate the accurate collection, processing, and flow, of data and information that will allow our employees to provide quality service to disabled applicants and beneficiaries. The portfolio will help ensure we make the correct disability decision at the correct time, and apply disability policy and procedures consistently across all adjudicative levels.

- **IT Infrastructure:** The Infrastructure Portfolio provides us with the information technology stability and flexibility that we need in order to meet and sustain current operational requirements, adapt to changes in business operations, and plan for future growth and demand in our workloads.

  Our reliance on information technology and electronic data continues to increase with each new workload and each new service delivery channel. The portfolio seeks to address the rising demands on our infrastructure by not only continuing to deliver high levels of end-to-end availability, stability, security and performance but also by instituting new and/or enhanced technologies to remain current with industry standards. Through anticipation of the technology demands of our strategic objectives and investments, the portfolio strives to ensure a ready environment with each application delivery as well as improvements and enhancements to application portfolios.

- **IT Program Integrity:** The Program Integrity Portfolio supports SSA's goals to strengthen the integrity of the Social Security programs, deliver innovative quality services, and ensure reliable, secure and efficient Information Technology (IT) services. We seek to continually improve our comprehensive quality review and financial management programs in accordance with all laws and regulations. This includes accurately and timely paying benefits to our recipients and beneficiaries, detecting and preventing fraud wherever it may occur, and minimizing improper payments.

In January 2016, SSA introduced a chief technology officer to lead SSA's technology change, and balance change with service delivery reliability.
The agency currently manages 11 major OMB 300 exhibits. They are:

- Anti-Fraud Enterprise Solution (AFES)
- Customer Engagement Tools (CET)
- Disability Case Processing System (DCPS)
- DDS Automation (DDSA)
- Earnings Redesign
- Infrastructure Operations and Maintenance (O&M)
- Infrastructure Development Modernization Enhancement (DME)
- IT Modernization
- IT Security
- Smart Claim
- SSI Modernization

INFORMATION TECHNOLOGY COSTS BY TYPE

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

Table 3.28 — Information Technology Costs[1]
(Actual dollars)

ITS	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Maintenance & Lease	$304,866,652	$326,069,800	$312,806,400
Contractor Support	$491,443,080	$360,668,800	$279,897,600
Inter-Agency Agreements	$11,157,531	$11,021,500	$12,100,200
Software	$28,650,756	$47,620,500	$51,453,100
Hardware	$98,948,668	$93,524,100	$205,140,800
Telecommunications	$249,825,621	$238,036,300	$238,601,900
Total[2]	**$1,184,892,308**	**$1,076,941,000**	**$1,100,000,000**

DIGITAL SERVICES TEAM

SSA no longer requires utilization of OMB's United States Digital Services (USDS) resources. Transformation of the agency's digital services will continue with in-house expertise leveraging on the success of the USDS Team in OMB, created in 2014.

[1] FY 2016 and FY 2017 include Reimbursable and ARRA funds (FY 2017 ARRA is $11.941M. FY 2017 Reimbursable is $9M); FY 2018 includes Reimbursable funds only (FY 2018 Reimbursable is $6M).
[2] Does not include personnel costs.

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 3.29 – SSA E-Gov Contributions (in thousands)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Disaster Assistance Improvement Plan	$56	$56	$56
E-Federal Health Architecture LoB	$100	$100	$100
E-Rulemaking	$24	$34	$30
Federal PKI Bridge	$147	$158	$168
Financial Management LoB	$67	$67	$67
Geospatial LoB	$25	$25	$25
GovBenefits.gov	$381	$377	$344
Grants.gov	$26	$25	$30
Human Resources Management LoB	$130	$130	$137
Integrated Acquisition Environment (IAE)	$104	$857	$874
Budget Formulation LoB[1]	$55	$55	$55
Total	**$1,115**	**$1,884**	**$1,886**

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

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

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

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

Federal PKI Bridge collects fees as agreed to by OMB Passback 2011 for the operation of the Federal Public Key Infrastructure Management Authority (FPKIMA). The FPKIMA Program Management Office is responsible for all project, acquisition and financial management necessary to provide this end-to-end service to participating agencies. Services include providing PKI trust infrastructure services to support organizations in meeting their identity management and data security goals.

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

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

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.

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 create a secure environment to facilitate the acquisition of goods and services.

Budget Formulation LoB supports the Federal Government's effort to improve agency budgeting through collaboration and information sharing.

Table 3.30 – Other SSA Expenses/Service Fees Related to E-Gov Projects (in thousands)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Recruitment One-Stop	$368.2	$415.0	$414.0
E-Payroll	$18,092.3	$18,680.0	$19,241.0
E-Travel	$841.5	$850.0	$850.0
Total	**$19,302.0**	**$19,945.0**	**$20,505.0**

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 (USAJobs) through which citizens can easily search for employment opportunities throughout the Federal Government.

E-Payroll standardizes and consolidates government wide Federal civilian payroll services and processes. Enhanced Human Resource Integration, which is the initiative to develop 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 is incorporated into E-Payroll.

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

CYBERSECURITY

To address cyber threats, we collaborate with the White House National Security staff, the Federal Chief Information Officer, the Department of Homeland Security's (DHS) United States Computer Emergency Response Team, and various law enforcement agencies.

Table 3.31 – FY 2018 Cybersecurity Costs
(in millions)

Strategies	Cybersecurity Priorities	
Detection Strategies	Security Integrity Center	$23.3
	User Behavior Analysis	
Identification Strategies	Policy Maturity and Development	$3.3
	IT Security Services	
Protection Strategies	Cyber Defense Operations Center (CDOC)	$73.8
	Continuous Diagnostic and Mitigation (CDM)	
	Identity Management (IdM) Ecosystem	
	Cybersecurity Workforce Development	
	Cyber Academy	
Miscellaneous	Incident Response and Disaster Recovery operational costs	$5.0
	Total FY 2018 Cybersecurity Costs	**$105.4**

Our cybersecurity program continues to evolve our detection, protection, and identify functional capabilities for strengthening the agency's defenses against evolving threats and cyber-attacks. Our program incorporates these security capabilities into a comprehensive, multi-layered, defensive approach for ensuring the privacy of the American public and proper issuance of nearly a trillion dollars in benefits. For FY 2018, our cybersecurity program will focus on the following key strategies.

1. **Detection Strategies –** Our agency plans to develop its new Security Integrity Center (SIC) that will be responsible for developing new data security protections to prevent the unauthorized use and loss of sensitive PII and streamlined security administration by improving the security operational workflow process with advanced technology and capabilities.

    - **Security Integrity Center –** Process security operational workloads to ensure high standards using advanced technologies and capabilities.

    - **Re-engineered Comprehensive Integrity Review Process (RCIRP) –** For the last 20 years, our agency has used a Comprehensive Integrity Review Process (CIRP) application for detecting waste, fraud, and abuse committed by internal personnel. This effort seeks to modernize CIRP by incorporating new innovative technologies such as Big Data and predictive analytic tools, to proactively detect and stop potentially fraudulent employee programmatic transactions before they occur.

- **Operational Workloads –** We will create integrated administrative and security workflows to examine information obtained from the Personally Identifiable Information (PII), Data Loss Prevention (DLP), and Integrity Review processes, deriving relational analysis to form seamless operations. As a result, SSA will be able to quickly and accurately approve requests, detect data loss, assess the associated risk, and take mitigating steps to minimize negative effects.

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

2. **Identification Strategies –** Our agency seeks to provide Comprehensive Policy development and IT Security Services to our customers.

    - **Policy Maturity and Development –** We understand the importance of comprehensive, well-written security policies and their importance to SSA's information and IT governance program. To this end, we will adopt a clear hierarchical structure and policy framework, to focus on business outcomes regarding security information and the principles that underpin our policies. We will ensure successful communication of policy intent and provide clarity about how to implement the policies, the responsibilities of stakeholders, and how to manage legacy issues and approved deviations.

    - **IT Security Services –** As SSA's cyber information security capability continues to mature from asset-optimizing to process-optimizing, and ultimately to service-optimizing, we will deliver an information security service catalog to make it easier for our customers to do business with Office of Information Security (OIS). We will enable a clear understanding of the information security services we offer and deliver. Our services catalog will be a service order and demand channeling mechanism intended to make it easier for our consumers to request security services and, only secondarily, for us to streamline its services and transaction fulfillment workflows.

3. **Protection strategies –** Our agency is focused on 5 key priorities, the Cyber Defense Operations Center (CDOC), Continuous Diagnostic and Mitigation (CDM), Identity Management (IdM) ecosystem, Cybersecurity Workforce Deployment, and Cyber Academy.

    - **Cyber Defense Operations Center (CDOC) –** The Cyber Defense Operations Center (CDOC) seeks to modernize our Security Operations Center (SOC) to combat the next generation of threats and attacks. The primary function of the CDOC is to ensure the PII data entrusted to SSA by U.S. citizens remains secure and confidential.

The next goal is to prevent the disruption of SSANet and online services by malicious hackers or software. CDOC will accomplish this through a vast array of sophisticated detection and prevention technologies, a virtual sea of cyber intelligence reporting, and access to a rapidly expanding workforce of talented IT professionals.

- **Workflow Automation –** Evolving threats continue to grow in number, complexity, and sophistication of attack requiring the SOC to implement a strategy that automates as many of the day-to-day operational tasks as possible. Through workflow automation, the SOC will implement a rapid, streamlined workflow process for identifying, detecting, and responding to security incidents to combat against evolving threats. For implementing workflow automation, the SOC plans to deploy new Security Operations, Analytics, and Reporting solutions.
- **Security Data Analytics –** Security data is growing on an exponential scale requiring different approaches to aggregate and analyze large amounts of data from various sources to monitor for security events. We will develop and maintain a Big Data security analytics capability using Big Data tools and using predictive analytics approaches (such as statistical hypothesis testing) to improve information security and achieve risk reduction goals, security monitoring goals, or other security requirements.
- **Security Operations Center (SOC) Technologies –** We will build and maintain an intelligence-driven SOC, grounded in next generation technologies that will ensure the use of multisource threat intelligence, both strategically and tactically; the use of advanced analytics to operationalize security intelligence; the use of automation whenever feasible; and adoption of adaptive security architecture.

- **Continuous Diagnostic and Mitigation (CDM) –** We will deploy measures to prevent network breaches while simultaneously delivering a continuous-monitoring solution. Our CDM solution will prioritize threats and focus on mitigating and limiting damage from attacks.

  - **Network Segmentation –** Unauthorized network access to our internal network leaves us vulnerable to attacks targeted to compromise critical systems, network communications, and steal and destroy sensitive information. We can prevent unauthorized network access by limiting network access based on access need. With network segmentation in place, only authorized systems and users would have physical access to the network and network access would be limited to just those key resources, critical systems, and networks they are authorized to access. By limiting network access, we prevent attacks to our network, systems, and users across our enterprise. In FY 2018, we plan to deploy network segmentation technologies across our network.
  - **Application Whitelisting –** In FY 2018, we plan to implement application whitelisting to prevent the installation and execution of unauthorized software and malicious software (malware) on our network. Unauthorized software exposes us

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

- **Signatureless Anti-Malware –** In FY 2018, we plan to implement two signatureless anti-malware that will provide further protection for email and at the endpoint. For email security, we will deploy a new email sandboxing solution that will improve the detection of embedded malicious links and malicious email attachments. This solution will detect malicious behavior by opening embedded links and by opening email attachments in email. For endpoint security, we plan to deploy signatureless anti-malware solutions across our enterprise; this anti-malware solution will examine the behavior of malware before it has a chance to run.

- **Identity Management (IdM) Ecosystem –** Our agency is focusing on unifying the following IdM initiatives to better support the business of the agency and improve the protection of its networks.

  - **Personal Identity Verification (PIV) Card Initiatives –** Through this initiative, by requiring PIV cards for authentication for all employees and contractors, we aim to provide stronger, second factor authentication, for access to facilities, networks, and systems. We have completed the rollout of PIV cards so that every agency employee, contractor, and state DDS employee is issued a PIV card. In FY 2018, we plan to continue to expand the interoperability of PIV card authentication with legacy systems and applications. We also plan to continue to automate workflows to automate the creation, maintenance, and removal of physical and logical network access.

  - **Privileged User Programs –** The leading cause of data breaches and cyber-attacks is the exploitation of privileged access. In FY 2018, we plan to continue to establish new controls around privileged access by developing the adoption of our privileged access management (PAM) solutions and improve our compliance to new requirements for privileged access. We will deploy different tools and processes to secure, manage, and monitor privileged accounts and access.

  - **Access Control –** We will improve access control by implementing new policies and a new solution for controlling device and user access to our SSA networks. Our solution will block, quarantine, or grant limited or full access to an endpoint, yet remain flexible enough to enforce access control in a multivendor network infrastructure.

- **Cybersecurity Workforce Development –** Our priority for improving our workforce is to attract, engage, retain, develop, and educate the best people. We will design and deliver a performance based improvement approach to learning and define Learning Paths or the ideal sequence of learning activities that endow our SSA Cybersecurity workforce with performance requirements and the knowledge, skills, and abilities needed to accomplish the enterprise stated goals and objectives in the shortest possible time. In FY 2018, we plan to acquire security contractual consulting services to assist us with the development of plans and strategies to accomplish the following initiatives.

  - **Plan –** We put a high premium on hiring the right number of people, with the right skillsets, in the right roles, at the right time. Therefore, workforce capability planning and development is at the top of our priorities. We will acquire contractor resources to help us develop and implement a formal security workforce planning process to build a talent pipeline that can adapt to, and support the dynamic and evolving direction of, the agency's information security mission and needs. We are developing internship programs and we continue to investigate alternative hiring authorities to attract the best talent.

  - **Recruit –** We will acquire contractor resources to better help us identify and examine the factors that influence supply and demand for internal and external cyber security talent, and develop a targeted talent sourcing strategy to fulfill mission and talent needs. We will monitor market trends closely and take appropriate action to identify and select the best approaches to properly source and develop SSA's cyber workforce.

  - **Develop and Retain –** We plan to acquire contract expertise to devise new strategies and plans for improving recruitment and retention. We will attract and retain the best of the best in pursuit of creating and maintaining a competitive edge in this digital era. We will develop strategy and plans that continuously invest in developing and retaining the SSA's cybersecurity workforce. We will create formal career development programs with defined cybersecurity career paths and competency levels.

- **Cyber Academy –** We will implement and mature the Cybersecurity Academy to enhance the education and development of Information Security professionals within the Agency. The Cybersecurity Academy will identify key Agency positions that have significant information security responsibilities, develop defined course curriculums for those positions, enhance the availability of training courses, and track information security certifications held by agency employees. Additionally, the academy will continue to explore methods to enhance annual security awareness training and tracking of completion for all employees and contractors including new hire orientation.

EMPLOYMENT

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

Table 3.32—Detail of Full-Time Equivalent Employment[1,2]

	FY 2016 Actual	FY 2017[3] Estimate	FY 2018 Estimate
Limitation on Administrative Expenses Accounts	62,949	60,804	60,965
Reimbursable Work	210	300	300
	63,159	**61,104**	**61,265**

The following table lists the Average Grade and Salary for SSA employees for FY 2016. It includes averages for Executive Service (ES) and General Schedule (GS) employees.

Table 3.33—Average Grade and Salary

	FY 2016 Actual
Average ES Salary	**$175,200**
Average GS/WG Grade	**11**
Average GS/WG Salary	**$72,600**

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

Table 3.34 — FY 2016 Personnel Costs by Grade
(Table Continues on Next Page)

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 0	.1	$5,002	$2,120	$7,122
GS – 1	.5	$12,033	$2,978	$15,011
GS – 2	3.9	$118,780	$42,082	$160,863
GS – 3	19.3	$601,439	$169,662	$771,101

[1] Excludes 21 workyears in FY 2017 and 357 workyears in FY 2018 funded by the Medicare Access and CHIP Reauthorization Act of 2015.
[2] Excludes workyears associated with the Children's Health Insurance Program (CHIP) Reauthorization Act of 2009 and the Medicare Savings Plan.
[3] A full-year appropriation for FY 2017 was not enacted at the time the FY 2018 President's Budget was prepared. All FY 2017 figures assume funding at the annualized funding level provided in FY 2017 under Further Continuing and Security Assistance Appropriations Act, 2017.

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 4	214.5	$7,244,212	$2,519,382	$9,763,594
GS – 5	2,410.5	$86,193,598	$29,625,869	$115,819,467
GS – 6	2,738.6	$105,840,134	$38,005,599	$143,845,733
GS – 7	3,775.3	$163,733,535	$56,966,613	$220,700,148
GS – 8	9,013.7	$470,422,905	$173,753,971	$644,176,876
GS – 9	5,996.3	$328,312,295	$114,075,316	$442,387,612
GS – 10	478.9	$28,570,312	$9,392,217	$37,962,529
GS – 11	16,456.7	$1,118,315,237	$389,238,923	$1,507,554,159
GS – 12	12,830.7	$1,048,436,272	$341,945,420	$1,390,381,692
GS – 13	7,394.3	$747,752,907	$237,041,588	$984,794,495
GS – 14	2,878.6	$351,034,131	$106,023,382	$457,057,513
GS – 15	778.2	$115,015,155	$32,107,399	$147,122,555
Subtotal GS Grades[1]	**64,990.1**	**$4,571,607,948**	**$1,530,912,521**	**$6,102,520,469**
Administrative Law Judge (ALJ)	1,528.3	$244,499,619	$69,400,372	$313,899,991
Senior Executive Services (SES)	148.1	$25,918,774	$6,219,642	$32,138,417
Grand Total[2]	**66,666.5**	**$4,842,026,341**	**$1,606,532,536**	**$6,448,558,877**

Table 3.35 — FY 2017 Personnel Costs by Grade
(YTD through Pay Period 10 ending 4/29/2017 - Table Continues on Next Page)

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 0	0.3	$47,186	$15,844	$63,029
GS – 1	0.3	$7,210	$1,778	$8,988
GS – 2	1.4	$44,807	$18,067	$62,874
GS – 3	15.8	$471,759	$141,759	$613,518
GS – 4	118.0	$4,093,908	$1,418,858	$5,512,766
GS – 5	941.6	$35,192,226	$12,091,585	$47,283,811
GS – 6	1,197.9	$48,218,501	$17,129,729	$65,348,230
GS – 7	2,194.9	$97,779,556	$34,234,860	$132,014,416
GS – 8	4,787.6	$256,635,705	$93,907,259	$350,542,963
GS – 9	3,652.4	$210,776,132	$72,042,537	$282,818,669
GS – 10	258.6	$16,866,784	$5,288,693	$22,155,477

[1] Includes $26,098,764.81 for Reemployed Annuitant (RA) Personnel Costs.
[2] Does not include all payroll costs. Only includes GS Grades (including RAs), ALJs, and SES personnel costs requested in the report language.

