



SOCIAL SECURITY

The Commissioner

May 4, 2018

The Honorable Roy Blunt
Chairman, Subcommittee on Labor, Health and
Human Services, Education, and
Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

We are pleased to share our fiscal year (FY) 2018 Operating Plan, as required by Section 516 of the Consolidated Appropriations Act, 2018 (Public Law 115-141).

Our Operating Plan provides proposed spending and expenditures for each of our accounts through the end of FY 2018 under the funding levels provided in the law. We hope that you find the information regarding workload and performance measures, which incorporate current workload projections, helpful. We also included a General Statement, which provides highlights of our Operating Plan.

We are sending similar letters to Senators Shelby, Leahy, and Murray, and Representatives Frelinghuysen, Lowey, Cole, and DeLauro.

We are happy to work with your staff to answer any questions about our Operating Plan. If you have questions or need additional information, please call me or have your staff call Tiffany Flick, our Acting Associate Commissioner for the Office of Budget, at (410) 965-3501.

Sincerely,

Nancy A. Berryhill
Acting Commissioner

Enclosures

SOCIAL SECURITY ADMINISTRATION GENERAL STATEMENT

The Consolidated Appropriations Act, 2018 provides our agency with nearly \$12.873 billion in administrative funding for fiscal year (FY) 2018. This amount includes \$100 million to address the disability hearings backlog, which remains available through September 30, 2019; \$280 million to modernize our information technology (IT), which is available until expended; and \$1.735 billion in dedicated program integrity funding, which remains available through March 31, 2019.

This level of funding will allow us to continue to achieve our *Compassionate And Responsive Service* (CARES) plan through increased decisional capacity, business process efficiencies, and IT innovations and investments. At the end of FY 2017, over 1 million people were waiting for a decision on their hearing requests. With continued support from Congress, we reduced the number of pending cases in each of the last 15 months, and as of March 2018, the number of people awaiting a hearing is under 1 million. We expect to end this fiscal year with about 900,000 cases pending a hearing decision. With this funding, we will sustain this momentum, keeping us on track to eliminate the hearings backlog.

We continue to support our frontline operations, such as our field offices, processing centers (PC), and our National 800 Number with additional hiring and overtime. In FY 2018, we plan to replace our staffing losses in our frontline operations, with a special focus on the PCs and our National 800 Number. In the PCs, we anticipate reducing our pending actions to 3.3 million by the end of the fiscal year. The additional hiring for our National 800 Number will set us up for improved performance in FY 2019. Lastly, we plan to maintain stable processing times for initial disability claims and reconsiderations received at our disability determination services (DDS).

We are finalizing a multi-year rollout plan for the reinstatement of the reconsideration level of appeal in the 10 prototype States. As a result, we will have a more unified, equitable disability program across the country.

We appreciate the investment of \$280 million to help modernize our IT systems. Our IT Modernization Plan¹ describes our multi-year endeavor to upgrade our major systems using modern architectures, agile software engineering methods, cloud provisioning, and shared services. Our vision is to establish a fully integrated IT and business team that delivers modern

¹ See IT Modernization Plan: A Business and IT Journey (October 2017), <https://www.ssa.gov/agency/materials/IT-Mod-Plan.pdf>.

business platforms that improve our ability to respond more rapidly to changing needs at manageable costs. This dedicated funding will allow us to deliver faster, more reliable, customer-focused applications.

The dedicated program integrity funding will allow us to continue to complete high levels of our cost-effective program integrity reviews. Two of our most important program integrity tools are medical continuing disability reviews (CDR) and Supplemental Security Income (SSI) non-medical redeterminations, which save billions of program dollars each year. Medical CDRs are periodic reevaluations to ensure that only beneficiaries who continue to meet the Social Security Administration's (SSA) standards for disability continue to receive benefits. Redeterminations are periodic reviews of non-medical eligibility factors, such as changes in living arrangements, income, and resources. In FY 2018, we plan to complete 890,000 full medical CDRs and 2.9 million SSI non-medical redeterminations. We expect to eliminate the CDR backlog by the end of FY 2018.

In addition, the program integrity funding we received will allow us to add 3 cooperative disability investigations (CDI) units in Hawaii, Indiana, and New Mexico this year, bringing our total to 43 units covering 37 States, the District of Columbia, and Puerto Rico. CDI units are highly successful at detecting fraud before we make a disability decision. Each unit is staffed with employees from SSA, the Office of the Inspector General, and DDS, who partner with local law enforcement to investigate fraud allegations.

