

CONTENTS

**APPROPRIATION LANGUAGE..... 48**

    Language Analysis..... 49

**GENERAL STATEMENT ..... 50**

    Program Overview ..... 50

    FY 2009 President’s Budget Request ..... 52

    Key Initiatives ..... 53

    Proposed Law..... 56

    Program Assessment Rating Tool..... 57

**BUDGETARY RESOURCES ..... 58**

    Analysis of Changes..... 60

    New Budget Authority and Obligations by Activity..... 62

    New Budget Authority and Obligations by Object..... 63

**BACKGROUND..... 64**

    Authorizing Legislation ..... 64

    Appropriation History ..... 65

**FEDERAL BENEFIT PAYMENTS ..... 66**

    Purpose and Method of Operation ..... 66

    Rationale for Budget Request ..... 66

    SSI Recipient Population ..... 67

    Benefit Payments ..... 69

**ADMINISTRATIVE EXPENSES..... 71**

    Purpose and Method of Operation ..... 71

    Rationale for Budget Request ..... 72

**BENEFICIARY SERVICES ..... 73**

    Purpose and Method of Operation ..... 73

    Rationale for Budget Request ..... 74

**RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH ..... 75**

    Purpose and Method of Operation ..... 75

    Rationale for Budget Request ..... 76

    Major reseach and Outreach Projects..... 77

    Related Funding Sources ..... 83

**TABLES**

Table 2.1—Appropriation Language Analysis .....	49
Table 2.2—Summary of Appropriations and Obligations .....	50
Table 2.3—Appropriation Detail .....	52
Table 2.4—Amounts Available for Obligation .....	58
Table 2.5—Summary of Changes .....	61
Table 2.6—New Budget Authority and Obligations by Activity (in thousands) .....	62
Table 2.7—New Budget Authority and Obligations by Object (in thousands) .....	63
Table 2.8—Authorizing Legislation .....	64
Table 2.9—Appropriation History .....	65
Table 2.10—Federal Benefit Payments: New Budget Authority and Obligations (in thousands) .....	66
Table 2.11—SSI Recipients, Actual (average over fiscal year, in thousands) .....	67
Table 2.12—SSI Recipients, Projected (average over fiscal year, in thousands) .....	67
Table 2.13—Blind or Disabled Recipients as a Percentage of Total (average over fiscal year, in thousands) .....	68
Table 2.14—Maximum Benefit Rates .....	69
Table 2.15—Average Monthly Benefit Payments .....	69
Table 2.16—Check Payments by Fiscal Year .....	70
Table 2.17—Administrative Expenses: New Budget Authority and Obligations (in thousands) .....	71
Table 2.18—Beneficiary Services: New Budget Authority and Obligations (in thousands) .....	73
Table 2.19—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands) .....	75
Table 2.20—Major Research Areas and Outreach: Obligations and New Budget Authority (in millions) .....	76
Table 2.21—Medicare Outreach: New Budget Authority and Obligations (in millions) .....	82
Table 2.22—Homeless Outreach: New Budget Authority and Obligations (in millions) .....	83

## 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, [\$27,000,191,000]\$30,414,000,000, to remain available until expended: *Provided*, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury.

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

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year [2009, \$14,800,000,000]2010, \$15,400,000,000, to remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008.*)

## LANGUAGE ANALYSIS

---

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

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2009 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 2010 to ensure the timely payment of benefits in case of a delay in the FY 2010 appropriations bill.

**Table 2.1—Appropriation Language Analysis**

Language provision	Explanation
<p>“For carrying out titles XI and XVI of the Social Security Act... including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$30,414,000,000, to remain available until expended.”</p>	<p>Appropriates funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects under the SSI program. SSA may carryover unobligated balances for use in future fiscal years.</p>
<p>"<i>Provided</i>, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury."</p>	<p>Ensures that States do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.</p>
<p>"For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary."</p>	<p>Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.</p>
<p>"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2010, \$15,400,000,000, to remain available until expended."</p>	<p>Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that recipients will continue to receive benefits during the first quarter of FY 2010 in the event of a temporary funding hiatus.</p>

## GENERAL STATEMENT

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

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

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

	FY 2008 (Enacted)	FY 2009 (Estimate)	<i>Change</i>
Appropriation	\$ 43,756,170,423	<b>\$ 45,214,000,000</b>	+ \$ 1,457,829,577
Obligations	(\$ 44,402,115,000)	<b>(\$ 46,487,554,000)</b>	+ \$ 2,085,439,000
First Quarter Advance for Subsequent Fiscal Year	\$ 14,800,000,000	<b>\$15,400,000,000</b>	+\$ 600,000,000

## PROGRAM OVERVIEW

### Eligibility Standards

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

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

### Incentives for Work and Opportunities for Rehabilitation

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

## **Supplemental Security Income Program**

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

### **State Supplementation**

Supplementation is mandatory for certain recipients who were on State rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, States are encouraged to supplement the Federal benefit and may elect to have their State supplementation program administered by SSA. States that choose to have SSA administer their program reimburse SSA in advance and SSA makes the payment on behalf of the State. Participating States also reimburse SSA for the cost of administering their program, based on a user fee schedule established by the Social Security Act. The user fee is \$9.85 per SSI check payment in FY 2008 and is expected to increase to \$10.12 in FY 2009. The Department of Treasury receives the first \$5.00 of each fee and SSA retains the amount over \$5.00.

### **Coordination with Other Programs**

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

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

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

### **Benefit Payments**

SSA estimates it will pay \$43.2 billion in Federal benefits to an estimated 7.3 million SSI recipients in FY 2009. Including State Supplementary payments, SSA expects to pay a total of \$47.9 billion and administer payments to a total of 7.6 million recipients.

Federal benefit payments represent over 93 percent of Federal SSI spending. Administrative expenses represent approximately 6.7 percent of spending; beneficiary services and research and demonstration projects make up the remainder.

## FY 2009 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 2009 is \$45,214,000,000. However, this includes \$14,800,000,000 made available for the first quarter of FY 2009 in the FY 2008 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2009, \$30,414,000,000—the total amount requested for FY 2009 less the advance already received.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$15,400,000,000 for Federal benefit payments in the first quarter of FY 2010. This advance is to ensure recipients continue to receive their benefits at the beginning of the subsequent fiscal year in case there is a delay in passing that year's appropriation.

