



**Congressional
Research Service**

Informing the legislative debate since 1914

The Social Security Administration (SSA): Budget Request and Appropriations

William R. Morton

Analyst in Income Security

April 8, 2016

Congressional Research Service

7-5700

www.crs.gov

R41716

Summary

The Social Security Administration (SSA) is responsible for administering a number of federal entitlement programs that provide income support (cash benefits) to qualified individuals. These programs are

- Old-Age, Survivors, and Disability Insurance (OASDI), commonly known as Social Security;
- Supplemental Security Income (SSI) for the Aged, Blind, and Disabled; and
- Special Benefits for Certain World War II Veterans.

In FY2017, SSA's programs are projected to pay a combined \$1.0 trillion in federal benefits to 68.4 million recipients. Spending on administrative costs for these programs is projected to be about 1.3% of benefit outlays.

Although benefit payments for SSA's programs are considered mandatory spending and thus are not controlled by the annual appropriations process, the agency requires annual discretionary appropriations to carry out its programs and to support the administration of non-SSA programs, such as Medicare. SSA's funding is part of the Departments of Labor, Health and Human Services, and Education, and Related Agencies (LHHS) appropriations bill.

The FY2017 President's budget request for SSA's limitation on administrative expenses (LAE) account, which funds virtually all of SSA's operations, is \$13.1 billion. Of this amount, \$1.8 billion is for program integrity activities, which include continuing disability reviews (CDRs) and SSI non-medical redeterminations. The total FY2016 appropriation for SSA's LAE account was \$12.2 billion, with \$1.4 billion dedicated to program integrity work.

This report provides an overview of SSA's mandatory spending but focuses primarily on discretionary appropriations for the agency's administrative expenses.

Contents

Introduction	1
The Social Security Administration’s Programs.....	1
Old-Age and Survivors Insurance	2
Social Security Disability Insurance	2
Supplemental Security Income.....	3
Special Benefits for Certain World War II Veterans.....	3
Projected Spending in FY2017 on SSA’s Core Programs	4
FY2017 Budget Request and Appropriations for SSA	5
FY2017 President’s Budget Request.....	6
Payments to Social Security Trust Funds.....	6
Payments Not Controlled by Annual Appropriations Acts	6
Payments Controlled by Annual Appropriations Acts	7
Supplemental Security Income Program.....	7
Administrative and Other Expenses	8
Limitation on Administrative Expenses.....	8
Program Integrity Activities	10
User Fees	11
Office of Inspector General.....	11
FY2017 SSA Commissioner’s Budget Request	12
FY2016 Budget Request and Appropriation for SSA’s LAE Account	12
Trends in the Budget Request and Appropriation for SSA’s LAE Account	13

Figures

Figure 1. Projected Total Spending on SSA’s Core Programs, FY2017.....	4
Figure 2. Components of the Budget Authority for SSA’s LAE Account in the FY2017 President’s Budget Request.....	9
Figure 3. Budget Request and Appropriation for SSA’s LAE Account, FY1997-FY2016	14
Figure 4. Appropriations for SSA’s LAE Account, Adjusted for Price and Wage Growth, FY1997-FY2016	15

Tables

Table 1. Projected Administrative Outlays as a Share of Trust Fund Income and Benefit Payments, FY2017	5
Table 2. Summary of the FY2017 President’s Budget Request for SSA.....	6
Table 3. Summary of the FY2017 President’s Budget Request for SSA’s LAE Account	9
Table 4. Maximum Annual Adjustments to Discretionary Spending Caps for SSA Program Integrity Activities Under Prior Law and Under the Bipartisan Budget Act of 2015.....	11
Table 5. Comparison of the President’s Budget Request, Amounts Passed by the House and the Senate Committees on Appropriations, and the Enacted Appropriation for SSA’s LAE Account, FY2016	12

Contacts

Author Contact Information 16

Introduction

The Social Security Administration (SSA) oversees programs that touch the lives of millions of American families and are key components of the nation's economic safety net. The Old-Age, Survivors, and Disability Insurance (OASDI) program, commonly known as Social Security, is the most well-known of these programs. SSA is also responsible for carrying out two cash assistance programs for certain groups of low-income individuals: (1) Supplemental Security Income (SSI) for the Aged, Blind, and Disabled and (2) Special Benefits for Certain World War II Veterans. In addition to its core programs, the agency supports the administration of a number of non-SSA programs, such as Medicare, and provides and verifies data for a variety of federal and state program purposes.

Benefit payments for SSA's core programs are considered *mandatory spending*, which means that such outlays are controlled by each program's authorizing statute—not by appropriations acts.¹ However, the resources needed to carry out SSA's core programs, as well as to support the administration of other national priorities, are considered *discretionary spending* and thus are controlled by the annual appropriations process.

This report provides background on SSA's core programs and related mandatory spending but its focus is on SSA's annual discretionary appropriations for administrative expenses. This report begins with a brief description of SSA's core programs and then examines its FY2017 projected spending on benefit payments and operating costs. Next, it discusses each component of the FY2017 President's budget request for SSA, including the agency's limitation on administrative expenses (LAE) account. Lastly, the report examines historical trends in the budget request and appropriation for SSA's LAE account.

Most of the data presented in this report can be found in SSA's FY2017 budget justification to Congress, which is available at <https://www.ssa.gov/budget/>.

The Social Security Administration's Programs

SSA's primary purpose is to administer several federal income support programs established under the Social Security Act, namely

- Social Security (OASDI; Title II of the act);²
- Supplemental Security Income (SSI; Title XVI of the act);³ and
- Special Benefits for Certain World War II Veterans (Title VIII of the act).⁴

Social Security is a social insurance program that replaces a portion of an insured worker's income based on the individual's career-average earnings in covered employment. In contrast, SSI and Special Benefits for Certain World War II Veterans are public assistance programs that provide a guaranteed minimum income to certain groups of individuals who have little or no Social Security or other income. All three programs are *entitlements*, which means that the federal

¹ See U.S. Government Accountability Office (GAO), *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP, September 1, 2005, <http://www.gao.gov/products/GAO-05-734SP>.

² 42 U.S.C. §401 et seq.

³ 42 U.S.C. §1381 et seq.

