

# FISCAL YEAR 2019 BUDGET OVERVIEW

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# A MESSAGE FROM THE ACTING COMMISSIONER

The Social Security Administration's programs touch nearly every member of the public at critical junctures in their lives: when they reach retirement age, when they become disabled, or when they lose a loved one. Our goal is to provide timely, quality Social Security services using 21<sup>st</sup> century technology and business processes.

The fiscal year (FY) 2019 President's Budget focuses on implementing organizational reforms that make us more efficient and effective; investing in modern technology and business processes that will help us serve the public better at a lower cost; and addressing our key backlogs. In addition, we will continue safeguarding taxpayer dollars by investing in efforts to reduce improper payments and combat fraud.

## **Deliver Services Effectively**

Currently, people can complete their business with us online, in person at one of our field offices, or with our representatives on our National 800 Number. This Budget supports reliable services to the public and the expansion of alternative service delivery methods.

The Budget provides funding for the nationwide reinstatement of the reconsideration step of the administrative review process for disability claims over three years. In 10 States, we currently allow the claimant to skip the reconsideration step and appeal directly to an administrative law judge (ALJ). Having a uniform administrative review process will reduce the number of claims waiting for an ALJ decision.

The Budget seeks to improve the customer experience by eliminating the hearings backlog by the end of FY 2022. With special funding from Congress, we are making progress in reversing the number of pending hearing requests. The Budget keeps us on track with our Compassionate And REsponsive Service (CARES) plan to eliminate the backlog by improving capacity and efficiencies in our hearings operation.

We are also facing high levels of pending actions in our processing centers, which directly affects our ability to provide timely and accurate benefits. We are focusing on prioritizing the most critical work and automating actions to achieve higher productivity. In FY 2017, we reduced our pending actions by nearly 20 percent. We plan to continue this trend by replacing critical vacancies and improving automation and our business processes.

## **Improve the Way We Do Business**

We are developing innovative, evidence-based, data-driven policies to help us better administer our programs. We are performing analyses of agency data. Our vision is to deliver actionable analytics that drive strategic objectives and improve organizational performance.

We are continuing to test innovative strategies for helping individuals with disabilities return to work. We are working on an early intervention demonstration with the Department of Labor designed to assist injured and ill workers to remain in the labor force by providing coordinated health and employment services.

We will continue to build a more efficient, effective organization by modernizing our information technology (IT) and improving our business processes. Specifically, we are beginning to implement our comprehensive project to modernize our IT infrastructure. A modernized IT infrastructure will reduce long-term operational costs and the time it takes to develop new systems; increase the use of efficient, affordable, and secure IT solutions; and enhance data-driven decision-making.

### **Ensure Stewardship**

Making the right payment to the right person at the right time is our priority. We will continue to increase our efforts to reduce improper payments and combat fraud, waste, and abuse. We plan to open additional cooperative disability investigations units, maintain our corps of fraud prosecutors, and increase our use of data analytics to prevent and detect fraud.

Our employees remain our most important asset. A knowledgeable, dedicated, and high-performing workforce is required to carry out our complex programs. They are also our frontline defense against improper payments. This Budget improves workforce performance and increases accountability for managers and staff.

We are committed to improving our organizational effectiveness. We plan to streamline our services by reforming our organizational structure, reducing our real property footprint, and eliminating unnecessary steps in our programs. We are also forming strategic partnerships with other government and private entities for better public service.

For over 80 years, the Social Security Administration has been a steward of the public's money by providing rigorous oversight over the programs we administer. Millions depend on these programs, and this Budget ensures we will continue delivering effective services for many years to come.

Respectfully,

Nancy A. Berryhill

Baltimore, Maryland  
February 12, 2018

# OUR PROGRAMS

For over 80 years, the Social Security Administration (SSA) has provided financial security to millions of Americans. Our services affect nearly every person in our Nation. We administer three key programs under the Social Security Act.

- **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 family members. In fiscal year (FY) 2019, we will pay about \$892 billion in OASI benefits to an average of approximately 54 million beneficiaries a month, including 88 percent of the population aged 65 and over.
- **Disability Insurance:** Established in 1956, the Disability Insurance (DI) program provides benefits for workers who become disabled and their families. In FY 2019, we will pay about \$149 billion in DI benefits to an average of more than 10 million disabled beneficiaries and their family members a month.
- **Supplemental Security Income:** Established in 1972, the Supplemental Security Income (SSI) program provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2019, we will pay nearly \$59 billion in Federal benefits and State supplementary payments to an average of more than 8 million recipients a month.

In addition, we support other national programs, such as Medicare, Employees Retirement Income Security Act of 1974, Coal Act, Supplemental Nutrition Assistance Program (formerly Food Stamps), Help America Vote Act, State Children's Health Insurance Program, E-Verify, Medicaid, and Federal Benefits for Veterans.

Our ongoing workloads include the following:

- **Claims:** We take claims for benefits, evaluate evidence, and determine benefit eligibility and payment amounts. In FY 2019, we will handle over 6 million retirement, survivors, and Medicare claims; 2.4 million Social Security and SSI initial disability claims; and nearly 198,000 SSI aged claims.
- **Appeals:** We have three levels of administrative appeals for claimants who disagree with our decisions. These appeals are non-adversarial, and claimants may submit new evidence for review.
  - 1) Reconsideration of a claim,
  - 2) Hearing before an administrative law judge (ALJ), and
  - 3) Review of ALJ decisions by 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 civil action in a U.S. district court. In FY 2019, we will complete approximately 594,000 reconsiderations, 761,000 hearings, 136,000 Appeals Council reviews, and 18,000 U.S. district court cases.

- **Program Integrity**: Our duty to safeguard the integrity of our programs includes conducting non-medical SSI redeterminations and full medical continuing disability reviews (CDR). These reviews save significant program dollars by ensuring that only those individuals eligible for benefits continue to receive them. In FY 2019, we will conduct 2.822 million SSI redeterminations and 703,000 full medical CDRs.
- **Social Security Numbers**: We complete applications for and assign Social Security Numbers (SSN) to nearly all Americans and certain noncitizens. In FY 2019, we will complete requests for approximately 17 million new and replacement Social Security cards.
- **Earnings Records**: We receive updates from employers and the self-employed on the earnings of the working population. We post the reported earnings to workers' records and resolve any discrepancies. In FY 2019, we will post 282 million earnings items to workers' records.
- **Social Security Statements**: We provide information on earnings and estimates of future benefits workers and their families may receive based on those earnings. All individuals may access their Social Security Statement at any time through their personal online [my Social Security](#) account. We also currently mail paper Social Security Statements to people age 60 and over, who are not receiving Social Security benefits, and who are not registered for a [my Social Security](#) account.
- **Post-Entitlement Services**: In FY 2019, we will complete more than 100 million post-entitlement actions for beneficiaries and recipients, such as issuing emergency payments, recomputing payment amounts, and changing addresses.
- **Medicare**: We accept applications and determine eligibility for Medicare Hospital Insurance, Supplementary Medical Insurance, and the low-income subsidy for Medicare prescription drug coverage. In FY 2019, we will handle about 800,000 Medicare subsidy applications and continue with completing other Medicare-related work activities. In FY 2019, we will continue to support the Centers for Medicare and Medicaid Services to address the SSN removal from Medicare cards.
- **Data Exchanges**: With over 3,000 exchange agreements, we provide and verify data for many purposes such as employment and eligibility for Federal and State programs.

# FY 2019 FUNDING TABLE

In all tables presented in this Congressional Justification, for the FY 2018 column, it does not include \$174 million that is in the Appendix of the FY 2019 President's Budget.