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS – 11	9,316.0	$659,255,249	$228,996,150	$888,251,400
GS – 12	7,540.0	$642,584,830	$209,117,597	$851,702,427
GS – 13	4,232.1	$442,410,115	$140,763,371	$583,173,486
GS – 14	1,677.7	$209,741,322	$63,769,637	$273,510,959
GS – 15	428.7	$64,194,025	$18,017,145	$82,211,170
Subtotal GS Grades[1]	**36,363.1**	**$2,688,319,315**	**$896,954,869**	**$3,585,274,183**
Administrative Law Judge (ALJ)	954.8	$152,360,609	$43,461,004	$195,821,613
Senior Executive Services (SES)	92.0	$16,151,424	$4,032,434	$20,183,858
Grand Total[2]	**37,409.8**	**$2,856,831,348**	**$944,448,307**	**$3,801,279,655**

Table 3.36 — Historical Staff-On-Duty by Major SSA Component[3]

	FY 2015 Actual	FY 2016 Actual
Field Offices	29,400	28,716
Teleservice Centers	4,604	4,397
Processing Service Centers	10,521	10,070
Regional Offices	1,853	1,840
Operations Subtotal[3]	**46,378**	**45,023**
Office of Disability Adjudication and Review	11,032	10,688
Systems	3,197	3,263
Headquarters[4]	5,089	5,013
SSA Total	**65,696**	**63,987**

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

Table 3.37 — FY 2016 Personnel Costs by Region
(Table Continues on Next Page)

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
Boston	2,015.0	$157,864,790	$52,323,261	$210,188,051
New York	5,321.5	$384,300,858	$122,581,216	$506,882,074

[1] Includes $3,965,796.25 for Reemployed Annuitant (RA) Personnel Costs.
[2] Does not include all payroll costs. Only includes GS Grades (including RAs), ALJs, and SES personnel costs requested in the report language.
[3] Includes full time, part time, and temporary employees.
[4] Headquarters includes counts for Operations Support Staff, Disability Case Processing System, GSA Delegations, and the Social Security Advisory Board.

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
Philadelphia	7,271.7	$461,152,933	$153,492,922	$614,645,855
Atlanta	11,573.4	$782,993,321	$271,047,864	$1,054,041,186
Chicago	7,968.2	$567,999,491	$190,784,401	$758,783,893
Dallas	6,036.6	$421,952,257	$148,373,061	$570,325,318
Kansas City	3,542.4	$231,938,333	$80,295,685	$312,234,018
Denver	1,254.9	$92,388,160	$31,682,233	$124,070,393
San Francisco	7,702.8	$554,569,549	$184,453,988	$739,023,537
Seattle	2,185.4	$151,927,121	$51,815,860	$203,742,981
Headquarters	11,794.7	$1,034,939,526	$319,682,045	$1,354,621,571
Total[1]	66,666.5	$4,842,026,341	$1,606,532,536	$6,448,558,877

Table 3.38 — FY 2017 Personnel Costs by Region (YTD through Pay Period 10 ending 4/29/2017)

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
Boston	1,117.3	$92,032,861	$30,471,278	$122,504,139
New York	2,979.2	$230,594,202	$72,658,112	$303,252,314
Philadelphia	4,065.2	$272,080,769	$90,171,682	$362,252,452
Atlanta	6,578.0	$464,361,503	$160,515,726	$624,877,229
Chicago	4,452.8	$333,185,231	$111,259,895	$444,445,126
Dallas	3,369.6	$246,818,396	$86,850,873	$333,669,268
Kansas City	1,980.3	$137,566,469	$46,942,414	$184,508,884
Denver	701.3	$54,661,636	$18,636,112	$73,297,747
San Francisco	4,316.1	$328,322,879	$108,115,622	$436,438,501
Seattle	1,197.6	$88,193,576	$30,050,572	$118,244,149
Headquarters	6,652.4	$609,013,826	$188,776,020	$797,789,846
Total[1]	37,409.8	$2,856,831,348	$944,448,307	$3,801,279,655

PHYSICIANS' COMPARABILITY ALLOWANCE

Physicians' Comparability Allowance (PCA) permits agencies to provide allowances to certain eligible Federal physicians who enter into service agreements with their agencies to address

[1] Does not include all payroll costs. Only includes GS Grades (including RAs), ALJs, and SES personnel costs requested in the report language.

recruitment and retention problems (5 U.S.C. 5948). The following worksheet provides details on usage of PCA within SSA from FY 2016-2018.

Table 3.39—Physicians' Comparability Allowance Worksheet

		PY 2016 (Actual)	CY 2017 (Estimates)	BY 2018* (Estimates)
1) Number of Physicians Receiving PCAs		2	2	2
2) Number of Physicians with One-Year PCA Agreements		0	0	0
3) Number of Physicians with Multi-Year PCA Agreements		2	2	2
4) Average Annual PCA Physician Pay (without PCA payment)		160,300	160,300	160,300
5) Average Annual PCA Payment		30,000	30,000	30,000
6) Number of Physicians Receiving PCAs by Category (non-add)	Category I Clinical Position			
	Category II Research Position			
	Category III Occupational Health			
	Category IV-A Disability Evaluation			
	Category IV-B Health and Medical Admin.	2	2	2

Maximum annual PCA amount paid to each category of physician:

See tables 3.40 and 3.41 for the maximum annual PCA amount paid to each category of SSA physicians. The amounts shown on the tables have allowed us to successfully recruit and retain our medical officers.

Recruitment and retention problem(s) for each category of physician:

SSA has had no medical officer (MO) accessions and no MO separations in fiscal year 2016.

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

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

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

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

Degree to which recruitment and retention problems were alleviated at SSA through the use of PCAs in the prior fiscal year:

SSA was able to retain its medical officers by continuing to offer PCAs.

MAXIMUM PHYSICIAN'S COMPARABILITY ALLOWANCES

Table 3.40 —Maximum Physician's Comparability Allowances - 1-Year Contract

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

Table 3.41—Maximum Physician's Comparability Allowances - 2-Year Contract

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

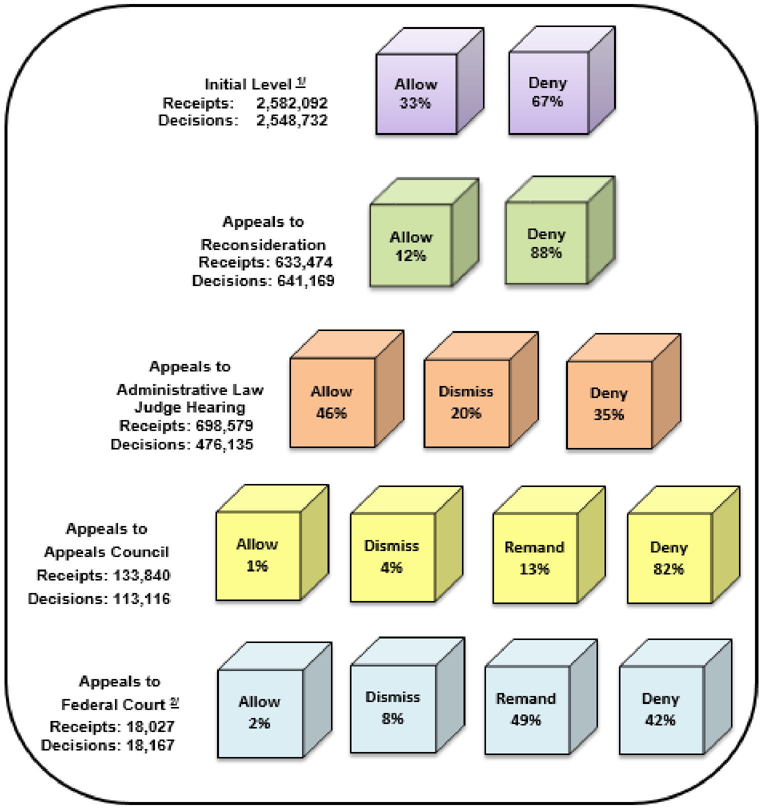
* SSA currently is not experiencing any recruitment or retention problems for the categories of Occupational Health and Disability Evaluation; therefore, no related maximum allowances have been established for these categories. Maximum allowances have been set for the category of Administration because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

FY 2016 DISABILITY WORKLOAD

The following table provides data on the FY 2016 disability claims and appeals workload.

Table 3.42—FY 2016 Workload Data Disability Appeals*

FISCAL YEAR 2016 WORKLOAD DATA:
DISABILITY DECISIONS*



*Includes Title II, Title XVI, and concurrent initial disability determinations and appeals decisions issued in FY 2016, regardless of the year in which the initial claim was filed, and regardless of whether the claimant ever received benefits (in a small number of cases with a favorable disability decision benefits are subsequently denied because the claimant does not meet other eligibility requirements.) Does not include claims where an eligibility determination was reached without a determination of disability. If a determination or appeals decision was made on Title II and Title XVI claims for the same person, the results are treated as one concurrent decision.

1/ About 24% of initial level denials are issued in States that use the Disability Prototype process, which eliminates the reconsideration step of the appeals process. The first level of appeal for these cases is a hearing before an Administrative Law Judge.
2/ Federal Court data includes appeals of Continuing Disability Reviews.

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

Prepared by: SSA, ODPMI (Office of Disability Program Management Information) January 30, 2017; Office of Budget, February 3, 2017
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 (ODAR)
C) Federal Court data: SSA Office of General Counsel

Receipt data for 52 weeks (consistent with decision data)

OVERPAYMENTS TO INDIVIDUALS RECEIVING FEDERAL EMPLOYEES' COMPENSATION ACT (FECA) PAYMENTS

Both SSA's Disability Insurance (DI) program and the Department of Labor's (DOL) FECA program offer an important safety net by providing monthly benefits to workers with disabilities. Federal law requires SSA to reduce DI benefits for some individuals receiving workers' compensation payments, including FECA payments. If DI benefits are not properly offset, overpayments may result.

DOL's FECA program provides workers' compensation benefits to Federal employees with work-related injuries and occupational diseases. To be eligible for FECA benefits, an individual must have been injured while in performance of duty as an employee of the U.S. Federal Government. FECA benefits include wage-loss benefits for total or partial disability, medical benefits, and vocational rehabilitation.

Individuals may receive concurrent DI and FECA payments up to a certain limit without having their DI benefits offset. This limit is based in part on the individual's average monthly earnings prior to disability. Federal law requires SSA to offset DI benefits when an individual's combined DI and FECA benefits exceed this limit. To identify individuals who are receiving concurrent FECA and DI benefits, SSA requires DI applicants to self-report any FECA benefits they are receiving as part of their initial applications. After individuals are approved for DI benefits, SSA requires beneficiaries to self-report any FECA benefits they receive. When SSA becomes aware of a DI beneficiary receiving FECA benefits, agency policy directs staff to obtain proof of FECA payments before offsetting DI benefits, if applicable. SSA also uses a series of automated and manual alerts to resolve pending information about concurrent workers' compensation payments.

STATUS OF GAO RECOMMENDATIONS

In its July 2015 audit, "Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation," the Government Accountability Office (GAO) found that SSA detected concurrent DI and FECA payments received by some individuals during at least one calendar month from July 2011 through June 2014. Specifically GAO found that:

- SSA successfully detected the receipt of FECA benefits for approximately 52 percent of individuals who received concurrent FECA and DI payments during the period.
- SSA did not detect the receipt of FECA payments for approximately 13 percent of individuals.
- They were unable to determine whether SSA detected concurrent FECA benefits for approximately 35 percent of individuals due to limitations in the SSA data.

GAO issued four recommendations for executive action to improve SSA's ability to detect, prevent, and recover potential DI benefit overpayments due to the concurrent receipt of FECA benefits.

Recommendations and Status of SSA's Progress

GAO's Recommendation #1

Review the potential DI overpayments resulting from FECA benefits identified in GAO's case studies, as well as any indicators of fraudulent activity related to FECA benefits that were not self-reported by DI beneficiaries, and establish debt-collection efforts and fraud-related penalties, as appropriate.

SSA Status

SSA reviewed a sample of the 2,730 cases identified by GAO and determined that the entire population requires further review. The agency is also reviewing 1,040 cases where GAO said SSA did not detect the receipt of FECA or any other workers' compensation benefits. SSA will complete the review by the end of June 2017.

GAO Recommendation #2

Review the instances described in GAO's report in which SSA staff did not obtain proof of FECA benefits that were reported by DI beneficiaries and (1) determine the reasons for these occurrences and whether this is a pervasive problem; and (2) if necessary, design appropriate controls or make other efforts, such as staff training, to help ensure SSA staff obtain proof of workers' compensation payments as required by SSA policy.

SSA Status

SSA has completed and released administrative instructions to provide development and processing reminders to technicians. We are currently exploring a workflow change with implementation planned by June 30, 2017.

GAO Recommendations #3 and #4

In accordance with OMB guidance, compare the costs and benefits of alternatives to SSA's current approach for reducing the potential for overpayments that result from the concurrent receipt of DI and FECA benefits, which relies on beneficiaries to self-report any FECA benefits they receive. These alternatives could include, among others, routinely matching DOL's FECA program data with DI program data to detect potential DI overpayments.

SSA should strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of FECA benefits by implementing the alternative that provides the greatest net benefits.

SSA Status

SSA is pursuing a data exchange agreement with DOL. A draft agreement, which would allow SSA to obtain FECA payment information and reduce its dependency on beneficiary self-reporting, is in the review process. SSA has developed a plan to integrate the FECA data into our systems and business processes once the data exchange agreement is signed. An SSA workgroup is reviewing internal FECA controls and workflow processes to ensure greater efficiency. We believe that training and process improvements will improve accuracy.

LEGISLATIVE PROPOSALS

1. **Offset Overlapping Unemployment Insurance-Disability Insurance Payments.** The Budget proposes to close a loophole that allows individuals to receive Unemployment Insurance (UI) and DI for the same period of joblessness. The proposal would offset the DI benefit to account for concurrent receipt of UI benefits. Under current law, concurrent receipt of DI benefits and unemployment compensation is allowable. UI is intended to compensate individuals for short-term bouts of unemployment while they look to return to work while DI is intended to compensate individuals who cannot return to work on a long-term basis due to a disability, allowing double dipping that is unnecessary and wasteful.

2. **Allow SSA to Use Commercial Databases to Verify Real Property in the SSI Program.** This proposal would reduce improper payments and lessen recipients' reporting burden by authorizing SSA to conduct data matches with private commercial databases that maintain data on ownership of real property (i.e., land and buildings), which can be a countable resource for SSI purposes. The proposal would authorize SSA to use that information to automatically determine an individual's eligibility for benefits, after proper notification. SSA would also be authorized to require beneficiaries to consent to allow SSA to access these databases as a condition of benefit receipt. All current due process and appeal rights would be preserved.

3. **Government-wide Use of Customs and Border Protection Entry/Exit Data to Prevent Improper Payments**. This proposal would provide Federal agencies access to and use of Customs and Border Protection (CBP) entry and exit data (i.e., when individuals enter and exit the United States). The information may be used in the SSI program, which requires all recipients to be physically present in the U.S. to receive benefits. Generally, U.S. citizens can receive Old-Age, Survivors, and Disability Insurance (OASDI) benefits regardless of place of residence. Non-citizens may be subject to additional residency requirements. SSA would use this data match to prevent improper payments. These data have the potential to be useful across the Government to prevent improper payments.

4. **Use Death Master File to Prevent Improper Payments.** This proposal would authorize SSA to share its full file of death information—including State-reported death data—with Federal law enforcement agencies, and with the Department of the Treasury's Do Not Pay Portal for use in preventing improper payments. SSA receives death information from many sources, including family members, funeral homes, financial institutions, and the States. Current law limits the purposes for which SSA can share death information it receives from the States, and does not provide SSA authority to share State death data with Federal law enforcement agencies or Treasury's Do Not Pay Portal. This proposal would ensure that Federal law enforcement and Treasury's Do Not Pay Portal have access to all death information in SSA's records, including State-reported death data.

5. **Expand the Definition of Overpayment to Authorize SSA to Use All Collection Tools to Recover Funds In Certain Scenarios.** Current law provides SSA only limited authority to recover certain incorrect payments that do not meet the statutory definition of an overpayment. Such incorrect payments include when someone improperly cashes a beneficiary's check or improperly removes benefit funds from a joint account after a beneficiary's death. Because these incorrect payments are not considered overpayments, SSA's recovery options are limited. This proposal would define such situations as overpayments, thus subjecting them to a broader range of collection procedures, while maintaining the same rules and right of due process. As a result, SSA would be able to use all of its overpayment collection tools, such as credit bureau reporting and administrative wage garnishment, to recover these newly defined overpayments.

6. **Hold Fraud Facilitators Liable for Overpayments.** The proposal would allow SSA to recover the overpayment of a beneficiary from a third party if said third party was responsible for making fraudulent statements or providing false evidence that allowed the beneficiary to receive payments that should not have been paid. Specifically, in any case in which a third party facilitates fraud against any program administered by the Commissioner of Social Security, by providing false evidence or by creating such false evidence which is submitted to the Commissioner, the third party or parties would be jointly and severally liable for the erroneous benefit made because of the fraud. The third party facilitator could not seek waiver of the overpayment, and such overpayment would be in addition to any other penalties that may be imposed on such third party. The third party would be required to repay the Commissioner the amount of any erroneous payment together with the interest. Such interest would be calculated in the same manner as interest would be calculated for persons who have underpaid federal taxes (in accordance with section 6621(a) (2) of the Internal Revenue Code).

7. **Increase the Overpayment Collection Threshold for OASDI.** This proposal would change the minimum monthly withholding amount for recovery of Title II benefit overpayments for the first time since the agency established the current minimum of $10 in 1960. By changing this amount from $10 to 10 percent of the monthly benefit payable, SSA would recover overpayments more quickly and better fulfill their stewardship obligations to the combined OASDI Trust Funds. The SSI program already uses a 10 percent recovery policy. Debtors could still pay less if the negotiated amount would allow for repayment of the debt in 36 months. If the beneficiary cannot afford to have that amount withheld because he or she cannot meet ordinary and necessary living expenses, the beneficiary may request partial withholding. To determine a proper partial withholding amount, SSA negotiates (as well as re-negotiates at the overpaid beneficiary's request) a partial withholding rate.

8. **Exclude SSA Debts from Discharge in Bankruptcy.** Debts due to an overpayment of Social Security benefits are generally dischargeable in bankruptcy. The Budget includes a proposal to exclude such debts from discharge in bankruptcy. This proposal would help ensure program integrity by increasing the amount of overpayments SSA recovers. Current administrative protections for undue hardship would remain.

9. **Test new approaches and reform Disability Programs.** The FY 2018 Budget proposes to evaluate creative and effective ways to promote greater labor force participation (LFP) of people with disabilities by expanding demonstration authority that allows SSA, in collaboration with other agencies, to test new program rules and requires mandatory participation by program applicants and beneficiaries. An expert panel will identify specific changes to program rules that would increase LFP and reduce program participation, informed by successful demonstration results and other evidence.

10. **Reinstating the Reconsideration 10 Prototype States.** The Budget proposes reinstating reconsideration in 10 states, conforming these states with the practices used in the rest of the country. This reform requires a second review by the state Disability Determination Services (DDS) before an appeal goes to an administrative law judge (ALJ). Other states already require disability applicants to have their claim "reconsidered" before they can appeal to an ALJ. The following 10 States are currently without the reconsideration level of appeal: Alaska, Alabama, California, Colorado, Massachusetts, Michigan, Missouri, New Hampshire, New York, and Pennsylvania.