⁴ 42 U.S.C. §1001 et seq.

government is obligated to pay benefits to individuals who meet the eligibility requirements specified in each program's authorizing statute.⁵

To conform with data presented in SSA's FY2017 budget justification, this report describes the Old-Age and Survivors Insurance and Disability Insurance components of Social Security as separate programs.

Old-Age and Survivors Insurance⁶

Old-Age and Survivors Insurance (OASI) provides monthly cash benefits to insured workers aged 62 or older and to their eligible spouses and children. It also pays benefits to certain survivors of deceased insured workers. Workers achieve insured status by working and paying Social Security taxes for a sufficient number of years in jobs that are covered under the Social Security system. OASI benefits and administrative costs are paid out of the Federal Old-Age and Survivors Insurance Trust Fund to which current workers, their employers, and self-employed individuals contribute.⁹ Under current law, the OASI trust fund's share of the combined 12.4% Social Security payroll tax rate is 10.03%.

FY2017 OASI Projections⁷

Average number of beneficiaries: 51.8 million
Average monthly retired-worker benefit: \$1,369
Benefit outlays: \$812.6 billion
Administrative and other costs: \$7.4 billion⁸
Total program spending: \$820.0 billion

Social Security Disability Insurance¹⁰

Social Security Disability Insurance (SSDI) pays monthly cash benefits to nonelderly insured workers who are unable to perform substantial work because of severe, long-term disabilities and to their eligible spouses and children. Workers become insured in the event of disability by working for a certain number of years in jobs that are covered under Social Security and thus are subject to payroll taxes. SSDI benefits are payable until the disabled worker

FY2017 SSDI Projections¹¹

Average number of beneficiaries: 11.0 million
Average monthly disabled-worker benefit: \$1,176
Benefit outlays: \$149.2 billion
Administrative and other costs: \$3.5 billion¹²
Total program spending: \$152.7 billion

⁵ See CRS Report RS20129, *Entitlements and Appropriated Entitlements in the Federal Budget Process*.

⁶ For more information on Old-Age and Survivors Insurance (OASI), see CRS Report R42035, *Social Security Primer*.

⁷ Social Security Administration (SSA), *Justifications of Estimates for Appropriations Committees, Fiscal Year 2017*, February 2016, Tables i4-i6, pp. 4-5, <https://www.ssa.gov/budget/> (hereinafter cited as "SSA, FY2017 Budget Justification").

⁸ Figure includes OASI administration expenses, beneficiary services, payments to the Railroad Retirement Board, and Treasury administrative expenses. OASI administrative expenses chargeable to the Federal Old-Age and Survivors Insurance Trust Fund are projected to be \$2.8 billion in FY2017.

⁹ 42 U.S.C. §401(a). For more information on the OASI trust fund, see CRS Report RL33028, *Social Security: The Trust Funds*.

¹⁰ For additional information on Social Security Disability Insurance (SSDI), see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*.

¹¹ SSA, FY2017 Budget Justification, Tables i4-i6, pp. 4-5.

¹² Figure includes SSDI administrative expenses, beneficiary services, payment to the Railroad Retirement Board, demonstration projects, and Treasury administrative expenses. SSDI administrative expenses chargeable to the Federal Disability Insurance (DI) Trust Fund are projected to be \$3.0 billion in FY2017.

dies, returns to work, or reaches Social Security's full retirement age (currently 66), at which point the worker transitions to OASI. SSDI benefits and administrative costs are paid out of the Federal Disability Insurance (DI) Trust Fund to which current workers, their employers, and self-employed individuals contribute.¹³ Under current law, the DI trust fund's share of the combined 12.4% Social Security payroll tax rate is 2.37%.

Supplemental Security Income¹⁴

SSI provides cash assistance to needy aged, blind, or disabled individuals, including blind or disabled children. The program's goal is to provide eligible individuals with a guaranteed minimum income to meet their basic needs for food, clothing, shelter, and other daily necessities. To qualify for SSI, a person must have limited income and assets and meet

certain other requirements. Monthly SSI benefits are reduced by other countable income, meaning that SSI is often a program of "last resort" for low-income seniors and individuals with disabilities. States may complement the federal SSI benefit with state supplementary payments (SSP) that are made solely with state funds. Federal SSI benefits and administrative costs are paid out of general revenues.

FY2017 SSI Projections¹⁵

Average number of federal recipients: 8.2 million
Average monthly benefit: \$561
Federal benefit outlays: \$56.2 billion
Federal administrative costs: \$5.5 billion¹⁶
Total federal program spending: \$61.7 billion¹⁷

Special Benefits for Certain World War II Veterans¹⁸

The Special Benefits for Certain World War II Veterans program provides a minimum cash benefit to two groups of low-income individuals living outside of the United States: American veterans of World War II and veterans of the Filipino armed forces that fought alongside the American military during that conflict. To qualify, individuals must have been aged 65 or older on December 14, 1999; have been SSI eligible for that month; be an eligible World War II veteran; have limited income; and reside outside the United States. The program's benefits and related administrative costs are paid out of general revenues.

FY2017 Special Benefits for Certain WWII Veterans Projections¹⁹

Average number of recipients: Less than 500
Average monthly benefit: \$380
Federal benefit outlays: \$2 million
Administrative costs: \$1 million
Total program spending: \$3 million

¹³ 42 U.S.C. §401(b). For more information on the DI trust fund, see CRS Report R43318, *The Social Security Disability Insurance (DI) Trust Fund: Background and Current Status*.

¹⁴ For additional information on Supplemental Security Income (SSI), see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*.

¹⁵ SSA, FY2017 Budget Justification, Tables i4 and i7-i8, pp. 4, 6-7.

¹⁶ Figure includes beneficiary services, research, administrative costs, and \$2 million for the State Department's two-year Special Immigrant Visa extension for Afghans in FY2017.

¹⁷ Total projected SSI program spending does not include the fees paid by 11 states and the District of Columbia to SSA to administer their state supplementation programs.

