

FY 2015 BUDGET OVERVIEW

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A MESSAGE FROM THE COMMISSIONER

Serving as the face of government for many, the Social Security Administration (SSA) has the major responsibility of meeting the service needs and expectations of much of the American public. Each year, we serve a tremendous number of people. From retirement to disability to survivors benefits, our services span the generations. We provide monthly benefits to nearly 65 million people – about 1 in 6 Americans.

Operating the nation's largest insurance program, our top priority is to focus on our customers – the American public. Each day, we work hard to serve each individual or family as efficiently and effectively as possible. This dedication is the reason I am honored to lead this organization of caring and compassionate employees. I am also proud of all that we have accomplished during my first year as the Acting Commissioner.

Having been a public servant for over 40 years, I know the challenges Federal agencies face, and I am mindful of the uncertainties of the current fiscal environment. Our budget proposal emphasizes efficiency, effectiveness, and quality while focusing on meeting the changing needs of the American public. With these investments, we can continue to carry out our mission and do our best to improve service to the American public.

For the past few years, funding constraints and sequestration have hindered our ability to fulfill our mission. With limited resources and the demand for our services at historically high levels, we have had to make tough decisions. While we have built in efficiencies wherever we can, service delivery times have increased, and we were unable to complete as much program integrity work as we aimed to.

The fiscal year (FY) 2014 funding level will position us to begin to restore service to the public while simultaneously increasing our program integrity efforts. Our FY 2015 administrative budget request of \$12.024 billion will allow us to continue the road to recovery.

These dollars support our commitment to public service and allow us to accomplish our mission by focusing on the areas detailed in our Agency Strategic Plan for FY 2014-2018:

- Enhance our service delivery through *innovation and collaboration*,
- Strengthen the *integrity* of our programs,
- Focus on *quality and efficiency* for our disability program,
- Invest in our *employees*, and
- Continue to maintain *safe and secure* technology services.

Our requested budget represents a *practical* approach that will keep us moving forward while continuing to make tough but necessary choices. These funds will allow us to continue our

investments in multiple service delivery options, give our employees tools to better serve the public, explore, and utilize leading-edge technology, and combat fraud.

As the Acting Commissioner, my priority is to position the agency for the future and to do so we need adequate and consistent funding. Our administrative costs represent 1.4 percent of the benefits we pay annually. We have proven year after year that we are good stewards of our resources. With the requested funding, we can continue to serve the public as effectively as possible, plan for the future, and wisely invest in technology and process improvements. We must be able to replace critical staffing losses, continue to explore alternative service delivery methods, and emphasize program integrity workloads now. Investment in our programs and operations are resources well spent, ensuring our ability to serve the public now and in years to come.

In closing, our budget request represents the level of funding that our dedicated employees need to fulfill our mission, “Deliver Social Security services that meet the changing needs of the public.” These caring and compassionate individuals work hard every day to accomplish this mission. It is imperative that we continue to invest in our greatest resource – our employees. I would like to express my gratitude to all our employees. Thank you for your commitment, perseverance, and resilience.



Carolyn W. Colvin
Acting Commissioner

OUR PROGRAMS

Whether it is after the loss of a loved one, at the onset of disability, or during the transition from work to retirement, we touch the lives of virtually every American, as well as the lives of many people living abroad. We administer three key programs that serve the public.

Old-Age and Survivors Insurance

Created in 1935, the Old-Age and Survivors Insurance (OASI) program provides retirement and survivors benefits to qualified workers and their families. In FY 2015, we will pay about \$744 billion in OASI benefits to approximately 49 million beneficiaries per month, including 89 percent of the population aged 65 and over.

Disability Insurance

Established in 1956, the Disability Insurance (DI) program provides benefits for workers with disabilities and their families. In FY 2015, we will pay about \$147 billion in DI benefits to approximately 11 million workers with disabilities and their family members per month.

Supplemental Security Income

Established in 1972, the Supplemental Security Income (SSI) program provides financial support to adults and children with disabilities and adults who are aged or blind, and have limited income and resources. In FY 2015, we will pay about \$60 billion in Federal benefits and State supplementary payments to approximately 8.5 million recipients per month.

We also increasingly contribute to furthering other national priorities including activities related to: the Employees Retirement Income Security Act of 1974, the Coal Act, Supplemental Nutrition Assistance Program (formerly Food Stamps), Social Security number (SSN) verifications for a wide-range of non-SSA program purposes, the Help America Vote Act, the State Children's Health Insurance Program, Veterans benefits, and the Affordable Care Act.