	FY 2017 Actual	FY 2018 Estimate <sup>1</sup>	FY 2019 Request <sup>2</sup>
<b>Budget Authority, One-Year</b> (in millions)			
Limitation on Administrative Expenses (LAE) <i>(Bipartisan Budget Act Program Integrity Level, Base and Cap,         included in LAE)</i> <sup>3</sup>	\$12,482 <i>(\$1,819)</i>	\$12,236 <i>(\$1,735)</i>	\$12,393 <i>(\$1,683)</i>
Office of the Inspector General (OIG) <sup>4</sup>	\$106	\$105	\$106
<b>Subtotal, One-Year Budget Authority</b>	<b>\$12,588</b>	<b>\$12,341</b>	<b>\$12,499</b>
<b>Budget Authority, Multi/No-Year</b> (in millions)			
Research and Demonstrations <sup>5</sup>	\$58	\$101	\$101
Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) <sup>6</sup>	\$22	\$27	\$0
<b>Subtotal, Multi/No-Year Budget Authority</b>	<b>\$80</b>	<b>\$128</b>	<b>\$101</b>
<b>Total Budget Authority<sup>7</sup></b>	<b>\$12,668</b>	<b>\$12,469</b>	<b>\$12,600</b>
<b>Workyears</b>			
Social Security Administration (SSA)			
Full-Time Equivalents	60,877	61,014	60,036
Overtime	2,360	1,350	700
Lump Sum	198	298	298
<b>Total SSA Workyears</b>	<b>63,435</b>	<b>62,662</b>	<b>61,034</b>
Disability Determination Services (DDS)	14,522	13,721	13,680
<b>Total SSA/DDS Workyears</b>	<b>77,957</b>	<b>76,383</b>	<b>74,714</b>
MACRA	8	348	63
<b>Total SSA/DDS/MACRA Workyears</b>	<b>77,965</b>	<b>76,731</b>	<b>74,777</b>
OIG	514	520	567
<b>Total SSA/DDS/MACRA/OIG Workyears</b>	<b>78,479</b>	<b>77,251</b>	<b>75,344</b>

<sup>1</sup> SSA's overall LAE funding level in FY 2018 (approximately \$12.236 billion) assumes the enactment of a full-year continuing resolution, including the FY 2018 authorized level of program integrity funding (\$1.735 billion), an across-the-board cut of .6791 percent, and no new budget authority to address the hearings backlog. We are spending the remaining FY 2017 dedicated hearings funding to address the hearings backlog in FY 2018, and it is included in our FY 2018 total obligations. Please note that this level differs from the Appendix, which assumes the FY 2017 Omnibus level.

<sup>2</sup> The FY 2019 Budget includes \$60 million for reinstating reconsiderations; \$132 million for IT modernization; \$71.5 million for our unified communications platform; and \$30 million for OPM reinvestigations.

<sup>3</sup> FY 2017 program integrity funding was made available for 18 months (through March 31, 2018) under the Consolidated Appropriations Act, 2017 (Division H of Public Law 115-31). The FY 2019 Budget assumes appropriations language for FYs 2018 and 2019 will provide for similar 18-month authority to obligate program integrity funds. Beginning in FY 2019, the FY 2019 Budget proposes appropriations language allowing SSA to transfer up to \$10 million from program integrity cap adjustment funds to OIG to for expenses associated with OIG employees serving as cooperative disability investigations (CDI) unit team leaders. CDI unit operations are an approved use of the cap adjustment.

<sup>4</sup> The FY 2018 column applies the 0.6791 percent across-the-board reduction from the initial Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended) to OIG's FY 2017 funding level of \$105.5 million, yielding a CR level of approximately \$104.8 million, which rounds to \$105 million. In the FY 2019 column, \$105.5 million (\$106 million rounded) in OIG budget authority does not reflect the planned transfer of \$10 million from LAE program integrity funding to support CDI unit team leaders.

<sup>5</sup> The FY 2018 amount for research and demonstration reflects the FY 2018 President's Budget. Please note that this level differs from the Appendix, which assumes the FY 2017 Omnibus level.

<sup>6</sup> Congress appropriated SSA \$98 million to fund the implementation costs to comply with the provisions of the Medicare Access and CHIP Reauthorization Act of 2015. The available funding amount for each fiscal year is as follows: FY 2015 - \$27 million (available through FY 2018); FY 2016 - \$22 million (available through FY 2018); FY 2017 - \$22 million (available through FY 2018); and FY 2018 - \$27 million (available until expended).

<sup>7</sup> Totals may not exactly add due to rounding.

# FY 2019 PERFORMANCE TABLE

Workload and Outcome Measures	FY 2017 Actual	FY 2018 Estimate <sup>8</sup>	FY 2019 Request <sup>9</sup>
<b>Retirement and Survivor Claims</b>			
Retirement and Survivor Claims Completed (thousands)	5,620	5,801	6,022
<b>Disability Claims</b>			
Initial Disability Claims Receipts (thousands)	2,443	2,476	2,621
Initial Disability Claims Completed (thousands)	2,485	2,310	2,420
Initial Disability Claims Pending (thousands)	523	688	889
Average Processing Time for Initial Disability Claims (days)	111	111	114
<b>Disability Reconsiderations</b>			
Disability Reconsiderations Receipts (thousands)	583	542	642
Disability Reconsiderations Completed (thousands)	596	518	594
Disability Reconsiderations Pending (thousands)	105	129	177
Average Processing Time for Disability Reconsiderations (days)	101	102	106
<b>Hearings</b>			
Hearings Receipts (thousands)	620	582	578
Hearings Completed (thousands)	686	738	761
Hearings Pending (thousands)	1,056	900	717
Annual Average Processing Time for Hearings Decisions (days) <sup>10</sup>	605	605	535
<b>National 800 Number</b>			
National 800 Number Calls Handled (millions)	36	34	36
Average Speed of Answer (ASA) (seconds)	802	1,200	960
Agent Busy Rate (percent)	10%	15%	12%
<b>Program Integrity</b>			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	2,257	1,990	1,803
Full Medical CDRs (included above, thousands)	874	890	703
SSI Non-Medical Redeterminations Completed (thousands)	2,590	2,900	2,822
<b>Selected Other Agency Workload Measures</b>			
Social Security Numbers (SSN) Completed (millions)	17	17	17
Annual Earnings Items Completed (millions)	279	281	282
Social Security Statements Issued (millions) <sup>11</sup>	14	14	15
<b>Selected Production Workload Measures</b>			
Disability Determination Services Production per Workyear	306	306	306
Hearings Production per Workyear	94	98	104
Other Work/Service in Support of the Public-Annual Growth of Backlog (workyears)	N/A	(2,500)	(3,300)

<sup>8</sup> A full-year appropriation for FY 2018 was not enacted at the time of the FY 2019 President's Budget was prepared. All FY 2018 performance data assume the enactment of a full-year continuing resolution. See *supra* footnote 1.

<sup>9</sup> This budget assumes a multi-year rollout of the reinstatement of the reconsideration level of appeal in the 10 prototype States beginning on 10/1/2018.

<sup>10</sup> Average processing time for hearings is an annual figure. End of year (September) processing time for hearings is estimated to be 595 days and 498 days, for FYs 2018 and 2019, respectively.

<sup>11</sup> The Social Security Statements Issued performance measure includes paper statements only; does not include electronic statements issued. In FY 2017, [my Social Security](#) users accessed their Social Security Statements 46.2 million times.

# FY 2017 ACCOMPLISHMENTS

In FY 2017, we focused on our core mission activities and made several critical service improvements. Most notably, we were able to start reducing the disability hearings backlog, putting us on the path to eliminate the backlog by the end of FY 2022. We also were able to begin reducing processing center (PC) backlogs by filling some critical vacancies and providing targeted overtime. At the same time, we safeguarded taxpayer dollars by completing high levels of program integrity reviews and expanding our anti-fraud efforts. In addition, we built a more efficient, effective organization by expanding online and video services, increasing our use of data analytics, and increasing the collection of electronic medical records. These efforts will help us provide more convenient, timely, accurate, and cost-effective services.

In FY 2017, we accomplished the following activities:

- Paid approximately \$990 billion to a monthly average of over 69 million Social Security beneficiaries and SSI recipients;
- Served about 42 million visitors in over 1,200 field offices nationwide;
- Handled over 36 million calls on our National 800 Number;
- Completed over 5.6 million new applications for retirement, survivors, and Medicare benefits; almost 2.5 million Social Security and SSI initial disability claims; and almost 187,000 SSI aged claims;
- Issued over 680,000 hearing dispositions;
- Handled approximately 18,000 cases in U.S. district courts;
- Issued almost 17 million new and replacement Social Security cards;
- Posted over 279 million earnings reports to workers' records;
- Completed about 874,000 full medical CDRs; and
- Performed nearly 2.6 million non-medical redeterminations of SSI eligibility.

