

SOCIAL SECURITY ADMINISTRATION

FISCAL YEAR 2010 Budget
Budget Overview



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MICHAEL J. ASTRUE COMMISSIONER

A MESSAGE FROM THE COMMISSIONER

The American economy is going through a difficult time; workers have been laid off and families have had to cut back on spending. Even as we see glimmers of hope for recovery, the recession will continue to challenge SSA in a way unlike any we have encountered in our 70-year history. The combination of the recession and the beginning of the baby boomer retirement wave has left us with workloads rising more significantly than in recent years.

Congress and the Administration have made a commitment to help SSA handle the recession-related work that is flooding into the agency. Both the FY 2009 Omnibus Appropriations Act and the American Recovery and Reinvestment Act (ARRA) provide additional resources for the agency to target our growing workloads in FY 2009. With these funds we will hire over 6,000 new employees between March and the end of the fiscal year, including replacing all staffing losses and adding critical new positions. We will assign the majority of these new employees to our front-line operations, where they will directly assist the American public. We are also funding additional overtime to address our economy-driven workloads as well as making critical information technology (IT) investments. Overall, these additional resources will have an immediate effect on our operations and service to the public will improve as a result of these investments.

The FY 2010 President's Budget is the next step in this recovery effort. To combat the effects of the recession, the President has made a significant investment in SSA—\$11.6 billion, a 10 percent increase over the FY 2009 enacted level. This increase will allow the agency to continue to build the capacity to ensure timely processing and adjudication of claims without abandoning the other initiatives that will ensure the long term operational continuity of the agency. The budget will allow us to hire approximately 5,800 employees in FY 2010, including replacing all staffing losses and filling an additional 1,300 new positions, with the majority of these hires targeted to front-line operations. It will also continue our efforts to reduce the hearings backlog, and keep the agency on track to eliminate the backlog by 2013. Finally, the budget will allow SSA to continue the IT modernization plans that will enable the agency to implement 21st century service delivery paths. All of these investments are critical to ensure that the agency is able to address the dual challenges of our rising workloads and developing the future operational model for the agency.

Despite all of the adversity that the agency faces, SSA remains a can-do agency that is committed to public service. During my 2 years as Commissioner, I have seen this commitment demonstrated by countless employees throughout the agency and I know that our dedicated workforce will continue to carry us through this difficult period. The road ahead will be challenging, but with the support of the Congress, Administration, and all of our stakeholders, we will be able to process the additional work generated by the economic downturn while simultaneously planning for the future of service delivery at SSA. Americans are counting on us and we will do our part to rebuild our nation.



A handwritten signature in black ink, appearing to read "Michael J. Astrue". The signature is fluid and cursive.

Michael J Astrue
Commissioner

BUDGET HIGHLIGHTS

SSA AND THE ECONOMIC RECOVERY: SERVING THE AMERICAN PEOPLE IS MORE IMPORTANT NOW THAN EVER

SSA is doing its part to help out in this time of economic turmoil. We know that the American people are counting on us more than ever before – they simply have nowhere else to turn. SSA has a responsibility to help Americans by processing their applications for retirement and disability benefits efficiently and in a timely manner.

CONTINUING THE HEARINGS BACKLOG REDUCTION PLAN AND MODERNIZING THE DISABILITY PROCESS

Eliminating the hearings backlog remains a top priority. Despite the setbacks caused by the economic downturn, SSA is on track to eliminate the backlog by 2013. SSA will also continue to make critical changes to the disability process to improve timeliness, quality, and efficiency. These changes will align SSA's disability policy with modern medical technology and knowledge.

INVESTING FOR THE FUTURE

The FY 2010 budget includes significant investments for the future. These investments will allow us to update or replace our IT infrastructure while investing in new projects to improve service to the public. At the same time, we will increase our program integrity efforts and also explore program simplification strategies that will make our technology improvements more effective, and our overall program policies easier for the public to understand.

SSA'S STRATEGIC PLAN



In September 2008, we released a new strategic plan for 2008 to 2013. In this strategic plan, we lay out the incremental steps we must all take to reach our greater vision for SSA. We are an organization of great skill and accomplishment; we know what needs to be done and how to do it. This strategic plan charts the course that will enable us to maintain a strong level of performance on core workloads and work toward long-term improvement of our service to the public.

Additionally, the plan recognizes that our employees and information technology are absolutely critical to our success. Only by investing properly in both our employees and new technology can we hope to achieve our ambitious goals.



The agency's FY 2010 budget puts us on track to meet the goals and challenges outlined in our agency strategic plan.

To view the plan, go to www.ssa.gov/asp.



CHALLENGES WE FACE

Although SSA has made progress in addressing the challenges we face, we still have many immediate and long-term issues we must overcome to successfully fulfill our mission to the American public. The recent economic downturn has complicated the situation and introduced a new set of challenges for the agency.

SSA is a can-do agency. Our productivity increases year after year, and over the last 5 years, we have increased productivity by an average of over 2 percent per year. However, our rapidly growing claims workloads are offsetting these productivity increases. SSA also has a large infrastructure, including over 1,400 field and hearing offices. Mandatory cost increases, such as postage, salaries, employee benefits, guards, and rent mean that we need a minimum administrative budget increase in FY 2010 of over \$550 million just to fund current operations. As a result, we require a substantial increase above and beyond that level in order to process our growing workloads, reduce backlogs, support and maintain our staff, and bring us in line with customer service expectations.

We formulated this budget considering the following challenges:

- Increasing demand for service with the aging of the population and the economic downturn;
- Unacceptable hearings backlog;
- Complex and outdated disability process;
- Geographic, generational, population and cultural shifts;
- Complex and cumbersome retirement process;
- Increasing improper payments;
- Aging computer systems;
- Threats to computer systems and personal information;
- Loss of expertise as our employee retirements accelerate;
- Limited public understanding of the role of Social Security benefits;
- Increasing non-traditional workloads (e.g., immigration, Medicare Prescription Drugs);
- Increasing enumeration workloads; and
- Rising infrastructure costs.



