

FISCAL YEAR 2020 BUDGET OVERVIEW

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A MESSAGE FROM THE ACTING COMMISSIONER

It has been my honor to be Acting Commissioner of the Social Security Administration. Having started my public service career over 40 years ago in a Social Security field office, I have seen firsthand the impact our programs have on the lives of individuals. Our programs affect nearly every person at some point: when they retire, after the onset of a disability, or following the death of a loved one. Over 42 million people visit our field offices and about 32 million people contact our National 800 Number to obtain services.

I have dedicated my career to the mission of Social Security. As Acting Commissioner, I have refocused our resources to our core mission and the challenges we face. The American public deserves a Social Security Administration that delivers timely, quality services, is an efficient organization, and a good steward of the taxpayers' dollars.

We recognize our challenges and have plans in place to address them. We have a complex disability program with a backlog of people waiting for a hearing decision. We have a backlog in our processing centers (PC), which among other workloads, address the changes that occur when people are receiving benefits—changes that are necessary to prevent improper payments. Our information technology (IT) infrastructure, while stable, is increasingly complex and costly to maintain.

We have made great progress over the last year in addressing our challenges. The President's Budget lays out how we will continue to improve our service, stewardship, and modernization efforts. For example, in fiscal year (FY) 2018, we decreased the number of people waiting for a hearing decision by about 200,000, or nearly 20 percent, from the previous year. We will continue our progress by significantly reducing the average wait for a hearing decision in FYs 2019 and 2020, and by eliminating the hearings backlog in FY 2021. We will make measurable progress on our IT modernization efforts, including implementing new customer support tools, retiring old "green screens" that our employees use to process benefit applications and replacing them with web-based screens, generating notices to our online message center, and modernizing our business processes. We will continue to build upon our efforts to detect and deter improper payments to ensure taxpayer resources are spent properly. Lastly, we will enhance the security of our systems while efficiently managing our agency.

For more than 80 years, we have been a steward of the public's investment by providing oversight over our programs while also offering competent service. With continued support from the Congress, we will deliver timely, quality service to the over 70 million people who depend on these programs. We will also focus our attention on enhancing service for those individuals that choose to visit a field office or call our National 800 Number.

Respectfully,



Nancy A. Berryhill

Baltimore, Maryland
March 2019

OUR PROGRAMS

Few government agencies touch the lives of as many people as we do. We administer three programs under the Social Security Act, as amended:

- **Old-Age and Survivors Insurance:** Established 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) 2020, we will pay monthly OASI benefits to about 55 million beneficiaries on average each month, and pay a total of about \$950 billion to OASI beneficiaries through the fiscal year.
- **Disability Insurance:** Established in 1956, the Disability Insurance (DI) program provides benefits for workers who become disabled and their families. In FY 2020, we will pay monthly DI benefits to an average of over 10 million beneficiaries, and pay a total of about \$150 billion to DI beneficiaries through the fiscal year.
- **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 2020, we will pay SSI benefits to about 8 million recipients on average each month (about 2.7 million of whom concurrently receive OASI or DI benefits), and pay a total of approximately \$60 billion in SSI Federal benefits and State supplementary payments through the fiscal year.

In addition, we support national programs administered by other Federal and State agencies, as required by law, such as Medicare, Employee 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 2020, we will handle over 6.3 million retirement, survivors, and Medicare claims; more than 2.2 million Social Security and SSI initial disability claims; and about 195,000 SSI aged claims.
- **Appeals:** We have three levels of administrative appeals for claimants who disagree with our decisions:
 - 1) Reconsideration of a claim,
 - 2) Hearing before an administrative law judge (ALJ), and
 - 3) Review of ALJ decisions by the Appeals Council.

These appeals are non-adversarial, and claimants may submit new evidence for review. 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 2020, we will

complete approximately 660,000 reconsiderations, 693,000 hearings, 189,000 Appeals Council reviews, and 18,500 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 2020, we will conduct 2.822 million SSI redeterminations and 674,000 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 2020, we will complete requests for approximately 17 million new and replacement Social Security cards.
- **Earnings Records:** We receive updates on the earnings of the working population from employers and the self-employed. We post the reported earnings to workers' records and resolve any discrepancies. In FY 2020, we will post 285 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 are not registered for a *my Social Security* account.
- **Post-Entitlement Services:** In FY 2020, we will complete more than 100 million post-entitlement actions for beneficiaries and recipients, such as issuing emergency payments, recomputing payment amounts, and address changes.
- **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 2020, we will handle about 800,000 Medicare subsidy applications and complete other Medicare-related work activities. We will also continue to support the Centers for Medicare and Medicaid Services (CMS) in removing the SSN 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 2018 ACCOMPLISHMENTS

In FY 2018, we made significant progress in reducing our disability hearings and processing center (PC) backlogs. At the same time, we completed record levels of program integrity work and eliminated the backlog of CDRs. We successfully executed the first year of our five-year plan to modernize our legacy information technology (IT) systems and focused on the use of data analytics to drive business decisions and policy changes. In addition, we continued implementation of cybersecurity initiatives to ensure the protection of our data.

In FY 2018, we accomplished the following activities:

- Paid over \$1 trillion through the course of the fiscal year to an average of more than 70 million Social Security beneficiaries and SSI recipients each month;
- Handled approximately 32 million calls on our National 800 Number;
- Served over 42 million visitors in over 1,200 field offices nationwide;
- Completed over 5.8 million claims for retirement and survivor benefits;
- Completed about 2.3 million initial disability claims, 542,000 reconsiderations, 766,000 hearings dispositions, 156,000 Appeals Council requests for review, and 19,000 Federal court cases;
- Completed about 17 million applications for new and replacement Social Security cards;
- Completed about 284 million earnings reports to workers' records;
- Completed about 897,000 full medical CDRs;
- Processed approximately 2.9 million non-medical redeterminations of SSI eligibility; and
- Completed 163 million transactions on *my Social Security* web portal.

FY 2020 PRESIDENT'S BUDGET HIGHLIGHTS

With our FY 2020 Budget of \$12.773 billion, we expect to:

- Focus resources on frontline services, concentrating on reducing key backlogs;
- Streamline our disability determination policies and processes, and continue to implement the return to a uniform, national disability process by reinstating the reconsideration appeal level in 10 States;
- Reduce the hearings backlog and wait times, putting us on the path to eliminate the backlog in FY 2021;
- Focus on the PC backlog with additional resources, effective business strategies, and enhanced automation;
- Continue to execute our IT Modernization Plan to improve public service, reduce costs, and enhance data-driven decision-making;
- Continue our effort to replace our telephone systems with one unified communications platform that enables more advanced capabilities;
- Enhance and expand our online service capabilities, emphasizing one point of entry for online services with *my Social Security*;
- Deploy our disability case processing system to additional States;
- Enhance payment accuracy efforts and make improvements to our death reporting and debt management systems; and
- Continue to implement key cybersecurity initiatives and support strategic partnerships with other Federal agencies.

FY 2020 FUNDING TABLE

	FY 2018 Actual	FY 2019 Estimate	FY 2020 Budget
Budget Authority, One Year (in millions)			
Limitation on Administrative Expenses (LAE) ¹	\$12,493	\$12,732	\$12,773
<i>Bipartisan Budget Act Program Integrity Level, Base and Cap, included in LAE</i> ²	(\$1,735)	(\$1,683)	(\$1,582)
Office of the Inspector General (OIG) ³	\$106	\$106	\$106
Subtotal, One-Year Budget Authority	\$12,599	\$12,838	\$12,879
Budget Authority, Multi/No-Year (in millions)			
Research and Demonstrations ⁴	\$101	\$101	\$101
Dedicated Funding to Reduce the Hearings Backlog ⁵	\$100	\$100	\$0
Dedicated Funding for IT Modernization ⁶	\$280	\$45	\$0
Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) ⁷	\$27	\$0	\$0
Subtotal, Multi/No-Year Budget Authority	\$508	\$246	\$101
Total Budget Authority	\$13,107	\$13,084	\$12,980
Workyears			
Social Security Administration (SSA)			
Full-Time Equivalents	60,379	61,822	60,997
Overtime	3,003	2,407	1,498
Lump Sum Leave	197	250	250
Total SSA Workyears⁸	63,579	64,479	62,745
Disability Determination Services (DDS)	13,665	13,551	13,148
Total SSA/DDS Workyears	77,244	78,030	75,893
MACRA	14	8	2
Total SSA/DDS/MACRA Workyears	77,258	78,038	75,895
OIG	502	548	587
Total SSA/DDS/MACRA/OIG Workyears	77,760	78,586	76,482

¹ FY 2020 Budget proposes that the total requested LAE budget authority of \$12.773 billion be offset by fees collected for replacement Social Security cards (estimated at \$270 million).

² FY 2018 program integrity funding is available for 18 months through March 31, 2019. FY 2019 program integrity funding is available for 18 months through March 31, 2020. The Budget assumes appropriations language for FY 2020 will provide for similar 18-month authority through March 31, 2021.

³ Public Law 115-245 allows SSA to transfer up to \$10 million of program integrity funds in the LAE account to the OIG for the costs associated with jointly operated cooperative disability investigations units in FY 2019, and the Budget continues this transfer in FY 2020. This line does not include the transfer of \$10 million in FY 2019, nor does it include a transfer of funds in FY 2020 as the budget authority is captured as part of LAE.