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

	FY 2008 (Enacted)	FY 2009 (Estimate)	Change
Federal Benefit Payments	\$ 40,675,000,000	\$ 42,027,000,000	+ \$ 1,352,000,000
<i>Advanced from Previous Year</i>	<i>16,810,000,000</i>	<i>14,800,000,000</i>	
<i>Regular</i>	<i>23,865,000,000</i>	<i>27,227,000,000</i>	
Administrative Expenses <sup>2</sup>	\$ 3,018,519,823	\$ 3,149,000,000	+ \$ 130,480,177
Beneficiary Services <sup>3</sup>	\$ 36,000,000	\$ 3,000,000	- \$ 33,000,000
Research and Demonstration <sup>2</sup>	\$ 26,650,600	\$ 35,000,000	+ \$ 8,349,400
<b>Total Appropriation <sup>2</sup></b>	<b>\$ 43,756,170,423</b>	<b>\$ 45,214,000,000</b>	<b>+ \$1,457,829,577</b>
<i>Advanced from Previous Year</i>	<i>16,810,000,000</i>	<i>14,800,000,000</i>	
<b>Regular</b>	<b>26,946,170,423</b>	<b>30,414,000,000</b>	
<b>Advance for Subsequent Year</b>	<b>\$ 14,800,000,000</b>	<b>\$ 15,400,000,000</b>	<b>+ \$ 600,000,000</b>

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

<sup>2</sup> The FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects, pursuant to P.L. 110-161.

<sup>3</sup> FY 2009 President's Budget request is lower than FY 2008 enacted level due to revised Ticket to Work obligation projections. SSA will also use carryover of prior year unobligated balances in both years.

## KEY INITIATIVES

---

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

### **Payment Accuracy**

For more than 70 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2006, 92.1 percent of SSI benefit payments were free of overpayment errors and 97.8 percent were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to a recipient's income, resources, or living arrangement.

Maintaining and improving payment accuracy remains a challenge. As of FY 2005, SSA is participating in the Eliminating Improper Payments program initiative of the President's Management Agenda (PMA). SSA considers it a matter of great importance to continue to improve administration of the SSI program. SSA has taken steps to prevent overpayments before they occur and is addressing the two largest (in dollar amounts) causes of overpayments: unreported wages and unreported bank accounts.

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

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

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

The FY 2009 President's budget request includes \$372 million specifically for conducting SSI CDRs and redeterminations which would allow SSA to conduct approximately 213,000 SSI CDRs and 1,486,000 redeterminations. This funding is estimated to result in more than \$3.3 billion in savings to the SSI program over the next 10 years.



### **Pre-Effectuation Reviews**

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

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

### **Combating Fraud**

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2007, SSA's Office of the Inspector General (OIG) received over 42,000 SSI fraud-related allegations via telephone, correspondence, fax, or email. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition, the Fugitive Felon Program enables SSA to suspend SSI payments to fugitives and parole violators, and allows the Agency to provide vital information on their status to law enforcement agencies. Individuals are identified by using an automated data matching process which compares warrant information at the State and Federal levels with the SSI rolls.

### **SSI Simplification**

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

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

Unreported bank accounts are one of the largest causes of overpayments. SSA is currently conducting a pilot that allows SSA to automatically verify bank assets for SSI applicants through an electronic system. This is a promising activity that if found to be cost-effective could be expanded nationwide. The President's Budget request includes cap adjustment funding that could be used for a national roll-out of this initiative.

### Debt Collection

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

The Foster Care Independence Act of 1999 extended all of the debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs to the SSI program. In FY 2007, this enabled the Agency to collect \$1 billion in SSI overpayments, including Federally-administered State supplementation overpayments. Also in FY 2007, SSA recovered an additional \$92 million through a process that collects SSI overpayments through an automated offset against SSI underpayments.

SSA implemented three collection tools in FY 2002: administrative offset, credit bureau reporting, and cross program recovery. Through FY 2007, administrative offset and credit bureau reporting have contributed to the collection of \$329 million in SSI debt, and cross program recovery has collected \$343 million.

In FY 2005, SSA implemented administrative wage garnishment (AWG) which has collected \$3 million in SSI debt through FY 2007. In FY 2006, SSA implemented Federal salary offset (FSO), a collection tool that is used to collect delinquent overpayments owed by Federal employees including employees who work for SSA. In the future, SSA plans to implement the remaining authorized collection tools, which include interest charging, administrative cost recovery, and the use of private collection agencies.

### Computer Matching Programs

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

SSA's computer matching operations include:

- Prison inmate records to find recipients made ineligible by incarceration;
- Law Enforcement Agencies match for data on fugitive felons;
- Quarterly matches for wage and unemployment compensation information;
- Monthly nursing home admission and discharge information;
- Internal Revenue Service records of non-wage income to detect unreported assets (primarily bank accounts);
- Bureau of Public Debt's Savings Bond records to detect unreported assets;
- Department of Defense (DOD) records to detect and verify DOD pension information;
- Veterans Administration pension data to offset SSI;

- Office of Personnel Management pension date to offset SSI;
- Railroad Retirement Board match to offset SSI;
- U.S. Department of Homeland Security (DHS) match for deportation information on aliens outside U.S. for more than 30 continuous days to terminate SSI benefits;
- DHS match for records of aliens who voluntarily leave the U.S.;

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

---

## PROPOSED LAW

---

### **Extend SSI Eligibility to Refugees**

The FY 2009 President's budget includes a legislative proposal to extend SSI eligibility to 8 years for refugees, asylees, and other non-citizens in refugee-like immigration statuses. Currently, such individuals who have not become citizens can only receive SSI for 7 years after entry. This policy would continue through FY 2011.

## PROGRAM ASSESSMENT RATING TOOL

---

The SSI program earned a rating of “moderately effective” when it was reevaluated in 2007 using the Program Assessment Rating Tool (PART). The Office of Management and Budget (OMB) found that the program is strong overall but recommended continued improvements in SSA’s efforts to shorten the time it takes to provide payments to eligible people and to make payments in the correct amount.

The Agency’s disability programs have grown significantly over the last 5 years and will continue to grow as increasing numbers of aging baby boomers move into their most disability prone years. At the same time, reduced funding has left the Agency unable to devote the workyears needed to keep up with the incoming workloads and backlogs have grown.

The urgency demanded by the size of the backlog prompted the Agency to develop the Hearings Backlog Reduction Plan. Over the next 5 years, with continued adequate funding, the hearings backlog would be eliminated. New initiatives will streamline approval of the most obvious cases of disability, increase the Agency’s capacity to hold hearings, and implement necessary modernizations to the hearing process. With the FY 2009 President’s budget, SSA expects to reduce both the initial disability claims and hearings pending levels and processing times, even while receipts increase.