FY 2010 BUDGET REQUEST

SSA'S FY 2010 PRESIDENT'S BUDGET (PB) – RESOURCES

	FY 2009 Enacted	FY 2010 PB
BUDGET AUTHORITY (in millions)		
Limitation on Administrative Expenses (LAE) ¹	\$10,454	\$11,451
Research and Demonstrations	\$35	\$49
Office of the Inspector General (OIG) ¹	\$98	\$103
Total Budget Request ²	\$10,587	\$11,603
Other Appropriated Funds (in millions)		
MIPPA – Low-Income Subsidy (LIS) ³	\$8	\$17
Recovery Act (ARRA) – Workload Processing	\$175	\$325
Recovery Act – Recovery Payment Admin	\$60	\$10
Recovery Act – NCC Replacement	\$0	\$20
Recovery Act – OIG Oversight	\$0.5	\$0.5
Total Planned Obligations	\$244	\$373
Total Budgetary Resources ²	\$10,830	\$11,975
WORKYEARS ⁴		
Full-Time Equivalents	63,469	65,114
Overtime	2,755	3,432
Lump Sum	<u>299</u>	<u>299</u>
Total SSA	66,523	68,845
Disability Determination Services (DDS)	<u>14,369</u>	<u>15,128</u>
Total SSA/DDS	80,892	83,973
OIG	614	611
Total SSA/DDS/OIG	81,506	84,584

¹ This amount does not reflect a transfer of \$1,378,700 from the LAE account to the OIG account in FY 2009.

² Totals may not add due to rounding.

³ The Medicare Improvements for Patients and Providers Act (MIPPA) (P.L. 110-275) provides \$24,800,000 for activities related to the implementation of changes to the Low-Income Subsidy program.

⁴ Includes workyears funded by LAE, ARRA, and LIS, and includes reimbursable workyears.

SSA'S FY 2010 PRESIDENT'S BUDGET – KEY PERFORMANCE TARGETS

	FY 2009 Enacted	FY 2010 PB
Selected Workload Measures		
Retirement and Survivors Claims Processed (thousands) ^{1,2}	4,543	4,565
Initial Disability Claims Processed (thousands) ¹	2,637	2,851
SSA Hearings Processed (thousands) ¹	647	726
Periodic Continuing Disability Reviews (CDRs) Processed (thousands)	1,079	794
Periodic Medical CDRs (included above, thousands)	329	329
SSI Non-Disability Redeterminations Processed (thousands)	1,711	2,322
800-Number Transactions Handled (millions)	60	61
Social Security Cards Issued (millions)	18	18
Annual Earnings Items Processed (millions)	271	271
Social Security Statements Issued (millions)	151	153
Selected Outcome Measures		
Initial Disability Claims Pending (thousands) ¹	833	964
SSA Hearings Pending (thousands) ¹	755	727
Average Processing Time for Initial Disability Claims (days)	129	156
Average Processing Time for Hearings Decisions (days)	516	508
Disability Determination Services Production per Workyear	265	268
Office of Disability Adjudication and Review Production per Workyear	107	109
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	900	2,100

¹ We will achieve these FY 2009 and FY 2010 measures through the combination of our annual LAE appropriations and our funds from the American Recovery and Reinvestment Act (ARRA).

² Includes Medicare-only claims.

SSA'S PROGRAMS

We touch the lives of virtually every person in America, as well as the lives of many people living abroad. Whether it is after the loss of a loved one, at the onset of disability, or during the transition from work to retirement, our employees and programs support the people of this country, often during times of personal hardship, change and uncertainty. We run three key programs which serve the American public. They are:

OLD-AGE AND SURVIVORS INSURANCE (OASI) – Created in 1935, the OASI program will provide benefits to more than **42.8 million** people in FY 2010, including 90 percent of the population aged 65 and over. The OASI program provides retirement and survivors benefits to qualified workers and their families.

DISABILITY INSURANCE (DI) – Adopted in 1956, the DI program provides a continuing income base for eligible workers who have qualifying disabilities and for eligible members of their families. The DI program will provide benefits to approximately **9.8 million** disabled workers and their family members in FY 2010.

SUPPLEMENTAL SECURITY INCOME (SSI) – Congress established the SSI program in 1972 as a national program to provide financial support to aged, blind, or disabled adults and children with limited income and resources. The SSI program will provide benefits to approximately **7.5 million** recipients in FY 2010.

SSA is requesting administrative budget resources of \$11.45 billion for its limitation on administrative expenses account in FY 2010. This request, along with the remaining ARRA resources, will fund our day-to-day operating responsibilities while allowing us to process additional work associated with the economic downturn and will allow us to make key investments in our Hearings Backlog Reduction Plan, our IT infrastructure, and our service delivery to the public. As the baby boomers continue to enter our retirement and disability rolls at increasing rates, it is essential that we receive sufficient resources not only to maintain our current workforce, but also to make progress in dealing with this large influx of work.



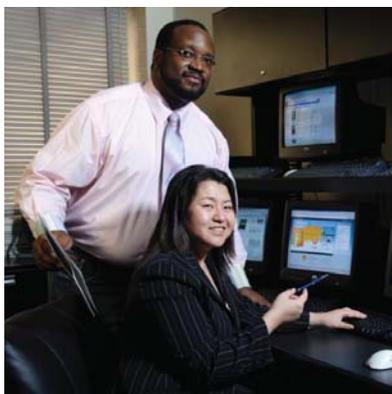
In addition to paying benefits, SSA's ongoing operational responsibilities include:

→ **Claims and Evaluating Eligibility**

SSA takes claims, evaluates evidence, and makes determinations of eligibility and benefit amounts. Some of the benefits SSA provides include retirement and survivors benefits, disability benefits, and SSI payments. In FY 2010, we will process about **4.6 million** retirement, survivor, and Medicare claims, approximately **2.9 million** disability claims, and **328,000** SSI aged claims.

→ **Appeals**

SSA administers three levels of appeals of disputed claims decisions: first, the reconsideration (a complete review of the claim by someone who did not take part in the initial decision); second, the hearing conducted by an Administrative Law Judge (ALJ); and third, the review by Social Security's Appeals Council. In FY 2010, we will process over **1 million** reconsiderations, **726,000** hearings, and **128,000** Appeals Council reviews.