⁴ Congress appropriated \$101 million in FY 2018 (available through September 30, 2020) and \$101 million in FY 2019 (available through September 30, 2021) for research and demonstrations projects.

⁵ Congress appropriated \$100 million in FY 2018 (available through September 30, 2019) and \$100 million in FY 2019 (available through September 30, 2020) to address the disability hearings backlog.

⁶ Congress appropriated \$280 million in FY 2018 (available until expended) and \$45 million in FY 2019 (available until expended) for IT modernization.

⁷ Congress appropriated \$98 million to implement certain provisions of MACRA, of which \$27 million was provided for FY 2018 (available until expended). There is no new funding after FY 2018.

⁸ Full-time equivalents and overtime workyears include those funded from dedicated funding to reduce the hearings backlog and dedicated funding for IT modernization.

FY 2020 PERFORMANCE TABLE

Workload and Outcome Measures	FY 2018 Actual	FY 2019 Estimate ¹	FY 2020 Budget
Retirement and Survivor Claims			
Retirement and Survivor Claims Completed (thousands)	5,862	6,009	6,324
Disability Claims			
Initial Disability Claims Receipts (thousands)	2,354	2,295	2,376
Initial Disability Claims Completed (thousands)	2,307	2,295	2,241
Initial Disability Claims Pending (thousands)	565	565	700
Average Processing Time for Initial Disability Claims (days)	111	113	113
Disability Reconsiderations			
Disability Reconsiderations Receipts (thousands)	553	635	740
Disability Reconsiderations Completed (thousands)	542	597	660
Disability Reconsiderations Pending (thousands) ²	115	153	233
Average Processing Time for Disability Reconsiderations (days) ^{3,4}	103	105	105
Hearings			
Hearings Receipts (thousands)	568	511	487
Hearings Completed (thousands)	766	779	693
Hearings Pending (thousands)	858	591	385
Annual Average Processing Time for Hearings Decisions (days) ⁵	595	515	390
National 800 Number⁶			
National 800 Number Calls Handled (millions)	32	36	36
Average Speed of Answer (ASA) (minutes)	24	13	15
Agent Busy Rate (percent)	15%	9%	12%
Program Integrity			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	2,286	1,803	1,774
Full Medical CDRs (included above, thousands)	897	703	674
SSI Non-Medical Redeterminations Completed (thousands)	2,913	2,822	2,822
Selected Other Agency Workload Measures			
Social Security Numbers (SSN) Completed (millions)	17	17	17
Annual Earnings Items Completed (millions)	284	285	285
Social Security Statements Issued (millions) ⁷	15	15	15
Selected Production Workload Measures			
Disability Determination Services Production per Workyear	310	302	306
Office of Hearings Operations Production per Workyear	103	105	107
Other Work/Service in Support of the Public-Annual Growth of Backlog (workyears)	N/A	(700)	(2,300)

¹ FY 2019 estimates generally align with the targets in our FY 2019 Operating Plan. However, some estimates have changed due to updated claims receipt projections from our Office of the Chief Actuary, which affect multiple workloads.

² The increase in pending is a result of the phased-in reinstatement of the reconsideration process in the 10 prototype States.

³ Reconsideration processing times could increase slightly due to reconsideration reinstatement and the effect of a learning curve in the prototype States. We will continue to monitor closely.

⁴ Average processing time does not include the special processing of iAppeals claims that involve a specific universe of online appeals that claimants abandoned prior to completion.

⁵ Average processing time for hearings is an annual figure. End of year (September) processing time for hearings is estimated at 460 days and 330 days for FYs 2019 and 2020, respectively.

⁶ Due to higher than expected call volumes, attrition, and new hires that are not yet fully productive, FY 2019 ASA and ABR are expected to be higher than originally projected.

⁷ The Social Security Statements Issued measure includes paper statements only; it does not include electronic statements issued. In FY 2018, *my Social Security* users accessed their Social Security Statements 45.1 million times. In FYs 2019 and 2020, we will send paper 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, consistent with FY 2018.

DELIVER SERVICES EFFECTIVELY

Individuals who need to conduct Social Security business may contact us online, over the phone, or by visiting one of our local offices. Often the first point of contact is through our website, which provides a wealth of information and a suite of online services. Our customer service representatives are also available to serve the public on our National 800 Number and in our network of local field offices across the country.

This Budget proposes further investments in our online services and automation as well as staff to improve our frontline service and to reduce our hearings and PC backlogs. Our investments will improve customer experience and increase the timeliness of our actions.

Online Services

Our biennial survey of future customers shows an increasing preference for conducting business online, and a consistently strong preference for conducting business by telephone. In FY 2018, the public conducted over 163 million transactions through our online services. We expect the number of successfully completed transactions in FYs 2019 and 2020 to increase annually by 10 million.

my Social Security is our online portal for the public. It is a convenient, safe online option for people interested in viewing their Social Security records or conducting business with us. With about 6 million people creating a new *my Social Security* account each year, we had nearly 39 million registered users at the end of FY 2018. The Budget supports the expansion of *my Social Security* services, as well as efforts to strengthen and modernize our methods to authenticate our customers' identities and authorize their use of electronic services.

Provide Real-Time Assistance to Online Users

Click-to-Chat is a new feature in *my Social Security* that allows users to communicate with us online in real time. We launched this feature in June 2018 for 10 percent of *my Social Security* users, and in August, we increased it to 30 percent of users. In FYs 2019 and 2020, we will consider expanding Click-to-Chat to reach additional *my Social Security* users. We will use our experience to explore enhancements to the Chat application and our business processes.

Expand Internet Replacement of Social Security Number Cards

Each year, we process over 10 million applications for 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.

In FY 2018, we expanded iSSNRC to 8 additional States, and so far in FY 2019 we have expanded to 2 additional States, making the iSSNRC option available in 34 States and the District of Columbia. We will continue to expand iSSNRC to additional States throughout FY 2019.

Enhance Online Appeals

In FY 2017, we implemented our iAppeals Non-Medical online application for people who are appealing an agency decision for issues such as overpayments and Medicare premium rates. In FY 2018, we expanded the iAppeals application to include iAppeals Medical that allows people to request an appeal of disability-related cases. This release improves how we input, track, and assign cases and makes it easier for claimants and appointed representatives to file requests for appeals.

In FY 2019, we will further streamline the appeal filing process by providing a single online entry point that will route beneficiaries and appointed representatives to the appropriate medical or non-medical appeal. We also plan to enhance screen navigation and clarify language to reduce the potential for claimants and appointed representatives to abandon online appeals unintentionally. In FY 2020, we plan to integrate iAppeals Medical and iAppeals Non-Medical into a single application. We will also place iAppeals behind the *my Social Security* portal for enhanced security and increased information sharing with claimants.

Enhance Security of Online Claims

We continue to strengthen the security of our online services. We are improving our ability to prevent fraudulent activity associated with iClaims by developing real-time, risk-based, adaptive authentication mechanisms, which use multiple factors to confirm a user's identity. In FY 2018, we implemented authentication for first party iClaim applicants and changes to the Modernized Claim System. In FY 2019, we plan to implement an enhancement requiring third-party filers to authenticate.

National 800 Number

The Budget also supports our National 800 Number, which handles about 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. In FY 2018, we answered calls within an average of 24 minutes and with an average agent busy rate of about 15 percent. In FY 2020, we expect the average wait time to be about 15 minutes and the average agent busy rate to be about 12 percent.

Implement Unified Communications Platform

We currently maintain three independent telephone systems: the National 800 Number, field office telephone system, and national headquarters system. The unified communications platform is a multi-year effort that will allow us to move away from our legacy telephone contracts, reduce costs, and set the stage for more advanced multi-channel capabilities. In its first year, the unified communications project will largely focus on replacing aging legacy phone systems. We are procuring a single platform to replace these systems and to build a single phone system across the entire agency. Ultimately, our one system will deliver calls to any technician at any place at any time.

In FY 2019, we plan to award the contract for the unified communications platform, and in FY 2020, we will begin implementation to enable audio, video, web, desktop, and mobile telecommunications as single enterprise solutions. The Budget funds these additional capabilities using a competitive acquisition process.

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 a broad range of services. Our customer service representatives handle benefit claims and appeals, process applications for Social Security cards, enroll people in Medicare, and address other needs and questions from field office visitors. Our field office staff also play a critical role in our stewardship responsibilities by redetermining eligibility for SSI benefits and initiating CDRs. The Budget invests in our frontline staff and the IT enhancements that help them serve millions of customers.

Expand Video Service Delivery

Video service delivery allows us to balance our workloads, reduce wait times, and provide a face-to-face service option for individuals living in remote areas. We currently offer a general video service option in nearly 700 sites across the country, and we completed over 100,000 transactions using video in FY 2018. We plan to maintain this level in FYs 2019 and 2020.

In FYs 2019 and 2020, we will continue to partner with other organizations (e.g., U.S. Department of Veterans Affairs, U.S. Department of Health and Human Services, and tribal governments) to offer more video service options and to increase awareness and participation. We also plan to expand video service delivery in disability determination services (DDS) hearing units and corresponding field offices.