11. **Reduce 12 month Retroactive DI Benefits to 6 Months.** New DI beneficiaries are eligible for up to 12 months of benefits before the date of their application, depending upon the date they became disabled. This proposal would reduce retroactivity for disabled workers, which is the same policy already in effect for individuals receiving retirement benefits. This proposal will not modify retroactivity for Medicare eligibility.

12. **Eliminate Workers Compensation Reverse Offset.** In most States, if an individual concurrently receives workers' compensation (WC) and DI, SSA may offset his or her DI benefits. Currently, some States instead have "reverse offset," whereby the WC is reduced due to the receipt of DI benefits. This option would eliminate reverse offsets in these States, allowing SSA to consistently offset DI benefits because of WC receipt (when needed), regardless of the State in which the WC is being paid.

13. **Create Sliding Scale for Multi-Recipient SSI Families.** Currently, families receive an equal amount for each SSI child recipient. However, economies of scale in some types of consumption—housing, in particular— reduces per capita living expenses and therefore means that two children generally do not need twice the income to be supported as one child. Federal poverty guidelines and other means-tested benefits take into account these efficiencies. The Budget proposes to create a sliding scale for SSI disability benefits that considers the number of additional family recipients. It would keep the maximum benefit for one recipient the same as in current law but reduce benefits for additional recipients in the same family.

14. **Create a Probationary Period for ALJs.** Currently, new ALJs do not have a probationary period, like other Federal employees or new senior executive service (SES) employees. There have been recent cases where an ALJ was hired and it became clear the individual would be unsuccessful at the job. This proposal would create a 1-year probationary period for ALJs, similar to SES, to ensure that the ALJ is performing at a satisfactory level.

15. **Strengthening Child Support Enforcement and Establishment.** SSA reduces a child's monthly SSI benefit by up to two thirds of any monthly child support payment he or she also receives. The President's Budget includes several proposals aimed at increasing and improving child support collections and program efficiency. By increasing the amount of child support collected, these proposals would result in savings to the SSI program.

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TABLES

APPROPRIATION LANGUAGE

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, $30,000,000, together with not to exceed $75,500,000, 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 of Representatives and the Senate at least 15 days in advance of any transfer.

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

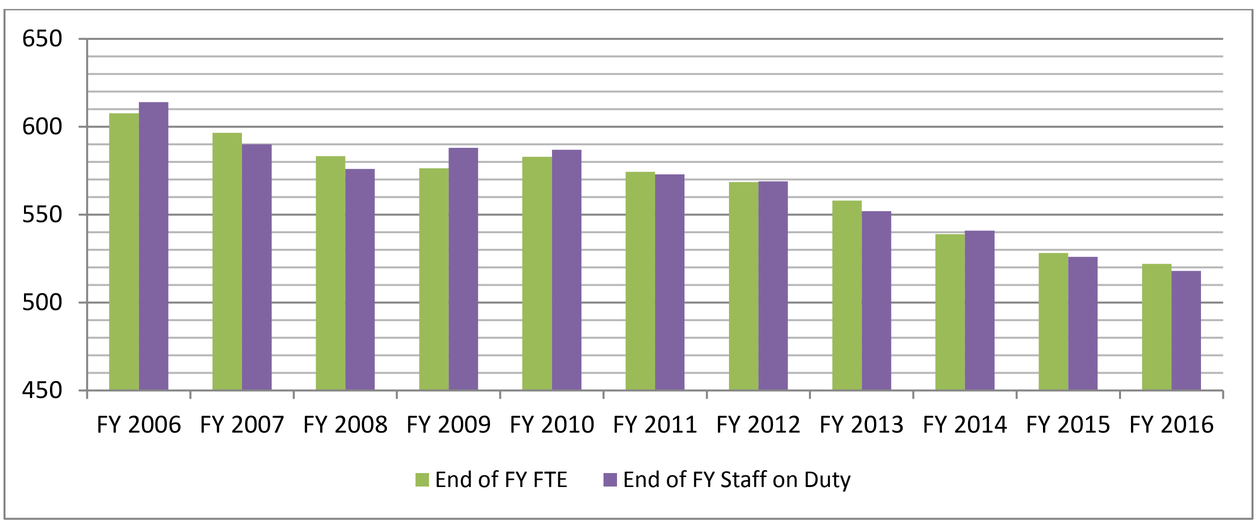
GENERAL STATEMENT

OVERVIEW

The Fiscal Year (FY) 2018 President's Budget for the SSA Office of the Inspector General (OIG) is $105,500,000 in total budget authority and 517 FTE. There is no increase in funding from the Consolidated Appropriations Act, 2016 (P.L. 114-113). For FY 2017, a full-year appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

As the FY 2018 request is approximately flat with FYs 2016 and 2017, our staffing levels must decrease in order to absorb increased fixed costs. Our Payroll represents 87% of our budget. Our FY 2018 budget request will provide funding for 517 FTE staffing level, a 1.9% projected pay raise, other payroll increases (e.g., within-grade increases, scheduled promotions, health benefits, etc.), and related support costs.

OIG staffing has dropped from 608 FTE at the end of FY 2006 to 522 FTE at the end of FY 2016, a decrease of 86 FTE. In order to meet Congressionally mandated Cooperative Disability Investigations (CDI) unit expansion with no budget increase, we will have to absorb all personnel losses from existing staff. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating SSN misuse.



In FY 2018, our budget includes $400,000 for training, which satisfies our FY 2018 training requirements. In FY 2018, we will contribute about $317,000 to the Council of the Inspectors General on Integrity and Efficiency (CIGIE), as requested.

Table 4.1—Justification

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Passback	*FY17 to FY18 Change*
FTE	522	517	517	*0*
Appropriation	$ 105,500,000	$ 105,238,000	$ 105,500,000	*$262,000*
Total Obligations	$ 104,709,459	$ 105,238,000	$ 105,500,000	*$262,000*
Unobligated balance lapsing	$ 790,541	$ 0	$ 0	*$ 0*

ONGOING INITIATIVES

Computer Forensic Cyber-Related Investigations

Our *Digital Forensics Team* (DFT) provides forensic support to investigations involving at least one computer, network, electronic data storage, communication, mobile device or other form of digital media; as well as the collection, examination, analysis and reporting of the data acquired. The DFT provides needed forensic assistance to the field in support of ongoing investigations. In FY 2015, the DFT implemented the initial infrastructure of a "private cloud" based forensics network that now allows the DFT to offer faster processing and examining times and provides an overall better digital forensics solution for the OIG. This infrastructure allows the DFT to maintain a secure central repository for forensic evidence and DFT case work. Moving forward, the DFT will need additional funds to maintain, secure and expand the forensic network to meet the growing demands of the ever-evolving cyber-crime movement, which the OIG will prioritize in its spending. Additional funds will also allow the DFT to increase its infrastructure and data storage capabilities. Data storage is vital to a computer forensics program so we can provide adequate support as components request it.

In addition to traditional forensic services, the DFT works hand-in-hand with SSA to protect SSA's network and Personally Identifiable Information (PII). With the issuance of *National Security Presidential Directive 54* and the emphasis placed on the *Government's Trusted Internet Connection* initiative, protecting government networks has become a critical priority. There has been an increase in cyber based attacks on networks, to include government maintained electronic data; therefore, the potential for computer-based fraud against SSA systems and programs is growing exponentially. Techniques used to compromise computer systems are on the rise nationally, as computer crimes become more prevalent. To be effective, we must keep pace with technological advances. To maintain this essential priority at flat funding, we must reduce funding in lower priority areas in order to provide our computer forensic examiners with additional equipment, training, and software needed to combat increasingly complex computer crimes.

DFT personnel received basic network intrusion training in FY 2016; however, additional training is necessary to adequately address complex and evolving cyber-crimes. In FY 2018, DFT will receive additional skills training to continually enhance its abilities in the area of computer security and incident response. Training in cyber-crime prevention will allow DFT to respond quickly and appropriately to cyber-incidents before any PII is compromised.

Cooperative Disability Investigations

The Cooperative Disability Investigations (CDI) Program is a key SSA anti-fraud initiative that plays a vital role in combating fraud, similar fault, and abuse within SSA's disability programs. CDI units, consisting of personnel from SSA, OIG, State disability determination agencies, and local law enforcement investigate initial disability claims and post-entitlement events involving suspected fraud. CDI units investigate claimants as well as third parties who are potentially facilitating disability fraud.

CDI investigations help SSA:

- prevent claimants who do not meet eligibility requirements from receiving benefits;
- terminate the benefits of those who have concealed medical improvement or failed to disclose substantial gainful activity; and,
- revisit administrative determinations of claimants who may never have been eligible for benefits.

In FY 2016, the CDI program consisted of 39 units covering 33 states, the District of Columbia, and the Commonwealth of Puerto Rico. We will continue to expand this program in FY 2018. The *Bipartisan Budget Act of 2015* (BBA) requires SSA to expand the CDI program to cover all States and Territories no later than October 1, 2022. This requirement will be subject to the availability of funding and participation of local law enforcement agencies. As the CDI program expands to meet the BBA mandate, OIG will relocate staff to support the CDI mission both in the field and at headquarters, which will require us to shift resources away from other investigative priorities.

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 2016, these processes contributed significantly to the mission of OIG and SSA. AMFED received 92,134 allegations. Through the development of referred allegations, SSA identified $3,382,791 in benefit overpayments. AMFED matched 145,351 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for apprehension and warrant verification. AMFED referred 1,923 fugitive subjects for benefit suspension. Through these data-sharing efforts, law enforcement reports that 617 fugitives were apprehended.

Civil Monetary Penalty Program

Section 701 of the Bipartisan Budget Act of 2015, PL 114-74 (BBA of 2015) amended the Federal Civil Penalties Inflation Adjustment Act of 1990 (the Inflation Adjustment Act) (Public Law 104-410), to improve the effectiveness of civil monetary penalties and to maintain their deterrent effect. Penalties under the Social Security Act, which were previously excluded by a 1996 amendment to the Inflation Adjustment Act, are now subject to the catch-up and annual inflation increases. The provision requires agencies to: (1) adjust the level of civil monetary penalties with an initial "catch-up" adjustment through an interim final rulemaking; and (2) make subsequent annual adjustments for inflation. Inflation adjustments will be based on the percent change in the Consumer Price Index for all Urban Consumers (CPI-U) for the month of October preceding the date of the adjustment, relative to the October CPI-U in the year of the previous adjustment. On June 27, 2016, we published an interim final rule providing notice of the adjusted level of our civil monetary penalties with an initial "catch-up" adjustment to take effect on August 1, 2016. On December 29, 2016, we published notice of the initial annual adjustments for inflation of our civil monetary penalties to take effect on January 15, 2017.

We continue our emphasis on enforcing Section 1129 of the *Social Security Act*, which authorizes Civil Monetary Penalties (CMPs) against those who make false statements or misrepresentations in connection with obtaining or retaining payments under Titles II, VIII, or XVI of the *Social Security Act*. We can also penalize representative payees for wrongful conversion of payments and penalize individuals who knowingly withhold a material fact from SSA. If the Department of Justice or a local prosecutor does not pursue criminal or civil prosecution, we are authorized to impose penalties of up to $8,084 for each false statement, misrepresentation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to *twice* the amount of any resulting overpayment. In addition to providing for an initial "catch up adjustment" and annual adjustments for inflation for all CMPs imposed under section 1129 of the *Social Security Act,* the BBA of 2015 amended section 1129 to specifically increase the CMP that may be imposed against an individual who violates their position of trust with an applicant for Social Security benefits from a maximum of $5,000, to a maximum of $7,500. After applying the initial inflation adjustment that took effect on January 15, 2017, the current maximum CMP that may be imposed on a person in a position of trust that defrauds SSA is $7,623. Section 813(b) of the BBA of 2015 defines a person in a position of trust as someone who "receives a fee or other income for services performed in connection with any determination with respect to benefits under [Titles II, VIII and XVI of the Social Security Act] (including a claimant representative, translator, or current or former employee of the Social Security Administration), or who is a physician or other health care provider who submits, or causes the submission of, medical or other evidence in connection with any such determination…."

Our CMP authority allows us to recover fraud losses from those responsible, when prosecutors decline to pursue OIG investigations for criminal or civil prosecution. Many times, our investigations of individuals result in fraud losses below financial thresholds set by U.S. Attorneys' offices. The Section 1129 program is an effective supplemental tool to prevent and deter fraud, and recover fraud losses, thereby strengthening public trust in the agency. Thus, we remain committed to aggressive enforcement.

Also, using authority delegated by the Acting Commissioner of Social Security, we aggressively enforce Section 1140 of the Social Security Act. Section 1140, the consumer protection prong of the agency's civil monetary penalty program, prohibits people or companies from misusing Social Security or Medicare symbols, emblems, or names to mislead consumers by giving the false impression that they are associated with, or endorsed by, SSA when they advertise, solicit services, or otherwise communicate with the public. These communications can take many forms, including mailed or televised advertisements, Internet sites, social media accounts, and mobile applications. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without authorization. We can impose CMPs of up to $10,055 for each violation and $50,276 for each violative broadcast, telecast, dissemination, viewing, or accessing of such a communication. We continually explore outreach opportunities to educate the public on how to recognize and avoid scams, and we welcome the opportunity to work with companies to develop innovative approaches to combat Section 1140 violations.

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. Strengthen Planning, Transparency, and Accountability
2. Improve Customer Service
3. Reduce Pending Disability Claims and Improve Decisional Quality
4. Invest in Information Technology Modernization to Support Current and Future Workloads
5. Secure Information Systems and Protect Sensitive Data
6. Reduce Improper Payments and Increase Overpayments Recoveries
7. Strengthen the Integrity and Protection of the Social Security Number

A summary of each management issue is discussed below:

Issue #1: Strengthen Planning, Transparency, and Accountability

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future. We have previously noted that while planning for the next few years is important, a longer-term vision is critical to ensuring that SSA has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond. In FY 2015, SSA published its *Vision 2025* report, which presents three priorities - superior customer experience, exceptional employees, and innovative organization. However, *Vision 2025* itself does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. To show transparency, the Agency has a mixture of outcome and output performance measures (PM) on which it publicly reports. However, many of the output measures relate to budgeted workloads and do not inform a reader whether the completion of the workloads has positive outcomes. Measuring outputs, or steps in a process, does not inform the public whether SSA is having the outcomes it needs to efficiently and effectively provide its services and meet its mission. Regarding accountability, the FY 2016 Independent Auditor's Report contained three significant deficiencies in (a) internal controls related to calculation, recording, and prevention of overpayments, (b) redeterminations, and (c) information systems controls. The Acting Commissioner has made addressing these deficiencies a priority.

Issue #2: Improve Customer Service

SSA faces several challenges as it pursues its mission to deliver quality services, include rapid advances in technology and an aging population and workforce. SSA stated that the population aged 65 and older would grow by about 18 million from FY 2016 to 2025, and an additional 20.4 million by 2050, thereby dramatically increasing the demand for its services. SSA continues to face significant service delivery challenges due to the aging of the baby boomer population and the expectation that many of its most experienced staff will retire in the near future. While SSA estimates that retirement and disability beneficiaries will increase from 59 million in 2016 to 86.7 million in 2025, it projects that more than one-third of its workforce will retire by 2022. Further, the rapid spread of mobile devices, ease of use, and growth in service provision via these devices will fuel expectations for mobile access to government services. Finally, our audits continue to identify problems with SSA's administration of the representative payee program and our investigations identified various types of representative payee fraud. In March 2016, the Social Security Advisory Board released *Representative Payees: A Call to Action*, which outlines some of the issues facing the representative payee program, reasons for concern, and encourages further research.

Issue #3: Reduce Pending Disability Claims and Improve Decisional Quality

While pending initial disability claims have decreased since FY 2010, the Agency still faces challenges with pending hearings and appeals. Continued focus on decisional quality is essential to ensure the integrity of the process. SSA ended FY 2016 with almost 568,000 initial disability claims pending. SSA has had a backlog of full medical continuing disability reviews (CDR) since FY 2002. While the backlog has decreased recently, it remained at 280,000 at the end of FY 2016. SSA has increased the number of full medical CDRs completed in recent years, and expects to eliminate the backlog by the end of FY 2019. As far as returning to work, a recent review of the Ticket to Work and Self-Sufficiency Program found that few Ticket-eligible beneficiaries used their Tickets to receive vocational or employment services. Also, an independent evaluation[1] failed to provide strong evidence of the Ticket Program's impact on employment and concluded that many successful Program

[1] Mathematica Policy Research, Executive Summary of the Seventh Ticket to Work Evaluation Report, p. 1, July 2013.

participants might have been equally successful without SSA-financed services or with services provided by state vocational rehabilitation agencies under the payment system that predated the Ticket Program. Another part of the disability program, the hearings and appeals process, has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased 27 percent from 426 days at the end of FY 2010 to 543 days at the end of FY 2016. Moreover, during the same period, the pending hearing backlog grew 59 percent, from over 700,000 cases at the end of FY 2010 to more than 1.1 million cases at the end of FY 2016.

Issue #4: Invest in Information Technology Modernization to Support Current and Future Workloads

SSA must modernize its information technology (IT) to accomplish its mission despite budget and resources constraints. SSA's aging IT infrastructure is increasingly difficult and expensive to maintain. The Agency continues to rely on outdated applications and technologies to process its core workloads, such as retirement and disability claims. According to SSA, budget constraints have forced it to use much of its IT funding to operate and maintain existing systems. To ensure SSA can keep pace with increasing workloads, the Agency must maintain its legacy systems while developing their modern replacements. One of the Agency's priorities is to develop, and increase the use of, self-service options. To achieve that goal, SSA plans to rapidly expand the services available through its *my Social Security* online portal. In addition, the Agency is expanding the availability of an application to permit certain individuals to request replacement SSN cards online. In 2015, we evaluated SSA's Authentication Risk Assessment for the Internet Social Security Number Replacement Card Project and identified some concerns with the mitigating controls SSA plans to use for the application. SSA also faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget. For example, to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs, SSA plans to develop the Disability Case Processing System (DCPS), which, once implemented, will be used by all DDSs. However, the project has faced schedule delays and increasing stakeholder concerns.

Issue #5: Secure Information Systems and Protect Sensitive Data

SSA must ensure its information systems are secure and sensitive data is protected. Recent breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Consequently, the Agency's information systems may be at particular risk of attack. Given the highly sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program. Our prior audit and investigative work has revealed a number of concerns with the security of SSA's information systems. Since FY 2012, auditors have identified weaknesses that, when aggregated, created a significant deficiency in SSA's overall information systems security program that compromised the security of the Agency's information and information systems. Additionally, other recent audits and evaluations have identified serious concerns with SSA's information security program. While expanding its inventory of electronic services, the Agency needs to ensure those services are secure. Prior investigative and audit work have identified multiple incidents of fraud committed through SSA's electronic services. For example, despite controls to prevent unauthorized access to *my Social Security*, we continue to receive fraud allegations related to *my Social Security* accounts.

