

# FY 2020 Congressional Justification

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## **Bipartisan Budget Act of 2015 Section 845(a) Report**

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

<sup>1</sup> 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).

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

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

<sup>7</sup> 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.

<sup>8</sup> 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 <sup>1</sup>	FY 2020 Budget
<b>Retirement and Survivor Claims</b>			
Retirement and Survivor Claims Completed (thousands)	5,862	6,009	6,324
<b>Disability Claims</b>			
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
<b>Disability Reconsiderations</b>			
Disability Reconsiderations Receipts (thousands)	553	635	740
Disability Reconsiderations Completed (thousands)	542	597	660
Disability Reconsiderations Pending (thousands) <sup>2</sup>	115	153	233
Average Processing Time for Disability Reconsiderations (days) <sup>3,4</sup>	103	105	105
<b>Hearings</b>			
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) <sup>5</sup>	595	515	390
<b>National 800 Number</b> <sup>6</sup>			
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%
<b>Program Integrity</b>			
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
<b>Selected Other Agency Workload Measures</b>			
Social Security Numbers (SSN) Completed (millions)	17	17	17
Annual Earnings Items Completed (millions)	284	285	285
Social Security Statements Issued (millions) <sup>7</sup>	15	15	15
<b>Selected Production Workload Measures</b>			
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)

<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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***

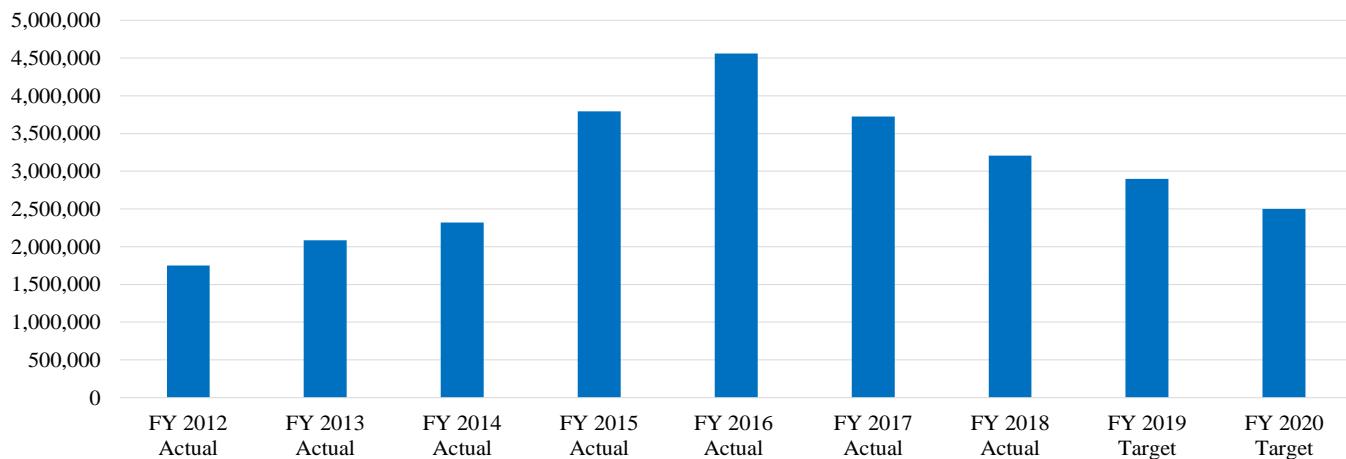
Our PCs handle actions after we determine benefit eligibility and support our field and hearing offices by handling the most-complex benefit payment decisions, administering appeals decisions, collecting debt, correcting records, and performing program integrity work.

## **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.

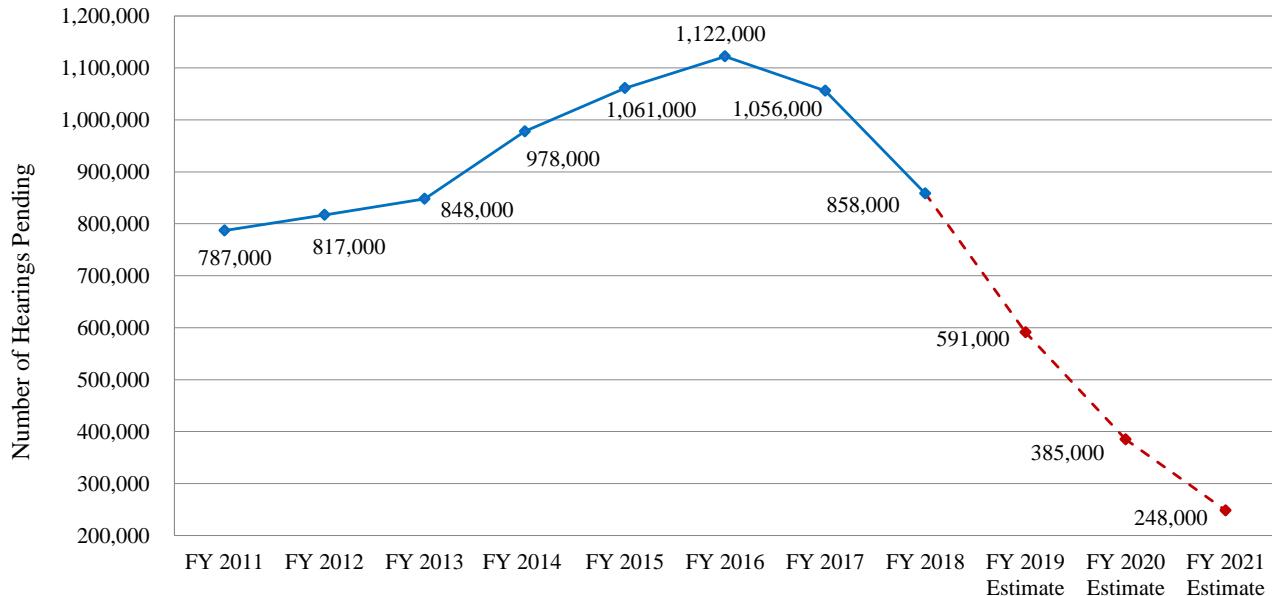
## **Reduce the Hearings Backlog**

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.

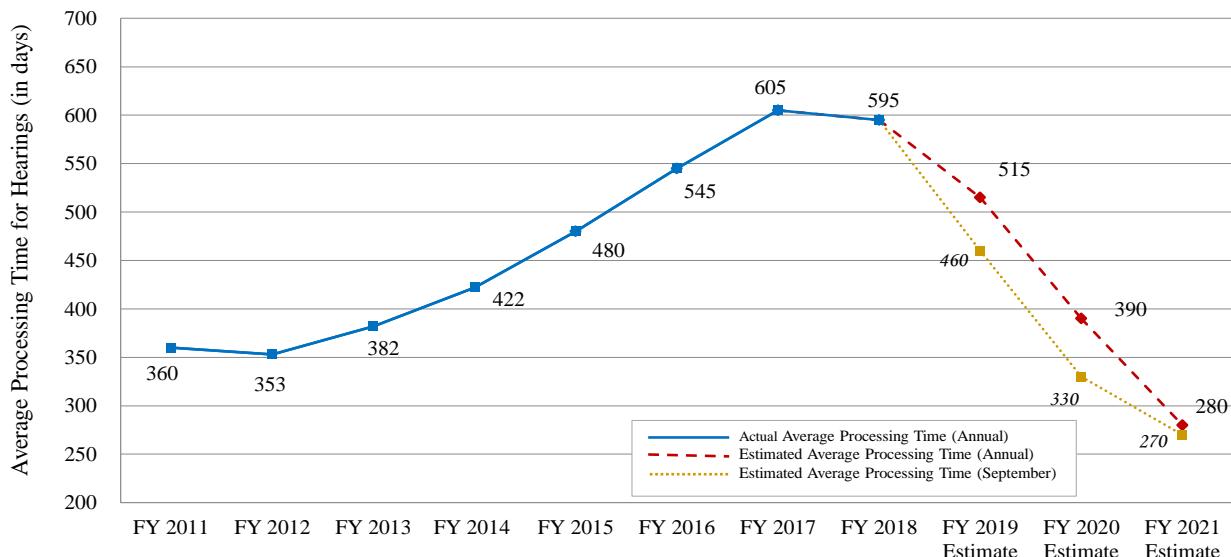
We are continuing to see the benefits of hires from previous years, improve our business processes, and make IT investments in our hearings operations. We plan to create quality assurance tools to improve policy compliance of drafted decisions and design a new hearings and appeals case processing system. 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.<sup>1</sup> 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.

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<sup>1</sup> 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 21<sup>st</sup> 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 deemors (e.g., an ineligible spouse or parent living with the recipient) to report earnings electronically.<sup>1</sup>

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<sup>1</sup> 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.<sup>1</sup> 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.

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<sup>1</sup> 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](http://www.socialsecurity.gov) and make payments via the Department of the Treasury's [www.pay.gov](http://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 21<sup>st</sup> 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.

# SOCIAL SECURITY ADMINISTRATION

## FY 2020 PRESIDENT'S BUDGET

### Key Tables

**Table i.1 - Summary Table of SSA's Appropriation Request**

<b>FY 2020</b>	<b>FTE</b>	<b>Amount</b>
Payments to Social Security Trust Funds		\$ 11,000,000
Supplemental Security Income (SSI) Program		
FY 2020 Request		\$ 41,832,000,000 <sup>1</sup>
FY 2021 First Quarter Advance		\$ 19,900,000,000
Limitation on Administrative Expenses (LAE)	60,997 <sup>2</sup>	\$ 12,773,000,000 <sup>3</sup>
Office of the Inspector General	583 <sup>4</sup>	\$ 105,500,000

<sup>1</sup> Excludes \$19,700,000,000, previously requested in the FY 2019 President's Budget as a first quarter advance for FY 2020.

<sup>2</sup> Includes workyears for LAE, reimbursable work, the State Children's Health Insurance Program (SCHIP), Medicare Access and CHIP Reauthorization Act (MACRA), and Medicare Savings Plan (MSP).

<sup>3</sup> Includes \$130,000,000 for SSI State Supplementary user fees, up to \$1,000,000 for non-attorney user fees, and up to \$270,000,000 for replacement Social Security card fees.

<sup>4</sup> The number of FY 2020 OIG FTEs shown reflects the correct estimate of 583 direct FTE, which is an update to the 561 FTE in the President's Budget Appendix.

**Table i.2 – Administrative Budget Authority and Other Planned Obligations<sup>1</sup> (in millions)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>	<b>Change FY 19/FY 20</b>
<b><u>Budget Authority</u></b>				
Base Limitation on Administrative Expenses (LAE)	\$11,019	\$11,059	\$11,060	\$1
Program Integrity Base Level	\$273	\$273	\$273	\$0
Program Integrity Cap Adjustment	\$1,462	\$1,410	\$1,309	-\$101
User Fees <sup>2</sup>	\$119	\$135	\$131	-\$4
<b>Subtotal, LAE Appropriation</b>	<b>\$12,873</b>	<b>\$12,877</b>	<b>\$12,773</b>	<b>-\$104</b>
Percent change from FY 2019				-0.81%
Research	\$101	\$101	\$101	\$0
Office of the Inspector General (OIG) <sup>3</sup>	\$106	\$106	\$106	\$0
<b>Subtotal, Budget Authority</b>	<b>\$13,079</b>	<b>\$13,084</b>	<b>\$12,980</b>	<b>-\$104</b>
Percent change from FY 2019				-0.79%
<b><u>Other Planned Obligations</u></b>				
No-year Information Technology	\$228	\$100	\$100	\$0
MIPPA – Low-Income Subsidy (LIS) <sup>4</sup>	\$0	\$6	\$6	\$0
MIPPA - Medicare Savings Program (MSP)	\$0	\$7	\$7	\$0
SCHIP - State Children's Health Insurance	\$0	\$1	\$1	\$0
Medicare Access and Chip Reauthorization Act of 2015 (MACRA)	\$2	\$1	\$0	-\$1
Recovery Act <sup>5</sup>				
Workload Processing	\$0	\$0	\$0	\$0
Economic Recovery Payments Admin	\$0	\$0	\$0	\$0
National Computer Center Replacement	\$0	\$2	\$0	-\$2
OIG Oversight	\$0	\$0	\$0	\$0
<b>Subtotal, Other Planned Obligations</b>	<b>\$230</b>	<b>\$117</b>	<b>\$114</b>	<b>-\$3</b>
<b>TOTAL, BUDGET AUTHORITY AND OTHER PLANNED OBLIGATIONS</b>	<b>\$13,309</b>	<b>\$13,200</b>	<b>\$13,094</b>	<b>-\$107</b>

<sup>1</sup> Totals may not equal sums of component parts due to rounding.

<sup>2</sup> Includes SSI user fees and Social Security Protection Act user fees.

<sup>3</sup> 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 reflect the transfer of \$10 million in FY 2019 and FY 2020, as the budget authority is captured as part of the LAE PI cap adjustment line.

<sup>4</sup> The Medicare Improvements for Patients and Providers Act 2008 (MIPPA) provided funding through the general fund for SSA activities related to MSP outreach and transmittal of data to states and implementation of changes to the LIS program. \$27 million in carryover funds remain available, \$12 million of which are set aside for reimbursements for the LIS workload and the remaining \$15 million for MSP costs above our annual reimbursable cap of \$3 million.

<sup>5</sup> Funds provided in the American Recovery and Reinvestment Act of 2009 (Recovery Act) (P.L. 111-5).

**Table i.3 – SSA Full Time Equivalents and Workyears**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>Change FY 19/FY 20</b>
SSA Full Time Equivalents	60,379	61,822	60,997	-825
SSA Overtime/Lump Sum Leave	3,200	2,657	1,748	-909
<b>Subtotal, SSA Workyears</b>	<b>63,579</b>	<b>64,479</b>	<b>62,745</b>	<b>-1,734</b>
Disability Determination Services (DDS) Workyears	13,665	13,551	13,148	-403
<b>Subtotal, SSA and DDS Workyears</b>	<b>77,244</b>	<b>78,030</b>	<b>75,893</b>	<b>-2,137</b>
MACRA Workyears	14	8	2	-6
<b>Subtotal, SSA, DDS and MACRA Workyears</b>	<b>77,258</b>	<b>78,038</b>	<b>75,895</b>	<b>-2,143</b>
OIG Full Time Equivalents	496	542	583 <sup>1</sup>	41
OIG Overtime/Lump Sum Leave	6	6	4	-2
<b>Subtotal, OIG Workyears</b>	<b>502</b>	<b>548</b>	<b>587</b>	<b>39</b>
<b>TOTAL SSA/DDS/OIG WORKYEARS</b>	<b>77,760</b>	<b>78,586</b>	<b>76,482</b>	<b>-2,104</b>

<sup>1</sup> The number of FY 2020 OIG FTEs shown reflects the correct estimate of 583 direct FTE, which is an update to the 561 FTE in the President's Budget Appendix.

