

# SOCIAL SECURITY ADMINISTRATION

## Limitation on Administrative Expenses

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## SOCIAL SECURITY ADMINISTRATION

## Limitation on Administrative Expenses

*For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed \$15,000 for official reception and representation expenses, not more than \$9,247,953,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: Provided, That not less than \$2,000,000 shall be for the Social Security Advisory Board: Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2008 not needed for fiscal year 2008 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: Provided further, That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to section 7131 of title 5, United States Code, and for facilities or support services for labor organizations pursuant to policies, regulations, or procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made.*

*From funds provided under the first paragraph, not less than \$263,970,000 shall be available for conducting continuing disability reviews under titles II and XVI of the Social Security Act and for conducting redeterminations of eligibility under title XVI of the Social Security Act.*

*In addition to amounts made available above, and subject to the same terms and conditions, \$213,000,000, for additional continuing disability reviews and redeterminations of*

*eligibility: Provided, That section 103(d)(2) of Public Law 104-121 is amended by striking “1996 through 2002” and inserting “2008”.*

*In addition, \$135,000,000 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 section 1616(d) or 212(b)(3) in fiscal year 2008 exceed \$135,000,000, the amounts shall be available in fiscal year 2009 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 (Public Law 108-203), which shall remain available until expended.*

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

## Limitation on Administrative Expenses

Language Analysis

Language Analysis	Explanation
<p><i>“Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year 2008 not needed for fiscal year 2008 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.”</i></p>	<p>This provision allows the carryover of unobligated balances into subsequent years for non-payroll automation and telecommunications investment costs.</p>
<p><i>From funds provided under the first paragraph, not less than \$263,970,000 shall be available for conducting continuing disability reviews under titles II and XVI of the Social Security Act and for conducting redeterminations of eligibility under title XVI of the Social Security Act. In addition to amounts made available above, and subject to the same terms and conditions, \$213,000,000, for additional continuing disability reviews and redeterminations of eligibility: Provided, That section 103(d)(2) of Public Law 104-121 is amended by striking “1996 through 2002” and inserting “2008”.</i></p>	<p>This provision identifies and designates funding for conducting continuing disability reviews (CDRs) and redeterminations of eligibility in the base LAE appropriation. It provides additional funding for CDRs and redeterminations over the base LAE appropriation. It also amends the Contract with America Advancement Act of 1996 to extend the statutory reporting requirement for CDRs. CDRs save \$10 in lifetime program benefits for every \$1 spent administering them; redeterminations save \$7 in program benefits for every \$1 spent. An increase in spending on CDRs and redeterminations in FY 2008 would result in greater program savings, reducing the overall deficit.</p>
<p><i>“In addition, \$135,000,000 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.”</i></p>	<p>This provision makes available funding derived from fees charged to States for administration of States’ supplementary payments. This assumes the fee will increase from \$9.69 in FY 2007 to \$9.85 in FY 2008 based on the Consumer Price Index.</p>

## Limitation on Administrative Expenses

Amounts Available for Obligation<sup>1,2</sup>  
(Dollars in thousands)

	<b>FY 2006 Actual</b>	<b>FY 2007 Current Estimate<sup>3</sup></b>	<b>FY 2008 Estimate</b>
Base appropriation	\$9,199,400	\$9,176,400	\$9,596,953
Rescission (P.L. 109-148)	<u>-\$90,794</u>	---	---
Total appropriation <sup>4</sup>	\$9,108,606	\$9,176,400	\$9,596,953
Transfer from Department of Homeland Security for Hurricane Katrina-related costs (P.L. 109-234)	+\$38,000	---	---
Resources available from recoveries of prior year obligations and prior year transfers	+\$174,607	---	---
Unobligated balance, start-of-year	+\$236,315	+\$168,483	+\$39,675
Uncollected user fees	-\$785	---	---
Unobligated balance, lapsing	-\$92,805	---	---
Unobligated balance, end-of-year	<u>-\$168,483</u>	<u>-\$39,675</u>	---
Total obligations	\$9,295,455	\$9,305,209	\$9,636,628

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

<sup>2</sup> Includes the following amounts from user fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 2006 (up to \$119,000); FY 2007 (up to \$119,000); and FY 2008 (up to \$135,000). Also includes the following amounts from user fees paid by non-attorney representatives pursuant to section 303 of P.L. 108-203 (dollars in thousands): FY 2006 (up to \$1,000); FY 2007 (up to \$1,000); and FY 2008 (up to \$1,000).

<sup>3</sup> The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$9,496,000,000.

<sup>4</sup> In FY 2008, includes a total of \$477 million in funding designated for SSI redeterminations and continuing disability reviews (CDRs). Total consists of \$264 million in base funding and \$213 million in additional funds.

## Limitation on Administrative Expenses

Budgetary Authority and Outlays<sup>1</sup>  
(Dollars in thousands)

	<b>FY 2006 Actual</b>	<b>FY 2007 Estimate<sup>2</sup></b>	<b>FY 2008 Estimate</b>
<b>Total LAE Budget Authority<sup>3</sup></b>	<b>\$9,108,606</b>	<b>\$9,176,400</b>	<b>\$9,596,953</b>
Old-Age and Survivors Insurance and Disability Insurance Trust Funds <sup>4,5</sup>	\$4,500,319	\$4,575,464	\$4,795,976
Hospital and Supplementary Medical Insurance Trust Funds <sup>6</sup>	\$1,753,410	\$1,602,600	\$1,679,661
SSA Advisory Board	\$2,000	\$2,000	\$2,000
Supplemental Security Income (SSI) Appropriation for Payment to the Trust Funds <sup>4</sup>	\$2,732,876	\$2,876,336	\$2,983,316
User Fees <sup>7</sup>	\$120,000	\$120,000	\$136,000
<b>Total LAE Outlays<sup>3</sup></b>	<b>\$9,074,347</b>	<b>\$9,164,000</b>	<b>\$9,493,000</b>
Old-Age and Survivors Insurance and Disability Insurance Trust Funds <sup>4,5,8</sup>	\$4,550,000	\$4,571,280	\$4,747,000
Hospital and Supplementary Medical Insurance Trust Funds	\$1,680,225	\$1,600,086	\$1,661,465
Supplemental Security Income (SSI) Appropriation for Payment to the Trust Funds <sup>4</sup>	\$2,725,122	\$2,872,634	\$2,949,535
User Fees <sup>7</sup>	\$119,000	\$120,000	\$135,000

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

<sup>2</sup> The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$9,496,000,000.

<sup>3</sup> In FY 2006, LAE Budget Authority and Outlays excludes \$38 million in supplemental funding for Hurricane Katrina

<sup>4</sup> In FY 2008, the OASDI and SSI programs reflect inclusion of a total of \$477 million for SSI redeterminations and continuing disability reviews (CDRs). This amount consists of \$264 million in base funding (\$103 million for redeterminations, \$99 million for SSI CDRs and \$62 million for DI CDRs) and \$213 million in additional funds (\$50 million for redeterminations, \$65 million for SSI CDRs and \$98 million for DI CDRs).

<sup>5</sup> OASDI includes funding for administration of the Special Benefits for Certain World War II Veterans.

<sup>6</sup> Excludes the Medicare Modernization start-up funding provided by P.L. 108-173 and P.L. 109-77.