# FY 2019 PRESIDENT'S BUDGET

Our FY 2019 President's Budget of \$12.393 billion allows us to focus on our mission-critical work and our agency priorities, address key backlogs, ensures stewardship of our programs, and helps us become a stronger, more efficient and effective organization. At this level of funding, we expect to:

- Begin to reinstate the reconsiderations appeal level in the 10 prototype States, allowing us to move closer to a more unified, equitable, and cost-effective disability process;
- Further reduce the disability hearings backlog through a combination of hiring and more efficient, streamlined, and automated business practices;
- Continue to reduce the PC backlogs through targeted resources and increased automation;
- Improve customer service by expanding online service options, replacing some critical staffing losses to support frontline operations, improving business processes, and implementing common-sense organizational reforms;
- Replace our current telephone systems with a single, unified communications platform;
- Maintain currency with medical CDRs, the first full year we will not have a backlog since FY 2002;
- Conduct high levels of SSI redeterminations, ensuring that we are paying the right people the right amount;
- Expand our anti-fraud efforts, making better use of analytical models to identify and prevent fraud;
- Continue to modernize our information technology (IT) infrastructure to improve public service, reduce costs, and enhance data-driven decision-making;
- Implement a plan to reassess and upgrade reinvestigations for employees and contractors; and
- Conduct demonstrations that test creative ways to reform the disability programs and promote greater labor force participation of people with disabilities.

# DELIVER SERVICES EFFECTIVELY

We are committed to providing effective and efficient service to all individuals who visit our offices, call our National 800 Number, or access our online services. This Budget proposes further investments in our online services and automation as well as adding staff to reduce our hearings and PC backlogs. These proposals will improve the customer experience at their first point of contact with the agency and increase the timeliness of their claims and post-entitlement actions.

## *Improve Service Delivery*

### **Field Offices**

Each day, approximately 170,000 people visit and 250,000 call one of our more than 1,200 field offices nationwide. Our field offices provide assistance for a broad range of services. Some of the more frequent tasks performed by our customer service representatives include processing claims and appeals, issuing replacement Social Security cards, enrolling people in Medicare, and addressing other needs of our field office visitors. Our field office staff also play a critical role in stewardship responsibilities by redetermining eligibility for SSI benefits and initiating CDRs, in addition to identifying suspected fraud. This Budget supports frontline staff and IT investments to address the millions of visitors and callers at our field offices.

### **National 800 Number**

The National 800 Number handles over 3 million calls each month through a combination of automated self-service options and our customer service representatives. Callers can conduct various business transactions 24 hours a day through our automated services, including requesting benefit verification letters, ordering replacement Medicare cards, and obtaining claim status updates.

We finished FY 2017 with an average speed of answer and agent busy rate of 802 seconds (13.3 minutes) and 10 percent, respectively. In FY 2018 and 2019, we expect the average speed of answer to reach 20 minutes (1,200 seconds) and 16 minutes (960 seconds). We expect the agent busy rate to be 15 percent and 12 percent, respectively.

### **Disability Determination Services**

We accept applications for disability benefits in-person at local field offices, over the phone, online at [www.socialsecurity.gov](http://www.socialsecurity.gov), and by mail. Customer service representatives in our field offices collect evidence of disability and determine whether a claimant meets our non-medical qualifications. Afterwards, State disability examiners in the disability determination services (DDS) gather medical and vocational evidence to determine whether a claimant meets our definition of disability at the initial and reconsideration (the first level of appeal) steps.

The DDSs also determine continuing eligibility by conducting CDRs. In FY 2017, the DDSs processed approximately 874,000 CDRs, and we expect to process 890,000 CDRs in FY 2018 to help the agency completely eliminate the CDR backlog by the end of FY 2018. In FY 2019, we expect to remain up to date by completing 703,000 CDRs.

Currently, we allow the claimant to skip the reconsideration step and appeal directly to an ALJ in 10 States, a remnant from a pilot begun in 1999. We will implement the nationwide reinstatement of the

reconsideration step in all DDSs, which we plan to accomplish over three years. While it will mean an increase in our DDS workloads, it will ultimately benefit the public. As a result, we will have a more unified, equitable disability program across the country. It will also yield program savings and reduce the number of claims waiting for an ALJ decision. Reinstatement of the reconsideration step will help us achieve our goal of eliminating the hearings backlog by the end of FY 2022.

We also plan to expand the use of our web-based electronic claims analysis tool (eCAT) to guide adjudicators through the sequential evaluation process for determining disability. eCAT aids in documenting, analyzing, and adjudicating the disability claim in accordance with SSA regulations. Moving forward, we also plan to develop and integrate all future enhancements and functionality of eCAT into our modernized disability case processing system. These enhancements will speed the review of disability cases and increase their quality.

## **Hearing Offices**

After an adverse decision by a disability examiner or field office staff, a claimant may request a hearing before an ALJ. We rely on our corps of ALJs and support staff to issue a decision for each claimant. While our judges decide whether a claimant qualifies for benefits, our support staff prepare cases, contact claimants and their representatives, and write decisions for the judges. At the end of FY 2017, over 1 million people were waiting for a hearing, and the average wait time for a hearing decision was 605 days.

To decrease the hearings backlog and enhance productivity, we implemented numerous initiatives in our CARES plan. In addition, we updated our CARES plan to reflect the \$90 million in special funding that Congress provided in FY 2017 to address the backlog. Through our updated plan, we increased adjudicative capacity, which combined with fewer disability receipts, allowed us to reduce the pending.

The Budget provides for additional decisional capacity and IT investments in our hearing offices, such as a modernized case processing system, upgrades and expansion of our video hearings network, and a quality assurance tool to improve policy compliance of drafted decision. With these investments in IT and staffing, along with reinstating the reconsideration step in our DDSs, we expect to end FY 2019 with 717,000 hearings pending and an annual average wait time of 535 days.

## **Processing Centers**

Our PCs handle actions that arise after we determine benefit eligibility, and support our field and hearing offices by handling appeals decisions, collecting debt, correcting records, performing program integrity work, and processing other complex benefit claims. Our PCs directly support our ability to provide timely and accurate benefits.

In FY 2017, we reduced the PC backlog by 1.4 million, which is a 27 percent improvement from our all-time high of more than 5 million in January 2016. We focused on tactical workload strategies by screening cases that could be completed quickly, controlling the volume and age of our workloads. We also targeted hiring and overtime in the PCs, and we planned for future automation, workflow enhancements, and quality initiatives to improve PC performance. These efforts will continue in FYs 2018 and 2019.

The Budget supports the hiring of critical PC vacancies and our plans for improved automation within the PCs, which will help us address the backlog. Automating work processes, such as incorporating the

Pay.gov web portal (a shared service for processing electronic payments) in our remittance process and eliminating processing limitations in our systems, will allow the PCs to address the more time-consuming actions.

## ***Expand Service Delivery Options***

We rely on an expanded suite of automated and online options for the public to conduct business with us. In FY 2017, the public conducted over 155 million transactions via our website. We expect the number of successfully completed transactions in FYs 2018 and 2019 to increase by 35 million each year over the prior year. We will continue to enhance our online services, such as *my Social Security*, and promote them as a safe and convenient option for the public.

## **Increase Service Options**

**Video Service Delivery:** We use video service delivery (VSD) to balance our workloads and reduce wait times in our busier field offices. VSD allows individuals living in remote areas to experience virtual, face-to-face interaction with a customer service representative through live-streaming video. We currently have video units in 670 sites around the country. In FY 2017, we completed over 100,000 VSD transactions. We are also working with external video partners (Departments of Veterans Affairs, Health and Human Services, and Tribal Governments) to increase VSD participation. The Budget supports the expansion of VSD for field offices and DDS interviews.

We recently tested more cost-efficient technology called Flexible Video (FV). Instead of the traditional video units, FV uses more flexible and less expensive video equipment such as a laptop, webcam, and video chat software. Overall, the pilot yielded positive feedback from the public. We achieved a 90 percent or above satisfaction rating for convenience, sound quality, and video quality from customer satisfaction surveys. We intend to implement this technology in more locations.

**Self-Help Personal Computers:** Self-help personal computers (SHPC) are computers setup in field offices to manage walk-in traffic, minimize high visitor wait times, and manage workflow. These computers allow customers to complete their transactions online instead of waiting for service or having to schedule a future appointment. Although SHPCs are a self-service tool, our employees may assist visitors with questions or comments. SHPCs also educate the public on the various online services we offer.

In FY 2017, visitors completed 451,000 transactions on the SHPCs, including 288,000 initial claims. As of November 2017, there were 1,929 SHPCs in 834 field offices. The Budget supports the expansion of SHPCs, accommodating 500,000 and 550,000 transactions in FYs 2018 and 2019, respectively.