**Table i.4 – SSA Outlays by Program (in millions)<sup>1</sup>**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>Change FY 19/FY 20</b>
<b>Trust Fund Programs</b>				
Old-Age and Survivors Insurance (OASI)	\$841,290	\$897,750	\$956,243	\$58,493
Disability Insurance (DI)	\$146,614	\$149,558	\$151,479	\$1,921
<b>Subtotal, Trust Fund Programs</b>	<b>\$987,904</b>	<b>\$1,047,308</b>	<b>\$1,107,722</b>	<b>\$60,414</b>
<b>Proposed OASDI Legislation:</b>				
Increase the Overpayment Collection Threshold for OASDI	\$0	\$0	-\$12	-\$12
Exclude SSA Debts from Discharge in Bankruptcy	\$0	\$0	-\$4	-\$4
Reduce 12-Month Retroactive DI Benefits to 6 Months	\$0	\$0	-\$316	-\$316
<b>Subtotal, Proposed OASDI Legislation</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$332</b>	<b>-\$332</b>
<b>Medicare Access and Chip</b>	<b>\$3</b>	<b>\$1</b>	<b>\$0</b>	<b>-\$1</b>
<b>Reauthorization Act of 2015 (MACRA)<sup>2</sup></b>				
<b>General Fund Programs</b>				
Supplemental Security Income (SSI)	\$55,099	\$60,519	\$61,871	\$1,352
Special Benefits for Certain World War II Veterans	\$2	\$2	\$2	\$0
Recovery Act: National Support Center	\$12	\$2	\$2	\$0
<b>Subtotal, General Fund Programs</b>	<b>\$55,113</b>	<b>\$60,523</b>	<b>\$61,875</b>	<b>\$1,352</b>
<b>Proposed General Fund Legislation:</b>				
Create a Sliding Scale for Multi-Recipient SSI Families	\$0	\$0	-\$784	-\$784
Improve SSI Youth Transition to Work	\$0	\$0	-\$5	-\$5
Strengthening Child Support Enforcement and Establishment	\$0	\$0	-\$5	-\$5
Special Immigrant Visa Extension	\$0	\$0	\$8	\$8
<b>Subtotal, Proposed General Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$786</b>	<b>-\$786</b>
<b>TOTAL SSA Outlays, Current Law</b>	<b>\$1,043,020</b>	<b>\$1,107,832</b>	<b>\$1,169,597</b>	<b>\$61,765</b>
Percent change from FY 2019				5.58 %
<b>TOTAL SSA Outlays, Proposed Law</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$1,118</b>	<b>-\$1,118</b>
<b>TOTAL SSA Outlays, Current &amp;</b>	<b>\$1,043,020</b>	<b>\$1,107,832</b>	<b>\$1,168,479</b>	<b>\$60,647</b>

<sup>1</sup> Totals may not equal sums of component parts due to rounding.

<sup>2</sup> FY 2018 outlays will not match the FY 2018 outlays included in the Budget Appendix.

**Table i.5 – Current Law- OASDI Outlays and Income (in millions)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>Change FY 19/FY 20</b>
<b><u>Outlays</u></b>				
OASI Benefits	\$833,029	\$888,965	\$947,642	\$58,677
DI Benefits	\$143,537	\$146,411	\$148,558	\$2,147
Other <sup>1</sup>	\$11,338	\$11,932	\$11,522	-\$410
<b>TOTAL OUTLAYS, Current Law</b>	<b>\$987,904</b>	<b>\$1,047,308</b>	<b>\$1,107,722</b>	<b>\$60,414</b>
<b><u>Income</u></b>				
OASI	\$822,256	\$897,887	\$943,653	\$45,766
DI	\$170,312	\$150,408	\$145,193	-\$5,215
<b>TOTAL INCOME, Current Law</b>	<b>\$992,568</b>	<b>\$1,048,295</b>	<b>\$1,088,846</b>	<b>\$40,551</b>

**Table i.6 – Current Law- OASDI Beneficiaries and Average Benefit Payments (in thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>Change FY 19/FY 20</b>
<b><u>Average Number of Beneficiaries</u></b>				
OASI	51,791	53,273	54,832	1,559
DI	10,352	10,239	10,144	-95
<b>TOTAL BENEFICIARIES</b>	<b>62,143</b>	<b>63,512</b>	<b>64,976</b>	<b>1,464</b>
<b><u>Average Monthly Benefit</u></b>				
Retired Worker	\$1,402	\$1,453	\$1,504	\$51
Disabled Worker	\$1,192	\$1,226	\$1,260	\$34
Projected COLA Payable in January	2.0%	2.8%	2.2%	-0.6%

<sup>1</sup> “Other” includes SSA & non-SSA administration expenses, beneficiary services, payment to the Railroad Retirement Board, and demonstration projects.

**Table i.7 – Current Law- Supplemental Security Income Outlays (in millions)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>Change FY 19/FY 20</b>
Federal Benefits <sup>1</sup>	\$50,913	\$55,905	\$57,108	\$1,203
Other <sup>2</sup>	\$4,397	\$4,618	\$4,767	\$149
<b>Subtotal, Federal Outlays</b>	<b>\$55,310</b>	<b>\$60,523</b>	<b>\$61,875</b>	<b>\$1,352</b>
State Supplementary Benefits	\$2,401	\$2,715	\$2,760	\$45
State Supplementary Reimbursements	-\$2,612	-\$2,719	-\$2,764	-\$45
<b>Subtotal, Net State Supplementary Payments<sup>3</sup></b>	<b>-\$211</b>	<b>-\$4</b>	<b>-\$4</b>	<b>\$0</b>
<b>TOTAL OUTLAYS, Current Law</b>	<b>\$55,099</b>	<b>\$60,519</b>	<b>\$61,871</b>	<b>\$1,352</b>

<sup>1</sup> There were 11 payments in FY 2018. There are 12 payments in FY 2019 and FY 2020.

<sup>2</sup> “Other” includes beneficiary services, research and administrative expenses.

<sup>3</sup> States must reimburse SSA in advance for State Supplementary Payments. There will always be 12 state reimbursements in each fiscal year, but there can be 11, 12, or 13 benefit payments per fiscal year because a monthly payment is advanced into the end of the previous month anytime the due date falls on a weekend or holiday. Hence, the “Net State Supplementary Payment” numbers vary from year-to-year depending on the timing of the October benefit payments at the beginning and end of each fiscal year.

**Table i.8 – SSI Recipients and Benefit Payments<sup>1</sup> (Recipients in thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>Change FY 19/FY 20</b>
<b><u>Average Number of SSI Recipients</u></b>				
Federal Recipients				
Aged	1,119	1,120	1,129	9
Blind or Disabled	6,924	6,846	6,805	-41
<b>SUBTOTAL, FEDERAL RECIPIENTS</b>	<b>8,043</b>	<b>7,966</b>	<b>7,934</b>	<b>-32</b>
State Supplement Recipients (with no Federal SSI payment)	158	156	156	0
<b>TOTAL SSI RECIPIENTS, Current Law</b>	<b>8,202</b>	<b>8,121</b>	<b>8,090</b>	<b>-31</b>
<i>SSI Federal Recipients Concurrently Receiving</i>				
<i>OASDI Benefits (included above)</i>	2,744	2,720	2,714	-7
<b><u>Average Monthly Benefit</u></b>				
Aged	\$401	\$414	\$428	\$14
Blind and Disabled	\$590	\$605	\$620	\$15
<b>AVERAGE, All SSI Recipients</b>	<b>\$564</b>	<b>\$578</b>	<b>\$593</b>	<b>\$15</b>
Projected COLA Payable in January	2.0%	2.8%	2.2%	-0.6%

<sup>1</sup> Totals may not equal sums of component parts due to rounding.

**Table i.9 – Special Benefits for Certain WWII Veterans Overview**  
**(Outlays in millions)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>Change FY 19/FY 20</b>
Federal Benefits	\$2	\$1	\$1	\$0
Administration	\$0 <sup>1</sup>	\$1	\$1	\$0
<b>TOTAL OUTLAYS</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$0</b>
Average Number of Beneficiaries (in thousands)	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>	0
Average Monthly Benefit	\$355	\$402	\$411	\$9

<sup>1</sup> Less than \$500,000.

<sup>2</sup> Estimated average number of recipients less than 500.

**Table i.10 – Administrative Outlays as a Percent of Trust Fund Income and Benefit Payments - FY 2020**

	<b>Administrative Outlays<sup>1</sup></b>	<b>Trust Fund Income</b>	<b>Percent of Trust Fund Income</b>
OASI	\$3,129	\$943,653	0.3%
DI	\$2,470	\$145,193	1.7%
SSN Fees	\$270	-	-
<b>OASDI (combined)</b>	<b>\$5,869</b>	<b>\$1,088,846</b>	<b>0.5%</b>

	<b>Administrative Outlays<sup>1</sup></b>	<b>Benefit Payments</b>	<b>Percent of Benefit Payments</b>
OASI	\$3,129	\$947,642	0.3%
DI	\$2,470	\$148,558	1.7%
SSN Fees	\$270	-	-
<b>Subtotal, OASDI (combined)</b>	<b>\$5,869</b>	<b>\$1,096,200</b>	<b>0.5%</b>
SSI (Federal and State)	\$4,667	\$59,868	7.8%
Other <sup>2</sup>	\$2,551	-	-
<b>TOTAL</b>	<b>\$13,087</b>	<b>\$1,156,068</b>	<b>1.1%</b>

<sup>1</sup> 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).

<sup>2</sup> Includes administrative outlays for Hospital Insurance and Supplemental Medical Insurance (\$2.45 billion), administrative outlays from the General Fund to OIG, SCHIP, MIPPA LIS, and Special Benefits for Certain World War II Veterans (\$38 million), reimbursables (\$58 million), and administrative outlays to the National Support Center (NSC) as provided in the Recovery Act (\$2 million). SSA's calculation of discretionary administrative expenses excludes Treasury administrative expenses, which are mandatory outlays.

**Table i.11 – Tax Rates, Wage Base and Economic Assumptions**

	CY 2018	CY 2019	CY 2020	Change CY 19/CY 20
<b><u>Employer/Employee Rates (each)</u></b>				
OASDI (Social Security)	6.20%	6.20%	6.20%	0.0%
Hospital Insurance (HI) (Medicare)	1.45%	1.45%	1.45%	0.0%
<b>EMPLOYEE TOTAL</b>	<b>7.65%</b>	<b>7.65%</b>	<b>7.65%</b>	0.0%
<b><u>Self-Employment Rates</u></b>				
OASDI (Social Security)	12.40%	12.40%	12.40%	0.0%
HI (Medicare)	2.90%	2.90%	2.90%	0.0%
<b>TOTAL</b>	<b>15.30%</b>	<b>15.30%</b>	<b>15.30%</b>	0.0%
<b><u>Cost of Living Adjustments (COLAs)</u></b>				
January	2.0%	2.8%	2.2% <sup>1</sup>	-0.6%
<b><u>Contribution and Benefit Base</u></b>				
OASDI	\$128,400	\$132,900	\$136,800 <sup>1</sup>	\$3,900
HI	(no cap)	(no cap)	(no cap)	
<b><u>Annual Retirement Test</u></b>				
Year Individual Reaches Full Retirement Age	\$45,360	\$46,920	\$48,360 <sup>1</sup>	\$1,440
Under Full Retirement Age	\$17,040	\$17,640	\$18,120 <sup>1</sup>	\$480
<b><u>Wages Required for a Quarter of Coverage</u></b>				
	\$1,320	\$1,360	\$1,400 <sup>1</sup>	\$40

<sup>1</sup> Estimate.

**Table i.12 – Selected Performance Measures**

Workload and Outcome Measures	FY 2018 Actual	FY 2019 Estimate <sup>1</sup>	FY 2020 Budget
<b>Retirement and Survivor Claims</b>			
Retirement and Survivor Claims Completed (thousands)	5,862	6,009	6,324
<b>Disability Claims</b>			
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
<b>Disability Reconsiderations</b>			
Disability Reconsiderations Receipts (thousands)	553	635	740
Disability Reconsiderations Completed (thousands)	542	597	660
Disability Reconsiderations Pending (thousands) <sup>2</sup>	115	153	233
Average Processing Time for Disability Reconsiderations (days) <sup>3,4</sup>	103	105	105
<b>Hearings</b>			
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) <sup>5</sup>	595	515	390
<b>National 800 Number</b>			
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%
<b>Program Integrity</b>			
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
Social Security Numbers (SSN) Completed (millions)	17	17	17
Annual Earnings Items Completed (millions)	284	285	285
Social Security Statements Issued (millions) <sup>6</sup>	15	15	15
<b>Selected Production Workload Measures</b>			
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)

<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

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## APPROPRIATION LANGUAGE

### PAYMENTS TO SOCIAL SECURITY TRUST FUNDS

For payment to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as provided under sections 201(m) and 1131(b)(2) of the Social Security Act, \$11,000,000.<sup>1</sup> (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.*)

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<sup>1</sup> Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue. Under the "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989, is credited directly to the trust funds from Treasury's general fund when the checks are canceled. These funds do not pass through the Payments to Social Security Trust Funds account, but the interest adjustments do pass through this account.

Section 1131 of the Social Security Act requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors). It permits the administrative expenses of carrying out this pension reform work to be funded initially from the Old Age and Survivors Insurance (OASI) Trust Fund through SSA's Limitation on Administrative Expenses and authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund.

## GENERAL STATEMENT

The Payments to Social Security Trust Funds (PTF) account provides Federal fund payments to the Social Security trust funds for several distinct activities. The purpose of each requested payment is to put the trust funds in the same financial position they would have been in had they not borne the cost of certain benefits or administrative expenses chargeable to general revenues. This account includes payments requiring an annual appropriation and payments made to the trust funds under permanent indefinite authority.

## ANNUAL APPROPRIATION

The annual PTF appropriation provides reimbursement to the Social Security trust funds for non-trust fund activities. These activities include pension reform and interest on unnegotiated checks. Listed below is the estimated annual appropriation and resulting obligations for FY 2020.

**Table 1.1—Annual Appropriation and Obligations  
(In thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>	<b>FY 2019 to FY 2020 Change</b>
<b>Appropriation</b>	\$ 11,400	\$ 11,000	<b>\$ 11,000</b>	\$ 0
<b>Obligations<sup>1</sup></b>	\$ 3,988	\$ 11,050	<b>\$ 11,050</b>	\$ 0

## PERMANENT INDEFINITE AUTHORITY

Amounts not subject to the annual appropriation include: (1) receipts from Federal income taxation of Social Security benefits; (2) Federal Insurance Contribution Act (FICA) and Self-Employment Contribution Act (SECA) tax credits; (3) reimbursement for Federal employee union administrative expenses; and (4) reimbursements for the loss in FICA tax revenue resulting from the payroll tax holiday provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and extended by the Temporary Payroll Tax Cut Continuation Act of 2011. The permanent appropriation provides that the trust funds be credited for each of these revenue items.