<sup>7</sup> Includes the following amounts from fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 2006 (up to \$119,000 in budget authority; actual outlays totaled \$119,000); FY 2007 (up to \$119,000); and FY 2008 (up to \$135,000). Also includes the following amounts from user fees paid by non-attorney representatives pursuant to section 303(c) of P.L. 108-203 (dollars in thousands): FY 2006 (up to \$1,000 in budget authority; actual outlays totaled \$213); FY 2007 (up to \$1,000); and FY 2008 (up to \$1,000).

<sup>8</sup> Includes outlays for the Social Security Advisory Board.

## Limitation on Administrative Expenses

Summary of Changes  
(Dollars in thousands)

<b>FY 2007 Current Estimate <sup>1</sup></b>	\$9,176,400
<b>FY 2008 Request Net change</b>	<u>\$9,596,953</u> +\$420,553
<b>Obligations funded from unexpended prior year balances Net change in obligations</b>	-\$89,134 +\$331,419

	FY 2007 Base		Change from Base	
	Federal WYs	Obligations (\$ in 000s)	Federal WYs	Obligations (\$ in 000s)
<u>Total LAE Budget</u>				
<u>Increases:</u>				
A. <u>Built-in</u>				
1. Change in base payroll expenses, including costs of periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System	60,582	\$5,230,757	---	+\$112,045
2. Annualization of the January 2007 Federal pay increase of 2.2 percent	---	---	---	+\$33,953
3. Nine-month effect of assumed 3.0 percent Federal pay increase effective January 2008	---	---	---	+\$105,949
4. Mandatory growth in nonpayroll costs, including higher costs of rent, security, and guard services	---	\$1,744,000	---	<u>+\$116,000</u>
Subtotal, built-in increases	---	---	---	+\$367,947

<sup>1</sup> The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$9,496,000,000.



Summary of Changes  
(Dollars in thousands)

	FY 2007 Base		Change from Base	
	Federal WYs	Obligations (\$ in 000s)	Federal WYs	Obligations (\$ in 000s)
<b>B. <u>Program</u></b>				
1. Net increase in State Disability Determination Services (DDS) costs, including pay raises and the cost of medical evidence	---	\$1,714,643	---	<u>+\$91,057</u>
Subtotal, program increases	---	---	---	<u>+\$91,057</u>
Total increases	---	---	---	+\$459,004

Summary of Changes  
(Dollars in thousands)

	FY 2007 Base		Change from Base	
	Federal WYs	Obligations (\$ in 000s)	Federal WYs	Obligations (\$ in 000s)
<u>Decreases:</u>				
<u>Program</u>				
1. Net change in base SSA workyears	---	---	-71	-\$6,751
2. Decrease in base funding for Information Technology, including costs for upgrading the desktop, voice and data communications, infrastructure and costs for major projects such as a more automated disability process and financial and management information systems improvements	---	\$487,000	---	-\$31,700
2. Decrease in obligations funded in FY 2007 from actual prior year balances, primarily Information Technology	---	<u>\$128,809</u>	<u>----</u>	<u>-\$89,134</u>
Total decreases	---	---	-71	-\$127,585
Total LAE obligations, net change	---	\$9,305,209	-71	+\$331,419
Adjusted for FY 2007 obligations funded from unobligated prior year balances	---	<u>-\$128,809</u>	---	<u>+\$89,134</u>
Total LAE budgetary resources, net change	---	\$9,176,400	---	+\$420,553

## Limitation on Administrative Expenses

Budgetary Resources by Activity<sup>1,2</sup>  
(Dollars in thousands)

	<b>FY 2006 Actual</b>	<b>FY 2007 Current Estimate<sup>3</sup></b>	<b>FY 2008 Estimate</b>
Limitation on Administrative Expenses <sup>4</sup>			
Base Budget (Obligations)	\$9,108,606 (\$9,130,921)	\$9,176,400 (\$9,300,209)	\$9,596,953 (\$9,628,231)
Transfer from Department of Homeland Security for Hurricane-related costs (P.L. 109-234) (Obligations)	\$38,000 (\$38,000)		
Automation Investment Fund (Obligations)	--- (\$53,177)	--- (\$5,000)	--- (\$8,397)
Total (Obligations)	\$9,146,606 (\$9,184,098)	\$9,176,400 (\$9,305,209)	\$9,596,953 (\$9,636,628)
Medicare Modernization start-up Administrative costs (P.L. 108-173) (Obligations)	--- (\$111,356)	--- ---	--- ---
Total budgetary resources (Obligations)	\$9,146,606 (\$9,295,455)	\$9,176,400 (\$9,305,209)	\$9,596,953 (\$9,636,628)

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

<sup>2</sup> Includes the following amounts from user fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 2006 (up to \$119,000); FY 2007 (up to \$119,000); and FY 2008 (up to \$135,000). Also includes the following amounts from user fees paid by non-attorney representatives pursuant to section 303 of P.L. 108-203 (dollars in thousands): FY 2006 (up to \$1,000); FY 2007 (up to \$1,000); and FY 2008 (up to \$1,000).

<sup>3</sup> The FY 2007 estimate reflects the current rate. The FY 2007 President's Budget was \$9,496,000,000.

<sup>4</sup> In FY 2008, includes a total of \$477 million in funding designated for continuing disability reviews (CDRs) and SSI redeterminations. Total consists of \$264 million in base funding and \$213 million in additional funds.

## Limitation on Administrative Expenses

Budgetary Resources by Object <sup>1</sup>  
(Dollars in thousands)

	<b>FY 2007 Estimated Obligations</b>	<b>FY 2008 Estimate</b>	<b>Increase or Decrease</b>
<u>Personnel compensation</u>			
Permanent positions	\$3,872,650	\$4,052,869	+\$180,219
Positions other than permanent	100,958	103,892	+2,934
Other personnel compensation	130,325	133,066	+2,741
Special personal service payments	<u>3,788</u>	<u>3,959</u>	<u>+171</u>
Subtotal, personnel compensation	\$4,107,721	\$4,293,786	+\$186,065
Personnel benefits	\$1,123,036	\$1,182,167	+\$59,131
Travel and transportation of persons	\$53,065	\$53,065	---
Transportation of things	8,635	8,703	+68
Rent, communications and utilities:			
Rental payments to GSA	617,710	682,900	+65,190
Rental payments to others	2,000	2,000	---
Communications, utilities and miscellaneous charges	364,886	353,632	-11,254
Printing and reproduction	34,376	34,653	+277
Consulting services	57,862	57,001	-861
Other services (DDS, guards, contracts, etc.)	2,618,052	2,678,011	+59,959
Supplies and materials	44,671	45,028	+357
Equipment	223,965	197,512	-26,453
Land and structures	3,093	1,661	-1,432
Grants, subsidies and contributions	28,141	28,368	+227
Insurance claims and indemnities	17,989	18,134	+145
Interest and dividends	<u>5</u>	<u>5</u>	<u>---</u>
Total, obligations by object	\$9,305,209	\$9,636,628	+\$331,419
Less obligations funded from unexpended prior year balances	<u>-\$128,809</u>	<u>-\$39,675</u>	<u>+\$89,134</u>
Total, budgetary resources <sup>2</sup>	\$9,176,400	\$9,596,953	+\$420,553

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

<sup>2</sup> The FY 2007 estimate reflects the current rate. The FY 2007 President's Budget request was \$9,496,000,000.