→ **Program Integrity**

SSA is responsible for stewardship of the trust funds and conducts activities such as medical and non-medical continuing eligibility reviews to avoid improper payments to beneficiaries. In FY 2010, we will process **2.3 million** SSI redeterminations and **329,000** periodic medical continuing disability reviews.

→ **Social Security Numbers (SSNs)**

SSA takes applications for and issues SSNs after determining the validity of the required evidence. Each year, SSA processes millions of actions to keep records of number holders current and accurate. In FY 2010, we will process request for over **18 million** Social Security cards.

→ **Earnings Records**

SSA receives regular updates on the earnings of the working population from employer and government sources and posts the earnings to the worker's record. SSA links the earnings records to SSNs and when we do not find a match we track the reported earnings and attempt to resolve the discrepancy. In FY 2010, we will post **271 million** earnings items to workers' records.

→ **Social Security Statements**

SSA mails annual updates to workers and former workers aged 25 and older of the earnings on which the individual has paid Social Security taxes and a summary of the estimated benefits the individual and his/her family may receive as a result of those earnings. In FY 2010, we will produce **153 million** Social Security Statements.

→ **Services After People Become Eligible for Benefits**

SSA performs millions of actions in support of our beneficiaries and recipients after they have been approved. These include issuing emergency payments, recomputing payment amounts, processing address changes, and other status changes. In FY 2010, SSA will perform more than **100 million** of these actions.

→ **Employment Eligibility Verification – E-Verify**

SSA collaborates with the Department of Homeland Security (DHS) on the administration of the E-Verify program. SSA assists DHS in verifying the employment eligibility of newly hired employees by electronically checking the employee's name, SSN, date of birth, and U.S. citizenship status, and resolving discrepancies with the employee if we are unable to electronically verify the information. We expect E-Verify to process about **15 million** queries in FY 2010.

→ **Medicare and Medicaid Administration Assistance**

SSA has assisted the Centers for Medicare and Medicaid Services (CMS) with administration of the Medicare Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) programs since Congress enacted the programs in 1965. Over the years, SSA has been given additional Medicare related responsibilities. In addition to determining Medicare eligibility for retirement and disability claimants, in FY 2010, we will process **1.5 million** Medicare subsidy applications.

This budget does not include funding for any new work that Congress might mandate in legislation.

SSA'S RESEARCH BUDGET

The FY 2010 funding request for research is \$49 million, an increase of \$14 million from the FY 2009 enacted level of \$35 million. The budget supports projects such as the Compassionate Allowance initiative that are integral to improving the disability process; projects that provide opportunities for disability beneficiaries to achieve economic independence through work; and projects providing analytical and data resources for use in preparing and reviewing program reform proposals. The research plan also supports the development of a new occupational information system that will replace the out-of-date Dictionary of Occupational Titles (DOT) used in SSA's disability determination process. We will take steps to develop a long-term research strategy, conduct research to obtain and classify current occupational information critical for evaluating disabilities, and consult with an external Occupational Information Development Advisory Panel for guidance and oversight.

SSA's disability research and demonstration projects are designed to promote self-sufficiency and assist individuals in their effort to return to work, and to strengthen SSA's disability programs and initiatives. SSA has also begun work on a financial literacy and education initiative that is designed to encourage saving and effective retirement planning. Additionally, as the debate continues on how best to strengthen and reform Social Security, SSA will provide policymakers and the public with the technical information they need to assess the implications of the proposals under consideration.

OFFICE OF THE INSPECTOR GENERAL (OIG)

The FY 2010 President's Budget for the OIG is **\$103 million**, an increase of more than \$4 million above the FY 2009 appropriation. The OIG is directly responsible for meeting the statutory mission of promoting economy, efficiency, and effectiveness in the administration of SSA's programs and operations and to prevent and detect fraud, waste, abuse, and mismanagement in such programs and operations. The OIG will continue protecting the integrity of the SSN and the enumeration process, and pursue efforts to improve the agency's overall integrity, efficiency, and effectiveness. To that end, the OIG provides invaluable service by directing, conducting, and supervising a comprehensive program of audits, evaluations, and investigations relating to SSA's programs and operations.

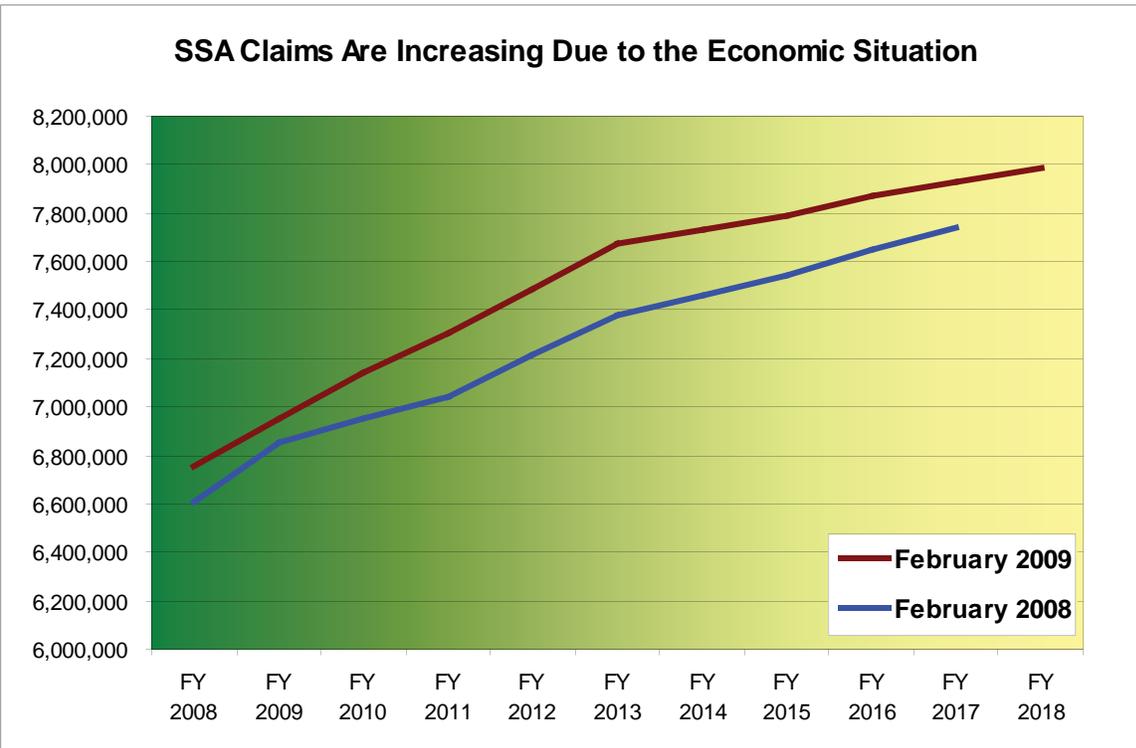
In FY 2010, OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating SSN misuse. The OIG will also conduct, supervise, and coordinate audits and evaluations involving the use of funds for the planning, acquisition, management, and disposal of assets pursued by SSA for the purpose of replacing its National Computer Center (NCC) and other ARRA funded initiatives.

