



## SOCIAL SECURITY

The Commissioner

February 6, 2012

The Honorable Dennis Rehberg  
Chairman, Subcommittee on Labor, Health, and  
Human Services, Education, and Related Agencies  
Committee on Appropriations  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Rehberg:

This letter transmits the Operating Plan for the Social Security Administration (SSA), as required by Section 517 of the Consolidated Appropriations Act, 2012 (Public Law (P.L.) 112-74). The enclosed plan provides a comparison of the fiscal year (FY) 2012 President's budget to the FY 2012 enacted appropriation for each of our accounts.

The final page of the plan displays the workload and performance measures as shown in the Justification of Estimates for the committees, including actual experience in FY 2011 and an update of FY 2012 commitments to incorporate enacted funding levels and the most recent workload estimates. The commitments shown in the FY 2012 enacted column include the amounts appropriated under P.L. 112-74, the Disaster Relief Appropriations Act, 2012 (P.L. 112-77) for additional Program Integrity activities, and additional funding apportioned from the resources appropriated under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) for acquisition of a new data center.

In accordance with the Managers' Statement of the Disaster Relief Appropriations Act, 2012 (P.L. 112-77), we have enclosed the following appendices: (1) Extramural Research and Demonstration details, (2) FY 2011 Workload Table on Disability Appeals, (3) National Data Center Milestones, (4) Staff On-Duty Table by Major Component, and (5) Key Assumptions and Cost Drivers. We have also included a report on the effects of FY 2012 enacted funding levels on key workloads and services.

We are sending similar letters to Senators Inouye, Cochran, Harkin, and Shelby, and Representatives Rogers, Dicks, and DeLauro. We will be glad to work with your staff to answer any questions you may have about this Operating Plan. If there are any questions, please have your staff contact Bonnie Kind, Associate Commissioner for the Office of Budget, at (410) 965-3501.

Sincerely,

Michael J. Astrue

Enclosure

**Social Security Administration (SSA) Fiscal Year (FY) 2012 Operating Plan**  
**(Appropriated FY 2012 Funds and Carryover/Transfers**  
**of Unobligated Prior-Year Funds)**  
**(\$ in millions)**

<b><u>Budget Authority:</u></b>	<b>FY 2012 President's Budget</b>	<b>FY 2012 Available Funding</b>
<b><u>Payments to the Social Security Trust Funds (PTF)</u></b>		
Pension Reform.....	\$6.4	\$6.4
Unnegotiated Checks.....	14.0	14.0
Special Benefits for Certain Uninsured Persons.....	0.0 <sup>1/</sup>	0.0 <sup>1/</sup>
Military Service Wage Credits.....	0.0	0.0
Total Appropriation (P.L. 112-74).....	<u>\$20.4</u>	<u>\$20.4</u>
<b><u>Supplemental Security Income (SSI)</u></b>		
FY 2012 Benefit Payments, Total.....	<u>\$47,554.0</u>	<u>\$47,554.0</u>
- FY 2012 First Quarter Advance (P.L. 112-10).....	13,400.0	13,400.0
- FY 2012 Appropriation (P.L. 112-74).....	34,154.0	34,154.0
Administrative Expenses, Total.....	<u>3,844.0</u>	<u>3,611.5</u>
- Administrative Expenses (Regular).....	3,844.0 <sup>2/</sup>	3,123.6
- Program Integrity (P.L. 112-74).....	N/A	244.0
- Additional Program Integrity (P.L. 112-77).....	N/A	243.9
Beneficiary Services.....	47.0	47.0
Research and Demonstration (R&D) Projects.....	38.0	0.0
Research and Demonstration (R&D) Projects (FY 12 / FY 13).....	0.0	8.0
Total Appropriations (P.L. 112-10 and P.L. 112-74).....	<u>\$51,483.0</u>	<u>\$51,220.5</u>
Carryover of Unobligated FY 2011 Balances and Actual Recoveries:		
- Benefits.....	\$0.0	\$115.7
- Administrative Expenses.....	62.0	31.1
- Beneficiary Services.....	52.0	5.0
- R&D.....	32.3	43.4
Total, Carryover of Unobligated FY 2011 Balances and Actual Recoveries.....	<u>\$146.3</u>	<u>\$195.2</u>
Total Funds Available for FY 2012.....	<u>\$51,629.3</u>	<u>\$51,415.7</u>

<sup>1/</sup> Requested and appropriated amount is \$4,000.