Our ongoing workloads include the following:

- Claims: We take claims, evaluate evidence, and determine benefit eligibility and payment amounts. In FY 2015, we will handle over 5.3 million retirement, survivors, and Medicare claims; more than 2.8 million Social Security and SSI initial disability claims; and 248,000 SSI aged claims.
- Appeals: We have three levels of administrative appeals for claimants who disagree with our decisions:

- 1) Reconsideration, which entails a complete review of the claim by an employee who did not take part in the initial determination;
- 2) Hearing before an administrative law judge (ALJ); and
- 3) Request for review to the Appeals Council. If a claimant disagrees with the Appeals Council's decision or if the Appeals Council decides not to review the case, a claimant may file a lawsuit in a Federal district court.

In FY 2015, we will complete approximately 752,000 reconsiderations, 801,000 hearings, and 165,000 Appeals Council reviews.

- Program Integrity: Our stewardship responsibility includes conducting non-medical SSI redeterminations and full medical continuing disability reviews (CDR). These reviews save significant program dollars by avoiding improper payments. In FY 2015, we will conduct 2.622 million SSI redeterminations and 888,000 full medical CDRs.
- Social Security Numbers: We complete applications for and assign SSNs to all Americans and to qualifying foreign-born workers. In FY 2015, we will complete requests for approximately 16 million new and replacement Social Security cards.
- Earnings Records: We receive earning reports from employers and post the reported earnings to workers' records. We link these earnings records to the appropriate worker's SSN and resolve any discrepancies. In FY 2015, we will post 256 million earnings items to workers' records.
- Social Security Statements: We provide information on earnings as well as estimates of future benefits workers and their families may receive based on those earnings. In the near future, we will issue a plan to significantly increase the number of individuals receiving Social Security Statements, both electronically and by mail, as directed by the Congress in the Consolidated Appropriations Act, 2014 report.
- Services After Individuals Become Eligible for Benefits: In FY 2015, we will complete more than 100 million post-entitlement actions for beneficiaries, including issuing emergency payments, recomputing payments, and completing address and status changes.
- Medicare and Medicaid Administration Assistance: For over four decades, we have assisted the Centers for Medicare and Medicaid Services in administering the Medicare Hospital Insurance and Supplementary Medical Insurance programs. In addition to determining Medicare eligibility, in FY 2015, we will handle over 1 million Medicare prescription drug subsidy applications.

- Data Exchanges: We provide or verify data for many purposes such as employment, voting, Affordable Care Act eligibility, and Department of Veterans Affairs claims.

FY 2013 ACCOMPLISHMENTS

We continue to be an efficient organization; our administrative costs are about 1.4 percent of the benefit payments we pay each year. We are proud to have maintained our efficiency even in the face of recent budget challenges.

In FY 2013, we:

- Paid over \$850 billion to almost 65 million beneficiaries;
- Handled over 53 million transactions on our National 800 Number;
- Received over 68 million calls to field offices nationwide;
- Served more than 43 million visitors in our 1,200 field offices nationwide;
- Completed nearly 8 million claims for benefits and nearly 794,000 hearing dispositions;
- Handled approximately 32 million changes to beneficiary records;
- Completed nearly 17 million new and replacement Social Security card applications;
- Performed over 1.6 billion automated SSN verifications;
- Posted over 251 million earnings reports to workers' records;
- Handled over 18,000 disability cases in Federal District Courts;
- Completed over 2.6 million SSI non-medical redeterminations;
- Completed 429,000 full medical CDRs; and
- Completed over 3 million overpayment actions.

We made tough, targeted decisions and enhanced our information technology (IT) in FY 2013, which mitigated some of the effects of the recent budget cuts on the American people and allowed us to handle a record number of retirement claims. However, while our performance was impressive in many areas, overall service suffered because we lost nearly 11,000 employees since the beginning of FY 2011 through FY 2013. As a result, in FY 2013, the public had to wait longer for a decision on their disability claim, to talk to a representative on our National 800 Number, and to schedule an appointment in our field offices. The budget cuts also negatively affected our program integrity work; we completed fewer of our cost-effective CDRs in FY 2013 than we did in FY 2012. Even as we vigorously increase the use of automation, the nature of our

work remains labor intensive and, therefore, is dependent on having the necessary number of trained staff.

FY 2015 BUDGET REQUEST

Our FY 2015 budget request of \$12.024 billion will replace some of the cuts due to sequestration and allow us to build upon the progress we are making in FY 2014. We will continue to increase CDR numbers, enhance our vigorous fraud prevention efforts, improve our service to the American public, and modernize our service delivery.