SSA AND THE ECONOMIC RECOVERY

OUR SERVICE TO THE AMERICAN PEOPLE IS MORE IMPORTANT NOW THAN EVER

During this time of economic turmoil, more people are turning to SSA than ever before—they simply have nowhere else to go. We are experiencing an unprecedented rise in our initial claims receipts, and we know that we have a responsibility to process this work as quickly as possible so that we can get benefits flowing to the American people. We now expect 220,000 more retirement claims and 340,000 more disability claims in FY 2010 than we projected a year ago, as shown in the chart below.

SSA is doing its part to help revitalize America, and we are playing an active role in recovery activities. Processing the



additional work we are receiving as a result of the economic downturn will remain our top priority in FY 2010, just as it is in FY 2009. A significant portion of the funding increase SSA is receiving for FY 2010 is intended to continue the capacity building we began in FY 2009 to tackle our rapidly growing workloads. This capacity—which will take the form of 5,800 hires in FY 2010, including 1,300 new employees, spread out in local offices across America—will make a real difference in the following workloads:

- **Initial Claims:** In FY 2010, in our operations components—which includes our field offices, teleservice centers, and processing centers—we will maintain the higher staffing levels from the end of FY 2009. In the DDSs, we will add an additional 600 new workers. We will increase our processing of initial retirement and disability claims, processing an additional 20,000 and 200,000 claims, respectively, over the FY 2009 level. We will expand the use of Federal employees to adjudicate initial disability claims, supplementing the work of the DDSs. This additional capacity will allow us to address backlogs regardless of where they develop.

→ **Hearings and Appeals:** In FY 2010, we will maintain the staffing levels that we reached at the end of FY 2009 and add roughly 700 new employees. These hires will help us to process nearly 80,000 additional hearings in FY 2010 and will ensure that the hard earned progress we have made towards eliminating the hearings backlog is not lost because of the economic downturn.

The level of funding provided for the agency in FY 2010, along with the additional resources included in ARRA, will make a real difference in the service we provide to the American people in FY 2010. Appointments will be handled more quickly, and phones will be answered more promptly. Americans will see benefits from the investment in Social Security services in FY 2010, at the time when they need it most.

SSA AND RECOVERY ACT FUNDING



ECONOMIC RECOVERY PAYMENTS

As part of the Recovery Act enacted in February, Social Security beneficiaries will receive a one-time economic recovery payment of \$250. The agency is on track to distribute these payments to our almost 55 million beneficiaries by late May, earlier than the legal deadline established by the Act. Prior to the delivery of the payments, Social Security will contact all of its eligible beneficiaries with a notice to alert them that the payment is coming. Social Security will also be available to answer people's questions about the recovery payments, in our offices, over the phone, and online. These payments will give seniors and disabled Americans an infusion of resources to help deal with these difficult economic times. SSA received \$90 million in the Act to cover the administrative cost associated with issuing these payments.

ADDITIONAL WORKLOAD PROCESSING

SSA also received \$500 million in special funding to process the additional work we are receiving as a result of the economic downturn. We have put the additional ARRA funding to immediate use in the following ways:

- Optimizing DDS capacity by hiring 300 additional staff and increasing SSA field and hearing office capacity by hiring 1,500 and 585 additional staff, respectively;
- Supporting IT enhancements necessary to increase processing capacity; and
- Achieving a higher level of performance in FY 2009.

Although some of our pending levels will increase in FY 2009—in particular, we will see a significant increase in the pending level of initial disability claims—the new hires will help to improve the overall level of service available to the public at SSA field offices. If SSA did not have the resources to hire these new front-line workers, the situation would be far worse.

