ACHIEVING OUR MISSION

OUR CHALLENGES AS WE STRIVE TO MEET THE CHANGING NEEDS OF THE PUBLIC WE SERVE

This *Performance and Accountability Report* highlights our accomplishments, discusses key issues that will affect our future operations, and describes how we managed our resources and administered our programs through the four strategic goals outlined in our *FY 2008-2013 Agency Strategic Plan*:

- Strategic Goal 1- Eliminate our hearings backlog and prevent its recurrence;
- Strategic Goal 2- Improve the speed and quality of our disability process;
- Strategic Goal 3- Improve our retiree and other core services; and
- Strategic Goal 4- Preserve the public's trust in our programs.

Below we discuss the major challenges facing the agency and the corresponding current and future actions we plan in response to these challenges.

Strategic Goal 1: Eliminate Our Hearings Backlog and Prevent Its Recurrence

Eliminating our hearings backlogs continued to be our primary focus in FY 2009. This, however, became increasingly more difficult as we faced an increase in hearing receipts. In FY 2009, we received 622,851 requests for hearings, the highest annual total we ever received. This was 33,402 more requests than FY 2008 – a 6-percent increase. In spite of this challenge, we continued to move forward with a wide-range of hearing backlog reduction initiatives. As a result, we reduced our pending hearings by 37,991 cases – 5-percent decrease – from FY 2008, the first decline in almost 10 years. We also kept the public better apprised of our hearing-reduction efforts. To this end, we provide a state-by-state update at http://www.socialsecurity.gov/appeals/congressional-booklets.html. Below we discuss our efforts to achieve the two objectives established for this goal.

STRATEGIC OBJECTIVE 1.1: INCREASE OUR CAPACITY TO HEAR AND DECIDE CASES

In addition to adding new staff and resources, we maximized our ability to expedite hearing requests where it appeared the claim could be allowed without conducting a formal hearing. In doing so, individuals received their benefits months sooner than they would have under the formal hearing process, and our administrative law judges were able to focus on the more complex cases. Below are some of the initiatives we continued in FY 2009 and plan to carryover into FY 2010 to increase our capacity to hear and decide cases.

Increase Number of Administrative Law Judges and Support Staff Levels: We continued to increase our cadre of administrative law judges and hired sufficient staff to support them. In FY 2009, with the additional funds we received under the *Recovery Act*, we were able to hire 147 administrative law judges and 850 support staff. These staffing levels provided an average ratio of 4.5 support staff per administrative law judge – the level estimated to maximize our hearings potential. We plan to hire 226 administrative law judges and approximately 950 support staff in FY 2010. We are striving for a cadre of 1,500 administrative law judges and associated support staff by early 2012.

Enhance the Senior Attorney Adjudicator Program: Under this program our most experienced attorneys are authorized to issue fully-favorable decisions in certain cases without the need to conduct an actual hearing – referred to as "on-the-record" decisions – thereby providing disability benefits to individuals more quickly than if they had to wait for a hearing. In FY 2009, senior attorney adjudicators issued 36,366 on-the-record decisions. To ensure the accuracy of these decisions, we reviewed a random sample of their decisions after effectuation and found a 98-percent decisional accuracy rate. We further discuss our evaluation of this program on page 81 in the *Program Evaluation* section.

We will aggressively expand this initiative by increasing the number of senior attorney adjudicators. We are also looking for new and innovative ways to maximize this program. For example, beginning in FY 2010, we will form a virtual screening unit with 100 senior attorney adjudicators to carry out additional screening activities.

Continue the Informal Remand Process: We developed a software model that identifies cases where there is a strong likelihood the individual is disabled based on the circumstances involved or the evidence presented. Our hearing offices return these cases to the Disability Determination Services (DDS) for review and for a possible favorable determination thereby avoiding the need to hold a hearing. In FY 2009, the Disability Determination Service reviewed 52,294 cases under the informal remand process resulting in 14,938 favorable determinations.

Open Additional Hearing Offices and National Hearing Centers: In FY 2010, we plan to open 14 additional hearings offices and 3 satellite offices, along with the expansion of space in 2 existing offices. We also plan to open 11 hearings offices and 4 satellite offices in FY 2011.

In FY 2009, we opened three National Hearing Centers – Albuquerque, NM in March 2009; Chicago, IL in June 2009; and Baltimore, MD in July 2009 – bringing our total to four. In addition, we plan to open a fifth National Hearing Center in St. Louis, MO in FY 2010. National Hearing Centers use video conferencing that enables administrative law judges to hold remote disability hearings giving us the flexibility to swiftly target assistance to the areas of the country with the highest pending hearings workload. Our National Hearing Centers processed 9,162 hearings in FY 2009.

Expand Video Hearings Capabilities: We are expanding the availability and use of video hearings for the convenience of individuals who have filed a hearing request. Video hearings help minimize travel to hearing sites, saving time and money for all involved parties. The following initiatives bolstered video hearing usage in FY 2009:

- Desktop Video Units: In FY 2008, we began limited use of desktop video units – small flat screen monitors that enable administrative law judges to conduct video hearings in their offices instead of occupying a hearing room. Feedback has been very positive. Administrative law judges' use of units in their offices helped free up hearing rooms for additional hearings. Based on these encouraging results, we installed 186 desktop video units in FY 2009 and conducted 10,620 hearings using these units. We plan to add over 100 units in FY 2010.

