

Report Summary

Social Security Administration Office of the Inspector General

September 2010



Objective

To review aspects of the Social Security Administration's (SSA) use of its available administrative funds.

Background

Congress authorizes an annual appropriation for the administrative costs SSA incurs in fulfilling the terms of the Social Security Act under the Limitation on Administrative Expenses (LAE) account. Public Law surrounding the Agency's annual administrative expenses allows for the transfer of millions of dollars from the current Fiscal Year (FY) annual LAE appropriation to the no-year appropriated Information Technology System (ITS) funds for non-payroll automation and telecommunications investment costs.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-15-10-21085.pdf>

The Social Security Administration's Use of Limitation on Administrative Expenses Funds (A-15-10-21085)

Our Findings

We obtained data on the administrative funds SSA had available in the LAE account. We found that SSA transferred \$528 million of its annual unobligated LAE funds to LAE ITS no-year funds from FYs 2004 through 2008 and invested \$2,845 million in ITS projects and infrastructure during the same period.

Based on our review of SSA's transfer of unobligated annual funds, investment in ITS, and available administrative funds for SSA workloads and ITS investments, the Agency had the opportunity to use more of its annual LAE funds to reduce the disability backlog and invest in program integrity workloads and thereby reduce the amounts of transferred unobligated balances.

Matters for Consideration

Each year, the Agency transfers unobligated administrative funds to the ITS no-year account. There is no documentation of the return on investment of the amounts transferred to the ITS no-year account. In any of those years, the Agency could have obligated additional funds to complete more continuing disability reviews and/or redeterminations, thereby generating tangible program savings. Alternatively, the Agency could use the funds to process additional disability workloads. Given the increased workload demands facing the Agency, careful consideration should be given to using unobligated funds for these program integrity and disability service activities.

We recognize that the Agency is pursuing IT projects that are intended to increase productivity. We support the transfer of LAE funds as long as the return on investment of the transfer is equal to benefits that are achieved for existing workloads that have had a high rate of return. Therefore the Agency should have a process in place that ensures the amount available to transfer to ITS is the absolute minimum with a goal to process workloads that have a proven positive return on investment.