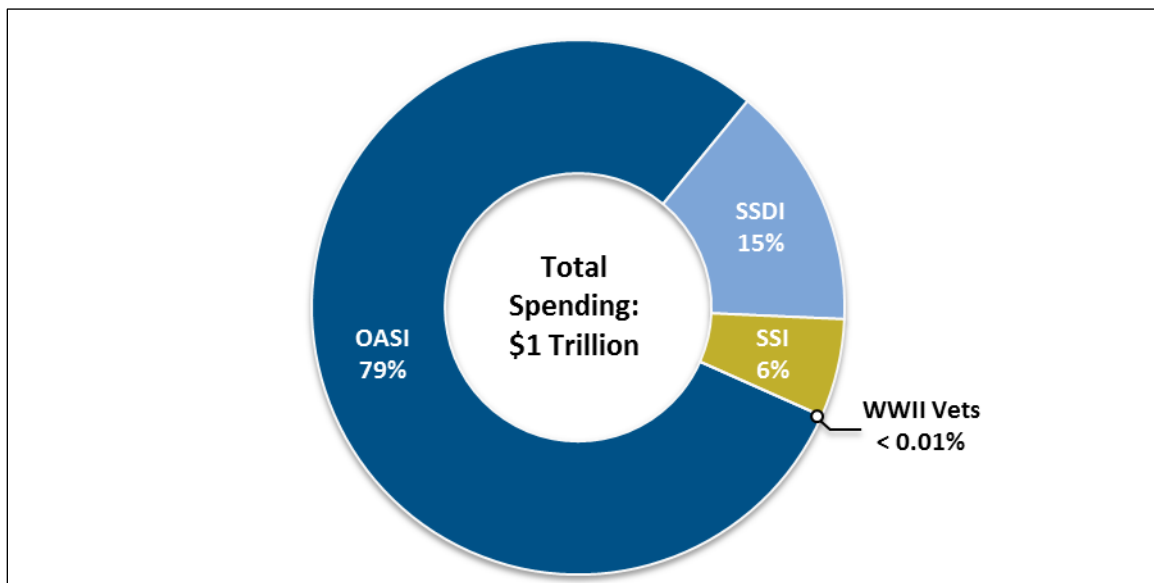
¹⁸ For more information on Special Benefits for Certain World War II Veterans, see SSA, *Special Benefits for Certain World War II Veterans*, March 2016, Publication No. 05-10157, <https://www.ssa.gov/pubs/EN-05-10157.pdf>.

¹⁹ SSA, FY2017 Budget Justification, Tables i4 and i9, pp. 4 and 8.

Projected Spending in FY2017 on SSA's Core Programs

As shown in **Figure 1**, in FY2017, spending on the OASI, SSDI, SSI, and Special Benefits for Certain World War II programs combined is projected to be more than \$1.0 trillion. This projection includes benefit payments as well as SSA and non-SSA administrative expenses and certain other costs. Benefit payments account for approximately 98.4% of total projected spending. SSA estimates that the average number of federal beneficiaries of its core programs (adjusted for double counting) will be 68.4 million in FY2017.²⁰

Figure 1. Projected Total Spending on SSA's Core Programs, FY2017
(benefit payments plus administrative expenses and other costs)



Source: Congressional Research Service (CRS), based on data from Social Security Administration (SSA), *Justifications of Estimates for Appropriations Committees, Fiscal Year 2017*, February 2016, Table i4, p. 4, <https://www.ssa.gov/budget/> (hereinafter cited as “SSA, FY2017 Budget Justification”).

Notes: OASI = Old-Age and Survivors Insurance; SSDI = Social Security Disability Insurance; SSI = Supplemental Security Income; WWII Vets = Special Benefits for Certain World War II Veterans.

As noted earlier, benefit outlays for SSA's core programs are considered mandatory spending and therefore are not controlled by annual appropriations acts.²¹ Spending on benefit payments for these programs is determined by the eligibility requirements and payment levels specified in each program's authorizing statute.

²⁰ SSA, FY2017 Budget Justification, Table 3.18, p. 145. Figure is adjusted for concurrent receipt of Social Security and SSI and excludes individuals in receipt of a federally administered state supplementary payment (SSP) but no federal SSI benefit.

²¹ See CRS Report RL33074, *Mandatory Spending Since 1962*. For more information on federal budget terms, see Chapter 9 (“Budget Concepts”) in U.S. Office of Management and Budget (OMB), *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2017*, February 2016, pp. 97-119, https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/ap_9_concepts.pdf.

Table 1 shows administrative outlays for each core program as a percentage of benefit payments and for Social Security, as a share of trust fund income.²² The right column of the table excludes non-SSA administrative expenses and certain other costs, except in the row labeled “Total,” which includes costs associated with Medicare.

Table 1. Projected Administrative Outlays as a Share of Trust Fund Income and Benefit Payments, FY2017

Program	Share of Trust Fund Income	Share of Benefit Payments
OASI	0.3%	0.3%
SSDI	1.8%	2.0%
OASDI (combined)	0.6%	0.6%
SSI (federal and state)	a	9.2%
WWII Vets ^b	a	50.0%
Total^c	a	1.3%

Source: CRS, adapted from SSA, FY2017 Budget Justification, Table i10, p. 9.

Notes: The table excludes certain non-SSA administrative outlays and other expenses attributable to the OASI, SSDI, and SSI programs in Tables i5 and i7 of SSA’s FY2017 budget justification.

- a. Not applicable.
- b. In FY2017, administrative outlays for the Special Benefits for Certain World War II Veterans program are projected to be \$1 million and federal benefits are projected to be \$2 million. These numbers are rounded; therefore, administrative outlays as a share of benefit payments may be less than or greater than 50.0%.
- c. Includes Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) administrative outlays.

Administrative outlays as a share of benefit payments are greater for SSA’s disability programs compared with the OASI program because the disability programs are more complex to administer and therefore require more resources per applicant or beneficiary. As a means-tested program, SSI is particularly complex to administer because SSA must verify all sources of income and resources available to an SSI applicant or recipient as well as the individual’s living situation. The high ratio of administrative outlays to benefit payments under the Special Benefits for Certain World War II Veterans program is due primarily to low benefit levels and the steadily decreasing number individuals in receipt of benefits. In FY2017, SSA projects that the program will pay benefits to fewer than 500 individuals on average.