Most of the increase in our FY 2015 budget is for program integrity work. The budget request includes the Budget Control Act of 2011 (BCA) level of program integrity for FY 2015, which will allow us to double our CDR efforts compared to FY 2013, building on funding provided in the FY 2014 appropriations act, and then starting in FY 2016, establishes a dependable source of mandatory funds for this purpose. Our FY 2015 budget will also help us to sustain and build upon our efforts in FY 2014 to combat fraud, waste, and abuse, such as opening more Cooperative Disability Investigation (CDI) units, which saved over \$340 million in FY 2013.

While it is our goal to balance service, quality, and stewardship, limited resources over the past three years have hindered our ability to do so. Despite making tough and targeted cuts, our service and stewardship efforts deteriorated because of losing over 12 percent of our workforce. In FY 2014, for the first time in over three years, we will be able to replace employees who leave, and we will be able to replace some – but not all – of our critical losses from prior years. These new hires will allow us to begin reversing the increase in service wait times in FY 2015. Sustained, adequate, and timely funding is essential for us to fully recover and improve service.

The FY 2015 President's Budget also supports our service modernization efforts. By investing in efforts such as more online services, we can be more efficient and more responsive to the public, saving time and money. The FY 2015 budget request includes \$100 million for IT investments related to customer service modernization efforts. The Opportunity, Growth, and Security Initiative, a separate, fully paid-for series of additional investments in the President's Budget, invests an additional \$150 million in SSA's customer service initiatives to further reduce wait times and enhance services for the public. As service delivery evolves, it is critical that we continue to be vigilant about investing in cybersecurity efforts.

In addition, the budget provides new authority and \$400 million in new resources for SSA, in partnership with other Federal agencies, to test innovative strategies to help people with disabilities remain in the workforce. Early intervention measures, such as supportive employment services for individuals with mental impairments, targeted incentives for employers to help workers with disabilities remain on the job, and opportunities for States to better coordinate services, have the potential to achieve long-term gains in the employment and the

quality of life of people with disabilities. In addition, the proposed demonstration authority will help build the evidence base for future program improvements.

The following charts provide the FY 2015 President's budget request for our administrative expenses, including funding amounts, associated workyears, and key performance goals. The first chart, the FY 2015 Funding Table, provides amounts for our key appropriations and the associated workyears. The second chart, the FY 2015 Performance Table, includes the actual performance for FY 2013 and anticipated targets for FYs 2014 and 2015 for our key performance measures.

FY 2015 PRESIDENT'S BUDGET REQUEST – FUNDING

The funding table below provides actual dollar figures and workyears expended for FY 2013, our estimated spending for FY 2014 based upon Public Law 113-76, and our FY 2015 budget request.

FY 2015 Funding Table	FY 2013 Actual	FY 2014 Enacted	FY 2015 Request
Budget Authority (in millions)			
Limitation on Administrative Expenses (LAE)	\$11,046	\$11,697	\$12,024
Research and Demonstrations	\$17	\$47	\$53
Office of the Inspector General (OIG)	\$97	\$102	\$105
Total Budget Authority¹	\$11,159	\$11,846	\$12,182
Workyears			
Full-Time Equivalents	61,861	61,767	63,525
Overtime	1,931	2,850	1,890
Lump Sum	<u>249</u>	<u>298</u>	<u>298</u>
Total SSA Workyears	64,041	64,915	65,713
Disability Determination Services (DDS) Workyears	<u>14,081</u>	<u>14,279</u>	<u>15,050</u>
Total SSA/DDS Workyears	78,122	79,194	80,763
OIG Workyears	<u>560</u>	<u>553</u>	<u>558</u>
Total SSA/DDS/OIG Workyears	78,682	79,747	81,321

¹ Totals may not add exactly due to rounding.

FY 2015 PRESIDENT'S BUDGET REQUEST – PERFORMANCE

The performance table below reports our actual performance for FY 2013, our estimate for what we can achieve in FY 2014 based upon P.L. 113-76, and what we can achieve with our FY 2015 budget request.

FY 2015 Performance Table	FY 2013 Actual	FY 2014 Enacted	FY 2015 Request
Selected Workload Measures			
Retirement and Survivors Claims Completed (thousands)	5,007	5,131	5,311
Initial Disability Claims Completed (thousands)	2,988	2,947	2,847
Disability Reconsiderations Completed (thousands)	803	778	752
Hearings Completed (thousands)	794	735	801
National 800 Number Transactions Handled (millions) ¹	53	N/A	N/A
National 800 Number Calls Handled (millions) ¹	N/A	39	47
Average Speed of Answer (ASA) (seconds) ²	617	1,020	600
Agent Busy Rate (percent)	12	14	2
Social Security Numbers (SSN) Completed (millions)	17	16	16
Annual Earnings Items Completed (millions)	251	253	256
Social Security Statements Issued (millions)	0	4	44
Selected Outcome Measures			
Initial Disability Claims Receipts (thousands)	2,985	2,891	2,860
Hearings Receipts (thousands)	825	819	802
Initial Disability Claims Pending (thousands)	698	642	656
Disability Reconsiderations Pending (thousands)	173	174	177
Hearings Pending (thousands)	848	932	933
Average Processing Time for Initial Disability Claims (days)	107	109	107
Average Processing Time for Disability Reconsiderations (days) ³	N/A	N/A	N/A
Annual Average Processing Time for Hearings Decisions (days)	382	415	435
Disability Determination Services Production per Workyear	322	319	326
Office of Disability Adjudication and Review Production per Workyear	109	106	109
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	N/A	(2,800)	(2,100)
Selected Program Integrity Performance Measures			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,576	1,410	1,988
Full Medical CDRs (included above, thousands)	429	510	888
Supplemental Security Income (SSI) Non-Medical Redeterminations Completed (thousands)	2,634	2,622	2,622

