

# Agency Challenges

Early in 2003, SSA published a new Agency Strategic Plan (ASP) for Fiscal Years (FY) 2003-2008. The new Plan reflects the priorities and direction of SSA's Commissioner and the Administration. It sets SSA's course (through FY 2008) for achieving measurable results that improve American lives. SSA's ASP is comprised of four strategic goals, which provide the framework for the Agency's efforts:

- **To deliver high-quality, citizen-centered service**
- **To ensure superior stewardship of Social Security programs and resources**
- **To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations**
- **To strategically manage and align staff to support SSA's mission**

The Service, Stewardship, Solvency and Staff goals are comprehensive. They link to SSA's total resource needs and provide employees direction in all major areas of their work. The new ASP also outlines nine supporting strategic objectives that focus on key areas of importance or those needing improvement. These objectives address the major issues facing SSA over the next 5 years and are used as the framework for this section.

SSA's strategic goals are consistent with the themes expressed in the President's Management Agenda (PMA) initiatives. The PMA initiatives, which are listed below, are focused on more efficient use of taxpayer dollars.

- Expanded Electronic Government — makes it simpler for people to receive high-quality service from the federal government, while reducing the cost of delivering those services;
- Competitive Sourcing — seeks to achieve greater efficiencies in program administration, effective competition between public and private sources, and promotion of innovation;
- Improved Financial Performance — focuses on reducing improper payments and ensuring that federal financial systems produce accurate and timely information to support operating, budget and policy decisions;
- Budget and Performance Integration — calls for linking resources to performance, using program evaluation in planning and budget decisionmaking, and improving accountability for performance; and
- Strategic Management of Human Capital — calls for reducing the distance between citizens and decision-makers by streamlining the organization and reducing the time it takes to make decisions.

SSA recently received the highest rating for the PMA initiatives by achieving green for overall current status in financial management as well as green for progress in all five categories. SSA is proud of these scores and committed to doing even better.

The table that follows displays the major management challenges currently designated by the General Accounting Office (GAO) and the Office of the Inspector General (OIG). Specifically, the table crosswalks the major management challenges to SSA's strategic goals and objectives and to the PMA items. Following the table is a discussion of each of the major issues facing SSA and the strategies the Agency has in place at this time to meet these challenges. This discussion is organized according to the Agency's strategic goals and objectives.

<b>MAJOR MANAGEMENT CHALLENGES</b> <b>And Relationship to the President's Management Agenda (PMA) and SSA's Strategic Goals</b>		
<b>SSA's Strategic Goals and Objectives</b>	<b>PMA Items</b>	<b>GAO and IG Designated SSA Major Management Challenges</b>
<p><b>A. SERVICE</b></p> <ol style="list-style-type: none"> <li>1. Make the right decision in the disability process as early as possible</li> <li>2. Increase employment for people with disabilities</li> <li>3. Improve service through technology</li> </ol>	Expanded Electronic Government	<ul style="list-style-type: none"> <li>• Management of the Disability Process (OIG)</li> <li>• Better Position SSA for Future Service Delivery Challenges, Including Information Technology (GAO)</li> <li>• Electronic Government/Service Delivery (OIG)</li> <li>• Improve Programs that Provide Support for Individuals with Disabilities (GAO)</li> </ul>
<p><b>B. STEWARDSHIP</b></p> <ol style="list-style-type: none"> <li>4. Prevent fraudulent and erroneous payments and improve debt management</li> <li>5. Strengthen integrity of Social Security Number (SSN)</li> <li>6. Increase the accuracy of earnings records</li> <li>7. Efficiently manage Agency finances and assets and effectively link resources to performance outcomes</li> </ol>	Competitive Sourcing  Improved Financial Performance  Budget and Performance Integration (including Program Assessment Rating Tool (PART) requirements)	<ul style="list-style-type: none"> <li>• Homeland Security, Social Security Number Integrity and Misuse (OIG)</li> <li>• Fraud Risk (OIG)</li> <li>• Continue to Strengthen the Integrity of the SSI Program (GAO)/Improper Payments (OIG)</li> <li>• Integrity of the Earnings Process (OIG)</li> <li>• Disability High Risk (GAO)</li> <li>• Strengthen Controls to Protect the Personal Information SSA Develops and Maintains (GAO)</li> <li>• Critical Infrastructure Protection/Systems Security (OIG)</li> <li>• Budget and Performance Integration (OIG)</li> <li>• Integrity of Representative Payee Process (OIG)</li> </ul>
<p><b>C. SOLVENCY</b></p> <ol style="list-style-type: none"> <li>8. Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs</li> </ol>		
<p><b>D. STAFF</b></p> <ol style="list-style-type: none"> <li>9. Recruit, develop, retain a high-performing workforce</li> </ol>	Strategic Management of Human Capital	<ul style="list-style-type: none"> <li>• Human Capital (GAO and OIG)</li> </ul>

# Service

## Make the right decision in the disability process as early as possible

One of SSA's highest priorities is to improve service to the public in the disability programs from the initial claim through the final administrative appeal. Each Social Security and Supplemental Security Income (SSI) disability claim represents a person and often a family. According to SSA's service delivery assessment of the disability process completed in 2002, persons pursuing their disability claims through all levels of Agency appeal wait an average of 1,153 days for that final decision. Due to backlogs, cases that go through all levels of appeal spend nearly 50 percent of the time (525 days) in "queue" waiting for SSA action. The length of time it takes to process these claims is unacceptable. It places a significant financial and emotional burden on applicants and their families. It also leads to re-contacts and re-handling by SSA employees, placing an enormous drain on Agency resources.

