

MEMORANDUM

To: Social Security Advisory Board
Subject: FY 2016 Budget Update
Date: May 15, 2015

SSA Executives Michelle King, Acting Assistant Deputy Commissioner—Office of Budget, Finance, Quality and Management, and Pat Perzan, Acting Deputy Associate Commissioner—Office of Budget, are scheduled to meet with the Board at our May meeting to brief us on the President’s Budget request for SSA for FY 2016. In light of this briefing from SSA, we are providing the following update.

The FY 2016 President’s Budget for SSA’s Administrative Expenses

The total request for SSA’s administrative resources in FY 2016 is \$12.724 billion. Included in this request is \$12.513 billion for SSA’s ongoing administrative expenditures, an increase of \$707 million (or 6.0%) over the FY 2015 enacted funding level. The request for SSA research in 2016 is \$101 million, up from an estimated \$83 million in spending in 2015. In addition, the President’s Budget seeks \$110 million for the Office of the Inspector General (OIG), an increase of \$6 million, or 6.8%, over 2015 funding.

The base level request for program integrity funding in FY 2016 is \$273 million, essentially unchanged since 2015. The program integrity cap adjustment, however, is requested at \$1,166 million for 2016 – an increase of \$43 million from 2015 enacted levels. The “cap adjustment” fund is off-budget money that can be tapped by SSA once the base level of \$273 million has been spent.

Other Funding Issues

The FY 2016 President’s Budget for SSA administrative expenses contains almost \$200 million in no-year IT funding. An additional \$6 million is requested for administration of the Part D low income subsidy, and \$20 million in Recovery Act funds is budgeted for the ongoing replacement of the National Computer Center (NCC) in Urbana, Maryland – \$36 million less than 2015 enacted levels. The table on the next page details SSA’s total administrative funding request.

The Commissioner’s Request to OMB

The Commissioner’s request to OMB for FY 2016 was \$12.688 billion in total budgetary resources. Included in this request was \$12.537 billion for SSA’s administrative expenses – \$355 (1.2%) million more than was allowed by OMB. The Commissioner also requested \$105 million for the OIG and \$46 million for research purposes.

SSA ADMINISTRATIVE BUDGET SUMMARY				
<i>(\$ in millions)¹</i>				
Budget Authority	FY 2014 Actual	FY 2015 Enacted	FY 2016 Estimate	Change FY 15/FY 16
SSA Base Operations (LAE)	\$10,328	\$10,285	\$10,937	\$652
Program Integrity (PI) Base	\$273	\$273	\$273	\$0
<i>PI Cap Adjustment</i>	\$924	\$1,123	\$1,166	\$43
User Fees ²	\$172	\$125	\$137	\$12
Subtotal, LAE	\$11,697	\$11,806	\$12,513	\$707
<i>Research</i>	\$47	\$83	\$101	\$18
Office of Inspector General	\$102	\$103	\$110	\$6
Subtotal, Budget Authority	\$11,846	\$11,992	\$12,724	\$732
Other Obligations:				
No-Year IT Funds	\$268	\$255	\$200	-\$55
Part D Subsidy	\$0	\$6	\$6	\$0
NCC Replacement	\$70	\$55	\$20	-\$36
Subtotal, Other Obligations	\$388	\$318	\$226	-\$91
TOTAL RESOURCES	\$12,183	\$12,309	\$12,949	\$641

¹ Totals may not add due to rounding.

² Includes SSI user fees and Social Security Protection Act user fees.

SSA Staffing and Hiring

The FY 2016 President's Budget includes a total of 82,759 workyears for administration and oversight of SSA's programs. Included in this request is 67,446 workyears for SSA to manage agency programs. This level assumes an increase of 1,401 workyears over 2015 levels. Additionally, the President's Budget includes 14,750 workyears (+100) for the State Disability Determination Services (DDSs) and 560 workyears (+5) for the OIG in 2016. The chart that follows details the requested staffing levels.

SSA FULL-TIME EQUIVALENTS (FTE) AND WORKYEARS (WY)				
Resources	FY 2014 Actual	FY 2015 Enacted	FY 2016 Estimate	Change FY 15/FY 16
SSA FTE	60,338	63,698	64,844	1,146
Overtime/Lump Sum Leave	3,125	2,347	2,602	255
Subtotal, SSA WYs	63,463	66,045	67,446	1,401
DDS WYs	14,187	14,650	14,750	100
Subtotal, SSA and DDS WYs	77,650	80,695	82,196	1,501
OIG FTEs	539	555	560	5
Overtime/Lump Sum Leave	4	3	3	0
Subtotal, OIG WYs	543	558	563	5
TOTAL SSA/DDS/OIG WYS	78,193	81,253	82,759	1,506

SSA has lost over 12,000 employees over the past four years resulting in increased disability processing times, longer waits and more busy signals on the national 800 number, and increased waits in field office. In addition, fewer CDRs were completed than projected.

At the funding levels proposed for FY 2016, SSA says that it will:

- Improve access to online services by increasing the percentage of citizens who complete their business online by 10 percent over the previous year.
- Deliver a higher quality customer experience and expedited processing by expanding the use of video technology to hold hearings—by the end of FY 2015, 30% of hearings will be held using video technology.
- Provide the public with access to personalized information by increasing the number of established *MySSA* accounts by 15% over the FY 2015.
- Reduce the percentage of improper payments made under the SSI program—by the end of FY 2015, no more than 6.2% of all SSI payment made will be improper payments, i.e., overpayments or underpayments.
- By August 2016, transition of all IT services to the new National Computer Center will be complete.

Legislative Proposals Included in the President's Budget

The FY 2016 President's Budget includes a number of legislative proposals affecting SSA's programs, including proposals that would:

- Address the depletion of DI trust fund reserves by authorizing a 5-year reallocation of 0.9% of payroll tax collections from the OASI trust fund to the DI trust fund beginning January 1, 2016 through December 31, 2020.
- repeal the discretionary cap adjustments for CDRs and SSI redeterminations enacted under the *Balanced Budget and Emergency Deficit Control Act*, as amended by the *Budget Control Act*, for SSA beginning in FY 2017 and instead provide a dedicated and dependable source of mandatory funding for these program integrity activities;
- amend the *Defense of Marriage Act* by requiring SSA (and any other agency that administers a program in which marital status is a factor) to consider an individual as married if the marriage is valid in the state where that marriage occurred;
- allow SSA to use commercial databases to verify wages in the SSI program to reduce improper payments and lessen recipients' reporting burden;
- increase the amount of death information available to Federal agencies for use in preventing improper payments by authorizing SSA to share all of the death information it maintains with Do Not Pay;
- establish Workers' Compensation (WC) information reporting by requiring states, local governments, and private insurers that administer WC and public disability benefits to provide this information to SSA and provide for the development and implementation of a system to collect such information from states, local governments and insurers.
- lower the electronic wage reporting threshold to five employees and move from annual to quarterly wage reporting;
- eliminate aggressive SSA benefit claiming strategies;

The entire list of legislative proposals included in the *FY 2016 Congressional Budget Justification* is attached to this memorandum.

Attachments:

- SSA's FY 2016 Key Budget Tables*
- History of SSA's Budget Requests and Appropriations*
- Legislative Proposals*