## **Expand Access to *my Social Security* and Online Services**

**Enhance *my Social Security*:** With about 6 million people creating a new *my Social Security* account each year, we expect to have nearly 38 million registered users by the end of FY 2018. *my Social Security* is a convenient, safe online option for anyone interested in his or her Social Security records or who needs to conduct business with the agency. The Budget supports the expansion of capabilities, so users may apply for retirement, disability, Medicare, and SSI benefits using one point of entry. We also continue to enhance the security of *my Social Security* accounts to protect personally identifiable information.

**Third Party Access:** In FY 2018 and 2019, we will continue expanding online access for third parties who assist our customers, such as representative payees and appointed representatives. For example, the Registration, Appointment, and Services for Representative (RASR) application will allow appointed representatives to modify registration information at any time, such as mailing address, banking information, and affiliated law firms. Additionally, RASR will allow claimants to consent or revoke the appointment of their representative and permit representatives to withdraw from an appointment.

**Replacement Social Security Number Cards:** Each year, we process about 10 million SSN replacement cards in our field offices. Adults with a *my Social Security* account, who meet certain criteria, may apply for the card through the Internet Social Security Number Replacement Card (iSSNRC) online application. Since we launched iSSNRC in November 2015, we have increased the number of States where people may request a replacement Social Security card.

In FY 2017, we successfully issued approximately 500,000 replacement cards through the iSSNRC application, and we expect to issue nearly 900,000 replacement cards in FY 2018. We currently offer iSSNRC in 24 States and the District of Columbia; our goal is to offer iSSNRC nationwide by the end of FY 2018.

**Non-Medical Appeals:** The recent implementation of iAppeals Non-Medical provided the ability for claimants to submit a non-disability appeal online. It allows claimants to attach and submit documents electronically to support their appeals. The iAppeals Non-Medical application makes it faster and easier for us to intake, assign, process, and track non-disability appeals. Our next steps will allow online appeal submissions of requests for review at the Appeals Council, integrate iAppeals Medical and iAppeals Non-Medical into a single application, and place iAppeals behind the *my Social Security* portal for enhanced accuracy and increased information sharing with claimants. Claimants used iAppeals Non-Medical nearly 37,000 times since its inception in December 2016.

**iSSI Claims:** We recently expanded the iClaim process to include questions that will allow us to establish certain SSI claims online through a new Internet SSI (iSSI) application. This new process reduces our need to re-contact claimants for a separate SSI application. Currently, only individuals who wish to file a concurrent Social Security disability and SSI disability application may use this service. We also added an online option for individuals with limited English proficiency to request an appointment at a local field office in their language of choice. iSSI has been used over 71,000 times since its inception in April 2017. We will continue to study the results of the new iSSI application to determine next steps for expansion.

## IMPROVE THE WAY WE DO BUSINESS

Improving the way we do business is imperative to delivering services effectively to the public. We must continuously evaluate our policies and business processes using data and modern methods to ensure we meet service demands that reinforce efficient and effective service. The Budget continues our plan to streamline our policies and procedures using data at the forefront. Recognizing that our current technology infrastructure and existing business systems would not allow us to serve the public the way we wanted or the way they expected us to, we developed a plan to modernize our IT systems. This modernization effort is foundational to our overall ability to improve service to the public.

## ***Streamline Policies and Processes***

Over the last 80 years, our programs have expanded and our policies have evolved, creating a level of complexity that can be difficult to fully understand. To improve our accuracy and efficiency, create opportunities to implement technology, and ensure the public understands their options, responsibilities, and rights, we must streamline our policies, processes, and procedures. We are using data analytics to identify opportunities to improve our business processes. In addition, we are proposing legislative changes to simplify the SSI program. Our proposal would replace in-kind support and maintenance with a flat-rate benefit reduction for adults living with other adults, as well as reduce the burden on beneficiaries and representative payees by eliminating the holding out and dedicated accounts policies (see more in Appendix B).

## **Develop Innovative, Evidence-Based, Data-Driven Policies**

We are committed to using data to find efficiencies in the administration of our programs. In FY 2017, we consolidated our data analysis, quality, review, and anti-fraud efforts under one organization, the Office of Analytics, Review, and Oversight (OARO). OARO drives the use of data analysis and data-informed decision-making for policy enhancements, business process improvements, and anti-fraud initiatives. In addition, this realignment allows us to maximize our resources and better organize our efforts to develop future analyses and oversight programs. OARO works with our Enterprise Data Warehouse to access large volumes of raw data and provides the tools to analyze it. The Budget supports analytics training and the expanded use of data analytics in our operational work processes. Furthermore, the Budget expands upon our capabilities to visualize, model, and standardize data across our business processes.

## **Expand Access to Electronic Medical Evidence**

We depend on healthcare providers to gather the medical records we need to determine whether a claimant is disabled. On average, the agency processes over 15 million pieces of medical evidence per year. We are improving our process by expanding the use of electronic medical evidence in our disability determinations process. Electronic medical evidence provides faster access and reduces the time providers spend to comply with our requests. It will also allow disability adjudicators to easily navigate the record and quickly identify pertinent information from medical records. The Budget increases our ability to gather and analyze electronic evidence in FYs 2018 and 2019, and adopt advanced technologies, such as machine learning and natural language processing, to enhance and assist in the disability determination process.

## **Increase the Number of People with Disabilities who Return to Work**

Many beneficiaries who are disabled want to work, and with adequate support, some beneficiaries attain self-sufficiency. The Ticket to Work program and the Vocational Rehabilitation (VR) cost reimbursement program help beneficiaries transition to employment and progress towards reduced reliance on disability-related benefits.

The Budget continues to support our outreach to beneficiaries. Ongoing mailings, marketing efforts, monthly webinars, and an interactive presence on social media have led to thousands of beneficiaries connecting with Employment Networks (EN) and State vocational rehabilitation agencies to get the services they need to return to work. In FY 2017, we implemented systems enhancements to our Internet Ticket Operation Support System (iTOPSS) to expedite business processes for our EN service

providers. We also automated and modernized the VR payment operation into iTOPSS. This expansion eliminates paper claims and streamlines the VR payment process.

## ***Accelerate Information Technology Modernization***

We maintain the benefit, earnings, and vital records of nearly every member of the public on systems designed over 30 years ago. Technological change is accelerating at a relentless pace, and it offers us remarkable opportunities to change, transform, and greatly improve the way we serve the public. Yet, these newer technologies can also be disruptive to legacy systems, business processes, and ultimately to the way we work. Because of the extensive records we maintain, our systems play a much bigger role than just administering the Social Security programs. We have data agreements to support health care, tax collection, child support enforcement, and more. However, even as demands on our systems grow, we still use increasingly dated technology. To position the agency for the future as a viable and efficient organization, it is imperative that we make major investments in modernizing our IT infrastructure.

The Budget supports the modernization of our legacy systems, the automation of more workloads, and the protection of the public's personal data. Recent breaches at other Federal and State agencies underscore the importance of securing networks and sensitive data. While our cybersecurity program compares well against other Federal agencies, it is costly due to our current legacy systems. In addition, the Budget supports our plan to consolidate our three telephone systems into a unified communications platform. This platform allows the agency to integrate an enterprise communication service that allows seamless movement between service channels with long-term savings.

## **Build a Modern Information Technology Infrastructure**

Our IT Modernization Plan describes a thoughtful and deliberate, multi-year agency initiative to modernize Social Security's major systems using modern architectures, agile software engineering methods, cloud provisioning, and shared services. We are embarking on an initiative to transform the way we design and build systems, and ultimately the way we work and serve the public. Our IT modernization vision is to establish a fully integrated IT and Business team that delivers modern business platforms that improve our ability to respond more rapidly to changing needs at manageable costs. We will provide an enhanced customer experience for millions of beneficiaries across an expanded mix of service options in a cost effective and secure manner. The Budget invests about \$132 million in FY 2019 to support our IT modernization effort.

## **Modernize Disability Case Processing**

In an ongoing effort to issue timely disability decisions, we are continuing work to modernize our disability case processing system (DCPS). When complete, DCPS will replace 52 independently operated, aging systems. To date, we deployed DCPS to 10 DDSs (Delaware, Maine, Ohio, Virginia, Iowa, Rhode Island, South Dakota, Washington, Nebraska, and the District of Columbia) and are preparing for deployment to additional sites. In FYs 2018 and 2019, we will continue development.

## **Reduce Cybersecurity Risks**

Our cybersecurity program continues to improve the agency's detection, protection, and intelligence capabilities against evolving threats and cyberattacks. We use knowledge of the threat landscape, advanced technologies, and skilled cyber professionals to secure our networks from threats, both foreign and domestic. Cyberattacks are ever changing, and we must remain vigilant to prevent any intrusion on our networks.