The most significant external factor that may affect SSA's ability to improve service to disability applicants is the potential for substantial growth of workloads. Applications are expected to rise as the baby boomers enter their disability-prone and then retirement years. With Disability Insurance (DI) rolls projected to grow 35 percent in the 10-year period ending 2012, SSA cannot keep doing things the same way.

Responding to these challenges, SSA will improve economic security by:

- Improving service to disability claimants and making accurate decisions on their claims faster; and
- Helping disability beneficiaries with timely financial, medical and vocational support that helps them maximize their economic and physical well-being.

The following is a discussion of SSA's strategies and activities to address disability service.

**Eliminating Backlogs** — To reduce processing time, SSA must reduce and eventually eliminate disability backlogs. The Agency's long-term goal is to eliminate backlogs for initial disability claims, hearings and appeals by 2008. In 2003, process times were reduced by more than 100 days at the Appeals Council (AC) stage.

**Disability Process Improvement** — SSA has engaged in efforts to redesign and improve the disability determination process by testing a number of initiatives over the past several years. SSA carefully reviewed the results of these initiatives to identify the elements that show promise. Based on this review, SSA's short-term plan is to:

- Encourage early and frequent contacts with claimants during the development process;
- Eliminate the claimant conference at the end of the process; and
- Temporarily extend the "elimination of reconsideration step" feature in the ten prototype states that are currently doing this, while SSA develops an alternate approach.

In September 2003, the Commissioner announced a new approach for disability determinations to make longer-term improvements to the disability process. This proposal includes the following.

- Implementing a quick decision step to handle disability claims for people who are clearly disabled. These claims would be adjudicated in Regional Expert Review Units across the country. The Review Units would also provide medical expertise to disability decisionmakers in the State Disability Determination Services (DDS) and the Office of Hearings and Appeals (OHA).

- Requiring DDSs to more fully document decisions and establish a new in-line quality review process. This would help ensure consistent policy application, as well as more uniform decisions and documentation.
- Eliminating the reconsideration and AC stages of the process.
- Establishing a new position to evaluate all requests for review of disability claims that are denied at the initial level. This review would take place prior to a claim being sent to an Administrative Law Judge (ALJ).
- Establishing an oversight panel to conduct an end-of-line review of ALJ decisions.

The new approach is predicated on successful roll-out and full implementation of Accelerated e-Dib (see following section), as well as new regulations. To develop the final plan for the new approach, SSA will engage in a collaborative process involving the Administration, Congress, DDSs, and interested organizations and advocacy groups.

**Accelerated electronic-Disability (Ae Dib Initiative)** — To reduce delays inherent in mailing, locating and organizing paper folders, SSA is accelerating its transition to an electronic disability folder through the AeDib initiative. Rollout begins in January 2004, with full implementation to be completed within 18 months. See page 32 for additional discussion of the Agency’s efforts on implementing the AeDib initiative.

**Updating Medical Listings** — SSA has a sequential process for evaluating disability and one of those steps is the consideration of medical listings. If an individual has an impairment which meets the statutory duration requirement and either meets or medically equals the severity of an impairment contained in the listings, SSA will find the individual disabled. The listings are categorized by body system and contain criteria for various impairments. Congress, GAO, OIG and the SSA Advisory Board have all called for the complete update of these listings. Most of the listings will be updated by the end of FY 2004, although some body systems will require more formal outreach to update the criteria consistent with usual and customary medical practices. Once the criteria in the listings are updated, SSA will keep them current by making changes on individual sections.

**Improvements to the Hearings and Appeals Process** — SSA’s near-term efforts for improving the disability process will include:

- Involving ALJs in early case screening to more quickly identify cases for dismissal and on-the-record decisions;
- Ending the requirement that cases be certified “ready-to-hear”;
- Expanding the use of technology in OHA, including video teleconferencing, speech recognition and digital recording of hearings; and
- Implementing differential case management (DCM), a process where incoming cases are reviewed, and those ready to work are immediately processed.
- Focusing the necessary resources to ensure the timely processing of certified court cases and continuing to evaluate process improvements.