### Taxation of Social Security Benefits

The Social Security Amendments of 1983 provide for taxation of up to one-half of Social Security benefits in excess of certain income thresholds. The Omnibus Reconciliation Act of 1993, P.L. 103-66, amended this provision so that up to 85 percent of benefits could be subject to taxation. The additional amounts collected from this 1993 provision are paid to the Hospital

<sup>1</sup> The obligations include Coal Industry Retiree Health Benefits Act activity, funded from unobligated balances carried forward from prior years. These funds, provided in FYs 1996 and 1997, remain available until expended to reimburse the trust funds.

Insurance (HI) Trust Fund; no additional income is due to the Social Security trust funds resulting from the enactment of the 1993 law.

Section 733 of the Uruguay Round Agreements Act, P.L. 103-465, also increased the taxable portion of nonresident aliens' Social Security benefits from 50 percent to 85 percent. The Offices of the General Counsel at SSA and at the Centers for Medicare and Medicaid Services, Department of Health and Human Services, agreed that the additional income resulting from the law should go to the Old Age, Survivors, and Disability (OASDI) trust funds as opposed to the HI Trust Fund.

The taxes are collected as Federal income taxes; subsequently, an equivalent payment to the Social Security trust funds is made from the general funds of the Treasury. Transfers of estimated aggregate tax liabilities arising from Social Security benefits of U.S. citizens are made quarterly and then adjusted as actual receipts are known. The estimated income from these taxes is \$36,060 million in FY 2019 and \$39,424 million in FY 2020 from U.S. citizens; the taxes imposed on aliens are withheld from benefit payments and will generate estimated income of \$233 million in FY 2019 and \$248 million in FY 2020. The estimates for taxation of benefits reflect corresponding growth related to benefit levels and the beneficiary population.

### **FICA and SECA Tax Credits**

The Social Security Amendments of 1983 also provided for the granting of FICA and SECA tax credits to individuals. The tax credits are granted at the time the individual is taxed and are funded by the general funds of the Treasury through reimbursement to the trust funds. The FICA tax credit applies only to wages earned in calendar year 1984. The SECA tax credit applies from calendar year 1984 through calendar year 1989. There are small periodic adjustments made due to tax credits being applied retroactively.

### **Reimbursement for Employee Union Expenses**

In addition to taxation of benefits and tax credits, the PTF account includes reimbursement to the trust funds from general funds, including interest, for certain administrative expenses incurred in support of Federal employee union activities. In FYs 2019 and 2020, this \$11 million will be funded initially by SSA's Limitation on Administrative Expenses (LAE) appropriation.

### **Reimbursement for Payroll Tax Holiday**

P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011, amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. On February 22, 2012, a new law, the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) extended the reduced rate through December 31, 2012. The general funds reimburse the trust funds for this loss in tax revenue.

**BUDGETARY RESOURCES**

The FY 2020 annual appropriation request for PTF is \$11,000,000. We expect to make \$39,694,050,000 in payments to the trust funds in FY 2020, including amounts appropriated under permanent indefinite authority.

**Table 1.2—Amounts Available for Obligation**  
**(In thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>
<b>Annual Appropriation</b>	<b>\$ 11,400</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>
<b>Permanent Appropriation</b>	<b>\$ 35,741,114</b>	<b>\$ 36,315,000</b>	<b>\$ 39,683,000</b>
Total Appropriation	\$ 35,752,514	\$ 36,326,000	\$ 39,694,000
Unobligated Balance, Start-of-Year	\$ 12,826	\$ 12,822	\$ 12,772
<b>Subtotal Budgetary Resources</b>	<b>\$ 35,765,340</b>	<b>\$ 36,338,822</b>	<b>\$ 39,706,772</b>
<b>Obligations</b>	<b>(\$ 35,745,103)</b>	<b>(\$ 36,326,050)</b>	<b>(\$ 39,694,050)</b>
Unobligated Balance, End-of-Year	\$ 12,822	\$ 12,772	\$ 12,722
Unobligated Balance, Lapsing	\$ 7,415	\$ 0	\$ 0

The “Start-of-Year” and “End-of-Year” unobligated balances represent funds appropriated for the Coal Industry Retiree Health Benefits Act (CIRHBA) in FYs 1996 and 1997 and made available until expended. The lapsed unobligated balance represents the amount of the annual appropriation not obligated in the current year.

## ANALYSIS OF CHANGES

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The FY 2020 annual appropriation request is the same as the FY 2019 level. The obligations reported below include CIRHBA activity, funded from unobligated balances carried forward from prior years. These funds, provided in FYs 1996 and 1997, remain available until expended.

**Table 1.3—Summary of Changes**  
(In thousands)

	FY 2019 Estimate	FY 2020 Enacted	<i>FY 2019 to FY 2020 Change</i>
<b>Appropriation</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>	<b>\$ 0</b>
<b>Obligations</b>	<b>\$ 11,050</b>	<b>\$ 11,050</b>	<b>\$ 0</b>

## BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

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The table below displays the budget authority and obligations for each of the PTF activities funded by the annual appropriation. CIRHBA obligations are funded from prior year unobligated balances.

**Table 1.4—New Budget Authority & Obligations, Annual Authority<sup>1</sup>**  
(In thousands)

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate
<b><u>Appropriation</u></b>			
Pension Reform	\$ 6,400	\$ 6,000	\$ 6,000
Unnegotiated Checks	\$ 5,000	\$ 5,000	\$ 5,000
Coal Industry Retiree Health Benefits	\$ 0	\$ 0	\$ 0
<b>Total Annual Appropriation</b>	<b>\$ 11,400</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>
<b><u>Obligations</u></b>			
Pension Reform	\$ 1,582	\$ 6,000	\$ 6,000
Unnegotiated Checks	\$ 2,403	\$ 5,000	\$ 5,000
Coal Industry Retiree Health Benefits	\$ 4	\$ 50	\$ 50
<b>Total Obligations</b>	<b>\$ 3,988</b>	<b>\$ 11,050</b>	<b>\$ 11,050</b>

<sup>1</sup> Totals may not add due to rounding.

## Payments to the Social Security Trust Funds

The table below displays budget authority and obligations for the PTF activities not subject to the annual appropriation. This includes taxation of benefits, FICA and SECA tax credits, reimbursement for certain union administrative expenses, and reimbursements for the employee payroll tax holiday. The actual amount appropriated for these activities is determined by the actual amount collected from, or to be reimbursed for, each activity.

**Table 1.5—Budget Authority and Obligations,  
Permanent Indefinite Authority  
(In thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>
<b><u>Appropriation</u></b>			
Reimb. for Union Administrative Expenses	\$ 10,410	\$ 11,000	\$ 11,000
Employee Payroll Tax Holiday <sup>1</sup>	\$ 12,638	\$ 11,000	\$ 0
Taxation of Benefits, U.S.	\$ 35,500,044	\$ 36,060,000	\$ 39,424,000
Taxation of Benefits, Nonresident Alien	\$ 218,000	\$ 233,000	\$ 248,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 22	\$ 0	\$ 0
<b>Total Permanent Appropriation</b>	<b>\$ 35,741,114</b>	<b>\$ 36,315,000</b>	<b>\$ 39,683,000</b>
<b><u>Obligations</u></b>			
Reimb. for Union Administrative Expenses	\$ 10,410	\$ 11,000	\$ 11,000
Employee Payroll Tax Holiday	\$ 12,638	\$ 11,000	\$ 0
Taxation of Benefits, U.S.	\$ 35,500,044	\$ 36,060,000	\$ 39,424,000
Taxation of Benefits, Nonresident Alien	\$ 218,000	\$ 233,000	\$ 248,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 22	\$ 0	\$ 0
<b>Total Obligations</b>	<b>\$ 35,741,114</b>	<b>\$ 36,315,000</b>	<b>\$ 39,683,000</b>

<sup>1</sup> P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011 amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. On February 22, 2012, a new law, the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) extended the reduced rate through December 31, 2012. The general funds reimburse the trust funds for the loss in tax revenue (Title VI, Sec 601).

**OBLIGATIONS BY OBJECT CLASS**

The table below displays the obligations by object class for the total PTF account (annually and permanently appropriated funds).

**Table 1.6—Obligations by Object  
(In thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>
<b>Other Services</b>	\$ 14,421	\$ 22,050	\$ 22,050
<b>Financial Transfers</b>	\$ 35,718,044	\$ 36,293,000	\$ 39,672,000
<b>Financial Transfers: Employee Payroll Tax Holiday</b>	\$ 12,638	\$ 11,000	\$ 0
<b>Total Obligations</b>	<b>\$ 35,745,103</b>	<b>\$ 36,326,050</b>	<b>\$ 39,694,050</b>

## BACKGROUND

### AUTHORIZING LEGISLATION

The PTF account is authorized by the sections of the Social Security Act described below.

**Table 1.7—Authorizing Legislation (In thousands)**

	Amount Authorized	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate
Pension Reform: S.S. Act, Section 1131(b)(2)	Indefinite	\$ 6,400	\$ 6,000	\$ 6,000
Unnegotiated Checks: S.S. Act, Section 201(m); Social Security Amendments of 1983, Section 152	Indefinite	\$ 5,000	\$ 5,000	\$ 5,000
Coal Industry Retiree Health Benefits: Internal Revenue Code of 1986, Sections 9704 and 9706; Energy Policy Act of 1992, Section 1914 <sup>1</sup>	Indefinite	\$ 0	\$ 0	\$ 0
<b>Subtotal Annual PTF Appropriation</b>		<b>\$ 11,400</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>
Reimbursement for Union Administrative Expenses: FY 2002 Social Security Appropriations Act	Permanent Indefinite	\$ 10,410	\$ 11,000	\$ 11,000
Employee Payroll Tax Holiday: P.L. 111-312, Section 601, As Amended By Temporary Payroll Tax Cut Continuation Act: P.L. 112-78	Permanent Indefinite	\$ 12,638	\$ 11,000	\$ 0
Taxation of Benefits, U.S.: Social Security Amendments of 1983, Section 121	Permanent Indefinite	\$ 35,500,044	\$ 36,060,000	\$ 39,424,000
Taxation of Benefits, Nonresident Aliens: Social Security Amendments of 1983, Section 121	Permanent Indefinite	\$ 218,000	\$ 233,000	\$ 248,000
FICA/SECA Tax Credits: Social Security Amendments of 1983, Section 124(b)	Permanent Indefinite	\$ 22	\$ 0	\$ 0
<b>Subtotal Permanent PTF Appropriation</b>		<b>\$ 35,741,114</b>	<b>\$ 36,315,000</b>	<b>\$ 39,683,000</b>
<b>Total Appropriation</b>		<b>\$ 35,752,514</b>	<b>\$ 36,326,000</b>	<b>\$ 39,694,000</b>

<sup>1</sup> Additional funds are not requested because the balance of the \$10,000,000 per year appropriated in FYs 1996 and 1997 remains available until expended to reimburse the trust funds.

## APPROPRIATION HISTORY

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The table below displays the annual appropriation requested by SSA, amounts approved by the House and Senate, and the amount ultimately appropriated by Congress. This does not include amounts appropriated under permanent authority.

**Table 1.8—Appropriation History Table**

<b>Fiscal Year</b>	<b>Budget Estimate to Congress</b>	<b>House Committee Passed</b>	<b>Senate Committee Passed</b>	<b>Enacted Appropriation</b>
2010	\$ 20,404,000	\$ 20,404,000 <sup>1</sup>	\$ 20,404,000 <sup>2</sup>	\$ 20,404,000 <sup>3</sup>
2011 <sup>4</sup>	\$ 21,404,000	- - - <sup>5</sup>	\$ 21,404,000 <sup>6</sup>	\$ 21,404,000 <sup>7</sup>
2012	\$ 20,404,000	- - - <sup>8</sup>	\$ 20,404,000 <sup>9</sup>	\$ 20,404,000 <sup>10</sup>
2013	\$ 20,402,000	- - - <sup>11</sup>	\$ 20,404,000 <sup>12</sup>	\$ 20,404,000 <sup>13</sup>
2014	\$ 16,400,000	- - - <sup>14</sup>	\$ 16,400,000 <sup>15</sup>	\$ 16,400,000 <sup>16</sup>
2015	\$ 16,400,000	\$ 16,400,000 <sup>17</sup>	---	\$ 16,400,000 <sup>19</sup>
2016	\$ 20,400,000	\$ 20,400,000 <sup>20</sup>	\$ 20,400,000 <sup>21</sup>	\$ 11,400,000 <sup>22</sup>
2017	\$ 11,400,000	\$ 11,400,000 <sup>23</sup>	\$ 11,400,000 <sup>24</sup>	\$ 11,400,000 <sup>25</sup>
2018	\$ 11,400,000	\$ 11,400,000 <sup>26</sup>	\$ 11,400,000 <sup>27</sup>	\$ 11,400,000 <sup>28</sup>
2019	\$ 11,000,000	\$ 11,000,000 <sup>29</sup>	\$ 11,000,000 <sup>30</sup>	\$ 11,000,000 <sup>31</sup>
<b>2020</b>	<b>\$ 11,000,000</b>			

<sup>1</sup> H.R. 3293.

<sup>2</sup> H.R. 3293, reported from Committee with an amendment.

<sup>3</sup> Consolidated Appropriations Act, 2010 (P.L. 111-117).

<sup>4</sup> Requested \$1 million in FY 2011 for the quinquennial adjustment for military service wage credits from the general funds to the Federal Disability Insurance Trust Fund. However, we later determined that transfers should be made from the trust funds to the general fund in FY 2011.

<sup>5</sup> The House Committee on Appropriations did not report a bill.

<sup>6</sup> S. 3686.

<sup>7</sup> Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

<sup>8</sup> The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$20,404,000.

<sup>9</sup> S. 1599.

<sup>10</sup> Consolidated Appropriations Act, 2012 (P.L. 112-74).

<sup>11</sup> The House Committee on Appropriations did not report a bill.

<sup>12</sup> S. 3295.

<sup>13</sup> Department of Defense, Military Construction and Veterans Affairs, and Full-Year Continuing Appropriations Act, 2013 (P.L. 113-6).

<sup>14</sup> The House Committee on Appropriations did not report a bill.

<sup>15</sup> S. 1284.

<sup>16</sup> Consolidated Appropriations Act, 2014 (P.L. 113-76).

<sup>17</sup> H.R. 83.

<sup>18</sup> The Senate Committee on Appropriations did not report a bill.

<sup>19</sup> Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

<sup>20</sup> H.R. 3020.

<sup>21</sup> S. 1695.

<sup>22</sup> Consolidated Appropriations Act, 2016 (P.L. 114-113).

<sup>23</sup> H.R. 5926.

<sup>24</sup> S. 3040.

<sup>25</sup> Consolidated Appropriations Act, 2017 (P.L. 115-31).

<sup>26</sup> H.R. 3358.

<sup>27</sup> S. 1771.