SSA seeks to reduce improper payments in the SSI program by testing various methods of providing the public with quick and easy ways to report earnings changes. The Telephone Wage Reporting Pilot is designed to allow SSI recipients and other persons whose income may affect benefits and eligibility to report wages via the telephone either orally using voice-recognition software or by using the phone keypad. It also produces a receipt to recipients with the reported wage amount. Timely reporting of wage changes will help SSA issue more accurate payments to recipients.

SSA is working to improve its ability to prevent over- and underpayments by using technology to obtain beneficiary information directly from the beneficiary and from independent sources sooner and more effectively. Obtaining accurate information in a timely manner is crucial for SSA to determine eligibility and benefit amount with greater accuracy.

Through the Ticket to Work program, SSA provides disability beneficiaries with a "ticket" that can be used to receive vocational rehabilitation and employment support services to go back to work without losing health benefits. The program provides beneficiaries with disabilities expanded options for accessing employment services, vocational rehabilitation services, and other support services to help them work and reach their employment goals. In August 2007, SSA published a Notice of Proposed Rule Making to simplify and improve the Ticket to Work program. SSA expects to publish the final regulation in early 2008. The changes would improve the overall effectiveness of the program assisting people with disabilities who want to become more economically self-sufficient through employment.

## 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 benefit in case there is a delay in passing that year's appropriation bill. The President's Budget request for FY 2009 is \$45,214,000,000, including \$14,800,000,000 appropriated in advance by the FY 2008 appropriations bill, P.L. 110-161.

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

	FY 2007 (Actual)	FY 2008 <sup>2</sup> (Enacted)	FY 2009 (Estimate)
<b>Total Annual Appropriation</b>	<b>\$ 40,181,169,000</b>	<b>\$ 43,756,170,423</b>	<b>\$ 45,214,000,000</b>
<i>Regular</i>	29,071,169,000	26,946,170,423	30,414,000,000
<i>Advanced</i>	11,110,000,000	16,810,000,000	14,800,000,000
Federal Unobligated Balance	\$ 1,233,251,161	\$ 2,151,608,817	\$ 1,505,664,240
Recovery of Prior-Year Obligations	\$ 294,413,152	\$ 0	\$ 0
Transfer <sup>3</sup>	\$ 1,989,088	\$ 0	\$ 0
<b>Subtotal Federal resources</b>	<b>\$ 41,710,822,401</b>	<b>\$ 45,907,779,240</b>	<b>\$ 46,719,664,240</b>
State Supp Reimbursements	\$ 4,294,829,818	\$ 4,476,000,000	\$ 4,667,000,000
State Supp Unobligated Balance	\$ 0	\$ 348,702,089	\$ 364,702,089
<b>Total Budgetary Resources</b>	<b>\$ 46,005,652,219</b>	<b>\$ 50,732,481,329</b>	<b>\$ 51,751,366,329</b>
<b>Federal Obligations</b>	<b>(\$39,559,213,584)</b>	<b>(\$ 44,402,115,000)</b>	<b>(\$ 46,487,554,000)</b>
State Supplement Obligations	(\$ 3,946,127,729)	(\$ 4,460,000,000)	(\$ 4,655,000,000)
<b>Total Obligations</b>	<b>(\$ 43,505,341,313)</b>	<b>(\$ 48,862,115,000)</b>	<b>(\$ 51,142,554,000)</b>
Unobligated Balance, End-of-Year	\$ 2,500,310,906	\$ 1,870,366,329	\$ 608,812,329
<i>Federal</i>	2,151,608,817	1,505,664,240	232,110,240
<i>State Supplemental</i>	348,702,089	364,702,089	376,702,089

<sup>1</sup> Does not include State Supplementation user fees; user fees are included in the LAE appropriation.

<sup>2</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

<sup>3</sup> Transfer from the LAE account to SSI for Qualified Medicare Beneficiaries work.

## Supplemental Security Income Program

The SSI annual appropriation was \$40.2 billion in FY 2007 and almost \$43.8 billion in FY 2008. Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of approximately \$53.7 million for SSI administrative expenses and \$349,000 for research and demonstration projects.

Because the amounts appropriated are made available until expended, SSA has the authority to carry over unobligated balances for use in future fiscal years. SSA carried over almost \$2.2 billion in Federal unobligated balances into FY 2008. Based on the FY 2008 appropriation and estimated obligations in FY 2008, SSA expects to carry over \$1.5 billion into FY 2009. SSA plans to use almost \$1.3 billion of this balance in FY 2009 and has reduced the FY 2009 request accordingly.

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 2009 request represents almost a \$1.5 billion increase over the FY 2008 enacted level. The majority of this increase results from mandatory increases in Federal benefit payments due primarily to annual cost-of-living adjustments and an increase in SSI recipients.

In addition to the amount requested, SSA plans to use carryover of unobligated balances to partially fund Federal benefit payments, beneficiary services and research and demonstration projects in FY 2008 and FY 2009. SSA plans to use \$646 million in unobligated balances in FY 2008 and \$1.3 billion in FY 2009.

### **Federal Benefit Payments**

The increase in the FY 2009 request for Federal benefit payments is due to annual cost-of-living adjustments and an increase in SSI recipients. This increase is partially offset by the use of more carryover of prior-year unobligated balances in FY 2009 and the impact of OASDI COLAs on concurrent SSI/OASDI recipients. SSA expects to use \$550 million in carryover of prior-year unobligated balances in FY 2008 and \$1.2 billion in FY 2009; because 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 total request for administrative expenses is \$130 million more than the enacted level in FY 2008. However, the FY 2009 request includes \$217 million in cap adjustment funding for program integrity work—CDRs, redeterminations, and asset verification initiatives. The base funding for SSI administrative expenses is \$87 million less than the FY 2008 enacted level.

### **Beneficiary Services**

The request for new budget authority in FY 2009 is less than the FY 2008 level because of revised Ticket to Work projections. Since the Ticket to Work Program became fully operational in 2004, actual activity has been lower than estimated; SSA's revised projections reflect this actual experience. This decrease is partially offset because SSA expects to have less carryover funding available in FY 2009. SSA carried over \$125 million in prior year unobligated balances for beneficiary services into FY 2008; SSA expects to use \$70 million of this balance in FY 2008 and \$54 million in FY 2009.

### **Research and Demonstration**

The request for new budget authority is higher than in FY 2008 because SSA expects to have less carryover funding available in FY 2009. SSA carried over \$40 million of prior-year unobligated balances for research and demonstration projects into FY 2008; SSA expects to use \$26 million of this balance in FY 2008 and \$9 million in FY 2009.