- Representative Video Project: Under the Representative Video Project, attorney and non-attorney representatives for individuals who have filed requests for hearings, may use their own video conferencing equipment that meets our specifications to participate in hearings from their own offices. In FY 2009, we certified 13 representatives to participate in this project and conducted 692 hearings. We expect to expand this initiative in FY 2010 and beyond.

STRATEGIC OBJECTIVE 1.2: IMPROVE OUR WORKLOAD MANAGEMENT PRACTICES THROUGHOUT THE HEARINGS PROCESS

We are committed to improving hearing office procedures and better managing hearings workloads. We significantly reduced the oldest hearings pending and incorporated the use of technology in our business processes.

Implement the Standardized Electronic Business Process: The purpose of this initiative is to facilitate timely and legally sufficient hearings and decisions by achieving and maintaining the most effective and efficient case processing methods. The new process will maximize quality by improving accuracy, timeliness, productivity, cost-efficiency, and service to the public. We rolled out and provided training on the standardized business process to 30 hearing offices in FY 2009 and will continue phasing in the process in all hearing offices nationwide in FY 2010.

Expand Centralized Printing and Mailing: In FY 2008, we contracted with a vendor to centralize the printing and mailing of select hearing level notices. This process, once fully implemented, will free hearing office staff from routine tasks, such as producing, folding, and mailing the millions of notices the hearing level issued annually. In March 2009, we centralized the printing and mailing of the largest volume hearing notice – the *Notice of Decision* – in a limited number of offices with a nationwide rollout beginning in FY 2010. We will add more categories of notices as we gain additional experience.

Eliminate Use of Temporary Sites: We use a variety of sites to hold hearings, including temporary space in hotels, motels, courthouses, schools, and conference centers. The increased use of electronic disability files makes holding hearings in temporary space more difficult as we are generally not able to connect to our systems at these sites. During FY 2009, we developed a plan to replace over 20 temporary sites with video hearing rooms in field offices and other Social Security facilities by FY 2011. These changes will allow us to operate more efficiently and provide individuals with a more convenient, secure, and professional environment for their hearing.

Avoid a Backlog at the Appeals Council: As we increase our capacity to hear and decide cases, we are mindful of the resulting effect on the Appeals Council workloads, the next step in the appeals process after a hearing. With the additional hearings processed in FY 2009, we expect 120,000 Appeals Council receipts in FY 2010, an increase of 13,000 over FY 2009. More receipts, coupled with our emphasis on processing the oldest and most complex cases, will significantly increase overall Appeals Council processing time. We will continue to closely monitor Appeals Council workloads and take necessary actions to reduce pending levels and processing time by hiring additional staff, using early screening initiatives, and improving automation and electronic case analysis tools.

Strategic Goal 2: Improve the Speed and Quality of Our Disability Process

In FY 2009, we saw significant increases in initial disability claims filed under both federal disability programs we administer. We received over 3 million claims for initial disability benefits, almost 17 percent more than FY 2008 and the highest level of receipts in agency history. Our projections indicate the filing of disability applications has not yet peaked. We now expect the surge to continue in FY 2010 with estimated receipts of more than 3.3 million, a 10-percent increase from FY 2009, and nearly 350,000 more than we assumed in the *FY 2010 President's Budget.* Despite this growing workload, we remain committed to a disability process that is fair, accurate, and as prompt as possible. Below we discuss our efforts to achieve the three objectives established for this goal.

STRATEGIC OBJECTIVE 2.1: FAST-TRACK CASES THAT OBVIOUSLY MEET OUR DISABILITY STANDARDS

We have an obligation to provide benefits quickly to those individuals whose medical conditions obviously meet our disability standards. This is particularly critical in SSI disability claims to ensure these individuals immediately get the vital medical coverage they need. The following provides brief descriptions of the initiatives we have undertaken to help identify such cases.

Expand Quick Disability Determinations (QDD): The QDD process uses predictive modeling, a computer-based screening tool, to identify electronic disability cases involving medical conditions where a favorable disability determination is highly likely and evidence of the condition can be easily and quickly verified. Examples include low birth-weight babies, certain cancers, and end-stage renal disease. In FY 2009, we issued 74,245 favorable disability determinations under QDD – compared to 44,000 in FY 2008 – with an average processing time of less than 12 days. We continue to refine the QDD selection criteria to enhance our computer software and maximize our capacity to accurately identify these cases.

Expand *Compassionate Allowances*: *Compassionate Allowances*, like QDD, provide a way of quickly identifying diseases and other medical conditions that clearly meet our definition of disability. Under this initiative, the predictive model identifies claims involving medical conditions so severe that, by definition, they meet the required standards for disability entitlement. Examples include acute leukemia, pancreatic cancer, and amyotrophic lateral sclerosis (more frequently referred to as Lou Gehrig's disease). Using public outreach hearings, along with input from medical experts, the public, and others, we established 50 *Compassionate Allowance* conditions (25 are cancers and 25 are other diseases) at the time we launched this initiative in October 2008. We allow nearly all *Compassionate Allowance* cases if we receive supporting documentation and non-medical criteria are satisfied. Individuals with severe disabilities can be approved for disability benefits in a matter of days instead of months or years. We held our most recent public outreach hearing in July 2009. We will continue to expand the initial list of *Compassionate Allowance* impairments. For more information on *Compassionate Allowances*, see http://www.socialsecurity.gov/compassionateallowances/.

Expand Use of *Electronic Records Express*: *Electronic Records Express* provides electronic options for submitting health and school records needed to determine eligibility for disability benefits. Currently, entities may send records electronically to us, via a secure website or fax, which are then automatically associated with an individual's electronic disability folder. This process was our first step to support the receipt of electronic records. Health Information Technology is our next step to receive and analyze standardized electronic medical data. Health Information Technology is described on page 26.