¹ Under the new Citizens Access Routing Enterprise 2020 (CARE 2020) network structure, performance will be tracked using Calls Handled as opposed to Transactions Handled. The legacy network recorded transactions handled within the network, by either agents or automation. In some instances, multiple transactions were completed within one call, making it appear as though we served a larger volume of callers. Calls Handled will track the individual caller and is more in line with our other National 800 Number service performance metrics, which track how long a single caller is on hold or how often they receive a busy signal.

² Since migrating to the new CARE 2020 network, complete wait time, including the time that the caller is on the line and the time the caller is waiting for a call back, is now included in the ASA calculation. This new calculation is in contrast to the former legacy network calculation, which artificially deflated the ASA by only including the time the caller was on the line until a callback option was chosen, typically two to three seconds in duration. Under the legacy system, the customer's wait time was diluted and virtually excluded from the ASA calculation. The new CARE 2020 methodology is consistent with industry standards.

³ In 2013, we developed the capability to capture the data to calculate overall average processing time for disability reconsiderations. In September 2013, the first time the data was available, the overall average process time was 101 days. We will develop a performance target for this measure in FY 2016 after we have had the ability to analyze at least two years of actual data.

OUR EXTRAMURAL RESEARCH BUDGET

In FY 2015, we are requesting \$53 million in new budget authority as part of our SSI appropriation to support extramural research projects. These projects test changes to the disability programs to improve program administration and reduce dependency on our programs. The broad-based SSI, OASI, and DI projects funded via this budget include projects in the areas of disability policy research, employment support programs such as Ticket to Work, retirement policy research, financial literacy, and education, and evaluations of proposed or newly enacted legislation.

The FY 2015 budget continues support for ongoing rigorous evaluations, such as SSA's evaluation of the interagency Promoting Readiness of Minors in SSI (PROMISE) effort. The PROMISE initiative was created to foster improved outcomes for children who receive SSI by facilitating positive changes in health status, physical and emotional development, completion of education and training, and eventually, employment opportunities. PROMISE is an interagency initiative with collaboration between SSA and the Departments of Education, Health and Human Services, and Labor.

The budget also includes continued funding for our Occupational Information System (OIS) project, which will allow us to make more consistent, better-informed disability decisions. In FY 2013, we conducted a three-phase field test to assess the feasibility of using the National Compensation Survey platform as a means to gather the occupational data we need for our OIS. The results of the testing are promising and demonstrate that the collection of the data we need is viable. Testing will continue throughout FY 2014 while any outstanding issues from FY 2013 testing are resolved. The budget will allow us to conclude a pre-production test that will involve collecting data from a nationwide sample of 2,500 establishments.

Early Intervention Demonstrations

In addition to our extramural research budget, we also have a \$400 million legislative proposal to provide mandatory funding for early intervention demonstrations intended to build the evidence base for policy innovation. SSA's demonstrations have shown interventions *after* the point of complete disability onset can yield positive outcomes for beneficiaries, but earlier interventions, before an individual seeks out DI benefits, may be more effective.

While many demonstrations for existing DI beneficiaries have shown positive results, they have not identified interventions that would return beneficiaries to substantial and sustained employment. Early interventions are likely warranted, in light of research indicating that health problems begin to materialize in advance of complete disability onset and data showing that earnings begin to decline well before DI benefits are awarded. Services or programs provided earlier in the disability process would prove cost effective if they arrested sharp declines in

health (leading to lower medical expenses) or prevented the loss of earnings capacity that can result from job separations or long periods out of the labor force (leading to fewer DI claims or other public expenditures). Practitioners have acted on this view, in some cases, by developing and structuring effective programs to help employers deal with health events of employees before they cause a separation from the workplace and an often irreversible path toward long-term cash benefit receipt.

