

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION

TO : Mr. Elmer Smith
Associate Commissioner
for Program Policy and Planning

DATE: OCT 31 1978

REFER TO: SMF-1

FROM : F. D. DeGeorge
Associate Commissioner
for Management and Administration

SUBJECT: Evaluating the Budgetary Impact of Introducing New Regulations—ACTION

At the end of 1978 SSA requested an increase in apportioned SSI funds from the Office of Management and Budget (OMB). Although OMB granted the increase, they included a footnote directly on the apportionment form which read: "Funds available for obligation under SSI program regulations in effect on September 21, 1978" (see attachment). In effect, this OMB action prohibited the implementation of any new SSI regulations for the last nine days of FY 1978. When we discussed this footnote with OMB staff they told us that OMB was trying to send SSA a message of warning. The warning is that in the process of developing new or revised regulations for any program SSA must plan to stay within the dollars approved in the President's budget, or seek OMB approval to raise the total. The immediate cause of OMB's concern were SSA's draft regulations changing the assets test for the SSI program and the residency requirement for aliens. The concern, simply stated, was that not enough attention was paid to cost estimates for these regulations and that small additions to SSI costs can parlay themselves into a rather substantial sum and commit the President, without his prior consent, to a supplemental appropriation for SSI. OMB staff believe that SSA lacks a structured regulations planning and development process that weighs planned regulatory changes against available resources, considers options, etc. OMB staff contrast the costing out of the regulation process with that of the legislative process and find it wanting.

In order to address OMB concerns in this area, OPPP should prepare a regulations development plan for FY 1979. This plan should be prepared in a manner similar to the way SSA's legislative program is developed (that is, in A-19 format). Areas planned for regulatory change should be identified and OPPP should include program cost estimates from OPS and OACT and administrative cost estimates from OMA's Office of Financial Management. This plan (including cost estimates) should be completed as soon as possible, preferably no later than three weeks from the date of receipt of this memorandum.

Under the law, SSA must forward an initial apportionment request to OMB within 10 calendar days after enactment of any appropriation. Our initial 1979 apportionment requests assume that the cost impact of 1979 regulatory changes will net to zero. In preparing the regulations development plan, OFPP should not be constrained by this assumption. For example, we recognize that court decisions may require the issuance of costly regulatory changes. In addition, many viable alternatives are available to the agency for dealing with regulations that increase costs. For example, implementation dates can be deferred, money-saving regulations can be proposed to offset costly ones, and the agency may determine that additional funds are necessary and should be requested. The point is that the regulations development plan forms a sound basis for agency-level decision-making and results in a product that can be justified to HEW, OMB, and the Congress.

I'm sure you'll recognize the reasonableness of OMB's concerns. Be assured that we recognize the difficulties involved in preparing such a plan. You may not have time to work out all the specifics of your planned changes. Here we suggest modeling the process after the legislative program process where cost estimates are often developed based on general proposals in the absence of detailed legislative specifications. In the event subsequent specifics result in modified cost estimates, the budget process retains enough flexibility to deal with revisions.

OMB staff are especially concerned with minor proposals labeled as having a "negligible" cost impact. They suggested in developing plans that SSA aggregate related proposals to general areas and assess costs collectively. This concern supports a more general approach in the planning stages with attention to detail coming later when the specifications are developed.

I'm aware that OPFP already prepares a great deal of useful material due to the requirements of Executive Order 12044 and the Secretary's detailed guidelines related thereto. The due date provided assumes that much of the information required is already available. * If you wish to discuss this matter, or if the due date doesn't allow sufficient time, please let me know.

We suggest that you send your regulation plan (with cost estimates approved by OMA) to the Commissioner when the plan is completed. Following his approval, SSA should send the plan to HEW for transmittal to OMB. This is the procedure followed in the case of all budget estimates and for the legislative program.

F. D. DeGeorge

Attachment

*Meeting the due date is also dependent upon timely costing out by OACT, ORS and OMA-OFM. Without knowing in advance about the regulation plan, it is difficult to predict what problems the "coster-outers" will encounter and how this will affect the due date. The due date, in other words, is designed to indicate urgency--not precision.

APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY		APPROPRIATION OR FUND TITLE AND SYMBOL		
Department of Health, Education, and Welfare		Supplemental Security Income Program		
BUREAU				
Social Security Administration		758/90406		
DESCRIPTION	AMOUNT ON LATEST S.F. 132	AGENCY REQUEST	ACTION BY OMB	
BUDGETARY RESOURCES				
1. Budget authority: (Drawdown from 1979)				
A. Appropriations realized (Appropriations)		171,490,000		
B. Appropriations anticipated (Indefinite)				
C. Other new authority ()				
D. Net transfers (+ or -)				
2. Unobligated balance:				
A. Brought forward October 1				
B. Net transfers (+ or -)				
3. Reimbursements and other income:				
A. Earned				
B. Change in unfilled customers' orders (+ or -)				
C. Anticipated for rest of year		125,000,000		
4. Recoveries of prior year obligations:				
A. Actual				
B. Anticipated for rest of year				
5. Portion not available pursuant to P.L. (-)				
6. Corrections (+) and writeoffs (-)				
7. TOTAL BUDGETARY RESOURCES		296,490,000		
APPLICATION OF BUDGETARY RESOURCES				
8. Apportioned:				
Memorandum: Obligations incurred				
Category A:				
(1) First quarter				
(2) Second quarter				
(3) Third quarter				
(4) Fourth quarter				
Category B:				
(1) SSI Program Costs		296,490,000	296,490,000	
(2)				
(3)				
(4)				
9. Withheld pending rescission				
10. Deferred				
11. Unapportioned balance of revolving fund				
12. TOTAL BUDGETARY RESOURCES		296,490,000	296,490,000	

SUBMITTED David V. Dupes 9/13/78
 (Authorized officer) (Date)

APPORTIONED Donald A. Dorman 9/25/78
 (Date)
 Donald A. Dorman
 Deputy Associate Director
 Health & Income Maintenance Division

1/ Funds available for obligation under SSI program regulations in effect on Sept. 21, 1978.