<sup>2/</sup> Reflects SSI Administrative Expenses request and the SSI portions of the Program Integrity and Additional Program Integrity line items.

	<b>FY 2012 President's Budget</b>	<b>FY 2012 Available Funding</b>
<b><u>Limitation on Administrative Expenses (LAE)</u></b>		
Regular LAE.....	\$11,416.1	\$10,533.4
PI-CDRs/Redets (P.L. 112-74) .....	315.0	273.5
PI-Additional CDRs/Redets (P.L. 112-77).....	623.0	482.6
SSA Advisory Board.....	2.2	2.1
SSI User Fees.....	163.0	160.7
Non-Attorney Certification User Fee.....	1.0	1.0
Acquisition Workforce Capacity and Capabilities.....	1.9	0.0
Total Appropriated (P.L. 112-74 and P.L. 112-77).....	<u>\$12,522.2</u>	<u>\$11,453.3</u>
American Recovery and Reinvestment Act (P.L. 111-5):		
NSC Replacement.....	\$114.6	\$21.1
Medicare Improvement for Patients and Providers Act (P.L. 110-275):		
Low Income Subsidy.....	\$8.7	\$12.8
Other Available Funds:		
<u>Automation Investment Fund (AIF) (No-Year)</u>		
- Carryover/Recoveries from Unobligated AIF Balances.....	\$0.0	\$0.1
<u>Information Technology Systems (ITS) (No-Year)</u>		
- Carryover/Recoveries from Unobligated ITS Balances.....	\$200.4	\$162.1
Carryover/Recoveries of Other Unobligated Balances.....	\$0.0	\$12.1
<b><u>Office of the Inspector General, SSA</u></b>		
Federal Funds.....	\$30.0	\$28.9
Trust Funds.....	77.1	73.4
Total Appropriated (P.L. 112-74).....	<u>\$107.1</u>	<u>\$102.3</u>
American Recovery and Reinvestment Act (P.L. 111-5):		
Oversight and Audit.....	\$0.5	\$0.8
<b><u>Estimated Outlays:</u></b>		
<b>PTF</b> .....	<b>\$20</b>	<b>\$20</b>
<b>LAE</b> .....	<b>\$12,404</b>	<b>\$11,474</b>
<b>SSI</b> .....	<b>\$51,245</b>	<b>\$51,609</b>
<b>OIG</b> .....	<b>\$107</b>	<b>\$103</b>

1/ Excludes funding for PI (CDRs and Redeterminations).

2/ The amount shown in the available funding column represents funds needed to begin IT migration.

3/ Includes authority from prior years carried over for the following purposes: \$11.563M for operation and maintenance of specific facilities delegated to SSA by the General Services Administration, \$497K for construction and \$26K for Disaster Relief.

**Social Security Administration  
Workload and Outcome Measures**

	FY 2011		FY 2012	
	Enacted Appropriation	Actual	President's Budget	Enacted Appropriation
<b>SELECTED OUTCOME MEASURES</b>				
Retirement and Survivors Claims Completed (thousands)	4,590	4,878	4,627	4,918
Initial Disability Claims Completed (thousands)	3,273	3,391	3,268	3,173
Reconsiderations Completed (thousands) <sup>1</sup>	N/A	832	N/A	787
SSA Hearings Completed (thousands)	815	795	823	875
Periodic Continuing Disability Reviews (CDRs) Completed (thousands)	1,357	1,409	1,442	1,285
Periodic Medical CDRs (included above)	329	345	592	435
Supplemental Security Income (SSI) Non-Disability Redeterminations Processed (thousands)	2,422	2,457	2,622	2,622
800 Number Transactions Handled (millions)	60	63	72	63
Average Speed of Answer (seconds)	267	180	262	285
Agent Busy Rate	6%	3%	6%	6%
Social Security Numbers Issued (millions)	18	17	18	17
Annual Earnings Items Processed (millions)	238	241	242	242
Social Security Statements Issued (millions)	74	74	155	14
<b>SELECTED WORKLOAD MEASURES</b>				
Initial Disability Claims Pending (thousands)	845	759	632	861
Reconsiderations Pending (thousands) <sup>1</sup>	N/A	176	N/A	184
Hearings Pending (thousands)	725	787	597	746
Average Processing Time for Initial Disability Claims (days)	118	109	103	111
Annual Average Processing Time for Hearings Decisions (days)	365	360	326	338
September Average Processing Time for Hearings Decisions (days)	N/A	345	N/A	321
Disability Determination Services Production per Workyear	275	287	279	322
Office of Disability Adjudication and Review Production per Workyear	107	109	107	114
Disability Determination Services Accuracy Rate	97%	TBD	97%	97%

<sup>1</sup> Reconsideration Average Processing Times are currently under development.