<sup>28</sup> Consolidated Appropriations Act, 2018 (P.L. 115-141).

<sup>29</sup> H.R. 6470.

<sup>30</sup> S. 3158.

<sup>31</sup> Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

## PENSION REFORM

**Authorizing Legislation:** Section 1131(b)(2) of the Social Security Act.

### PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI Trust Fund for the cost of certain pension reform activities chargeable to Federal funds.

**Table 1.9—Pension Reform: Budget Authority**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>	<b>FY 2019 to FY 2020 Change</b>
<b>Budget Authority</b>	\$ 6,400,000	\$ 6,000,000	<b>\$ 6,000,000</b>	\$ 0

The Employee Retirement Income Security Act of 1974, P.L. 93-406 (Pension Reform Act, also known as ERISA) established section 1131 of the Social Security Act. This requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors), either upon request or automatically upon application for retirement, survivors, or disability insurance benefits.

Each time an employee leaves employment that earned him or her vested rights to a pension, SSA receives related information from the IRS in either paper or electronic format. We control, scan (using optical character recognition), and, if necessary, key the paper forms and transfer the data to the ERISA mainframe system. These data, along with electronic data received from the IRS, are added to the ERISA Master Files after the name is verified against the NUMIDENT (SSN record) database. Each month, we compare an activity file of new benefit applications to the ERISA Master Files. We send an ERISA notice of pension plan eligibility to individuals included in both the activity file and the ERISA Master Files. This notice includes the information the worker needs to contact the pension plan administrator. We also resolve exceptions and respond to inquiries from employers and the public.

Section 1131(b)(1) permits the administrative expenses of carrying out this pension reform work to be funded initially from the OASI Trust Fund through our Limitation on Administrative Expenses. Section 1131(b)(2) authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund. To the extent that resources needed to process this workload exceed the budget authority available for reimbursement in the current year, reimbursement is made to the OASI Trust Fund at the beginning of the subsequent year, including interest as appropriate. We began to incur pension reform administrative expenses in FY 1977.

**Table 1.10—Pension Reform: Obligations**

<b>Fiscal Year</b>	<b>Obligations</b>
FY 2011	\$ 3,802,000
FY 2012	\$ 6,400,000
FY 2013	\$ 2,521,092
FY 2014	\$ 1,010,592
FY 2015	\$ 858,477
FY 2016	\$ 1,421,941
FY 2017	\$ 881,832
FY 2018	\$ 1,582,104
FY 2019 Estimate	\$ 6,000,000
<b>FY 2020 Estimate</b>	<b>\$6,000,000</b>

### RATIONALE FOR BUDGET REQUEST

The FY 2020 budget requests \$6,000,000 to reimburse the OASI Trust Fund for the cost of carrying out SSA's responsibilities under the Pension Reform Act. The FY 2020 request is the same as the FY 2019 level. The table below summarizes the recent trend of pension coverage report receipts:

**Table 1.11—Receipts from Pension Coverage Reports**

<b>Fiscal Year</b>	<b>Pension Coverage Report Receipts</b>
FY 2011 <sup>1</sup>	68,159
FY 2012	10,454,215
FY 2013	3,810,675
FY 2014	8,156,306
FY 2015	6,310,851
FY 2016	7,964,997
FY 2017	7,061,212
<b>FY 2018</b>	<b>7,243,179</b>

<sup>1</sup> Because IRS created a new form (IRS Form 8955-SSA) for filers and a new electronic filing system, in addition to granting a filing deferral during this timeframe, most of the pension coverage report receipts were input into the system in FY 2012 (i.e., FY 2012 receipts essentially represent 2 years of receipts).

## UNNEGOTIATED CHECKS

**Authorizing Legislation:** Section 201(m) of the Social Security Act and Section 152 of P.L. 98-21.

## PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI and DI Trust Funds for the value of interest on benefit checks cashed after 6 months or subsequently cancelled.

**Table 1.12—Unnegotiated Checks: Budget Authority**

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate	FY19 to FY20 Change
<b>Budget Authority</b>	\$ 5,000,000	\$ 5,000,000	<b>\$ 5,000,000</b>	\$ 0

This activity was originally established to reimburse the trust funds for uncashed benefit checks and accrued interest. Beginning October 1, 1989, Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue under the provisions of the Competitive Equality Banking Act (CEBA) of 1987 (P.L. 100-86). In the 14<sup>th</sup> month after issue, the Department of the Treasury prepares a listing of checks outstanding from each agency, cancels those checks, and refunds the value of checks canceled to the authorizing agencies. Under this "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989, are credited directly to the trust funds from Treasury's general fund when the checks are canceled, pursuant to P.L. 100-86. These funds do not pass through the PTF account. However, the interest adjustment must be paid through this account because CEBA made no provision for it.

This appropriation funds the estimated ongoing level of activity and represents the value of interest for unnegotiated OASDI benefit checks.

**Table 1.13—Unnegotiated Checks: Obligations**

Fiscal Year	Obligations
FY 2012	\$ 5,910,374
FY 2013	\$ 3,082,985
FY 2014	\$ 2,698,386
FY 2015	\$ 2,989,099
FY 2016	\$ 2,091,901
FY 2017	\$ 2,028,629
FY 2018	\$ 2,402,793
FY 2019 Estimate	\$ 5,000,000
<b>FY 2020 Estimate</b>	<b>\$ 5,000,000</b>

## **Payments to the Social Security Trust Funds**

The actual interest reflects the ongoing shift of benefit payments from paper checks to direct deposit. On December 21, 2010, the Department of the Treasury published a final rule amending 31 Code of Federal Regulations Part 208 to require recipients of Federal benefits and nontax payments to receive their payments by electronic funds transfer. People who apply for Social Security benefits on or after May 1, 2011, receive their payments electronically. Many people who previously received Federal benefit checks before May 1, 2011 have switched to electronic payments. As a result, the final rule has decreased the volume of unnegotiated benefit checks, and we expect this trend to continue. Benefits paid via direct deposit bypass the mechanism in which there is the possibility of an uncashed check. However, the effect of the growth in direct deposit participation on unnegotiated check interest is somewhat offset by increases in the number of beneficiaries and in the average monthly benefit payments. The following table summarizes the recent trend in the percentage of OASDI beneficiaries enrolled in the direct deposit payment program.

**Table 1.14—Direct Deposit Participation Rate**

	<b>Direct Deposit Participation Rate</b>
FY 2009	86%
FY 2010	87%
FY 2011	89%
FY 2012	94%
FY 2013	98%
FY 2014	99%
FY 2015	99%
FY 2016	99%
FY 2017	99%
<b>FY 2018</b>	<b>99%</b>

## **RATIONALE FOR BUDGET REQUEST**

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The FY 2020 request is for \$5,000,000 to reimburse the OASDI trust funds for the value of interest on unnegotiated checks. The FY 2020 request is equal to the FY 2019 level.

**Table 1.15—Unnegotiated Checks: Budget Authority by Trust Fund**

	<b>FY 2019 Enacted</b>
OASI Trust Fund	\$ 3,000,000
DI Trust Fund	\$ 2,000,000
<b>Total</b>	<b>\$ 5,000,000</b>

## COAL INDUSTRY RETIREE HEALTH BENEFITS

**Authorizing Legislation:** Sections 9704 and 9706 of the Internal Revenue Code of 1986 as amended by section 19141 of the Energy Policy Act of 1992.

## PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASDI Trust Funds for work carried out under section 19141 of the Energy Policy Act of 1992 (Public Law 102-486), which established the Coal Industry Retiree Health Benefit Act of 1992 (CIRHBA).

**Table 1.16—Coal Industry Retiree Health Benefits: Obligations**

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate	FY19 to FY20 Change
<b>New Budget Authority</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>Obligations</b>	\$ 3,597	\$ 50,000	<b>\$ 50,000</b>	\$ 0

CIRHBA combined two existing United Mine Workers of America (UMWA) pension plans into a single fund and required that certain existing coalmine operators pay health benefit premiums for the new combined plan. The law directed the Commissioner of Social Security to:

- Search the earnings records of the group of retired coal miners covered by the combined plan;
- Determine which retirees should be assigned to which mine operators;
- Notify the involved mine operators of the names and Social Security numbers of eligible beneficiaries who have been assigned to them;
- Process appeals from operators who believe that assignments have been made incorrectly; and
- Compute the premiums based on a formula established in the Act.

**PROGRESS TO DATE**

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We have completed initial decisions and reviews on all of the retired miners covered under the provisions of the 1992 CIRHBA. In addition, we implemented the Coal Act provisions of the Tax Relief and Health Care Act of 2006 (P.L. 109-432), which significantly affected and restructured CIRHBA. We carefully reviewed the legislation, obtained legal advice, and assessed how P.L. 109-432 affected existing policies and procedures. We complied with the provision that specifically directed the Commissioner to “revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on or after October 1, 2007.”

We devoted considerable time and resources to comply with P.L. 109-432. All court cases challenging SSA’s involvement in the Coal Act are now closed. There is no active litigation. We have also completed our obligation to provide yearly data on miner assignments to the UMWA Combined Benefit Fund. Our Office of the Chief Actuary continues to compute the beneficiary premiums on a yearly basis.

This account provides general fund reimbursement to the trust funds to the extent that the LAE account advances funds for SSA to carry out this work. Additional funds are not requested for FY 2020 because the balance of the \$10,000,000 per year appropriated in FY 1996 and in FY 1997 remains available until expended to reimburse the trust funds.

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## APPROPRIATION LANGUAGE

### SUPPLEMENTAL SECURITY INCOME PROGRAM

For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, [\$41,366,203,000] \$41,832,000,000 to remain available until expended: Provided, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury: Provided further, That not more than \$101,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, [2021] 2022.

For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year [2020] 2021, [\$19,700,000,000] \$19,900,000,000, to remain available until expended.

**LANGUAGE ANALYSIS**

The appropriation language provides the Social Security Administration (SSA) with the funds needed to carry out its responsibilities under the Supplemental Security Income (SSI) program. This includes the funds needed to pay Federal benefits, administer the program, and provide beneficiary services to recipients. The budget authority for these activities is made available until expended, providing SSA the authority to carryover unobligated balances for use in future fiscal years. Furthermore, a portion of this funding is made available for SSA to conduct research and demonstration projects, which is available for 3 years, providing SSA the authority to carryover unobligated balances into the next 2 fiscal years.

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2020 are higher than expected and SSA does not have sufficient unobligated balances to cover the difference. Consistent with previous years, the appropriation also includes an advance appropriation for Federal benefit payments in the first quarter of FY 2021 to ensure the timely payment of benefits in case of a delay in the FY 2021 appropriations bill.

**Table 2.1—Appropriation Language Analysis**

<b>Language provision</b>	<b>Explanation</b>
“For carrying out titles XI and XVI of the Social Security Act... including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$41,832,000,000, to remain available until expended:”	Appropriates funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects under the SSI program. SSA may carryover unobligated balances for use in future fiscal years.
“ <i>Provided</i> , That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury.”	Ensures that States do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.
“ <i>Provided further</i> , That not more than \$101,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, 2022.”	Specifies that not more than \$101 million of the SSI appropriation is available for research and demonstration projects. SSA may carryover unobligated balances through September 30, 2022.
“For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.”	Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.
“For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2021, \$19,900,000,000, to remain available until expended.”	Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that recipients will continue to receive benefits during the first quarter of FY 2021 in the event of a temporary funding hiatus.

## GENERAL STATEMENT

The SSI program guarantees a minimum level of income to financially needy individuals who are aged, blind, or disabled. The program was created in 1972 by Title XVI of the Social Security Act and payments began January 1974. It is Federally-administered and funded from general revenues.

Prior to the establishment of the SSI program, the Social Security Act provided means-tested assistance through three separate programs—Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled. Federal law only established broad guidelines, with each state largely responsible for setting its own eligibility and payment standards. The SSI program was established to provide uniform standards across states.

**Table 2.2—Summary of Appropriations and Obligations<sup>1</sup>**  
**(in thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>	<b>Change</b>
Appropriation	\$ 53,487,277	\$ 60,866,203	\$ 61,532,000	+ \$ 665,797
Obligations	\$ 55,533,310	\$ 60,549,492	\$ 61,842,718	+ \$ 1,293,226
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 19,500,000	\$ 19,700,000	\$ 19,900,000	+ \$ 200,000

## PROGRAM OVERVIEW

### Eligibility Standards

As a means-tested program, individuals must have income and resources below specified levels to be eligible for benefits. Rules allow some specific categories of income and resources to be either totally or partially excluded.<sup>2</sup> The process of evaluating eligibility and payment levels for the SSI program and addressing the accuracy of payments is inherently complex due to the different rules.

An individual's benefit payment is reduced dollar for dollar by the amount of their "countable income"—income less all applicable exclusions—in a given month. Income in the SSI program includes "earned income" such as wages and net earnings from self-employment; and "unearned income" such as Social Security benefits, unemployment compensation, deemed income from a spouse or parent, and the value of in-kind support and maintenance such as food and shelter. Different exclusion rules apply for different types of income.

<sup>1</sup> Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the Limitation on Administrative Expenses (LAE) appropriation.

<sup>2</sup> The ABLE Act of 2014 created a new type of tax-advantaged account that has a limited effect on an individual's eligibility for the SSI program and other Federal means-tested programs.

## **Supplemental Security Income Program**

### **Benefit Payments**

SSA estimates it will pay \$57 billion in Federal benefits to approximately 8 million SSI recipients in FY 2020. Including state supplementary payments, SSA expects to pay a total of \$59.9 billion and administer payments to approximately 8 million recipients.

Federal benefit payments represent approximately 92 percent of Federal SSI spending. Administrative expenses represent about 7 percent of spending; beneficiary services and research and demonstration projects make up the remaining less than one percent.

### **Incentives for Work and Opportunities for Vocational Rehabilitation**

The SSI program is designed to help recipients with disabilities achieve independence by encouraging and supporting their attempts to work. The program includes a number of work incentive provisions that enable recipients who are blind or disabled to work and retain benefits. The program also includes provisions to help disabled beneficiaries obtain vocational rehabilitation and employment support services. These provisions were revised by legislation establishing the Ticket to Work program, discussed in more detail in the Beneficiary Services section.

### **State Supplementation**

Supplementation is mandatory for certain recipients who were on state rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, states are encouraged to supplement the Federal benefit and may elect to have their state supplementation program administered by SSA. States that choose to have SSA administer their program reimburse SSA in advance and SSA makes the payment on behalf of the state. Participating states also reimburse SSA for the cost of administering their program, based on a user fee schedule established by the Social Security Act. The user fee is \$12.21 per SSI check payment in FY 2019 and is expected to increase to \$12.47 in FY 2020. The Department of the Treasury receives the first \$5.00 of each fee and SSA retains the amount over \$5.00. Additional information regarding state supplementation can be found within the LAE section.