Issue #6: Reduce Improper Payments and Increase Overpayment Recoveries

SSA is responsible for issuing over $900 billion in benefit payments, annually, to about 65 million people. Given the large overall dollar amounts involved, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In its FY 2016 Agency Financial Report, SSA reported about $7.9 billion in over- or underpayments and incurred an administrative cost of $0.07 for every overpayment dollar it collected. 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. Nonetheless, SSA has not met its payment accuracy targets in the last few years. Both the OIG and Government Accountability Office noted in 2016 reports that SSA is not in compliance with the Improper Payments Elimination and Recovery Act of 2010 requirements for meeting its targeted payment accuracy rates. Because of this noncompliance, SSA prepared remediation plans that outlined steps it plans to take to become compliant. Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2016, it recovered $3.3 billion in overpayments at an administrative cost of $0.07 for every dollar collected and ended the FY with an uncollected overpayment balance of $18.5 billion.

Issue #7: Strengthen the Integrity and Protection of the Social Security Number

Protecting the Social Security number (SSN) and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due. While SSA has improved its enumeration process, given the preponderance of SSN misuse and identity theft in U.S. society, we continue to believe protection of this critical number is a considerable challenge for SSA as well as its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. Our audit and investigative work have shown that the more frequently SSNs are unnecessarily used, the higher the probability individuals could use them to commit crimes. Further, we remain concerned about SSN misuse by non-citizens who are not authorized to work in the United States. Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. SSA spends scarce resources correcting earnings data when employers report incorrect information.

MONETARY BENEFITS

In FY 2016, OIG issued 79 audit reports with recommendations, identifying nearly $982 million in questioned costs and nearly $306 million in Federal funds that could be put to better use. OIG also received over 143,000 allegations of fraud, effected almost 1,200 criminal convictions, and obtained a return of over $484 million in monetary accomplishments, comprised of nearly $129 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over $355 million in projected SSA savings. Our FY 2018 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

STRATEGIC PLANNING

FY 2016 was the first year under OIG's 5-year Strategic Plan (FY 2016-FY 2020). 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 15 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 2016, OIG successfully met or exceeded all 15 of its performance measures. The specific results for FY 2016 are as follows:

Table 4.2—2016 Performance Measure Results

Goal	Target	Result
Impact		
1. Maintain an annual acceptance rate of at least 88% for all audit recommendations.	88%	**99%**
2. Achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency, and effectiveness of SSA.	85%	**85%**
3. Ensure at least 80% of all cases opened during the FY directly relate to improper payments within SSA's Title II and Title XVI Programs.	80%	**96%**
4. Achieve a successful conclusion on at least 75% of all Title II and Title XVI cases closed during the FY.	75%	**87%**
Value		
5. Generate a positive return of $8 for every tax dollar invested in OIG activities.	$8 to 1	**$17 to 1**
6. Evaluate and respond to 90% of all allegations received within 45 days.	90%	**97%**
7. Complete investigative fieldwork on 75% of all cases within 180 days.	75%	**90%**
8. Respond to 95% of constituent-based congressional inquiries within 21 days.	95%	**98%**
9. Take action on 90% of Civil Monetary Penalty (CMP) subjects within 30 days of receipt.	90%	**99%**
10. Achieve a positive external user assessment rating of 85% for product service quality.	85%	**95%**
11. Issue 85% of final audit reports within 1 year of the entrance conference with SSA.	85%	**97%**
12. Complete 85% of requests for legal advice and review within 30 days.	85%	**97%**
People		
13. Achieve an annual attrition rate of 5% or less.	≤5 %	**2%**
14. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvements are needed. (Improvement is indicated when the score of questions relating to job satisfaction is ≤ 75%.)	75%	**77%**
15. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill enhancement training annually.	90%	**99%**

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 LAE 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 appropriations from both the general fund and the trust funds. The President's budget request for FY 2018 consists of $30,000,000 appropriated from the general fund, and $75,500,000 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 2016 Actual	FY 2017 Estimate	FY 2018 Passback
General Funds Annual	$ 29,787	$ 29,713	$ 30,000
Trust Funds Annual Transfer	$ 75,713	$ 75,525	$ 75,500
Total Appropriation	**$ 105,500**	**$ 105,238**	**$ 105,500**
Total Budgetary Resources	**$ 105,500**	**$ 105,238**	**$ 105,500**
Total Obligations	$ 104,710	$ 105,238	$ 105,500
Unobligated balance lapsing	$ 790	$ 0	$ 0

ANALYSIS OF CHANGES

The FY 2018 request represents no change from the FY 2016 enacted figure and a $262,000 increase from the FY 2017 estimated appropriation, which included a rescission. Increases in base expenses for employee salaries and benefits, including a proposed pay increase for related support costs, will be offset by reductions in other objects.

Table 4.4—Summary of Changes

	FY 2017 Estimate	**FY 2018 Passback**	***FY17 to FY18 Change***
General Fund Appropriation	$ 29,713,000	$ 30,000,000	*$287,000*
Trust Fund Appropriation	$ 75,525,000	$ 75,500,000	*$-25,000*
Total Appropriation	**$ 105,238,000**	**$ 105,500,000**	***$262,000***
Total Obligations	**$ 105,238,000**	**$ 105,500,000**	***$262,000***

Table 4.5—Explanation of OIG Budget Changes

	FY 2017 Base		Change from Base	
	WYs (FTEs)	**Budgetary Resources**	**WYs (FTEs)**	**Budgetary Resources**
BUILT-IN INCREASES				
Base Payroll Expenses	**520 (517)**		***+0 (+0)***	
• *Change in base payroll expenses related to career ladder promotions and within-grade increases*	- - -	*$ 65,758,000*	- - -	*+ $ 380,000*
• *Change in base expenses for employee benefits including health benefits and new employees hired under the Federal Retirement Employees System*	- - -	*$ 25,573,000*	- - -	*+ $ 147,000*
• *All other payroll changes, including overtime and awards*	- - -		- - -	
Non-Payroll Costs - All other built-in nonpayroll changes, travel management support and equipment	- - -	*$ 8,771,000*	- - -	- - -
* **Rent**	- - -	*$ 4,872,000*	- - -	- - -
* **CIGIE Contribution**	- - -	*$264,000*	- - -	*+$53,000*
Subtotal, Built-in increases	**520 (517)**	***$ 105,238,000***	***+0 (+0)***	***+$580,000***
PROGRAM INCREASES				
Increase for operations and maintenance of facilities and equipment	- - -	- - -	- - -	*$ 0*
Subtotal, Program Increases	- - -	- - -	- - -	*$ 0*
Total Increases	**520 (517)**	***$ 105,238,000***	***+0 (+0)***	***+$580,000***

Table Continues on the Next Page

	FY 2017 Base		Change from Base	
	WYs (FTEs)	**Budgetary Resources**	**WYs (FTEs)**	**Budgetary Resources**
<u>BUILT-IN DECREASES</u>				
Base Payroll Expenses—Decrease in all other payroll costs	**520 (517)**	*$ 91,331,000*	***+0 (+0)***	- - -
Non-Payroll Costs	- - -	*$ 8,771,000*	- - -	*$-276,000*
Rent	- - -	*$ 4,872,000*	- - -	*-$42,000*
CIGIE Contribution	- - -	*$ 264,000*	- - -	- - -
Subtotal, Built-in decreases	- - -	*$ 105,238,000*	- - -	*-$318,000*
<u>PROGRAM DECREASES</u>	- - -	- - -	- - -	- - -
Decrease in costs for training, other support, services, and supplies	- - -		- - -	
Subtotal, Program Decreases	- - -	- - -	- - -	- - -
Total Decreases	- - -	***$ 105,238,000***	- - -	***-$318,000***
Net Change	**520 (517)**	***$ 105,238,000***	***+0 (+0)***	***$ 262,000***

BUDGET AUTHORITY BY ACTIVITY

The table below displays budget authority, split by type of funding, and obligations. This table also includes FTEs.

Table 4.6—Budget Authority by Activity

(In thousands)

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Passback
General Funds	**$ 29,787**	**$ 29,713**	**$ 30,000**
OASDI Trust Fund Transfers	**$ 75,713**	**$ 75,525**	**$ 75,500**
Total Appropriation	**$ 105,500**	**$ 105,238**	**$ 105,500**
Total Budgetary Authority	**$ 105,500**	**$ 105,238**	**$ 105,500**
Obligations	$ 104,710	$ 105,238	$ 105,500
Unobligated balance lapsing	$ 790	$ 0	$ 0
FTEs	522	517	517

BUDGET RESOURCES BY OBJECT

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

Table 4.7—Budget Resources by Object

	FY 2016	**FY 2017**	**FY 2018**	***FY17 to FY18 Change***
Full-time permanent	$ 62,548,000	$ 63,650,000	$ 64,163,000	*+ $ 513,000*
Other than full-time permanent	$ 516,000	$ 600,000	$ 600,000	*$ 0*
Other compensation	$ 1,142,000	$ 1,508,000	$1,375,000	*-$ 133,000*
Subtotal, Personnel Compensation	$ 64,206,000	$ 65,758,000	$ 66,138,000	*+ $ 380,000*
Civilian personnel benefits	$ 26,826,000	$ 25,573,000	$ 25,720,000	*+$ 147,000*
Total, Compensation and Benefits	$ 91,032,000	$ 91,331,000	$ 91,858,000	*+ $ 527,000*
Travel	$ 3,005,000	$ 2,318,000	$ 2,281,000	*-$ 37,000*
Transportation of things	$ 43,000	$ 35,000	$ 35,000	*-$ 0*
Rental payments to GSA	$ 4,576,000	$ 4,559,000	$ 4,517,000	*- $42,000*
Rental payments to others	$ 82,000	$ 20,000	$ 50,000	*+ $30,000*
Communications, utilities, and others	$ 230,000	$ 33,000	$ 35,000	*+$ 2,000*
Printing and reproduction	$ 19,000	$ 5,000	$ 5,000	*$ 0*
Other services	$4,794,000	$6,663,000	$ 5,811,000	*- $852,000*
Supplies and materials	$ 270,000	$ 150,000	$ 300,000	*+ $ 150,000*
Equipment	$ 924,000	$ 686,000	$ 1,119,000	*+ $433,000*
Insurance Claims	$ 2	$ 0	$ 0	*$ 0*
Adjustments	-$ 267,000	-$ 562,000	-$ 511,000	*+$ 51,000*
Total Budgetary Resources	$ 104,710,000	$ 105,238,000	$ 105,500,000	*+ $ 262,000*

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, as amended.

Table 4.8—Authorizing Legislation

	FY 2016 Enacted	FY 2017 Estimate	FY 2018 Authorized	FY 2018 Estimate
Office of the Inspector General (P.L. 114-254)	**$ 105,500,000**	**$ 105,238,000**	**Indefinite**	**$105,500,000**

* Note.-A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

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 2004 to FY 2016.

Table 4.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
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	$ 90,000,000	$ 88,200,000[1]	$ 82,460,000[2]	**$ 87,679,600**[3]
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	$ 92,000,000	$ 91,107,000[4]	$ 92,000,000[5]	**$ 90,378,100**[6]
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	$ 93,000,000	$ 92,805,000[7]	$ 93,000,000[8]	**$ 91,476,000**[9]
General Funds	$ 27,000,000	$ 26,435,000	$ 25,740,000	**$ 25,902,000**
Trust Funds	$ 69,000,000	$ 67,976,000	$ 65,736,000	**$ 66,149,000**
2007 Total	$ 96,000,000	$ 94,411,000[10]	$ 91,476,000[11]	**$ 92,051,000**[12]
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	$ 95,047,000	$ 95,047,000[13]	$ 96,047,000[14]	**$ 91,914,901** [15]
General Funds	$ 28,000,000	- -	$ 28,000,000	**$ 28,000,000**
Trust Funds	$ 70,127,000	---	$ 70,127,000	**$ 70,127,000**
2009 Total	$ 98,127,000	---[16]	$ 98,127,000[17]	**$ 98,127,000**[18]
ARRA[19]	N/A	N/A	N/A	**$ 2,000,000**
General Funds	$ 29,000,000	$ 29,000,000	$ 29,000,000	**$ 29,000,000**
Trust Funds	$ 73,682,000	$ 73,682,000	$ 73,682,000	**$ 73,682,000**
2010 Total	$ 102,682,000	$ 102,682,000[20]	$ 102,682,000[21]	**$ 102,682,000**[22]
General Funds	$ 30,000,000	- - -	$ 30,000,000	**$ 28,942,000**
Trust Funds	$ 76,122,000	- - -	$ 76,122,000	**$ 73,535,000**
2011 Total	$ 106,122,000	- - -[23]	$106,122,000[24]	**$ 102,477,000**[25]
General Funds	$ 30,000,000	- - -	$ 28,942,000	**$ 28,887,000**
Trust Funds	$ 77,113,000	- - -	$ 73,535,000	**$ 73,396,000**
2012 Total	$ 107,113,000	- - -[26]	$ 102,477,000[27]	**$ 102,283,000**[28]
General Funds	$ 30,000,000	- - -	$ 28,887,000	**$ 27,376,000**
Trust Funds	$ 77,600,000	- - -	$ 73,396,000	**$ 72,557,000**
2013 Total	$ 107,600,000	- - -[29]	$ 102,283,000[30]	**$ 99,933,000**[31]
General Funds	$ 30,000,000	- - -	$29,689,000	**$ 28,829,000**
Trust Funds	$ 75,733,000	- - -	$74,972,000	**$ 73,249,000**
2014 Total	$ 105,733,000	- - -	$104,670,000[32]	**$ 102,078,000**[33]

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
General Funds	$29,000,000	$28,829,000		**$ 29,000,000**
Trust Funds	$75,622,000	$74,249,000		**$ 74,350,000**
2015 Total	$104,622,000	$103,078,000[34]		**$103,350,000**[35]
General Funds	$31,000,000	$30,000,000	$28,829,000	**$ 29,787,000**
Trust Funds	$78,795,000	$78,795,000	$74,521,000	**$ 75,713,000**
2016 Total	$109,795,000	$108,795,000[36]	$103,350,000[37]	**$105,500,000**[38]
General Funds	$31,000,000	$29,713,000	$29,713,000	
Trust Funds	$81,000,000	$75,525,000	$75,525,000	
2017 Total	$112,000,000	$105,238,000[39]	$105,238,000[40]	

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1 H.R. 2660.

2 S. 1356.

3 Consolidated Appropriations Act, 2004 (P.L. 108-199). The $24,500,000 in general 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.

4 H.R. 5006.

5 S. 2810.

6 Consolidated Appropriations Act, 2005 (P.L. 108-447). The $25,748,000 in general 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.

7 H.R. 3010.

8 H.R. 3010, reported from Committee with an amendment.

9 Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149). The $26,000,000 in general 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 the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148).

10 H.R. 5647.

11 S. 3708.

12 Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).

13 H.R. 3043.

14 S. 1710.

15 Consolidated Appropriations Act, 2008 (P.L. 110-161). The $26,451,000 in general 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.

16 The House Committee on Appropriations did not report a bill.

17 S. 3230.

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

19 OIG received $2,000,000 through the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). 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.

[20] H.R. 3293.

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

[22] Consolidated Appropriations Act, 2010 (P.L. 111-117).

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

[24] S. 3686.

[25] Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The $29,000,000 in general funds and $73,682,000 in trust funds included in the language for this account for FY 2011 were reduced by $58,000 and $147,000 respectively, in accordance with P.L. 112-10.

[26] The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included $30,000,000 from general funds and $77,113,000 from trust funds, totaling $107,113,000.

[27] S. 1599.

[28] Consolidated Appropriations Act, 2012 (P.L. 112-74). The $28,942,000 in general funds and $73,535,000 in trust funds included in the language for this account for FY 2012 were reduced by $55,000 and $139,000 respectively, in accordance with P.L. 112-74.

[29] The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included $28,887,000 from general funds and $77,600,000 from trust funds, totaling $106,487,000.

[30] S. 3295.

[31] Consolidated Appropriations Act, 2013 (P.L. 113-6). The $69,557,000 in trust funds included in the language for this account for FY 2013 were increased by $3,000,000 to $72,557,000 as a transfer from SSA to OIG.

[32] S. 1284.

[33] Consolidated Appropriations Act, 2014 (P.L. 113-76).

[34] H.R. 5464.

[35] Consolidated Appropriations Act, 2015 (P.L. 113-235).

[36] H.R. 3020

[37] S. 1695.

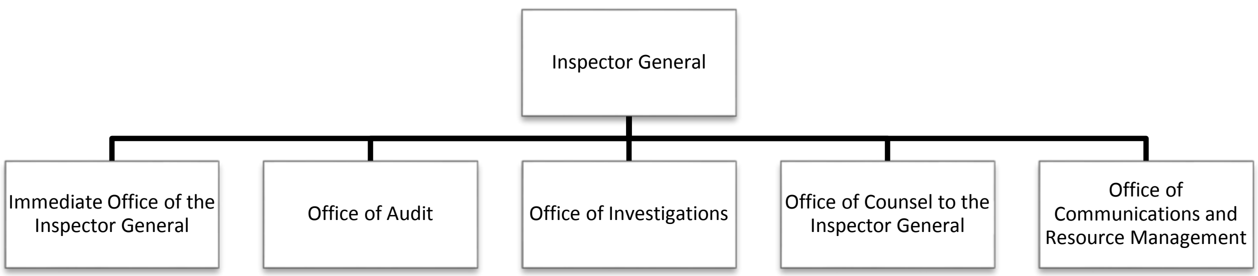
[38] Consolidated Appropriations Act, 2016 (P.L. 114-113).

[39] Further Continuing Appropriations Act, 2017 (P.L. 114-254)

[40] Further Continuing Appropriations Act, 2017 (P.L. 114-254)

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

GENERAL PURPOSE



As mandated by the *Inspector General Act of 1978*, as amended, 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 five components: The Immediate Office of the Inspector General (IO), Office of Audit (OA), Office of Investigations (OI), Office of Counsel to the Inspector General (OCIG), and the Office of Communications and Resource Management (OCRM).

Immediate Office of the Inspector General

IO provides the Inspector General (IG) and the Chief of Staff (CoS) with staff assistance on the full range of their responsibilities. 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, IO empowers 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

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 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 is responsible for managing DFT and administering the CDI Program. 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 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 CMP program, including imposition of penalties and assessments and the settlement and litigation of CMP cases, and serves as the Whistleblower Ombudsman.

Office of Communications and Resource Management

OCRM provides administrative and management support to OIG by providing information resource management; systems security and software development; and the coordination of budget, procurement, telecommunications, facilities, equipment, and human resources activities. OCRM also administers the Fugitive Felon Program and the OIG Fraud Hotline, manages OIG's public affairs programs, develops OIG's media and public information policies, and serves as the primary contact for those seeking information about OIG. In addition, OCRM is responsible for strategic planning, organizational performance management, reporting, and serves as the initial reviewer for complaints of Whistleblower retaliation.

RATIONALE FOR THE BUDGET REQUEST

The budget request for FY 2018 is $105,500,000 and 517 FTE, which reflects no increase from the FY 2016 or estimated FY 2017 annual appropriations level. A full-year FY 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for FY 2017 reflect the annualized level provided by the continuing resolution.