Budgetary Resources by Object  
(Dollars in thousands)

	<b>FY 2007 Estimated Obligations</b>	<b>FY 2008 Estimate</b>	<b>Increase or Decrease</b>
<u>Notes:</u>			
Payments to State Disability Determination Services (included on previous page – funded from Other Services and Communications, utilities and miscellaneous charges )	\$1,714,643	\$1,805,700	+\$91,057
Automation Investment Fund (included on previous page – funded from carryover of unexpended prior year balances)	\$5,000	\$8,397	\$3,397
Education and training of the acquisition workforce (included on previous page)	\$100	\$100	---
Energy conservation measures (included on previous page)	\$606	\$347	-\$259

## Limitation on Administrative Expenses (LAE)

Significant Items in Appropriations  
Committee Reports**FY 2007 House Report**

<p><u>Operating Plan</u></p> <p>Within 45 days of enactment each Department and related Agency funded by this Act shall submit an operating plan to the Committees on Appropriations in the House and the Senate for approval. The operating plan should detail any reprogramming requests which are based on information obtained since the submission of the Budget in February 2006 or based on the effects of the amounts provided in this Act.</p>	<p><u>Actions Taken or To Be Taken</u></p> <p>SSA will submit a report to the Appropriations Committees consistent within the timeframe requested.</p>
<p><u>Reporting on Official Time</u></p> <p>The Committee requests that all of the Departments and agencies funded in this bill submit annually the following information concerning the subject of official time. This information is to be submitted by January 1 of each year.</p> <ul style="list-style-type: none"> <li>• Number of hours of official time that employees spent on union activities;</li> <li>• Number of employees who used official time for union activities;</li> <li>• Number of employees who spent 100 percent of their time on union activities;</li> <li>• Dollar value of the official time spent on union activities;</li> <li>• Dollar value of the office space, equipment, telephone use and supplies provided to unions;</li> <li>• Benefits and disadvantages of using official time for union activities.</li> </ul>	<p><u>Actions Taken or To Be Taken</u></p> <p>A report on the use of official time in SSA for FY 2006 was forwarded to the Appropriations Committees.</p>

Significant Items in Appropriations  
Committee Reports

**FY 2007 Senate Report**

<u>Chronic Fatigue Syndrome (CFS)</u>	<u>Actions Taken or To Be Taken</u>
<p>The Committee encourages SSA officials to educate adjudicators at all levels about the functional impact of CFS and the application of the April 1999 CFS ruling (99-2p) to ensure that adjudicators remain up-to-date on the evaluation of disability that results from this condition. The Committee encourages SSA to examine obstacles to benefits for persons with CFS and to keep medical information updated throughout all levels of the application and review process.</p>	<p>SSA continues its ongoing communications with disability adjudicators using regional office contacts, training initiatives, and other mechanisms to ensure that CFS claims are correctly adjudicated in accordance with Social Security Ruling (SSR) 99-2p.</p> <p>In FY 2005, SSA provided training to adjudicators on Fibromyalgia/CFS claims and the application of SSR 99-2p. The evaluation of CFS claims continues to be included in Agency training.</p> <p>SSA is continuing to monitor CFS claims data through the use of an established impairment code. The review and analysis of these data helps ensure that the evaluation principles included in SSR 99-2p are being followed.</p> <p>SSA is committed to ensuring that medical information concerning CFS is updated timely for all adjudicators and continues to track new medical and scientific information to determine the need for any such updates. One way in which SSA tracks new information on CFS is as an <i>ex officio</i> member of the Chronic Fatigue Syndrome Advisory Committee (CFSAC). The Committee provides science-based advice and recommendations to the Secretary of Health and Human Services on a broad range of issues and topics pertaining to CFS. SSA is also an <i>ex officio</i> member of the Patient Care/Quality of Care subcommittee of the (CFSAC). In addition, the SSA medical officer responsible for CFS is currently performing a medical literature review on recent medical advances in CFS.</p>

## Limitation on Administrative Expenses

Authorizing Legislation  
(Dollars in thousands)

	<b>2007 Amount Authorized</b>	<b>2007 Current Estimate <sup>1</sup></b>	<b>2008 Amount Authorized</b>	<b>2008 Estimate</b>
Title II, Section 201(g)(1) of the Social Security Act	Indefinite	\$9,176,400 <sup>2</sup>	Indefinite	\$9,596,953 <sup>3</sup>

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<sup>1</sup> The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$9,496,000,000.

<sup>2</sup> Includes up to \$119 million from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes up to \$1.0 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). This FY 2007 estimate reflects the current rate. The FY 2007 President's Budget request was \$9,496,000,000.

<sup>3</sup> Includes a total of \$477 million in funding designated for SSI redeterminations and continuing disability reviews (CDRs). Total consists of \$264 million in base funding and \$213 million in additional funds. Includes up to \$135 million from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).



## Limitation on Administrative Expenses

Appropriation History Table

<b>Fiscal Year</b>	<b>Budget Estimate To Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriation</b>
1999 Rescission <sup>2</sup>	\$6,448,000,000 <sup>1</sup>	\$6,379,000,000	\$6,462,000,000	\$6,426,000,000 -\$7,981,000
2000 Supplemental <sup>5</sup>	\$6,706,000,000 <sup>3</sup> \$35,000,000	\$6,481,000,000	\$6,673,871,000 \$50,000,000	\$6,572,036,000 <sup>4</sup> \$35,000,000
2001	\$7,134,000,000 <sup>6</sup>	\$6,978,036,000	\$7,010,800,000	\$7,124,000,000
2002 Supplemental <sup>9</sup> Rescission <sup>10</sup>	\$7,574,000,000 <sup>7</sup> \$7,500,000	\$7,568,000,000 \$7,500,000	\$7,568,000,000 \$7,500,000	\$7,568,000,000 <sup>8</sup> \$7,500,000 -\$5,915,000
2003 Rescission <sup>12</sup>	\$8,282,753,000 <sup>11</sup>	\$7,936,000,000	\$7,936,000,000	\$7,936,000,000 -\$50,862,500
2004 Rescission <sup>14</sup>	\$8,530,000,000 <sup>13</sup>	\$8,361,800,000	\$8,530,000,000	\$8,361,800,000 -\$48,626,600
2005 Rescission <sup>17</sup>	\$8,878,000,000 <sup>15</sup>	\$8,798,100,000	\$8,622,818,000	\$8,801,896,000 <sup>16</sup> -\$69,394,400
2006 Rescission <sup>20</sup> Supplemental <sup>21</sup>	\$9,403,000,000 <sup>18</sup>	\$9,279,700,000	\$9,329,400,000	\$9,199,400,000 <sup>19</sup> -\$90,794,000 +\$38,000,000
2007	\$9,496,000,000 <sup>22</sup>			23
2008	\$9,596,953,000 <sup>24</sup>			

<sup>1</sup> Includes \$75,000,000 to be derived from a proposed increase in user fees paid by States for Federal administration of State supplementation SSI payments and an additional \$355,000,000 to remain available until September 30, 2000, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33. Also includes \$50,000,000 from the proposal to authorize an adjustment to the FY 1999 discretionary spending limits for amounts appropriated to conduct additional redeterminations of non-disability factors of eligibility under the SSI program, and \$19,000,000 from the proposal to impose a monetary assessment on representatives of Social Security and SSI claimants.