Support the Military Casualty Initiative: We have increased outreach to help military members and their families learn about and apply for disability benefits. As a result of national and local initiatives at major medical facilities, more wounded warriors are applying for benefits and we are expediting their claims. For more information on the Military Casualty Initiative, see http://www.socialsecurity.gov/woundedwarriors/.

STRATEGIC OBJECTIVE 2.2: MAKE IT EASIER AND FASTER TO FILE FOR DISABILITY BENEFITS ONLINE

Individuals have the option to file for disability benefits online. In FY 2009, almost 600,000 individuals filed for disability online. Our online disability application was cumbersome and often times confusing and deterred individuals from filing. Consequently, we began an initiative – *Disability Direct* – to increase the online filing rate and fulfill the public's expectation for more convenient, effective, and secure online service. This initiative makes it easier and faster to apply for disability benefits using *iClaim*. *iClaim* is the online tool that individuals can use to file electronically for benefits from the comfort of their homes or offices.

There are three foundational projects under this initiative designed to provide significant workload efficiencies: the *Appointed Representative Suite of Services;* the *Streamlined Application*; and the *Claims Data Web Service*. We plan to roll out these features in FY 2010:

- **Implement the *Appointed Representative Suite of Services*:** Increasingly, representatives transact business with us on behalf of applicants who file for disability benefits. To meet this demand for service from representatives (such as attorneys, non-attorneys, representative payees, and third parties) and alleviate workloads in our field offices, we are implementing the *Appointed Representative Suite of Services*, a comprehensive package of online services for representatives. In FY 2010, we will implement the first phase of the *Appointed Representative Suite of Services* This release will allow individual representatives, at all levels of the disability process (initial, reconsideration, hearing, and Appeals Council), to register online, manage their representative profile, and have access to their clients' electronic folders. We will implement additional phases of the *Appointed Representative Suite of Services* throughout FY 2010 that will focus on expanding registration and folder access, simplifying the process of submitting appeals, and documenting a representative's appointment.

- **Expand the *Streamlined Application* Project:** As part of the *Streamlined Application* project, we will release a simplified *Adult Disability Report*, which will be used to obtain basic information needed to process a disability claim, such as individuals' medical sources and employment history. This enhancement will allow those individuals filing for disability and/or their representatives to minimize their completion time and improve the quality of disability information we receive.

- **Pilot the *Claims Data Web Service*:** The *Claims Data Web Service* pilot will allow representatives, hospitals, and social workers to submit application data electronically to field offices. This service has the potential to eliminate manual keying of data for over 100,000 paper applications and appeals received annually from third-party providers.

STRATEGIC OBJECTIVE 2.3: REGULARLY UPDATE OUR DISABILITY POLICIES AND PROCEDURES

With the dramatic growth in the number of individuals applying for disability benefits, we cannot continue to process claims as we have in the past. Over the years, testing for and treatment of impairments has changed. By comparison, the way we request and receive medical information to determine disability has not changed in any fundamental way. The following provides brief descriptions of our initiatives to update our disability policies and procedures.

Expand Use of Health Information Technology: Obtaining medical evidence is a critical and time-consuming part of our disability determination process. Each year, we request over 15 million medical records on behalf of our disability applicants and store more than 400 million medical documents. In FY 2009, we became the first government agency to use the *Nationwide Health Information Network*, the Department of Health and Human Services' initiative to provide a secure connection to access electronic medical records. This network provides safe, secure, and almost instantaneous access to medical records, thereby significantly shortening the time it takes to make a disability decision. In partnership with MedVirginia, we use the *Nationwide Health Information Network* to obtain electronic medical records in some disability cases in Virginia. We will continue to work with the Office of the National Coordinator for Health Information Technology, MedVirginia, and other network cooperative members to expand this effort.

Additionally, we are using $24 million we received under the *Recovery Act* to expand our use of Health Information Technology. We will award competitive contracts to fund technological support to healthcare organizations that will provide us with medical records through the *Nationwide Health Information Network.* We expect to award contracts to health information exchanges, regional health information organizations, general medical and specialty care service providers and facilities in early 2010.

Further, we will continue to collaborate with the Department of Health and Human Services, the Department of Veterans Affairs, and other federal and state agencies, health care providers, and insurers to develop uniform clinical coding and medical report formats to standardize electronic storage and exchange of medical records. Such standardization will allow us to identify disabling conditions quickly and automatically, track trends in disability claims, and design more objective methods to identify disabling conditions.

Develop an *Occupational Information System*: The Department of Labor provided occupational information in the *Dictionary of Occupational Titles (DOT)*; however, the Department of Labor has not updated the DOT since 1991 and has no plans to do so. To adjudicate disability claims, we need up-to-date information about the various occupations that individuals have performed to determine whether their impairment prevents them from doing their usual work as well as any other work in the national economy. Therefore, in FY 2009 we established short and long-term strategies to develop a modernized *Occupational Information System*. Our short-term strategy entails evaluating whether a currently available private-sector updated DOT meets the criteria that would allow us to integrate the information into our disability evaluation process. We are currently examining the results of that evaluation. As part of our long-term strategy, we established an *Occupational Information Development Advisory Panel* that will prepare recommendations regarding the type of occupational information we should collect, as well as how we should group occupations for disability evaluations. The *Panel's* mission is to provide independent advice and recommendations on plans and activities to replace the DOT and to create an occupational information system tailored specifically for our disability programs and decision process. In FY 2009, the *Panel* held three public meetings, received testimony from public organizations, and conducted investigations into the issues raised. The *Panel* delivered its first set of recommendations in September 2009.