The Budget supports key cybersecurity initiatives, such as Data at Rest Encryption, implementing a privileged access management program, and continued maturation of our information security. We will deploy an advanced Security Operations Center with capabilities to identify and mitigate vulnerabilities on our hardware and software assets. In addition, the Budget funds our continued participation in the Department of Homeland Security's Continuous Diagnostic and Mitigation program. Together, these investments will help us combat the next generation of cyber threats and attacks.

## **ENSURE STEWARDSHIP**

Our stewardship lies in our ability to manage the public's money wisely. Central to that effort is using modern technology, employing a capable workforce, and investing in effective program integrity programs. The Budget continues to demonstrate our commitment to sound management practices. We propose several enhancements of our systems that will decrease overpayments, meet current business practices in collecting remittances, and identify suspicious patterns of fraud. We are realigning our organization to better achieve our mission and seeking ways to maximize the skills and efficiency of our workforce.

### ***Improve Program Integrity***

The Budget continues our effort to achieve high payment accuracy while using all available tools to recover overpayments. The Budget proposes updates to our wage and death reporting and modernizing our program overpayment remittance system. These systems upgrades will strengthen our internal controls and ensure we administer our programs accurately and efficiently.

### **Promote the Use of myWage Reporting**

Wages are a leading cause of improper payments in the SSI program. Currently, we use payroll data provider information from The Work Number to verify wage amounts that an individual alleges; however, this verification is a manual process. We are in the process of implementing an architecture that supports public-facing eService applications for computers, mobile devices, and smartphones, called myWageReport (myWR). This application will be an alternative to the existing downloadable application and voice telephone wage reporting systems.

In late FY 2017, we began providing this service to disability program beneficiaries. In FY 2018, we will release myWR for SSI that will allow recipients, their representative payees, or deemors (e.g., an ineligible spouse or parent living with the recipient) to have a convenient option to report earnings electronically.

### **Improve the Death Reporting System Process**

We are updating our death reporting system to ensure we are collecting accurate data from Federal, State, and local agencies as well as from other countries with whom we have totalization agreements. We rely on our death reporting system, so we can stop Social Security and SSI benefits as soon as possible. The early detection of an individual's death is a key means of preventing improper payments.

In FY 2017, we implemented coding modifications that provided more accurate death alert data to the Centers for Medicare and Medicaid Services (CMS), and we allowed field offices to resolve CMS death alerts more efficiently. We will continue our efforts to modernize our death reporting system, including

ongoing resolution of data mismatches to increase the accuracy of death information in our master database.

## **Modernize the Program Overpayment Remittance System**

We receive remittances for repayment of program debt through the mail and in our field offices. We are modernizing our remittance process to provide our debtors with various electronic options to submit their payments.

In December 2017, we completed the nationwide rollout of the Social Security Electronic Remittance System, which allows individuals to repay their program debts using checks, money orders, or credit cards while in our field offices. Doing so will eliminate the mailing of remittances to our processing operation in Philadelphia and result in more timely crediting of payments to debtor's accounts.

In FYs 2018 and 2019, we will continue efforts for the implementation of Pay.gov, an online payment application, with three different storefronts: Department of the Treasury's Pay.gov web portal; *my Social Security* website; and *www.socialsecurity.gov*. We are also exploring opportunities for electronic remittances for court-ordered restitution and administrative wage garnishment.

## **Continue Cost-Effective Program Integrity Work**

We perform periodic and full medical CDRs to ensure individuals still qualify to receive benefits under the Title II and Title XVI programs. For those receiving SSI, we also perform redeterminations to confirm whether recipients meet the program's income and resource limits. In FY 2019, the Budget funds the completion of 703,000 full medical CDRs and 2.8 million redeterminations. We expect to fully eliminate the CDR backlog by the end of FY 2018 and remain up to date in our CDR workload in FY 2019.

Full funding of CDRs and redeterminations will save billions of taxpayer dollars. We estimate that CDRs conducted in FY 2019 will yield net Federal program savings over the next 10 years of roughly \$9 on average per \$1 budgeted for dedicated program integrity funding, including OASI, DI, SSI, Medicare, and Medicaid effects. We estimate that non-medical redeterminations conducted in FY 2019 will yield a return on investment of about \$4 on average of net Federal program savings over 10 years per \$1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

Beginning in FY 2019, we will expand how the agency charges medical CDRs to the dedicated program integrity fund to encompass all workloads related to the medical CDR process, as reflected in the annual report to Congress on CDRs.

## ***Enhance Fraud Prevention and Detection Activities***

We take seriously our responsibility to prevent and detect fraud. We centrally manage our anti-fraud efforts and are developing consistent anti-fraud policies; refining employee training; and solidifying relationships with Federal, State, and private partners to identify individuals who wrongfully obtain Social Security and SSI payments. Our cooperative disability investigations (CDI) units and Special Assistant U.S. Attorneys have been successful in detecting and prosecuting fraud. The Budget proposes the enhancement of our fraud prevention and detection activities in FY 2019 to meet the anti-fraud objectives of the Bipartisan Budget Act of 2015 (BBA) and supports the expansion of fraud analytics in our business processes.

## **Expand Our Cooperative Disability Investigations Coverage**

CDI units are jointly operated by SSA, the Office of the Inspector General (OIG), State DDS, and State and local law enforcement. Generally, CDI units investigate suspected fraud before the agency awards benefits and during the CDR and redetermination processes when fraud may be involved.

With the addition of the New Jersey CDI unit in FY 2017, the CDI program has 40 units covering 34 States, the District of Columbia, and the Commonwealth of Puerto Rico. We are pursuing expansion for Honolulu, Hawaii; Indianapolis, Indiana; and Albuquerque, New Mexico in FY 2018. We are also planning to add 3 units in FY 2019 and having coverage for all 50 States and U.S. territories by October 1, 2022. Beginning in FY 2019, the Budget proposes to transfer up to \$10 million from program integrity cap adjustment funds to the SSA OIG to fund CDI unit team leaders. This anti-fraud activity is an authorized use of the cap adjustment.

## **Expand Fraud Prosecutions**

Special Assistant U.S. Attorneys prosecute cases of alleged Social Security fraud that would not otherwise be prosecuted in Federal courts. We have attorneys in 25 States and the Commonwealth of Puerto Rico. In FY 2017, our fraud prosecutors secured over 186 convictions and \$145 million in restitution. We plan to maintain a corps of 35 Special Assistant U.S. Attorneys in FYs 2018 and 2019, so they can continue their valuable work deterring Social Security fraud.

## **Detect and Mitigate Fraud**

Our Office of Anti-Fraud Programs (OAFP) centrally manages our anti-fraud efforts. These efforts build upon our dedicated program integrity activities and are funded by our base administrative funds. We are developing consistent anti-fraud policies; refining employee training; and solidifying relationships with other Federal, State, and private partners to identify individuals who wrongfully obtain Social Security and SSI benefits.

We are expanding the use of data analytics to detect fraud using our data and commercial off-the-shelf software. Our Anti-Fraud Enterprise Solution (AFES) is a multi-year, multi-phase project that will replace and expand our current anti-fraud systems. AFES will integrate data from multiple sources and use industry-proven predictive analytics software to identify high-risk transactions for further review. With these models, we identify suspicious and evolving patterns of activities in our workloads and prevent fraudulent actions from advancing.

As part of our strategic objective to enhance our fraud prevention activities in FY 2018, we plan to make AFES operational and fully implement our eServices analytics. In FY 2019, we plan to fully implement AFES disability analytics. Once completed, AFES will consist of a data analytics engine, a case management system, and a workflow tool to assist with our anti-fraud operational responsibilities.

## **Explore Integrating Social Media in Disability Determinations**

We will study and design successful strategies of our private sector counterparts to determine if a disability adjudicator should access and use social media networks to evaluate disability allegations. Currently, agency adjudicators may use social media information to evaluate a beneficiary's symptoms only when there is an OIG CDI unit's Report of Investigation that contains social media data corroborating the investigative findings. Our study will determine whether the further expansion of

social media networks in disability determinations will increase program integrity and expedite the identification of fraud.

### ***Improve Workforce Performance and Increase Accountability***

Our employees remain our most important asset. We are accountable for ensuring they have the training and technology they need to take timely, quality actions. Feedback, including clear and measurable expectations, is an important tool in order for our employees to know how they are performing.