**Homeless Outreach** — SSA’s FY 2003 SSI appropriation included \$8 million for outreach to “homeless and other underserved populations”. SSI is often the critical financial foundation for a homeless person to be reintegrated into society. In support of the President’s initiative to end chronic homelessness in America within 10 years, SSA plans to use these funds to award approximately 30 cooperative agreements to medical and social service providers. Grantees will offer direct help to claimants in completing SSA’s disability application, obtaining medical evidence and maintaining contact with SSA while a decision is pending. SSA expects this to result in reduced claims processing time as well as a reduction in the number of claims denied due to the failure of the claimant to provide the information and evidence required under SSA’s eligibility rules. An announcement of the availability of cooperative agreement funding was published in the Federal Register on September 26, 2003 and SSA anticipates making awards early in the second quarter of FY 2004.

**Quality Initiative** — To emphasize the importance of quality throughout the Agency, the Commissioner created the Office of Quality Management and adopted an agency definition of Quality for SSA. An independent contractor is

conducting a review of SSA's entire quality process, beginning with the disability program. The review includes documenting SSA's current process and developing short- and long-term recommendations for the future.

### *Increase employment for people with disabilities*

Currently, only a small percentage of all disability beneficiaries work and earn enough to leave the disability rolls permanently, while an even smaller percentage work and earn enough to leave the rolls temporarily. SSA is dedicated to significantly increasing the number of DI and SSI disability beneficiaries who achieve employment.

SSA's success in this area will increase the number of people with disabilities who are working and making an important contribution to the American economy with their talents and earnings.

The following is a discussion of SSA's strategies and activities to address employment for people with disabilities. These initiatives also address the GAO-designated Major Management Challenge, "Improve programs that provide support for individuals with disabilities," and the concerns they raised when they added federal disability programs to their High Risk list.

**Ticket-to-Work Program and Work Incentives** — Through the Ticket-to-Work and Self-Sufficiency Program, which has been implemented in 33 states, SSA is providing beneficiaries with more choices and expanded opportunities to help them go to work. The Ticket-to-Work program allows beneficiaries to select the service providers of their choice, including vocational rehabilitation, job training and other community-based support services. As of November 2003, the Ticket-to-Work program will be available nationwide. Other work incentives offered include expanded health care coverage — a critical feature since the loss of coverage has been a significant disincentive for people with disabilities to return to work.

**Early Intervention** — Many experts believe that providing intervention methods to individuals with disabilities, as close to the disability onset as possible, significantly improves their chance of returning to work. SSA, in collaboration with the Disability Research Institute, is developing a demonstration project that will test a variety of interventions for DI beneficiaries, such as early medical insurance, employment supports, etc. The goal of the project is to assist persons with disabilities to return to work as soon as possible, rather than transitioning to long-term dependency on the DI rolls. The demonstration project is slated to begin in the spring of 2004.

**Youth Employment** — Many children receiving SSI stay on the rolls for life, while many others lose benefits after completion of the required medical redetermination at age 18 without receiving the support they need to become self-sufficient. In addition, a significant number of young adults come onto the SSI rolls at age 18 when their parents' income no longer counts toward eligibility. SSA's youth demonstration project tests interventions to support the transition of young SSI beneficiaries to adulthood through higher education and employment support to help SSI youth maximize their economic self-sufficiency. The demonstration project began in October 2003 with the award of 7 cooperative agreements to sites in Colorado, California, Iowa, Maryland, Mississippi and two in New York.

**Mental Health** — Most forms of mental illness are treatable. However, there is evidence that many beneficiaries with mental impairments do not receive treatment and rehabilitation services that could help them recover and enjoy a more productive life. SSA is developing a mental health treatment study (for DI beneficiaries for whom a mental health disorder is the primary diagnosis) that will pay for the costs of outpatient treatments (pharmaceutical and psychotherapeutic) and/or vocational rehabilitation that are not covered by other insurance. The goal of the project is to encourage medical recovery and employment. SSA has just awarded a predesign contract for the demonstration project.

**Benefit Offset** — *Section 234 of the Social Security Act* allows the Commissioner to test the impact and cost of a sliding-scale benefit offset for DI beneficiaries. SSA plans to test such offset structures, including a \$1-for-\$2 benefit offset. Under such benefit formulas, disability benefits would be reduced by a certain amount for each dollar a DI beneficiary earns above a given threshold, e.g., the Substantial Gainful Activity (SGA) amount. Under the current benefit formula, a DI beneficiary who completes a Trial-Work-Period and has earnings exceeding the SGA amount is in danger of losing the entire DI benefit 3 months later. This potential loss of benefits, and eventually the corresponding loss of Medicare benefits, may keep many beneficiaries from attempting to work. Congress gave SSA the authority to test sliding-scale benefit formulas as a means of mitigating the impact of earnings on benefit levels. This would be done by phasing out benefits while allowing a beneficiary’s net income to rise. Over time, benefits would gradually be reduced and eventually be phased out altogether. SSA has issued a Request for Information to assist the Agency in refining a Statement of Work for this demonstration project.

## *Improve service through technology*

Improved productivity is essential to meeting the challenges ahead. The Social Security Advisory Board has noted that the combination of dramatic workload growth and SSA’s employee retirement wave “will place extraordinary pressures on the Agency to meet the public’s need for service”. In the face of these challenges, technology is essential to achieving efficiencies and enabling employees to deliver the kind of service that every claimant, beneficiary and citizen needs and deserves.