Update the *Listing of Impairments*: The *Listing of Impairments (Listings)* describe for each major body system the impairments considered severe enough to prevent an individual from working, or for children, impairments that cause marked and severe functional limitations. We update the *Listings* on a regular basis and have a schedule to ensure we update all of them at least once every 5 to 7 years as needed. This will improve our ability to decide whether a claimant meets the criteria for disability benefits. In the last 5 years, we have revised approximately 50 percent of the *Listings.*

In FY 2008, we published final regulations for 2 of the 14 body systems. In FY 2009, we published 8 *Social Security Rulings* concerning Childhood Disability rules in the *Federal Register*. Additionally, to support our revisions of the *Listings*, we entered into a partnership with the Institute of Medicine to establish a committee of medical experts to assist us in ensuring that the *Listings* are medically supportable, relevant, and technologically correct. For more information about the *Listings* see http://www.socialsecurity.gov/disability/professionals/bluebook/.

Expand Use of the *Electronic Claims Analysis Tool* (eCAT): We are testing a new web-based tool, eCAT, in the Disability Determination Services. This tool aides examiners in documenting, analyzing, and adjudicating disability claims in accordance with our regulations and policies to yield consistent, policy-compliant outcomes. We expect eCAT use will help produce well-reasoned decisions with easy-to-understand explanations of how we reached our decision. First tested in Virginia and Connecticut, we expanded testing of eCAT to 6 additional States in FY 2009 (Colorado, Delaware, Louisiana, Michigan, New Jersey, and North Carolina).

Develop and Implement a Disability Determination Services Common Case Processing System: There are 54 Disability Determination Services, each with its own unique case processing system that requires significant resources for ongoing support, maintenance, and enhancements. Before we implement disability case processing changes, we must modify each of the 54 systems, a logistical, costly, and time-consuming challenge. A common case processing system will eliminate these challenges and better position us to integrate upcoming health information technologies. Working collaboratively with state administrators, we have developed a business process model that will serve as our foundation for establishing the new system. Our state partners have agreed that we need a common system; in FY 2010, we will work closely with them to develop requirements and design the system.

Strategic Goal 3: Improve Our Retiree and Other Core Services

Service to the public has suffered as our staffing levels have not been sufficient to address growing workloads. In FY 2009, we began to feel the impact of baby-boomer retirements and the downturn of the economy. We received a record-breaking number of phone calls and had unprecedented levels of Social Security number-related workloads, while continuing to update and maintain millions of workers' earnings records. With additional funding provided by Congress, we were able to add approximately 1,400 additional employees in our front-line operational components.

While our budget and staffing plans support our core services, we cannot overlook the non-mission-related services we are asked to provide. For example, in accordance with the *Recovery Act*, we facilitated the issuance of one-time $250 economic recovery payments to almost 53 million eligible individuals in May 2009, just 3 months after this legislation was signed into law. We anticipate that other pending legislation, such as *E-Verify*, healthcare, and immigration reform, will have a significant impact on our services. Despite increasing demands and workloads, we remain committed to improving our retiree and other core services by targeting the following five objectives.

STRATEGIC OBJECTIVE 3.1: DRAMATICALLY INCREASE BABY BOOMERS' USE OF OUR ONLINE RETIREMENT SERVICES

Nearly 80 million baby boomers will file for retirement benefits over the next 20 years – an average of 10,000 per day. With this wave of new applications, it is essential that we provide multiple service options, which include easy, user-friendly online and automated services. In FY 2009, we launched our national effort to promote Social Security's new and improved online application for retirement benefits. Individuals filed more than 833,433 retirement applications online in FY 2009, more than a 100-percent increase from FY 2008 when we received 407,443 online retirement applications. We expect this increasing trend to continue.

Refine *Ready Retirement*: We continue to enhance our *Ready Retirement* initiative, which will fully streamline the retirement application process and allow online filing using *iClaim*, a tool that enables individuals to file electronically for retirement benefits from the comfort and convenience of their homes or offices. On average, individuals are able to complete the application in as little as 15 minutes – far shorter than the 45 minutes it often took to complete former versions of our online application.

We reduced the time it takes to complete our online application by streamlining our policies and procedures. For example, *iClaim* only asks questions pertinent to an applicant's personal situation based on information in our files (e.g., age, earnings, citizenship, and military service). These improvements eliminate the need for most individuals to visit their local field office to provide a copy of necessary documentation. As we gain more experience, we will continue to refine and enhance our critical retirement Internet services.

In FY 2010, we will implement another major release of *iClaim*, which will include a new abbreviated Internet application for users to file only for Medicare benefits. Since the full retirement age is now higher than age 65 for those born after 1942, many people are interested in only filing for Medicare while delaying their actual retirement benefits.

STRATEGIC OBJECTIVE 3.2: PROVIDE INDIVIDUALS WITH ACCURATE, CLEAR, UP-TO-DATE INFORMATION

Our notices communicate decisions, payment, and other important information, as well as inform individuals of their rights and responsibilities under our programs, including appeal rights. We issue approximately 390 million notices to the public each year, an average of more than 1 million notices a day, and we expect this to increase in the future. In comparison, about a quarter-million individuals contact our National 800 Number and over 100,000 individuals visit our field offices each day. Since we communicate by written notice far more frequently than by any other means, our notices must be clear, concise, and easily understood.