The FY 2018 budget request will provide funding for a 517 FTE staffing level, a 1.9% projected pay raise, payroll increases (e.g., within-grade increases, scheduled promotions, health benefits, etc.), and other related support costs.

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

	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
FTEs	522	517	517
Overtime/Lump Sum Leave	4	3	3
Total	**526**	**520**	**520**

Table 4.11—Average Grade and Salary

	FY 2016 Actual
Average ES Salary	$ 176,295
Average GS Grade	13
Average GS Salary	$ 107,614

Annual Performance Plan FY 2017 – FY 2018

Social Security Administration

Annual Performance Plan for Fiscal Year 2018

Revised Annual Performance Plan for Fiscal Year 2017

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Acting Commissioner's Message

Following in the footsteps of past Commissioners, I am honored to serve as the Acting Commissioner of Social Security. For the past eight decades, Social Security's programs have touched the lives of nearly all Americans and have been here for the people who need and count on them. We know that delivering timely, quality services has a meaningful impact on the people we serve. Few government agencies touch the lives of as many people as we do. The Social Security Administration pays monthly benefits to approximately 70 million individuals.

We issue Social Security cards and numbers at birth, record earnings when individuals enter the workforce, provide benefit estimates as workers begin thinking about leaving the workforce, and provide a safety net in the unfortunate event of blindness, disability or death. The people we serve are our top priority, and we will continue to remain mission-focused and mission-driven.

I am pleased to issue the *Annual Performance Plan Fiscal Years 2017-2018*, which reflects our priorities and goals for the current and next fiscal year. We remain focused on providing service that is efficient and compassionate, while protecting the integrity of our programs.

Nancy A. Berryhill

Acting Commissioner

Our Mission

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

Our Programs

Few government agencies touch the lives of as many people as we do. We administer the Old-Age, Survivors, and Disability Insurance program and the Supplemental Security Income program. These programs provide vital support to some of the most vulnerable members of our society, including people with disabilities, surviving family members, retirees, and the blind and disabled with limited income and resources. In fiscal year (FY) 2017, we expect to pay nearly a trillion dollars to a monthly average of approximately 70 million people.

Old-Age, Survivors, and Disability Insurance Program

We administer the Old-Age, Survivors, and Disability Insurance program, commonly referred to as "Social Security." Individuals earn coverage for Social Security retirement, survivors, and disability protection and benefits by working and paying Social Security taxes on their earnings.

Social Security pays monthly benefits to approximately 62 million individuals, consisting of 42 million retired workers and 3 million of their spouses and children; 9 million workers with disabilities and 2 million dependents; and 6 million surviving widows and widowers, children, and other dependents of deceased workers. During FY 2017, we expect to pay more than $940 billion to Social Security beneficiaries.

Supplemental Security Income Program

We also administer the Supplemental Security Income (SSI) program, which provides monthly payments to individuals with limited income and resources who are aged, blind, or disabled. Adults and children under age 18 can receive payments based on disability or blindness. General tax revenues fund the SSI program.

We make SSI payments to approximately 1 million aged recipients, 1 million blind or disabled children, and 6 million blind or disabled adults. In FY 2017, we expect to pay nearly $55 billion in federal benefits to a monthly average of approximately 8 million SSI recipients.

Our Organization

Approximately 62,000 federal employees and 16,000 state employees serve the public from a network of offices across the country.

Individuals receive in-person service at our field offices and Social Security card centers. Our teleservice centers handle calls to our National 800 Number. Our processing centers handle Social Security retirement, survivors, and disability payments, and support other services like our National 800 Number. State agencies handle disability determinations at the first two levels of our claims and appeals process. Administrative law judges in our hearing offices and administrative appeals judges in our Appeals Council decide appealed cases.

Annual Performance Plan

This Annual Performance Plan addresses the goals, objectives, and strategies in our *Agency Strategic Plan for Fiscal Years 2014 – 2018* as required by the Government Performance and Results Modernization Act of 2010. We evaluate our progress by the performance measures and targets following each strategic objective. (Note: We identify agency priority goals by APG, budgeted workload measures by BWM, and new performance measures by NEW).

Strategic Goal 1: Deliver Innovative, Quality Services

Strategic Objective 1.1: Develop and Increase the Use of Self-Service Options

Lead: Deputy Commissioner, Office of Operations

Key Initiatives

Expanding Online Access through Social Security Express

Our Social Security Express initiative provides access to our online services, including *my* Social Security, in our field offices and external locations.

- Self-help personal computers are available in over 800 offices nationwide. These computers allow individuals to access our online services using computers in our offices, enabling them to complete some transactions without waiting to see a representative. We plan to expand the program in FY 2017 and FY 2018 by adding new locations and additional equipment.
- Social Security Express desktop icons provide a direct link to our online services from a public computer or website. These icons are available currently at 70 external partner sites, such as libraries and senior centers. Users can access the same services available through the self-help personal computers in our field offices. We plan to expand the number of desktop icon partner sites in FY 2017 and FY 2018.

Leveraging *my* Social Security

We have over 45,000 web pages, 20 online services, information in 18 languages, and a presence on several social media sites. We host over 32 million visits to our website each month.

In FY 2017, we will continue to enhance *my* Social Security by adding click-to-chat, the Get Help widget, and Message Center.

By FY 2018, planning and analysis will be underway to allow individuals to file claims for retirement, disability, Medicare and Supplemental Security Income benefits using *my* Social Security.

Also in FY 2018, we plan to add services to *my* Social Security so that representative payees can access the accounts for the individuals they represent. This will be the initial implementation of third party services behind *my* Social Security.

Enhancing Online Appeals

In FY 2017, we will continue our efforts to expand online appeals so that users can electronically file an appeal on a non-medical claim.

Implementing Online Social Security Replacement Card Application

Replacing Social Security cards is one of our most requested services. In FY 2016, we launched a new feature to select states enabling certain *my* Social Security users to apply online for a replacement Social Security card.

Currently about 48 percent of the U.S. population can apply online. We anticipate being available for 52 percent of the U.S. population by the end of FY 2017 and fully implemented by the end of FY 2018.

Performance Measure – Strategic Objective 1.1

1.1a APG: Improve customer service and convenience by increasing online transactions by 25 million each year

Fiscal Year	**2017**	**2018**
Target	137 million transactions	N/A

Historical Performance

Fiscal Year	**2014**	**2015**	**2016**
Performance	70.8 million	87 million	121.9 million
Target			112 million

Strategic Objective 1.2: Enhance the Customer Experience by Completing Customers' Business at the First Point of Contact

Lead: Deputy Commissioner, Office of Operations

Key Initiatives

Expanding Video Service Delivery

Video service delivery allows us to provide services to our individuals at convenient and remote sites, such as hospitals, libraries, community centers, American Indian tribal centers, and homeless shelters. In FY 2017 and FY 2018, we plan to expand video service delivery to additional locations and investigate new uses for this technology. We will also initiate planned updates to improve overall video usability and compatibility with our systems.

Providing Real-Time Assistance to Online Users

Improving the service experience is one of our highest priorities. We continue to look for opportunities to add new online features to improve service delivery.

In FY 2017, we will release click-to-chat to a limited selection of *my* Social Security users. This new feature will allow users to communicate with us without leaving the site. In FY 2018, additional enhancements to these communication features will be available within *my* Social Security.

Performance Measures – Strategic Objective 1.2

1.2a APG: Increase customer satisfaction with our services

Fiscal Year	2017	2018
Target	Satisfaction rating of 85 for online services 80% satisfaction rating for office and telephone services	N/A

Historical Performance

Fiscal Year	2014	2015	2016
Performance	Satisfaction rating of 83 for online services Data is not available for office and telephone services	Satisfaction rating of 84 for online services 79% satisfaction rating for office and telephone services	Satisfaction rating of 84.9 for online services 80% satisfaction rating for office and telephone services

Target			Satisfaction rating of 84.5 for online services 80% satisfaction rating for office and telephone services

1.2b BWM: Complete the budgeted number of retirement, survivors, and Medicare claims

Fiscal Year	**2017**	**2018**
Target	5,782,000	5,948,000

Historical Performance

Fiscal Year	**2014**	**2015**	**2016**
Performance	5,023,533	5,327,221	5,602,312
Target	5,131,000[1] (received 4,990,259)	5,247,000	5,586,000

1.2c BWM: Achieve the target speed in answering National 800 Number calls

Fiscal Year	**2017**	**2018**
Target	970 seconds (16 minutes, 10 seconds)	1,250 seconds (20 minutes, 50 seconds)

Historical Performance

Fiscal Year	**2014**	**2015**	**2016**
Performance	1,323 seconds (22 minutes, 3 seconds)	617 seconds (10 minutes, 17 seconds)	817 seconds (13 minutes, 37 seconds)
Target	1,020 seconds (17 minutes)	700 seconds (11 minutes, 40 seconds)	945 seconds (15 minutes, 45 seconds)

[1] If our receipts are lower than our target, we consider this measure met.

1.2d BWM: Achieve the target busy rate for National 800 Number calls

Fiscal Year	2017	2018	
Target	12%	16%	
Historical Performance			
Fiscal Year	**2014**	**2015**	**2016**
Performance	13.5%	7.5%	8.9%
Target	14%	8%	9.5%

Strategic Objective 1.3: Partner with Other Agencies and Organizations to Improve Customers' Experience and Align with the Administration's One-Government Approach

Lead: Deputy Commissioner, Office of Operations

Key Initiatives

Expanding Our Partnerships with External Organizations

Social Security Express allows the public to complete their business with us from external partner locations (local, state, or federal agencies such as the VA or the Department of Housing and Urban Development). In FY 2017, we currently partner with over 70 community locations to provide video service delivery.

In FY 2017 and 2018, we plan to partner with more community sites to provide video service delivery.

Expanding the Virtual Lifetime Electronic Record

In April 2009, DoD and VA launched the Virtual Lifetime Electronic Record initiative to create a unified lifetime electronic health record for members of the Armed Services. In support of this initiative, in FY 2017, we plan to complete the national rollout of the Health Information Technology exchange with the VA.

Performance Measure – Strategic Objective 1.3

1.3a: Minimize the average response time to deliver medical evidence to the VA for wounded warriors and veterans

Fiscal Year	2017	2018
Target	Deliver medical evidence to the VA in an average of 5 business days	Deliver medical evidence to the VA in an average of 5 business days

Historical Performance

Fiscal Year	2014	2015	2016
Performance	5.9 days	4.2 business days	3 business days
Target	5 days	5 business days	5 business days

Strategic Objective 1.4: Evaluate Our Physical Footprint to Incorporate Improved Service Options

Lead: Deputy Commissioner, Office of Budget, Finance, Quality, and Management

Key Initiatives

Reducing Our Real Estate Footprint

In FY 2017 and FY 2018, we will assess all of our field and hearing office new lease actions for possible colocation opportunities and expand judge-only video sites. In addition, we plan to explore colocation opportunities with external agencies, such as the Internal Revenue Service (IRS).

Performance Measure – Strategic Objective 1.4

1.4a: Assess office lease expirations and increase colocation of our components to reduce our physical footprint

Fiscal Year	2017	2018
Target	Colocate or pilot a minimum of 7 sites	Colocate or pilot a minimum of 7 additional sites

Historical Performance	
Fiscal Year	**2016**
Performance	Colocated 5 permanent remote site hearing offices with field offices
Target	Colocate at least 4 permanent remote site hearing offices with field offices

Strategic Goal 2: Strengthen the Integrity of Our Programs

Strategic Objective 2.1: Transform the Way We Record Earnings to Enhance Data Accuracy

Lead: Deputy Commissioner, Office of Systems

Key Initiatives

Continuing Earnings Redesign

We are redesigning our systems to make our earnings process more efficient and accurate. In addition, we are enhancing earnings data exchanges, improving wage reporting, modernizing our systems, and modifying our software to handle increasing record volumes.

In FY 2018, we expect to enhance additional earnings systems to prevent and detect fraudulent wages.

Improving Electronic Wage Reporting

Electronic wage reporting is more accurate than paper wage reports. We must continue to update our electronic applications to reflect IRS tax code and paper tax form revisions. A phased expansion of our electronic wage reporting web service is underway and will continue in FY 2017 and FY 2018.

Performance Measure – Strategic Objective 2.1

2.1a: Improve the timeliness of the earnings data used to calculate benefits

Fiscal Year	**2017**	**2018**
Target	Before January 1, 2017, implement Annual Wage Reporting software to provide earnings data to the IRS up to 60 days earlier in the tax season, and post data up to 60 days earlier	Before January 1, 2018, implement redesigned Annual Wage Reporting software with newer technologies to eliminate outdated business rules and enhance processing time for posting earnings data

Historical Performance			
Fiscal Year	**2014**	**2015**	**2016**
Performance	We released the Annual Wage Reporting system on February 8, 2017	Implemented the redesigned software to process Forms W-2 within the Annual Wage Reporting system	Implemented the redesigned functionality to process Forms W-2c (Corrections) within the Annual Wage Reporting system
Target	Complete construction of at least 50% of the redesigned functionality to process Forms W-2 within the Annual Wage Reporting system	Implement the redesigned functionality to process Forms W-2 within the Annual Wage Reporting system by September 30, 2015	Implement the redesigned functionality to process Forms W-2c (Corrections) within the Annual Wage Reporting system

Strategic Objective 2.2: Protect the Public's Data and Provide Secure Online Services

Lead: Deputy Commissioner, Office of Systems

Key Initiatives

Deploying Management System for Personally Identifiable Information and Federal Tax Information

In FY 2017, we will implement a privileged access management program for enterprise and domain administrators to grant only temporary access as needed for administrative privileges. In FY 2018, we will implement privileged access management for other privileged users.

Data at Rest Encryption

As part of the National Cybersecurity Advancement Act of 2016, federal agencies must encrypt data that is stored or passing through the agency. In FY 2017, we began the Data at Rest Encryption initiative to protect data in our most sensitive IT environments. In FY 2017, we will complete Phase 1, Data at Rest Encryption for mainframe. In FY 2018, we will complete Phase 2, by encrypting the majority of our open source storage.

Performance Measures – Strategic Objective 2.2

2.2a NEW: Increase secure access to the public's data

Fiscal Year	2017	2018
Target	Encrypt all mainframe data stored in our data centers by September 2017	Increase security of online claims and enable secure two-way data sharing by moving the Smart Claim behind *my* Social Security by September 2018

Strategic Objective 2.3: Increase Payment Accuracy

Lead: Deputy Commissioner, Office of Retirement and Disability Policy

Key Initiatives

Promoting Use of the Supplemental Security Income Telephone Wage Reporting System and the Supplemental Security Income Mobile Wage Reporting System

Unreported and untimely reported wages continue to be a major source of payment error in the SSI program. To improve timely reporting, we implemented the SSI Telephone Wage Reporting and the SSI Mobile Wage Reporting systems. These systems reduce overpayments and increase efficiency by reducing unnecessary visits to field offices, lessening manual keying errors, and allowing automatic wage report processing.

The Bipartisan Budget Act of 2015 requires us to establish a system permitting disability beneficiaries to report their earnings electronically. In FY 2017, we expect to implement a new release which will allow disability benecifiaries and SSI recipients to report their earnings via *my* Social Security.

Expanding Our Cooperative Disability Investigations Program

Our Cooperative Disability Investigations units work collaboratively with the Office of the Inspector General, state disability determination services (DDS), and state and local law enforcement agencies to resolve fraud allegations in our disability program. This program helps prevent payments to people who are not disabled and reduce improper payments to beneficiaries who have failed to report medical improvement or work activity.

Currently, the program consists of 39 units that cover 33 states, the Commonwealth of Puerto Rico, and the District of Columbia. Our goal is to expand the number of units needed to cover the 17 remaining states (and territories). We plan to open one unit in FY 2017, and we will continue to expand until nationwide coverage is complete, as required by Section 811 of the Bipartisan Budget Act of 2015.

Improving the Death Reporting System Process

We are enhancing and streamlining our death reporting system to ensure we comply with applicable laws and policies, reduce improper payments, prevent improper release of personally identifiable information, and improve consistency of data in our records.

Our plans for FY 2017 include:

- Streamline the input and collection of internal death information from multiple sources into one person-centered path;
- Develop one central entry point for external death sources; and
- Provide additional management information reporting.

In FY 2018, we will continue our efforts to modernize our death reporting system, including:

- Creating a centralized Death Alert Tracking system; and
- Incorporating additional sources of death information from federal partners.

Modernizing the Remittance System

Modernizing our remittance system will provide individuals with more options for making payments on programmatic debts. Electronic remittances are more accurate and timely. In addition, they reduce inquiries to the field offices and National 800 Number. We also verify credit and debit card payments immediately.

In FY 2017, we began the planning and analysis of an electronic payment method, using Pay.gov in conjunction with socialsecurity.gov to pay programmatic debt. In FY 2017 and FY 2018, we plan to expand the Social Security Electronic Remittance System to allow for the collection of programmatic debts in our field offices, develop a national remittance policy, and develop business intelligence and metrics to monitor activities.

Performance Measures – Strategic Objective 2.3

2.3a: Maintain a high accuracy rate of payments made through the Old-Age, Survivors, and Disability Insurance program to minimize improper payments

Fiscal Year	**2017**	**2018**
Target	99.8% (O/P) 99.8% (U/P)	99.8% (O/P) 99.8% (U/P)

Historical Performance

Fiscal Year	**2014**	**2015**	**2016**
Performance	99.5% (O/P) 99.9% (U/P)	99.6% (O/P) 99.9% (U/P)	Data available July 2017

Target		99.8% (O/P) 99.8% (U/P)	99.8% (O/P) 99.8% (U/P)

2.3b APG: Improve the integrity of the SSI program by ensuring that 94 percent of our payments are free of overpayment

Fiscal Year	2017	2018
Target	94% accuracy rate	94% accuracy rate

Historical Performance

Fiscal Year	2014	2015	2016
Performance	93% accuracy rate	93.9% accuracy rate	Data available July 2017
Target			95% accuracy rate

2.3c BWM: Complete the budgeted number of full medical continuing disability reviews

Fiscal Year	2017	2018
Target	850,000	890,000

Historical Performance

Fiscal Year	2014	2015	2016
Performance	525,875	799,013	853,754
Target	510,000	790,000	850,000

2.3d BWM: Complete the budgeted number of Supplemental Security Income non-medical redeterminations

Fiscal Year	2017	2018
Target	2,522,000	2,822,000

Historical Performance

Fiscal Year	2014	2015	2016
Performance	2,627,518	2,266,993	2,530,446
Target	2,622,000	2,255,000	2,522,000

Strategic Goal 3: Serve the Public through a Stronger, More Responsive Disability Program

Strategic Objective 3.1: Improve the Quality, Consistency, and Timeliness of Our Disability Decisions

Lead: Deputy Commissioner, Office of Retirement and Disability Policy

Key Initiatives

Enhancing the Electronic Claims Analysis Tool

We continue to enhance our web-based Electronic Claims Analysis Tool (eCAT), which guides our adjudicators through the sequential evaluation process for determining disability. The tool produces a detailed, policy-compliant explanation of the determination and stores the supporting documentation.