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

	FY 2008 <sup>2</sup> (Enacted)	FY 2009 (Estimate)	Change
<b>Appropriation</b>	<b>\$ 43,756,170,423</b>	<b>\$ 45,214,000,000</b>	<b>+ \$ 1,457,829,577</b>
<b>Estimated Obligations</b>	<b>(\$ 44,402,115,000)</b>	<b>(\$ 46,487,554,000)</b>	<b>+ \$ 2,085,439,000</b>
Obligations Funded from Prior-Year Unobligated Balances	\$ 645,944,577	\$ 1,273,554,000	+ \$ 627,609,423
		<b>FY 2008 Base Budget Authority</b>	<b>Change from Base</b>
<b><u>Increases: Built-In</u></b>			
A. <u>Federal Benefit Payments</u>		\$ 40,675,000	+ \$ 2,338,000
• <i>Cost-of-living adjustments (COLA)— 2.3% beginning January 2008 and 2.5% beginning January 2009</i>			+ 1,336,000
• <i>Increase of 159,000 recipients in FY 2009</i>			+ 1,002,000
B. <u>Administrative Expenses—Additional funding for program integrity workloads</u>		\$ 3,018,520	+ \$ 217,491
C. <u>Beneficiary Services— Decrease in amount of carryover funding available for obligation in FY 2009</u>		\$ 36,000	+ \$ 16,000
D. <u>Research and Demonstration— Decrease in amount of carryover funding available for obligation in FY 2009</u>		\$ 26,651	+ \$ 17,910
<b>Total</b>		<b>\$ 43,756,170</b>	<b>+\$ 2,589,401</b>
<b><u>Decreases: Built-In</u></b>			
A. <u>Federal Benefit Payments</u>		\$ 40,675,000	- \$ 986,000
• <i>Effect of OASDI COLA for concurrent SSI/OASDI recipients</i>			- 325,000
• <i>Increase in amount of carryover funding available in FY 2009</i>			- 661,000
B. <u>Administrative Expenses—Decreased base funding</u>		\$ 3,018,520	- \$ 87,011
C. <u>Beneficiary Services—Revised Ticket to Work projections</u>		\$ 36,000	- \$ 49,000
D. <u>Research and Demonstration Projects—Decrease due to several projects concluding in FY 2008</u>		\$ 26,651	- \$ 9,561
<b>Total</b>		<b>\$ 43,756,170</b>	<b>- \$ 1,131,572</b>
<b>Net Change to Budget Authority Requested</b>			<b>+ \$ 1,457,830</b>

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

<sup>2</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.



## NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

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

**Table 2.6—New Budget Authority and Obligations by Activity <sup>1</sup>**  
(in thousands)

	FY 2007 (Actual)	FY 2008 <sup>2,3</sup> (Enacted)	FY 2009 <sup>4</sup> (Estimate)
<b><u>Federal Benefit Payments</u></b>			
Appropriation	\$ 37,204,000	\$ 40,675,000	<b>\$ 42,027,000</b>
Obligations	(\$ 36,481,898)	(\$ 41,225,000)	<b>(\$ 43,238,000)</b>
Monthly Check Payments	11	12	12
<b><u>Administrative Expenses</u></b>			
Appropriation	\$ 2,950,169	\$ 3,018,520	<b>\$ 3,149,000</b>
Obligations	(\$ 3,008,969)	(\$ 3,018,000)	<b>(\$ 3,149,000)</b>
<b><u>Beneficiary Services</u></b>			
Appropriation	\$ 0	\$ 36,000	<b>\$ 3,000</b>
Obligations	(\$ 35,115)	(\$ 106,000)	<b>(\$ 57,000)</b>
<b><u>Research and Demonstration</u></b>			
Appropriation	\$ 27,000	\$ 26,651	<b>\$ 35,000</b>
Obligations	(\$ 33,232)	(\$ 53,115)	<b>(\$ 43,554)</b>
<b>Total Appropriation</b>	<b>\$ 40,181,169</b>	<b>\$ 43,756,170</b>	<b>\$ 45,214,000</b>
<b>Total Obligations</b>	<b>(\$ 39,559,214)</b>	<b>(\$ 44,402,115)</b>	<b>(\$ 46,487,554)</b>

In FY 2007, SSA used carryover of unobligated balances to partially fund beneficiary services and research and demonstration projects, and recoveries of prior year obligations to partially fund administrative expenses. In FY 2008 and FY 2009, SSA plans to use carryover of unobligated balances to partially fund Federal benefit payments, beneficiary services, and research and demonstration projects. The FY 2009 President's Budget request for these activities has been reduced accordingly.

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

<sup>2</sup> In addition to the appropriated amounts, SSA expects to use carryover of prior year unobligated balances for FY 2008 obligations as follows: Federal benefits, \$550 million; beneficiary services, \$70 million; and research and demonstration projects, \$26 million.

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

<sup>4</sup> In addition to the FY 2009 President's budget request, SSA expects to use carryover of prior year unobligated balances for FY 2009 obligations as follows: Federal benefits, \$1,211 million; beneficiary services, \$54 million; and research and demonstration projects, \$9 million.

---

**NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT**


---

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

**Table 2.7—New Budget Authority and Obligations by Object  
(in thousands)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<b>FY 2009 (Estimate)</b>
<b><u>Other Services</u></b>			
Appropriation <sup>1</sup>	\$ 2,950,169	\$ 3,054,520	<b>\$ 3,152,000</b>
Obligations	(\$ 3,044,084)	(\$ 3,124,000)	<b>(\$ 3,206,000)</b>
<b><u>Federal Benefits and Research</u></b>			
Appropriation <sup>1</sup>	\$ 37,231,000	\$ 40,701,651	<b>\$ 42,062,000</b>
Obligations	(\$ 36,515,130)	(\$ 41,278,115)	<b>(\$ 43,281,554)</b>
<b>Total Appropriation <sup>1</sup></b>	<b>\$ 40,181,169</b>	<b>\$ 43,756,170</b>	<b>\$ 45,214,000</b>
<b>Total Obligations</b>	<b>(\$ 39,559,214)</b>	<b>(\$ 44,402,115)</b>	<b>(\$ 46,487,554)</b>