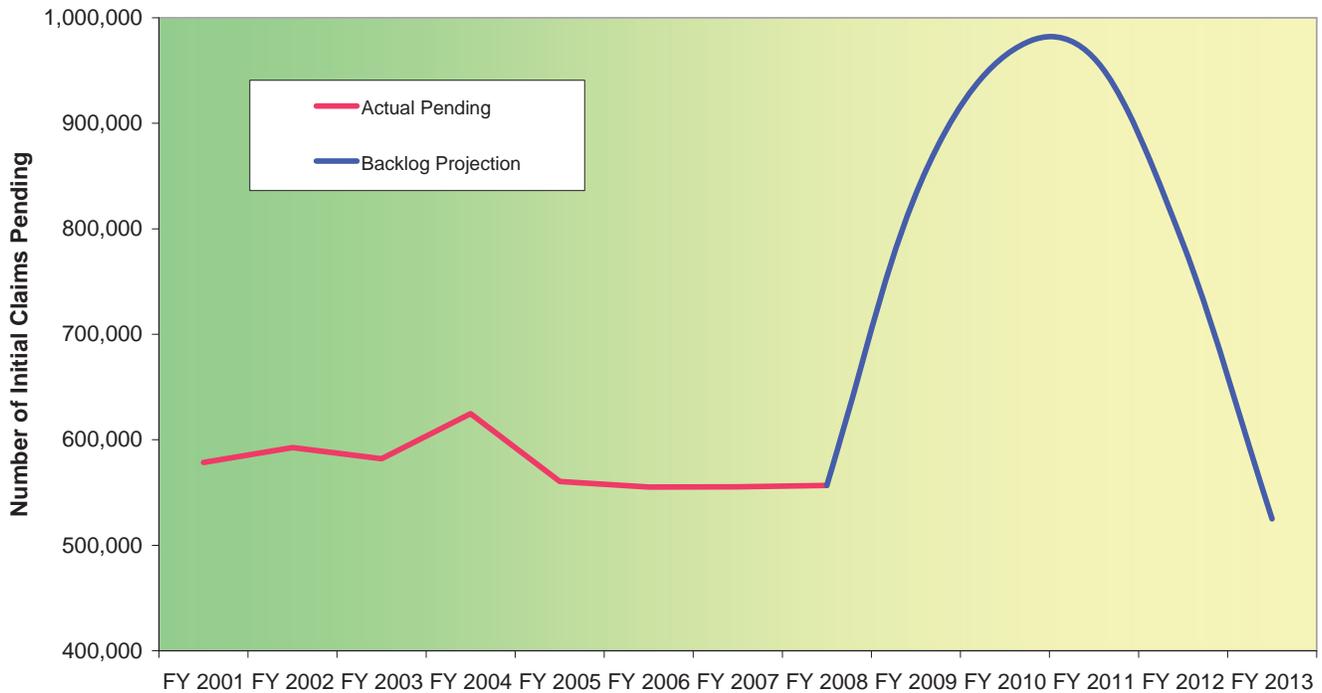
NEW NATIONAL COMPUTER CENTER

Congress has also provided a critical \$500 million for replacement of SSA's National Computer Center (NCC). The NCC houses critical computer operations that are essential to prompt and accurate payment of benefits to many Americans, and stores data necessary to provide service to all Americans. The current NCC is over 30 years old, and it will soon no longer be capable of supporting the growing demands of our computer systems and computer-based services. With these recovery funds, SSA is taking timely action to build a new data center.

INITIAL DISABILITY BACKLOG STRATEGY

We know that the additional initial disability claims we will receive as a result of the economic downturn will strain SSA's existing system. Our initial claims pending level will rise dramatically, as shown in the graph below, in a relatively short period of time.

SSA's Initial Disability Reduction Strategy Will Reduce the Pending Level of Initial Claims by 2013



SSA AND THE STATE DDSs: A UNIQUE FEDERAL-STATE PARTNERSHIP

SSA has a unique relationship with the 50 states and U.S. territories because the states play an integral role in our disability determination process.

Recently though, this relationship has been challenged by the economic downturn. The recession has caused massive deficits in many states, and since states are required to balance their budgets annually, many states have taken drastic actions, including lay offs, furloughs, and hiring freezes in an attempt to balance their budgets. In many cases, states have applied these same restrictions to the DDSs, despite the fact that SSA fully funds DDS operations. We are working with governors to exempt the DDSs from these restrictions, to ensure that our efforts to process economy-driven work is not derailed by state budget crises.

In response, we are developing a comprehensive strategy to process these claims in an efficient and timely manner. Our goal is to return the pending level for initial disability claims to its pre-surge level by the end of FY 2013. This strategy will allow SSA to aggressively process these additional initial claims without sacrificing other important workloads such as continuing disability reviews, and reconsiderations.

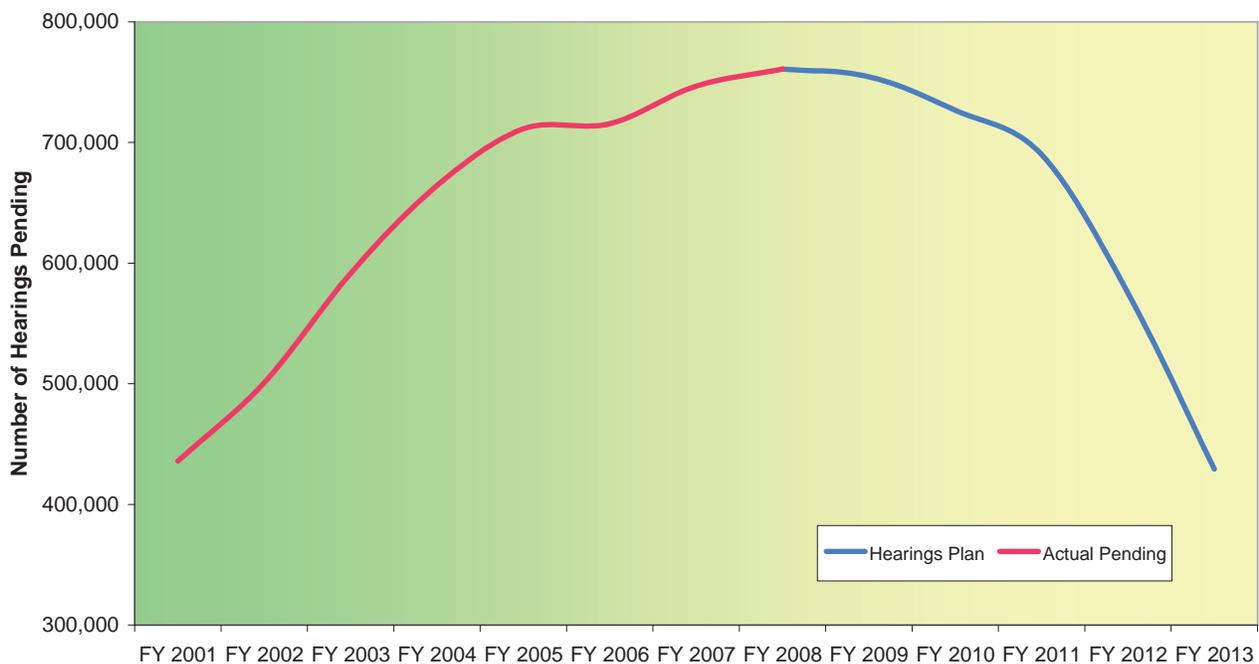
The strategy will include hiring additional staff in the DDSs and expanding Federal units designed to assist the state agencies in processing to provide additional flexible capacity. We are also exploring potential automation initiatives and program efficiencies that we believe could help us to process some claims faster. We will issue a more detailed plan this summer.