Likewise, our managers need to understand how to maximize employee performance so that we can serve the public, and we must support them in that effort. We will establish expert teams who provide information and assistance to managers in real time. We will also require additional management training and work with our managers to help them engage with employees. To improve workforce performance and increase accountability, we will focus on three major areas as part of our comprehensive human capital management: workforce management, succession management, and performance management.

#### **Workforce Management: *Improve the Management of Staff Resources***

We will increase managers' awareness and use of management flexibilities to support effective hiring practices, streamline position management and organizational structures, and foster the ongoing engagement and inclusion of our diverse workforce.

#### **Succession Management: *Enhance Leadership Effectiveness***

We will improve the skills and competencies of our current and future leaders, align our developmental programs to meet leadership succession demands, and develop our employees to maintain the needed skillsets to deliver service to the public.

#### **Performance Management: *Maximize Employee Performance***

We will enhance managers' ability to provide employees with ongoing feedback, recognize high performance and address poor performance, and leverage timely and sufficient support to handle performance and conduct issues.

In addition, we will be complying with 5 C.F.R. Part 1400, which requires agencies to reassess risk designations for all positions and contractors. Through FY 2023, we will work with the Office of Personnel Management to conduct background reinvestigations of all affected positions.

### ***Improve Organizational Effectiveness and Reduce Costs***

Our administrative costs continue to be less than 1.3 percent of the combined Social Security and SSI benefits we pay. We are taking steps to reduce our real property footprint and to realign our organization to meet the current demands for our services. We are also leading efforts to improve strategic partnerships with other government and private entities and to expand data sharing opportunities with Federal and State agencies for better public service and operational savings.

### **Reduce Our Real Property Footprint**

We will continue reducing our real property footprint, as we renovate existing buildings and renew lease agreements. In FY 2016, we received \$150 million in no-year funding to renovate the Arthur J. Altmeyer Building at our headquarters campus. The Altmeyer Building is over 55 years old and

requires major upgrades to address health and safety issues, meet current accessibility standards, improve space utilization, and provide a comfortable, energy-efficient working environment that meets 21<sup>st</sup> century standards.

The General Services Administration (GSA) approved the conceptual design for the modernized Altmeyer Building on January 29, 2018. GSA plans to award the construction contract by March 2018. We are finalizing a plan with GSA to demolish the interior of the Altmeyer Building and begin construction. By adhering to the space utilization rate of 150 square feet per person, we will be able to house an increased number of occupants when we complete the Altmeyer Building renovation, currently scheduled for calendar year 2021.

### **Improve Strategic Partnerships with Other Government and Private Entities**

We provide SSN verification, birth, death, prisoner, and benefit payment information, as permitted under law, to Federal, State, and private partners to ensure program payment accuracy. The public depends on our agency and our data exchange partners to simplify processes and safeguard information against fraud. The Budget also supports our coordination and the development of research data exchange agreements with government and university partners.

## **CONCLUSION**

Our programs support millions of individuals across the nation and abroad. At Social Security, providing quality service for our customers is at the heart of all we do. The public expects competent, timely service for the benefits they earned. They also expect that we provide modern, convenient, and secure options to conduct business with us. The FY 2019 President's Budget allows us to deliver quality services to the public.

Specifically, the Budget allows us to make major progress with the disability hearings and PC backlogs, making a difference in countless lives. In addition, the Budget supports our efforts to modernize our systems and augment our alternative service delivery options to improve the customer experience. Finally, we will be able to protect taxpayer dollars through our numerous and cost-effective stewardship efforts.

# APPENDIX A – OUR EXTRAMURAL RESEARCH BUDGET

In fiscal year (FY) 2019, we are requesting \$101 million in new budget authority as part of our Supplemental Security Income (SSI) appropriation to support extramural research and early intervention demonstration projects. These projects will continue to test changes to improve program administration and to reduce dependency on our disability programs. The broad-based SSI, Old-Age and Survivors Insurance, and Disability Insurance (DI) projects funded in this Budget include those projects in the areas of disability policy research, youth transition and intervention, employment support programs, retirement policy research, and evaluations of proposed or newly enacted legislation.

The Budget continues to support ongoing rigorous evaluations, such as our assessment of the interagency Promoting Readiness of Minors in SSI (PROMISE) effort. The Departments of Education, Labor, and Health and Human Services, and the Social Security Administration (SSA) created the PROMISE initiative to foster improved outcomes for children who receive SSI through improvements in health status, physical and emotional development, completion of education and training, and eventually, employment opportunities. In FY 2018, we will receive an implementation analysis for each PROMISE site describing service delivery, a draft interim report on services and impacts across sites, and the final evaluation impact report will be due in FY 2022. We will also develop a survey on participants' experiences five years after program random assignment, to be fielded in FY 2019.

The Budget also includes continued funding for our Occupational Information System project, which will allow us to make consistent, better-informed disability decisions. We often need information about work to make a disability determination, but the types of jobs in the workforce, and job requirements, change over time. The occupational resources we currently use to adjudicate claims have not been updated in more than 20 years. To support the development of new occupational data, we entered into an interagency agreement with the Department of Labor's Bureau of Labor Statistics (BLS). In 2017, BLS published the data from the first and second year of data collection. In FY 2018, BLS will complete the third year of data collection and begin collecting the first year of the five-year refresh cycle, in an effort to ensure that data remains current.

After extensive testing, we are assembling a new set of questions that better define the functioning cognitive concepts, definitions, and thresholds needed for disability adjudication. BLS will begin testing the wide-scale collection of these new questions in FY 2018.

In FY 2019, we will continue to support a BBA mandated demonstration called the Promoting Opportunity Demonstration (POD). POD will test a benefit offset in the DI program to determine its effects on outcomes such as earnings, employment, and benefit payments. Benefits will be reduced by \$1 for every \$2 earned above the greater of the Trial Work Period level of earnings or the amount of a participant's itemized impairment-related work expenses. The demonstration will include 5,000 beneficiaries in each of 3 study groups over a 5-year timespan. Recruitment for POD will begin in the second quarter of FY 2018, and in FY 2019, we will continue to provide benefits counseling and process benefit offsets. We will also conduct surveys of participants and analyze data on recruitment and enrollment. This project is funded under Section 234 of the Social Security Act by the DI Trust Fund and is not part of our FY 2019 appropriations request.

## ***Test New Approaches and Reform Disability Programs***

We are requesting authorization to evaluate creative and effective ways to promote greater labor force participation of people with disabilities. Expanding our demonstration authority will allow SSA, in collaboration with other agencies, to test new program rules and require mandatory participation by program applicants and beneficiaries. Potential applicants and beneficiaries have a wide range of conditions and experiences; mandatory participation is required in order to accurately assess how program changes might affect different groups of people. An expert panel will identify specific changes to program rules that would increase labor force participation and reduce program participation, reaching a 5 percent reduction in DI and SSI projected outlays by 2028, informed by successful demonstration results and other evidence.

With expanded demonstration authority, we would test “time-limited benefits” for beneficiaries for a period when they would be most likely to return to work. This proposal challenges presumptions that an individual’s disability is likely permanent by evaluating alternative program designs that help individuals with shorter-term disabilities return to work.

The funding vehicle for this demonstration will depend on the design and target population and will require an expansion of Section 234 and Section 1110 authorities, or the creation of a new authority specific to the project. Both current authorities provide for voluntary beneficiary participation in demonstrations, limiting the results of these studies to reflecting the outcomes of the subset of the population who volunteered. Policy decisions made without an understanding of the full distributional impact could have harmful and costly repercussions. In contrast, mandatory participation universally engages the eligible population and provides policy-relevant motivations for individuals to pursue other options besides disability benefits; this is necessary to accurately assess how program changes might affect different groups of people with a wide range of conditions and experiences.

Also, current Section 234 authority will sunset after December 31, 2022, and may not allow enough time to recruit and follow participants through the proposed policy change (e.g., time-limited benefits). If the current authority to initiate new demonstrations under Section 234 were extended through at least 2028, aligning with the current projected DI trust fund depletion date, SSA could pursue a variety of other promising demonstration ideas.

In FY 2018, we also plan to develop additional demonstration projects focused on the impact of financial incentives on beneficiaries’ decisions to work. We plan to convene an expert panel to provide input on designing a demonstration to test the effects of removing all work incentives and earnings tests for a sample of DI beneficiaries. That panel will provide recommendations for the optimal length of time for a study. In addition, we will develop and test an intervention for helping people exiting SSI/DI gain and sustain employment, rather than return to disability benefits (under Section 1110 and Section 234 authorities). We will use the recommendations from the expert panel to begin demonstrations in FY 2019.