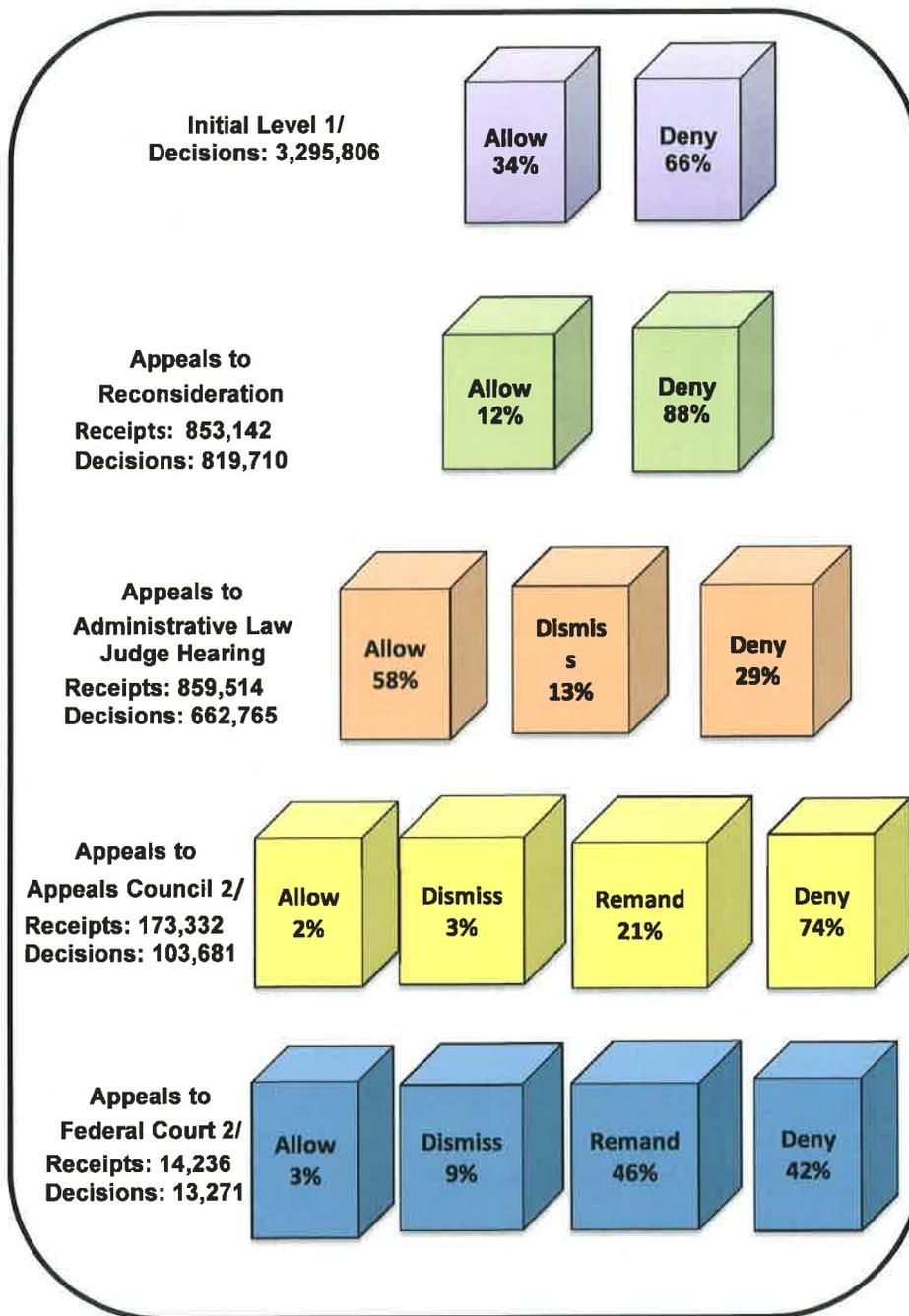
**Extramural Research & Demonstration Budget <sup>1</sup>**  
**(in thousands)**