FY2017 Budget Request and Appropriations for SSA

Although benefit payments for SSA’s programs are considered mandatory spending and thus are not controlled by the annual appropriations process, the agency requires annual discretionary appropriations to carry out its programs and to support the administration of non-SSA programs, such as Medicare. SSA’s accounts are traditionally funded via the Departments of Labor, Health and Human Services, and Education, and Related Agencies (LHHS) appropriations bill.²³

²² Income to the OASI and DI trust funds is composed of payroll taxes, income from the taxation of Social Security benefits, reimbursements from the General Fund of the U.S. Treasury for various costs imposed on the Social Security program, and interest earned on investments held by the trust funds.

²³ See CRS Report R44287, *Labor, Health and Human Services, and Education: FY2016 Appropriations*.

This section of the report provides an overview of SSA’s appropriations by examining the components of the FY2017 President’s budget request for the agency. The report will be updated to reflect SSA appropriations passed by the House and the Senate Committees on Appropriations as well as the enacted appropriation for the fiscal year. For more information on the annual appropriations process, see CRS Report R42388, *The Congressional Appropriations Process: An Introduction*.

FY2017 President’s Budget Request

The President’s budget request to Congress for SSA currently consists of four accounts: (1) Payments to Social Security Trust Funds, (2) Supplemental Security Income Program, (3) Limitation on Administrative Expenses, and (4) Office of Inspector General. The limitation on administrative expenses (LAE) account funds the costs for carrying out SSA’s core programs and for supporting the administration of non-SSA programs. The FY2017 President’s budget request is summarized in **Table 2**.

Table 2. Summary of the FY2017 President’s Budget Request for SSA

Fund	Amount
Payments to Social Security Trust Funds	\$11,400,000
Supplemental Security Income Program (total)	58,824,868,000
FY2017 Request	43,824,868,000
FY2018 First Quarter Advance	15,000,000,000
Limitation on Administrative Expenses	13,067,000,000
Office of Inspector General	112,000,000
Total	\$72,015,268,000

Source: CRS, based on SSA, FY2017 Budget Justification, Table i1, p. 1.

Notes: The “FY2017 Request” excludes \$14,500,000,000, previously appropriated as a first quarter advance for FY2017.

The following section discusses each account in more detail.

Payments to Social Security Trust Funds

This account is designed to reimburse the OASI and DI trust funds for the costs of certain activities payable by general revenues. It consists of payments permanently and indefinitely authorized—and thus not controlled by annual appropriations acts—and payments controlled through the annual appropriations process.

Payments Not Controlled by Annual Appropriations Acts

For FY2017, the President’s budget projects \$39.2 billion in payments that are not controlled by annual appropriations acts.²⁴ Nearly this entire amount is from subjecting a portion of Social Security benefits to federal personal income tax.²⁵ The remaining amounts are from

²⁴ SSA, FY2017 Budget Justification, Table 1.5, p. 22.

²⁵ Up to 85% of a Social Security recipient’s benefits are subject to federal income tax. The share of Social Security benefits that is taxable depends on whether the individual’s provisional income exceeds certain thresholds. *Provisional* (continued...)

reimbursement for union administrative expenses and payments related to changes in the reporting of self-employment income.²⁶

Payments Controlled by Annual Appropriations Acts

For FY2017, the President’s budget request includes \$11.4 million in payments to the Social Security trust funds that are subject to the annual appropriations process.²⁷ Of this amount, \$5.0 million is for interest earned on benefit checks that remain uncashed for at least six months and \$6.4 million is for administrative costs related to the 1974 pension reform legislation.²⁸

Supplemental Security Income Program

The vast majority of funding provided to SSA each year is for the SSI program, which is an *appropriated entitlement* (mandatory appropriation).²⁹ As with other entitlement programs, such as Social Security, the level of spending on SSI benefits is controlled through the program’s authorizing statute, which sets the criteria used to determine program eligibility and payment amounts. However, because SSI’s authorizing statute does not provide authority to make payments to fulfill legal obligations, funding for SSI benefits is provided through mandatory spending that is enacted through annual appropriations acts. SSI-related administrative expenses are also provided through the annual appropriations process. Funding for the SSI program is paid out of general revenues and appropriated to SSA in this account.

The SSI account contains three components. First, there is a main or “regular” appropriation for SSI benefits and administrative costs for the current fiscal year, which is described in additional detail below. Second, there is an indefinite appropriation for any costs incurred for the current fiscal year after June 15. This component allows SSA to continue to pay SSI benefits in the event that benefit obligations are greater than expected during the last months of the fiscal year. Third, there is an advance appropriation for benefit payments for the first quarter of the succeeding fiscal year. This component is designed to ensure the timely payment of benefits in case of a delay in next fiscal year’s appropriations bill. Funds appropriated for the SSI program remain available to SSA until expended.

The FY2017 President’s budget request includes \$43.8 billion for current fiscal year program costs and \$15.0 billion for SSI benefits in the first quarter of FY2018.³⁰ Total SSI benefits payable

(...continued)

income equals adjusted gross income plus otherwise tax-exempt interest income (i.e., interest from tax-exempt bonds), plus 50% of Social Security benefits. Income derived from the taxation of up to the first 50% of Social Security benefits is credited to the OASI and DI trust funds based on the source of the benefits taxed. Medicare’s Hospital Insurance (HI) trust fund is credited with the remainder of income from the taxation of Social Security benefits. See CRS Report RL32552, *Social Security: Calculation and History of Taxing Benefits*.

²⁶ The Food, Conservation, and Energy Act of 2008 (P.L. 110-246) made changes to the reporting of self-employment income. Section 15361 of the act is a mandatory appropriation to reimburse the OASI and DI trust funds for revenue lost in FY2009 through FY2017 because of these changes. The estimate for FY2017 is \$7 million.

²⁷ SSA, FY2017 Budget Justification, Table 1.4, p. 21.

²⁸ Section 1131 of the Social Security Act (42 U.S.C. §1320b-1), as established by the Employee Retirement Income Security Act of 1974 (P.L. 93-406), requires SSA to furnish certain information on deferred vested pension rights to pension plan participants and their dependents and survivors. The cost of this activity is initially paid from the OASI trust fund and later reimbursed from general revenues through an annual appropriation.

²⁹ See CRS Report R42388, *The Congressional Appropriations Process: An Introduction*.