---

<sup>1</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

## BACKGROUND

### AUTHORIZING LEGISLATION

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

**Table 2.8—Authorizing Legislation**

	FY 2008 Amount Authorized	FY 2008 (Enacted)	FY 2009 Amount Authorized	FY 2009 (Estimate)
<b>Title XVI of the Social Security Act,</b> section 401 of P.L. 92-603 and section 212 of P.L. 93-66, as amended, and section 405 of P.L. 92-216	Indefinite	\$ 43,756,170,423	Indefinite	\$ 45,214,000,000
<b>First Quarter Advance appropriation for subsequent fiscal year</b>	N/A	\$ 14,800,000,000	N/A	\$ 15,400,000,000

## APPROPRIATION HISTORY

The table below displays the President's Budget request, amounts passed by the House and Senate, and the actual amount appropriated, for the period FY 1999 to FY 2010. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

**Table 2.9—Appropriation History**

	Budget Request to Congress	House Allowance	Senate Allowance	Appropriation
1999	\$ 30,352,000,000	\$ 30,352,000,000	\$ 30,445,000,000	\$ 30,409,000,000
<i>Indefinite</i>	<i>\$ 243,000,000</i>			
2000	\$ 31,313,000,000	\$ 31,224,000,000	\$ 31,303,085,000	\$ 31,253,085,000
<i>Indefinite</i>	<i>\$ 367,000,000</i>			
2001	\$ 33,153,000,000	\$ 32,926,000,000	\$ 33,153,000,000	\$ 33,143,000,000
2002	\$ 31,940,412,000	\$ 31,940,412,000	\$ 31,947,412,000	\$ 31,947,412,000
2003	\$ 34,824,618,000	\$ 34,696,392,000	\$ 34,704,392,000	\$ 34,704,392,000
<i>Indefinite</i>	<i>\$ 578,881,680</i>			
2004	\$ 37,362,000,000	\$ 37,301,300,000	\$ 37,370,000,000	\$ 37,317,800,000
2005	\$ 41,198,929,000	\$ 41,168,829,000	\$ 37,917,949,000	\$ 41,176,829,000
2006	\$ 40,463,174,000	\$ 40,463,174,000	\$ 40,276,574,000	\$ 40,299,174,000
2007 <sup>1</sup>	\$ 40,235,000,000	\$ 40,181,169,000	\$ 40,181,169,000	\$ 40,181,169,000
2008 <sup>2</sup>	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,815,500,000	\$ 43,756,170,423
<b>2009</b>	<b>\$ 45,214,000,000</b>			
<b>2010<sup>3</sup></b>	<b>\$ 15,400,000,000</b>			

<sup>1</sup> The amounts passed by the House and Senate reflect the amounts included in the Revised Continuing Appropriations Resolution of 2007 (P.L. 110-5).

<sup>2</sup> The amounts passed by the House and Senate reflect the amounts initially passed by the House on 7/17/07 and the Senate on 10/23/07. The conference bill included \$43,824,000,000 and was subsequently vetoed by the President. The final appropriation provided by P.L. 110-161 includes a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects.

<sup>3</sup> Advance appropriation for the first quarter of FY 2010.

## 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 2009, SSA estimates benefit payments will total \$43.2 billion for 7.3 million Federal SSI recipients.

**Table 2.10—Federal Benefit Payments: New Budget Authority and Obligations (in thousands)**

	FY 2007 (Actual)	FY 2008 (Enacted)	<i>FY07 to FY08 Change</i>	FY 2009 (Estimate)	<i>FY08 to FY09 Change</i>
<b>Appropriation</b>	<b>\$ 37,204,000</b>	<b>\$ 40,675,000</b>	<b>+ \$ 3,471,000</b>	<b>\$ 42,027,000</b>	<b>+ \$ 1,352,000</b>
Obligations funded from prior year unobligated balances	\$ 0	\$ 550,000	+ \$ 550,000	<b>\$ 1,211,000</b>	+ \$ 661,000
<b>Obligations</b>	<b>\$ 36,481,898</b>	<b>\$ 41,225,000</b>	<b>+ \$ 4,743,102</b>	<b>\$ 43,238,000</b>	<b>+ \$ 2,013,000</b>
Advance for subsequent fiscal year	\$ 16,810,000	\$ 14,800,000	- \$ 2,010,000	<b>\$ 15,400,000</b>	+ \$ 600,000

### RATIONALE FOR BUDGET REQUEST

SSA is requesting \$42.0 billion in new budget authority for Federal benefit payments in FY 2009. In addition, SSA plans to use \$1.2 billion in carryover of unobligated balances to fund the estimated \$43.2 billion in Federal benefit payment obligations in FY 2009.

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

## SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from over 6.5 million in FY 2003 to 7 million in FY 2007 and is expected to continue to increase to 7.3 million in FY 2009. The estimated increase in Federal recipients in FY 2009 represents a 2.2 percent increase over the FY 2008 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 2.11—SSI Recipients, Actual<sup>1</sup>**  
(average over fiscal year, in thousands)

	FY 2004	FY 2005	FY 2006	FY 2007
Aged	1,133	1,118	1,116	1,111
Blind or Disabled	5,533	5,657	5,762	5,892
<b>Total Federal</b>	<b>6,666</b>	<b>6,775</b>	<b>6,878</b>	<b>7,003</b>
<b>Year-to-Year Change</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.5%</b>	<b>1.8%</b>
State Supplement Only	288	290	291	296
<b>Total Federally Administered</b>	<b>6,954</b>	<b>7,065</b>	<b>7,169</b>	<b>7,300</b>

In addition to Federal SSI recipients SSA administers State Supplementary payments for 23 States and the District of Columbia. SSA administers payments for approximately 2.5 million State Supplementation recipients annually, of which approximately 300,000 do not receive a Federal SSI benefit and only receive the State Supplementary benefit.

**Table 2.12—SSI Recipients, Projected**  
(average over fiscal year, in thousands)

	FY 2008 (Estimate)	FY07 to FY08 Change	FY 2009 (Estimate)	FY08 to FY09 Change
Aged	1,107	- 0.4%	<b>1,106</b>	- 0.1%
Blind or Disabled	6,048	+ 2.6%	<b>6,208</b>	+ 2.6%
<b>Total Federal</b>	<b>7,155</b>	<b>+ 2.2%</b>	<b>7,314</b>	<b>+ 2.2%</b>
State Supplement only	301	+ 1.7%	<b>307</b>	+ 2.0%
<b>Total Federally Administered</b>	<b>7,456</b>	<b>+ 2.1%</b>	<b>7,622</b>	<b>+ 2.2%</b>

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

### SSI Disabled vs. Aged Recipient Population

The number of blind or disabled SSI recipients as a percentage of all SSI recipients has steadily increased from 75.5 percent in FY 1993 to 84.1 percent in FY 2007. It is expected to continue to increase to 84.9 percent in FY 2009. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this consistent shift in the population make-up increases overall SSI benefit payments.