Although we do not have any FY 2009 performance measures under this objective, we will continue to assess and improve our agency notices through our *Notice Improvement Initiative*. In FY 2009, our notice improvement efforts included targeting high-volume, problematic notices, and obtaining input from those who receive our notices on how we can improve them. We implemented an improved notice of hearing, as well as an improved SSI denial notice. We also published revised notice standards, clear writing guidelines, and a national notice clearance process. Future notice improvement efforts will focus on improving notices that provide individuals with information regarding their disability claims, as well as continuing disability review and overpayment notices.

STRATEGIC OBJECTIVE 3.3: IMPROVE OUR TELEPHONE SERVICE

Our telephone service remains a primary option for providing effective and efficient service to the public. Last year, over 82 million calls were placed to our National 800 Number. We assist callers by answering questions they have about Social Security benefits, schedule appointments for them to file claims, or help them obtain information from their Social Security record. Last year, we processed almost 67 million transactions, of which 38 million were handled by our agents and 22 million were processed using our automated services. We expect the volume of transactions to increase even more in FY 2010. Improvements to our National 800 Number services in FY 2010 and beyond will include:

Increase Staffing Levels: In FY 2009, we hired about 260 additional National 800 Number teleservice center agents. We will continue to hire additional personnel as needed to improve the speed in which we answer calls, as well as increase our capacity to answer more calls.

Open New Teleservice Center: We are working with the General Services Administration to build a new teleservice center in Jackson, Tennessee, the first new call center to be opened in more than a decade. This center will improve service to the millions of Americans who call our toll-free National 800 Number and will officially open in FY 2011.

Replace Our National 800 Number Infrastructure: We will award and implement *Citizens Access Routing Enterprise through 2020*, a replacement of our National 800 Number telecommunications infrastructure. This new contract will replace two existing contracts with a *Voice over Internet Protocol* single system. The new system will include features that will allow us to keep pace with industry standards as we endeavor to quickly answer an increasing number of calls.

Explore Click-to-Communicate Technology: We will conduct planning and analysis to explore all click-to-communicate technologies, such as *Web Callback* (also called "click to talk"), to leverage both online services and web technology to allow National 800 Number agents to assist our online users in "real-time" as they conduct business with us.

STRATEGIC OBJECTIVE 3.4: IMPROVE SERVICE FOR INDIVIDUALS WHO VISIT OUR FIELD OFFICES

Our field offices are our front door for the American public. We will continue to assess and improve service for individuals who visit our field offices. For example, we will improve our field office reception areas and use new technologies such as self-help personal computers and Social Security TV to provide additional services to accommodate the increasing number of individuals who visit us each day. We are also incorporating new reception area features and designs to make visiting our offices a better experience. For individuals who live in remote areas and find it difficult to visit a field office, we are expanding our ability to serve them by using video service delivery. Video Service Delivery has been implemented in 37 field offices, 2 Disability Determination Services sites, and 13 third-party sites. Between April and October 2009, over 2,800 transactions were conducted via video including 578 retirement and survivors claims, 376 Social Security disability claims, and 378 SSI disability claims. The ultimate goal of these initiatives is to lay the groundwork for the *SSA Office of the Future*.

STRATEGIC OBJECTIVE 3.5: PROCESS OUR SOCIAL SECURITY NUMBER WORKLOAD MORE EFFECTIVELY AND EFFICIENTLY

Each year we process approximately 6 million original and 12 million replacement Social Security card applications. We also process more than one billion requests a year for Social Security number verifications using a variety of electronic exchanges with public and private organizations. The process of assigning Social Security numbers and issuing Social Security cards is referred to as enumeration. This workload is highly sensitive and often complex. As Congress continues to debate immigration reform, we expect additional work and complexity in this area. We must develop efficient ways to handle this workload electronically to meet increased enumeration workloads.

Strengthen the *Social Security Number Application Process* (SSNAP): Our employees currently use two systems to process Social Security card requests. The SSNAP initiative combines the functionality from the two systems into a single web-based application that ensures the integrity of the enumeration process. SSNAP was available in 21 field offices and 1 foreign service post at the end of 2009. We will fully implement SSNAP in all field offices, foreign service posts, and teleservice centers by FY 2011.

Launch an *Online Replacement Card Starter Kit*: We plan to launch an *Online Replacement Card Starter Kit* in FY 2010 that will allow some individuals to start the process of applying for a replacement Social Security card online at www.socialsecurity.gov. We will advise applicants of the documents we need and provide the location of the nearest field office or Social Security Card Center for them to complete the process. Field office personnel will access the online information and process the application as usual. Applicants will receive their replacement card in the mail within 14 days. This process makes the replacement card process more efficient by reducing the amount of time it currently takes to collect required information and documentation during the field office or Card Center interview.

Provide Central Locations to Process Social Security Number Applications: We currently have seven Social Security Card Centers located throughout the country. The Card Centers streamline and improve the integrity and stewardship of the Social Security number assignment process. Because of their specialized expertise, Card Center employees process applications for original Social Security numbers and replacement cards with a high degree of integrity, efficiency, and expertise. Applicants for new or replacement cards generally have shorter wait times in the Card Centers than in the field offices. Card Centers handle much of the Social Security number workload allowing nearby field offices to focus on other critical activities, which improves services in those field offices. We plan to open additional Card Centers in FYs 2010 and 2011.