Collect Social Security Card Fees on Replacement Social Security Cards

The Budget requests the authority to offset some of our administrative expenses by charging a fee for issuing Social Security replacement cards. The original card we issue when we establish a Social Security Number is free. The fee for replacement cards will be \$25 for in person and mail requests and \$7 for online requests. The new fee would partially offset the administrative costs of processing replacement card requests. It would also help us gradually move towards our goal of reducing dependence on the physical Social Security card, thereby lessening the risk of identity theft and fraud. To ensure a seamless transition, we will leverage existing systems to collect these fees. We also will update our publications and website to make sure our new fee collection process is clear.

Processing Centers

Our PCs handle actions after we determine benefit eligibility and support our field and hearing offices by handling the most-complex benefit payment decisions, administering appeals decisions, collecting debt, correcting records, and performing program integrity work.

Reduce the Processing Center Backlog

Currently, the PCs are working through a backlog of pending actions. Our PCs reduced the number of pending actions to 3.2 million as of September 2018, a 37 percent decrease from an all-time high of more than 5 million in January 2016. We targeted hiring and overtime in the PCs, and we continue to focus on automation, workflow enhancements, and quality initiatives to improve PC performance. Through our IT modernization initiative, we will continue to pursue opportunities to reduce the PC backlog by streamlining and automating manual PC workloads. These efforts will help us work towards

reducing the number of pending actions to 2.5 million by the end of FY 2020. However, the outcome of the court case, *Steigerwald v. Berryhill*, could impede our progress in reducing the PC backlog.

We Will Continue to Reduce PC Pending Actions

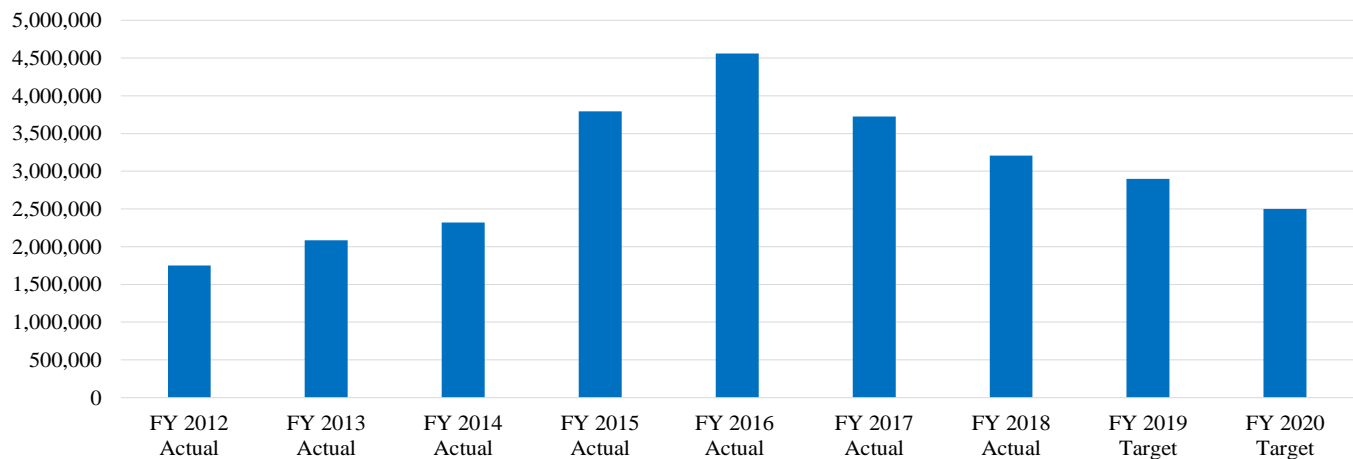


Figure 1. The number of pending actions in our PCs at the end of each fiscal year.

Disability Determination Services

State disability examiners in the 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. In FY 2019, we expect the DDSs to complete over 2.29 million initial disability claims and 597,000 reconsiderations. In FY 2020, we expect them to complete over 2.24 million initial disability claims and 660,000 reconsiderations.

The DDSs also determine continuing eligibility by conducting CDRs. In FY 2018, the DDSs completed approximately 897,000 full medical CDRs, and we expect them to complete 703,000 full medical CDRs in FY 2019. In FY 2020, we expect to remain up to date by completing 674,000 full medical CDRs.

Reinstate the Reconsideration Process

Previously, claimants in 10 prototype States were without the reconsideration step and appealed directly to an ALJ—a remnant from a pilot begun in 1999. In January 2019, we began restoring the reconsideration step in 5 States and plan to return all 10 States to a uniform administrative review process by FY 2020. Reinstating the reconsideration step will benefit the public. We will have a nationally consistent, more efficient disability process that will provide standardized service to residents in every State. Some claimants will receive their benefits sooner at the reconsideration step rather than waiting for a favorable decision by an ALJ. Reinstating the reconsideration step will also reduce the number of claimants waiting for an ALJ decision, helping us accelerate the hearings backlog reduction

goal from the end of FY 2022 to FY 2021. We continue to examine ways to improve the disability process, including the reconsideration step.

Hearing Offices

The second level of administrative appeal is a hearing before an ALJ. We decide claimants' hearing requests through our nationwide network of 164 hearing offices, 5 National Hearing Centers, 5 National Case Assistance Centers, and several hundred remote sites. Claimants have their hearings in person or by video. We rely on our ALJs and support staff to issue a decision for each claimant. While our ALJs decide whether a claimant qualifies for benefits, our support staff prepare cases, contact claimants and their representatives, and write decisions for the ALJs.

Reduce the Hearings Backlog

Eliminating the hearings backlog and reducing the time it takes to get a hearing decision remains one of our most critical priorities. Our plan for Compassionate And REsponsive Service (CARES) is a multi-pronged approach to eliminate the hearings backlog through increased decisional capacity, business process efficiencies, and IT innovations. With our CARES plan and the \$290 million in dedicated hearings backlog funding we received in FYs 2017 through 2019, we plan to eliminate the hearings backlog and reduce the average wait for a hearing decision to 270 days in FY 2021.

We have reduced the number of pending hearing requests each consecutive month since January 2017. In early March 2018, hearings pending dropped below 1 million for the first time since October 2014. In August 2018, we reduced the number of people waiting for a hearing decision to under 900,000 for the first time since December 2013. In January 2019, less than 800,000 people were waiting for a hearing decision. In FYs 2019 and 2020, we expect to continue to make substantial progress on the hearings backlog and reduce the time it takes to receive a hearing decision from 582 days in September 2018 to 330 days in September 2020.

We are continuing to see the benefits of hires from previous years, improve our business processes, and make IT investments in our hearings operations. We plan to create quality assurance tools to improve policy compliance of drafted decisions and design a new hearings and appeals case processing system. In addition, we plan to expand our video hearings network, which we rely on to balance workloads nationally and provide more timely service to claimants served by hearing offices with the longest wait times. With these investments in IT and staffing, along with reinstating the reconsideration step in our DDSs, we expect to end FY 2019 with 591,000 hearings pending and an annual average wait time of 515 days. By the end of FY 2020, we expect to have 385,000 hearings pending and an annual average wait time of 390 days.

We Will Continue to Address the Number of Hearings Pending

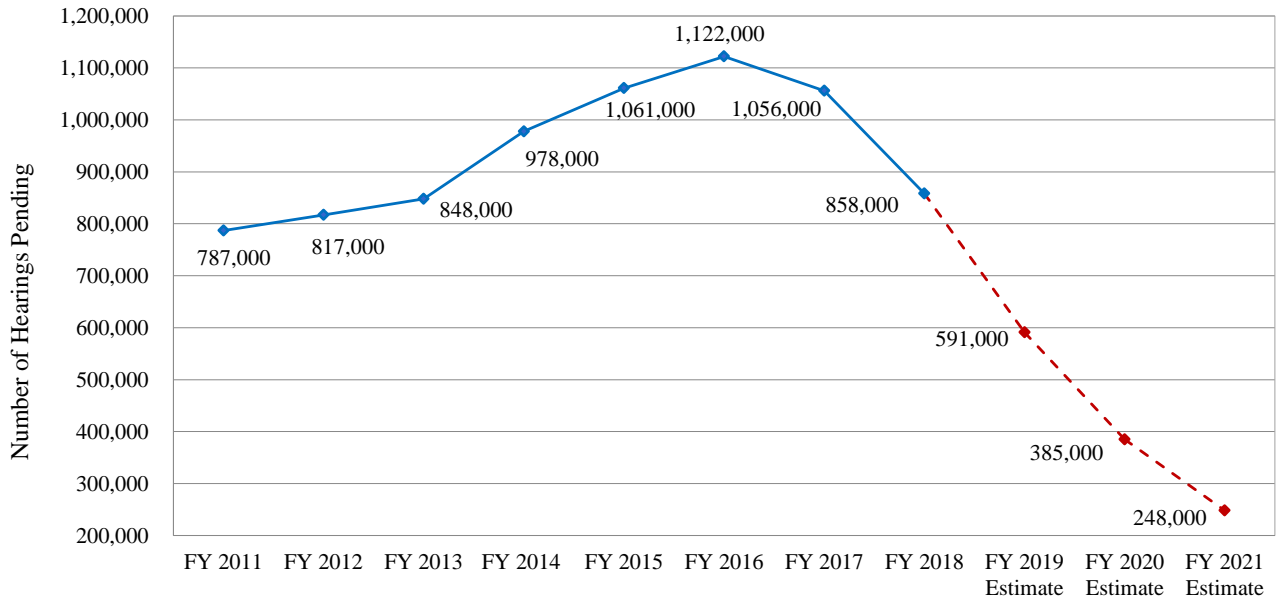


Figure 2. The number of hearings pending in the Office of Hearings Operations at the end of each fiscal year from 2011 to 2021.