**Table 2.13—Blind or Disabled Recipients as a Percentage of Total  
(average over fiscal year, in thousands)**

Fiscal Year	Total	Aged	Blind or Disabled	Blind or Disabled as % of Total
1995	6,070	1,327	4,743	<b>78.1%</b>
2000	6,328	1,203	5,125	<b>81.0%</b>
2005	6,775	1,118	5,657	<b>83.5%</b>
2006	6,878	1,116	5,762	<b>83.8%</b>
2007	7,003	1,111	5,892	<b>84.1%</b>
2008 (estimate)	7,155	1,107	6,048	<b>84.5%</b>
2009 (estimate)	7,314	1,106	6,208	<b>84.9%</b>

### Concurrent SSI/OASDI Recipients

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

## BENEFIT PAYMENTS

### Maximum Monthly Federal Payments

The maximum monthly Federal Benefit Rate (FBR) is increased each January based on increases in the cost-of-living. A 2.3 percent increase was effective January 2008 and a 2.5 percent increase is projected for January 2009. The FBR increased from \$623 for an individual and \$934 for a couple in calendar year (CY) 2007 to \$637 for an individual and \$956 for a couple in CY 2008. SSA estimates the FBR will increase to \$653 for an individual and \$980 for a couple in CY 2009. Because the COLA is effective January of each year, the maximum benefit rate in the first 3 months of a given fiscal year is lower than in the last 9 months.

**Table 2.14—Maximum Benefit Rates**

	FY 2008		FY 2009	
	First 3 Months	Last 9 Months	First 3 Months	Last 9 Months
Individual	\$ 623	\$ 637	<b>\$ 637</b>	<b>\$ 653</b>
Couple	\$ 934	\$ 956	<b>\$ 956</b>	<b>\$ 980</b>

### 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 \$458 in FY 2007 to \$473 in FY 2008 and \$486 in FY 2009. The increase in the average benefit payment is a factor of annual cost-of-living adjustments and recipient population characteristics.

**Table 2.15—Average Monthly Benefit Payments**

	FY 2007 (Actual)	FY 2008 (Estimate)	FY 2009 (Estimate)
Aged	\$ 324	\$ 333	<b>\$ 343</b>
Blind or Disabled	\$ 483	\$ 499	<b>\$ 511</b>
All SSI Recipients	\$ 458	\$ 473	<b>\$ 486</b>



**Annual Cost of Living Adjustments**

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

**Program Integrity Funding**

Annual benefit payment estimates are based on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2009 estimate assumes SSA receives the funding to conduct 213,000 SSI CDRs and 1,486,000 non-medical redeterminations.

**Timing of Monthly Benefit Payments**

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

**Table 2.16—Check Payments by Fiscal Year**

	Number of Check Payments	Federal Benefit Obligations
		\$ 32,488,105,000
<b>FY 2003</b>	12	
<b>FY 2004</b>	12	\$ 33,803,282,000
<b>FY 2005</b>	13	\$ 38,271,653,000
<b>FY 2006</b>	12	\$ 37,510,765,017
<b>FY 2007</b>	11	<b>\$ 36,481,897,840</b>
<b>FY 2008</b>	12	<b>\$ 41,225,000,000</b>
<b>FY 2009</b>	12	<b>\$ 43,238,000,000</b>

## ADMINISTRATIVE EXPENSES

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

### PURPOSE AND METHOD OF OPERATION

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

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

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

**Table 2.17—Administrative Expenses: New Budget Authority and Obligations  
(in thousands)**

	FY 2007 (Actual)	FY 2008 (Enacted)	FY07 to FY08 Change	FY 2009 (Estimate)	FY08 to FY09 Change
<b>Appropriation</b>	\$ 2,950,169	\$ 3,018,520	+ \$ 68,351	<b>\$ 3,149,000</b>	+ \$ 130,480
<b>Obligations <sup>1</sup></b>	(\$ 3,008,969)	(\$ 3,018,000)	+ \$ 9,031	<b>(\$ 3,149,000)</b>	+ \$ 131,000

<sup>1</sup> In FY 2007, SSA partially funded administrative expenses with recoveries of prior-year obligations.

## RATIONALE FOR BUDGET REQUEST

---

The FY 2009 request for SSI administrative expenses is \$3,149,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$217 million specifically for program integrity activities in FY 2009.

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 \$132,641,550 for SSI State Supplement user fees in FY 2008 and up to \$145,000,000 from this source in FY 2009.<sup>1</sup>

---

<sup>1</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation includes a rescission of \$2,358,450 from user fees collected for administration of SSI State Supplementary payments.

## BENEFICIARY SERVICES

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

### PURPOSE AND METHOD OF OPERATION

A majority of the funds to be obligated for this activity in FY 2009 will be used to reimburse Vocational Rehabilitation (VR) agencies for reasonable and necessary costs of services which result in disabled SSI recipients being successfully rehabilitated (section 1615(d) of the Social Security Act). For SSI recipients, VR's objective is to help disabled individuals achieve and sustain productive, self-supporting work activity. SSA provides funds to reimburse VR agencies for costs incurred in successfully rehabilitating SSI recipients. A successful rehabilitation is defined by law as one in which VR services result in performance of substantial gainful activity for a continuous period of nine months out of twelve.

**Table 2.18—Beneficiary Services: New Budget Authority and Obligations  
(in thousands)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Enacted)</b>	<i>FY07 to FY08 Change</i>	<b>FY 2009 (Estimate)</b>	<i>FY08 to FY09 Change</i>
<b>Appropriation</b>	<b>\$ 0</b>	<b>\$ 36,000</b>	<b>+ \$ 36,000</b>	<b>\$ 3,000</b>	<b>- \$ 33,000</b>
Obligations Funded from Prior-Year Unobligated Balances	\$ 35,115	\$ 70,000	+ \$ 34,885	<b>\$ 54,000</b>	- \$ 16,000
<b>Obligations</b>	<b>(\$ 35,115)</b>	<b>(\$ 106,000)</b>	<b>+ \$ 70,885</b>	<b>(\$ 57,000)</b>	<b>- \$ 49,000</b>

A portion of the FY 2009 obligations will be used to cover estimated payments authorized under the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). This law provides SSI disabled recipients with a Ticket to offer to an employment network (EN) (including a State VR agency choosing to be paid as an EN) in exchange for VR and employment services, and other support services. The final regulation for implementing the Ticket to Work Program was published on December 28, 2001 and was effective January 28, 2002. The roll out of the Ticket program was completed in September 2004.