For several years, Special Assistant United States Attorneys have prosecuted cases of alleged Social Security fraud that the Department of Justice (DOJ) would not have otherwise prosecuted. They also serve as a deterrent against those individuals who unlawfully attempt to receive Social Security benefits. In FY 2017, our fraud prosecutors secured over 186 convictions and obtained orders for \$145 million in restitution in 25 States and the Commonwealth of Puerto Rico. The appropriation supports our corps of 35 attorneys, who assist DOJ with prosecuting a greater proportion of the potential fraud caseload.

For over 80 years, we have been a steward of the public's money by providing rigorous oversight over the programs we administer. Our administrative expenses are about 1.2 percent of the combined Social Security and SSI benefits we pay, due in part to continually increasing automation and improving our business processes. With this year's appropriation, we will continue to focus on delivering effective services for the millions of people who depend on our programs.

Social Security Administration (SSA) Fiscal Year (FY) 2018
Operating Plan

**(Appropriated FY 2018 Funds and Carryover / Transfers
of Unobligated Prior-Year Funds)
(\$ in millions)**

Budget Authority:

	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
<u>Payments to the Social Security Trust Funds (PTF)</u>		
Pension Reform	\$6.4	\$6.4
Unnegotiated Checks	5.0	5.0
Total Appropriation (P.L. 115-141)	\$11.4	\$11.4
	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
<u>Supplemental Security Income (SSI)</u>		
FY 2018 Benefit Payments, Total	\$48,236.0	\$48,236.0
FY 2018 First Quarter Advance (P.L. 115-31)	15,000.0	15,000.0
FY 2018 Appropriation	33,236.0	33,236.0
	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
<u>Supplemental Security Income (SSI)</u>		
Administrative Expenses, Total	5,061.0	4,991.3
Administrative Expenses (Regular)	3,672.0	3,602.1
Program Integrity (Base)	222.0	209.4
Additional Program Integrity	1,167.0	1,179.7
	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
<u>Supplemental Security Income (SSI)</u>		
Beneficiary Services	159.0	159.0
Research and Demonstration (R&D) Projects (FY 18 / FY 19 / FY 20)	101.0	101.0
Total Appropriations (P.L. 115-131 and P.L. 115-141)	\$53,557.0	\$53,487.3

<u>Supplemental Security Income (SSI) – Carryover of Unobligated FY 2017 Balances and Recoveries</u>	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
Benefits	\$3,345.0	\$3,028.2
Administrative Expenses	0.0	1,471.2
Beneficiary Services	0.0	66.8
R&D (No Year)	9.4	3.2 ¹
R&D (FY 16 / FY 17 / FY 18)	0.0	0.4
R&D (FY 17 / FY 18 / FY 19)	13.9	19.9
Total, Carryover of Unobligated FY 2017 Balances and Actual Recoveries	\$3,368.3	\$4,589.8

<u>Supplemental Security Income (SSI) – Total Funds Available for FY 2018</u>	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
	\$56,925.3	\$58,077.0

<u>Limitation on Administrative Expenses (LAE)</u>	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
Regular LAE ²	\$10,600.7	\$10,636.6 ³
Program Integrity (Base)	273.0	273.0 ⁴
Additional Program Integrity	1,462.0	1,462.0 ⁴
SSA Advisory Board	2.3	2.3
SSI User Fees	118.0	118.0
Non-Attorney Certification User Fee	1.0	1.0
Total Appropriated (P.L. 115-141)	\$12,457.0	\$12,492.9

<u>American Recovery and Reinvestment Act (P.L. 111-5)</u>	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
National Support Center Replacement	\$0.0	\$0.5

<u>Medicare Improvement for Patients and Providers Act (P.L. 110-275)</u>	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
Low Income Subsidy	\$5.8	\$11.6

¹ An additional \$7 million is available for reappropriation in FY 2019.

² Excludes funding for dedicated PI.

³ Includes \$89.7 million for operation and maintenance of specific facilities delegated to SSA by the General Services Administration.

⁴ PI funds available until March 31, 2019.