In FY 2017, we implemented changes in eCAT to support a number of policy changes. We updated functionality in eCAT to accommodate the Evaluation of Mental Disorders final rule, which was effective in early January 2017. This includes significant updates to the Psychiatric Review Technique. We also implemented a separate release to support the Evaluation of Medical Evidence regulation, effective in March 2017.

In FY 2017, we plan to add functionality to process reconsideration CDRs. In FY 2018, we plan to be able to process all electronic disability determinations using eCAT. We also plan to develop and integrate all future enhancements and functionality of eCAT into our modernized disability processing system.

Developing an Occupational Information System

Currently, we rely on the occupational information in the Department of Labor's Dictionary of Occupational Titles to determine whether adult disability applicants can do their past work or any other work.

We continue to work with the Bureau of Labor Statistics to develop a new web-based occupational information system. We expect that the new system will be easy to use and will increase the quality of disability determinations and decisions by providing current information about specific data elements of job requirements.

In FY 2017 and FY 2018, we will finish collecting all of the data elements, make necessary policy revisions, propose regulatory changes, and conduct pilot testing of the new system.

Improving the Hearings Backlog

Facing a significant public service challenge in our hearings and appeals process with more than one million people waiting for a hearing decision, we developed our Compassionate and

Responsive Service or CARES plan to decrease the number of pending hearings and reduce the average wait time. Throughout FY 2017 and 2018, we will implement the plan, which includes initatives to increase decisional capacity and achieve business process efficiencies. To support the plan, we will also make information technology investments and incorporate innovative methods.

Performance Measures – Strategic Objective 3.1

3.1a: Ensure the quality of our decisions by achieving the DDS decisional accuracy rate for initial disability decisions

Fiscal Year	2017	2018
Target	97% net accuracy	97% net accuracy

Historical Performance

Fiscal Year	2014	2015	2016
Performance	98% net accuracy	98% net accuracy	98% net accuracy
Target	97% net accuracy	97% net accuracy	97% net accuracy

3.1b: Increase our ability to provide timely decisions by reducing the percentage of pending Appeals Council requests for review 365 days or older

Fiscal Year	2017	2018
Target	82% of cases pending less than 365 days	82% of cases pending less than 365 days

Historical Performance

Fiscal Year	2014	2015	2016
Performance	84%	82%	83%
Target	79% of cases pending less than 365 days	80% of cases pending less than 365 days	81% of cases pending less than 365 days

3.1c APG: Improve customer service by reducing the wait time for a hearing decision

Fiscal Year	2017	2018
Target	Decide 97% of the cases that begin the fiscal year 430 days old or older	N/A

Historical Performance

Fiscal Year	2016
Performance	98%
Target	Decide 99% of the cases that begin the fiscal year at 430 days old or older

3.1d BWM: Complete the budgeted number of initial disability claims

Fiscal Year	2017	2018
Target	2,455,000	2,500,000

Historical Performance

Fiscal Year	2014	2015	2016
Performance	2,861,895	2,759,432	2,688,977
Target	2,947,000	2,767,000	2,695,000 (2,637,755 received)[2]

3.1e BWM: Complete the budgeted number of disability reconsideration claims

Fiscal Year	2017	2018
Target	581,000	582,000

[2] We based our FY 2016 performance on actual receipts. Since actual receipts were lower than the FY 2016 target, we consider this measure met.

Historical Performance			
Fiscal Year	**2014**	**2015**	**2016**
Performance	757,198	723,485	666,948
Target	778,000	739,000	702,000 (647,910 received)[3]

3.1f BWM: Complete the budgeted number of hearing requests

Fiscal Year	**2017**	**2018**	
Target	683,000	750,000	
Historical Performance			
Fiscal Year	**2014**	**2015**	**2016**
Performance	680,963	663,129	652,241
Target	735,000	727,000	703,000

3.1g BWM: Average processing time for initial disability claims

Fiscal Year	**2017**	**2018**	
Target	113 days	114 days	
Historical Performance			
Fiscal Year	**2014**	**2015**	**2016**
Performance	110 days	114 days	110 days
Target	109 days	109 days	113 days

[3] We based our FY 2016 performance on actual receipts. Since actual receipts were lower than the FY 2016 target, we consider this measure met.

3.1h BWM: Average processing time for reconsiderations

Fiscal Year	2017	2018
Target	105 days	108 days

Historical Performance

Fiscal Year	2014	2015	2016
Performance	108 days	113 days	103 days
Target			

3.1i BWM: Average processing time for hearing decisions

Fiscal Year	2017	2018
Target	605 days	600 days

Historical Performance

Fiscal Year	2014	2015	2016
Performance	422 days	480 days	545 days
Target	415 days	470 days	540 days

Strategic Objective 3.2: Maximize Efficiencies throughout the Disability Program

Lead: Deputy Commissioner, Office of Systems

Key Initiatives

Developing the Disability Case Processing System

We are investing in a modernized disability case processing system (DCPS) to replace the independent legacy systems in use throughout the 52 DDSs. In FY 2017, we will continue to develop and deploy DCPS to DDS offices. So far, we have deployed our initial release to six DDS offices, and plan to deploy to at least six more sites by the end of the fiscal year. In FY 2018, we will deploy DCPS to the remaining DDS offices.

Using Health Information Technology to Expedite Disability Decisions

Obtaining medical records electronically from health care organizations increases efficiencies in our disability determination process and dramatically improves service to the public.

In FY 2017 and FY 2018, we will work on a proof of concept that will expand our ability to use health IT medical evidence. We plan to add a search feature to improve our process efficiency. We also plan to improve our ability to detect links between certain medical conditions, medications, and care patterns and to improve our ability to identify potential fraud patterns. In FY 2018, we will continue to enhance health IT.

Performance Measure – Strategic Objective 3.2

3.2a: Improve the disability determination process by increasing the percentage of initial disability claims using electronically transmitted health records and medical evidence (health IT)

Fiscal Year	2017	2018
Target	12% of processed initial disability claims with health IT medical evidence (333,000 initial claims)	20% of processed initial disability claims with health IT medical evidence (500,000 initial claims)

Historical Performance

Fiscal Year	2014	2015	2016
Performance	3% (84,779 initial claims)	6.1% (167,626 initial claims)	9.6% (257,743 initial claims)
Target	2.5% (75,000 initial claims)	6% (164,820 initial claims)	8% (222,000 initial claims)

Strategic Objective 3.3: Enhance Employment Support Programs and Create New Opportunities for Returning Beneficiaries to Work

Lead: Deputy Commissioner, Office of Retirement and Disability Policy

Key Initiatives

Improving Employment Support Programs

Many beneficiaries who are disabled want to work, and with adequate support, some beneficiaries attain self-sufficiency. The Ticket to Work and the Vocational Rehabilitation Cost Reimbursement programs help beneficiaries transition to employment.

We began systems enhancements in our Internet Ticket Operation Support System in FY 2015. This effort will automate and modernize the vocational rehabilitation payment operation, creating greater efficiency and eliminating a paper claim process. We are on track to complete this project in FY 2017.

Improving Employment Support Outreach to Targeted Working-Age Beneficiaries

We tell our beneficiaries about our work incentive programs by mailing them paper tickets and eligibility notices and brochures when they begin receiving benefits. We mail notices to approximately 35,000 new beneficiaries per month.

We expect these mailings to continue to increase awareness of the program and result in an increase in participation in FY 2017 and FY 2018.

Performance Measure – Strategic Objective 3.3

3.3a: Increase the number of beneficiaries returning to work by achieving the number of Social Security Disability Insurance and Supplemental Security Income disability beneficiaries with Tickets assigned and in use who work above the trial work level

Fiscal Year	2017	2018
Target	67,800 beneficiaries	72,800 beneficiaries
Historical Performance		
Fiscal Year	**2015**	**2016**
Performance	58,341 beneficiaries	62,831 beneficiaries
Target	50,000 beneficiaries	55,000 beneficiaries

Strategic Goal 4: Build a Model Workforce to Deliver Quality Service

Strategic Objective 4.1: Attract and Acquire a Talented and Diverse Workforce that Reflects the Public We Serve

Lead: Deputy Commissioner, Office of Human Resources

Key Initiatives

Focusing on the Employment of Veterans and Individuals with Disabilities

In FY 2016, we analyzed our workforce profile to ensure that we hired and retained both veterans and individuals with disabilities. For FY 2017 and FY 2018, we will expand existing initiatives for hiring and retention of these groups.

Identifying and Marketing Potential Career Paths for Employees

We identified sought after positions across the agency and are developing career paths for each. In FY 2017 and 2018, we plan to implement a broad marketing strategy through an agency website to inform employees of potential career paths and career path resources they may use to enhance their career planning.

Performance Measure – Strategic Objective 4.1

4.1a: Continue to serve as a model agency for employment of individuals with targeted disabilities

Fiscal Year	2017	2018
Target	2%	2%

Historical Performance

Fiscal Year	2014	2015	2016
Performance	2%	2%	2%
Target	2%	2%	2%

Strategic Objective 4.2: Strengthen the Competency, Agility, and Performance of Our Workforce to Align with the Needs of the Public

Lead: Deputy Commissioner, Office of Human Resources

Key Initiatives

Focusing on Career Development Programs

Our future depends on developing employees' leadership and management skills throughout their careers. One way we identify and develop leaders, helping ensure we have a succession leadership pipeline, is through our National Career Development programs:

- The Leadership Development Program prepares employees for General Schedule (GS)-11 through GS-13 leadership positions;
- The Advanced Leadership Development Program prepares employees for GS-14 and GS-15 leadership positions; and
- The Senior Executive Service (SES) Candidate Development Program develops transferable executive skills of employees with high potential for an SES leadership role.

These programs target employees with proven leadership potential. We strengthen their leadership skills through developmental assignments and formal training.

Supporting Employees through Mentoring

Our mentoring program is a dynamic developmental and learning partnership through which a mentor shares knowledge, experience, and wisdom to foster the personal and professional development of a mentee. We use mentoring to promote a knowledge-sharing culture that supports our succession-planning efforts, enables skill and competency development, and increases employee engagement.

In FY 2017 and FY 2018, we will engage in additional mentoring programs.

Performance Measure – Strategic Objective 4.2

4.2a: Enhance workforce knowledge, skills, and abilities to achieve organizational goals by increasing employee satisfaction with training and development

Fiscal Year	2017		2018
Target	58% employee satisfaction rating		58% employee satisfaction rating
Historical Performance			
Fiscal Year	**2014**	**2015**	**2016**
Performance	57%	59%	57%
Target		60%	61%

Strategic Objective 4.3 Foster an Inclusive Culture that Promotes Employee Well-Being, Innovation, and Engagement

Lead: Deputy Commissioner, Office of Human Resources

Key Initiatives

Improving Employee Satisfaction

The Office of Personnel Management's Federal Employee Viewpoint Survey (FEVS) results allow us to gauge employee satisfaction in various categories, such as work environment, workloads, employee development, employee programs, and leadership.

In response to our 2016 FEVS results, we conducted a comprehensive analysis and are currently developing the FY 2017 - FY 2018 Agency Improving Employee Satisfaction Action Plan. The plan serves as a roadmap for agency-wide change and improvement in employee engagement and satisfaction.

Highlighting Diversity and Inclusion

We serve a diverse nation and strive to recruit, promote, and retain a workforce that draws from all segments of society. We have a long-standing history of being among the most diverse federal agencies – a goal we achieved through careful planning and recruitment efforts.

We will further our diversity and inclusion efforts in FY 2017 and FY 2018.

Supporting Work-Life Balance

In FY 2017, we are exploring opportunities to expand our work-life resources. We plan to develop new video-on-demand workshops for the Virtual Work-Life Resource Center that support work-life balance.

In FY 2018, we will:

- Implement a work-life SharePoint site/blog for articles, updates, videos, and feedback on work-life programs;
- Develop and share work-life tools and marketing materials, allowing management to engage employees by supporting a work-life balance; and
- Add new resources to our internal Virtual Work-Life Resource Center.

Performance Measures – Strategic Objective 4.3

4.3a: Become one of the Top 5 Best Places to Work among large agencies in the Federal Government

Fiscal Year	**2017**	**2018**
Target	Achieve a Top 10 ranking	Achieve a Top 10 ranking

Historical Performance

Fiscal Year	**2014**	**2015**	**2016**
Performance	Top 10 ranking	Top 10 ranking	Top 10 ranking
Target	Top 10 ranking	Top 10 ranking	Top 5 ranking

Strategic Objective 4.4: Enhance Planning and Alignment of Human Resources to Address Current and Future Public Service Needs

Lead: Deputy Commissioner, Office of Human Resources

Key Initiatives

Implementing HRStat Review Process

Our HRStat reviews provide the information we need to monitor program implementation and evaluate the performance of our human capital initiatives and metrics. As part of our HRStat approach, we conduct quarterly data-driven human capital reviews, including recurring metric reports for our leadership. In FY 2017 and 2018, we will use these reviews to track progress in implementing actions related to workforce management, including those identified in our workforce reduction plan and plan to maximize employee performance. Our human capital metrics include 28 measures in areas such as employee satisfaction, workforce representation, leadership development, and employee retention.

Implementing the Human Capital Operating Plan

The *Human Capital Operating Plan* represents our commitment to renewed focus on human capital and succession management. The plan aligns with, and supports, the goals of the *Agency Strategic Plan for Fiscal Years 2014 – 2018* and *Vision 2025*. Our plan highlights four focus areas that support the agency's mandate to build a model workforce to deliver quality service.

Performance Measure – Strategic Objective 4.4

4.4a: Expand use of data to support workforce planning, program evaluation, and decision-making

Fiscal Year	2017	2018
Target	Achieve 78% of the human capital metrics	Achieve 78% of the human capital metrics

Historical Performance

Fiscal Year	2014	2015	2016
Performance	77%	83%	54%
Target	75%	75%	78%

Strategic Goal 5: Ensure Reliable, Secure, and Efficient Information Technology Services

Strategic Objective 5.1: Maintain System Performance and the Continuity of Information Technology Services

Lead: Deputy Commissioner, Office of Systems

Key Initiatives

Improving Information Technology Cost and Performance

We use proven technologies to lower information technology (IT) costs and improve performance. As part of our capital planning and investment control process, we evaluate the cost of IT projects in terms of their return on investment.

In FY 2017, we will complete the implementation of an on-premises private cloud proof of concept. In FY 2018, we will complete the design for an agency hybrid cloud platform.

Performance Measure – Strategic Objective 5.1

5.1a: Provide uninterrupted access to our systems during scheduled times of operation

Fiscal Year	2017	2018
Target	99.9% availability	99.9% availability

Historical Performance

Fiscal Year	2014	2015	2016
Performance	99.97% availability	99.96% availability	99.91% availability
Target	99.5% availability	99.5% availability	99.5% availability

Strategic Objective 5.2: Enhance and Execute Plans to Modernize Our Systems

Lead: Deputy Commissioner, Office of Systems

Key Initiatives

Modernizing Cyber Security Infrastructure

A strong cyber security infrastructure is a critical success factor in facilitating the transition to a modern and secure IT environment. As we modernize our IT environment, we must also deliver a modernized cyber security infrastructure capable of delivering services securely and reliably. Our cyber security modernization priorities include continuing to:

- Strengthen our identity credential and access management;
- Modernize our integrity review processes;
- Centralize collection and analysis of cyber threats;
- Encrypt our network and data; and
- Build security into our Agile development processes.

Modernizing Older Software Applications

In FY 2017 and FY 2018, we plan to modernize our enumeration data into a consolidated enterprise database. Currently, application areas use data formatted based on legacy technology. We will also expand the use of Agile methodology to additional projects and incorporate business intelligence data reporting. We will also begin decommissioning remaining business intelligence solutions that were in use prior to FY 2016.

Enhancing *my* Social Security

We are currently redesigning *my* Social Security to provide an improved user experience, increased security, and additional online service options. The redesign will group services more efficiently and will allow us to expand the services within *my* Social Security to additional user groups, including representative payees, appointed representatives, and business users.

In FY 2017, the redesign project will include:

- Enhancing security for *my* Social Security;
- Enhancing online fraud detection capabilities;
- Redesigning *my* Social Security, allowing for the addition of new services; and
- Adding responsive design to allow broader access to *my* Social Security from a variety of devices (e.g., smartphones, tablets, and traditional laptops and computers, etc.).

During the remainder of FY 2017 and into FY 2018 we will use an Agile development approach that will allow us to more quickly identify user needs and provide additional services within *my* Social Security.

Performance Measures – Strategic Objective 5.2

5.2a NEW: Implement the consolidated enterprise database and the Enterprise Data Warehouse (EDW) to improve service delivery and make faster data-driven decisions

Fiscal Year	2017	2018
Target	Implement the initial version of our new consolidated enterprise database and add at least 2 new data sources to our EDW before September 30, 2017	Begin to use the consolidated enterprise database to more efficiently serve the public and add at least 2 additional data sources to our EDW before September 30, 2018

Strategic Objective 5.3: Incorporate Innovative Advances in Service Delivery

Lead: Deputy Commissioner, Office of Systems

Key Initiatives

Implementing Cloud Technology to Improve Systems Availability and Performance

Implementing cloud technology will give the agency further flexibility to allocate systems resources to meet changing demands. This improves systems availability and performance at a lower cost.

In FY 2017, we will complete the implementation of an on-premises cloud proof of concept. In FY 2018, we will complete the design for an agency hybrid cloud design. This platform would allow applications to simultaneously use resources in public clouds (e.g., Amazon Web Services) and the on-premise SSA cloud.

Performance Measure – Strategic Objective 5.3

5.3a: Enhance our IT infrastructure by incorporating innovative advances in service delivery

Fiscal Year	2017	2018
Target	Complete the implementation of an on-premises private cloud proof of concept before September 30, 2017	Complete the design for an agency hybrid cloud platform before September 30, 2018

Historical Performance			
Fiscal Year	**2014**	**2015**	**2016**
Performance	Bandwidth-on-Demand capabilities are operational at over 75% of agency sites	Reduced our open systems infrastructure size to 1,000 servers	Released a new service to check the status of your application or appeal in March 2016
Target	Implement Bandwidth-on-Demand, which will provide the ability to increase telecommunications capacity to quickly meet the changing service needs of our offices and clients	Reduce open systems infrastructure size from 1,500 servers to 1,000 servers by September 2015	Deploy new applications with a modern look and feel, accessible from the web, or over mobile devices

Strategic Objective 5.4: Continuously Strengthen Our Cyber Security Program

Lead: Deputy Commissioner, Office of Systems

Key Initiatives

Implementing Audit Trail System New Architecture

Our audit trail system ensures we protect our records and funds by collecting and maintaining detailed information about both internal and external transactions. The system stores data from programmatic and select Internet applications allowing us to review transactions for signs of fraud and abuse. We are implementing phase II of the audit trail system's new architecture. Phase II will strengthen fraud detection and prevention by capturing additional transactions that are most vulnerable to fraud and increasing our ability to process large volumes of data.

In FY 2017 and FY 2018, we plan to retire the legacy audit trail system, evaluate data service channels for the audit trail system, and evaluate and develop the data collection process to further enhance our integrity review processes.