We Plan to Eliminate the Hearings Backlog by the End of FY 2021

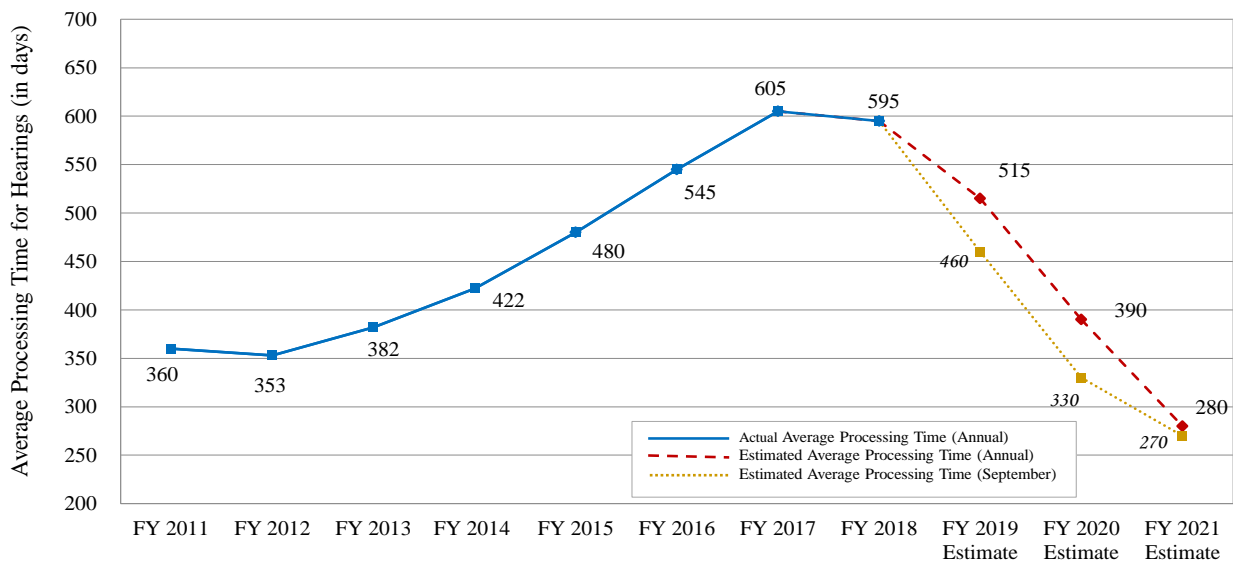


Figure 3. The average processing time (annual), also referred to as the average wait time, is the average number of days a person waits for a decision by an ALJ throughout a single fiscal year. The average processing time (September) is the average number of days a person waits for an ALJ’s decision for the month of September. Processing time begins on the day a person requests a hearing before an ALJ and ends when a decision is issued.

Appeals Council

The third and final level of administrative appeal for a claimant is to request a review from the Appeals Council. The Appeals Council may also initiate a review on its own accord. The Appeals Council is composed of administrative appeal judges (AAJ) and appeals officers, who are assisted by analysts and support staff. AAJs review cases for policy compliance and may affirm, modify, or reverse a decision; remand a case to an ALJ for further proceedings; or dismiss the appeal request. In addition, the Appeals Council conducts pre-effectuation reviews of ALJ decisions and post-decision reviews. We expect the Appeals Council will issue decisions on 140,000 cases in FY 2019 and 189,000 cases in FY 2020.

Federal Court

After the final agency decision, a claimant who is dissatisfied with the final decision may file an appeal in a U.S. district court. The U.S. Attorney's Office, in collaboration with our Office of the General Counsel, represents the agency in an adversarial proceeding before a Federal judge or magistrate. The Federal court may affirm, modify, or reverse the agency's decision, as well as remand a case to us for further proceedings. Successive appeals may be heard in the U.S. Courts of Appeals and the U.S. Supreme Court. We expect to handle around 18,000 cases in FY 2019 and 18,500 in FY 2020.

Representative Payee Program

In FY 2018, over 10 percent of beneficiaries had a representative payee assisting them with managing their benefits. We oversee about 5.8 million payees managing \$70 billion in annual benefits. The Congress passed the Strengthening Protections for Social Security Beneficiaries Act of 2018 to focus on the challenge of ensuring these representative payees are acting in the beneficiary's best interest. The Budget supports our continuous monitoring of representative payees and research on how we can improve the representative payee program.

The Act removed a requirement for certain payees to file an annual accounting form that records how they spent Social Security or SSI benefits.¹ We no longer require annual accounting forms from payees who are spouses, parents, or legal guardians of a minor child who resides in the same household, and parents of an adult child who has a disability who resides in the same household. We will use efficiencies gained from eliminating these reviews to refocus our monitoring and protection efforts on the other representative payee review enhancements stipulated in the Act.

The Act requires us to explore different means of protecting beneficiaries through information sharing. We will establish automated monthly data exchanges to obtain State foster care data to redetermine the appropriate representative payee when a change in placement occurs. We will also study the feasibility of information sharing with adult protective services agencies to identify changes in the capability of beneficiaries and improve monitoring of payees. We will enter into an agreement with the Administrative Conference of the United States to study potential information sharing between our agency and State courts, who appoint guardians, and related agencies, including a review of statutory barriers, implementation challenges, and risk factors related to information sharing.

¹ While this provision was effective upon enactment, the agency could not implement it without first receiving relief from the 1983 court decision *Jordan v. Schweiker*. The court ordered our agency to obtain annual accounting from all representative payees with the exception of Federal and State mental institutions. On May 17, 2018, the court granted partial relief to implement this provision.

In addition, the Act allows applicants and beneficiaries to advance designate an individual(s) to serve as payee should the need arise and requires our agency to select the designated individual with certain exceptions. We will establish multiple avenues for our claimants, beneficiaries, and recipients to advance designate, such as through *my Social Security*, the initial claims taking process, and post-entitlement actions. The Act also requires annual notifications to beneficiaries with advance designations regarding the name(s) of their advance designees.

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 and reinforce efficient and effective service. 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 multi-year modernization effort is fundamental to our overall ability to improve service to the public.

Improvements to the Disability Process

Our disability examiners and ALJs must apply complex rules to each case, relying in part on our information systems, listing of impairments, and medical-vocational guidelines. The Budget supports the streamlining of our disability determination policies and processes by exploring program rules and agency practices that we can update.

Develop the Occupational Information System

Our Occupational Information System (OIS) project will enable 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.

To support development of new occupational data, we entered into an interagency agreement with the Department of Labor's Bureau of Labor Statistics (BLS) in FY 2012. In FY 2019, BLS published estimates encompassing the entire three years of initial data collection. Once integrated into our disability determination process, it will allow us to better understand what jobs are available in the national economy and whether disability claimants could perform them.

Update the Listing of Impairments

The Listing of Impairments, often referred to as "the listings," describes disabling impairments for each of the major body systems. Disability adjudicators use the listings to determine if an individual's impairment is disabling before considering any other factors. As of the end of FY 2018, we have comprehensively revised 93 percent of the listings to reflect our adjudicative experience, advances in medical knowledge, and recommendations from medical experts.

We continue to make significant progress in updating the listings to reflect advances in medical knowledge. In FY 2018, we published a Notice of Proposed Rulemaking (NPRM) to update the listings we use to evaluate musculoskeletal disorders. We are drafting the final rule, which we plan to publish in

FY 2019. When this final rule is published and effective, we will have completed 100 percent of our comprehensive updates to the listings. For future updates to the listings, we plan to implement a three to five year review cycle.

Increase the Number of People with Disabilities Who Return to Work

Our engagement with claimants does not end if we approve their application for disability benefits. Many beneficiaries who are disabled want to work and with adequate support may 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. In FY 2018, over 350,000 beneficiaries worked with VR agencies and Employment Networks (EN) to attempt to return to the workforce. While the number of beneficiaries receiving services from VR agencies from January 2016 through January 2019 has decreased from 283,700 to 273,927, the number of beneficiaries receiving services from ENs has increased from 53,115 to 72,058 during the same period.

In FYs 2019 and 2020, we will continue to improve our outreach to beneficiaries about employment support programs. Ongoing mailings, marketing efforts, monthly webinars, and an interactive presence on social media have led thousands of beneficiaries to connect with ENs and State VR agencies to get the services they need to return to work. To optimize and target our outreach to maximize participation rates and earnings outcomes, we will test behavioral aspects of changes to our Ticket to Work program and integrate existing data. This effort includes conducting analyses to identify unique characteristics of our Ticket population and testing changes to our Ticket notices (e.g., the types of notices we send, the language we use, and the timing of our notices).