Improving SSA service through technology will:

- Provide Americans with easy and efficient access to SSA services without leaving their home or workplace, ultimately saving time and resources; and
- Improve Agency productivity and, therefore, improve service and preserve trust fund and general revenue monies.

The following is a list of SSA’s strategies and activities to improve service through technology, which also addresses the GAO identified Major Management Challenge to “better position SSA for future service delivery challenges, including information technology,” and the PMA and OIG identified challenge with respect to “Electronic Government/Service Delivery”.

**Expanded Electronic Government** — SSA will continue to give high priority to projects that promise large productivity increases and support the President’s government-wide e-Government initiative. To this end the Agency has:

- *E-Government-to-citizen:*
  - Relaunched SSA’s website to improve the ease of use by the public, which includes a marketing plan announcing the change in the Internet address, the redesigned website, and the availability of online services, including the retirement application;
  - Expanded electronic self-service options with secure, friendly and knowledge-based authentication and real-time claimant, beneficiary and citizen support;
  - Participated actively with General Services Administration’s e-Authentication initiative to explore alternative authentication processes;
  - Integrated access to SSA’s services through the Internet and telephone so that the public can switch from one “channel” to another;
  - Used speech technology to increase access;
  - Expanded the number of automated telephone services that the public can access 24 hours a day, 7 days a week, including fully automating manual processes that currently require agent handling or human intervention, and exploring the feasibility of cross-agency applications and transactions;
  - Used a portfolio management approach to achieve cost-effective e-Service delivery, by adding new services and enhancing existing ones based on sound business case justifications;

- Expanded video teleconferencing of hearings to reduce travel for claimants and ALJs, saving time and money;
  - Used technology to improve SSA’s notices; and
  - Developed and implemented AeDib to reduce delays inherent in mailing, locating and organizing paper disability folders.
- *E-Government-to-business:*
    - Increased electronic wage reporting to make it easier for businesses to comply with reporting responsibilities and reduce earnings discrepancies;
    - Expanded electronic verification of employees’ name/social security number (SSN); and
    - Built a web presence that supports e-Procurement and e-Grants.
  - *E-Government-to-government:*
    - Implemented “e-Vital” to provide timely electronic access/transmittal of birth and death records among state and federal workers;
    - Collaborated actively with other federal agencies serving SSA’s beneficiary population (such as Center for Medicare and Medicaid Services (CMS) and the Railroad Retirement Board) to promote electronic services; and
    - Provided other trusted third parties with legitimate needs, such as state motor vehicle agencies and voter registration offices, also utilize electronic SSN verification.

## *Stewardship*

### *Prevent fraudulent and erroneous payments and improve debt management*

The PMA initiative on Improved Financial Management directs agencies to set goals to reduce improper payments<sup>1</sup> for each of their programs. SSA’s own analyses, as well as assessments by the OIG, the Social Security Advisory Board and the GAO, have identified several major areas susceptible to erroneous or fraudulent payments.

Preventing fraudulent/erroneous payments and improving debt management will:

- Ensure that Americans receive the benefits they are due; and
- Assure taxpayers that trust fund money and general revenue funds are spent correctly.

The following is a discussion of these areas and the activities SSA is engaged in to prevent, detect and collect erroneous payments, including the Major Management Challenges, “Fraud Risk” (OIG), “Continue to Strengthen the Integrity of the SSI program” (GAO), “Improper Payments” (OIG), “Integrity of the Representative Payee Process” (OIG), and “Improved Financial Performance” (PMA).

**SSI Corrective Action Plan** — Because of SSA’s progress in addressing SSI payment accuracy problems, GAO removed the SSI program from its high-risk list of government programs vulnerable to waste in January of 2003. The Agency developed a Corrective Action Plan and implemented many initiatives over the last few years to prevent and detect SSI overpayments. SSA will continue to process substantial numbers of eligibility reviews and implement additional initiatives designed to improve accuracy even further. These activities will also address the Office of Management and Budget’s (OMB) Program Assessment Rating Tool (PART) evaluation of the SSI Aged

<sup>1</sup> The Agency uses the terminology “improper payments” and “erroneous payments” interchangeably. For consistency, the term “improper payments” will be used throughout the document except when referencing the strategic objective to “prevent fraudulent and erroneous payments and improve debt management”.

program that requires SSA to address payment accuracy issues by aggressively pursuing strategies outlined in its SSI Corrective Action Plan.