	<u>Obligations</u>	
	FY 2011	FY 2012
	Actual	Enacted <sup>2</sup>
<b><u>Eliminate Backlogs &amp; Improve the Disability Process</u></b>	<b><u>\$11,572</u></b>	<b><u>\$34,344</u></b>
Compassionate Allowances	\$2,000	\$2,080
Consultative Examination Study	\$201	\$0
Disability Determination Process Small Grants	\$0	\$300
Disability Research Consortium (DRC)	\$0	\$5,000
Evaluation of Ticket to Work (TTW)	\$2,979	\$1,600
Listing of Impairments	\$0	\$0
National Beneficiary Survey (NBS)	\$0	\$5,000
Occupational Information Systems (OIS)	\$990	\$7,300
Other Disability Research	\$3,071	\$2,182
Programmatic Longitudinal Disability Data Repository	\$878	\$4,832
Promoting Readiness of Minors in SSI (PROMISE)	\$0	\$2,800
SSI Childhood Disability Study	\$0	\$0
Temporary Assistance to Needy Families (TANF)	\$6	\$500
WIPA Web-based Data Collection	\$0	\$1,400
Youth Transition Demonstration (YTD)	\$1,446	\$1,350
<b><u>Improve Our Retiree &amp; Other Core Services</u></b>	<b><u>\$1,871</u></b>	<b><u>\$1,554</u></b>
Medicare Outreach	\$1,871	\$1,554
<b><u>Preserve the Public's Trust in Our Programs</u></b>	<b><u>\$15,500</u></b>	<b><u>\$11,324</u></b>
CENSUS Surveys	\$1,000	\$750
Health & Retirement Study	\$2,735	\$3,000
Modernization of Statistical Table Processes	\$1,347	\$1,550
Other Data Development	\$263	\$290
Retirement Research Consortium (RRC)	\$8,117	\$5,000
Retirement Income Modeling	\$2,039	\$734
<b><u>Special Initiative – Encourage Savings</u></b>	<b><u>\$3,578</u></b>	<b><u>\$4,200</u></b>
American Life Panel (ALP) Enhancements	\$968	\$1,000
Collaboration with Other FLEC Members	\$991	\$1,400
Health & Retirement Study (HRS) Supplement	\$1,500	\$1,500
Programmatic Development	\$119	\$300
<b>Total Obligations</b>	<b>\$32,521</b>	<b>\$51,422</b>
<b>New Budget Authority</b>	<b>\$42,928</b>	<b>\$7,998</b>

1 Totals may not add due to rounding.

2 Includes obligations funded from prior-year unobligated balances.

# Fiscal Year 2011 Workload Data: Disability Appeals\*



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

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

2/ Federal Court data includes appeals of Continuing Disability Reviews.

Prepared by: SSA, ODPMI (Office of Disability Program Management Information)

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

Data Sources:

1) Initial and Reconsideration Data: SSA State Agency Operations Report

2) Administrative Law Judge and Appeals Council data: SSA Office of Disability Adjudication and Review (ODAR)

3) Federal Court data: SSA Office of General Counsel

**New National Data Center Project Milestones**

<b>Planned</b>	<b>Actual</b>	<b>Milestone</b>
Aug 2010	Aug 2010	Program of Requirements
Feb 2011	Feb 2011	Select Site
Sep 2011	Aug 2011	Purchase Site
Mar 2012	Jan 2012	Award Design-Build Construction
Dec 2014	TBD	Complete Construction
Feb 2015	TBD	Complete Commissioning

## Historical Staff On-Duty by Major SSA Component

(Includes full time, part time and temporary employees)

	FY 2010	
	Actual	FY 2011 Actual
<b>Field Offices</b>	31,331	29,652
<b>Teleservice Centers</b>	5,206	4,802
<b>Processing Centers</b>	11,868	11,216
<b>Regional Offices</b>	1,989	1,801
<b>Operations Subtotal</b>	<b>50,394</b>	<b>47,471</b>
<b>Office of Disability Adjudication and Review</b>	10,055	9,963
<b>Systems</b>	3,405	3,384
<b>Office of Quality Performance</b>	1,343	1,271
<b>Headquarters</b>	5,005	4,784
<b>SSA Total</b>	<b>70,202</b>	<b>66,873</b>

## KEY ASSUMPTIONS AND COST DRIVERS

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We continue to do everything we can to reduce our costs. Nevertheless, our costs continue to rise each year along with our beneficiary population. While some of our programs have discrete cost-drivers associated with them, the majority of cost-drivers affect all programs. For example, State furloughs of DDS employees influence the SSI and DI programs, but our aging data center concerns all of our programs.