## ***Early Intervention Demonstrations***

Early interventions have the potential to achieve long-term improvements in the employment prospects and the quality of life of persons with a disability. Substantial numbers of low-income persons with impairments or serious health conditions have limited work histories and are not working at sufficient levels to achieve economic security and self-sufficiency. In FY 2019, we will work with the

Administration for Children and Families in HHS (through an Interagency Agreement (IAA)), Jointly-Financed Cooperative Agreement, or other mechanism (including contracts) to develop a demonstration that focuses on potential SSI applicants using employment and training strategies in State and local social services and workforce development agencies and organizations. Development of new early intervention models would build upon recent lessons and findings from innovative local programs and relevant demonstrations and research, including early assessment of disability or work-limiting health conditions; efficient program referrals; improved case management; supported employment; and executive-functioning, goal setting, and coaching interventions.

Other ongoing early intervention work includes our continued support of the Supported Employment Demonstration (SED). SED offers evidence-based packages of vocational, medical, and mental health services to recently denied disability applicants to evaluate if these interventions can improve employment outcomes and reduce the demand for disability benefits. In FY 2018, we began recruitment for SED, and in FY 2019, we will continue to administer these intervention services at each of the 30 community health sites across the country that are participating in SED. All of the SED community health sites offer some blend of drug abuse and addiction treatment services that includes opioid treatment services. Also, a number of these sites are nationally recognized for being at the forefront of opioid addiction treatment. Service delivery will continue into FY 2021. The final evaluation impact report is due in FY 2022.

We will also continue to partner with the Department of Labor (DOL) on the Retaining Employment and Talent after Injury/Illness Network (RETAIN) demonstration. RETAIN is an early intervention demonstration designed to help workers stay at work or return to work after experiencing a work-threatening injury, illness, or disability. RETAIN is modeled on several promising early intervention programs run by the Washington State workers' compensation system, including the Centers of Occupational Health and Education, the Early Return to Work program, and the Stay at Work program. Subject to availability of funding, we will execute an IAA in FY 2018 to transfer funds to DOL to award a series of competitive State grants for the project implementation. We also plan to award a competitive contract to conduct an evaluation of these grants. In FY 2019, the evaluation contractor will work with the State grantees to finalize their project designs, prepare for implementation, and ensure evaluability of the resulting projects. At the end of the initial planning stage of the grants, the projects will be assessed, and three grants will continue to the full implementation stage. Those grants will continue through FY 2022, and the final evaluation impact report will be due in FY 2023.

### ***National Institutes of Health Data Analytics***

Under an IAA, the National Institutes of Health (NIH) Clinical Research Center provides in-depth analysis of our existing data and continues to enhance the Work Disability-Functional Assessment Battery (WD-FAB). The WD-FAB may provide uniform information about individuals' self-reported functional ability that we can use to inform our disability data collection and determination processes.

In FY 2017, NIH developed a design report to examine the feasibility of conducting a demonstration project in employment networks and/or State vocational rehabilitation agencies. Based on their research, NIH determined that the WD-FAB would likely have a limited impact on individuals' ability to obtain and retain employment. NIH also initiated an item replenishment study to enhance the rigor of the existing WD-FAB instrument. NIH delivered a written report for the WD-FAB Predictive Validity Study, which examines the relationship between claimants' WD-FAB domain scores and disability adjudication outcomes.

In FY 2018 and FY 2019, we will conduct additional research on the usefulness of the WD-FAB to our continuing disability review process and initiate work to strengthen the robustness of the tool.

# APPENDIX B – SUMMARIES OF LEGISLATIVE PROPOSALS

- 1. Offset Unemployment Insurance (UI)-Disability Insurance (DI) Overlapping Payments.** Under current law, concurrent receipt of DI benefits and UI is allowable. This situation means that beneficiaries can receive the full disabled worker benefit, while also receiving UI, both of which are intended as income replacement. The Budget proposes to offset DI benefits to account for concurrent receipt of UI. This offset would eliminate duplicative benefits by ensuring, in effect, that the benefit the individual receives would not exceed the higher of the UI or DI benefits.
- 2. Allow SSA to Use Commercial Databases to Verify Real Property.** This proposal would reduce improper payments and lessen recipients' reporting burden by authorizing our agency to conduct data matches with private commercial databases that maintain data on ownership of real property (i.e., land and buildings), which can be a countable resource for Supplemental Security Income (SSI) purposes. The proposal would authorize our agency to use that information to determine an individual's eligibility for benefits automatically, after proper notification. We would also be authorized to require recipients to consent to allow our agency to access these databases as a condition of benefit receipt. All current due process and appeal rights would be preserved.
- 3. Government-wide Use of Customs and Border Protection Entry/Exit Data.** This proposal would provide Federal agencies access to and use of Customs and Border Protection entry and exit data (i.e., when individuals enter and exit the United States). Generally, U.S. citizens can receive Old-Age, Survivors, and Disability Insurance (OASDI) benefits regardless of place of residence. Non-citizens may be subject to additional residency requirements. However, an SSI beneficiary who is outside the United States for a full calendar month is not eligible for benefits that month. We would use this data match to prevent improper payments. These data have the potential to be useful across the Government to prevent improper payments.
- 4. Authorize SSA to Use All Collection Tools to Recover Funds.** Current law provides SSA only limited authority to recover certain incorrect payments that do not meet the statutory definition of an overpayment. Such incorrect payments include when someone improperly cashes a beneficiary's check or improperly removes benefit funds from a joint account after a beneficiary's death. Because these incorrect payments are not considered overpayments, our recovery options are limited. Additionally, this proposal would provide us the authority to recover court-ordered judgments payable to the Commissioner. These proposed changes would expand our agency's authority to recover funds and end disparate treatment of similar types of improper payments, using all of our overpayment collection tools, such as credit bureau reporting and administrative wage garnishment.
- 5. Hold Fraud Facilitators Liable for Overpayments.** The proposal would allow our agency to recover the overpayment of a beneficiary from a third party if said third party was responsible for making fraudulent statements or providing false evidence that allowed the beneficiary to receive payments that should not have been paid. Specifically, in any case in which a third party facilitates fraud against any program administered by the Commissioner of Social Security, by providing false evidence or by creating such false evidence which is submitted to

the Commissioner, the third party or parties would be jointly and severally liable for the erroneous benefit made because of the fraud. The third party facilitator could not seek waiver of the overpayment, and such overpayment would be in addition to any other penalties that may be imposed on such third party. The third party would be required to repay the Commissioner the amount of any erroneous payment together with the interest. Such interest would be calculated in the same manner as interest would be calculated for persons who have underpaid Federal taxes (in accordance with Section 6621(a) (2) of the Internal Revenue Code).

- 6. Increase the Overpayment Collection Threshold for OASDI.** This proposal would change the minimum monthly withholding amount for recovery of Title II benefit overpayments for the first time, since the agency established the current minimum of \$10 in 1960. By changing this amount from \$10 to 10 percent of the monthly benefit payable, our agency would recover overpayments more quickly and better fulfill its stewardship obligations to the combined OASDI Trust Funds. The SSI program already uses a 10 percent recovery policy. If the beneficiary cannot afford to have that amount withheld because he or she cannot meet ordinary and necessary living expenses, the beneficiary may request partial withholding. To determine a proper partial withholding amount, we negotiate (as well as re-negotiate at the overpaid beneficiary's request) a partial withholding rate.
- 7. Exclude SSA Debts from Discharge in Bankruptcy.** Debts due to an overpayment of Social Security and SSI benefits are generally dischargeable in bankruptcy. The Budget includes a proposal to exclude such debts from discharge in bankruptcy. This proposal would help ensure program integrity by increasing the amount of overpayments our agency recovers. Current administrative protections regarding waiver of overpayments, including waivers related to undue hardship, would remain.
- 8. Test New Approaches to Increase Labor Force Participation.** The Budget proposes to evaluate creative and effective ways to promote greater labor force participation of people with disabilities by expanding demonstration authority that allows our agency, in collaboration with other agencies, to test new program rules and requires mandatory participation by program applicants and beneficiaries. An expert panel will identify specific changes to program rules that would increase labor force participation and reduce program participation, informed by successful demonstration results and other evidence.
- 9. Reinstating the Reconsideration in 10 Prototype States.** The Budget proposes reinstating reconsideration in 10 States, conforming these States with the practices used in the rest of the country. This reform requires a second review by the State disability determination services before an appeal goes to an administrative law judge (ALJ). Other States already require disability applicants to have their claim "reconsidered" before they can appeal to an ALJ. The following 10 States are currently without the reconsideration level of appeal: Alabama, Alaska, California (partial), Colorado, Louisiana, Michigan, Missouri, New Hampshire, New York, and Pennsylvania.
- 10. Reduce 12 Month Retroactive DI Benefits to 6 Months.** New DI beneficiaries are eligible for up to 12 months of benefits before the date of their application, depending upon the date they became disabled. This proposal would reduce retroactivity for disabled workers, which is the same policy already in effect for individuals receiving retirement benefits. This proposal will not modify retroactivity for Medicare eligibility.