**Special Disability Cases and Workers' Compensation Cases** — Despite the high level of accuracy with respect to Old Age, Survivors and Disability Insurance (OASDI) payments (99.8 percent free of error), SSA has pinpointed two areas causing errors:

- SSA identified a number of SSI beneficiaries who earned sufficient work credits to qualify for benefits under the DI program, but for whom an application was never completed. The Agency has already taken the appropriate steps to prevent this from occurring in the future. SSA is also in the process of reviewing approximately 476,000 complex Special Disability Workload cases for potential DI entitlement. At the end of the fiscal year, over 62,000 cases had been reviewed. The entire review is expected to be completed by the end of fiscal year 2007.
- SSA also identified a number of DI beneficiaries whose workers' compensation payments changed but whose DI benefits were not adjusted accordingly. To address this problem, SSA instituted a comprehensive action plan that includes:
  - Completing 40,000 workers' compensation cases per year through FY 2008 in addition to having already completed a review of 112,000 cases currently affected by worker's compensation;
  - Updating all instructional material;
  - Retraining the appropriate Operations employees to handle these types of changes ;
  - Improving the Agency's computer systems; and
  - Institutionalizing new processes to ensure continued accuracy.

**Representative Payees** — SSA appoints representative payees for individuals who are incapable of directing or managing their benefits. Based on in-depth agency analysis and increased congressional, media, OIG and advocate concerns, SSA is reexamining representative payee program operations. SSA has made progress on several fronts and continues to work on ways to improve the representative payee program. Refer to page 42 for more details.

**Continuing Disability Reviews (CDR)** — CDR processes are SSA's first line of defense to ensure that only those people who continue to meet the disability requirements remain on the rolls. SSA's ongoing goal is to initiate CDRs when needed and complete them within prescribed timeframes. By making use of a research and statistical contractor, SSA has steadily made improvements in the CDR profiling process resulting in an increased number of CDRs being processed. SSA met its FY 2003 goal for processing CDRs. Refer to page 44 for more details.

**Cooperative Disability Investigations (CDI)** — The CDI program is a joint effort by OIG and SSA to improve stewardship responsibilities in the Social Security disability program, with a zero tolerance for fraud and abuse. The CDI units are made up of an OIG team leader and staff from SSA field offices, DDSs and local law enforcement agencies. At the end of FY 2003, SSA had 17 CDI units in full operation, with one more unit preparing to start operation.

The units provide investigative support to select DDSs during the initial and continuing disability review process. They help combat fraud by investigating questionable statements and activities of claimants, medical providers, attorneys, interpreters, or other service providers who may be involved in the facilitation or promotion of disability fraud. The investigative evidence is provided to the DDSs to make timely and accurate disability determinations. The evidence is also used by the OIG in determining whether criminal prosecution is warranted.

Overall productivity and program savings from the CDI units continue to increase every year. In FY 1998, when the program began, it accounted for \$2.8 million in cumulative savings for SSA. Through September 2003, cumulative SSA program savings had increased to over \$278 million, with an additional \$152 million in projected savings for non-SSA programs. In addition to these savings, the public's awareness of the CDI program is expected to have a deterrent effect on fraud and provide intangible benefits.

**Debt Collection Initiatives** — SSA continues to use aggressive debt collection tools to recover delinquent benefit overpayments from former beneficiaries. SSA refers delinquent debts to the Treasury Offset Program to recover



debts from Federal tax refunds and other Federal payments. In addition, SSA withholds SSI overpayments from the benefits of individuals who become entitled to OASDI payments and refers debts to credit bureaus. A project under development is the use of Administrative Wage Garnishment as a means to collect debts through a debtor's employer.

In addition, SSA's strategy for improving the management of debt includes the following initiatives:

- Identifying those SSI debtors whose debts have been determined to be uncollectible and who are now receiving SSI and/or Social Security payments. Once identified, action would be taken to recover as much as 10 percent of the debts each month from ongoing benefit payments. Taking action on these "now" inactive debts will increase the proportion of debt in a collection arrangement. Initiating withholding from benefits also will result in increased recovery of debts.
- Building a scoring system that prioritizes unresolved debts. This supports actions to bring debt workloads into balance with operational resources and ensures that resources are expended on the debt with the best potential for recovery.
- Developing a connection between SSA-level performance goals related to debt resolution and Processing Center, Field Office and Teleservice Center performance measures.
- Providing SSA operating components with a tool that organizes debt information more efficiently for individual case processing and better workload management. This tool, named "OP-WIZ," is now operational.

### **Strengthen the integrity of the Social Security Number (SSN)**

The original purpose of the SSN was to enable SSA to keep an accurate record of earnings covered under Social Security and to pay benefits based on those earnings. Over time, the SSN has become a primary means of identification in both the public and private sectors. As use of the SSN has grown, so has identity fraud. This has led to the GAO and OIG designation of SSN misuse and identity fraud as significant management issues. These issues were the subject of recent Congressional hearings pertaining to Homeland Security and of a Federal Trade Commission report and survey on identity theft.

Most instances of identity fraud result not from any action or failure to act by SSA, but from proliferation of personal information in our society. Many institutions besides SSA have a role in combating identity fraud, including the Federal Trade Commission and the Department of Homeland Security. A unified approach involving intergovernmental collaboration is required to safeguard the SSN when used by government, and particularly when used in public records. SSA's role in this effort is to further strengthen the enumeration process by ensuring that SSNs are issued appropriately and preventing SSN misuse. SSA notes that contrary to what some entities understand the Agency's role to be, SSA does not verify identity. Rather, the Agency verifies if information presented matches information in SSA's records.