	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
Other Available Funds:		
<u>Information Technology Systems (ITS) (No-Year) –</u>		
Carryover/Recoveries from Unobligated ITS Balances	\$144.7	\$232.1
Carryover/Recoveries of Other Unobligated Balances	\$0.0	\$73.2 ⁵
IT Modernization (P.L. 115-141)	120.0 ⁶	280.0
Hearing Backlog within Office of Hearings Operations:		
FY 17 / FY 18 (P.L. 115-31)	\$150.0 ⁷	\$51.7
FY 18 / FY 19 (P.L. 115-141)	N/A	\$100.0
Additional Program Integrity FY 17 / FY 18 (P.L. 115-131)	N/A	\$195.4 ⁸
	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
Medicare Access and CHIP Reauthorization Act (P.L. 114-10)		
Carryover/Recoveries from Unobligated MACRA Balances (FY 15 / FY 16 / FY 17 / FY 18)	\$0.0	\$24.6
Carryover/Recoveries from Unobligated MACRA Balances (FY 16 / FY 17 / FY 18)	\$10.4	\$22.0
Carryover/Recoveries from Unobligated MACRA Balances (FY 17 / FY 18)	\$22.0	\$22.0
Carryover/Recoveries from Unobligated MACRA Balances (No-Year)	\$27.0	\$27.0
	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
<u>Office of the Inspector General (OIG), SSA</u>		
Federal Funds	\$30.0	\$30.0
Trust Funds	\$75.0	\$75.5
Total Appropriated (P.L. 115-141)	\$105.0	\$105.5

⁵ Includes authority from prior years carried over for the following purposes: \$46.4 million for operation and maintenance of specific facilities delegated to SSA by the General Services Administration, \$26.5 million for the renovation and modernization of the Arthur J. Altmeyer Building, \$196.5 thousand for construction, and \$51.8 thousand for the Automation Investment Fund.

⁶ Estimate includes \$70 million in dedicated funding and \$50 million obligated from prior year balances.

⁷ President's Budget estimate is based off of \$150 million anomaly, but only \$90 million was appropriated in FY 2017. The estimate includes \$73 million obligated for FY 2017 and \$77 million obligated for FY 2018.

⁸ PI funds available until March 31, 2018.

<u>Estimated Outlays</u>	<u>FY 2018 President's Budget</u>	<u>FY 2018 Available Funding</u>
PTF	\$11.0	\$11.0
LAE	\$12,547.0	\$12,677.0
SSI	\$56,715.0	\$55,649.0
OIG	\$105.0	\$106.0

Note: Totals may not add due to rounding.

FY 2018 Congressional Operating Plan Performance Table

Social Security Administration Workload and Outcome Measures	FY 2017 Enacted	FY 2017 Actual	FY 2018 Enacted
Retirement and Survivor Claims			
Retirement and Survivor Claims Completed (thousands)	5,782	5,620	5,801
Disability Claims			
Initial Disability Claims Receipts (thousands) ¹	2,499	2,443	2,476
Initial Disability Claims Completed (thousands)	2,455	2,485	2,300
Initial Disability Claims Pending (thousands) ¹	612	523	699
Average Processing Time for Initial Disability Claims (days)	113	111	111
Disability Reconsiderations			
Disability Reconsiderations Receipts (thousands)	N/A	583	540
Disability Reconsiderations Completed (thousands)	581	596	518
Disability Reconsiderations Pending (thousands)	130	105	129
Average Processing Time for Disability Reconsiderations (days)	105	101	102
Hearings			
Hearings Receipts (thousands)	632	620	582
Hearings Completed (thousands)	683	686	738
Hearings Pending (thousands)	1,071	1,056	900
Annual Average Processing Time for Hearings Decisions (days) ²	605	605	605
National 800 Number			
National 800 Number Calls Handled (millions)	35	36	33
Average Speed of Answer (seconds)	970	802	1,500
Agent Busy Rate (percent)	12%	10%	16%
Program Integrity			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,970	2,257	1,990
Full Medical CDRs (included above, thousands)	870	874	890
SSI Non-Medical Redeterminations Completed (thousands)	2,562	2,590	2,900
Selected Other Agency Workload Measures			
Social Security Numbers Completed (millions)	16	17	17
Annual Earnings Items Completed (millions)	273	279	281
Social Security Statements Issued (millions) ³	10	14	14
Selected Production Workload Measures			
Disability Determination Services Production per Workyear	301	306	302
Disability Determination Services Accuracy Rate	97%	97%	97%
Hearings Production per Workyear	96	94	98

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^{1/} FY 2018 estimates are based on receipt projections provided by the Office of the Chief Actuary in December 2017. Based on actual experience, we believe FY 2018 DDS initial claim receipts may be closer to 2.33M, which would result in an end of year pending of approximately 553,000.

^{2/} Average processing time for hearings is an annual figure. End of year (September) processing time for hearings is estimated to be 595 days for FY 2018.

^{3/} The Social Security Statements Issued measure includes paper statements only; it does not include electronic statements issued. In FY 2017, *my Social Security* users accessed their Social Security Statements 46.2 million times.