In light of these difficulties, we formulated this budget to address the following challenges:

- High demand for service due to the aging of the population and the effects of the economic downturn, see <http://www.socialsecurity.gov/OACT/> and <http://www.socialsecurity.gov/OACT/STATS/OASDIbenies.html>;
- Unacceptable hearings backlog levels;
- Complex disability process, see <http://www.ssa.gov/pubs/index.html?topic=disability>;
- Growing non-traditional workloads (e.g., immigration and Medicare);
- Reducing improper payments and completing Budget Control Act program integrity levels, see <http://www.socialsecurity.gov/improperpayments/>;
- Finding additional efficiencies and streamlining business processes;
- Modernizing computer systems, see [http://www.recovery.gov/transparency/agency/reporting/agency\\_reporting5.aspx?agency\\_code=28](http://www.recovery.gov/transparency/agency/reporting/agency_reporting5.aspx?agency_code=28);
- Cyberthreats;
- Rising infrastructure costs; and
- State furloughs of DDS employees, see <http://www.socialsecurity.gov/open/ODD/press.html> and <http://www.socialsecurity.gov/open/ODD/index.html>.

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

**SOCIAL SECURITY ADMINISTRATION  
REPORT ON IMPACT OF FISCAL YEAR ENACTED FUNDING LEVELS  
ON KEY WORKLOADS AND SERVICES**

Senate Report 112-84 directs the Social Security Administration (SSA) to provide a report to the Committee on Appropriations of the House of Representatives and the Senate on the impact of enacted fiscal year (FY) 2012 funding levels on key workloads and services.

At the FY 2012 enacted level, we will be able to keep on track with our hearings plan goals by completing a record number of hearings – 80,000 more than in FY 2011. We will also be able to complete about 165,000 more Supplemental Security Income (SSI) non-disability redeterminations and about 90,000 more periodic medical continuing disability reviews (CDR) than last year. Historically every dollar invested in medical CDRs has yielded an estimated \$10 in program savings over 10 years, including Medicare and Medicaid effects. Every dollar invested in SSI non-disability redeterminations has yielded an estimated \$7 in program savings over 10 years, including Medicaid program effects.

However, we had to make hard choices because we are essentially operating with \$400 million less than we had in FY 2010. As a result, we expect to lose an additional 3,000 employees this year on top of the 4,000 we lost in FY 2011.

With less staff in our State Disability Determination Services agencies, we will complete nearly 100,000 fewer initial disability claims than we assumed in the FY 2012 President's Budget. As a result, we expect that initial disability backlogs will rise to nearly 861,000 in FY 2012. Processing times will increase as well, despite tremendous productivity gains. We also will complete 130,000 fewer medical CDRs than authorized under the Budget Control Act.

Our 800-number service will deteriorate, with fewer people to answer calls. We expect that busy signals will rise from 3 percent in FY 2011 to 6 percent in FY 2012. Our average speed of answer will increase from 180 seconds in FY 2011 to 285 seconds in FY 2012.

Overall service also will deteriorate in our field offices and processing centers. We will not complete some important post-entitlement work, the work that we do after a person begins to receive benefits. For example, we may have to delay SSI Status Changes (which can affect payment amounts), overpayment actions, and representative payee actions.

We have enacted several cost saving measures:

- We suspended lower priority notices.
- We have reduced the hours we are open to the public so that we can complete late day interviews without using overtime, which use of has significantly dropped since FY 2010.
- Our field and hearing office employees stopped visiting remote service sites to save travel time and costs.
- We decided not to open eight needed new hearings offices and a new teleservice center last year.

In FY 2011 we also suspended mailing the paper Social Security Statements because it costs nearly \$70 million each year. Most workers who would like an estimate of their Social Security retirement benefit can currently use our highly-rated online Estimator at our website, [www.socialsecurity.gov](http://www.socialsecurity.gov). We are developing a secure and easy-to-use online Social Security Statement, which will improve our Statement process by including all of the information available in the traditional mailed Statement and link users to other information and services to help them plan for retirement. In the meantime, in FY 2012, we plan to mail the Statement to workers nearing retirement age (age 60 and older) as well as to workers who turn 25, so that they are aware of the services Social Security provides. We also will mail them on request to people who need a Statement but cannot use the online service.

We are doing everything we can to reduce costs and tighten controls over spending. We identified opportunities to promote efficient, effective spending, minimize costs, and perform mission-critical functions more cost effectively. We will continue to pursue additional efficiencies.