ENHANCING PROGRAM INTEGRITY

We must continue to strengthen the integrity of our programs. To combat fraud, waste, and abuse, we strive to continuously improve payment accuracy so that only those who are eligible receive benefits and in the right amount. The FY 2015 budget will allow us to bolster our efforts to prevent or minimize overpayments by supporting the initiatives below. In addition, the Inspector General and our Deputy Commissioner for Budget, Finance, Quality, and Management will co-chair a National Anti-Fraud Council to support national and regional strategies to combat fraud, waste, and abuse. The goal of the Council will be to provide an open forum for senior executives to collaborate on fraud challenges and opportunities at a strategic level, and to ensure that we focus on our most critical vulnerabilities related to fraud. While the vast majority of overpayments are not fraud-related, we have zero tolerance for fraud at SSA.

Continuing to Increase Our Cost-Effective CDRs: In recent years, we have not been able to increase our program integrity work. In FY 2014, we will be able to expand our capacity to complete more of our cost-effective CDRs and maintain the same level of SSI redeterminations. For the first time, Congress appropriated the BCA level of program integrity funding for SSA, which provides a significant increase in funding for our key program integrity workloads. We plan to aggressively hire and train employees in FY 2014, allowing us to complete more CDRs and set the stage for handling even more in FY 2015.

In FY 2015, we are requesting the full BCA level of program integrity funding, \$1.396 billion - \$273 million in base funding and \$1.123 billion in funding above the discretionary cap. With this funding, we plan to complete 888,000 full medical CDRs. For comparison, we completed 429,000 CDRs in FY 2013, and we plan to complete 510,000 CDRs in FY 2014. (We would continue to maintain the high level of SSI redeterminations – 2.622 million – in FY 2015.)

We estimate that our FY 2015 program integrity fund will yield on average \$9 in net program savings for each dollar spent on CDRs, including Medicare and Medicaid effects, and on average \$4 in savings for each dollar spent for SSI redeterminations, including Medicaid effects. We save billions of taxpayer dollars each year as a result of these program integrity reviews.

Starting in FY 2016, the budget proposes to repeal the discretionary cap adjustments enacted in the Balanced Budget and Emergency Deficit Control Act, as amended by the BCA, for SSA and

instead provide a dedicated, dependable source of mandatory funding for SSA to conduct CDRs and SSI redeterminations. The proposal includes the creation of a new limitation account entitled Program Integrity Administrative Expenses, which will reflect mandatory funding for SSA's program integrity activities.

Increasing Access to Financial Institutions Information: The Access to Financial Institutions (AFI) is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility. In addition to verifying alleged accounts, AFI detects undisclosed accounts by using a geographic search to generate requests to other financial institutions. AFI's purpose is to identify excess resources in financial accounts, which are a leading cause of SSI payment errors. We currently use the AFI system in all 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands.

Along with preventing overpayments, AFI helps us to eliminate ineligible applicants at the beginning of the application process, reducing the workload in the State DDSs. Full implementation is defined as using AFI on every potential SSI claim and redetermination and assumes using no tolerance levels (i.e., the amount of alleged liquid resources that trigger verification), increasing the number of bank searches, and fully integrating the process with our systems. In FY 2013, we lowered the tolerance levels and increased bank searches. We expect the account verifications we complete in FY 2014 will be cost effective.

Enhancing the SSI Wage-Reporting Process: We rolled out a smartphone application nationally in August 2013, making it even easier for SSI recipients to report wages. Unreported and untimely reported wages continue to be a major source of payment error in the SSI program. By using convenient and mainstream technology for reporting wages, we can reduce improper payments.

Identifying Non-Home Real Property: Undisclosed non-home real property is a growing cause of improper payments in the SSI program. SSI ineligibility may result if the recipient owns real property other than his or her principal place of residence. We are continuing to test the third party data in FY 2014 to refine and potentially expand our use.

Improving Death Data Processing: We are working to centralize and capture all death information in one location as well as make changes in all systems that receive and use this information to prevent erroneous payments.

Improving Our Representative Payee Program: We are developing a long-term strategic approach to improving our representative payee program. Current efforts include using a predictive model that identifies cases with a higher probability of potential misuse and implementing a process for conducting criminal background checks on representative payee applicants during our selection process. We are also working with other agencies with similar programs to determine the potential for collaboration on representative payee activities.

Exploring Data Analytics to Detect and Prevent Disability Fraud: Continuing to successfully combat fraud requires more in-depth analysis and the use of newly developed analytics tools. For that reason, we are undertaking a special initiative to use data analytics to enhance our ability to detect and prevent disability fraud. Specifically, we will seek to obtain or develop analytics tools that can determine characteristics and patterns of fraud based on data from past allegations and known cases of fraud. We will apply these tools when reviewing initial applications or existing data on beneficiaries for potential fraud or other suspicious behavior. With these tools, we expect to be able to identify suspicious patterns of activity in disability claims and prevent fraudulent applications from being processed. During FY 2014, we plan to pilot these analytic tools and prove their value.