Encourage Use of the *Social Security Number Verification Service*: The *Social Security Number Verification Service* allows registered users (employers and certain third-party submitters) to determine almost instantaneously if the reported names and Social Security numbers of employees match our records. We can provide immediate results for online verification requests for up to 10 names and Social Security numbers. We provide verifications on larger batched requests of up to 250,000 names and Social Security numbers usually the next business day. The service is available to employers to help ensure that the wages of their employees are accurately reported, however it does not verify employees' work eligibility. We will continue to encourage employers to use this free, Internet-based service, which will help minimize fraud, reduce Social Security number misuse and identity theft, and ensure the accuracy of earnings records.

Support *E-Verify*: *E-Verify* is a program administered by the Department of Homeland Security that allows employers to electronically verify the employment eligibility of newly hired employees. As of October 2009, more than 157,000 employers participated in *E-Verify*. Beginning September 8, 2009, the use of *E-Verify* became mandatory for contractors who are awarded federal contracts. After this date, contractors must use *E-Verify* for all new hires and any current employees working on federal contracts. We support the *E-Verify* program by providing Social Security number verification and citizenship information. In FY 2009, we handled approximately 9.4 million queries. In FY 2010, we expect *E-Verify* to process about 15 million queries. For more information about *E-Verify*, see http://www.dhs.gov/E-Verify.

Expand Enumeration-at-Entry: Prior to August 2009, this program allowed non-citizens age 18 or older to apply for a Social Security number with the Department of State or the Department of Homeland Security prior to or upon their arrival in the U.S. As a result of ongoing collaboration with these agencies, in FY 2009, we expanded Enumeration-at-Entry to process requests for children under the age of 18 who have applied for immigrant visas and a Social Security number.

In FY 2010, we plan to improve the current process by implementing additional systems checks to prevent the issuance of multiple Social Security numbers and increase our management information capabilities. We are proactively working with the Department of Homeland Security to expand the program to additional classifications of non-citizens, including individuals applying for admission to the U.S. who are under certain non-immigration visa classifications. These planned improvements will eliminate opportunities for fraud and reduce the number of Enumeration-at-Entry problem cases.

Implement Use of Auto Cards: We are working with the Department of Homeland Security to support their transmission of data directly to our enumeration system. This improvement will allow us to automatically and securely assign a Social Security number and issue a Social Security card without field office action for certain changes in alien and citizenship status. The new process will be available for three categories of individuals: 1) non-immigrants whose status changes to permanent resident status; 2) non-citizens applying for a work permit for the first time; and 3) individuals who become naturalized citizens. We plan to begin development for this multi-year initiative in FY 2010.

Strategic Goal 4: Preserve the Public's Trust in Our Programs

In FY 2009, we paid approximately 60 million individuals more than $700 billion in Social Security and SSI payments. In addition, we facilitated the issuance of $250 stimulus payment to almost 53 million eligible individuals in May 2009 – injecting about $13 billion into the economy. We take pride in our ability to accurately and efficiently administer our programs and in how we carefully manage the resources and safeguard personal information entrusted to us. To preserve this trust, we must invest more resources in our program integrity efforts and continue to adhere to sound management practices. Below we discuss our efforts to achieve the following six objectives established for this goal.

STRATEGIC OBJECTIVE 4.1: CURB IMPROPER PAYMENTS

Our program integrity workloads are critical to ensuring accurate payments, but our ability to carry out such workloads depends upon resources. Due to the tight budgets in the past, we had to make tough choices between service to the public and stewardship efforts. To maintain service, we had to reduce two of our most productive stewardship workloads as we described on pages 63 and 64 – SSI redeterminations and continuing disability reviews. However, we are beginning to reverse the overall decline in our program integrity reviews, and we expect to devote more funds towards such reviews in FY 2010. Below we discuss our initiatives to detect and prevent improper payments as well as collect debt.

Conduct Supplemental Security Income Redeterminations: SSI is a means-tested program that provides cash assistance to aged, blind, and disabled individuals with limited income and resources. Once individuals are eligible for these benefits, changes in their living arrangements or in the amount of their income or resources can affect their ongoing eligibility for or the amount of their benefit. In order to assure that we are making accurate SSI payments only to eligible individuals, we conduct periodic reviews of non-medical factors of eligibility called redeterminations. Redeterminations are a proven investment by ensuring that individuals who receive SSI are paid the correct amount based on their circumstances such as their income, resources and living arrangements. We currently estimate that redeterminations processed above the base level have a return on investment over 10 years of $7 in program savings for each $1 spent, including savings accruing to Medicaid. In FY 2010, we expect to conduct 2,422,000 SSI redeterminations, an increase of more than 690,000 over FY 2009. While increasing redeterminations is a step in the right direction, our program integrity efforts are still considerably less than they were at the beginning of this decade. We attribute our decline in SSI overpayment accuracy to the reduction in the number of redeterminations we have been able to complete.

Perform Continuing Disability Reviews: To ensure we pay disability benefits only to those who continue to meet our medical requirements, we periodically conduct continuing disability reviews. We have found that continuing disability reviews are highly productive; every $1 spent produces a $10 return. To make this process even more efficient, we continue to refine the continuing disability reviews mailer/statistical scoring model to screen cases and identify those for which a full medical review would not be cost-effective. We then conduct full medical continuing disability reviews for the remaining cases. We are also refining an electronic continuing disability reviews process, which increases our speed and potential productivity compared to a paper continuing disability review process.

Initiate Automated International Death Data Exchanges: In FY 2009, we initiated our first automated exchange of death data with a foreign country. Under the terms of the negotiated agreement, Australia and the U.S. provide information to each other electronically on the death of individuals who appear to be receiving Social Security benefits from the other country. As a result, death notifications are now provided more timely and improper payments can be avoided. We will continue to work with other countries to determine the viability of expansion.

