



OFFICE OF

MANAGEMENT AND BUDGET

THE FEDERAL BUDGET
FISCAL YEAR 2011

Supporting Our Nation's Seniors

Having steered the economy back from the brink of a depression, the Administration is committed to moving the Nation from recession to recovery by sparking job creation to get millions of Americans back to work and building a new foundation for the long-term prosperity for all American families. To do this, the 2011 Budget makes critical investments in the key areas that will help to reverse the decline in economic security that American families have experienced over the past decade with investments in education, clean energy, infrastructure, and innovation.

But even as we meet the challenge of the recession and work to build an economy that works for all American families, we must also change the way Washington does business – ending programs that don't work, streamlining those that do, cracking down on special interest access, and bringing a new responsibility to how tax dollars are spent. The President's Budget takes the steps to help jumpstart job creation, works to strengthen the economic security of American families, and makes the tough choices to put our Nation back on the path to fiscal responsibility.

To support our Nation's seniors, the Budget will:

Protect Social Security. The President recognizes that Social Security is indispensable to workers, people with disabilities, seniors, and survivors and is probably the most important and most successful program that our country has ever established. Based on current forecasts, Social Security can pay full benefits until 2037. The President is committed to making sure that Social Security is solvent and viable for the American people, now and in the future. He is strongly opposed to privatizing Social Security and looks forward to working in a bipartisan way to preserve it for future generations.

Protect and Improve Medicare. The President recognizes that Medicare is a sacred trust with America's seniors and supports policies that will strengthen the Medicare program and extend the life of the Medicare trust fund. The Budget includes new Medicare and Medicaid demonstration projects that evaluate reforms to provide higher quality care at lower costs, improve beneficiary education and understanding of benefits offered, and better align provider payments with costs and outcomes. Special emphasis will be placed

on demonstrations that improve care coordination for beneficiaries with chronic conditions, that better integrate Medicare and Medicaid benefits for beneficiaries enrolled in both programs, and that provide higher value for dollars spent.

Reduce Social Security Backlogs, Improve Customer Service, and Cut Waste. The Budget proposes \$12.5 billion for the Social Security Administration (SSA), an increase of \$925 million, or 8 percent, above the 2010 enacted level of \$11.6 billion. This amount includes resources to increase staffing in 2011 and will allow SSA to provide services faster with a focus on key service delivery areas, such as processing initial retirement and disability claims, and disability appeals. It will enable SSA to lower the initial disability claims backlog and the appeals hearing backlog. The Budget also dedicates a significant amount of funds to Social Security program integrity efforts so that the right amounts are paid to the right person at the right time.

Help Families Care for Aging Relatives at Home. The Budget includes \$103 million for the Administration on Aging's Caregiver Initiative, an effort to expand help to families and seniors so that caregivers can better manage their multiple responsibilities and seniors can live in the community for as long as possible. Of this increase, \$52.5 million will fund caregiver services and temporary respite care -- such as several days at a residential facility -- so that caregivers can get a much needed break. The Caregiver Initiative also provides an additional \$50 million for other services that relieve both the time and financial stress that caring for an aging parent or family member can bring while improving the quality of life for seniors. Without creating new programs, this initiative provides new resources to support the network of agencies in local communities across the country that already provide critical help to seniors and caregivers.

Provide Energy Assistance to Low-Income Families. The Budget includes \$3.3 billion for the Low Income Home Energy Assistance Program (LIHEAP) to help low-income families with their home heating and cooling expenses. In addition, the Administration proposes a new trigger mechanism to provide automatic increases in energy assistance whenever there is a spike in energy costs or large numbers of families in poverty. The trigger allows the program to be more responsive to volatile energy markets and to increased demand for energy assistance during times of economic hardship. Using probabilistic scoring, we expect the trigger to provide roughly \$2 billion in additional assistance in 2011 and \$6.5 billion over 10 years.