### **Coordination with Other Programs**

SSA plays an important role in helping states administer Medicaid and the Supplemental Nutrition Assistance Program (SNAP). Provisions in the SSI statute ensure that payments made by states or under the Social Security program are not duplicated by SSI benefits.

Generally, SSI recipients are categorically eligible for Medicaid. States may either use SSI eligibility criteria for determining Medicaid eligibility or use their own, provided the criteria are no more restrictive than the state's January 1972 medical assistance standards.

SSI recipients may qualify for SNAP. Social Security offices work with SSI applicants and recipients in a variety of ways to help them file for SNAP, including informing them of their potential benefits, making applications available to them, and in some cases helping them complete their applications. Social Security also shares applicant data with a number of states in support of SNAP.

## FY 2020 PRESIDENT'S BUDGET REQUEST

The SSI appropriation includes funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects. In total, the President's Budget request for FY 2020 is \$61,532,000,000. However, this includes \$19,700,000,000 appropriated for the first quarter of FY 2020 in the FY 2019 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2020, \$41,832,000,000—the total amount requested for FY 2020 less the advance already received.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$19,900,000,000 for Federal benefit payments in the first quarter of FY 2021. This advance is to ensure recipients continue to receive their benefits at the beginning of the subsequent fiscal year in case there is a delay in passing that year's appropriation.

**Table 2.3—Appropriation Detail <sup>1,2,3</sup>**  
(in thousands)

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate	Change
Advance for Federal Benefits <sup>4</sup>	\$ 15,000,000	\$ 19,500,000	\$ 19,700,000	
Regular for Federal Benefits <sup>5</sup>	\$ 33,816,963	\$ 36,855,123	\$ 37,282,000	
<b>Subtotal Federal Benefits</b>	<b>\$ 48,816,963</b>	<b>\$ 56,355,123</b>	<b>\$ 56,982,000</b>	<b>+ \$ 626,877</b>
Base Administrative Expenses <sup>5</sup>	\$ 3,021,164	\$ 2,930,287	\$ 3,099,000	+ \$ 168,713
Program Integrity (Base)	\$ 209,415	\$ 242,000	\$ 250,000	+ \$ 8,000
Program Integrity (Cap)	\$ 1,179,735	\$ 1,111,793	\$ 1,055,000	- \$ 56,793
<b>Subtotal Administrative Expenses</b>	<b>\$ 4,410,314</b>	<b>\$ 4,284,080</b>	<b>\$ 4,404,000</b>	<b>+ \$119,920</b>
Beneficiary Services <sup>6</sup>	\$ 159,000	\$ 126,000	\$ 45,000	- \$ 81,000
Research and Demonstration	\$ 101,000	\$ 101,000	\$ 101,000	\$ 0
<b>Subtotal Advanced Appropriation</b>	<b>\$ 15,000,000</b>	<b>\$ 19,500,000</b>	<b>\$ 19,700,000</b>	

<sup>1</sup> Does not include state supplementary payments and reimbursements or the corresponding state supplementary user fee collections; user fees are included in the LAE appropriation.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> There are 11 payments in FY 2018 and 12 payments in FYs 2019 and 2020.

<sup>4</sup> Amount provided or requested in the previous year's appropriation bill.

<sup>5</sup> The Federal benefit payments total in FY 2018 is ~\$581 million more than the Federal benefit payment total included in the FY 2018 Consolidated Appropriations Act (P.L. 115-141) report language All Purpose Table (APT) due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits). The Federal benefit payments total in FY 2019 is ~\$639 million more than the Federal Benefit Payment total included in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits).

<sup>6</sup> Our FY 2020 request is \$81 million lower than the FY 2019 appropriation because we are using prior year carryover to fund \$84 million in obligations. In the last few years, systems updates have led to unpredictable fluctuations in obligations. We are projecting a more gradual annual increase as the obligations have stabilized to more accurately reflect the growth in the number of beneficiaries returning to work.

## Supplemental Security Income Program

<b>Subtotal Regular Appropriation</b>	<b>\$ 38,487,277</b>	<b>\$ 41,366,203</b>	<b>\$ 41,832,000</b>	
Total Appropriation	\$ 53,487,277	\$ 60,866,203	\$ 61,532,000	+ \$ 665,797
<b>Advance for Subsequent Year</b>	<b>\$ 19,500,000</b>	<b>\$ 19,700,000</b>	<b>\$ 19,900,000</b>	+ \$ 200,000

## KEY INITIATIVES

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SSA continues to pursue efforts to ensure the proper management and stewardship of the SSI program.

### Payment Accuracy

For more than 80 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2017, 92.7 percent of SSI benefit payments were free of overpayment errors and 98.9 percent were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to recipients' incomes, resources, or living arrangements.

While maintaining and improving payment accuracy remains a challenge, SSA considers it a matter of great importance to continue to improve administration of the SSI program. SSA has taken steps to prevent overpayments before they occur and is addressing the two largest (in dollar amounts) causes of overpayments: unreported wages and unreported bank accounts. For more information on these efforts, please see the Improper Payments exhibit.

### Continuing Disability Reviews and Non-Disability Redeterminations

SSI continuing disability reviews (CDRs) are periodic reviews conducted to ensure recipients are still disabled according to our rules. The frequency of these reviews is dependent on the likelihood that a recipient's medical condition will change. Non-disability redeterminations (redeterminations) are periodic reviews that verify living arrangements, income levels, and other non-disability factors related to SSI eligibility. Similar to CDRs, the frequency of redeterminations is determined by the probability that changes affecting eligibility will occur. CDRs and redeterminations are key activities in ensuring the integrity of the SSI program and maintaining and improving payment accuracy.

The FY 2020 President's Budget request includes \$1,305 million specifically for conducting SSI CDRs and redeterminations, which would allow SSA to conduct about 449,000 SSI CDRs<sup>1</sup> and 2,822,000 redeterminations. For details on the estimated program savings resulting from the program integrity proposal, please refer to the Budget Process chapter in the Analytical Perspectives volume of the Budget.

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<sup>1</sup> The total estimated CDR volume is 674,000. We expect to complete about 225,000 Social Security Disability Insurance (DI)/Concurrent CDRs in addition to SSI CDRs.

## Access to Financial Institutions

Access to Financial Institutions (AFI) is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility. In addition to verifying alleged accounts, AFI detects undisclosed accounts by using geographic searches to generate requests to other financial institutions. AFI's purpose is to identify excess resources in financial accounts, which are a leading cause of SSI payment errors. We currently use the AFI system in all 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands for essentially all SSI non-medical redeterminations and full applications where there is an allegation of financial resources above the current AFI resource tolerance level.

Along with preventing overpayments, AFI can help us to eliminate ineligible applicants at the beginning of the application process, reducing the workload in the State Disability Determination Services (DDS). Additionally, as part of the Bipartisan Budget Act of 2015, AFI will help us to make informed decisions on overpayment waiver requests. The change in the law grants us the ability to verify financial information for all overpaid individuals who request waivers to determine whether they have the ability to repay their overpayment. We must obtain authorization from the overpaid individual to request the financial records. If an individual refuses to provide or revokes any authorization to obtain financial records, we may determine that they do not meet one of the requirements for granting a waiver. By the end of FY 2019, we will electronically collect individual AFI authorization from applicants and recipients. We are implementing enhancements to the overpayment waiver process, including automating AFI for waivers because we consider a person's resources in making our decision.

## Pre-Effectuation Reviews

The Deficit Reduction Act of 2005 provided SSA with the authority to conduct pre-effectuation reviews (PER) for favorable initial SSI adult blindness or disability determinations. SSA started conducting these reviews in April 2006. They are conducted before the individual is awarded benefits and are done to ensure the accuracy of the determinations made by State Agencies.

The DI program already required PERs, but prior to this legislation only SSI adult disability claims involving concurrent SSI/DI claims were subject to review. SSI PERs support the performance measure to reduce improper payments, improve the accuracy and integrity of the SSI program, and make the SSI and DI programs more consistent.

## Combating Fraud

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2018, SSA's Office of the Inspector General (OIG) Fraud Hotline processed 85,286 fraud-related allegations through online reporting, telephone, U.S. Mail, or fax. Of those allegations, 14,389 were related to SSI fraud. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition to matching the law enforcement data received pursuant to the matching program, Federal law authorizes OIG and SSA to release information back to law enforcement regarding beneficiaries and recipients who have unsatisfied felony arrest warrants or who are violating a condition of probation or parole imposed under

## **Supplemental Security Income Program**

Federal or State law. Individuals are identified by using an automated data matching process which compares warrant information at the State and Federal levels with the SSI rolls.

### **Debt Collection**

SSA currently makes use of the following debt collection tools that are authorized by law: benefit withholding; cross-program recovery; repayment by installment agreements; Credit Bureau Reporting; Administrative Wage Garnishment; and the Treasury Offset Program (TOP), which includes Tax Refund Offset (TRO), Administrative Offset (e.g., Federal travel and expense reimbursements), and Federal Salary Offset. Using these debt collection tools, we collected nearly \$1.4 billion in SSI overpayments, including Federally administered state supplement overpayments, in FY 2018. Also in FY 2018, we eliminated an additional \$152.4 million through Netting, a process that adjusts SSI overpayments through an automated offset against SSI underpayments.

SSA began collecting SSI overpayments by TRO in 1998 under the authority of the Deficit Reduction Act of 1984. The Foster Care Independence Act of 1999 extended to the SSI program all of the additional debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs. In FY 2002, we expanded the use of TOP by implementing Administrative Offset. SSA further expanded the use of TOP in FY 2006 when the agency implemented Federal Salary Offset, a collection tool used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. We again expanded our usage of TOP in FY 2013 to collect delinquent debts via TOP through Treasury's State Reciprocal Program (SRP). The SRP allows states to enter into reciprocal agreements with Treasury to collect unpaid State debt by offset of Federal non-tax payments. In return, the agreements allow the Federal Government to collect delinquent non-tax debt by offset of State payments. In FY 2018, TOP enabled the agency to collect \$76.7 million in delinquent SSI overpayments.

In FY 2002, SSA implemented Credit Bureau Reporting and Cross Program Recovery. In FY 2018, Credit Bureau Reporting contributed to the voluntary repayment of almost \$31.6 million, and we recovered \$166.7 million via Cross Program Recovery.

In FY 2005, SSA implemented Administrative Wage Garnishment, which has collected \$5.1 million in SSI debt in FY 2018. In the future, we plan to implement the remaining authorized collection tools to charge interest and administrative recovery fees, and consider use of private collection agencies.

Section 104 of the Strengthening Protections for Social Security Beneficiaries Act of 2018 requires SSA to hold the State liable for the repayment of any overpayment made on behalf of a represented minor while the minor was in State foster care and the State was the representative payee. SSA can no longer use internal offset of the benefit payment to recover the overpayment. The SPSSBA did not alter available debt collection methods available nor apply any limitation to use those existing methods to recover overpayments from the States.

### **Computer Matching Programs**

SSA routinely matches SSI recipient data with data maintained by other Federal, State, and local government entities to detect changes in income, resources, or living arrangements that may

affect SSI eligibility. In addition, the Foster Care Independence Act of 1999 provides for expansion of access to data from financial institutions.

SSA's computer matching operations include matches with:

- Prison inmate records to find recipients made ineligible by incarceration;
- Law enforcement agencies data on fugitive felons;
- Quarterly data on wage and unemployment compensation information;
- Monthly nursing home admission and discharge information;
- Internal Revenue Service records of non-wage income reported via 1099s to detect resources and/or income;
- Bureau of the Public Debt's Savings Bond records to detect unreported assets;
- Department of Defense (DOD) records to detect and verify DOD pension information;
- Veterans Administration (VA) benefit data to be used in SSI benefit calculations;
- VA death information for DI and SSI payments;
- Office of Personnel Management pension data to be used in certain SSI benefit calculations;
- Railroad Retirement Board data to be used in certain SSI benefit calculations;
- Department of Homeland Security (DHS) data for deportation information on aliens outside the U.S. for more than 30 continuous days to terminate SSI benefits;
- DHS records of aliens who voluntarily leave the U.S; and
- The AFI system to electronically request and receive financial account information.

Actions taken as a result of such matches include independent verification of assets or income. If this results in a change in payment amount or eligibility, notification is provided to the recipient of the findings along with appeal and waiver rights.

## BUDGETARY RESOURCES

The SSI annual appropriation consists of a regular appropriation made available by the current year's appropriation bill and an advance made available by the prior year's appropriation. This advance is for Federal benefit payments in the first quarter of the subsequent fiscal year to ensure recipients continue to receive their benefits in case there is a delay in passing that year's appropriation bill. The President's Budget for FY 2020 is \$61,532,000,000, including \$19,700,000,000 appropriated in the FY 2019 appropriation.

**Table 2.4—Amounts Available for Obligation<sup>1,2,3</sup>**

(in thousands)

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate
Regular Appropriation	\$ 38,487,277	\$ 41,366,203	\$ 41,832,000
Advanced Appropriation	\$ 15,000,000	\$ 19,500,000	\$ 19,700,000
<b>Total Annual Appropriation</b>	<b>\$ 53,487,277</b>	<b>\$ 60,866,203</b>	<b>\$ 61,532,000</b>
Federal Unobligated Balance	\$ 4,596,431	\$ 3,373,225	\$ 3,689,937
Recovery of Prior-Year Obligations	\$ 822,828	\$ 0	\$ 0
<b>Subtotal Federal Resources</b>	<b>\$ 58,906,536</b>	<b>\$ 64,239,428</b>	<b>\$ 65,221,937</b>
State Supp. Reimbursements	\$ 2,612,080	\$ 2,719,000	\$ 2,764,000
State Supp. Unobligated Balance	\$ 4,932	\$ 216,092	\$ 220,092
<b>Total Budgetary Resources</b>	<b>\$ 61,523,547</b>	<b>\$ 67,174,520</b>	<b>\$ 68,206,029</b>
<b>Federal Obligations</b>	<b>\$ 55,533,310</b>	<b>\$ 60,549,492</b>	<b>\$ 61,842,718</b>
State Supp. Obligations	\$ 2,400,919	\$ 2,715,000	\$ 2,760,000
<b>Total Obligations</b>	<b>\$ 57,934,229</b>	<b>\$ 63,264,492</b>	<b>\$ 64,602,718</b>
Federal Unobligated Balance	\$ 3,372,225	\$ 3,689,637	\$ 3,379,219
State Supp. Unobligated Balance	\$ 216,092	\$ 220,092	\$ 224,092
Total Unobligated Balance	\$ 3,589,318	\$ 3,910,029	\$ 3,603,311

<sup>1</sup> Does not include state supplementary user fees; user fees are included in the LAE appropriation.<sup>2</sup> Totals may not add due to rounding.<sup>3</sup> There were 11 payments in FY 2018. There are 12 payments in FYs 2019 and 2020.