Implementing an Information Security Program

We maintain a comprehensive, agency-wide information security program to protect information and communications assets. We review our policies and processes continually to ensure adequate safeguards are in place to prevent misuse and unauthorized access to our systems and data. We are strengthening the security of our systems by implementing consistent management controls at all of our data facilities.

In FY 2017 and FY 2018, we plan to meet the Department of Homeland Security's (DHS) Federal Network Security Compliance and Assurance Program and Cybersecurity Cross-Agency Priority Goals performance requirements. We will move forward with ongoing authorization of our systems, as required by new guidance from the Office of Management and Budget and DHS.

Performance Measure – Strategic Objective 5.4

5.4a: Provide secure and effective services to the public by improving cyber security performance

Fiscal Year	2017	2018
Target	Continue to achieve an average of 100% for the following Cyber Security Cross-Agency Priority Goals: Anti-Phishing Defense; Malware Defense; Blended Defense (anti-phishing and malware defense measures); Hardware Asset Management; Software Asset Management; and Vulnerability and Weakness Management. Achieve an overall score of Level 3 on the President's Management Council Cybersecurity Scorecard (exceed government-wide targets in all 5 areas of the National Institute of Standards and Technology Cyber Security framework).	Continue to achieve an average of 100% for the following Cyber Security Cross-Agency Priority Goals: Anti-Phishing Defense; Malware Defense; Blended Defense (anti-phishing and malware defense measures); Hardware Asset Management; Software Asset Management; Vulnerability and Weakness Management; Secure Configuration Management; Privileged Network Users; and Unprivileged Network Users. Achieve an overall score of Level 3 on the President's Management Council Cybersecurity Scorecard (exceed government-wide targets in all 5 areas of the National Institute of Standards and Technology Cyber Security framework).

Historical Performance			
Fiscal Year	**2014**	**2015**	**2016**
Performance	Homeland Security Presidential Directive 12 Compliance – result 87% Information Security Continuous Monitoring – result 98% Trusted Internet Connections Consolidation – result 100% Trusted Internet Connections 2.0 Capabilities – result 94%	Hardware Asset Management – result 100% Software Asset Management – result 100% Vulnerability and Weakness Management – result 100% Unprivileged Network Users – result 86% Privileged Network Users – result 99% Anti-Phishing Defense – result 100% Malware Defense – result 100% Blended Defense – result 100%	Achieved an average of 100% for the following Cyber Security Cross-Agency Priority Goals: Hardware Asset Management – result 100% Software Asset Management – result 100% Vulnerability and Weakness Management – result 100% Anti-Phishing Defense – result 100% Malware Defense – result 100% Blended Defense – result 100%
Target	Meet the performance requirements of the Department of Homeland Security's Federal Network Compliance and Assurance program and the Cyber Security Cross-Agency Priority Goals	Meet the performance requirements of the Department of Homeland Security's Federal Network Compliance and Assurance program and the Cyber Security Cross-Agency Priority Goals	Achieve an average of 97% for the following Cyber Security Cross-Agency Priority Goals: Hardware Asset Management, Software Asset Management, Vulnerability and Weakness Management, Anti-Phishing Defense, Malware Defense, and Blended Defense (anti-phishing and malware defense measures)

Major Management and Performance Challenges

As we strive to improve our performance, we face a variety of challenges. Each year, the Office of the Inspector General (OIG) identifies our top management and performance challenges. In addition, our leadership also identifies challenges, which often overlap with the OIG report.

In fiscal year (FY) 2016, OIG identified seven top Social Security Administration (SSA) management issues. We list the acronyms for the officials responsible for addressing these management issues in Appendix C, Summary of Key Management Officials Responsibilities. To read the complete OIG reports, please refer to the Fiscal Year 2016 Inspector General Statement on SSA's Major Management and Performance Challenges.

Reduce Disability Backlogs and Improve Decisional Quality

Components: DCO, DCDAR, DCRDP, DCS, DCHR

Challenge: While the number of pending initial disability claims has decreased, the Agency still faces challenges with pending hearings and appeals. Continued focus on decisional quality is essential to ensure the integrity of the process.

Actions we are undertaking to address this challenge include:

- Enhancing Online Appeals;
- Expanding Video Service Delivery;
- Enhancing the Electronic Claims Analysis Tool;
- Developing an Occupational Information System;
- Improving the Hearings Backlog;
- Developing the Disability Case Processing System; and
- Using Health Information Technology to Expedite Disability Decisions.

Reduce Improper Payments and Increase Overpayment Recoveries

Components: DCRDP, DCBFQM, DCO, DCDAR, DCS, CAct, DCCOMM, DCLCA, GC, and IG

Challenge: SSA is responsible for issuing over $900 billion in benefit payments, annually, to about 65 million people.[4] Given the large overall dollar amounts involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or underpayments.

Actions we are undertaking to address this challenge include:

- Promoting the Use of the Supplemental Security Income Telephone Wage Reporting System and the Supplemental Security Income Mobile Wage Reporting System;

[4] This data reflects FY 2016 information as reported by OIG.

- Expanding the Access to Financial Institutions;
- Expanding Our Cooperative Disability Investigations Program;
- Improving the Death Reporting System Process; and
- Modernizing the Remittance System.

Improve Customer Service

Components: DCO, DCDAR, DCBFQM, and DCS

Challenge: SSA faces several challenges as it pursues its mission to deliver quality services, including rapid advances in technology and an aging population and workforce.

Actions we are undertaking to address this challenge include:

- Expanding Online Access through Social Security Express;
- Leveraging *my* Social Security;
- Enhancing Online Appeals;
- Implementing Online Social Security Replacement Card Application;
- Expanding Video Service Delivery;
- Providing Real-Time Assistance to Online Users;
- Expanding Our Partnerships with External Organizations;
- Expanding the Virtual Lifetime Electronic Record;
- Improving the Hearings Backlog;
- Modernizing Older Software Applications; and
- Enhancing *my* Social Security.

Modernize Information Technology Infrastructure

Component: DCS

Challenge: SSA must modify its IT to accomplish its mission despite budget and resource constraints.

Actions we are undertaking to address this challenge include:

- Continuing Earnings Redesign;
- Modernizing the Remittance System;
- Developing the Disability Case Processing System;
- Using Health Information Technology to Expedite Disability Decisions;
- Modernizing Older Software Applications;
- Enhancing *my* Social Security;
- Implementing Cloud Technology to Improve Systems Availability and Performance; and
- Implementing an Information Security Program.

Secure Information Systems and Protect Sensitive Data

Component: DCS

Challenge: SSA must ensure its information systems are secure and sensitive data are protected.

Actions we are undertaking to address this challenge include:

- Continuing Earnings Redesign;
- Improving Electronic Wage Reporting;
- Deploying Management System for Personally Identifiable Information and Federal Tax Information;
- Modernizing Cyber Security Infrastructure;
- Enhancing *my* Social Security;
- Implementing Audit Trail System New Architecture; and
- Implementing an Information Security Program.

Strengthen the Integrity and Protection of the Social Security Number

Component: DCO, DCRDP, DCS

Challenge: Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due.

Actions we are undertaking to address this challenge include:

- Implementing Online Social Security Replacement Card Application;
- Improving Electronic Wage Reporting; and
- Deploying Management System for Personally Identifiable Information and Federal Tax Information.

Strengthen Planning, Transparency, and Accountability

Components: DCHR, DCS, DCBFQM, DCO, DCDAR, DCRDP, CAct, DCCOMM, DCLCA, and GC

Challenge: Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future. Similarly, mismanagement and waste, as well as a lack of transparency for citizens in Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

Actions we are undertaking to address this challenge include:

- Reducing our Real Estate Footprint;
- Implementing Audit Trail System New Architecture; and
- Implementing an Information Security Program.

Additional Challenges Identified by Our Leadership

Prevent Waste, Fraud, and Abuse

Components: DCO, DCRDP, DCBFQM, DCS, and IG

Waste, fraud, and abuse erode the public's trust in our ability to efficiently and effectively provide vital services. Prevention is critical to conserving valuable resources and meeting our mission to meet the changing needs of the public.

Actions we are undertaking to address this challenge include:

- Promoting Use of the Supplemental Security Income Telephone Wage Reporting System and the Supplemental Security Income Mobile Wage Reporting System;
- Expanding the Access to Financial Institutions;
- Expanding Our Cooperative Disability Investigations Program; and
- Improving the Death Reporting System Process.

Have Enough Employees with the Right Skills in the Right Place at the Right Time

Component: DCHR

Having employees with the right skills in the right place at the right time is critical to our mission. Employee turnover challenges our ability to develop and retain empowered, knowledgeable, compassionate, and engaged employees.

Actions we are undertaking to address this challenge include:

- Focusing on the Employment of Veterans and Individuals with Disabilities;
- Identifying and Marketing Potential Career Paths for Employees;
- Focusing on Career Development Programs;
- Supporting Employees through Mentoring;
- Improving Employee Satisfaction;
- Highlighting Diversity and Inclusion;
- Supporting Work-Life Balance;
- Implementing HRStat Review Process; and
- Implementing the Human Capital Operating Plan.

Innovate the Future of Service Delivery

Components: DCO, DCDAR, DCS, and DCRDP

We must innovate the future of service delivery to better serve the American public. We are constantly improving and developing new service delivery options to provide enhanced service to the public.

Actions we are undertaking to address this challenge include:

- Expanding Online Access through Social Security Express;

- Leveraging *my* Social Security;
- Enhancing Online Appeals;
- Implementing Online Social Security Replacement Card Application;
- Expanding Video Service Delivery;
- Providing Real-Time Assistance to Online Users;
- Developing the Disability Case Processing System;
- Using Health Information Technology to Expedite Disability Decisions;
- Improving Information Technology Cost and Performance;
- Modernizing Older Software Applications; and
- Implementing Cloud Technology to Improve Systems Availability and Performance.

Keep Pace in the Disability Program with Medicine, Technology, and the World of Work

Components: DCRDP, DCDAR, DCO, and DCS

Medicine, technology, and the world of work are constantly evolving. We must keep pace creating a more agile, responsive organization committed to meeting the public's needs and maximizing efficiencies throughout the disability program.

Actions we are undertaking to address this challenge include:

- Developing an Occupational Information System;
- Developing the Disability Case Processing System; and
- Using Health Information Technology to Expedite Disability Decisions.

Appendix A:
Program Evaluations

We routinely evaluate our programs by conducting a variety of studies and surveys to determine if our programs are effective. We also receive reviews from other entities, such as the Office of Management and Budget, the Office of Personnel Management, and the Department of Homeland Security. We continue to build on our collection of program data, research, and analyses to identify our program strengths and weaknesses. We use information from program evaluations to develop strategies to address the major challenges we face and to improve the day-to-day administration of our programs. We complete many of our evaluations annually, while others may be one-time efforts.

Evaluation	Description
Field Office Telephone Service Evaluation	Evaluates our accuracy in handling the public's calls to field offices.
National 800 Number Telephone Service Evaluation	Evaluates our accuracy in handling the public's calls to the National 800 Number.
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 field offices (including Social Security Card Centers) and hearing offices; and • Internet Transaction Surveys evaluate users' satisfaction with online transactional services.
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.
Retirement, Survivors, and Disability Insurance Stewardship Review	Measures the accuracy of payments to persons receiving Social Security retirement, survivors, or disability benefits.
Supplemental Security Income Stewardship Review	Reviews non-medical factors of eligibility and measures the accuracy of payments made to persons receiving SSI benefits.
Office of Quality Review - Denial Review	Assesses the accuracy of initial and reconsideration-level medical denials.

Evaluation	Description
Disability Review of Administrative Law Judge Hearing Decisions	Assesses the accuracy of hearing decisions on a post-effectuation basis.
Disability Scorecard Survey	In alternate years, the survey measures satisfaction with the disability application process at the initial or hearing level.
Federal Employee Viewpoint Survey conducted by the Office of Personnel Management	Assesses employee perspectives of organizational performance across several major human capital areas: recruitment, development, performance culture, leadership, job satisfaction, and personal work experiences.
Federal Information Security Management Act Report	Reports to Congress on whether our overall information technology security programs and practices comply with the Federal Information Security Management Act of 2002.
Management Directive-715 Report	Ensures we establish and maintain effective affirmative action programs.

Appendix B:
How We Ensure Our Data Integrity

We are committed to providing consistent, reliable, and valid data. We have internal controls to ensure that our data are quantifiable, verifiable, and secure. Our internal systems and controls include:

- Audit trails;
- Integrity reviews;
- Separation of duties;
- Restricted access to sensitive data;
- Reviews at all levels of management; and
- Validation and verification in our System Development Life Cycles.

These same controls support the Commissioner's Federal Managers' Financial Integrity Act Assurance Statement.

Data Integrity Systems and Controls

We gather performance data using automated management information and other workload measurement systems. In fiscal year (FY) 2010, we initiated a new data quality program designed to assess, measure, and monitor the quality of performance data. We evaluate the data in terms of four quality dimensions:

- Accuracy – Measures how well data adheres to specification (e.g., definitions, rules, and policies);
- Consistency – Measures consistency in internal and external reporting of data;
- Completeness – Measures missing occurrences or attributions of the data; and
- Timeliness – Measures the currency of the data (i.e., data are up to date, and reporting occurs on time).

We conduct these quality evaluations based on established internal methodologies. As we introduce new performance measures, we perform a comprehensive data assessment using these four quality dimensions. From the assessment results, we establish a baseline. After establishing the baseline, we automate continuous monitoring to sustain high-quality data. Continuous monitoring allows us to follow data trends and proactively remediate potential issues.

In our data quality program, we also derive several accuracy and public satisfaction measures from surveys and work samples. These measures provide confidence levels of 95 percent or higher.

As part of our fiduciary responsibility to the public, we use an Audit Trail System (ATS) to protect our records and taxpayer funds from improper use. The ATS collects and maintains detailed information about the Social Security Administration and public transactions. We store the data from programmatic and select internet applications, so we can review transactions for fraud and abuse.

Audit of Our FY 2016 Financial Statements

The Chief Financial Officers Act of 1990 requires the Office of the Inspector General (OIG), or an independent external auditor that it selects, to audit our financial statements. OIG selected KPMG, LLP to conduct the FY 2016 audit. The auditor found we fairly presented the basic financial statements, in all material respects, in conformity with accounting principles generally accepted in the United States of America for federal entities. This marks the 23rd consecutive year that we received an unmodified audit opinion. The auditor also found that management fairly stated that our internal controls over our financial reporting were operating effectively.

The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit did not find instances of noncompliance with laws, regulations, or other materials tested.

Appendix C:
Summary of Key Management Officials' Responsibilities

Commissioner of Social Security (COSS) manages all agency programs and staff. Also serves as the **Chief Operating Officer**, responsible for improving agency management and performance.

Deputy Commissioner of Social Security (DCOSS) an appointed position, authorized to act on behalf of the COSS.

Chief Actuary (CAct) plans and directs program actuarial estimates and analyses for our programs and for any proposed changes in programs and trust funds. The CAct provides technical and consultative services to the COSS, the Board of Trustees of the Social Security Trust Funds, Congress, and their respective staffs.

General Counsel (GC) advises the COSS, DCOSS, and all subordinate organizational components (except the Inspector General) on legal matters. The GC also serves as the **Senior Agency Official for Privacy**.

Inspector General (IG) promotes economy, efficiency, and effectiveness in administering our programs and operations, and prevents and detects fraud, waste, abuse, and mismanagement.

Deputy Commissioner for Budget, Finance, Quality, and Management (DCBFQM) directs our comprehensive management programs including budget, quality reviews and studies, financial policy, acquisition, grants, facilities and logistics management, and security and emergency preparedness. The DCBFQM also serves as the **Chief Financial Officer** and the responsible official for Enterprise Risk Management.

Deputy Commissioner for Communications (DCCOMM) conducts our national public information and outreach programs and fosters the transparency of our operations.

Deputy Commissioner for Disability Adjudication and Review (DCDAR) administers our nationwide appeal and review program in accordance with relevant federal laws.

Deputy Commissioner for Human Resources (DCHR) administers our human resources programs, including training, human capital initiatives, personnel and employee relations, labor management, and civil rights and equal opportunity. The DCHR also serves as the **Chief Human Capital Officer** and the senior accountable official on employee engagement initiatives.

Deputy Commissioner for Legislation and Congressional Affairs (DCLCA) develops and conducts our legislative program, serves as our liaison to Congress, and analyzes legislative and regulatory initiatives.

Deputy Commissioner for Operations (DCO) directs our network of field offices, National 800 Number Teleservices Centers, and Processing Centers. The DCO also oversees the disability determination services.

Deputy Commissioner for Retirement and Disability Policy (DCRDP) advises the COSS on the major policy issues and is responsible for all major activities in the areas of program policy planning, policy research and evaluation, statistical programs, and overall policy development, analysis, and implementation. The DCRDP serves as liaison with the Centers for Medicare and Medicaid Services. The DCRDP also serves as the accountable official for improper payments and leads our efforts to improve the clarity, tone, and readability of our notices.

Deputy Commissioner for Systems (DCS) directs the strategic management of our systems and databases, which includes the development, validation, and implementation of new systems. The DCS directs operational integration, strategic planning processes, and implementation of a systems configuration program. The DCS also serves as the **Chief Information Officer**.

Securing today
and tomorrow

Social Security Administration
Annual Performance Plan FY 2017 - FY 2018
Produced and printed at U.S. taxpayer expense

Social Security Administration
Fiscal Year 2016
Bipartisan Budget Act of 2015 Section 845(a) Report

Bipartisan Budget Act Reporting Requirements

Section 845(a) of the Bipartisan Budget Act of 2015 requires us to include in our annual budget a report on our activities to prevent fraud and improper payments for each (FY) fiscal year from 2016 through 2021. The report must contain:

- The total amount spent on fraud and improper payment prevention activities;
- The amount spent on cooperative disability investigation (CDI) units;
- The number of cases of fraud prevented by CDI units and the amount spent on such cases;
- The number of felony cases prosecuted under section 208 and the amount spent by our agency in supporting the prosecution of such cases;
- The number of such felony cases successfully prosecuted and the amount spent by our agency in supporting the prosecution of such cases;
- The amount spent on and the number of completed:
  - Continuing disability reviews (CDR) conducted by mail;
  - Redeterminations conducted by mail;
  - Medical CDRs conducted pursuant to section 221(i) of the Social Security (Act) and pursuant to 1614(a)(3)(H) of the Act;
  - Redeterminations conducted pursuant to section 1611(c) of the Act; and
  - Work-related CDRs to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity;
- The number of cases of fraud identified for which benefits were terminated as a result of medical CDRs, work-related CDRs, and redeterminations, and the amount of resulting savings for each such type of review or redetermination; and
- The number of work-related CDRs in which a beneficiary improperly reported earnings derived from services for more than three consecutive months, and the amount of resulting savings.

Below we provide a brief overview of our programs and anti-fraud activities. Then, we provide the information required by section 845(a) of the Bipartisan Budget Act.

Currently, we do not have the data necessary to report on the following:

- Cases of fraud identified by redeterminations, medical and work-related CDRs, including the resulting savings of each; and

- Number of work-related CDRs in which a beneficiary improperly reported earnings for more than three consecutive months, including the resulting savings.