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

## RATIONALE FOR BUDGET REQUEST

---

SSA is requesting \$3 million in new budget authority for this activity for FY 2009 because carryover funding of \$55 million will be used to cover most of the estimated obligations in FY 2009. The estimate for FY 2009 for VR services to disabled SSI recipients assumes over 6,000 payment awards for successful rehabilitation and ticket-related cessations. To improve the overall effectiveness of the program, a number of revisions have been proposed in the “Amendments to the Ticket to Work and Self –Sufficiency Program” regulation which is expected to be published early in 2008. The new budget authority request for FY 2009 would ensure that SSA has sufficient funding to serve the potential beneficiaries should the anticipated changes from this new, improved regulation take effect in FY 2009.

The average cost per award under the reimbursement program was estimated in the FY 2008 President’s budget to be \$8,700 in FY 2008. The current estimate reflects a revised cost per case of \$9,300 in FY 2008 which is expected to increase to \$9,600 in FY 2009. The average cost per award reflects current trends in rehabilitation costs and advances in expensive medical technology.

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

## RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

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

### PURPOSE AND METHOD OF OPERATION

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

**Table 2.19—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands)**

	FY 2007 (Actual)	FY 2008 <sup>1</sup> (Estimate)	<i>FY07 to FY08 Change</i>	FY 2009 (Estimate)	<i>FY08 to FY09 Change</i>
<b>Appropriation</b>	\$ 27,000	\$ 26,651	- \$ 349	\$ 35,000	+ \$ 8,349
Net obligations funded from prior-year unobligated balances	\$ 6,232	\$ 26,464	+ \$ 20,232	\$ 8,554	- \$ 17,910
<b>Obligations</b>	(\$ 33,232)	(\$ 53,115)	+ \$ 19,883	(\$ 43,554)	- \$ 9,561

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

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

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

<sup>1</sup> Pursuant to P.L. 110-161, the FY 2008 appropriation for research and demonstration projects includes a rescission of \$349,400.

## RATIONALE FOR BUDGET REQUEST

SSA's research budget is designed to provide significant support for key Administration priorities. The budget supports projects such as the *Compassionate Allowances Initiative* that is integral to improving the disability process; projects that provide opportunities for disability beneficiaries to achieve economic independence through work; and projects to assure the solvency of the trust funds by providing analytical and data resources for use in preparing and reviewing reform proposals. SSA's disability research and demonstration projects, designed to promote self-sufficiency and assist individuals in their effort to return to work, will be instrumental in strengthening SSA's disability programs and initiatives. Additionally, as the debate moves forward on how best to strengthen and reform Social Security, SSA must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration.

SSA's FY 2009 extramural research budget is less than 1 percent of the administrative budget and only a fraction of program expenditures. The discussion that follows describes SSA's planned research and outreach efforts and how those efforts satisfy the Office of Management and Budget's research and development investment criteria. Funding for research by major category is summarized in the following table.

**Table 2.20—Major Research Areas and Outreach:  
Obligations and New Budget Authority (in millions)<sup>1</sup>**

	Obligations		
	FY 2007 (Actual)	FY 2008 (Estimate)	FY 2009 (Estimate)
Return-to-Work/New Freedom Initiative	\$ 10.0	\$ 12.8	\$ 10.1
Infrastructure	\$ 6.3	\$ 19.5	\$ 17.9
Solvency	\$ 10.7	\$ 17.0	\$ 12.6
Outreach	\$ 6.2	\$ 3.8	\$ 3.0
<b>Total Obligations</b>	<b>\$ 33.2</b>	<b>\$ 53.1</b>	<b>\$ 43.6</b>
<b>New Budget Authority</b>	<b>\$ 27.0</b>	<b>\$ 26.7</b>	<b>\$ 35.0</b>

<sup>1</sup> Does not include funding authorized under section 234.

## MAJOR RESEARCH AND OUTREACH PROJECTS

---

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

### **Return to Work/New Freedom Initiative**

SSA's FY 2008 and FY 2009 budgets reflect significant resource commitments for extramural research in the area of returning beneficiaries to work. These commitments support the President's *New Freedom Initiative* and will provide SSA with the ability to invest in comprehensive, cost-effective policy designs that promote economic self-sufficiency and assist individuals in their efforts to return to work.

The budget request for FY 2009 reflects a careful assessment and prioritization of SSA's activities in disability research. The budget contains a structured package of demonstration projects designed to facilitate the employment of individuals at different stages of disability. (We plan to fund some of these projects under section 234 authority.) The package includes an early intervention demonstration to reach individuals before they start receiving Social Security Disability Insurance (DI) benefits, a youth employment strategy to assist young individuals with disabilities in their transition into the workforce, and a demonstration targeted at the particular needs of individuals with mental illness. One of these projects – Youth Transition Demonstration – will have joint funding with section 234, as appropriate, based on the participation of both Title II and Title XVI beneficiaries.

*Organization for Economic Cooperation and Development (OECD) – Youth Transition Study*— SSA is jointly funding a youth study, led by OECD, with the Department of Education. This study will identify the interrelationships and develop the understanding needed to successfully: (1) assist in preventing children with disabilities who are not currently on SSA rolls from eventually becoming beneficiaries once they reach adulthood; and (2) provide supports and assistance to transition youth with disabilities to tertiary education and substantial gainful work so they can become self-sufficient.

*Youth Transition Demonstration*— The Youth Transition Demonstration (YTD) began in 2003 with seven cooperative agreements in six States – one each in California, Colorado, Iowa, Maryland, and Mississippi, and two in New York. Five of those projects remain fully operational while two have ended. The remaining projects include two in New York and one each in California, Colorado and Mississippi.

A second round of YTD site selection began in the fall of 2006, when SSA awarded funding to five organizations to implement pilot projects in 2007. In November of 2007, on the basis of a systematic assessment of the pilot operation and advancement of the SSA research agenda, three of these organizations were selected to fully implement their YTD projects beginning in 2008. Those selected were: The Broadened Horizons Brighter Futures Program, operated by Abilities Inc. of Florida; The Career Transition Program operating in Montgomery County, Maryland; and West Virginia Youth Works which partners with the Human Resource Development Foundation, Inc. Each of these selected organizations will receive funding to operate its project for four years



and will participate in all aspects of the evaluation, including random assignment. Three of the original projects (both New York projects and the Colorado project), as well as the three new projects (Florida, Maryland and West Virginia) will be participating in a supplemental random assignment impact study, for a total of six sites.