Information Technology Modernization

We use the vast majority of our IT budget to maintain our infrastructure and telecommunications network to provide timely, quality services to the public. The IT budget pays for workstations, servers, laptops, hardware, and software, keeping our offices around the country operational. The IT budget funds contractors that help us plan, develop, and maintain our applications, monitor our network, perform security testing, and provide help desk support. The IT budget also includes our telecommunications network (which supports our National 800 Number), data exchanges, video hearings, video training, Internet, and telephone. Lastly, the IT budget supports our data centers that maintain the benefits, earnings, and certain vital records of nearly every member of the public.

Our staff rely on our IT infrastructure to serve the public and safeguard our programs. However, our infrastructure needs have evolved as the demands for our data and programs have increased. We developed our systems over 30 years ago, and the infrastructure and application code has lagged behind as newer technologies advanced what is possible with the use of modern tools and emerging IT capabilities such as artificial intelligence. Our IT infrastructure has grown increasingly complex, inefficient to meet customer demands, and costlier to maintain and secure as changes were applied on top of prior changes.

We initiated our IT Modernization Plan in FY 2018 to improve our service to the public. We will advance our IT infrastructure with 21st Century technology and implement the technical flexibility necessary to adapt to future demands. To achieve our modernization goals, we will invest \$691 million

over five years, including the \$325 million that the Congress provided in dedicated IT modernization funding in FYs 2018 and 2019. We must devote resources to upgrading our infrastructure while simultaneously maintaining our current IT services to ensure that our customers experience uninterrupted service. The President's Budget continues to fund our IT Modernization Plan, which allows us to make technical infrastructure changes, communications capabilities to support beneficiaries and recipients, and service improvements.

For example, we will replace outdated claims intake "green screens" with modern software and begin to replace 24 million lines of COBOL that support our claims process with modern code. Over the next several years, the Consolidated Claims System will replace our multiple benefit claims taking systems. This new system will provide our employees a holistic view of customer data in a graphical user interface, eliminating "green screen" queries and consolidating all customer information in one place. We will also improve the disability claims adjudication process by developing decision support tools that use artificial intelligence on electronic medical and vocational records.

In FY 2019, we will continue modernizing our database infrastructure and support capabilities; improve access to master file data to allow the eventual retirement of legacy software; consolidate and eliminate duplicate data; expand our enterprise data warehouse; and deliver Old-Age, Survivors, and Disability Insurance (OASDI) Cost of Living Adjustment Notices online. In FY 2020, we will continue to modernize our claims taking process, improve the quality of the data we use to make decisions on eligibility and payment, and improve how we communicate with beneficiaries and recipients. We will further consolidate data in areas that deliver measurable business value while improving data integrity and access, and continue to improve database support by using modern relational database formats and techniques. We will also continue to deploy the Customer Communications Management application capability to collect and react to customer communications preference for receiving information from the agency and to receive agency correspondence via traditional mail or online. These efforts will help us benefit from IT advancements in the coming years.

Strengthen Our Cybersecurity Program

In FY 2018, we implemented and expanded several Continuous Diagnostics and Mitigation (CDM) capabilities prescribed by the Department of Homeland Security (DHS) to enable immediate identification of devices upon connection to the agency network. We scan connected devices for installed software, security vulnerabilities, and configuration settings to ensure compliance, as well as detect deviations. We then summarize scan results to an agency-wide CDM dashboard providing better visibility into the overall state of our network security posture. We expanded upon our Privileged Access Management program to more efficiently manage the administration of devices and effectively monitor actions performed by individuals with elevated credentials to detect and prevent data exfiltration. Additionally, we successfully met our FY 2018 targets for encrypting data at rest for our high value assets and provided trustworthy email and Internet services in accordance with DHS binding operational directives.

Also, in FY 2018, in accordance with Executive Order 13800, we initiated efforts to integrate the National Institute of Standards and Technology Cybersecurity Framework into our cybersecurity program, which provides a standard for managing and reducing cybersecurity risks by planning and organizing capabilities around five key areas: identify, protect, detect, respond, and recover. The framework provides the agency a model to identify gaps, mature the capabilities, and meet the goals for

an effective cybersecurity program, as well as the ability to communicate our strategic goals and priorities effectively. We also identified our positions with cybersecurity responsibilities in accordance with the Federal Cybersecurity Workforce Assessment Act (FCWAA).

In FY 2019, we will implement new capabilities for identifying and mitigating vulnerabilities within our IT assets. We will enhance our identity management platform, further automate our response to security events, and improve data at rest encryption to further protect our information assets. We will deploy IT infrastructure, develop network models needed to enhance our network access controls, and strengthen our strategy to limit the impact of potential cyberattacks. We will implement new email and network safeguards to detect and prevent malware from entering our network. Additionally, we will develop and implement our plan to address key cybersecurity skill and knowledge gaps identified under FCWAA.

In FY 2020, we will strengthen our efforts to attract, develop, and retain our cybersecurity workforce to continue to address cyber threats. We will continue to tune our cybersecurity infrastructure and our ability to find and remove vulnerabilities by using automated workflows. We will automate our response processes to provide seamless integration from the identification of threats through the mitigation of vulnerabilities, as well as implement additional protections designed to limit the impact of potential cyberattacks, whether they stem from external or insider threats.

Modernize Disability Case Processing

We continue to modernize our disability case processing system (DCPS). DCPS will replace 52 independently operated aging systems and provide more efficient case processing, improved customer service, and reduced administrative costs. Seventeen DDSs currently use DCPS. We will finish development and rollout to additional States in FYs 2019 and 2020. In FY 2020 and beyond, DCPS will be the central vehicle for future nationally uniform policy improvements to the disability determination process.

Expand Access to Electronic Medical Evidence

We depend on healthcare providers to provide the medical records we need to determine whether a claimant is disabled. Expanding the use of electronic medical evidence allows disability adjudicators to easily navigate the record to identify pertinent information, makes it easier for providers to submit evidence, and provides additional opportunities for data analytics. In FY 2018, employees reviewed 16.5 million pieces of medical evidence, receiving 48 percent of medical records electronically.

In FYs 2019 and 2020, we plan to increase our use of electronic medical evidence and adopt advanced technologies, such as machine learning and natural language processing (NLP), to enhance and assist in the disability determination process. For example, we are using software called Intelligent Medical-language Analysis Generation, or IMAGEN, to convert images of medical information to readable text, which allows us to apply data analytics to the information to improve policy compliance. Using state-of-the-art NLP techniques, we will begin implementing a new NLP application to provide decision support and enhanced quality control assistance in our disability claims process.

Modernize the Social Security Statement

To improve customer service and the public's understanding of our programs, we are modernizing the Social Security Statement as part of a self-service portal called the Benefit Entitlement Center that will be available through *my Social Security*. The modernized online Statement will not only continue to provide the public with their earnings records, Social Security and Medicare taxes paid, and future benefit estimates, but it will also provide access to tools, calculators, and other applicable information in a central location by linking it with the Benefit Entitlement Center. Together, it will assist individuals with retirement planning, benefit eligibility, and decisions on their benefit applications. In FY 2019, we begin modifying the *my Social Security* online Statement to integrate it with additional benefit estimation tools for users aged 62 and older, and we will add new features and additional age groups in FYs 2020 and 2021.

ENSURE STEWARDSHIP

The Budget supports our quality reviews, cost-effective program integrity work, and our efforts to achieve high payment accuracy while using all legal means to recover overpayments promptly. We continue our work to develop a comprehensive, unified anti-fraud program. In addition, the Budget proposes several legislative changes that will help us maintain and improve our payment accuracy in the OASI, DI, and SSI programs, and it will allow us to collect SSI overpayments more efficiently.

Cost-Effective Program Integrity Work

The Budget proposes full funding of our core program integrity activities, as authorized in the Bipartisan Budget Act of 2015: CDRs, non-medical SSI redeterminations, cooperative disability investigations (CDI) units, and fraud prosecutions by Special Assistant U.S. Attorneys.

Full Medical CDRs and Non-Medical SSI Redeterminations

We perform periodic and full medical CDRs to ensure that beneficiaries still qualify to receive benefits under the OASDI and SSI programs. For those receiving SSI, we also perform non-medical redeterminations to confirm whether recipients meet the program's income and resource limits. We achieved full CDR currency in FY 2018 and expect to maintain currency in FY 2019 and FY 2020. In FY 2020, the Budget funds the completion of 674,000 full medical CDRs to maintain currency and 2.822 million SSI redeterminations.

Full funding of CDRs and redeterminations will save billions of taxpayer dollars. We estimate that CDRs conducted in FY 2020 will yield net Federal program savings over the next 10 years of roughly \$8 on average per \$1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare, and Medicaid effects. Our estimates indicate that non-medical redeterminations conducted in FY 2020 will yield a return on investment of about \$3 on average of net Federal program savings over 10 years per \$1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

We developed a series of statistical scoring models and a mailer process to select the CDR cases most likely to show medical improvement, resulting in a more efficient process to effectively target full medical CDRs. We also use an SSI non-medical redetermination model to ensure that we conduct the most productive and cost-effective reviews each year.

Expand Our CDI Coverage

Along with the Office of the Inspector General, we jointly operate CDI units with State DDSs and State and local law enforcement. Generally, these units investigate suspected fraud before the agency awards benefits, as well as during the CDR process when fraud may be involved.