Strengthening the integrity of the SSN will:

- Ensure that SSNs are issued appropriately;
- Support efforts to increase domestic safety and the security of our nation's borders;
- Protect Americans from incidents of identity fraud; and
- Improve the economy through reduction of theft facilitated by identity fraud.

The following is a discussion of the activities SSA is engaged in to strengthen the integrity of the SSN and address the OIG identified Major Management Challenge with respect to "Homeland Security, Social Security Number Integrity and Misuse".

**Evidentiary Requirements and Methods** — SSA is strengthening the SSN application process by:

- Creating a Social Security Card Center in Brooklyn, New York, to test if such centers would improve and expedite the document verification process;
- Eliminating drivers' licenses as a valid reason for issuing a non-work SSN;
- Verifying with the issuing agency the records of any birth certificates submitted by U.S.-born citizens, age one or older who are applying for an original SSN;
- Verifying with the Bureau of Citizenship and Immigration Services (BCIS) all alien documentation submitted by non-citizens in support of applications for an original or replacement SSN card; and
- Decreasing reliance on applicant-submitted evidence by using Enumeration-at-Entry, a process whereby SSA will assign SSNs to new arrivals based on data collected by the Department of State and the BCIS at the time right-of-entry into the U.S. is authorized.

**SSN Verification Processes** — The Social Security Act provides that the SSN may be used by a number of governmental agencies for designated purposes. Such programs as Food Stamps and such agencies as State Departments of Motor Vehicles depend on the accuracy of the SSN. For a number of years SSA has verified that the SSN, name, and sometimes date of birth provided by authorized SSN users are consistent with information in SSA's records. Similar processes are in place to verify SSN related data provided by an employer to ensure that wages are reported to the correct SSN. While SSA is unable to provide identity verification, the assurance that information provided matches the data in SSA's records will help to ensure the integrity of the SSN. SSA is strengthening its SSN verification processes by:

- Completing a comprehensive review of SSN verification services to identify ways to strengthen processes and systems;
- Identifying and eliminating redundancies;
- Providing SSN verifications that include additional disclosable data such as death information;
- Ensuring consistency of responses for the same user;
- Tightening processes for registering and monitoring users; and
- Developing a more effective process to evaluate SSN verification requests by large volume users.

### **Increase the accuracy of earnings records**

Accuracy of the earnings records that SSA maintains for all working Americans is critical. SSA uses these records to determine whether an individual has earned enough wage credits to be eligible for benefits and the amount that will be paid. Despite the Agency's good record (96.4 percent of earnings are assigned correctly to individual workers' records), the amount of earnings that cannot be assigned to individuals' work records has been growing in recent years and is a major concern.

The OIG has designated the integrity of the earnings reporting process as a significant management issue. Over 250 million earnings wage items are submitted annually by employers. Of those, approximately 10 percent (25 million) initially do not match SSA's records. SSA is able to match about 64 percent (16 million) of these mismatches. Still, about 9 million names and/or SSNs cannot be matched to an individual's record due to an invalid name/SSN combination. SSA maintains the information on these earnings in a "suspense file" for potential future reconciliation.

By increasing the accuracy of earnings records, SSA is:

- Ensuring that Americans receive the full Social Security benefits to which they are entitled;
- Protecting the trust funds by ensuring that benefits are being paid accurately; and
- Increasing the public's confidence in the reliability of the Social Security system.

The following is a discussion of the activities SSA is engaged in to increase the accuracy of the Agency's earnings records and address the OIG identified Major Management Challenge, "Integrity of the Earnings Process".

**Earnings Suspense File** — SSA's strategies for reducing the size and growth of the suspense file include:

- Employing new software routines that enable matching greater numbers of suspense file items to the correct earnings record;
- Notifying employers who submit a large number of incorrect wage items, name/SSN discrepancies, and/or request corrections, as well as each individual employee who submits incorrect information in these areas; and
- Collaborating with the Internal Revenue Service (IRS) to achieve more accurate wage reporting.

**Educating Employers** — SSA is undertaking an aggressive educational campaign to inform the wage reporting community of the various verification tools and error detection utilities available to them. For example, SSA is encouraging greater use of SSN verification through the Employee Verification Service that allows employers to verify a valid name/SSN combination. SSA is currently piloting an Internet-based SSN verification service that provides immediate or next business day response to name and SSN verification requests. At this time the pilot is only open to a small number of participating companies. It is anticipated that this option may be open to all employers after evaluation of the pilot.

**Electronic Wage Reporting** — SSA is working with employers to encourage greater use of electronic filing. To this end, the Agency provides employers with online filing status and error information.

### *Efficiently manage Agency finances and assets, and effectively link resources to performance outcomes*

Recognizing the importance of good management to the efficient and economic delivery of desired results, the PMA identifies five government-wide initiatives intended to work together as a mutually reinforcing set of management reforms. The Administration uses a scorecard of red (unsatisfactory), yellow (mixed results, i.e., achieved some but not all the criteria), and green (success) to rate agencies on both the progress and status of each initiative. SSA's current ratings are recognized as among the best for major federal agencies. In a July 2003 announcement from OMB on the PMA scorecard, SSA received the highest rating by getting to green for *progress* in all five categories. SSA's overall current *status* in financial management was also upgraded to green.