Bolstering Our Cooperative Disability Investigations Units: CDI units are highly successful at detecting fraud before we make a disability decision. The CDI program links our Office of the Inspector General and local law enforcement with Federal and State workers who handle disability cases. In FY 2013, CDI efforts nationwide resulted in \$340 million in projected savings to our disability programs and over \$246 million to other programs, such as Medicare and Medicaid. We plan to bolster our CDI efforts by adding staff to existing units and creating up to seven additional units.

Increasing the Number of Our Special Assistant United States Attorney Fraud Prosecutors: We currently have 12 attorneys assigned to several United States Attorney Offices as Special Assistants, and we plan to double this number. Our attorneys prosecute possible fraud cases referred by OIG that would not otherwise be prosecuted in Federal court. In FY 2013, our attorneys secured over \$8.9 million in restitution orders and obtained 139 convictions.

IMPROVING SERVICE TO THE AMERICAN PUBLIC

We have lost a significant number of front-line employees over the last three years, resulting in longer wait times for the American public. With our FY 2014 appropriation, we will be able to replace some of those critical employee losses, as well as invest in other means of improving customer service. In FY 2015, those new hires will position us to begin to address the decline in service times, although it will be a challenge because some of the same employees who work on disability claims also handle CDRs and other program integrity work. In addition, we continue to face high levels of disability claims and hearings, and we expect to set a new record for retirement claims in FY 2015.

Our State DDS partners and SSA staff have minimized increases in processing times for disability claims. With our new hires, we expect that average disability claim processing time will begin to decrease in FY 2015.

Unfortunately, hearings processing time will continue to increase, as hearings requests remain well over 800,000 per year. Historically high ALJ attrition has left us with insufficient adjudicatory capacity, resulting in the average wait time for hearing decisions to increase again. We will work with the Office of Personnel Management to be able to hire ALJs qualified for SSA through a new ALJ register. In the meantime, we continue to focus on efforts to improve our efficiency and quality.

In FY 2015, we also will focus on improving service on our National 800 Number. Due to staffing losses, busy signals have more than doubled, from 5 percent in FY 2012 to 12 percent in FY 2013. Our average speed of answer also more than doubled, from nearly five minutes (294 seconds) in FY 2012 to over 10 minutes (617 seconds) in FY 2013. Service continues to deteriorate in FY 2014, but we are positioning ourselves to improve in FY 2015 by replacing some of our critical teleservice staffing losses.

Our programs are a crucial part of our Nation's safety net. It is critical that we provide accurate and timely decisions to the millions of Americans who depend on us. We continue to work smarter and better, with a focus on quality and efficiency, by leveraging technology. Below are some of our current service initiatives, which will help us provide better service to the American people.

Improving Our Telephone Service: We continue to enhance our automated telephone services so more callers can successfully complete their business with us by phone. We are converting our existing National 800 Number telecommunications infrastructure to a new CARE 2020 infrastructure.

There are two major phases of CARE 2020: Phase 1 includes live-agent service and Phase II includes automated and enhanced services. In FY 2013, we successfully completed Phase I. We expect to complete Phase II in FY 2014. Once fully deployed, CARE 2020 will:

- Enhance our automated telephone applications' self-service features and speech-recognition technology;
- Increase our capacity to route callers for agent service even on peak days; and
- Help us forecast call volumes, anticipate staffing needs, and better distribute incoming calls across the network.

Expanding the Use of Video Service Delivery: Video technology helps increase efficiency and improves customer service. For example, video hearings enable us to balance workloads across the country and reduce the need for, and the costs of, our ALJs and other hearing office staff to travel between offices and to remote sites. Video hearings allow ALJs more time to hear and

decide cases and reduce the need for claimants to travel long distances to appear in hearing offices. In FY 2013, we held 179,308 hearings by video, a 17 percent increase over FY 2012.

We are working to expand video hearing participation to allow more attorneys and non-attorney representatives to install and use their own video equipment to attend hearings from their own offices. We also have added video units to some of our State DDS offices, allowing them to conduct video disability hearings and video consultative exams. We also use video service delivery to reduce foot traffic in our field offices. For example, video service delivery continues to provide a secure, reliable, and cost-effective method to serve SSN applicants in remote locations, who might otherwise have to travel long distances to reach a Social Security field office. In FY 2013, we had video units in 423 sites and held 181,675 interviews – almost double the amount in FY 2012 – using video service delivery.