<sup>2</sup> As part of P.L. 106-51, \$7,981,000 was rescinded from the LAE account.

- <sup>3</sup> Includes \$99,000,000 for user fees: \$80,000,000 from fees paid by States for Federal administration of SSI State supplementation payments and \$19,000,000 from monetary assessments of attorneys representing Social Security claimants (proposed). Also includes an additional \$405,000,000 to remain available until September 30, 2001, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.
- <sup>4</sup> Includes \$80,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. The appropriation makes available, until September 30, 2001, an additional \$385,000,000 above the government-wide discretionary caps for continuing disability reviews authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33. The amount available also reflects the LAE account's share (-\$24,835,000) of the government-wide rescission enacted as part of P.L. 106-113.
- <sup>5</sup> A FY 2000 supplemental appropriation of \$35,000,000 was enacted to fund the one-time costs of repealing the retirement earnings test for workers at or above the normal retirement age.
- <sup>6</sup> Includes \$91,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes an additional \$450,000,000 to remain available until September 30, 2002, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.
- <sup>7</sup> Includes \$106,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes an additional \$433,000,000 to remain available until September 30, 2003, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.
- <sup>8</sup> Includes \$100,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes, as requested, an additional \$433,000,000 to remain available until September 30, 2003, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.
- <sup>9</sup> The President requested and the Congress provided \$7,500,000 in emergency response funding to SSA for infrastructure and security costs related to the events of September 11, 2001 (P.L. 107-117).
- <sup>10</sup> A total of \$5,915,000 was rescinded by P.L. 107-206. \$3,400,000 was applied to base expenses; \$2,515,000 was applied to cap adjustment funding for continuing disability reviews.
- <sup>11</sup> Amount reflects the Administration's proposal to charge the full cost of accruing retirement benefits and annuitant health benefits to agency accounts (+\$345,753,000), in addition to the current law request of \$7,937,000,000. Total includes \$112,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments.
- <sup>12</sup> A total of \$50,862,500 was rescinded by P.L. 108-7, Consolidated Appropriations Resolution, 2003.
- <sup>13</sup> Total includes \$120,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments.
- <sup>14</sup> A total of \$48,626,600 was rescinded by P.L. 108-199, Consolidated Appropriations Bill.
- <sup>15</sup> Total includes up to \$121,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments.
- <sup>16</sup> Total includes up to \$124,000,000 from user fees paid by States for Federal administration of SSI State Supplementation payments. Also includes up to \$3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>17</sup> A total of \$69,394,400 was rescinded by P.L. 108-447, Consolidated Appropriations Bill.

- <sup>18</sup> Includes a total of \$601,000,000 in earmarked funding for continuing disability reviews in FY 2006. Total consists of \$412,000,000 in base funding and \$189,000,000 in additional funds. Includes up to \$131,000,000 from user fees paid by States for Federal administration of SSI State Supplementation payments. Also includes up to \$3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>19</sup> Total includes up to \$119,000,000 from user fees paid by States for Federal administration of SSI State Supplementation payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>20</sup> A total of \$90,794,000 was rescinded by P.L. 109-148, Department of Defense Appropriations Act, 2006.
- <sup>21</sup> A transfer from Department of Homeland Security for Hurricane Katrina-related costs (P.L. 109-234).
- <sup>22</sup> Includes a total of \$490,000,000 in funding designated for continuing disability reviews in FY 2007. Total consists of \$289,000,000 in base funding and \$201,000,000 in additional funds. Includes up to \$119,000,000 from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- <sup>23</sup> A regular FY 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for FY 2007 in this budget reflect the levels provided by the continuing resolution.
- <sup>24</sup> Includes a total of \$477 million 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 million in base funding and \$213 million in additional funds. Includes up to \$135 million from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

## Limitation on Administrative Expenses

### Justification

#### **GENERAL STATEMENT**

#### **OVERVIEW OF SOCIAL SECURITY PROGRAMS AND RESPONSIBILITIES**

SSA is responsible for results-oriented management of the following programs, which provide financial support to older Americans, Americans with disabilities, and their dependents:

- ◆ Old-Age and Survivors Insurance (OASI);
- ◆ Disability Insurance (DI); and
- ◆ Supplemental Security Income (SSI).

To many Americans, SSA *is* the Federal Government. In FY 2008, SSA will provide nearly 55 million people with monthly cash benefits for an annual total of approximately \$645 billion. In addition to paying benefits, SSA's operational responsibilities include:

- ◆ Taking applications for and issuing Social Security numbers (SSNs);
- ◆ Processing and maintaining earnings records for most of the working population;
- ◆ Issuing Social Security Statements;
- ◆ Taking claims, evaluating evidence, and making determinations of eligibility for monthly benefits;
- ◆ Identifying low-income beneficiaries who might be eligible for a Medicare drug benefit subsidy, making low-income subsidy determinations, and withholding premiums;
- ◆ Calculating Medicare Part B premium adjustment amounts for high-income beneficiaries in accordance with the Medicare Modernization Act (MMA);
- ◆ Adjudicating appeals of disputed decisions;
- ◆ Processing millions of actions to keep beneficiary records current and accurate;
- ◆ Conducting program integrity activities to avoid improper payments to beneficiaries; and
- ◆ Managing the Ticket to Work program to help disability beneficiaries return to the workforce and achieve self-sufficiency.

SSA currently employs approximately 63,000 dedicated public servants in over 1,500 offices nationwide. Combined with over 14,000 State employees in the Disability Determination Services (DDS), they demonstrate their commitment to the American public daily by providing the best service possible. SSA's employees take pride in administering Agency programs, realizing that the work they do can affect the lives of all Americans.

#### **RECENT ACCOMPLISHMENTS**

SSA's success is measured by results. Here are some examples:

- ◆ Since 2001, SSA has improved productivity on average by 2.5 percent per year for a cumulative improvement of 13.1 percent. SSA commits to Agency-wide productivity improvements, and consistently achieves them.

- ◆ From FY 2001 to FY 2006, several of the Agency's key performance indicators have improved significantly. For example, SSA has reduced processing time for both initial disability claims (from 106 days to 88 days) and Appeals Council review of hearing decisions (from 447 days to 203 days). SSA has also processed more work. In FY 2006, SSA processed over 360,000 more initial disability claims and nearly 700,000 more retirement and survivors claims than in FY 2001.
- ◆ SSA began the implementation of its new Disability Service Improvement (DSI) process on August 1, 2006, starting with the six States in the Boston region. The changes SSA is making in the disability process will greatly improve the quality of service that Social Security provides to millions of disabled workers and their families. The new process uses 21st-century technology and creates accountability at every step. As experience is gained, DSI will gradually be extended to all other regions of the country. The regulations establishing DSI were published on March 31, 2006, following extensive discussions with hundreds of interested organizations, groups, and individuals, including Members of Congress and congressional staff.
- ◆ DSI uses as its foundation the electronic disability initiative known as eDib. The electronic claims folder is now the official Agency record in all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. In addition, DSI is employing new electronic decisional tools that will strengthen the ability of adjudicators at all levels of the process in making and documenting correct decisions.
- ◆ In 2006, SSA continued efforts to ensure that all those eligible know about the extra help available through the prescription drug program (Medicare Part D) and have the opportunity to apply. As of December 29, 2006, almost 6 million people have applied for the extra help. SSA has processed 98.3 percent of low-income subsidy applications received. In the first quarter of FY 2007, SSA determined which current Medicare beneficiaries, based on modified adjusted gross income, would pay a higher percentage of the Medicare Part B premium and SSA issued notices to affected individuals.
- ◆ SSA processed more than 265 million earnings items in FY 2006. To minimize inaccurate reporting of wages by employers, SSA provides employers information and services to help them correctly report names and SSNs. SSA's free, automated verification programs for employers include the Social Security Number Verification System (SSNVS) and the Employer Verification Service. In FY 2006, SSA participated in 84 million employee verifications.
- ◆ The September 19, 2006 Federal American Customer Satisfaction Index (ACSI) scorecard shows the Internet Social Security Benefits Application and the Application for Help with Medicare Prescription Drug Costs topped all Federal websites, each with a score of 87. SSA's Business Services Online placed third in the e-Commerce category at 82, while the SSA Retirement Planner took fifth. All told, SSA's online applications took four of the top five spots in the E-Commerce category. SSA's average ACSI score (79.7 for six surveys) was second highest among all Federal agencies. The overall Federal average is 73.7.