The SSI annual appropriation was \$53.5 billion in FY 2018. The enacted FY 2019 appropriation is \$60.9 billion. SSA has the authority to carry over unobligated balances for use in future fiscal years for Federal benefit payments, administrative expenses, and beneficiary services because the amounts appropriated are made available until expended. SSA carried over approximately \$3.4 billion in Federal unobligated balances into FY 2019. SSA expects to carry over approximately \$3.7 billion into FY 2020, and use about \$311 million in carryover funds.

In addition to these appropriated amounts, SSA has spending authority in the amount of the advance reimbursement SSA receives from states to pay their state supplementary benefits. Because states reimburse SSA in advance, SSA carries over the amount received for the October 1 payment, reimbursed at the end of September in the prior fiscal year, for use in the subsequent fiscal year.

## **ANALYSIS OF CHANGES**

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The FY 2020 request represents an increase of approximately \$0.7 billion from the FY 2019 level. The majority of this increase results from increases to benefit payments from the annual COLA.

SSA plans to use unobligated balances to partially fund Federal benefits, beneficiary services, research and demonstration projects, and administrative expenses in FY 2019 and FY 2020. SSA plans to use approximately \$141 million in unobligated balances and recoveries in FY 2019 and approximately \$311 million in FY 2020.

### **Federal Benefit Payments**

The increase in the FY 2020 request for Federal benefit payments is a result of the January COLA. The increase in Federal benefit payments is partially offset by the impact of Old-Age, Survivors, and Disability Insurance (OASDI) COLAs on concurrent SSI/OASDI recipients. Since OASDI benefits are counted as income in the SSI program, the annual OASDI COLA decreases the SSI benefit payment for concurrent recipients.

### **Administrative Expenses**

The FY 2020 request for administrative expenses is \$120 million more than the FY 2019 level. SSA expects to use \$84 million in carryover funds in FY 2019 and \$88 million in carryover funds in FY 2020 to cover estimated obligations.

### **Beneficiary Services**

We are requesting \$45 million in new budget authority for beneficiary services in FY 2020. Our budget request is \$81 million lower than the FY 2019 appropriation because we are using prior year carryover to fund \$84 million in obligations. While this budget request is significantly lower than recent years, it does not reflect a decrease in the number of beneficiaries returning to work. The FY 2020 request funds an estimated nine percent increase in obligations, resulting in an increase in VR awards and Ticket payments, above FY 2019 levels. This estimated increase is due to multiple factors, but the primary driver is automation that creates operational

## Supplemental Security Income Program

efficiencies. Other factors include the strength of the economy, the number of individuals who seek services or use a Ticket, and the availability of jobs.

### Research and Demonstrations

The FY 2020 request for research and demonstration projects is equal to the FY 2019 level. SSA expects to use \$58 million in carryover funds in FY 2019 and \$13 million in carryover funds in FY 2020, in addition to our requested appropriation, to cover our estimated obligations.<sup>1</sup>

**Table 2.5—Summary of Changes<sup>2,3</sup>**

	<b>(in thousands)</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>	<b>Change</b>
<b>Appropriation</b>		<b>\$ 60,866,203</b>	<b>\$ 61,532,000</b>	<b>+ \$ 665,797</b>
Obligations Funded from Prior-Year Unobligated Balances and Recoveries net of estimated carryover from appropriation		+ \$ 141,412	+ \$ 310,718	+ \$ 169,306
Reduction in Obligations to reflect the most recent Actuarial Estimate		- \$ 450,123		+ \$ 450,123
Unobligated Balance Carry Forward into 2020		- \$ 8,000		+ \$ 8,000
<b>Estimated Federal Obligations</b>		<b>\$ 60,549,492</b>	<b>\$ 61,842,718</b>	<b>+ \$ 1,293,226</b>

<sup>1</sup> \$50 million of the unobligated balance to be used in FY 2019 is for SSA's Retaining Employment and Talent After Injury/Illness Network (RETAIN) demonstration. The funds are for an evaluation contract and Phase 2 implementation grants administered by the Department of Labor.

<sup>2</sup> Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

<sup>3</sup> Totals may not add due to rounding.

**Table 2.6—Explanation of SSI Budget Changes from FY 2019 to FY 2020**  
(in thousands)

	<b>FY 2019 Obligations</b>	<i>Change from FY 2019</i>
<b>Federal Benefit Payments</b>	\$ 56,355,123	
• COLA – 2.2% beginning January 2020		+\$ 1,722,000
• Net decrease due to annualized closings and awards		-\$ 110,000
• Effect of OASDI COLA for concurrent SSI/OASDI Recipients		-\$ 410,000
<b>Federal Benefit Payments – Carryover</b>	-\$ 450,123	
• Increase in the amount of carryover funding planned for obligation in FY 2020		+\$ 1,000
<b>Administrative Expenses</b>	\$ 4,284,080	
• Increase in base funding		+\$ 119,920
<b>Administrative Expenses – Carryover</b>	\$ 83,713	
• Increase in amount of carryover funding planned for obligation in FY 2020		+\$ 4,287
<b>Beneficiary Services</b>	\$ 126,000	
• Decrease in Base Funding		-\$ 81,000
<b>Beneficiary Services – Carryover</b>	-\$ 8,000	
• Increase in amount of carryover funding planned for obligation in FY 2020		+\$ 92,000
<b>Research and Demonstration</b>	\$ 101,000	
<b>Research and Demonstration – Carryover</b>	\$ 57,699	
• Decrease in amount of carryover funding planned for obligation in FY 2020		-\$ 44,981
<b>Total Obligations Requested, Net Change</b>	<b>\$ 60,549,492</b>	<b>+\$ 1,293,226</b>

## NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

The table below displays budget authority and obligations for the five main SSI activities—Federal benefit payments, administrative expenses, program integrity, beneficiary services, and research projects.

**Table 2.7—New Budget Authority and Obligations by Activity<sup>1,2</sup>**  
(in thousands)

	FY 2018 Actual	FY 2019 Enacted <sup>3</sup>	FY 2020 Estimate <sup>4</sup>
<b><u>Federal Benefit Payments</u></b>			
Appropriation <sup>5</sup>	\$ 48,816,963	\$ 56,355,123	\$ 56,982,000
Obligations	\$ 50,949,421	\$ 55,905,000	\$ 57,108,000
Monthly Check Payments	11	12	12
<b><u>Base Administrative Expenses</u></b>			
Appropriation <sup>5</sup>	\$ 3,021,164	\$ 2,930,287	\$ 3,099,000
Obligations	\$ 3,021,164	\$ 3,014,000	\$ 3,187,000
<b><u>Program Integrity (Base)</u></b>			
Appropriation	\$ 209,415	\$ 242,000	\$ 250,000
Obligations	\$ 209,415	\$ 242,000	\$ 250,000
<b><u>Program Integrity (Cap)</u></b>			
Appropriation	\$ 1,179,735	\$ 1,111,793	\$ 1,055,000
Obligations	\$ 1,179,735	\$ 1,111,793	\$ 1,055,000
<b><u>Beneficiary Services</u></b>			
Appropriation	\$ 159,000	\$ 126,000	\$ 45,000
Obligations	\$ 111,682	\$ 118,000	\$ 129,000
<b><u>Research and Demonstration</u></b>			
Appropriation	\$ 101,000	\$ 101,000	\$ 101,000
Obligations	\$ 61,893	\$ 158,699	\$ 113,718
<b>Total Appropriation</b>	<b>\$ 53,487,277</b>	<b>\$ 60,866,203</b>	<b>\$ 61,532,000</b>
<b>Total Federal Obligations</b>	<b>\$ 55,533,310</b>	<b>\$ 60,549,492</b>	<b>\$ 61,842,718</b>

<sup>1</sup> Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2019 obligations as follows: administrative expenses, \$84 million; and research and demonstration, \$58 million.

<sup>4</sup> In addition to the FY 2020 President's Budget request, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2020 obligations as follows: Federal benefits, \$126 million; beneficiary services, \$84 million; research and demonstration projects, \$13 million; and administrative expenses, \$88 million.

<sup>5</sup> The Federal benefit payments total in FY 2018 is ~\$581 million more than the Federal benefit payment total included in the FY 2018 Consolidated Appropriations Act (P.L. 115-141) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits). The Federal benefit payments total in FY 2019 is ~\$639 million more than the Federal benefit payment total included in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits).

## NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

In the table below, “Other Services” includes administrative expenses, program integrity, and beneficiary services.

**Table 2.8—New Budget Authority and Obligations by Object <sup>1,2</sup>**  
**(in thousands)**

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate
<b><u>Other Services<sup>3</sup></u></b>			
Appropriation <sup>4</sup>	\$ 4,569,314	\$ 4,410,080	<b>\$ 4,449,000</b>
Obligations	\$ 4,521,996	\$ 4,485,793	<b>\$ 4,621,000</b>
<b><u>Federal Benefits and Research</u></b>			
Appropriation <sup>4</sup>	\$ 48,917,963	\$ 56,456,123	<b>\$ 57,083,000</b>
Obligations	\$ 51,011,314	\$ 56,063,699	<b>\$ 57,221,718</b>
<b>Total Appropriation</b>	<b>\$ 53,487,277</b>	<b>\$ 60,866,203</b>	<b>\$ 61,532,000</b>
<b>Total Obligations</b>	<b>\$ 55,533,310</b>	<b>\$ 60,549,492</b>	<b>\$ 61,842,718</b>

<sup>1</sup> Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> The administrative portion of these services includes the SSI's prorated share of unobligated LAE money that has been converted into no-year IT funds. It is not part of the annual administrative appropriation.

<sup>4</sup> The Federal benefit payments total in FY 2018 is ~\$581 million more than the Federal benefit payment total included in the FY 2018 Consolidated Appropriations Act (P.L. 115-141) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits). The Federal benefit payments total in FY 2019 is ~\$639 million more than the Federal benefit payment total included in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits).

## BACKGROUND

### AUTHORIZING LEGISLATION

The SSI program is authorized by Title XVI of the Social Security Act. Section 1601 of the Act authorizes such sums as are sufficient to carry out the Title.

**Table 2.9—Authorizing Legislation**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>	<b>FY Amount Authorized</b>
Title XVI of the Social Security Act, Section 401 of P.L. 92-603 and Section 212 of P.L. 93-66, as amended, and Section 405 of P.L. 92-216 <sup>1</sup>	\$ 53,487,277,000	\$ 60,866,203,000	<b>\$ 61,532,000,000</b>	<i>Indefinite</i>
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 19,500,000,000	\$ 19,700,000,000	<b>\$ 19,900,000,000</b>	---

<sup>1</sup> Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the LAE appropriation.

## APPROPRIATION HISTORY

The table below displays the President's Budget request, amounts passed by the House and Senate, and the actual amount appropriated, for the period FY 2009 to FY 2020. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

Table 2.10—Appropriation History<sup>1</sup>

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000
Current Year	\$ 30,414,000,000	- - - <sup>2</sup>	\$ 30,429,875,000 <sup>3</sup>	\$ 30,471,537,000 <sup>4</sup>
2009 Total	\$ 45,214,000,000	No Data	- - -	\$ 45,229,875,000
<i>2009 Indefinite</i>				\$ 1,602,935,179
Q1 Advance	\$ 15,400,000,000	- - -	\$ 15,400,000,000	\$ 15,400,000,000
Current Year	\$ 34,742,000,000	\$ 34,742,000,000 <sup>5</sup>	\$ 34,742,000,000 <sup>6</sup>	\$ 34,742,000,000 <sup>7</sup>
2010 Total	\$ 50,142,000,000	No Data	- - -	\$ 50,142,000,000
<i>2010 Indefinite</i>				\$ 458,465,781
Q1 Advance	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000
Current Year	\$ 40,513,000,000	- - - <sup>8</sup>	\$ 40,513,000,000 <sup>9</sup>	\$ 39,983,273,000 <sup>10</sup>
2011 Total	\$ 56,513,000,000	No Data	- - -	\$ 55,983,273,000
Q1 Advance	\$ 13,400,000,000	- - -	\$ 13,400,000,000	\$ 13,400,000,000
Current Year	\$ 38,083,000,000 <sup>11</sup>	- - - <sup>12</sup>	\$ 37,922,543,000 <sup>13</sup>	\$ 37,582,991,000 <sup>14</sup>
2012 Total	\$ 51,483,000,000 <sup>15</sup>	No Data	- - -	\$ 50,982,991,000
<i>2012 Indefinite</i>				\$ 560,000,000
Q1 Advance	\$ 18,200,000,000	No Data	- - -	\$ 18,200,000,000
Current Year	\$ 40,043,000,000 <sup>16</sup>	- - - <sup>17</sup>	\$ 40,043,000,000 <sup>18</sup>	\$ 32,782,991,000 <sup>19</sup>
2013 Total	\$ 58,243,000,000 <sup>20</sup>	No Data	- - -	\$ 50,982,991,000
2013 Rescission				\$ 32,779,347,000
2013 Sequester <sup>21</sup>				
Q1 Advance	\$ 19,300,000,000	No Data	- - -	\$ 19,300,000,000
Current Year	\$ 40,737,000,000 <sup>22</sup>	No Data	- - -	\$ 41,249,064,000 <sup>24</sup>
2014 Total	\$ 60,037,000,000 <sup>25</sup>	No Data	- - -	\$ 60,549,064,000
Q1 Advance	\$ 19,700,000,000	No Data	- - -	\$ 19,700,000,000
Current Year	\$ 40,927,000,000	No Data	- - -	\$ 41,232,978,000 <sup>26</sup>
2015 Total	\$ 60,627,000,000	No Data	- - -	\$ 60,932,978,000 <sup>27</sup>
Q1 Advance	\$ 19,200,000,000	No Data	- - -	\$ 19,200,000,000
Current Year	\$ 46,422,000,000	\$ 46,232,978,000 <sup>28</sup>	\$ 46,110,777,000 <sup>29</sup>	\$ 46,305,733,000 <sup>30</sup>
2016 Total	\$ 65,622,000,000	\$ 65,432,978,000	\$ 65,310,777,000	\$ 65,505,733,000 <sup>31</sup>

Table Continues on the Next Page

## Supplemental Security Income Program

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	\$ 14,500,000,000			\$ 14,500,000,000
Current Year	\$ 43,824,868,000	\$ 43,162,469,000 <sup>32</sup>	\$ 43,618,163,000 <sup>33</sup>	\$ 43,618,163,000 <sup>34</sup>
<b>2017 Total</b>	<b>\$ 58,324,868,000</b>	<b>\$ 57,662,469,000</b>	<b>\$ 58,118,163,000</b>	<b>\$ 58,118,163,000<sup>35</sup></b>
Q1 Advance	\$ 15,000,000,000			\$ 15,000,000,000
Current Year	\$ 38,557,000,000	\$ 38,591,635,000 <sup>36</sup>	\$ 38,450,927,000 <sup>37</sup>	\$ 38,487,277,000 <sup>38</sup>
<b>2018 Total</b>	<b>\$53,557,000,000</b>	<b>\$ 53,591,635,000</b>	<b>\$ 53,450,927,000</b>	<b>\$ 53,487,227,000<sup>39</sup></b>
Q1 Advance	<b>\$19,500,000,000</b>			\$ 19,500,000,000
Current Year	\$41,208,000,000	\$ 41,251,000,000 <sup>40</sup>	\$ 41,390,721,000 <sup>41</sup>	\$ 41,366,203,000 <sup>42</sup>
<b>2019 Total</b>	<b>\$60,708,000,000</b>	<b>\$ 60,751,000,000</b>	<b>\$ 60,890,721,000</b>	<b>\$ 60,866,203,000<sup>43</sup></b>
Q1 Advance	<b>\$19,700,000,000</b>			\$ 19,700,000,000
Current Year	\$41,832,000,000			
<b>2020 Total</b>	<b>\$61,532,000,000</b>			
Q1 Advance	<b>\$19,900,000,000</b>			
Current Year				
<b>2021 Total</b>				

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<sup>1</sup> Does not include state supplementary payments and reimbursements or the corresponding state user fee collections; user fees are included in the LAE appropriation.