Adding New Compassionate Allowance Conditions: Our Compassionate Allowances program expedites disability decisions for Americans with the most serious disabilities to ensure that they receive their benefit decisions within days. The program identifies claims where the applicant's disease or condition clearly meets Social Security's statutory standard for disability. By incorporating cutting-edge technology, we can easily identify potential Compassionate Allowances and quickly make decisions. In January, we announced 25 new Compassionate Allowances conditions, including a dozen cancers, bringing the total number of conditions to 225. To date, we have approved almost 200,000 people with severe disabilities through this fast-track disability process. We plan to continue to add new conditions to the Compassionate Allowances list.

Expanding the Use of Health Information Technology: Our Health Information Technology (Health IT) initiative will reduce the wait time for medical evidence and reduce the time to adjudicate claims. Health IT provides health care organizations a means to electronically share medical information with SSA. As of March 2013, all Federal and State disability case processing sites can automatically receive health IT medical records. In addition to our initial health IT partnership with Beth Israel Deaconess Medical Center using a direct, point-to-point connection for electronic exchange, SSA has partnered with 21 health care organizations to exchange medical records using the eHealth Exchange. Our next step is to continue to expand to additional healthcare organizations and to exchange electronic medical records with the Departments of Defense and Veterans Affairs.

Working Together to Help Wounded Warriors: We are increasing our collaboration with the Departments of Defense and Veterans Affairs on the Wounded Warrior initiative. In this effort, we focus on improving the transfer of medical information, expediting the disability claims process, and facilitating payments to wounded service members, veterans, and their families. Electronic sharing of medical information is a key feature of this initiative.

Improving Quality and Consistency: We have a number of initiatives to increase the quality and consistency of our work. The first is our national initiative to bring greater consistency to the many disparate systems that support our State DDSs. Our Disability Case Processing System (DCPS) will allow us to systematically support policy changes faster and make it easier to modify our case processing system nationally. DCPS also will allow us to share work across disability components more easily.

A few years ago, we implemented the electronic eCAT, which assists disability examiners in documenting both initial and reconsideration decisions in accordance with agency policy. We plan to expand eCAT to process CDR decisions beginning in FY 2014. We have recently modified and adapted the eCAT tool so that it can be used at the hearing level. This tool, called the electronic Bench Book, will help our ALJs fully document their hearing decisions and ensure that decisions comply with disability policy. Case analysis screens are currently available in the Appeals Review Processing System application and are being used at the Appeals Council level to evaluate the ALJs' decisions. We also will explore further extending the use of technology to improve quality and consistency.

In our hearings offices, we are using a new analytical tool that provides our ALJs and support staff with real-time management information on the quantity and quality of their work relative to the rest of their office, their region, and the Nation. Along with this feedback on quality, we provide individualized training on specific policy issues to improve consistency. The information we gain from this analysis will help us to improve the way we review and decide disability cases, making our processes simpler and more efficient.

MODERNIZING OUR SERVICE DELIVERY

To meet our service delivery challenges, we rely upon a large and complex technology infrastructure that includes two data centers, extensive national databases, hundreds of software applications, large supporting computing platforms, and thousands of networked computers, printers, telephones, and other devices. Change to our IT infrastructure is constant. We strive to ensure responsive and reliable performance to our customers and employees in the presence of this constant change.

Technology is essential to managing Social Security programs. If our systems are not functioning optimally, the productivity of our workforce immediately declines and diminishes our service. If we do not invest in the future and leverage technological solutions, productivity will not increase, resulting in the need for a larger workforce. Our budget request includes \$100 million for customer service modernization efforts, including IT investments. In addition, the President's Budget is proposing a special government-wide Opportunity, Growth, and Security Initiative, which will invest an additional \$150 million in this customer service modernization initiative to further reduce wait times and enhance service for the public.

This funding will help us modernize our service delivery and make it more compatible with the private sector and public expectations. In addition, these investments will help us deliver services as efficiently as possible and handle high volumes of work as the Baby Boomers continue to retire in record numbers, disability claims and appeals remain high due in part to the aging population, and non-traditional SSA workloads continue.

Service Delivery Modernization Fund

Our goal is to achieve greater success in customer service and satisfaction through innovative self-service options. We know that the public is accustomed to self-service options, including those offered through smart phones and the Internet. We also know that our customers increasingly use, and even prefer, our highly rated online services. To capitalize on this trend, we will increase the number and type of self-service choices we offer. These efforts will help us provide more convenient, 21st century service and reduce foot traffic in our field offices, helping our employees better serve those who do need or want in-person service.