## **PRESIDENT'S BUDGET FOR SSA**

The President's budget includes \$9.597 billion for the Agency's Limitation on Administrative Expenses (LAE), less than 2 percent of SSA's total estimated outlays. This statement outlines

the Agency's goals and key performance commitments, including an annual productivity improvement of at least 2 percent on average.

SSA is at the front-line of Government and, as such, provides direct service to beneficiaries, claimants, and the general public. This budget allows SSA to generally maintain service, increase our program integrity efforts, and continue to meet Medicare prescription drug program responsibilities. However, there will be some growth in certain pending workloads in 2008. SSA will also continue to improve the way it does business with investments in technology, such as eDib.

One of SSA's important responsibilities is fiscal stewardship. Two of the Agency's most important initiatives in this regard are continuing disability reviews (CDRs) and SSI non-disability redeterminations. CDRs are periodic reevaluations of medical eligibility factors for DI and SSI recipients; SSI redeterminations are periodic reviews of non-medical factors of SSI eligibility. Both ensure proper benefit payments and are examples of how the Agency fulfills its stewardship responsibility. The FY 2008 President's budget proposes a discretionary cap adjustment to fund additional CDRs and SSI redeterminations. CDRs save \$10 in lifetime program benefits for every \$1 spent administering them; redeterminations save \$7 for every \$1 spent. An increase in spending on CDRs and redeterminations in FY 2008 would result in greater program savings, reducing the overall deficit.

SSA has achieved four green status scores on the five President's Management Agenda (PMA) initiatives, and will strive to attain five out of five, as outlined in the Agency's Annual Performance Plan (APP). Additionally, SSA is working hard to fully implement the efficiency, performance, and management challenges addressed by the Program Assessment Rating Tool (PART) recommendations. For the FY 2008 budget, the OASI program was assessed and received a rating of moderately effective.

SSA's budget is driven primarily by the size of its programs and their corresponding workloads, and the Agency's commitment to increase efficiency, strengthen program integrity, and improve service to the American people. The President's FY 2008 request of \$9.597 billion is crucial for processing an increasing amount of work driven by a rise in the number of claimants and beneficiaries. SSA is proud of its public service reputation for achieving outstanding results with limited resources, making the Agency a valuable investment.

## **WHAT SSA WILL DELIVER WITH THIS BUDGET**

Social Security faces great service and stewardship challenges. With adequate resources, SSA can, and will, meet these challenges. Repeatedly, SSA has responded effectively to the needs of the American people in a timely and compassionate manner. The Agency consistently increases its productivity by focusing its resources on process and technology improvements within the areas of the budget where additional resources will generate the greatest results. SSA's administrative budget, at less than 2 percent of SSA's total outlays, is a sound investment that demonstrates a cost-conscious approach to managing resources. By balancing service and fiscal responsibility, SSA will continue to meet its goals for the American people.

The following pages display the key performance targets linked to this budget, and describe SSA's strategies for delivering results for each of its four strategic goals: service, stewardship, solvency, and staff.

## KEY PERFORMANCE TARGETS

	FY 2007	FY 2008
Limitation on Administrative Expenses Budgetary Authority (\$ in millions)	\$9,176 <sup>1</sup>	\$9,597
<b>Selected Outcome Measures</b>		
Initial Disability Claims Pending (thousands)	577	627
SSA Hearings Pending (thousands)	752	768
Average Processing Time for Initial Disability Claims (days)	88	90
Average Processing Time for Hearing Decisions (days)	524	541
Disability Decisions, Per Worker Per Year	252	267
SSA Hearing Decisions, Per Worker Per Year	106	108
Disability Determination Services Accuracy Rate	97%	97%
<b>Selected Workload Measures</b>		
800-Number Transactions Handled (millions)	61	63
Retirement and Survivors Claims Processed (thousands)	3,837	4,057
Initial Disability Claims Processed (thousands)	2,530	2,462
SSA Hearings Processed (thousands)	541	548
Periodic CDRs Processed (thousands)	729	1,118
Periodic Medical CDRs (included above, thousands)	198	398
SSI Non-Disability Redeterminations Processed (thousands)	1,026	1,526
Social Security Statements Issued (millions)	147	148
Annual Earnings Items Processed (millions)	265	268
Social Security Numbers Issued (millions)	18	18

<sup>1</sup> This FY 2007 estimate reflects the current rate. The FY 2007 President's Budget request was \$9,496,000,000.

## SERVICE

*Strategic Goal:* To deliver high-quality, citizen-centered service.

The Agency is continuing to make major structural and qualitative changes to the disability adjudication system to enable it to provide the high quality of service that claimants and the public expect and deserve. For the first time in 50 years, the Agency made significant changes to the disability determination process—changes that enhance the Agency's ability to make accurate, consistent, fair and timely decisions. The final regulation creating the DSI process was published on March 31, 2006 and became effective on August 1, 2006. SSA is phasing in the DSI process on a region-by-region basis beginning with the Boston Region. The new process will pay benefits quickly to people who are clearly disabled and make the right decision as early in the process as possible for all claimants.

Technology is the foundation for the Agency's current and future ability to provide quality service in the face of dramatic workload growth and SSA's employee retirement wave. Described below are several initiatives which will help improve service and provide efficiencies. Many of these initiatives are dependent on the resources included in SSA's Information Technology (IT) budget, which is fully integrated with SSA's service delivery and performance plans.