<sup>2</sup> The House Committee on Appropriations did not report a bill.

<sup>3</sup> S. 3230.

<sup>4</sup> Omnibus Appropriations Act, 2009 (P.L. 111-8).

<sup>5</sup> H.R. 3293.

<sup>6</sup> H.R. 3293, reported from Committee with an amendment.

<sup>7</sup> Consolidated Appropriations Act, 2010 (P.L. 111-117).

<sup>8</sup> The House Committee on Appropriations did not report a bill.

<sup>9</sup> S. 3686.

<sup>10</sup> The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). Of this amount, \$3,493,273,000 was available for administrative expenses. The amount does not include a rescission of \$6,987,000 for SSI administrative expenses and \$72,000 for research and demonstration projects in accordance with P.L. 112-10.

<sup>11</sup> Of this amount, not to exceed \$10,000,000 was for Supplemental Security Income Program-related performance-based awards for Pay for Success projects and not more than \$10,000,000 was to provide incentive payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families.

<sup>12</sup> The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$38,062,428,000 for fiscal year 2012. Of this amount, not more than \$17,428,000 was made available for research and demonstrations under sections 1110 and 1114 of the Social Security Act and remain available until the end of fiscal year 2013. Up to \$10,000,000 of the research funds were to provide incentives payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families. In addition, H.R. 3070 included \$18,200,000,000 for benefit payments for the first quarter of fiscal year 2013.

<sup>13</sup> S. 1599.

<sup>14</sup> Consolidated Appropriations Act, 2012 (P.L. 112-74). Of this amount, not more than \$8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act. The amount does not include a rescission of \$6,377,000 for SSI administrative expenses and \$2,000 for research and demonstration projects in accordance with P.L. 112-74.

<sup>15</sup> The President's Budget proposed to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totaled \$46 million.

<sup>16</sup> Of this amount, not more than \$48,000,000 was for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.

<sup>17</sup> The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included \$39,335,614,000 for fiscal year 2013. Of this amount, not more than \$8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act and to remain available until the end of fiscal year 2014. In addition, the draft bill included \$19,300,000,000 for benefit payments for the first quarter of fiscal year 2014.

<sup>18</sup> S. 3295.

<sup>19</sup> Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

<sup>20</sup> The President's Budget proposed to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

## Supplemental Security Income Program

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<sup>21</sup> SSI was exempt from sequestration in FY 2013.

<sup>22</sup> Of this amount, not more than \$54,000,000 is for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.

<sup>23</sup> S. 1284.

<sup>24</sup> Consolidated Appropriations Act, 2014 (P.L. 113-76).

<sup>25</sup> The President's Budget proposed to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

<sup>26</sup> Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

<sup>27</sup> Of this amount, not more than \$48,000,000 is for research and demonstrations and not more than \$35,000,000 is for early intervention demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.

<sup>28</sup> H.R. 3020.

<sup>29</sup> S. 1695

<sup>30</sup> Consolidated Appropriations Act, 2016 (P.L. 114-113).

<sup>31</sup> Of this amount, not more than \$101,000,000 is for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act.

<sup>32</sup> H.R. 5926.

<sup>33</sup> S. 3040.

<sup>34</sup> Consolidated Appropriations Act, 2017 (P.L. 115-31).

<sup>35</sup> Of this amount, not more than \$58,000,000 is for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act.

<sup>36</sup> H.R. 3358.

<sup>37</sup> S. 1771.

<sup>38</sup> Consolidated Appropriations Act, 2018 (P.L. 115-141).

<sup>39</sup> Of this amount, not more than \$101,000,000 is for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act.

<sup>40</sup> H.R. 6470.

<sup>41</sup> S. 3158.

<sup>42</sup> Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

<sup>43</sup> Of this amount, not more than \$101,000,000 is for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act.

## FEDERAL BENEFIT PAYMENTS

**Authorizing Legislation:** Section 1602, 1611, and 1617 of the Social Security Act.

### PURPOSE AND METHOD OF OPERATION

The SSI program was established to pay needy aged, blind and disabled individuals a minimum level of income through Federally-administered monthly cash payments. In many cases, these payments supplement income from other sources, including Social Security benefits and state programs. In FY 2020, SSA estimates benefit payments will total approximately \$57.1 billion for approximately 8 million Federal SSI recipients.

**Table 2.11—Federal Benefit Payments: New Budget Authority and Obligations<sup>1</sup>  
(in thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>	<b>FY 19 to FY 20 Change</b>
<b>Appropriation<sup>2</sup></b>	<b>\$ 48,816,963</b>	<b>\$ 56,355,123</b>	<b>\$ 56,982,000</b>	<b>+ \$ 626,877</b>
Obligations Funded from Prior-Year Unobligated Balance and Recoveries	\$ 2,132,458	\$ 0	\$ 126,000	+\$ 126,000
<b>Obligations</b>	<b>\$ 50,949,421</b>	<b>\$ 55,905,000</b>	<b>\$ 57,108,000</b>	<b>+ \$ 1,203,000</b>
Advance for subsequent fiscal year	\$ 19,500,000	\$ 19,700,000	\$ 19,900,000	+ \$ 200,000

### RATIONALE FOR BUDGET REQUEST

SSA is requesting \$57 billion in new budget authority for Federal benefit payments in FY 2020.

SSA estimates benefit payments based on a number of interrelated factors including the number of SSI recipients, number of applications, award and termination rates, cost-of-living adjustments, maximum benefit rates, average payment amounts and number of payments per fiscal year.

<sup>1</sup> Federal benefit numbers reflect the most recent estimates from SSA's Office of the Chief Actuary.

<sup>2</sup> The Federal Benefit Payments total in FY 2018 is ~\$581 million more than the Federal benefit payment total included in the FY 2018 Consolidated Appropriations Act (P.L. 115-141) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal Benefits). The Federal benefit payments total in FY 2019 is ~\$639 million more than the Federal benefit payment total included in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits).

**SSI RECIPIENT POPULATION**

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The number of Federal SSI recipients has decreased from a monthly average of 8.2 million in FY 2015 to 8.0 million in FYs 2018 and 2019 and is expected to decrease to a monthly average of 7.9 million in FY 2020. The estimated decrease in Federal recipients in FY 2020 represents a 0.4 percent decrease over the FY 2019 level. SSA estimates the number of SSI recipients by analyzing a number of factors including applications, award and termination rates, and funding for program integrity initiatives. SSI applications have declined from the peak in 2010 primarily due to the recovery from the recent economic recession which began in late 2007 and the relatively recent strong economy. Another factor possibly contributing to the decline in applications is the expanded access to health care coverage from the Affordable Care Act.

**Table 2.12—SSI Recipients, Actual <sup>1</sup>  
(average over fiscal year, in thousands)**

	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Aged	1,100	1,108	1,114	1,119
Blind or Disabled	7,073	7,048	6,986	6,924
<b>Total Federal</b>	<b>8,173</b>	<b>8,157</b>	<b>8,100</b>	<b>8,043</b>
<b>Year-to-Year Change</b>	<b>0.0%</b>	<b>- 0.2%</b>	<b>- 0.7%</b>	<b>- 0.7%</b>
State Supplement Only	171	166	162	158
<b>Total Federally Administered</b>	<b>8,344</b>	<b>8,323</b>	<b>8,262</b>	<b>8,202</b>

In addition to Federal SSI recipients, SSA currently administers state supplementary payments for 20 States and the District of Columbia. SSA administers payments for approximately 1.5 million state supplement recipients, of which approximately 156,000 do not receive a Federal SSI benefit and only receive the state supplementary payment.

**Table 2.13—SSI Recipients, Projected <sup>1</sup>  
(average over fiscal year, in thousands)**

	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>	<b>FY 19 FY 20 Change</b>
Aged	1,120	1,129	+ 0.8%
Blind or Disabled	6,846	6,805	- 0.6%
<b>Total Federal</b>	<b>7,966</b>	<b>7,934</b>	<b>- 0.4%</b>
State Supplement only	156	156	+ 0.0%
<b>Total Federally Administered</b>	<b>8,121</b>	<b>8,090</b>	<b>- 0.4%</b>

<sup>1</sup> Totals may not add due to rounding.

## SSI Disabled vs. Aged Recipient Population

The number of Federal blind or disabled SSI recipients as a percentage of all Federal SSI recipients gradually decreased from 86.5 percent in FY 2015 to 86.1 percent in FY 2018 and is projected to continue to decrease somewhat. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this shift in the population make-up has increased overall Federal SSI benefit payments.

**Table 2.14—Blind or Disabled Recipients as a Percentage of Total <sup>1</sup>**  
**(average over fiscal year, in thousands)**

Fiscal Year	Total Federal	Aged	Blind or Disabled	Blind or Disabled as % of Total
2015	8,173	1,100	7,073	<b>86.5%</b>
2016	8,157	1,108	7,048	<b>86.4%</b>
2017	8,100	1,114	6,986	<b>86.2%</b>
2018	8,043	1,119	6,924	<b>86.1%</b>
<b>2019 Estimate</b>	<b>7,966</b>	<b>1,120</b>	<b>6,846</b>	<b>85.9%</b>
<b>2020 Estimate</b>	<b>7,934</b>	<b>1,129</b>	<b>6,805</b>	<b>85.8%</b>

## Concurrent SSI/OASDI Recipients

SSI recipients also receiving Old-Age and Survivors Insurance (OASI) or DI benefits have their SSI benefit reduced, less applicable exclusions, by the amount of their OASDI benefit. Approximately 34 percent of all SSI recipients (including those only receiving a state supplement) also receive Social Security benefits. Approximately 57 percent of the SSI aged and 30 percent of the SSI blind and disabled populations receive concurrent payments.

<sup>1</sup> Totals may not add due to rounding.

**BENEFIT PAYMENTS****Maximum Monthly Federal Payments**

The maximum monthly Federal benefit rate (FBR) is increased each January when there are increases in the cost-of-living. There is a 2.8 percent cost of living increase in 2019. An increase of 2.2 percent is projected for January 2020. The FBR increased from \$750 for an individual and \$1,125 for a couple for calendar year (CY) 2018 to \$771 for an individual and \$1,157 for a couple in CY 2019. SSA estimates the FBR will increase to \$788 for an individual and \$1,182 for a couple in CY 2020. The COLA will be effective in January 2020, raising the maximum benefit rate to higher levels than the first 3 months of the fiscal year.

**Table 2.15—Maximum Benefit Rates**

	<b>FY 2019</b>	<b>FY 2020</b>	
	<b>First 3 Months</b>	<b>Last 9 Months</b>	
<b>Individual</b>	<b>\$ 750</b>	<b>\$ 771</b>	<b>\$ 771</b>
<b>Couple</b>	<b>\$ 1,125</b>	<b>\$ 1,157</b>	<b>\$ 1,182</b>

**Average Monthly Benefit Payments**

The amount actually paid to a recipient can vary from the FBR based on their income received (e.g., earnings and Social Security benefits) and the living arrangement of the recipient (e.g., residence in one's own home, the household of another person, or in a nursing home which meets Medicaid standards). The average monthly benefit is expected to increase from \$564 in FY 2018 to \$578 in FY 2019 and \$593 in FY 2020. The increase in the average benefit payment is driven by COLAs and recipient population characteristics.

**Table 2.16—Average Monthly Benefit Payments**

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>
Aged	\$ 401	\$ 414	<b>\$ 428</b>
Blind or Disabled	\$ 590	\$ 605	<b>\$ 620</b>
All SSI Recipients	\$ 564	\$ 578	<b>\$ 593</b>

## Cost of Living Adjustments

When applicable, COLAs increase both the maximum and average monthly benefit payment. However, for concurrent SSI/OASDI recipients, increases in SSI benefit payments are partially offset by increases in Social Security benefits resulting from the same COLA. Social Security benefits are counted as income in the SSI program. Therefore, any increase in Social Security benefits resulting from the annual COLA increases countable income in the SSI benefit computation.

## Program Integrity Funding

Annual benefit payment estimates are dependent on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2020 estimate assumes SSA will conduct almost 449,000 SSI CDRs and 2,822,000 non-medical redeterminations.

## Timing of Monthly Benefit Payments

Monthly SSI benefit payments are made on the first of the month, unless the first falls on a weekend or Federal holiday. In that case, the payment is made on the prior business day at the end of the previous month. When October 1 falls on a weekend or Federal holiday, the payment is made in the prior fiscal year at the end of September. This timing of payments results in 11, 12, or 13 payments in a given fiscal year.

**Table 2.17—Check Payments by Fiscal Year**

	<b>Number of Check Payments</b>	<b>Federal Benefit Obligations</b>
	<b>Payments</b>	
FY 2011	13	\$ 52,274,301,053
FY 2012	11	\$ 47,003,477,518
FY 2013	12	\$ 52,782,740,412
FY 2014	12	\$ 53,849,499,196
FY 2015	12	\$ 54,706,388,183
FY 2016	13	\$ 59,044,228,391
FY 2017	12	\$ 54,729,471,841
FY 2018	11	\$ 50,949,421,097
<b>FY 2019</b>	<b>12</b>	<b>\$ 55,905,000,000</b>
<b>FY 2020</b>	<b>12</b>	<b>\$ 57,108,000,000</b>

## ADMINISTRATIVE EXPENSES

**Authorizing Legislation:** Sections 201(g)(1) of the Social Security Act.

### PURPOSE AND METHOD OF OPERATION

Administrative expenses for the SSI program are funded from general revenues. Section 201(g)(1) of the Social Security Act provides that administrative expenses for the SSI program, including Federal administration of state supplementary payments, may be financed from the Social Security trust funds with reimbursement, including any interest lost, to the trust funds from general revenues.

This appropriation funds the SSI program share of administrative expenses incurred through the Limitation on Administrative Expenses (LAE) account. Amounts appropriated are available for current-year SSI administrative expenses, as well as for prior-year administrative expenses that exceeded the amount available through this account for the prior year. If those excess prior year amounts were paid out of the Social Security trust funds, then current year SSI funds must be used to reimburse these trust funds with interest.