³⁰ SSA, FY2017 Budget Justification, Table 2.3, p. 43.

in FY2017 are estimated to be \$52.9 billion, with \$14.5 billion coming from the FY2017 advance appropriation that was enacted as part of the FY2016 appropriations bill.³¹

Administrative and Other Expenses

In addition to funding benefit payments, the SSI appropriation provides for administrative expenses associated with the program, beneficiary services, and costs related to research and demonstration projects. The FY2017 President's budget request for these administrative and other expenses is \$5.4 billion.

Administrative expenses for the SSI program are initially paid from the OASI and DI trust funds and are appropriated to the LAE account. The appropriation to the SSI program account for administrative expenses is used to reimburse the trust funds from general revenues for these costs. Administrative expenses for the SSI program include costs related to initial disability determinations, disability hearings and appeals, and program integrity activities. The FY2017 President's budget request for administrative expenses is \$5.2 billion.

The SSI appropriation also funds beneficiary services, research, and Medicare outreach. Beneficiary services include payments to state vocational rehabilitation (VR) agencies and Ticket to Work employment networks (ENs) for employment services provided to SSI recipients.³² The FY2017 President's budget request includes \$89 million for beneficiary services, \$58 million for Title XVI research and demonstration projects, and an additional \$2 million for costs associated with the Department of State's two-year special immigrant visa extension for Afghans.³³

Limitation on Administrative Expenses

The appropriation for the LAE account funds SSA's administrative costs associated with the OASI, SSDI, SSI, and Special Benefits for Certain World War II Veterans programs as well as costs incurred by the agency to support Medicare and certain other non-SSA programs. This account also funds administrative functions, such as the operations of SSA's more than 1,200 field offices nationwide, employment verification, information technology activities, and the Social Security Advisory Board (SSAB).

The LAE account is discretionary and thus controlled through the annual appropriations process. The funds that make up this account come from Social Security's OASI and DI trust funds, Medicare's Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) trust funds, general revenues, and certain fees collected by SSA.³⁴ **Figure 2** provides a breakdown of budget authority for the LAE account in the FY2017 President's budget request.

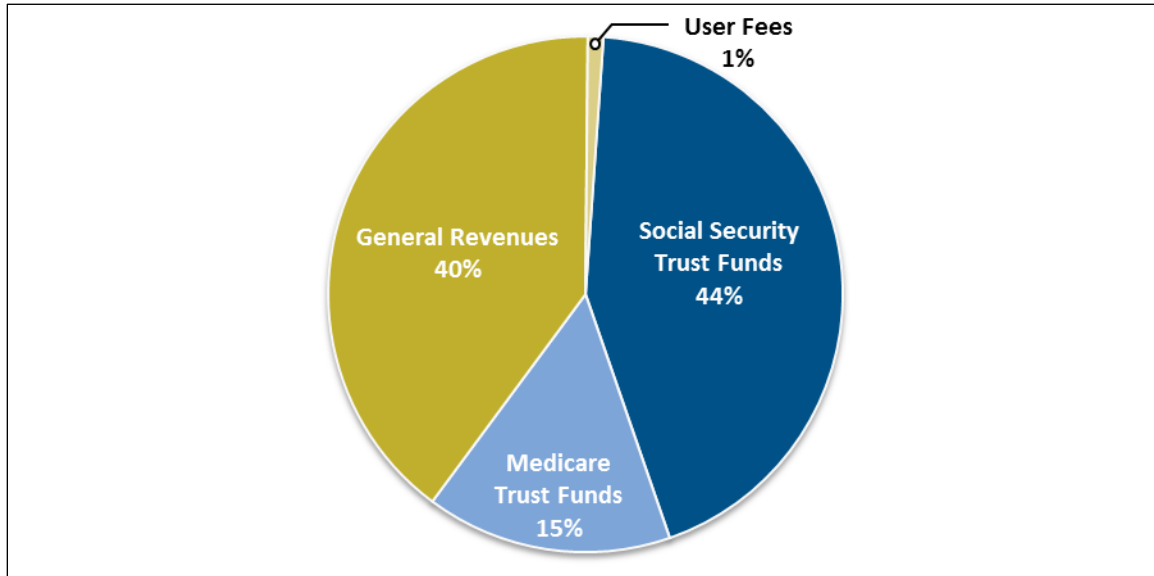
³¹ Ibid.

³² See CRS Report R41934, *Ticket to Work and Self-Sufficiency Program: Overview and Current Issues*.

³³ SSA, FY2017 Budget Justification, Table 2.3, p. 43.

³⁴ For more information on Medicare's trust funds, see CRS Report R43122, *Medicare Financial Status: In Brief*.

Figure 2. Components of the Budget Authority for SSA’s LAE Account in the FY2017 President’s Budget Request



Source: CRS, based on data from SSA, FY2017 Budget Justification, Table 3.7, pp. 129-130.

Notes: “Social Security Trust Funds” includes funding for the administration of the Special Benefits for Certain World War II Veterans program and for the Social Security Advisory Board (SSAB). “Medicare Trust Funds” includes funding for SSA authorized under Section 501 of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA; P.L. 114-10).

The FY2017 President’s budget request for SSA’s LAE account is \$13.1 billion.³⁵ This overall appropriation consists of the base LAE appropriation, additional appropriations for program integrity activities, and appropriations for LAE activities from user fees paid to SSA. The base LAE appropriation is the general appropriation for SSA’s administrative expenses. The FY2017 President’s budget request for the base LAE appropriation is \$11.1 billion (**Table 3**).

Table 3. Summary of the FY2017 President’s Budget Request for SSA’s LAE Account

Activity	Budget Request
Base LAE	\$11,121,000,000
Program Integrity (total)	1,819,000,000
Base Amount	273,000,000
Cap Adjustment	1,546,000,000
State SSI User Fees	126,000,000
Non-Attorney User Fees	1,000,000
Total	\$13,067,000,000

Source: CRS, based on SSA, FY2017 Budget Justification, pp. 96-98.

The following subsections explain the program integrity and user fee components of the total LAE appropriation in more detail.

³⁵ SSA, FY2017 Budget Justification, pp. 96-98.