- To meet increasing service needs, SSA has aggressively pursued a portfolio of electronic services for the public to conduct Agency business online, in a private and secure environment. The Internet Social Security Benefit Application allows the public to apply for Social Security benefits online. In addition, beneficiaries can use the SSA website or the national 800-number to obtain a host of services, such as changing their address, starting or changing direct deposit, ordering a replacement Medicare card, or requesting a Proof of Income letter.
- SSA continuously strives to make its services more accessible to people nationwide. In three western States—North Dakota, Wyoming, and South Dakota—SSA uses video technology to take claims and provide other services. This service is in addition to the video hearings offered by the Office of Disability Adjudication and Review. SSA has entered into a joint venture with the University of North Dakota, the General Services Administration (GSA), local government, and tribal leaders to establish video networks. Many people live in remote areas of the United States and have restricted access to SSA field offices. The video sites offer many of the services provided in a field office. SSA plans to expand the video network to provide additional sites and services. Locations in Montana are being considered, as well as the establishment of links between claimants and State DDS. The number of claims taken has increased significantly in areas offering video conferencing. Through video technology, SSA is better serving the public.
- SSA made improvements in the electronic service delivery provided to employers and the business community, resulting in efficiencies in SSA's operations. Examples of SSA's services for businesses include electronic wage reporting, which simplifies the process for businesses by allowing them to submit employee wage reports online, and SSNVS, which employers use to verify large numbers of employees' names and SSNs. SSA also provides services for the Department of Homeland Security's (DHS) Basic Pilot, which employers can also use to verify employee names, SSNs, and work eligibility.



- SSA's Medicare workloads have a significant impact on the Agency's budget and performance. For decades, SSA has taken applications for Medicare benefits and replacement Medicare cards and has withheld Medicare premiums from beneficiaries' Social Security checks. However, MMA significantly increased SSA's Medicare-related responsibilities. SSA's FY 2008 budget includes the resources required for Part B income-related premium adjustment amount determinations, as well as for ongoing work related to the Medicare prescription drug program, including new determinations of eligibility for extra help, processing subsidy changing events for existing beneficiaries, conducting redeterminations of eligibility, and performing premium withholding.

Beginning in FY 2007, SSA has a new workload resulting from the MMA requirement that individuals with modified adjusted gross incomes above \$80,000 (\$160,000 for a couple) pay a higher percentage of the Medicare Part B premium. Prior to the start of each calendar year, SSA will make annual income-related premium adjustment amount determinations for all Medicare beneficiaries on the rolls that will be effective the entire year. SSA now also makes new income-related premium determinations after individuals either state they would like to enroll in Part B (new filers) or become entitled to Medicare.

SSA's Return to Work initiatives contribute to the President's New Freedom Initiative, which offers new opportunities for people with disabilities who want to become more self-sufficient through employment. Through implementation of the Ticket to Work program, SSA is working to increase the percentage of DI and SSI beneficiaries who are employed, saving money for taxpayers and returning beneficiaries to the dignity and independence of work. Through the end of 2006, more than 147,000 beneficiaries assigned their Tickets to the employment network (EN) or vocational rehabilitation (VR) agency of their choice. During 2005, 37,000 DI and SSI beneficiaries worked as a result of Ticket to Work services provided by ENs or VR agencies. This total represents a 66 percent increase over the number of Ticket holders who worked during 2004. SSA is making payments to ENs for over 2,400 beneficiaries who have achieved sustained employment and/or substantial earnings.

SSA also handles substantial core workloads that cannot be overlooked, for they are the largest use of administrative resources. In addition to the responsibilities listed above, in FY 2008 SSA will:

- ◆ Pay benefits to nearly 55 million people every month;
- ◆ Evaluate evidence and make determinations of eligibility for benefits for more than 6.8 million new claims;
- ◆ Make decisions on over 545,000 hearings;
- ◆ Issue 18 million new and replacement Social Security cards;
- ◆ Process 268 million earnings items for crediting to workers' earnings records;
- ◆ Handle approximately 63 million transactions on SSA's 800-number;
- ◆ Issue 148 million Social Security Statements;
- ◆ Process 1.1 million periodic continuing disability reviews;
- ◆ Process over 1.5 million non-disability SSI redeterminations; and
- ◆ Process almost 269,000 Medicare Part D subsidy applications.

## **STEWARDSHIP**

*Strategic Goal:* To protect the integrity of Social Security programs through superior stewardship.

As part of its effort to pursue cost-saving initiatives, the FY 2008 budget includes resources for SSA to continue performing CDRs and SSI redeterminations and a special funding mechanism to increase the resources available for these important workloads. The purpose of these program integrity efforts is to prevent and detect improper payments; to support Government-wide efforts to improve financial performance and to implement the recommendations resulting from the PART findings; and to address concerns of the Congress, the Government Accountability Office, and the Office of the Inspector General (OIG) about payment accuracy.

SSA places a high priority on its efforts to reduce overpayments and collect unpaid debt. SSA consistently strives to achieve high levels of payment accuracy to minimize the amount of program dollars paid incorrectly. Often improper payments can be traced to the complex nature of the programs and their requirements. For example, SSI overpayment errors can result from unreported wages and unreported bank accounts with substantial assets. In addition, SSA's highly successful debt management program currently makes use of many of the tools available under existing law, such as administrative wage garnishment. The Agency plans to implement additional initiatives in the future.

SSA works continuously to strengthen the process for assigning SSNs and issuing Social Security cards. SSA is committed to combating SSN misuse and identity theft. Over the years, SSA has taken many steps to strengthen the integrity of the SSN process. Some of these initiatives include the removal of SSNs from Agency notices and introducing a mandatory front-end system for processing all enumeration actions. In addition, in 2004, the President signed the Intelligence Reform and Terrorism Prevention Act into law, requiring SSA to further improve its document verification processes, SSN and Social Security card security, and SSN verification services. As a result, SSA added death indicators to the SSN verification services used by employers and State agencies issuing drivers' licenses and identity cards, limited the number of replacement SSN cards an individual can receive, and improved SSA's electronic systems for processing SSN applications through the enumeration at birth process. In addition, SSA is currently on target for adding the fraud indicators as required by the legislation.

In 2006, SSA opened its third Social Security Card Center in Queens, New York, joining existing Card Centers in Brooklyn, New York and Las Vegas, Nevada. The Card Centers are centralized processing sites for all SSN applications for area residents. The purpose of the Centers is to improve service as well as the integrity and quality of the enumeration process, ensuring that only those individuals entitled to SSNs receive them, and that they receive them in a timely fashion. SSA is evaluating further expansion in other rapidly growing metropolitan areas. These Centers represent a joint effort of SSA, SSA's OIG, and DHS.

## **SOLVENCY**

*Strategic Goal:* To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations.

The Administration is committed to strengthening the Social Security system and has put forward three goals for any reforms: strengthen the safety net for future generations, protect those who depend on Social Security, and offer workers a chance to experience the opportunity of ownership through voluntary personal retirement accounts. The President has proposed

reforms to address the system's long-term insolvency while making Social Security a better deal for today's young workers.

The FY 2008 budget includes resources for SSA's most extensive public education effort—the annual mailing of individual Social Security Statements to 145 million American workers. The Statement, in addition to providing a worker's earnings record and estimates of possible future benefits, explains the basic financing challenges the program faces in the future.

Social Security's website contains a wealth of information about the current program and its future, including a Social Security publication entitled, "The Future of Social Security," which addresses solvency. Further, SSA has a network of Public Affairs Specialists who are available to speak on this and other issues at community gatherings throughout the nation.

## **STAFF**

*Strategic Goal:* To strategically manage and align staff to support the mission of the Agency.

SSA's devoted and hardworking employees are at the heart of its success, and the Agency benefits enormously from their experience, their knowledge, and their dedication to serving the American public. As employee retirements accelerate due to the aging of the workforce, SSA will do the best it can, within available resources, to recruit new employees in order to avoid a significant drain of the Agency's institutional knowledge. While SSA will maximize the use of technology wherever possible, a talented and skilled workforce is vital for the future.