Increase Funding for Biomedical Research. To accelerate progress in biomedical research, the Budget continues to support research both on the campuses of the National Institutes of Health (NIH) and for approximately 300,000 scientists and other research personnel at institutions across the country. Investments will focus on priority areas including genomics, translational research, science to support health care reform, global health, and reinvigorating the biomedical research community. The Budget also includes \$6 billion to continue to expand research related to cancer. Finally, under the President's Executive Order and subsequent NIH Guidelines for Human Stem Cell Research, NIH approved 40 responsibly-derived stem cell lines -- nearly double the previous number of lines available -- for path-breaking research. Additionally, NIH will pursue the discovery,

development, and preclinical testing of novel compounds for the prevention and treatment of symptoms associated with Alzheimer's disease.

Improve the Safety of Medications and Medical Products. The Budget provides \$2.5 billion in budget authority and \$4.0 billion in total program resources for the Food and Drug Administration (FDA). The Budget enables FDA to implement the core principles recommended by the President's Food Safety Working Group: prioritizing prevention, strengthening surveillance and enforcement, and improving response and recovery. The Budget also includes increases to bring more safe, effective, and lower cost generic drugs and generic biologics to market expand post-market safety surveillance of medical products, and support FDA's efforts to make such safety data more comprehensive and accessible to patients, providers, and scientists in a way that also protects privacy.

Fight Waste and Abuse in Medicare and Medicaid. Reducing fraud, waste, and abuse is an important part of restraining spending growth and providing quality service delivery to beneficiaries. In November 2009, the President signed an Executive Order to reduce improper payments by boosting transparency, holding agencies accountable, and creating incentives for compliance. This Budget puts forward a robust set of proposals to strengthen Medicare, Medicaid, and CHIP program integrity efforts, including proposals aimed at preventing fraud and abuse before they occur, detecting it as early as possible when it does occur, and vigorously enforcing all penalties and recourses available when fraud is identified. It proposes \$250 million in additional resources that, among other things, will help expand the Health Care Fraud Prevention & Enforcement Action Team (HEAT) initiative, a joint effort by the Departments of Health and Human Services and Justice. As a result, the Administration will be better able to minimize inappropriate payments, close loopholes, and provide greater value for beneficiaries and taxpayers.

Improve Retirement Security. After a lifetime of employment, American workers deserve to know that their efforts have resulted in a secure retirement. The Administration is committed to giving Americans more and better choices to save for retirement while also strengthening the existing private pension system. The Budget proposes to expand and improve employment-based retirement security by:

- **Establishing Automatic Workplace Pensions.** Currently, 78 million working Americans—roughly half the workforce—lack employer-based retirement plans. The 2011 Budget proposes a system of automatic workplace pensions in which employers who do not currently offer a retirement plan will be required to enroll their employees in a direct-deposit IRA account that is compatible with existing direct-deposit payroll systems. Employees may opt-out if they choose. The smallest firms would be exempt.
- **Doubling the Small Employer Pension Plan Startup Credit.** Under current law, small employers are eligible for a tax credit equal to 50 percent (up to a maximum of \$500 a year for three years) of the start-up expenses of establishing or administering a new retirement plan. To encourage small employers to offer pensions to their workers in connection with the automatic IRA proposal, the Budget will increase the maximum credit from \$500 a year to \$1,000 per year.

- Reforming and Expanding the Saver's Credit. The Budget proposes to expand retirement savings incentives for working families by modifying the existing Saver's Credit to provide a 50-percent match on the retirement savings of families that earn less than \$85,000 (up to \$1000 of savings would be matched). The credit would be fully refundable to ensure that savings incentives are fair to all workers.
- Improving the Defined-Contribution Savings System. The Budget proposes a number of initiatives to improve the transparency and adequacy of 401(k) retirement savings plans, through which a majority of American workers save for retirement. Specifically, the Department of Labor will undertake regulatory efforts to reduce barriers to annuitization of 401(k) plan assets; increase the transparency of pension fees; improve transparency of target date and other default retirement investments; and reduce conflicts of interest between pension advisers and fiduciaries. In addition, the Budget will support efforts streamline efforts to bring automatic enrollment to these plans in order to boost participation.