- 11. Eliminate Workers' Compensation (WC) and Temporary Disability Reverse Offset.** In most States, if an individual concurrently receives WC or Public Disability Benefits (PDB) and DI, we may offset his or her DI benefits. Currently, some States instead have “reverse offset,” whereby the WC or PDB is reduced due to the receipt of DI benefits. This proposal would eliminate reverse offsets in these States, allowing our agency to consistently offset DI benefits because of WC or PDB receipt (when needed) regardless of the State in which the WC is being paid, and require all States to provide our agency with State WC and PDB information.
- 12. Create a Sliding Scale for Multi-Recipient SSI Families.** Currently, families receive an equal amount for each SSI child recipient. However, economies of scale in some types of consumption—housing, in particular—reduces per capita living expenses and therefore means that two children generally do not need twice the income to be supported as one child. Federal poverty guidelines and other means-tested benefits take into account these efficiencies. The Budget proposes to create a sliding scale family maximum for SSI disability benefits that considers the number of additional family recipients. This proposal would gradually decrease benefits to each eligible child as the number of eligible children in the family increases.
- 13. Strengthening Child Support Enforcement and Establishment.** We reduce a child's monthly SSI benefit by up to two thirds of any monthly child support payment he or she also receives. The President's Budget includes several proposals aimed at increasing and improving child support collections and program efficiency. By increasing the amount of child support collected, these proposals would result in savings to the SSI program.
- 14. Improve SSI Youth Transition to Work.** The SSI transition-age (ages 14 to 25) youth population, despite their disabilities, should have equal opportunities, as they become adults to work and achieve self-sufficiency. Unfortunately, a majority of each new generation of SSI youth move directly onto the adult SSI program at age 18 and those who do not remain on SSI (approximately 40 percent) have lives marked by low labor force participation in adulthood and persistent poverty. In particular, the Budget proposes three areas of reform to improve the life outcomes and connect SSI youth to work.

First, the Budget would better identify medical improvement at the earliest point to increase oversight and signal the importance of SSI youth investing in their education and development. The Budget proposes to (a) institute age 6 and 12 initial disability reviews and (b) increase the frequency and effectiveness of continuing disability reviews (CDR) by expanding the CDR diary system for all disability beneficiaries from three to four categories, allowing SSA to conduct CDRs more frequently for those medical impairments that are expected or likely to improve.

Second, the Budget would improve SSI youth work incentives by eliminating administrative barriers and increasing the value of work by proposing to disregard all earned income and eliminate income reporting requirements through age 20, provide a higher disregard of earnings with a gradual phase-down for SSI recipients between ages 21 and 25, and eliminate school enrollment reporting requirements.

Finally, the Budget would improve access to vocational rehabilitation services for SSI transition age youth by allowing SSA to make referrals to these services.

**15. SSI Simplification Reforms.** Currently, SSI recipients can receive lower benefits if they are earning, or otherwise receiving, income. This includes non-cash income, such as assistance by a roommate or family member in paying the recipient's share of the household expenses such as food and shelter. This type of income is called in-kind support and maintenance (ISM) and is difficult to accurately value because it can fluctuate each month as household expenses and composition and the type of assistance provided may change. This proposal will replace ISM with a flat-rate benefit reduction for adults living with other adults.

This proposal will make two additional changes to simplify the program and reduce the burden on beneficiaries and representative payees. It will eliminate the holding out policy, which requires our agency to ask invasive questions to determine whether two unrelated adults who live together, and are not married, are holding themselves out to their community as being married. It will also eliminate the dedicated account policy, which requires representative payees to open separate accounts in order to receive SSI underpayments and limits how funds in the accounts can be used. These requirements confuse representative payees, who are often parents, and restrict their ability to decide which expenditures are in the best interests of their disabled children.

**16. Eliminate Representative Payee Accounting for Spouses and Parents.** We are currently required to obtain an annual accounting report for approximately 5.8 million beneficiaries each year per the *Jordan* class action suit, and Section 205(j) of the Social Security Act. As a result, our agency is obligated to send, track, and analyze annual accounting reports, which requires a high level of administrative effort. While we are still bound by the *Jordan* decision, this proposal would eliminate the statutory requirement for annual payee accounting for spouses and parents, which the Department of Justice has indicated is a prerequisite to allowing our agency to request relief from the court decision for these types of payees.

**17. Improve Collection of Pension Information from States and Localities.** Current law requires our agency to reduce OASDI benefits when someone also receives a pension based on work that was not covered by Social Security. We currently have a matching agreement with the Office of Personnel Management to obtain information on Federal government retirees who receive a pension from work not covered by Social Security. However, we generally lack a way to receive similar information from State and local governments. As a result, many of these pensions go unreported, leading to improper payments. The Budget proposes legislation that would improve reporting for non-covered pensions by including up to \$70 million for administrative expenses, \$50 million of which would be available to the States, to develop a mechanism so that our agency could enforce the offsets for the Windfall Elimination Provision and Government Pension Offset. This proposal would require our agency and State and local government pension payers to enter into automated data exchange agreements to facilitate reporting of information about pensions based on non-covered work.

**18. Additional Debt Collection Authority for Civil Monetary Penalties (CMP) and Assessments.** This proposal would establish statutory authority for the agency to use the same debt collection tools (e.g., Federal Offset Program and Administrative Offset) available for recovery of delinquent overpayments towards recovery of delinquent CMP and assessments. This change would assist our agency with ensuring the integrity of our programs and increase the amount of monies that we recover.

- 19. Representative Fee and Approval Process Change.** This proposal relieves our agency of responsibility for fee approval, withholding, and payment functions; however, it would not affect our ability to prescribe who may and may not represent claimants. This proposal would streamline and decrease our operations and hearings workloads, allowing employees to focus on adjudicating more cases and completing other high priority workloads, thereby better serving the public.
- 20. ALJ Reforms.** The ALJ system is in need of additional flexibility. Currently, ALJs are hired for an indefinite period and without a probationary period. They also enjoy very substantial protections from disciplinary actions. Once hired, ALJs are very difficult to remove. However, there have been recent cases where an ALJ was hired, and it became clear that the individual would be unsuccessful at the job. Additionally, some agencies experience workload surges where an influx of ALJ talent is needed for a specific period of time, but not thereafter. This proposal would increase flexibility in ALJ hiring and discipline, by among other things, introducing probationary periods for newly hired ALJs and permitting the hiring of ALJs for limited terms to address variations in agency workflow. The proposed change would also allow the faster removal of ALJs who commit misconduct and ensure the proper appointment of ALJs.

# **APPENDIX C – OFFICE OF THE INSPECTOR GENERAL**

The fiscal year (FY) 2019 request for the Office of the Inspector General (OIG) is \$105.5 million, level with our FY 2017 and FY 2018 President’s Budgets. In addition to the \$105.5 million, we are proposing SSA to transfer up to \$10 million of its program integrity cap adjustment funds in the LAE account to the OIG for expenses associated with OIG cooperative disability investigations (CDI) unit team leaders. This important anti-fraud activity is an authorized use of the cap adjustment.

OIG is responsible for meeting the statutory mission of promoting economy, efficiency, and effectiveness in the administration of our agency’s programs and operations; and preventing and detecting fraud, waste, abuse, and mismanagement in such programs and operations. To accomplish this mission, OIG conducts and supervises a comprehensive program of audits, evaluations, and investigations. OIG also searches for and reports on systemic weaknesses in the agency’s programs and operations, and makes recommendations for needed improvements and corrective actions. OIG strives for continual improvement in the agency’s programs, operations, and management by proactively seeking new ways to prevent and detect fraud, waste, and abuse. OIG commits to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention, and fostering diversity and innovation. The requested funding will enable OIG to fund its investigative and audit initiatives, including expansion of the CDI program, and allow OIG to meet its employee training needs.