SSA is a recognized Government leader in the area of managing their human capital. The Agency received a 2005 President's Quality Award in recognition of Agency-wide performance in the Strategic Management of Human Capital. This included the human capital strategies that allowed the Agency to manage the significant new human resources challenges the Agency faced in implementing MMA. In 2006, SSA received the Leading Edge Award from the International Personnel Management Association for Human Resources – Federal Section. The award was presented in recognition of SSA's effective alignment of its human capital strategies with the mission and goals of the Agency. SSA achieved a PMA status score of green for Strategic Management of Human Capital in FY 2004 and has maintained this status.

SSA's "Retirement Wave" analysis, updated in 2006, states that 23 percent of SSA employees are eligible for regular retirement. However, through the results achieved under its Human Capital Plan and Future Workforce Transition Plan, the Agency has shown that it is prepared for the challenge of recruiting, developing, and retaining a high-performing workforce. SSA will continue to use and expand personnel hiring flexibilities in strategic areas. SSA's long-term efforts support a focus on recruiting front-line and systems employees, and the training required to reflect the emphasis on direct service and integrated electronic government service.

## **PRESIDENT'S MANAGEMENT AGENDA**

SSA's budget supports the PMA by emphasizing the President's Government-wide management reforms, as well as his program management reforms. In addition, SSA has achieved green—the highest rating possible—for overall status in four of the five government-wide PMA initiatives. SSA is proud of these scores and committed to doing even better.

### Government-Wide Initiatives:

Strategic Management of Human Capital—SSA continues to successfully meet the challenge of hiring, developing, and retaining a highly skilled, high-performing, and diverse workforce. Social Security is committed to continuously improving its training and development programs so that employees at all levels have the skills they need to deliver quality service in an increasingly technological environment. SSA is identifying competencies for additional mission-critical positions in order to assess and close potential gaps. In FY 2007, SSA implemented a new multi-tiered performance management system for bargaining unit employees to promote accountability, to provide enhanced communication between employees and supervisors, and to better encourage and reward high performance. SSA continues to conduct accountability reviews with the Office of Personnel Management (OPM) that show a high level of Human Capital efficiency and effectiveness. SSA also provides an annual Human Capital report to OPM.

Competitive Sourcing—SSA continues to identify and analyze commercial functions for potential competition with the private sector. The Agency's efforts in competitive sourcing since FY 2003 have resulted in the completion of 20 studies involving over 205 Government positions, including mailroom operations, nursing services, and information technology positions. In addition, post-competition accountability reports consistently indicate the service providers are meeting or exceeding performance requirements.

Improved Financial Performance—The Agency continues to make progress in improving the quality, consistency, and access to information used by managers and analysts to manage work and to account for resources. For the 13<sup>th</sup> consecutive year, Social Security received an unqualified opinion from independent auditors on its consolidated financial statements. SSA has a well established Agency-wide management control and financial management systems review program as required by the Federal Managers' Financial Integrity Act (FMFIA). SSA has no FMFIA material weaknesses.

At the end of FY 2006, SSA implemented the new Social Security Online Accounting and Reporting System Financial Information System (SSOARS FIS). This system permits financial users direct access to the SSOARS production spending data via a web portal. It provides more timely and accurate information to budget offices and managers throughout SSA, and provides users with the ability to publish reports and download data to spreadsheets so that they can manage their allocations against their actual spending. Managers at the national, regional and area levels are able to drill down to get more detailed spending data on offices within their jurisdiction.

Expanded Electronic Government—Social Security is aggressively expanding electronic government with a comprehensive, focused, and results-oriented strategy. The Agency continues to increase the usage of electronic services. These transactions include applying for retirement and disability benefits, changing direct deposit or address information, requesting replacement Medicare cards and requesting proof of income letters. SSA's goal for FY 2008 is 3 million transactions. Usage of automated voice recognition applications on the National 800-Number Network continues to significantly affect usage in FY 2007. Voice recognition applications, including requests for a Medicare Replacement Card, Proof of Income Letter, Change of Address, and Change Direct Deposit, had a combined total of over 92,000 transactions, or 51 percent of SSA's electronic transactions through October 2006. As of October 2006, SSA has achieved 6 percent of its goal for a year-to-date total of 181,700 electronic transactions.

Budget and Performance Integration—SSA continues to emphasize the relationship between resources and results. SSA's budget plan provides a meaningful context for making decisions on needed improvements in service delivery, fiscal stewardship, and the requisite staffing to accomplish both. The plan aligns costs and workyears with overarching performance goals in the Agency Strategic Plan to demonstrate the resources required to maintain service and improve productivity. The Agency's ability to adjust resources based on the most current experience enables SSA to maximize its productivity and has resulted in an Agency-wide productivity increase of 13.1 percent since 2001, an annual average of 2.5 percent. Social Security also continues to improve its core budget formulation system by building on current financial performance and management information systems. As a result, the Agency can quickly determine the impact that budgetary changes would have on its level of service.

Program-Specific Initiative:

Eliminating Improper Payments—SSA is responsible for benefit payments that exceed \$600 billion annually, and proper stewardship of these funds continues to be one of the Agency's primary goals. The Agency has core, ongoing stewardship efforts that are critical to overall success in the elimination of improper payments. SSI redeterminations are one of the most effective of these ongoing efforts for detecting and preventing overpayments. SSA has implemented the cross-program recovery provision of the Social Security Protection Act of 2004. SSA has also released Phase 1 of the Non-Entitled Debtor System (NED). NED is a system used to develop, record, control and resolve overpayments and other debts of individuals who are not entitled to Social Security benefits under any program and, therefore, do not have master records to match against. SSA is currently developing Phase 2 of NED. In addition, SSA had completed several wage reporting pilots as a basis for developing additional strategies aimed toward reducing improper payments.

## **PROGRAM ASSESSMENT RATING TOOL**

SSA's budget and plans also reflect the assessments performed with OMB's PART, a diagnostic tool used to examine different aspects of program performance to identify the strengths and weaknesses of a given Federal program. SSA has performed well on its PART evaluations, achieving "moderately effective"—the second highest score—for the OASI, DI and SSI programs. PART underscores the importance of establishing and measuring tracked goals, and SSA has had success in strengthening its programs by linking the allocation of resources to performance metrics. SSA recognizes that there is work to do to improve the management of its programs and has addressed the PART recommendations in its strategic plans and budget.

Program improvement is the objective of PART, which has enabled SSA to pinpoint weaknesses in its programs and guided the Agency toward solutions. SSA has undertaken many initiatives to address PART recommendations. DI and SSI applicants, recipients, and their families will benefit from service improvements arising from the new disability determination process and increased productivity that will result from initiatives like eDib. Further, SSA is expanding employment opportunities for disabled beneficiaries through the Ticket to Work and Area Work Incentive Coordinators efforts. To improve the OASI program in FY 2008, SSA will continue its education initiatives, develop a plan to increase use of automated service channels, and develop new automated techniques to detect and correct errors in name/Social Security Number matching. Finally, SSA has many strategies and workloads such as continuing eligibility reviews that benefit programs Agency-wide by reducing improper payments.

**ANNUAL PERFORMANCE PLAN**

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

## Limitation on Administrative Expenses

### Additional Budget Detail

#### **Size and Scope of SSA's Programs**

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

The following tables show estimated benefit outlays and beneficiaries, under current law, for the major programs SSA administers.