We currently have 43 CDI units, covering 37 States, the District of Columbia, Puerto Rico, Guam, American Samoa, and the Northern Mariana Islands. In FY 2018, we added units in Honolulu, Hawaii; Indianapolis, Indiana; and Albuquerque, New Mexico. The Hawaii CDI unit provides CDI coverage for Guam, American Samoa, and Northern Mariana Islands. In FY 2019, we plan to add 3 CDI units in North Dakota, Montana, and Idaho. In FY 2020, we plan to add 2 to 4 CDI units with the goal of covering all 50 States and U.S. territories by October 2022.

Continue 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 31 Federal judicial districts. In FY 2018, our fraud prosecutors secured 189 convictions and \$20.1 million in restitution. We plan to maintain a corps of 35 Special Assistant U.S. Attorneys in FYs 2019 and 2020, so they can continue their valuable work of deterring Social Security fraud, prosecuting those individuals who defraud the government, and securing court-ordered restitution for the agency.

Improve Program Integrity

The Budget continues our effort to achieve improved 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 upgrades will strengthen our internal controls and ensure we administer our programs accurately and efficiently. We fund these activities from our base administrative budget and not the program integrity dedicated funding.

Promote Timely Wage Reporting

Changes in a person's wages are a leading cause of improper payments in the DI and SSI programs. Currently, we use a number of sources to verify wage amounts, including pay stubs submitted by recipients, annual earnings data from the IRS, and payroll information from The Work Number. However, verifying wages is a manual process, and we continue to rely on beneficiaries being able to self-report wages.

In FY 2017, we implemented an online tool, myWageReport (myWR), which allows DI beneficiaries to report earnings electronically on computers, mobile devices, and smartphones through [my Social Security](#). In FY 2018, we expanded myWR to allow SSI recipients, their representative payees, or their demors (e.g., an ineligible spouse or parent living with the recipient) to report earnings electronically.¹

¹ Over the years, we created a few automated methods to improve wage reporting for SSI recipients. We implemented a telephone wage reporting system that allows recipients to call in their wages and a downloadable wage reporting application for smartphone users.

In FY 2019, we plan to conduct user research and usability testing for obtaining cafeteria benefit plan information through myWR.¹ Qualified cafeteria plans are excluded from being counted as income. Adding this capability to myWR will expand the reporting population and reduce improper payments. In addition, we plan to allow beneficiaries to report when they have started working for a new employer on myWR. By automating this process, we expect to update our records more quickly and reduce customers' need to visit a field office. In FY 2020, we plan to expand on our management information capabilities by gathering more data for accurate and timely insight to measure the efficacy and future business needs of myWR.

Section 824 of the Bipartisan Budget Act of 2015 authorizes us to obtain, with beneficiary consent, data on DI and SSI beneficiary and recipient earnings from payroll providers and other commercial sources of earnings data through an information exchange. In FY 2019, we are developing the requirements and conducting the market research needed to announce a contracting opportunity for payroll data providers. As of November 2018, we collected over 7.3 million consent authorizations from applicants, beneficiaries, and recipients, and we continue requesting authorizations during the contracting phase.

Additionally, the Budget proposes to reduce improper payments in disability programs by targeting administrative resources to the development of a uniform system of reporting in *my Social Security*. This is in addition to instituting a holistic view that provides all beneficiaries' data, including income and assets, in one electronic location, while simultaneously developing a network of automated processes across other IT platforms for work-related benefit payment adjustments, work continuing disability reviews, redeterminations, and payments to Ticket to Work providers. In addition, future related legislative changes to address the root causes of these improper payments could include requiring suspension of benefits when beneficiaries neglect wage and resource reporting requirements, and instituting mandatory training for beneficiaries on reporting requirements prior to receipt of their first benefit checks.

Improve Death Reporting System

We rely on our death reporting system to stop Social Security and SSI benefits promptly after an individual's death, a key means of preventing improper payments. We are updating our death reporting system to further ensure we are collecting accurate data from national, State, and local agencies as well as from other countries with whom we have totalization agreements. In FY 2018, we collaborated with the U.S. Department of Veterans Affairs (VA), CMS, and the Office of Personnel Management (OPM) to obtain additional death data. We began receiving the data from CMS in FY 2018 and will begin receiving the data from VA and OPM in FY 2019. In FY 2019, we plan to enhance our death matching processing rules, establish a new information exchange to receive death reports from OPM, expand our death processing system with new capabilities, and continue to post historical death data in our databases. In FY 2020, we plan to make further progress in centralizing all death inputs by our technicians into one death processing system, improve our processing of death data files from our data exchanges, and continue to record historical death data in our databases.

¹ A cafeteria plan is a written benefit plan offered by an employer which consists of qualified benefits that the Internal Revenue Service does not consider part of an employee's gross income.

Modernize the Debt Management System

Numerous systems record, track, and manage our OASDI and SSI overpayments. In FY 2018, we began a multi-year initiative to develop a streamlined, modernized enterprise Debt Management System to enable us to more effectively and efficiently post, track, collect, and report our overpayment activity. The primary goals of this initiative are to use modern technology to create an enterprise authoritative source of debt management data; increase collection opportunities; more efficiently address our overpayment workloads; and resolve compliance and audit issues.

In FY 2019, we will launch the initial release of *iPaySSA*, which provides individuals (with debt in the OASDI or SSI program) the ability to access a payment portal on www.socialsecurity.gov and make payments via the Department of the Treasury's www.pay.gov website. At the end of FY 2019, we plan to provide our technicians an electronic waiver form, SSA-632, via an Intranet application to capture, document, and support processing overpayment waiver requests. In FY 2020, we will develop a public-facing overpayment waiver application.

Expand Data Exchanges and Strategic Partnerships

We provide SSN verifications, and exchange birth, death, prisoner, and benefit payment information, as permitted under law, with Federal, State, and private partners to efficiently obtain data to ensure our payment accuracy and to support the needs of other external programs. Our data exchanges improve organizational effectiveness and reduce costs by providing reliable data to determine benefits and improve administrative processes, which in turn, saves costs and reduces improper payments. The Budget continues our pursuit of new data exchange partners from government and private sectors.

We currently rely on individuals receiving OASDI and SSI benefits to self-report their absences from the U.S. when physical presence in the U.S. is a requirement for obtaining benefits. We are pursuing a computer matching agreement with the DHS to obtain travel data from DHS' Arrival and Departure Information System (ADIS). We plan to use ADIS data in our programmatic business processes. In FY 2018, we developed an ADIS roadmap to define the systems infrastructure needed to integrate the ADIS travel data into our systems. The integration of ADIS data is a multi-phase approach spanning FY 2019 and FY 2020. In FY 2019, we will complete a data sharing agreement that will allow our technicians to request and view ADIS data for both SSI initial claims and post-eligibility records. By the end of FY 2020, we plan to implement systems functionality that will integrate the ADIS data into SSI systems automatically and send scheduled requests for DHS and ADIS data.

We are also expanding exchanges for our partners by implementing Section 215 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. We are in the research and development phase of Section 215 requirements, which aim to reduce synthetic identity fraud by expanding the Consent Based SSN Verification service. The law requires us to accept an individual's electronic consent from a "permitted entity" (financial institution as defined by Section 509 of the 1999 Gramm-Leach-Bliley Act) to verify the name, date of birth, and SSN. We are in regular communication with an industry coalition representing approximately 95 percent of U.S. financial institutions to determine the expected volume of users and transactions for the new service and to discuss the technical aspects of developing and implementing. We continue to coordinate with financial industry regulatory agencies, such as seeking opportunities to leverage their existing oversight processes as we implement Section 215.

Conduct Quality Reviews

We conduct ongoing quality assurance reviews to ensure effective and uniform administration of the disability program. The Social Security Act requires that we review at least 50 percent of all favorable DI and adult SSI initial and reconsideration claims before we pay benefits. These reviews are in addition to the CDRs and SSI redeterminations that we perform on claims we already pay. In addition, we also use a predictive model to conduct targeted reviews of denial determinations. This process allows us to detect erroneous denials, preventing those cases from escalating to the hearing level. The reviews provide us with information to build into our IT planning and improve DDS adjudicator training. In FY 2019, as we rely more heavily on data analysis to improve our policies and procedures, we will gather additional information on cases as they progress through the appeals process.

At the hearings level, we conduct an ongoing assessment of favorable and unfavorable decisions to determine the accuracy of our hearing decisions at a national level. We also conduct pre-effectuation reviews on random or selectively sampled ALJ allowance decisions to ensure policy compliance prior to the payment of benefits. The findings and data from these reviews provide data-driven feedback to adjudicators and staff, identify training needs, and support policy development.

To improve oversight of the quality of decisions issued by the Office of Hearings Operations (OHO), we are finalizing plans to perform a pre-effectuation review of OHO decisions in FY 2019 that will provide feedback at the national level. We will provide feedback on deficient cases, and the Appeals Council will take corrective action on individual cases as needed. Using the FY 2019 data, we will assess potential review changes to provide additional information and determine resources needed to expand the review or conduct targeted reviews in FY 2020.