SSA's efforts to "get to green" for successfully implementing the PMA initiatives will:

- Improve the efficiency and productivity of SSA operations, thereby, saving taxpayer and trust fund money for use by future generations.

The following is a discussion of the Agency's activities in implementing the PMA initiatives at SSA.

- **Expanded Electronic Government** (Status: **Yellow**; Progress: **Green**) — This is addressed with the discussion of the OIG identified Major Issue “Improving Service through Technology” on page 19.
- **Competitive Sourcing** (Status: **Red**; Progress: **Green**) — SSA is building the infrastructure needed to support public-private competition and improve the efficiency and effectiveness of Agency processes.

SSA has established a public-private competition process that ensures competitive sourcing is used to improve the efficiency and effectiveness of Agency processes and provide the greatest benefit to the taxpayer. The Agency has established a centralized component called the Office of Competitive Sourcing with contracting, human resource, budget and A-76 (the OMB guidelines that cover the competitive sourcing process) expertise. SSA has developed competitive sourcing procedures, processes, delegations and policies. SSA has a communication plan in place that uses workgroup members, memos and a website to disseminate this information. The Agency uses contractor support with A-76 experience to assist in training and conducting studies. SSA has implemented several steps to ensure that competitions are completed within given timeframes. The steps include:

- The inclusion of pre-planning in the SSA process which results in personnel being adequately trained on the A-76 process;
- Project plans for each study; and
- Carefully monitoring milestone dates.

The Agency's first OMB Circular A-76 Competitive Sourcing Streamlined Study for the software validation function was decided in favor of SSA.

- **Improved Financial Performance** (Status: **Green**; Progress: **Green**) — SSA received an unqualified audit opinion on its financial statements for FY 2002; the ninth consecutive year. The Agency has submitted timely and accurate financial information, releasing its FY 2002 financial statements in mid-November, thereby achieving the FY 2004 government standard 2 years ahead of time. In addition, for the fifth consecutive year, SSA was awarded the Certificate of Excellence in Accountability Reporting by the Association of Government Accountants for its FY 2002 Performance and Accountability Report (PAR). SSA holds the distinction of being the only federal agency to receive this prestigious award every year since its inception. SSA submitted its FY 2003 second quarter financial statements on April 21, 2003, which included a full set of comparative financial statements as of March 31, 2003 and March 31, 2002, meeting the FY 2004 government standard for quarterly reporting one year ahead of time. SSA's systems allow routine assessment of performance and financial information that managers can use to make day-to-day decisions. SSA will enhance these systems over the next few years with the SSA Unified Measurement System (SUMS) and the Managerial Cost Accountability System (MCAS) initiatives.

Another important aspect in SSA's effort to reduce improper payments is addressed with the discussion of the Major Issue “Preventing fraudulent and erroneous payments and improving debt management” on page 20.

SSA's goal is to improve overall productivity by at least 2 percent per year. Advances in automation will be key to SSA's improvement, however, process and regulation change will also be contributing factors.

Also see page 48 for additional discussion of the Agency's efforts on improving financial performance.

- **Budget and Performance Integration** (Status: **Yellow**; Progress: **Green**) — OMB has indicated that SSA must improve its ability to present a performance budget that permits direct comparisons between incremental budgeted amounts and outcomes in specific activities. SSA presented a fully integrated budget and performance plan to OMB in September 2003. The budget aligns costs and workyears with overarching performance goals, e.g., it identifies resources needed to reduce backlogs and takes into account savings from expected efficiencies.

In the past, SSA's OIG has cited general performance management and budget and performance integration as significant management issues, specifically in relationship to data reliability issues. SSA is further strengthening the linkage between resources and performance by:

- Working with the private sector to continue to improve SSA's budget formulation system by enhancing modeling capabilities that estimate what level of performance to expect for different levels of funding; and
  - Ensuring that SSA's budget formulation and execution processes continue to reflect the Agency's strategic and performance plans, with a greater emphasis on aligning outputs and costs to outcomes.
- **Strategic Management of Human Capital** (Status: **Yellow**, Progress: **Green**) — This initiative is addressed as a part of the OIG and GAO identified Major Management Challenge regarding "Recruiting, developing and retaining a high-performing workforce" on page 27.

## *Solvency*

### *Support reforms to ensure sustainable solvency and more responsive retirement and disability programs through education and research efforts*

Today about 3.3 people pay into Social Security for every one person receiving benefits. By 2030, this ratio is expected to decline to about 2.2 to 1. Based on actuarial projections, within 15 years, SSA expects to begin paying more in benefits than it collects in taxes. The actuary projects that by 2042, the trust funds will be exhausted and the payroll taxes collected will be insufficient to pay the benefits owed. Based on actuarial projections in the 2003 Trustees Report, without reforms, benefits scheduled to be paid under present law would have to be reduced by 35 percent by the end of the next 75 years.