Expand the *Access to Financial Institutions* Project: Individuals must meet specific income and resource criteria to qualify for SSI benefits. To determine whether individuals meet these criteria, we need to verify their resources, including those held in financial institutions. The *Access to Financial Institutions* project enables us to electronically verify account balances and identify undisclosed accounts, primary factors contributing to improper SSI payments.

Our studies indicate that up to four percent of individuals applying for SSI have undisclosed bank accounts that would result in a denial of benefits. We can obtain bank account information much faster with this electronic data exchange compared to current manual processes. We have implemented the *Access to Financial Institutions* project in California, New Jersey, and New York. We plan to expand this project to more States in FY 2010, with the ultimate goal of nationwide implementation.

<u>Enhance Overpayment Collection Efforts:</u> We make every effort to recover Social Security and SSI overpayments from the overpaid individual or a representative payee who may be liable for the overpayment. We have several avenues to collect debt. Withholding current benefit payments from the individual is preferable since debt is more difficult to recoup once benefits end; therefore, we make every effort to identify and collect debt as soon as possible. If the overpaid individual no longer receives benefits, we offer the opportunity to repay debt via monthly installment payments. If a repayment agreement cannot be arranged, we withhold debt from a variety of sources including federal tax refunds, federal annuities, and wages. We have enhanced our debt collection process through recovery via offset of state payments, including state tax refunds. In addition, we are exploring other debt-collection tools, such as use of private collection agencies and the application of administrative fees and interest charging.

STRATEGIC OBJECTIVE 4.2: ENSURE PRIVACY AND SECURITY OF PERSONAL INFORMATION

We consider privacy protection so important it was the subject of our first regulation in 1936. The regulation details our privacy policy and the permissible disclosures of personally identifiable information. It also reflects our commitment to maintaining the confidentiality and integrity of such information.

Although we do not have any FY 2009 performance measures under this objective, we engage in several practices to ensure privacy and security of personal information. For instance, we comply with the *Federal Information Security Management Act of 2002* by reporting annually to the Office of Management and Budget and to Congress on our ability to safeguard personally identifiable information. We also inform the public through notices in the *Federal Register* about our authority for collecting and using personal information. Additionally, we have specific plans to continue to develop new authentication solutions to provide a secure environment for online and telephone services.

STRATEGIC OBJECTIVE 4.3: MAINTAIN ACCURATE EARNINGS RECORDS

In FY 2009, we processed and posted more than 262 million reports of earnings to individuals' records. We base Social Security benefit amounts on a worker's lifetime earnings, so it is critical that we maintain accurate earnings records and credit the correct amount of earnings to the right person. Maintaining accurate earnings records is highly resource intensive and complex, but vital to the administration of our programs. We make every effort to ensure employers and workers have the tools to report wages accurately and correct any mistakes. We are taking the following efforts to ensure the accuracy of earnings records.

<u>Issue Annual *Social Security Statements*:</u> We issue the annual *Social Security Statement*, as required by law, so individuals can review their earnings record for accuracy and completeness. We mail the *Statement* to all workers age 25 and older who are not yet receiving Social Security benefits. The *Social Security Statement* arrives 2 to 3 months before an individual's birthday. It provides estimates of retirement, disability, and survivor benefits based on Social Security tax contributions and helps individuals plan for their financial future. More information is available at http://www.socialsecurity.gov/mystatement/.

In FY 2009, we completely redesigned the insert *"Thinking of Retiring,"* that we send to workers age 55 and older, which highlights retirement age considerations, the online *Retirement Estimator*, and the ease of filing online. We also began including an insert, *"What Young Workers Should Know About Social Security and Saving,"* for workers aged 25-35, which provides information about retirement planning and includes a chart illustrating the benefits of saving. In FY 2010, we will issue approximately 151 million *Social Security Statements*. To maximize the usefulness of the *Statement*, we will conduct formal surveys and meet with the public to solicit feedback on its design and content. We will use the feedback to make necessary revisions and enhancements.

Increase Electronic Wage Report Filing: We continue to eliminate paper wage reports as we migrate to an electronic earnings record process. Annually, we receive over 43 million paper wage reports from approximately 4.4 million employers. Since paper wage reports are more error-prone, labor intensive, and expensive to process, we will continue to encourage employers to use our *Business Services Online* to file Forms W-2 for their employees electronically. We will inform employers about electronic wage reporting through online information and resources, promotional materials, payroll conferences, articles in trade publications, and direct contact. Additionally, we will continue to work and collaborate with the Internal Revenue Service to improve all aspects of wage reporting.

Implement *Earnings: The Next Generation* Initiative: Our earnings systems, last modernized in 1994, involves manual processes that make it error-prone and poorly suited for today's Internet environment. We are redesigning our systems to transform our earnings process from paper to electronic. Some benefits of this redesign include timely wage postings, increased accuracy of posted earnings, and better Social Security number verification. In FY 2010, we will begin modernizing the system that processes self-employment earnings, as well as unifying the multiple systems that process corrections to earnings records.

STRATEGIC OBJECTIVE 4.4: SIMPLIFY AND STREAMLINE HOW WE DO OUR WORK

We must simplify and streamline our policies and procedures as well as transform our business processes to an electronic environment if we are to meet the challenges of our growing workloads and provide the best service possible. Although we do not have any FY 2009 performance measures under this objective, we continue to develop legislative proposals to improve our policies and address differences and difficulties in the application of disability policy and procedures at all decision-making levels.