Program Integrity Activities

The FY2017 President's budget request includes \$1.8 billion for costs associated with SSA's program integrity activities, which include continuing disability reviews (CDRs) and SSI redeterminations.³⁶ CDRs are periodic reviews of disabled Social Security and SSI recipients to determine if they continue to meet the statutory definition of disability.³⁷ SSI redeterminations are periodic reviews of non-medical eligibility factors (i.e., income, assets, and living arrangements) to determine if SSI recipients are still eligible for the program and are receiving the correct payment amount.³⁸

Section 101 of the Budget Control Act of 2011 (BCA; P.L. 112-25) amended Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA; P.L. 99-177) to reestablish discretionary spending limits (caps) as part of the annual appropriations process.³⁹ The BBEDCA permits the caps to be adjusted for certain purposes, one of which is program integrity work related to SSA's disability programs.⁴⁰ Specifically, the BBEDCA allows the annual caps to be increased by the amount by which funds appropriated to SSA for CDRs and SSI redeterminations for a fiscal year exceed \$273 million, up to a specified maximum level for each fiscal year from FY2012 through FY2021.⁴¹ Section 815 of the Bipartisan Budget Act of 2015 (BBA 2015; P.L. 114-74) amended the cap adjustment levels in the BBEDCA to permit higher maximum adjustments for FY2017 through FY2019 and a lower maximum adjustment in FY2021 (**Table 4**). The FY2017 President's budget request for \$1.819 billion in program integrity funding includes the maximum base amount of \$273 million and the full cap adjustment of \$1.546 billion authorized under the BBA 2015.

In addition to modifying the cap adjustment levels in the BBEDCA, the BBA 2015 expanded the types of program integrity activities for which cap adjustment funding can be used to include Cooperative Disability Investigations (CDI) Units and fraud prosecutions by Special Assistant United States Attorneys (SAUSAs). The CDI program is a multi-agency effort between SSA, the Office of the Inspector General (OIG), state Disability Determination Services (DDS) agencies, and state and local law enforcement to investigate suspicious or questionable disability claims under the Social Security and SSI programs.⁴² SAUSAs are attorneys from SSA's Office of the General Counsel who are dedicated to prosecuting fraud cases referred by the OIG that otherwise would not be prosecuted in federal court.⁴³

³⁶ Ibid.

³⁷ For more information on continuing disability reviews (CDRs), see the Social Security Advisory Board (SSAB), *2014 Disability Policy Panel: Continuing Disability Reviews*, December 2014, http://www.ssab.gov/Portals/0/OUR_WORK/REPORTS%20TO%20THE%20BOARD/DPP_2014_CDRs_Final_Report.pdf.

³⁸ See SSA, "Understanding Supplemental Security Income Redeterminations," <https://www.ssa.gov/ssi/text-redets-ussi.htm>.

³⁹ See CRS Report RL34424, *The Budget Control Act and Trends in Discretionary Spending*, and CRS Report R42506, *The Budget Control Act of 2011 as Amended: Budgetary Effects*.

⁴⁰ For more information, see Letter from Douglas W. Elmendorf, Director of the U.S. Congressional Budget Office, to the Honorable John A. Boehner, Speaker of the U.S. House of Representatives, and to the Honorable Harry Reid, Majority Leader of the U.S. Senate, August 1, 2011, <https://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/123xx/doc12357/budgetcontrolactaug1.pdf>.

⁴¹ 2 U.S.C. §901(b)(2)(B).

⁴² For more information on Cooperative Disability Investigations (CDI) Units, see SSA, Office of the Inspector General (OIG), "Cooperative Disability Investigations (CDI)," <http://oig.ssa.gov/cooperative-disability-investigations-cdi>.

⁴³ For more information on Special Assistant U.S. Attorney and SSA fraud prosecutions, see SSA, *Social Security Administration Fiscal Year 2015 Bipartisan Budget Act of 2015 Section 845(a) Report*, 2016, pp. 5-6, (continued...)

Furthermore, the BBA 2015 clarified that the term *continuing disability reviews* includes work-related CDRs, which are reviews of disabled Social Security beneficiaries to determine if their earnings and related work activity are within applicable limits and if benefits should continue.

Table 4. Maximum Annual Adjustments to Discretionary Spending Caps for SSA Program Integrity Activities Under Prior Law and Under the Bipartisan Budget Act of 2015

Fiscal Year	Cap Adjustment Under Prior Law	Cap Adjustment Under the Bipartisan Budget Act of 2015	Change in Cap Adjustment
2012	\$623,000,000	\$623,000,000	-
2013	751,000,000	751,000,000	-
2014	924,000,000	924,000,000	-
2015	1,123,000,000	1,123,000,000	-
2016	1,166,000,000	1,166,000,000	-
2017	1,309,000,000	1,546,000,000	\$237,000,000
2018	1,309,000,000	1,462,000,000	153,000,000
2019	1,309,000,000	1,410,000,000	101,000,000
2020	1,309,000,000	1,309,000,000	0
2021	1,309,000,000	1,302,000,000	-7,000,000
Net Change	-	-	\$484,000,000

Source: CRS, based on Section 101 of the Budget Control Act of 2011 (P.L. 112-25) and Section 815 of the Bipartisan Budget Act of 2015 (P.L. 114-74).

Notes: Maximum annual adjustments to discretionary spending caps for SSA-related program integrity activities are set in 2 U.S.C. §901(b)(2)(B).

User Fees

The FY2017 President’s budget includes a request for \$127 million in LAE appropriations from two user fees collected by SSA, with \$126 million from fees collected from states for the administration of their supplementary payments to the SSI program.⁴⁴ An additional \$1 million was requested from fees paid by non-attorney representatives for certification to represent claimants during the application and administrative appeals process.

Office of Inspector General

The OIG investigates fraud, waste, and abuse within SSA’s core programs and audits such programs to determine their effectiveness and efficiency. The OIG also monitors improper receipt of federal benefits; investigates certain crimes committed by SSA employees, contractors, and program beneficiaries; and supports larger government-wide homeland security efforts. The FY2017 President’s budget request for the OIG is \$112 million, of which \$31 million is from

(...continued)

<https://www.ssa.gov/budget/FY17Files/2017FCJ.pdf>.