We also conduct quality assurance reviews on non-medical aspects of our programs. For the OASDI and SSI programs, we conduct annual stewardship reviews to assess the overall accuracy of our payments. As part of this process, we identify root causes of payment errors and provide recommendations for improvement.

Additionally, we conduct ongoing quality reviews of the enumeration process to ensure accurate assignment and issuance of SSNs and Social Security cards. We also review calls made to our National 800 Number to assess the quality of service our agents provide the public, and we maintain a robust customer survey program to assess public perceptions of the services we provide.

Enhance Fraud Prevention and Detection Activities

Combatting fraud is an agency priority, and we take seriously our responsibility to prevent and detect fraud. In addition to our core frontline prevention and detection efforts with the CDI units and assisting with fraud prosecutions, we have centralized our anti-fraud efforts to improve our ability to evaluate fraud risks within our programs, expand our use of data analytics to prevent fraud, and ensure agency-wide consistent anti-fraud policies.

We are focusing on a holistic analytical approach to our fraud risk management and prioritizing our anti-fraud efforts consistent with the Fraud Reduction and Data Analytics Act of 2015 and the Government Accountability Office Framework for Managing Fraud Risks in Federal Programs. We continue to expand the use of data analytics and predictive modeling to enhance fraud prevention and detection in

our programs. With these models, we better identify suspicious and evolving patterns of activities in our workloads and prevent fraudulent actions.

In FY 2018, we deployed a disability fraud model to identify anomalous relationships within disability claims. The model showed an initial success in using data analytics to detect potential fraud and serves as a prototype for similar models in the future to target specific program risks. In FY 2019, we plan to complete a fraud risk assessment of our electronic services, develop an additional fraud model to mitigate risks identified in our disability fraud risk assessment, and re-engineer the current fraud allegation referral process. In FY 2020, we will initiate additional risk assessment activities to expand beyond disability and online services.

Integrate Social Media in Disability Determination

In FY 2018, we studied strategies of our private sector counterparts and other government agencies on how social media networks can be used to evaluate disability allegations. Currently, agency adjudicators use social media information to evaluate a beneficiary's symptoms when there is a CDI unit's Report of Investigation that contains social media data corroborating the investigative findings. In FY 2019, we are evaluating how social media could be used by disability adjudicators in assessing the consistency and supportability of evidence in a claimant's case file.

Workforce Leadership, Performance, and Accountability

Our employees remain our most important asset. While we pursue efforts to automate our business processes and expand online services, many actions still require the expertise of our employees. 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. In addition, it is paramount that we continue to foster an engaged, innovative, and productive workforce. In FY 2018, we engaged employees by launching *Engage SSA*, an online collaboration platform that offered a series of virtual discussions focused on advancing our agency priorities. Employees weighed in on mission-driven topics, submitted ideas and comments, and voted on recommendations to improve agency programs and operations.

Our human resources framework includes three major focus areas: workforce management, succession management, and performance management. The Budget furthers our planning and training of the future leaders of our agency and covers our remaining obligation to update the designation of national security positions in our agency.

Execute Talent Management and Succession Planning

Leadership development continues to be an imperative, both in terms of helping current leaders meet the demands of the modern workplace and equipping next-in-line leaders to assume crucial responsibilities. In FY 2019, we will launch a redesigned national leadership development program. The goal is to link leadership development and succession planning that will ensure a continuity of leadership with a cadre of trained leaders ready to fill critical positions. We also plan to expand developmental opportunities beyond component-based programs and strengthen core foundational competencies that support leadership. In FY 2020, we will reduce leadership competency gaps among leadership development program graduates by at least 90 percent. In FYs 2019 and 2020, we will continue to support our senior executive service talent management, succession management, and development plans.

Invest in Training and Support for Managers

We are responsible for providing the training and technology necessary for employees to carry out their work and provide the level of service the public expects and deserves. Likewise, our managers need to understand how to maximize employee performance, so we can serve the public. We support managers who are addressing performance issues through expert teams available to provide immediate information and assistance. We augment this assistance with training and advisory services that enable a manager to detect and address a matter before it becomes a performance issue. We will also require additional management training to help them engage and communicate with employees. We must be attentive to issues employees bring to our attention, from requests to simplify policies to demanding that we hold all employees accountable.

Conduct Personnel Reinvestigations

We have begun steps to comply with 5 C.F.R. Part 1400, which requires agencies to update the security designations of positions within their organization and the accompanying investigations for their employees. We will continue working with OPM to conduct upgraded background investigations and periodic reinvestigations for all affected positions.

Improve Organizational Effectiveness and Reduce Costs

Our administrative costs continue to be about 1.2 percent of the combined Social Security and SSI benefits we pay. To keep our administrative costs manageable and to improve our organizational effectiveness, we continually seek new ways to improve our business processes, increase automation, and focus our limited resources on employees providing direct service to the public. We have focused on streamlining and consolidating functions across the organization. For example, we streamlined our budget and performance functions within the Office of Budget, Finance, and Management and realigned our creative and technical outreach functions within the Office of Communications. We also consolidated offices and reduced layers of management within the Office of Retirement and Disability Policy and better aligned the support components in the Office of Operations.

Reduce Real Property Footprint

With our rent costs at nearly three-quarters of a billion dollars, we strive to make the most efficient and effective use of our space through optimizing current space, reducing leased space, and collocating offices where practicable. We will continue reducing our real property footprint as we renovate existing buildings and renew lease agreements. We estimate that we reduced our footprint by over 58,000 useable square feet (USF) in FY 2018. We accomplished this reduction primarily with better utilization of large site locations that led to reduced leases in surrounding areas. Our long-term Reduce the Footprint Plan stipulates an additional 170,000 USF reduction in our real estate portfolio from FY 2019 through FY 2023.

In FYs 2019 and 2020, we are adjusting the size of furniture workstations to reflect current business needs, which will lower the cost by about 25 percent per workstation. The new standard workstation also enables us to increase the number of employees that occupy our buildings. Beginning in FY 2019, the new workstation model is the preferred option for all agency locations.

Altmeyer Modernization

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 21st Century standards. 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. The General Services Administration awarded the construction contract to Hensel Phelps in March 2018. We conducted interior demolition and abatement of hazardous materials from July 2018 through January 2019. We anticipate the next phase of construction, the curtain wall fabrication and installation, will commence in spring 2019.

CONCLUSION

The President's Budget will allow us to continue our progress in addressing the disability hearings and PC backlogs. 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 bolster our efforts to protect taxpayer dollars through our numerous, proven, and cost-effective stewardship efforts.

APPENDIX A – OUR EXTRAMURAL RESEARCH BUDGET

In fiscal year (FY) 2020, 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 future need on our disability programs. The broad-based SSI, Old-Age and Survivors Insurance, and Disability Insurance (DI) demonstrations 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 (HHS), 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 2019, we will finalize implementation analysis for each PROMISE site describing service delivery and an interim report on services and impacts across sites. In FY 2019, we will also develop a survey on participants' experiences five years after program random assignment, to be fielded in FYs 2019, 2020, and 2021.

The Budget continues 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. We have not updated the occupational resources we currently use to adjudicate claims in more than 20 years. In FY 2012, to support the development of new occupational data, we entered into an interagency agreement (IAA) with the Department of Labor's (DOL) Bureau of Labor Statistics (BLS). In FY 2018, BLS completed the third year of data collection and began 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 completed testing the wide-scale collection of these new questions in FY 2018, and they are now included in the five-year refresh cycle. Once complete, this new system will allow us to better understand what jobs are available in the national economy and whether disability claimants could perform them.

In FY 2020, we will continue to support a Bipartisan Budget Act of 2015-mandated demonstration called the Promoting Opportunity Demonstration (POD). POD tests a benefit offset in the DI program to determine its effects on outcomes, such as earnings, employment, and benefit payments. Benefits are 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 includes 3,000 beneficiaries in each of three study groups. Recruitment for POD began in the second quarter of FY 2018 and ended in the first quarter of FY 2019. We will continue to provide benefits counseling, process benefit offsets, survey participants, and analyze data on recruitment and enrollment into FY 2021. This project is funded under Section 234 of the Social Security Act by the DI Trust Fund and is not part of our FY 2020 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 to inform policy decisions and to require mandatory participation by program applicants and beneficiaries. Potential applicants and beneficiaries have a wide range of conditions and experiences; mandatory participation is required to accurately assess how program changes might affect different groups of people.

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. Currently, both authorities provide for voluntary beneficiary participation in demonstrations, which limits the results to show only 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.

In addition, 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). We are requesting a modification to Section 234, allowing us to initiate projects through FY 2022 and carry out existing projects through 2032. With this extended authority, SSA could pursue a variety of other promising demonstration ideas.

In FY 2019, we will use Section 234 authority to develop additional demonstration projects focused on helping beneficiaries return to work. We plan to convene an expert panel in FY 2019 to provide input on a test of an intervention helping people that medically improve and exit the DI program to access employment and reduce the need for future reapplication for benefits. Depending on the recommendations of the panel, we plan to launch the demonstration in late FY 2019 or early FY 2020. We will also convene a technical expert panel on potential policies that would simplify the way SSA treats earnings in the DI program, and a technical expert panel on a potential test of ways to improve the disability application process.