The projects focus on youth between the ages of 14 and 25 who receive (or could receive) disability benefits. The overarching goal is to find ways to enable young people with disabilities to maximize their potential for self-sufficiency. The projects also are testing whether modified SSI rules will encourage participants to work and save for their future. Throughout implementation of YTD, project staff receives technical assistance and training. The project has joint funding with section 234, as appropriate, based on the participation of both Title II and Title XVI beneficiaries.

In order to encourage youth to work and/or increase their work activities or earnings, SSA has modified certain program rules to promote work and asset accumulation. As of September 2007, 333 of 1,118 participants (30 percent) are employed full or part-time. Most are students, so the nature of the work varies widely and some of it is short-term (8 percent summer employment). As a rough comparison, approximately 11 percent of all SSI recipients aged 18-21 were working at the end of December 2006.

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

The evaluation uses a random assignment design. Eligible youth are randomly chosen to either receive YTD services or to be in a control group that will remain eligible for non-YTD services in the community.

### **Infrastructure Projects**

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

#### *Compassionate Allowances Initiative*

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

- CA determinations can be made as soon as the diagnosis and onset date are confirmed and other necessary medical evidence is obtained.

## Supplemental Security Income Program

- For example, individuals with catastrophic congenital anomalies (such as the most common form of Down syndrome), acute leukemia, amyotrophic lateral sclerosis, and pancreatic cancer would fall into this category.

The CA initiative is designed to 1) expedite disability determinations for individuals who, often at the time of application, meet SSA's medical criteria for disability; and 2) reduce SSA's disability hearings backlog, by ensuring that such claims are allowed early in the claims process.

Funding of this initiative supports the following activities:

- Interagency Agreements with the National Institutes of Health, including agreements with its individual institutes and grantees;
- Development of an up-to-date, disease-specific medical information database specifically designed to be applicable to SSA's disability criteria;
- Investigation of how advances in medical and information systems technologies can be applied to expedite SSA's processing of compassionate allowances;
- Obtaining expert advice from organizations such as the Institute of Medicine or the National Academy of Social Insurance on discreet medical issues pertaining to SSA's medical criteria for determining disability;
- Development of user-friendly tools designed to aide claimants' interactions with SSA's disability claims processes; and
- Field testing and implementation of tools designed to improve disability processes.

### Evaluation of Ticket to Work

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

In May 2003, SSA awarded two 5-year contracts to Mathematica Policy Research to conduct an independent evaluation of the Ticket program. The first contract focuses on data development, qualitative data collection, and implementation of the comprehensive evaluation analyses. The second contract implements a repeated survey of beneficiaries with 4 waves of interviews between 2004 and 2009. SSA submitted the first (post-2003) evaluation report to Congress in August 2004. SSA also released an interim report following the 2004 fiscal year. SSA sent the post-2005 evaluation report to Congress in October 2007 and is completing the post-2006 evaluation report.

The findings thus far indicate that the Ticket program has significant potential but that improvements in beneficiary awareness and EN incentives are needed. Survey findings show that many more beneficiaries are interested in employment and working their way off disability benefits than is reflected in Ticket to Work program participation. Most beneficiaries remain unaware of the Ticket to Work program despite various efforts by SSA to publicize the program. Among those who are aware of the program, some have tried to use their Ticket but have been

unable to find an EN to accept it. Participation by ENs has been disappointing, and the evaluation indicates that the current payment rules are not providing enough revenue to ENs to cover their costs. SSA initiatives to reduce EN costs have helped but have not significantly affected EN profitability. The proposed changes to the Ticket to Work program regulations are designed to address this cost/revenue imbalance and hold promise for reinvigorating the program.

### Other Disability Research

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

### **Solvency Initiatives**

The Administration is committed to making Social Security financially sustainable so it can continue to serve SSA's beneficiaries now and in the future.

SSA's research program provides analyses and data that support the Agency's efforts to ensure solvency and make Social Security more responsive to the needs of the 21<sup>st</sup> century workforce. SSA uses both internal and external resources to meet this challenge. The extramural research budget enables the Agency to:

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

### Retirement Research Consortium

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

## Supplemental Security Income Program

### Retirement Income Modeling

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

### Policy Evaluation and Data

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

### **Outreach Projects**

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

#### Medicare Outreach – Section 1144

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

**Table 2.21—Medicare Outreach: New Budget Authority and Obligations  
(in millions)**

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>
<b>Appropriation</b>	\$ 3.0	\$ 3.0	<b>\$ 3.0</b>
<b>Obligations</b>	(\$ 2.2)	(\$ 3.0)	<b>(\$ 3.0)</b>

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

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

Homeless Outreach

In FYs 2003 through 2005, SSA’s appropriations included earmarked funds totaling \$24 million to conduct outreach to “homeless and other under-served populations.” In 2004, SSA awarded funds to 41 service providers nationwide who currently provide outreach services to the homeless population. Of the 41 service providers, 34 provide outreach efforts through April 2008, and 7 will continue to October 2008. The service providers began enrolling project participants in September 2004. As of October 2007, Homeless Outreach Project & Evaluation (HOPE) grantees enrolled 9,054 homeless individuals in to the HOPE project. Of those, 2,976 have been awarded benefits based on disability.

The HOPE initiative is focused on assisting eligible, homeless individuals in applying for SSI and DI benefits. The HOPE projects will help SSA demonstrate the effectiveness of using skilled medical and social service providers to identify and engage homeless individuals with disabilities and assist them with the application process.

In September 2004, SSA awarded an evaluation contract to Westat Inc. The evaluation report was completed in October 2007.

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

	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimate)</b>	<b>FY 2009 (Estimate)</b>
<b>Appropriation</b>	\$ 4.6	\$ 0.8	<b>\$ 0</b>
<b>Obligations</b>	(\$ 4.0)	(\$ 0.8)	<b>(\$ 0)</b>

---

**RELATED FUNDING SOURCES**

---

The Commissioner of Social Security has authority to conduct research and demonstration projects under section 234 of the Social Security Act. The Commissioner uses trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. Funds for these demonstration projects, authorized under the 1999 Ticket to Work Act and funded from the trust funds, are not part of this appropriation request. Section 234 funds are directly apportioned by OMB and are estimated at \$39.4 million for FY 2008 and \$34.3 million for FY 2009. FY 2008 and FY 2009 projects or activities may be funded partially under section 1110 and partially under section 234 to the extent that they involve both the SSI and DI programs or waivers. While section 234 authorization terminated on December 18, 2005, SSA has the authority to continue to conduct projects that were initiated prior to the expiration date. No new projects may be pursued under section 234.