Among the activities that could be supported by the Service Delivery Modernization Fund, including both the \$100 million in the base request and the \$150 million in additional funding through the Opportunity, Security, and Growth Initiative, are:

Expanding Online Services: The *my* Social Security portal is the foundation for increasing our online services. Through this online portal, the public can view their Social Security Statement, view and print a benefit verification letter, start or change their direct deposit benefit payment, and change their address – all at their convenience. We are enhancing *my* Social Security to allow customers to request a replacement Social Security card online. In addition, we plan to expand the *my* Social Security portal to include online notice delivery and to offer the choice to opt out of paper notices.

We plan to target online services to a new set of users – the SSI population. We have heard from third parties and advocacy groups that enabling access to SSI services online would be more convenient and efficient for our customers. We also plan to offer a suite of services to representative payees, allowing them to conduct representative payee business through a secure portal.

In addition to providing more online services, we plan to expand access for representatives to view their clients' Social Security Disability Folder online throughout the entire disability process, which will help with quality and efficiency. Finally, we plan to enhance our online medical appeals process by creating a seamless pathway for online customers to provide both an appeals request and their supporting medical information, and to allow third parties to attach additional medical evidence and attorney representative agreements electronically. These enhancements will make our online appeals process fully electronic with no paper documents necessary.

Rolling Out SSA Express: As part of a broader initiative to support one-stop online access to multiple government services, we will collaborate with other government agencies and community organizations to install SSA Express (i.e., self-service computer stations offering access to our online services directly linked to SSA representatives) at their respective facilities. We will soon be piloting six kiosks in locations such as the New York Main Post Office, Maryland One Stop locations, and local government support centers.

SSA Express offers a streamlined menu of service options geared towards the needs of individuals already conducting business in partner locations. For example, if a customer is applying for a public assistance of some sort, he or she will be able to print a benefit verification document on demand at SSA Express located at that facility to complete the application. These kiosks will allow us to continue improving our efficiency and help us target specific services to underserved communities and mutual customers who seek services from other community organizations. We will thoroughly evaluate the pilot units, to determine whether we should roll out SSA Express more broadly.

Enhancing Online Authentication and Security Measures: The increasing amount of online work, in combination with criminals' perpetual attempts to commit fraud, requires us to continuously monitor and enhance our already robust authentication and security practices. Our Service Delivery Modernization fund will allow us to invest in new technologies that help us stay ahead of cybercriminals.

Enhancing Our Communications Tools: Whether through video, telephone, email, or chat, we must be able to support customers where they need it, when they need it, and how they need it. We plan to move towards a unified communications center model that will allow us to support all communications channels. For example, we will enhance our systems so that customers can engage in email conversations with us and are able to click-to-chat with us from their personal computers. A unified approach will make our services more efficient by providing support in real time regardless of the customer's location and enable us to reduce service wait times, field office traffic, and recontact attempts.

Other Technology Investments

Our two data centers, the National Computer Center (NCC) and the Second Support Center, maintain the demographic, wage, and benefit information that enables prompt and accurate benefit payments. The NCC has been in continuous operation as a data center since it opened in 1980. Congress approved our funding request to build a new data center, the National Support Center (NSC), and extensive planning is underway for the move to this new facility. We will transition all operations from the existing NCC to the new NSC in FY 2015 and FY 2016. The NSC will provide increased capacity and improved operational reliability and efficiency.

In addition to providing for continuity of operations and constant innovation, we must maintain a comprehensive, agency-wide information security program of controls that protect our information and communication assets. We review policies and processes regularly, taking appropriate corrective action to prevent misuse and unauthorized access to assets and sensitive data, including personally identifiable information. Given the highly sensitive nature of the personal information within our systems, data integrity and security, and the protection of individual privacy must be our main IT service focus.

CONCLUSION

In FY 2014 and FY 2015, we will begin the recovery efforts from three years of receiving lower appropriations than the President's Budget request level. We will be able to conduct significantly more CDRs and expand critical efforts to detect and prevent fraud, saving billions of taxpayer dollars. We will be able to begin to address service issues by restoring some staffing losses in key areas. We will also be able to invest in self-service technology more consistent with that in the private sector, which will help us provide more convenient and collaborative service while increasing our efficiency.

With the FY 2015 President's Budget, we can ramp up our program integrity work, provide quality service, and invest in initiatives that will allow us to offer better and more efficient customer service.

The budget request is not a cure-all for all of our challenges. However, we are optimistic about what we will be able to accomplish with this funding, both in terms of increased program integrity and innovative service delivery solutions.

It is important to note that our work is not optional; the longer it takes to complete, the more difficult and expensive our work is to handle. Moreover, each case represents an action that affects a person's life. Whether it is paying benefits or preventing an overpayment, millions of people depend on us to handle their cases in a timely and accurate manner.