We also plan to use our Section 234 authority to continue learning from our current and prior demonstrations. We propose hosting a conference to discuss the useful lessons learned from prior demonstrations and illuminate implementable strategies for supporting the employment of beneficiaries who choose to work. We will publish the proceedings of the conference in a volume accessible to disability policy stakeholders (e.g., researchers, practitioners, administrators, and policymakers).

Early Intervention Demonstrations

Early interventions have the potential to achieve long-term improvements in the employment prospects and the quality of life of individuals with a disability. A substantial number of individuals with low-income and 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, SSA and HHS's Administration for Children and Families (ACF) will execute an IAA to transfer \$25 million in Section 1110 funds to support the evaluations and service provisions of selected ACF-funded programs that have the potential to reduce future dependency on SSI payments. In FY 2020, ACF and SSA will continue to investigate, and select for evaluation, programs that 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.

In FY 2020, we will also continue to partner with 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. In FY 2018, DOL awarded cooperative agreements to eight States for Phase 1 of the project (planning and pilot activities). In FY 2019, we awarded a competitive contract to conduct an evaluation of these grants. 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 a minimum of five grants will continue to Phase 2, the full implementation stage. Those grants will continue through FY 2022, and the final evaluation impact report will be due in FY 2023.

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 2020, 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. Service delivery will continue into FY 2021. The final evaluation impact report is due in FY 2022.

National Institutes of Health Data Analytics

Under an IAA, the National Institutes of Health (NIH) Clinical Center provides in-depth analysis of our existing data and continues to evaluate 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 2018, NIH completed its work on the WD-FAB predictive validity and item replenishment studies, resulting in delivery of an updated and replenished version of the instrument. Boston University, under a contract with NIH, developed score reports for the WD-FAB. NIH also continued its data analytic efforts to improve the precision of the Compassionate Allowances software and continued its efforts to develop methods to assist SSA in identifying and extracting functional terminology from medical evidence. Once concluded, this research should assist agency adjudicators in more efficiently reviewing and processing disability claims.

In FY 2019 and FY 2020, we will work with NIH to design a study to examine the feasibility of integrating the WD-FAB into our continuing disability review processes and assess if SSA can use changes in WD-FAB scores over time as an information source. NIH will also continue its efforts to develop and refine methods to identify, extract, and analyze unstructured functional terminology in medical records.

APPENDIX B – SUMMARIES OF LEGISLATIVE PROPOSALS

- 1. Offset Overlapping Unemployment Insurance (UI)-Disability Insurance (DI) 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 Government-Wide Use of Customs and Border Protection Entry/Exit Data to Prevent Improper Payments.** 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 recipient 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. This data has the potential to be useful across the Government to prevent improper payments.
- 3. Authorize SSA to Use All Collection Tools to Recover Funds in Certain Scenarios.** 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, SSA's 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 SSA's authority to recover funds and end disparate treatment of similar types of improper payments, using all its overpayment collection tools, such as credit bureau reporting and administrative wage garnishment.
- 4. Hold Fraud Facilitators Liable for Overpayments.** The proposal would allow SSA to recover the overpayment of a beneficiary from a third party if the 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 the 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).
- 5. 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 SSA established the current minimum of \$10 in 1960. By changing this amount from \$10

to 10 percent of the monthly benefit payable, SSA 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.

- 6. 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 SSA recovers. Current administrative protections regarding waiver of overpayments, including waivers related to undue hardship, would remain.
- 7. 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 SSA, in collaboration with other agencies, to test new program rules and requires mandatory participation by program applicants and beneficiaries. An expert panel would identify specific changes to program rules that would increase labor force participation and reduce program participation, informed by successful demonstration results and other evidence. The Budget would also extend demonstration authority to 2032 to allow enough time to carry out these demonstrations.
- 8. Reduce 12-Month Retroactive DI Benefits to Six 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 would not modify retroactivity for Medicare eligibility.
- 9. 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 SSA 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 SSA with State WC and PDB information.
- 10. 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—reduce per capita living expenses and therefore mean 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.

11. 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.

12. 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 better identifies 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) authorize SSA to conduct medical redeterminations at ages 6 and 12 using the initial disability evaluation standard; 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 improves 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 and ineligible children between ages 21 and 25, and eliminate school enrollment reporting requirements.

Finally, the Budget improves access to vocational rehabilitation services for SSI transition-age youth, as well as the entire DI and SSI population, by allowing SSA to make referrals to these services.

13. Simplify Administration of the SSI Program. Currently, SSI recipients can receive lower benefits if they are earning, or otherwise receiving, income. Income 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 would replace ISM with a flat-rate benefit reduction for adults living with other adults.

This proposal would make two additional changes to simplify the program and reduce the burden on beneficiaries and representative payees. This proposal would eliminate the holding out policy, which requires SSA 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. This proposal would 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.

- 14. Improve Collection of Pension Information from States and Localities.** Current law requires SSA 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 SSA could enforce the offsets for the Windfall Elimination Provision and Government Pension Offset. This proposal would require SSA, 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.
- 15. Provide Additional Debt Collection Authority for SSA Civil Monetary Penalties (CMP) and Assessments.** This proposal would establish statutory authority for SSA 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 SSA with ensuring the integrity of its programs and increase the amount of monies that we recover.
- 16. Change the Representative Fee and Approval Process.** This proposal would eliminate fee caps, and relieve SSA 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 SSA's operations and hearings workloads, allowing employees to focus on adjudicating more cases and completing other high priority workloads, thereby better serving the public.
- 17. Eliminate Travel Reimbursement for Claimants' Representatives.** SSA currently reimburses claimant representatives for travel expenses incurred when traveling to reconsideration interviews or proceedings before administrative law judges. This proposal would amend the Social Security Act to eliminate reimbursement for these expenses. The proposed change would simplify program administration, result in cost savings, and streamline SSA's operations and hearings workloads.
- 18. Modernize the Commissioner's Collection of Medical Evidence.** To determine whether a person qualifies or continues to qualify for disability benefits under the DI or SSI programs, SSA needs to collect medical records. If the person does not have the information SSA needs, SSA requests it from the custodian, which it does about 15 million times per year. To comply with various Federal and State privacy laws, custodians require that SSA provide the person's signed authorization before releasing the information to SSA. Furthermore, while SSA has developed a standard form to obtain a person's authorization, it often needs to tailor it to comply with numerous specific requirements.

This proposal would allow SSA to receive more quickly the medical evidence it needs to determine initial and continuing entitlement to disability benefits by allowing custodians to release medical

records to SSA without the signed authorization of the person applying for or receiving disability benefits.

- 19. Allow State Hearing Officers to Hold Disability Hearings.** When an individual appeals a Federal component's initial or revised determination that he or she is no longer disabled, only a Federal hearing officer can conduct the disability hearing. However, when an individual appeals a State DDS's initial or revised determination that he or she is no longer disabled, then either a State DDS or Federal hearing officer may conduct the disability hearing. This proposal would amend the Social Security Act to allow State disability hearing officers to conduct hearings resulting from disability cessation determinations issued by a Federal component. The proposed change would allow additional flexibility for SSA to manage workloads at a national level, while preserving the individual's right to an evidentiary hearing. The change also supports SSA's goal to deliver innovative and quality services by reducing disability wait times.
- 20. Expand Mandatory Electronic Filing of W-2s.** SSA processes W-2 forms for the Department of the Treasury (Treasury). Currently, Treasury requires businesses that file 250 or more W-2s per calendar year to file electronically. This proposal would amend the Internal Revenue Code to require employers that submit 10 or more W-2s to file electronically. This change would increase the efficiency and accuracy of this process because electronic returns are completed more rapidly, and are generally more accurate, than scanned or keyed returns. This would allow SSA to make more W-2 data available to IRS early in the filing season.
- 21. Use Death Data to Prevent Improper Payments.** This proposal would require SSA to share the full file of death information it maintains—including State-reported death data—with Treasury's Do Not Pay Business Center for use in preventing improper payments. SSA receives death information from many sources, including family members, funeral homes, financial institutions, and the States. Current law limits the purposes for which SSA can share death information it receives from the States, and does not provide SSA authority to share State death data with Treasury's Do Not Pay Business Center. This proposal would ensure that Treasury's Do Not Pay Business Center has access to all death information in SSA's records, including State-reported death data. It would also allow SSA to share State death data for tax administration and agency oversight purposes.

APPENDIX C – OFFICE OF THE INSPECTOR GENERAL

The fiscal year (FY) 2020 request for the Office of the Inspector General (OIG) is \$105.5 million, level with FY 2019. The Department of Defense and Labor, Health and Human Services, and Education, 2019 and Continuing Appropriations Act, 2019 allows SSA to transfer up to \$10 million of program integrity cap adjustment funds in the Limitation on Administrative Expenses account to the OIG for the cost of jointly operated cooperative disability investigation (CDI) units. This important anti-fraud activity is an authorized use of the cap adjustment, and the Budget continues this transfer.

The OIG is responsible for meeting the statutory mission of promoting economy, efficiency, and effectiveness in the administration of SSA 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 systemic weaknesses in SSA programs and operations, and makes recommendations for needed improvements and corrective actions. OIG strives for continual improvement in SSA'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, and allow OIG to meet its employee training needs. The transfer from SSA of up to \$10 million will continue to fund OIG team leader costs related to the mandated expansion of the CDI program.