Overview of Our Programs

Considered one of the most successful large-scale Federal programs in our Nation's history, the Old Age, Survivors, and Disability Insurance (OASDI) programs provide social insurance for the vast majority of our population. Workers earn coverage for retirement, survivors, and disability benefits by working and paying Social Security taxes on their earnings. About 9 out of 10 individuals age 65 and older receive Social Security benefits. The disability insurance (DI) program provides benefits to people who cannot work, because they have a medical condition expected to last at least one year or result in death. Individuals who have worked long enough and paid Social Security taxes and certain members of their families can qualify for DI benefits.

We also administer the Supplemental Security Income (SSI) program, which provides monthly payments to people with limited income and resources who are aged, blind, or disabled. Adults and children under the age of 18 can receive payments based on disability or blindness. General tax revenues fund the SSI program.

During FY 2016, we paid over $960 billion dollars to more than 68 million OASDI and SSI beneficiaries.

Our Anti-Fraud Efforts

As good stewards of our resources and the Social Security trust fund, and SSI program, it is our duty to work aggressively to prevent and detect fraud and recover improper payments whether fraudulent or not.

In 2014, we enhanced our efforts to efficiently and effectively detect, deter, and mitigate fraud, waste, and abuse in our programs through the establishment of the Office of Anti-Fraud Programs (OAFP). OAFP provides centralized oversight and accountability for our anti-fraud program. OAFP leads our anti-fraud activities and works across organizational lines to ensure that employees throughout the agency have the tools to combat fraud. OAFP is an integral and critical component in our efforts to implement the agency Anti-Fraud Strategic Plan that supports a comprehensive approach to fraud prevention and aligns anti-fraud efforts with the United States Government Accountability Office (GAO) report, *A Framework for Managing Fraud Risks in Federal Programs*. The GAO report identifies leading practices for managing fraud risks and identifies control activities to prevent, detect, and respond to fraud in Federal programs. Our agency anti-fraud strategic plan describes how we will develop and implement a comprehensive unified anti-fraud program.

In FY 2016, OAFP had several key accomplishments including:

- Prepared the agency Anti-Fraud Strategic Plan and aligning it with the leading practices identified in the Government Accountability Office (GAO) report *A Framework for Managing Fraud Risks in Federal Programs*;
- Procured the Anti-Fraud Enterprise Solution (AFES) with the intent to replace and expand OAFP's current anti-fraud systems and processes. AFES will integrate data from multiple sources and use industry-proven predictive analytics software to identify high-risk transactions that require further review;
- Applied predictive and rule-based models to our eServices business processes to determine common characteristics and patterns of potential cases of fraud based on lessons learned from past allegations and known cases of fraud. We currently employ over 20 analytical models to our eServices line of business. With these models, we identify suspicious and evolving patterns of activities in our workloads and prevent fraudulent actions from advancing.
- Delivered two major national training programs: mandatory anti-fraud training and refresher training on fraud or similar fault, which supplemented local and regional anti-fraud initiatives; and
- Coordinated the National Anti-Fraud Conference to bring together stakeholders from across the agency, including the Office of the Inspector General (OIG), to share ideas, best practices, ask questions, and engage in constructive dialogue on how we can work collaboratively to combat fraud in our programs.

Bipartisan Budget Act Reporting Requirements

Total Expenditures on our Fraud and Improper Payment Prevention Activities

In FY 2016, our operating expenses for our strategic goal to "Strengthen the Integrity of Our Programs" were $2.456 billion. These expenditures included both key program integrity workloads and other stewardship activities, some of which are specific to our anti-fraud efforts. It is difficult to distinguish between specific efforts to reduce fraud and our overall efforts to reduce improper payments, as both are key parts of our program integrity workloads. The vast majority of improper payments we detect do not involve any evidence of intent to commit fraud. Rather, they involve complex rules about eligibility for program benefits and delays in access to data on beneficiaries' changing circumstances.

As a result, we do not have the detail level data necessary to compute the expenditures specifically for only our anti-fraud-related activities. Each year we verify that we distribute the correct costs to the proper goals. In 2016, we began discussing how we may track our anti-fraud expenditures. During 2017, we plan to track the costs separately for the CDI. All PI workloads fall under our strategic goal to "Strengthen the Integrity of Our Programs."

Total Expenditures on CDI Units, the Number of Cases of Fraud Prevented by CDI Units, and the Amount Spent on Such Cases

The CDI program is a key anti-fraud initiative that plays a vital role in combating fraud, similar fault, and abuse within our disability programs. CDI units consist of personnel from our agency, OIG, disability determination services (DDS), and State and local law enforcement. CDI units investigate initial disability claims and post-entitlement events involving suspected fraud. CDI units investigate claimants as well as third parties who are suspected of committing or facilitating disability fraud.

The mission of the CDI program is to investigate questionable statements and activities of claimants, medical providers, and other third parties to obtain material evidence that is sufficient to resolve questions of potential fraud in the agency's disability programs.

We continue to expand our CDI program as resources allow and as state and local partners become available. We currently have 39 units covering 33 States, Washington, DC, and the Commonwealth of Puerto Rico.

In FY 2016, we spent approximately $32 million[1] on CDI units, which includes personnel costs, training, travel, and equipment. CDI investigations resulted in 5,033 claims ceased or denied in FY 2016 with projected SSA savings of more than $268 million and scheduled SSA recoveries in excess of $4.7 million.

We do not track CDI-related costs on a per investigation basis. We estimate the average cost per CDI investigation is $5,426.50, based on 5,903 CDI investigations closed during FY 2016.

For FY 2017, we plan to spend approximately $32 million[2] on CDI units.

<u>The Number of Felony Cases Prosecuted Under Section 208 and the Amount Spent by the Social Security Administration in Supporting the Prosecution of Such Cases; the Amount of Such Felony Cases Successfully Prosecuted and the Amount Spent by the Social Security Administration in Supporting the Prosecution of Such Cases</u>

Our OIG examines and investigates allegations of fraud, waste, abuse, and mismanagement in our programs and operations. These allegations may involve issues such as benefit fraud, Social Security Number misuse, violations by our employees, or fraud related to grants and contracts. OIG's investigations may result in criminal or civil prosecutions or the imposition of civil monetary penalties (CMP) against offenders. These investigative efforts improve our program integrity by recovering funds and deterring those contemplating fraud against the agency in the future.

The determination as to whether to proceed with a criminal prosecution under section 208 of the Social Security Act [42 U.S.C. 408] based upon an OIG investigation rests with the appropriate United States Attorney's Office. The United States Attorney may decide to prosecute the case

[1] This figure includes OIG funds.

[2] This figure includes OIG funds.

not under section 208, but another Federal criminal statute applicable to the facts of the OIG investigation. If an OIG investigation is declined for Federal prosecution, it may be prosecuted in the appropriate State court.

In FY 2016, OIG investigations resulted in the successful felony prosecution of 150 subjects under section 208, resulting in approximately $9 million in restitution ordered to our agency. In FY 2016, OIG investigations also resulted in successful prosecution of 1,012 subjects under other statutes, such as 42 U.S.C. 1383a (establishing penalties for SSI fraud, 18 U.S.C. 641 (crimes involving Theft of Government Property, and 18 U.S.C. 1001 (crimes involving False Statements, resulting in more than $60.9 million in additional restitution ordered to our agency).

Limiting the reporting of cases to those prosecuted under section 208 underrepresents the number of OIG cases involving fraud against our programs that resulted in a successful prosecution,[3] as the prosecuting attorney has discretion when seeking criminal charges. In many investigations involving fraud against our programs, which a prosecutor could have charged under section 208, the subjects were convicted under other criminal statutes as noted above. Furthermore, OIG may seek other remedies related to Social Security fraud, such as CMPs or civil actions.

In total, OIG efforts during FY 2016 resulted in more than $484 million in investigative accomplishments, including more than $128.7 million[4] in recoveries, restitution, fines, settlements, and judgments,[5]; and more than $355 million in projected savings from investigations resulting in the suspension or termination of benefits. The timeframe used to determine projected savings is based on the type of investigation, and whether the claimant was in pay status at the time of the investigation.

The Department of Justice (DOJ) is the Federal agency responsible for prosecuting defendants who have violated Federal law. However, due in part to a lack of prosecutorial resources, DOJ declines many cases for prosecution. For more than a decade, the Office of the General Counsel (OGC) has worked with OIG to develop the Fraud Prosecution Project. The goal of this initiative is to increase the number of prosecutions for crimes involving Social Security matters. To support this project, OGC has provided attorneys to serve as Special Assistant United States Attorneys (fraud prosecutors) to help prosecute Social Security fraud cases.

Since FY 2003, our fraud prosecutors have secured over $60 million in restitution and more than 1,000 convictions. Although we began FY 2016 with 24 fraud prosecutors, ongoing attrition, coupled with the hiring freeze, has reduced this to 16 SAUSAs as of March 2017. Nonetheless,

[3] A successful prosecution is a prosecution that results in a conviction or pretrial diversion.

[4] This includes the $9 million in restitution for section 208 prosecutions and the $60.9 million in restitution for prosecutions under other statutes.

[5] The OIG 2016 Fall Semiannual Report to Congress provides individual figures for recoveries, restitution, fines, settlements, and judgments. *See* SSA OIG, *Semiannual Report to Congress April 1, 2016 – September 30, 2016*, Fall Edition, p. 50 (November 30, 2016), at http://oig.ssa.gov/semiannual-reports/fall-2016.

in FY 2016, we achieved 196 convictions and over $25.2 million in restitution to the government, including $14.7 million to SSA's Trust Funds. The estimated FY 2016 costs of our Special Assistant United States Attorneys to obtain these convictions was $2,981,004, which includes the salary and benefit costs of these attorneys.

In FY 2016, OGC's fraud prosecutors obtained 196 convictions and $24,525,962[6] in total restitution. The estimated FY 2016 costs of our Special Assistant United States Attorneys to obtain these convictions was $2,981,004, which includes the salary and benefit costs of these attorneys.

Program Integrity Expenditures and Numbers

Periodic Continuing Disability Reviews

The American public expects and deserves for us to be outstanding stewards of the Social Security Trust Funds and general revenues that finance our programs – and as such, we are committed to ensuring that program rules and eligibility standards are fully enforced. One of our most important program integrity tools are CDRs, which are periodic reevaluations to determine whether beneficiaries still qualify to receive benefits. We conduct periodic CDRs to ensure that only those beneficiaries, who continue to be disabled, based on our strict standard of disability, continue to receive monthly benefits. Almost all medical CDRs are scheduled based on a beneficiary's likelihood of experiencing medical improvement rather than on suspicion or evidence of fraud. The primary purpose of a CDR is to determine if a beneficiary continues to be entitled to benefits because of his or her medical condition; a finding of medical improvement does not mean that the beneficiary committed fraud. However, our ability to perform additional CDRs may allow us to detect potentially fraudulent or suspicious activities. It should also be noted that there are no improper payments associated with the medical CDR process. Benefits for individuals who have medically improved are only improper if the agency fails to suspend payment after the CDR appeals process has been fully completed, or the individual had failed to cooperate with the CDR.

For case reviews that we initiate centrally when a medical review diary matures, we conduct periodic CDRs using one of two methods. We send some cases to the DDS for a full medical review; we complete others using the mailer process. We decide whether to initiate a full medical review or send a mailer after profiling all cases to identify the likelihood of medical improvement. We send cases with a higher likelihood of medical improvement to DDSs for full medical reviews. For those cases with a lower likelihood of medical improvement, we send mailers to obtain more information from the beneficiaries, which we evaluate to determine if there is any indication of medical improvement. If we find an indication of medical improvement, we send the case to a DDS for a full medical review. Otherwise, we set a new medical review diary and schedule the case for a future CDR. Each year, we refresh the case priority selections based on the results of a predictive statistical scoring model.

[6] During the first half of FY 2017, our SAUSAs successfully obtained at least 119 guilty pleas and convictions. This led to over $10.3 million in restitution, including more than $6.3 million in restitution to SSA.

We conduct some CDRs outside the centralized process based on events such as voluntary or third party reports of medical improvement. We always send these CDRs to the DDSs for a full medical review. In addition, there is a subset of cases where the medical review diary matures, but we curtail further development for technical reasons, such as the suspension or termination of benefits for non-medical reasons. SSA estimates that continuing disability reviews conducted in FY 2018 will yield net Federal program savings over the next ten years of roughly $8 on average per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare and Medicaid effects.

Work-Related Continuing Disability Reviews

We use the term "substantial gainful activity" (SGA) to describe a level of work activity and earnings that precludes initial eligibility for DI benefits. When a beneficiary is receiving disability benefits from the DI program, we review his or her case to determine if the beneficiary is performing SGA, and if eligibility for benefits should continue. We commonly refer to this process as a "work CDR."

We learn about work activity through two primary ways. Some work CDRs are initiated when beneficiaries report their work or earnings as required by law. DI beneficiaries must report any changes in work activity, and we must determine whether such work constitutes SGA. We are planning to expand the options for a DI beneficiary to report work activity by creating an internet reporting process. Currently DI beneficiaries generally report work activity through the local field office or by calling the National 800 Number. An internet reporting application called myWageReport will also assist us by conveniently loading information about work activity directly into our work CDR systems and generating a receipt to the beneficiary. Providing a more convenient method for beneficiaries to report work will also reduce the burden on SSA staff to take reports and manually enter the data. Development is on track with initial implementation targeted for September 23, 2017. Our initial release will allow both (Title II) self-reporting beneficiary and representative payee the option to report wages behind the mySSA application.

Other work CDRs are generated through the Continuing Disability Review Enforcement Operation (CDREO). The CDREO is an automated process that identifies work activity by matching earnings reported to the Internal Revenue Service (IRS) and posted to our Master Earnings File with the information in our other records. We are working on a business process to incorporate more earnings data sources into the CDREO process. We can contract with third party payroll providers to obtain payroll data, which is timelier than IRS data and allows us to learn about unreported work activity more quickly.

When we learn of work activity, we analyze the work activity to determine if we must investigate. After we review the earnings, we may screen out many work reports and CDREO alerts because they do not meet the requirements for a work CDR. In addition, many CDREO alerts may identify payments that are not earnings from work activity (e.g., sick pay or long-term disability benefits); these payments also do not require a work CDR.

Please see the below table for actual CDR workload volumes for FY 2016:

FY 2016 Actual Volumes	Title II	Title XVI	TOTAL
Full Medical CDRs	293,016	560,738	853,754
CDR Mailers	974,948	278,437	1,253,385
Work-Related CDRs	279,711	-	279,711

In FY 2016, we spent $669 million[7] on Periodic CDRs, which includes the cost of CDR Mailers. We spent an additional $231 million[8] on Work-Related CDRs.

Please see the below table for estimated CDR workload volumes for FY 2017:

FY 2017 Estimated Volumes	Title II	Title XVI	TOTAL
Full Medical CDRs[i]	299,000	551,000	850,000
CDR Mailers	1,100,000		1,100,000
Work-Related CDRs (YTD)[ii]	160,146		160,146

i/ Volumes above are based upon CDRs available to process. We have the authority to reallocate funds based upon Section 201(g) of the Social Security Act.

ii/ We do not develop official volume projections for Work-Related CDRs, therefore we have included our most recent FY 2017 YTD figures, which are through March.

In FY 2017, we anticipate spending a total of $825 million[9] on Full Medical CDRs, CDR Mailers, and Work-Related CDRs. Since Work-Related CDRs are not an agency-controlled workload, we do not develop official volume projections for that workload in a given fiscal year. Historically, work CDR volumes are consistently 250,000 – 300,000 annually. In formulating the budget, we fully incorporated the projected costs of Work-Related CDRs into the total projected costs for CDRs.

SSI Redeterminations

Another important program integrity tool is SSI redeterminations, under section 1611(c) of the Act, which are periodic reviews of non-medical eligibility factors such as income and resources.

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[7] Includes $328 million in costs allocated to DI, retirement and survivors insurance (RSI), and hospital insurance/supplementary medical insurance (HI/SMI) and $341 million in costs allocated to SSI

[8] Includes about $109 million in costs allocated to DI, $65 million in costs allocated to RSI, and $57 million in costs allocated to HI/SMI

[9] Includes $291 million in costs allocated to DI, RSI, and HI/SMI and $535 million in costs allocated to SSI

Changes in beneficiaries' living arrangements or the amount of their income and resources can affect both their eligibility for SSI and the amount of their payments. To ensure the accuracy of SSI payments, we conduct redeterminations. To select redeterminations, we use a predictive statistical model, which we implement each year to prioritize redeterminations to focus on reviews most likely to result in the correction of improper payments. Redeterminations are a key activity in ensuring the integrity of the SSI program and maintaining and improving payment accuracy. SSA estimates indicate that non-medical redeterminations conducted in FY 2018 will yield a return on investment of about $3 on average of net Federal program savings over ten years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

Effective October 2008, we ceased conducting SSI redeterminations via mail, as we determined they were not cost effective.

In FY 2016, we spent $664 million to conduct 2,530,446 SSI redeterminations pursuant to section 1611(c).

In FY 2017, we plan to spend $701 million to conduct 2.522 million SSI redeterminations pursuant to section 1611(c).

<u>The Number of Cases of Fraud Identified for which Benefits were Terminated as a result of Medical CDRs, Work-Related CDRs, and Redeterminations, and the Amount of Resulting Savings for Each Such Type of Review or Redetermination</u>

OIG does not track the number of instances of fraud identified where benefits were terminated because of a medical CDR. In addition, the agency does not track the number of instances of fraud identified where benefits were terminated because of a work-related CDR or redetermination. Neither our fraud referral form, nor OIG or SSA case management systems, capture these specific events.

We plan to work with OIG to obtain a list of all FY 2016 DI cases terminated because of a medical CDR, work-related CDR, or redetermination to attempt to meet the requirements to answer the above question.

In addition, we plan to work with OIG and other stakeholder components to propose revisions to the referral intake process, including the e8551 referral form. During this time, we will continue to determine if the tracking of such data is feasible by assessing our policies and procedures.

<u>The Number of Work-Related CDRs in which a Beneficiary Improperly Reported Earnings Derived from Services for More Than Three Consecutive Months, and the Amount of Resulting Savings</u>

Since DI beneficiaries are not required to report earnings monthly, we define "improperly reports earnings" to mean a DI beneficiary who reports inaccurately or not all when there is a change in work activity. We identify non-reporters through our IRS earnings match commonly referred to as the CDREO.

Section 826 of the Bipartisan Budget Act (BBA) of 2015 enables us to create an internet tool to expand our beneficiaries' options for reporting work activity. As part of our implementation of this provision, we will expand the management information used to identify DI beneficiaries who self-report earnings to allow us to compare overpayment totals for beneficiaries who reported earnings with beneficiaries identified through CDREO.

The internet tool should be effective September 30, 2017.

Other Reports of Interest
We have provided below additional agency reports of interest.

- Fiscal Year 2016 Agency Financial Report
(https://www.socialsecurity.gov/finance/)

- Annual Performance Report 2015 - 2017
(https://www.socialsecurity.gov/agency/performance/)