#### **Federal Benefit Outlays**

(Dollars in Billions)

Programs	FY 2006	FY 2007	FY 2008
Old-Age and Survivors Insurance	\$454.3	\$478.7	\$499.5
Disability Insurance	\$90.7	\$98.5	\$103.3
Supplemental Security Income	\$37.4	\$36.8	\$41.7
<b>Total</b>	<b>\$582.4</b>	<b>\$614.0</b>	<b>\$644.5</b>

#### **Beneficiaries**

(Average Beneficiaries in Payment Status in Millions)

Programs	FY 2006	FY 2007	FY 2008
Old-Age and Survivors Insurance	40.3	40.7	41.3
Disability Insurance	8.4	8.7	9.1
Supplemental Security Income <sup>1</sup>	6.9	7.0	7.2
<b>Total <sup>2</sup></b>	<b>55.6</b>	<b>56.4</b>	<b>57.6</b>

At less than 2 percent of total outlays, SSA's administrative expenses continue to be a very small portion of overall program spending, demonstrating the Agency's cost-conscious approach to managing its resources.

<sup>1</sup> Does not include those beneficiaries only receiving State supplementation benefits.

<sup>2</sup> Each year, approximately 2.6 million SSI beneficiaries receive benefits concurrently from OASDI. Therefore, that number, which is reflected in the SSI total, is also reflected in the OASDI totals.

### **Full-Time Equivalents and Workyears**

The following table summarizes the total Federal and State workyears that the President's FY 2008 LAE and OIG budgets for SSA will support.

	<b>FY 2007</b>	<b>FY 2008</b>
SSA Full-Time Equivalents (FTEs)	59,890	59,808
Overtime/Lump Sum Leave	1,307	1,321
<b>Total SSA Workyears (including OIG)</b>	<b>61,197</b>	<b>61,129</b>
Total DDS Workyears	13,626	13,467
<b>TOTAL SSA/DDS WORKYEARS</b>	<b>74,823</b>	<b>74,596</b>

### **Social Security Advisory Board**

This budget includes \$2 million for the Social Security Advisory Board in FY 2008. The *Social Security Independence and Program Improvements Act of 1994* mandated the creation of a 7-member Advisory Board to make recommendations on policies and regulations relating to SSA's major programs: OASDI and SSI. The Board is required by law to meet at least four times per year.



**SSA e-Gov Contributions**  
(Dollars in thousands)

Initiative	FY 2007	FY 2008
Business Gateway	\$ 249	\$ 120
Grants.gov	\$ 75	\$ 77
E-Authentication	\$ -	\$ 65
E-Rulemaking	\$ 155	\$ 135
Integrated Acq. Environ.	\$ 41	\$ 44
Financial Management LoB	\$ 83	\$ 44
Geospatial LoB	\$ 15	\$ 15
Human Resources LoB	\$ 130	\$ 130
Infrastructure LoB	\$ 80	\$ 80
Grants Management LoB	\$ 30	\$ 28

The Social Security Administration continues to actively support the President's E-Government Initiatives, which are funded in Account Code 016-00-8704-1. These initiatives serve citizens, businesses, and Federal employees by delivering high-quality services more efficiently and providing services that might not otherwise be available. The *Capital Asset Plan and Business Case Summary* (Exhibit 300s) for each initiative are located at [www.socialsecurity.gov/exhibit300/](http://www.socialsecurity.gov/exhibit300/). Benefits include the following:

**Business Gateway** provides businesses with easier and quicker access to SSA forms via the Business Gateway online Forms Catalog.

**Grants.gov** provides a single location to publish all grant (funding) opportunities and application packages, and provides a single site for the grants community to apply for all grants using common forms, processes and systems.

**E-Authentication** will enable the growth of E-Government as citizens, businesses, and other governments easily reuse credentials (e.g. pins/passwords and PKI certificates) across multiple government services. SSA's participation in the e-Authentication initiative offers the promise of utilizing common, convenient and secure credentials issued by trusted third party Federation credential providers (both government and commercial).

**E-Rulemaking** provides a central location for the public to review and comment on SSA regulatory actions while reducing administration data storage costs and improves collaboration across government on regulatory matters.

**Integrated Acquisition Environment (IAE)** replaces manual processes by providing tools and services that allow the agency to make informed and efficient purchasing decisions. The Agency uses IAE to record vendor and contract information, to post procurement opportunities and to access vendor performance information from other agencies.

**Financial Management Line of Business** is standardizing and consolidating the government's financial systems as well as the financial business processes agencies use to collect and report financial information.

**Geospatial Line of Business** could provide broader and more immediate access to geospatial information that would allow SSA to improve mission delivery and increase service to citizens.

**Human Resources (HR) Management Line of Business** provides the Agency and employees with “best-in-class” HR services without the cost of developing and maintaining an agency-developed HR system.

**IT Infrastructure Line of Business** will provide the capability for SSA to benchmark the performance of its IT infrastructure against that of other agencies and private sector organizations, enhancing SSA’s ability to discover new approaches to improving performance.

**Grants Management Line of Business** will result in a centralized location to download all grant applications, make awards, and track awards to closeout, as well as decrease Agency reliance on manual and paper-based processing.

**Other SSA Expenses/Service Fees  
Related to e-Gov Projects**  
(Dollars in thousands)

Initiative	FY 2007	FY 2008
GovBenefits.gov	\$ 315	\$ 314
E-Travel	\$ 994	\$ 898
E-Payroll	\$ 13,800	\$ 14,200
Recruitment One-Stop	\$ 327	\$ 383
E-Vital	\$ *	\$ -

\* Pending FY 2007 appropriations action.

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. For example, SSA obtains annual employee payroll services from the Department of Interior’s National Business Center at an estimated cost of approximately \$14 million.

**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.

**E-Travel** is intended to provide a government-wide standard set of world-class travel management services to consolidate Federal travel, minimize cost, and improve customer satisfaction. The E-Travel Service is based on commercially hosted solutions to minimize technology costs to the government and guarantee current and advanced functionality for agencies who implement this service. SSA is presently evaluating the best approach and timing to implement E-Travel, consistent with the Federal Travel Regulation (41 CFR 300-304).

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

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

**E-Vital** provides quicker receipt of the fact of death with a verified social security number, leading to substantial efficiencies for SSA.

## Social Security Administration

Detail of Full-Time Equivalent Employment

	<b>FY 2006 Actual</b>	<b>FY 2007 Current Estimate</b>	<b>FY 2008 Estimate</b>
<b><u>Account</u></b>			
Limitation on Administrative Expenses (LAE)	62,819	58,985	58,900
Reimbursable Work	<u>312</u>	<u>300</u>	<u>300</u>
SSA Proper	63,131	59,285	59,200
Office of the Inspector General	<u>608</u>	<u>605</u>	<u>608</u>
All Programs	63,739	59,890	59,808

Average Grade and Salary

	<b>FY 2006 Actual</b>	<b>FY 2007 Estimate</b>	<b>FY 2008 Estimate</b>	<b>Increase or Decrease</b>
Average ES Salary	\$151,200	\$154,500	\$157,600	+\$3,100
Average GS Grade	10	10	10	---
Average GS Salary	\$61,500	\$63,200	\$65,100	+\$1,900