⁴⁴ SSA, FY2017 Budget Justification, p. 98.

general revenues and \$81 million is from the OASI and DI trust funds as authorized by Section 201(g)(1) of the Social Security Act⁴⁵ for costs associated with the OASI and SSDI programs.⁴⁶

FY2017 SSA Commissioner’s Budget Request

SSA became an independent federal agency on March 31, 1995, after enactment of the Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296).⁴⁷ Section 104(a) of this legislation granted the SSA Commissioner—formally known as the Commissioner of Social Security—the authority to submit to Congress, without revision, a budget request.⁴⁸ This budget request is independent of the President’s budget request for the agency and generally includes a request for total administrative funding and a request for OIG funding. The Commissioner’s budget is included in the section on SSA in the appendix to the President’s budget. The FY2017 Commissioner’s budget for SSA administrative funding is \$13.9 billion, which represents \$13.6 billion for administrative expenses, \$128 million for research, and \$121 million for the OIG.⁴⁹

FY2016 Budget Request and Appropriation for SSA’s LAE Account

The regular LHSS appropriations bill was passed as part of the Consolidated Appropriations Act, 2016 (P.L. 114-113) on December 18, 2015. The total FY2016 appropriation for SSA’s LAE account were nearly \$12.2 billion—2.8% less than the \$12.5 billion requested in the President’s budget for that year (Table 5).

Table 5. Comparison of the President’s Budget Request, Amounts Passed by the House and the Senate Committees on Appropriations, and the Enacted Appropriation for SSA’s LAE Account, FY2016

Activity	President’s Budget Request	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Base LAE	\$10,937,000,000	\$10,284,945,000	\$10,044,945,000	\$10,598,945,000
Program Integrity (total)	1,439,000,000	1,396,000,000	1,439,000,000	1,426,000,000
Base Amount	273,000,000	273,000,000	273,000,000	273,000,000
Cap Adjustment	1,166,000,000	1,123,000,000	1,166,000,000	1,153,000,000
State SSI User Fees	136,000,000	136,000,000	136,000,000	136,000,000
Non-Attorney User Fees	1,000,000	1,000,000	1,000,000	1,000,000
Total LAE	\$12,513,000,000	\$11,817,945,000	\$11,620,945,000	\$12,161,945,000

⁴⁵ 42 U.S.C. §401(g).

⁴⁶ SSA, FY2017 Budget Justification, p. 196.

⁴⁷ For more information on the agency’s history, see SSA, “Social Security History: Organization History,” <https://www.ssa.gov/history/orghist.html>.

⁴⁸ Section 704(b) of the Social Security Act; 42 U.S.C. §904(b).

⁴⁹ OMB, *Appendix, Budget of the U.S. Government, Fiscal Year 2017*, Washington, DC, February 2016, p. 1236, <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/ssa.pdf>.

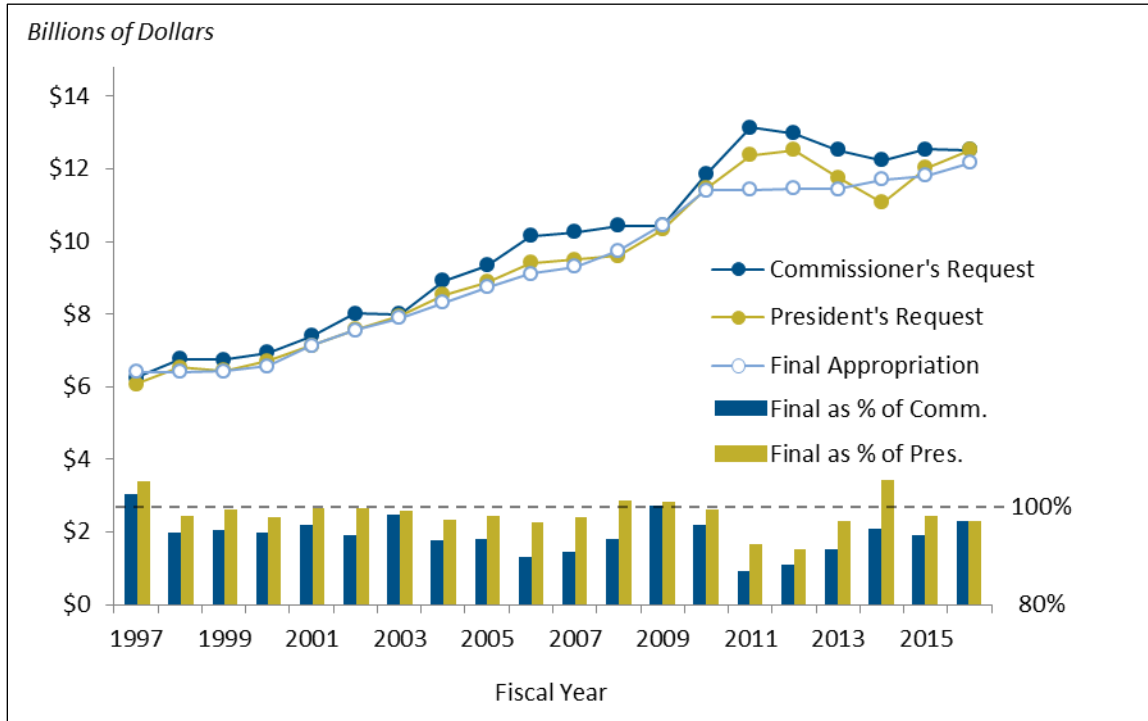
Activity	President's Budget Request	House Committee Passed	Senate Committee Passed	Enacted Appropriation
As a Share of the President's Budget Request	100.0%	94.4%	92.9%	97.2%
As a Share of the Enacted Appropriation	102.9%	97.2%	95.6%	100.0%

Source: CRS, based on the FY2016 President's budget request, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2016 (H.R. 3020 and S. 1695), and the Consolidated Appropriations Act, 2016 (P.L. 114-113).

Trends in the Budget Request and Appropriation for SSA's LAE Account

As shown in **Figure 3**, for each year since SSA became an independent agency, the commissioner's budget has exceeded the President's request in nominal (unadjusted) dollars. In all but two of these fiscal years, FY1997 and FY2009, the final appropriation from Congress, taking into account any rescissions, has been less than the commissioner's budget. Only in FY1997, FY2008, FY2009, and FY2014 has the final appropriation exceeded the President's request.