Ensuring Social Security solvency will ensure economic security for generations to come.

The President, Social Security's Trustees, the Social Security Advisory Board, GAO's Comptroller General and many members of Congress have stated that the sooner reforms happen, the more gradual and less costly the changes will need to be. In his comments on the 2003 report of the Social Security Trustees, the President expressed hope that "Congress will join with the Social Security Administration and other interested parties in a national dialogue about how best to strengthen and protect Social Security".

As the debate moves forward on how best to strengthen Social Security for the future, SSA must work to ensure that policymakers and the public have the information needed to assess the implications of all proposals under consideration.

**Public Education** — Through SSA's ongoing communications program, the Agency will continue to educate the public about financing challenges facing Social Security programs. Additionally, SSA has changed its yearly survey of public knowledge to help the Agency better understand what the public knows about important Social Security issues, including long-range financing. SSA will use this information to develop a national information campaign with partners that will focus on a variety of activities aimed at increasing the public's knowledge of basic program facts and long-range financing issues.

**Research Capability** — In the GAO's January 2003 report on *Major Management Challenges and Program Risks*, they acknowledged the steps SSA has taken to strengthen its research, evaluation and policy development activities and eliminated this issue as a management challenge. SSA will continue to:

- Maintain an in-house capacity of policy, actuarial and legislative expertise to respond to decisionmakers’ questions about the fiscal, distributional and administrative aspects of proposals to reform the Social Security programs; and
- Work with the Administration and Congress as legislative proposals to achieve sustainable solvency are developed.

**Disability High-Risk** — The *Americans with Disabilities Act* and medical and technological advances are altering the concept of disability. This and other related concerns led the GAO to add modernizing all federal disability programs to its high-risk list. SSA’s and OMB’s PART evaluation of the DI program also indicated that the program no longer meets the needs of people with disabilities. The Social Security disability program must respond to these developments.

## *Staff*

### *Recruit, develop and retain a high-performing workforce*

SSA’s employee retirement wave will not only affect the Agency’s ability to deliver service to the American public, but will also result in a significant drain of institutional knowledge. SSA will be faced with the continuing challenge of hiring and retaining a highly skilled and diverse workforce in what is expected to be a very competitive job market.

SSA was early in recognizing the implications of the retirement wave and in taking actions to address it. Succession planning has led the Agency to implement aggressive employee development programs at all levels and redeployment of positions to direct service. The Agency has also emphasized the recruitment of Presidential Management Interns and outstanding scholars and increased the use of hiring flexibilities.

As SSA deals with significant workload growth and an increased number of retirements, the Agency will strive to maintain a high-performing workforce and enhance productivity through automation, job enrichment opportunities and training, redistribution of staff to direct service positions, succession planning, leadership development, new performance management systems, and other service enhancements. SSA’s response to the challenges of recruiting, developing and retaining a high-performing workforce is framed by and addresses the PMA that directs agencies to make government citizen-centered through the strategic management of human capital.

SSA’s strategies to recruit, develop and retain a high-performing workforce will allow the Agency to continue to provide the highest quality, timely service to the American public, and result in productivity increases that will save trust fund and general revenues monies.

SSA strategies include a wide array of tools and activities. These activities address the PMA Initiative’s concerns, as well as the Major Management Challenge: “Human Capital” identified by both the OIG and GAO.

**Future Workforce Transition Plan** — SSA has developed and continues to implement a Future Workforce Transition Plan that is closely aligned with the Agency’s strategic plan and supports its four strategic goals of *Service, Stewardship, Solvency and Staff*. To facilitate human capital coordination and manage the plan, SSA established a Human Capital Planning Staff (HCPS). The HCPS will be a focal point not only for workforce planning, but also for studies, analyses, benchmarking and evaluation of selected human capital issues.

**Recruitment and Retention** — SSA will expand the use of personnel hiring flexibilities in strategic areas with above minimum pay for systems analysts, awards and reemployment annuitant waivers. The Agency will continue to maximize the use of flexible work schedules. Also, SSA's workforce will mirror the diversity of the American public it serves. The Agency will increase the number of employees in direct service positions, while maintaining proper technical, policy, systems and administrative support.

**Leadership and Employee Development** — SSA will ensure ongoing job enrichment opportunities and training. The Agency will do so by developing core competencies, delivering employee competency-based training and providing technology-based skills training critical to ensuring SSA's direct service employees' ability to manage the Agency's increasing workloads. SSA's knowledge management strategies include succession analysis, collection of baseline training data, filling vacancies before the incumbent leaves, and targeting critical positions. SSA will continue to use national, component and regional leadership development programs to ensure ongoing excellence in Agency leadership positions.

**Performance Culture** — The Agency will improve accountability through new performance management systems for Senior Executive Service (SES) members and for General Schedule (GS) employees. A new SES performance management framework is already in place, as are performance management plans for GS-15 non-bargaining unit employees. Efforts are underway to increase results-oriented performance assessments throughout the rest of the Agency.