Our front line employees use the policies and procedures contained in the *Program Operations Manual* to process workloads. We recently conducted a survey of policy experts to identify areas of the *Manual* that need revision. We will use the survey results to plan and prioritize necessary revisions that we will accomplish in FY 2010.

STRATEGIC OBJECTIVE 4.5: PROTECT OUR PROGRAMS FROM WASTE, FRAUD, AND ABUSE

Our programs are a tempting target for fraud and abuse. We maintain a strong detection and prevention program to deter those contemplating fraudulent activities. We also collaborate with other federal agencies to investigate and prosecute fraud, expand forensic computer crime detection capabilities, and strengthen fraud prevention by adding new checks and balances in our processes. We will continue a wide array of activities to protect our programs from waste, fraud, and abuse.

Develop Tools to Fight Against Fraud: We receive numerous documents in conducting our business, including those to establish an individual's age, identity, and citizenship or lawful alien status. As such, we must continually be watchful for altered or fraudulent documents. In FY 2009, we established a *Document Verification* website to assist our front-line employees in identifying suspect or fraudulent documents. This website serves as a one-stop portal for links to a number of resources employees can access to help investigate the authenticity of documents submitted. For example, the *Document Verification* website provides a link to the *Docutector* website, an online guide for verifying the authenticity of U.S. and Canadian drivers' licenses and other state-issued documents.

Conduct *Onsite Security Control and Audit Reviews*: We continue to conduct ongoing *Onsite Security Control and Audit Reviews* to ensure our field offices, teleservice centers, processing centers, Disability Determination Services, and hearing offices follow established policies and procedures, and verify that management controls are in place to deter and detect waste, fraud, and abuse. The reviews identify any major problems before they lead to material weaknesses. Office managers are required to submit a corrective action plan detailing corrective actions for each deficiency cited during the review. We also monitor corrective actions to ensure offices have addressed each deficiency.

Ensure the Integrity of Our Annual Financial Statements: Each year, as mandated by the *Chief Financial Officers Act of 1990*, our Office of the Inspector General (OIG), or an independent external auditor as determined by the OIG, audits our financial statements in accordance with applicable standards. We are proud that FY 2009 was the 16th consecutive year that we received an unqualified audit opinion. An unqualified audit opinion attests to the fair presentation of our financial statements and demonstrates the discipline and accountability essential to our responsibilities as stewards of Social Security funds. Furthermore, an unqualified audit opinion assures the public and Congress that: 1) our financial statements conform to generally accepted accounting principles; 2) we fairly state that our internal controls over financial reporting are operating effectively; and, 3) we are in compliance with the laws and regulations. Refer to the *Auditor's Reports* section, beginning on page 145, for more information on the audit.

OBJECTIVE 4.6: USE "GREEN" SOLUTIONS TO IMPROVE OUR ENVIRONMENT

In accordance with *Executive Order 13423* (*http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_BASIC&contentId=22395&noc=T*) to strengthen federal environmental, energy and transportation management, we continue our tradition of "going green." Doing so benefits the environment and saves taxpayer dollars by minimizing waste and reducing energy consumption. In FY 2009, we established an internal website for agency employees, *SSA is Getting Greener*. This website provides an online resource for our "green" projects and activities. We encouraged our regional offices to add links that promote "green" initiatives and to provide information for employees about local resources that promote environmentally friendly services such as public transportation and recycling.

Figure 4 *Going Green* at our Southeastern Program Service Center

We are making environmentally conscientious decisions by purchasing computers with *Energy Star* ratings, and we are enabling our workstations to use the power saving *Wake-On-Lan* technology. Additionally as we build and renovate our facilities, we will use environmentally sustainable strategies, including green roofs, solar panels, wind turbines, energy efficient lighting, climate control, and other "green" improvements. In January 2009, the new Southeastern Program Service Center building in Birmingham, Alabama celebrated its 1-year anniversary. It has a green roof that reduces the building's carbon footprint through absorption of carbon dioxide and by incorporating oxygen-producing plants and vegetables, a raised floor system that provides better ventilation for improved air quality, and a "natural light harvesting" system designed to capture as much natural sunlight as possible. This building won a *Best of the Best Award* in FY 2009 in the Government category. Refer to page 14 for more details about this award. For more information on our efforts to "go green," see http://www.socialsecurity.gov/pgm/earthday.htm

OUR PROGRAM PERFORMANCE MEASURES

The Office of Management and Budget assesses the effectiveness of federal programs by identifying strengths and weaknesses to assist executives in making informed budget and management decisions. As part of the assessment, the Office of Management and Budget evaluates our programs– Old-Age, Disability, and Survivors Insurance and SSI.

We provide Program Performance Measures and targets that the Office of Management and Budget uses to evaluate the effectiveness of our programs. In FY 2009, we had 18 Program Performance Measures. Eight of these measures were also *Government Performance and Results Act* performance measures that we indicate as such in the *Performance Summary of Goals and Results* on page 16.

Program Performance Measures included in the program assessments emphasize the relationship between outcome, output, and efficiency measures, because each kind of measure provides valuable information about program performance. Collectively, these measures convey a comprehensive story regarding what products and services agencies provide, how well they do so, and with what result. The Office of Management and Budget is in the process of overhauling the performance metrics system. In the interim, we have continued to monitor these important Program Performance Measures included in the program assessments.

Figure 5: This is a picture of a few of the hundreds of cardpunch operators SSA employed throughout the late 1930s and into the 1950s to maintain Social Security records in the days before the advent of computers.