CONTINUING THE HEARINGS BACKLOG REDUCTION PLAN AND MODERNIZING THE DISABILITY PROCESS

CONTINUING THE HEARINGS BACKLOG REDUCTION PLAN

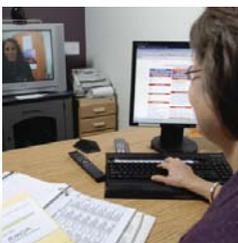
Although processing the additional work generated by the economic downturn has become the agency's top priority, we are still committed to eliminating the hearings backlog that plagues the agency. In fact, we believe that reducing this backlog is more critical now than ever before because we need to keep the pipeline of cases moving so that hearings offices will be able to process the coming fallout from the additional surge of initial disability claims. With this budget, we remain on track to eliminate the backlog in 2013, as shown in the chart below.

The Hearings Backlog Reduction Plan Will Eliminate the Backlog by 2013, Despite the Economic Downturn



We are devoting more resources to the Hearings Backlog Reduction Plan in both FY 2009 and FY 2010 to ensure that we continue to make progress. This includes:

- Hiring 157 ALJs in FY 2009 and 208 ALJs in FY 2010 to reach a target total ALJ corps between 1,400 and 1,450 by the end of FY 2010. We also plan to add support staff in FY 2010 to maintain our ALJ to support staff ratio;
- Continuing to increase productivity in the hearing process;
- Opening 13 new hearing offices;
- Opening more National Hearing Centers;
- Implementing standardized business processes that will ensure consistency and improve processing times;
- Expand Quick Disability Determinations by increasing the percentage and types of claims processed;
- Piloting the new Compassionate Allowance initiative, allowing us to quickly identify individuals who we believe are clearly disabled under SSA's rules; and
- Continuing to explore potential electronic initiatives that can reduce case preparation time.



MODERNIZING THE DISABILITY PROCESS

SSA is responsible for the Nation's two primary Federal disability programs: Disability Insurance and Supplemental Security Income. Over the last 5 years, our disability workloads have grown significantly, and this trend will accelerate as baby boomers reach their most disability-prone years. We cannot lose sight of the fact that this longer-term increase in disability claims is coming, regardless of when the American economy begins to recover.

The time is now, despite the challenges of the economic downturn and the hearings backlog, to modernize the disability process to avoid future backlogs and provide applicants with speedy decisions. Technological improvements alone cannot remedy the issues in the disability process. We must revise the policy and medical guidance at the core of the program to align with medical technology and knowledge. A modernized disability process will help us to better serve the public and fulfill our obligation to provide a fair process to the American people. The following initiatives form the core of our disability modernization program in FY 2010:



Improve Occupational Information for Making Disability Determinations and Decisions

SSA is working on the development of a new occupational information system that will replace the out-of-date Dictionary of Occupational Titles (DOT) used in SSA's disability determination process. The DOT was originally created by the Department of Labor (DOL) and has become a cornerstone of our disability policy. We rely on the descriptions of work in the DOT to determine whether individuals can do their usual work or any other work in the U.S. economy. However, DOL has not updated the DOT since 1991 and has no plans to do so. DOL's replacement for the DOT, O*NET, does not serve SSA's purposes. It is critical that we base disability determinations on current job information.



SSA awarded contracts in 2008 for the use and evaluation of updated occupational information. In December 2008, Commissioner Astrue established the Occupational Information Development Advisory Panel to provide advice and recommendations on plans to replace the DOT. The panel advises SSA on the creation of an occupational information system for disability programs and adjudicative needs. Specifically, the panel will advise on medical and vocational analysis, occupational analysis, data collection, use of occupational information, and other areas. The panel had its first

meeting in February 2009 and has three more meetings scheduled this year.

SSA will continue its efforts to replace the DOT in FY 2010, when the agency will begin identifying the physical and mental abilities and skill levels that occupations require, developing the means of gathering occupational information, and researching assessment of residual functional capacity.

Update Medical Listings

SSA uses the Listings of Impairments to describe impairments considered severe enough to prevent an individual from working and earning above a defined level. The listings are a critical factor in our disability determination process; however, we have not updated some listings in decades. We are working to expand the listings to include rare disease and permanently disabling conditions. We are also working to update all of our existing listings by the end of FY 2010. We have also developed a long-term schedule to ensure that in the future we update all listings, as needed, but at least every 5-7 years. Updated listings allow disability examiners and SSA adjudicators to identify eligible applicants early in the disability determination process and result in improved disability decisions.

INVESTING FOR THE FUTURE

INVESTING IN AN INFORMATION TECHNOLOGY FOUNDATION FOR THE FUTURE

IT plays a critical role in SSA's day-to-day business process. Our computers maintain demographic, wage, and benefit information on almost every American. We process an average of over 75 million business transactions per day, and we expect our storage capacity needs to nearly quadruple in the next 5 years. The data in our computer systems is a critical national economic and information resource and is essential to providing services to the millions of Americans who count on us each day.

SSA AND HEALTH INFORMATION TECHNOLOGY (HIT)

SSA is a leader in HIT and our efforts with this initiative have significant potential to improve SSA's disability process. By mapping our disability listings to standard industry data and implementing the nationwide health information network, we can provide better service to the public by creating a more modern and streamlined electronic process.

This budget recognizes the importance of building a strong IT foundation for SSA's future. The investments we will make in FY 2010 will allow SSA to conduct business in a 21st century web-enabled environment. We will be able to provide a stable, easy to use, convenient and secure suite of online services that will be available to the American public 24 hours a day, 7 days a week. Improved online services will allow us to better accommodate the growing workloads that we are anticipating as part of the baby boomer retirement wave.

Modernizing our IT is a critical component of our plan to provide effective and cost efficient service to the American public. In fact, it is imperative that we modernize our IT infrastructure and keep it from deteriorating as we face growing and more complex workloads. The Internet has changed technology so rapidly that the significant investments included in this budget are essential to modernize our systems. The following are key IT investments that we plan to make in FY 2010:

IT INFRASTRUCTURE IMPROVEMENTS

SSA developed its IT infrastructure—our foundation—primarily in the 1980s, when we provided service to the public via the local field office staff, and it has not seen significant changes since implementation. At that time, the Internet had not been introduced and we maintained most of our records in paper folders. Today, aging baby boomers and the corresponding higher workloads, disability backlogs, and new non-traditional work have stretched our staff and IT infrastructure to the limit. To address these demands, we must leverage 21st century technology to provide alternative channels of service. But before we can leverage the full potential of the Internet, we must modernize our underlying IT infrastructure so that we can provide a stable, secure, system with continuous availability. Without these important investments now, we will not keep up with the rapidly changing technology and significant workload increases.