Figure 3. Budget Request and Appropriation for SSA’s LAE Account, FY1997-FY2016
(in nominal dollars)



Source: CRS, based on data from each fiscal year’s President’s budget request and enacted appropriation for SSA’s LAE account.

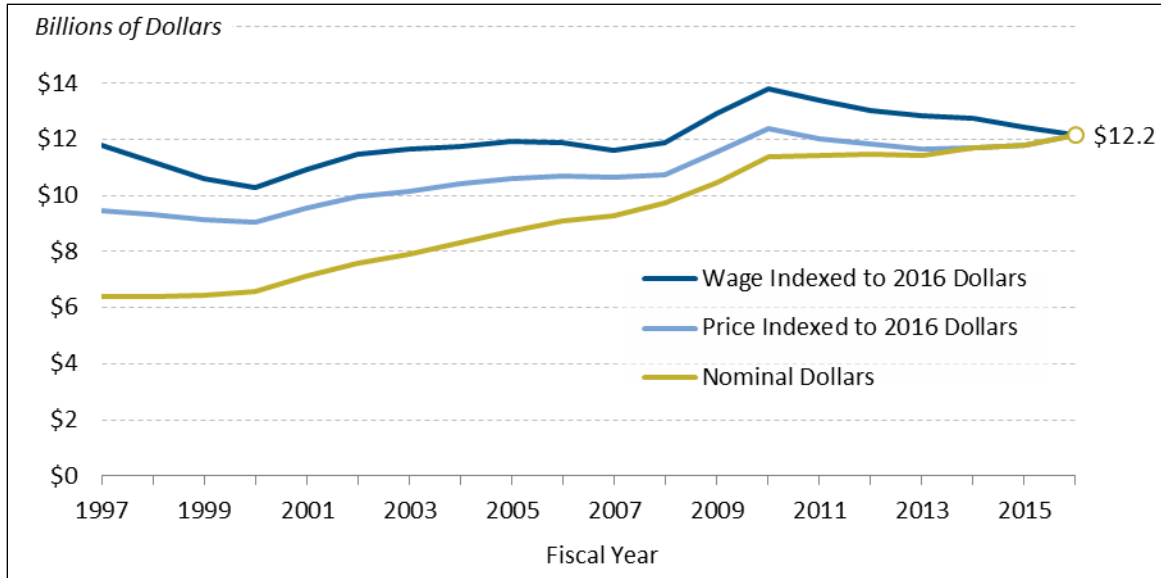
Notes: Excludes funding for the Office of the Inspector General (OIG). “President’s Request” includes LAE and, for FY2000, a \$100 million requested transfer of automation investment funds to base operations but excludes funding associated with the legislative request to create a dedicated source of funding for program integrity activities for FY2014. “Final Appropriation” includes all rescissions, except rescissions of no-year Information Technology Systems funds, but does not include any supplemental appropriations. SSA became an independent agency in 1995 and first submitted a commissioner’s budget for FY1997.

In FY2014, the President’s request included a legislative proposal for a dedicated source of funding for program integrity activities, instead of a request for discretionary cap adjustment funding.⁵⁰ If the funding associated with this legislative proposal is included, then the final appropriation for FY2014 is less than the President’s request.

Figure 4 shows historical trends in appropriations for SSA’s LAE account using three measures: nominal dollars, price-indexed dollars, and wage-indexed dollars. The lower line labeled “Nominal Dollars” shows a steady increase in the appropriation for the LAE account over the last 20 years, although the rate of this increase seems to have slowed since FY2010. The middle line labeled “Price Indexed to 2016 Dollars” shows the trend in SSA’s LAE appropriation adjusted for changes in prices, as measured by the Consumer Price Index for All Urban Consumers (CPI-U). Although the price-indexed line is flatter than the nominal line, there is a noticeable rise in the appropriation for SSA’s LAE account during the FY2000s. Between FY2010 and FY2013, however, the value of appropriation declines in real terms, only to increase slightly through FY2016.

⁵⁰ For additional information on this legislative proposal see SSA, *Justifications of Estimates for Appropriations Committees, Fiscal Year 2014*, April 2013, p. 95, <http://ssa.gov/budget/FY14Files/2014AE.pdf>.

Figure 4. Appropriations for SSA’s LAE Account, Adjusted for Price and Wage Growth, FY1997-FY2016



Source: CRS, based on each fiscal year’s appropriation for SSA’s LAE account.

Notes: Appropriations include all rescissions, except for rescissions of no-year Information Technology Systems funds, but exclude any supplemental appropriations. The line labeled “Price Indexed to 2016 Dollars” is indexed to the Consumer Price Index for All Urban Consumers (CPI-U). The line labeled “Wage Indexed to 2016 Dollars” is indexed to SSA’s Average Wage Index (AWI) in Table VI.G6 of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 22, 2015.

Another method for examining historical trends in SSA’s LAE account is to adjust the annual appropriation for wage growth. The majority of SSA’s administrative budget is obligated for payroll expenses, which include pay raises due to step increases, promotions, and cost-of-living adjustments.⁵¹ Because wages tend to grow faster than prices, annual increases in payroll expenses, which are largely fixed costs, can increase an agency’s administrative expenses faster than the rate of inflation.⁵² The top line labeled “Wage Indexed to 2016 Dollars” shows the trend in the appropriation for SSA’s LAE account adjusted for changes in wages, as measured by SSA’s Average Wage Index (AWI).⁵³ Unlike the price-indexed line, the wage-indexed line shows a steady decline in the value of SSA’s appropriation for the LAE account in real terms starting in FY2010 and continuing through FY2016.

⁵¹ SSA, FY2017 Budget Justification, Table 3.11, pp. 134-135.

⁵² See the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 22, 2015, Table V.B1, Single Year Tables, <https://www.ssa.gov/oact/tr/2015/lr5b1.html>.

⁵³ SSA, “National Average Wage Index,” <https://www.ssa.gov/oact/cola/AWI.html>.

Author Contact Information

William R. Morton
Analyst in Income Security
wmorton@crs.loc.gov, 7-9453