To address these significant IT challenges we must:

- Leverage technology to modernize our business processes by using Web technology, simplifying business rules, building intelligence throughout applications to support the agency's decision makers, and focusing on data quality and integration;
- Improve our telephone and video infrastructure, expand our data center capacity, and ensure we have the necessary redundancy in our systems to provide 24/7 continuous availability of our services;
- Convert software applications to newer programming languages to realize benefits of Internet technology; and
- Transition to modern database architecture that will provide more flexible access to data and ensure long-term data quality, accuracy, validity and security.

In addition, the agency's IT systems must be positioned to better respond to changing needs, such as the demands caused by the economic downturn and sophisticated threats from individuals seeking to harm SSA's data network. This is critically important since our systems contain financial and identity information for all Americans.

INVESTMENTS FOR CURRENT AND FUTURE IT PROJECTS

In addition to infrastructure upgrades, SSA is also making critical investments in IT projects in FY 2010 that will result in productivity and business process improvements. These projects include:

- **A Common Disability Case Processing System** will allow us to move from 54 separate State DDS systems to a common system for the entire nation. Maintenance of these individual systems, including even simple updates, is a major logistical effort and changes can take up to a year to rollout. Having a common system will ultimately simplify the process of maintaining the DDS systems and will better support efforts to improve disability case processing, processing times, and the accuracy of disability decisions.
- **Disability Direct** will automate the processing of online disability claims resulting in a much more efficient route from application to payment. It will improve the online disability claim and appeals process by streamlining the collection of information, which will help offset our labor-intensive disability workload. This streamlined process will provide more time for employees to handle other workloads and help with field office and telephone traffic. It will also fulfill the public's expectation of convenient, effective, and secure electronic service delivery options.
- **Quick, Simple, and Safe SSNs** will help us to provide better, faster, and more secure service in our critical SSN processing. We are developing an electronic process that will include an online application allowing individuals to apply—in a secure manner—for simple replacement Social Security cards through our website, which will reduce the amount of traffic in our field offices. We plan to implement signature proxy alternatives to the pen-and-ink or “wet” paper-based signatures currently required. We also plan to expand Enumeration at Entry, which helps the Government reduce fraud and improve efficiency. Under this process, SSA works with the Department of Homeland Security and the Department of State for those agencies to assist SSA in enumerating immigrants. To assist SSA, the Department of State collects enumeration data as part of the immigration process. When the immigrant enters the United States, the Department of Homeland Security notifies SSA and the card is issued.
- **Telephone Service Automation** will continue with our new Voice Over Internet Protocol telephone networks, which will enable us to improve our field office telephone service and support our website visitors. We will implement technologies to enable our website visitors to interact using “click-to-talk” with a telephone agent, providing the public with more service choices and added convenience. We are also working to expand our Field Office Automation and Forward on Busy projects, currently in 179 Telephone Service Replacement Project field offices, to additional field offices over the next three years.
- **Ready Retirement** is a transformation initiative that focuses on public education, simplified enrollment, and streamlined adjudication. In 2008, we introduced a new dynamic Internet application—iClaim—for retirement, spouses, and disability benefits, which streamlines the process by relying on information SSA already has on record. In FY 2009 and FY 2010, the focus will be on making iClaim accessible for employee use and expanding the online filing option to also include Medicare claims and other enhancements. We plan to add a Medicare only application in the near future. All of our work in this area is also helping us with program simplification by making it easier for people to apply for benefits.
- **Innovative Service in Field Offices through Technology** will upgrade our field office reception areas and pilot the use of new technologies. In FY 2009, we will be piloting the use of self-help computers in our reception areas to provide immediate access to our online services to those visiting a field office for service. Also, we will be piloting the use of video service delivery in over 30 field offices. Video service delivery will provide additional flexibility to our busy offices since we will be able to serve visitors with available employees in other offices. In addition, video service delivery will allow for direct connection with many third party remote sites.

SIMPLIFICATION OF PROGRAM RULES

Over the years, our core workload has increased and been made more complex by legislative and societal changes. This complexity has created public confusion on program rules. The Social Security programs are intended to help those most in need of assistance. Yet, it is sometimes those most vulnerable who lack the resources needed to navigate our rules. Certain features of the programs that served a purpose at one time are outdated, but remain part of the law. The interaction of Social Security benefits with other programs also creates complexity and confusion. Simplification of SSA's programs is needed to sustain and improve the quality of the agency's service to the American public.

One example of an outdated provision is the requirement that applicants for disability benefits sign paper release forms permitting SSA to access their medical, vocational rehabilitation and educational records. All other aspects of the disability filing process are electronic. This form is the last remaining vestige of a paperbound disability process. Requiring a "wet signature" slows processing time and significantly delays the disability decision-making process, as it requires that SSA send millions of paper forms to applicants to obtain the required signatures. In some cases the applicants neglect to return the forms; in others, despite the applicant's signature on a release, healthcare providers fail to provide the materials requested because they mistakenly believe sharing this information would be a violation of the HIPAA privacy law. In an era of secure electronic transmissions of even highly-sensitive information, this process needlessly taxes disabled beneficiaries at a time they most need assistance and impedes SSA's ability to provide individuals with the benefits they deserve.

HUMAN CAPITAL

Social Security and State DDS employees are key to ensuring we are positioned to deliver quality public service. Our employees display imagination, professionalism, a "can-do" spirit, and unwavering dedication in their work everyday. Social Security employees interact with the American public every day in our field offices and on our 800-number and serve as the face of the Federal Government in communities across the country. We want to be the finest public service organization in government with a diverse workforce and a workplace second to none.

SSA has faced human capital challenges in recent years as the size of our workforce has declined despite increasing numbers of beneficiaries and new congressionally-mandated workloads. SSA is also experiencing an internal retirement wave, with 50 percent of our total workforce and 66 percent of our supervisors eligible to retire before 2018, creating a significant loss of institutional knowledge. In FY 2010, we plan to continue hiring to replace personnel who leave the agency. This hiring is critical, as initial claims and other workloads continue to increase beyond our expectations and technological innovations alone cannot handle the increased demand for SSA's services.

HEALTH INFORMATION TECHNOLOGY

We are working with Beth Israel Deaconess Medical Center in Boston to determine how we can use health information technology (HIT) to make our disability decision-making more efficient and timely. Currently, when a claimant treated at Beth Israel files a disability application, the Medical Evidence Gathering and Analysis through Health Information Technology system automatically sends an electronic request for his or her medical records. Almost immediately, the hospital electronically transmits back to us the medical record. We receive these records in seconds and minutes, rather than the usual weeks and months.

As part of our HIT initiatives, we are a leader in the development of the Nationwide Health Information Network (NHIN), the nation's electronic network of health information. We took part in the first exchange of data across the NHIN when the health care provider MedVirginia forwarded records to us in connection with a disability claim. We will be tracking the flow of data from MedVirginia providers to us by way of the new system. This initiative will revolutionize the way we process disability claims by allowing us to automatically request and receive the medical records needed to make disability determinations. Yet we realize that this is a time of great change in the HIT area and thus we remain committed to participation in the standards and certification process, as well as to the protection of the privacy of these records.

QUARTERLY WAGE REPORTING

The FY 2010 President's Budget proposes to restructure the Federal wage reporting process to increase the frequency with which wages are reported to SSA. Currently, employers report wages to the Federal Government once a year. However, from 1939 through 1977, we received wage reports quarterly.

Increasing the timeliness of wage reporting would enhance tax administration, improve program integrity for a range of programs, and facilitate implementation of automatic workplace pensions. The Administration will work with the states so that the overall reporting burden on employers is not increased. SSA will lead an interagency workgroup to determine the best approach to implementing quarterly wage reporting.

PROGRAM INTEGRITY AT SSA

The FY 2010 President's Budget includes a significant increase in funding for program integrity at SSA as part of the President's initiative to make government more effective and efficient. The enhanced funding in FY 2010 represents part of a multi-year government-wide effort, and it will allow SSA to focus more closely on workloads or processes that are most vulnerable to improper payments. As the size of our programs continues to grow, the dollar value of improper payments will become even more significant. This investment will reverse the trend of declining program integrity efforts in recent years that resulted from agency budget constraints.

Program integrity reviews at SSA ensure that American's tax dollars are spent properly, and that the people who are receiving benefits continue to be eligible for those benefits and that they are being paid the right amount. The FY 2010 budget includes resources for two types of program integrity efforts at SSA: continuing disability reviews (CDRs) and SSI redeterminations.

CDRs are periodic reevaluations of medical eligibility factors for DI and SSI disability beneficiaries and they are estimated to yield at least \$10 in lifetime program savings for every \$1 spent. SSI redeterminations, which are periodic reviews of non-medical factors of SSI eligibility such as income and resources, are estimated to yield \$7 in savings for every \$1 spent, *above the base level*. Both CDRs and redeterminations are extremely cost-effective.

In addition, if found to be as cost-effective as redeterminations, up to \$34 million may be used to expand asset verification initiatives such as the Access to Financial Institutions project, which automates verification of SSI recipients' assets held in banks.

GREEN INITIATIVES

We have a responsibility to the public to conduct business in an efficient, economical and environmentally sound manner. "Going green" benefits the environment and saves taxpayer dollars by minimizing waste and reducing energy consumption. For years, we have implemented projects benefiting the environment: we recycle; purchase environmentally friendly products; use efficient lighting, electronics, and appliances; and power our vehicles with alternative fuels. We have always been mindful that resource waste is taxpayer waste.

As outlined in Executive Order 13423, we will continue our tradition of "going green" by expanding on projects that: reduce petroleum consumption; increase usage of alternative fuels; reduce greenhouse gas emissions; reduce water consumption; increase our procurement of biobased or environmentally sound products; reduce use of chemicals and toxic materials; ensure our computers and monitors have Energy Star® features; and reuse, donate, sell, or recycle all of our electronic products using environmentally sound management practices. We will also build or renovate our facilities in accordance with environmentally sustainable strategies. Using these "Green" solutions in our daily operations is a sound environmental and stewardship decision that we will continue to embrace. The agency will lead by example in advancing these energy and environmental practices.

CONCLUSION

The economic downturn, combined with the retirement of the baby boomers, and the fraying of our physical and technological infrastructure have diminished our ability to address our rising workloads and backlogs. The additional funding provided by Congress in FY 2009 will make a difference to American lives. SSA is on a course to hire over 6,000 employees to address our increasing claims workloads, replace our aging National Computer Center, and issue economic recovery payments to nearly 55 million beneficiaries. On behalf of the American public, we are extremely grateful for Congress' support of the important work we do.

Looking forward, sustained, adequate funding is critical for SSA. It will take a multi-year effort to work down the hundreds of thousands of economy-driven claims. The FY 2010 President's Budget will allow us to continue to make substantial progress towards this goal. We will be able to process significantly more claims in FY 2010, continue to decrease the hearings backlog, and make progress in modernizing our IT infrastructure to provide better and more efficient service. We will also be able to step up our program integrity efforts, putting SSA on a path to return to historical levels. SSA's program integrity efforts help ensure the Government is spending tax dollars efficiently and that payments are made to the right person and in the correct amount.

In short, the President's Budget is another significant step forward for SSA. We are committed to working with Congress and the American people to address our challenges and improve service for the years to come. Sustained, timely and adequate funding provides our greatest opportunity for success.

The President's Budget will help us continue to increase our workload processing capacity and build efficiencies through improved automation and business processes. Without the full President's Budget, we will be unable to continue building the foundation that will allow us to handle both the additional work created by the economic downturn and the long-term challenges presented by the aging of the baby boomers.

We are acutely aware that America is depending on us. Social Security is indispensable to the disabled, seniors, and their dependents and is one of the most important and most successful Federal programs that our country has ever established. Through the programs we administer, we pay nearly \$60 billion in benefits each month and are an integral part of the American economy. With the continued support of Congress, we are confident that we can successfully address our immediate challenges and improve service for the years ahead.