The legislative history of the 1972 amendments (which established this funding mechanism) indicates a desire to obtain economy of administration by giving SSA the responsibility for the SSI program because of its existing field office network and its administrative and automated data processing facilities. Because of the integration of the administration of the SSI and Social Security programs, it was desirable to fund them from a single source (the LAE account). This requires that the trust funds and the SSI account pay their appropriate shares. The determination is based on a Government Accountability Office (GAO) approved method of cost analysis of the respective expenses of the SSI and Social Security insurance programs, and mandates a final settlement by the end of the subsequent fiscal year as required by law.

**Table 2.18—Administrative Expenses: New Budget Authority and Obligations  
(in thousands)**

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate	FY 19 to FY 20 Change
<b>Total Appropriation<sup>1</sup></b>	<b>\$ 4,410,314</b>	<b>\$ 4,284,080</b>	<b>\$ 4,404,000</b>	<b>+ \$ 119,920</b>
Obligations Funded from Prior-Year Unobligated Balance	+ \$ 0	+ \$ 83,713	+ \$ 88,000	+ \$ 4,287
<b>Obligations</b>	<b>\$ 4,410,314</b>	<b>\$ 4,367,793</b>	<b>\$ 4,492,000</b>	<b>+ \$ 124,207</b>

<sup>1</sup> The administrative expenses total in FY 2018 is ~\$581 million less than the administrative expenses total included in the FY 2018 Consolidated Appropriations Act (P.L. 115-141) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits). The administrative expenses total in FY 2019 is ~\$639 million less than the administrative expenses total included in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) report language APT due to a retroactive shift of SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal benefits).

**RATIONALE FOR BUDGET REQUEST**

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SSI's administrative budget is driven by the programs we administer—both in terms of the amount of work performed and the number of people needed to process it—and by our continuing efforts to improve service, stewardship, and efficiency.

The FY 2020 request for SSI administrative expenses is \$4,404,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes additional funding of \$1,305 million specifically for FY 2020 SSI program integrity activities.

These amounts exclude funding made available in the LAE account from State user fees for SSA expenses for administering SSI state supplementary payments. The LAE account assumes funding of up to \$130,000,000 in FY 2020.

## BENEFICIARY SERVICES

**Authorizing Legislation:** Sections 1148 and 1615(d) of the Social Security Act

### PURPOSE AND METHOD OF OPERATION

Beneficiary services consist of the Vocational Rehabilitation (VR) and Ticket to Work (TTW) programs. The objective of the programs is to help disabled individuals return to work. The trust funds and general revenues fund beneficiary services. OMB directly apportions the trust funds' portions of beneficiary services and they are not part of this appropriation request. The general revenues fund beneficiary services for disabled Supplemental Security Income (SSI) recipients as described below.

**Table 2.19—Beneficiary Services: New Budget Authority and Obligations  
(in thousands)**

	<b>FY 2018 Actual</b>	<b>FY 2019 Enacted</b>	<b>FY 2020 Estimate</b>	<b>FY 2019 to FY 2020 Change</b>
<b>Appropriation</b>	<b>\$ 159,000</b>	<b>\$ 126,000</b>	<b>\$ 45,000<sup>1</sup></b>	<b>- \$ 81,000</b>
Prior-Year Unobligated Balances and Recoveries	\$ 66,860	\$ 114,178	\$ 122,178	+ \$ 8,000
<b>Total Budgetary Resources</b>	<b>\$ 225,860</b>	<b>\$ 240,178</b>	<b>\$ 167,178</b>	<b>- \$ 73,000</b>
<b>Obligations</b>	<b>\$ 111,682</b>	<b>\$ 118,000</b>	<b>\$ 129,000</b>	<b>+ \$ 11,000</b>

Under the VR program, we repay State VR agencies for the reasonable and necessary costs of services that successfully help disabled recipients return to work. VR agencies are successful when a disabled recipient performs substantial gainful activity (SGA) for a continuous period of 9 out of 12 months.<sup>2</sup> VR agencies can serve as Employment Networks (ENs) in the TTW program or under our VR reimbursement program.

Under the TTW program, authorized by the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170), we pay ENs for providing vocational rehabilitation, employment, and other support services to disabled SSI recipients. These recipients select an EN, which we pay when EN services result in prescribed work milestones and outcomes that may reduce reliance on Federal cash benefits.

<sup>1</sup> Our FY 2020 request is \$81 million lower than the FY 2019 appropriation because we are using prior year carryover to fund \$84 million in obligations. In the last few years, systems updates have led to unpredictable fluctuations in obligations. We are projecting a more gradual annual increase as the obligations have stabilized to more accurately reflect the growth in the number of beneficiaries returning to work.

<sup>2</sup> In 2019, we consider non-blind and blind disabled recipients to be performing SGA if they earn more than \$1,220 and \$2,040 per month, respectively.

Ticket payments, unlike VR reimbursement awards, are not based on the costs of specific services provided by the EN. We pay ENs using either an outcome-milestone payment method or an outcome-only payment method.

We base Ticket payment amounts for SSI recipients on the prior year's average disability benefit payable under Title XVI. While we previously made Ticket payments only upon request, we now also initiate payments to ENs when information in our records indicates the recipient has achieved the prerequisite earnings and all other requirements qualifying the EN for a payment are met.

### **RATIONALE FOR BUDGET REQUEST**

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We are requesting \$45 million in new budget authority for beneficiary services in FY 2020. Our budget request is \$81 million lower than the FY 2019 appropriation because we are using prior year carryover to fund \$84 million in obligations. While this budget request is significantly lower than in recent years, it does not reflect a decrease in the number of beneficiaries returning to work. The FY 2020 request funds an estimated nine percent increase in obligations, resulting in an increase in VR awards and Ticket payments, above FY 2019 levels. This estimated increase is due to multiple factors, but the primary driver is automation that creates operational efficiencies. Other factors include the strength of the economy, the number of individuals who seek services or use a Ticket, and the availability of jobs.

In recent years, we have undergone major process and systems enhancements to improve efficiencies for beneficiary services. In July 2015, we automated the EN business processes and implemented ePay, a payment process that helps ENs receive payments more timely. With ePay, we can initiate Ticket payments to ENs when all payment criteria are met, including an indication of the earnings threshold for payment. Previously, ENs found it difficult to receive Ticket payments from us because ENs relied heavily on SSI recipients to self-report earnings information. In March 2017, we implemented the Internet Ticket Operations Provider Support System (iTOPSS) that improves automation for the VR program. iTOPSS allows VRs to submit claims for reimbursement payments and manage case information through an online portal while we can verify and authorize VR awards through a series of systems checks. Considering all the factors above and assuming that more beneficiaries will return to work, we estimate that FY 2020 will result in more outcome and milestone payments, as well as VR reimbursements.

We continue our efforts to improve management and oversight of the VR and Ticket programs to ensure effectiveness and to make certain the money spent is a good investment. These efforts are solidified in the current EN agreements and include ongoing quality reviews of State reimbursement claims and internal audits of the agency's payment process. ENs and VRs help our beneficiaries attain higher levels of sustained employment success.

**Table 2.20—SSI VR Reimbursement and Ticket to Work Payments<sup>1</sup>**

	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
<b><u>Vocational Rehabilitation</u></b>			
SSI Only Reimbursement Awards	4,927	5,096	5,564
SSI/DI Concurrent Reimbursement Awards	3,538	3,980	4,346
<b>Total Reimbursement Awards</b>	<b>8,465</b>	<b>9,076</b>	<b>9,910</b>
<b>VR Obligations (in thousands)</b>	<b>\$ 96,431</b>	<b>\$ 87,000</b>	<b>\$ 95,000</b>
<b><u>Ticket to Work</u></b>			
SSI Only Milestone Payments	8,917	14,989	15,717
SSI Only Outcome Payments	18,347	30,766	32,262
SSI/DI Concurrent Milestone Payments	12,315	20,857	21,871
SSI/DI Concurrent Outcome Payments	9,348	15,544	16,300
<b>Total Ticket Payments</b>	<b>48,927</b>	<b>82,156</b>	<b>86,150</b>
<b>Ticket Obligations (in thousands)</b>	<b>\$ 15,251</b>	<b>\$ 31,000</b>	<b>\$ 34,000</b>
<b>Total VR Awards &amp; Ticket Payments</b>	<b>57,392</b>	<b>91,232</b>	<b>96,060</b>
<b>Total Obligations (in thousands)</b>	<b>\$ 111,682</b>	<b>\$ 118,000</b>	<b>\$ 129,000</b>

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#### **ADDITIONAL INFORMATION ON VR COST REIMBURSEMENT AND TICKET TO WORK PROGRAMS**

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The State VR agency may decide on a case-by-case basis whether to receive compensation under the long standing VR cost reimbursement payment option or one of the two TTW payment methods described below. Regardless of the payment method the State VR agency chooses, the recipient must have agreed to use the Ticket with the State VR agency for the agency to be eligible for either type of payment.

**Outcome-Milestone Payment Method:**

- There are two phases of outcome-milestone payments. Phase I allows 4 payments and Phase II allows 18 payments.
- We begin paying the EN when the recipient successfully achieves certain predetermined work-related milestones while still receiving Federal benefits.
- We stop paying milestone payments and begin outcome payments when the recipient's monthly Federal cash benefits are not payable because of work and earnings.

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<sup>1</sup> Totals may not add due to rounding.

Outcome-Payment Method:

- Outcome payments are payable for a maximum of 60 months (consecutive or otherwise).
- We will begin issuing monthly outcome payments after the individual's monthly Federal cash benefit payments cease and the individual earns above the SGA level in a month.
- The dollar amounts of the monthly outcome payments are larger when the EN elects not to receive milestone payments while the recipient still receives benefits.

When a State VR agency provides services to a recipient under the cost reimbursement payment option, who later seeks support services from an EN, we may pay the State VR agency and the EN for sequential periods of service. However, the EN is not eligible for Phase I Ticket payments, since the State VR agency would have provided initial services.

## RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

**Authorizing Legislation:** Sections 1110, 1115, and 1144 of the Social Security Act.

## PURPOSE AND METHOD OF OPERATION

We conduct extramural research, demonstrations, and outreach under sections 1110, 1115, 1144, and 234 of the Social Security Act. Projects funded under section 234 are essential to our demonstration portfolio, but as they are part of the mandatory budget, we are not including them in our appropriations request.

**Table 2.21 - Research, Outreach, and Demonstration Projects:  
Budget Authority and Obligations  
(in thousands)**

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate	FY 2019 to FY 2020 Change
<b>Appropriation</b>	<b>\$101,000</b>	<b>\$101,000</b>	<b>\$101,000</b>	<b>+\$0</b>
Obligations Funded from Prior-Year Unobligated Balance and Recoveries <sup>1</sup>	\$31,513	\$70,417	\$12,718	- \$57,699
<b>Total Budgetary Resources</b>	<b>\$132,513</b>	<b>\$171,417</b>	<b>\$113,718</b>	<b>- \$57,699</b>
<b>Total Obligations</b>	<b>\$61,893</b>	<b>\$158,699</b>	<b>\$113,718</b>	<b>- \$44,981</b>
Total Unobligated Balance <sup>1</sup> above	\$70,620	\$12,718	\$0	- \$12,718

Section 1110 of the Social Security Act provides the Commissioner of Social Security the authority to conduct broad-based, cross-programmatic projects for the OASDI and SSI programs. This section provides for waiver authorities for the SSI program, as well as projects dealing with specific SSI issues. Under section 1110, we fund a range of extramural projects: disability and retirement policy research, demonstration projects to test creative and effective ways to promote greater labor force participation among people with disabilities (including early intervention rehabilitation strategies), evaluations of proposed or newly enacted legislative changes, and projects to maintain and improve basic data about our programs and beneficiaries.

Section 1115 provides the Secretary of Health and Human Services (HHS) with the funding and authority to waive compliance with Medicaid requirements to enable States to participate in specific SSA research and disability demonstration projects. There are currently no research projects funded under this section.

Section 1144 requires us to conduct outreach to individuals with Medicare who are potentially eligible for State-administered Medicaid programs or Medicare prescription drug subsidies under Medicare Part D. We identify these potential beneficiaries, inform them about these programs,

<sup>1</sup> There was an approximately \$200,000 unobligated balance that expired at the end of FY 2018, which resulted in the approximately \$200,000 decrease in unobligated balances carried forward into FY 2019.

and notify State Medicaid agencies. The Centers for Medicare & Medicaid Services, within HHS, oversees both the Medicare and Medicaid programs.

Section 234 gives the Commissioner of Social Security the authority to conduct research and demonstration projects testing alternative Disability Insurance (DI) benefit rules. We use trust fund monies, which are permanently appropriated and not part of our request, to conduct various demonstration projects, including projects that examine alternative program rules for treating work activity of individuals entitled to DI benefits. Section 234 covers both applicants and current beneficiaries of the program. We currently have authority to commence new projects under section 234, as amended by the Bipartisan Budget Act of 2015 (BBA). However, our current authority is limited to voluntary participation of applicants and beneficiaries that requires informed written consent and a limited timeline that requires us to complete all projects by December 31, 2022.

### **RATIONALE FOR BUDGET REQUEST**

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We are requesting \$101 million in new budget authority in FY 2020 for research and early intervention demonstration projects designed to explore potential improvements to our programs. These research projects reflect the Administration's priority to utilize evidence-based policy solutions. Additionally, many of the proposed projects support the Administration's goal to increase the labor force participation of people with disabilities. Towards this goal, we plan to continue collaborating with multiple agencies across a variety of sectors. The first of many projects on this topic proposed by the Administration is the Retaining Employment and Talent After Injury/Illness Network (RETAIN), which is a partnership with the Department of Labor (DOL) to conduct an early intervention demonstration designed to assist individuals experiencing the onset of musculoskeletal and other disorders to remain in the workforce.

This funding level would also allow continued support for both our and key congressional priorities such as the development of the Occupational Information System (OIS); our evaluation of the Promoting Readiness of Minors in SSI (PROMISE) grants; and the National Academies of Sciences, Engineering, and Medicine (NAS) independent consensus committee reports used to strengthen the disability programs for adults and children. The request also provides funding for our interagency agreement (IAA) with the National Institutes of Health (NIH) to help develop data-driven methods and techniques to support disability adjudicators and help inform innovation and policymaking.

In FY 2020, we will continue our efforts to ensure that policymakers and the public have access to objective, scientific, and methodologically-sound data and analysis as the dialogue on how to strengthen Social Security continues. In support of this effort, the Retirement and Disability Research Consortium (RDRC) will continue to address various issues related to OASI, DI, and SSI. By funding the RDRC, we will continue to maintain our capability to produce policy-relevant research on retirement and disability policy.

We are also proposing to continue to fund early intervention demonstration projects to test strategies designed to help individuals with disabilities remain in the workforce.

## Supplemental Security Income Program

The table and discussion that follows provides more details on the research and outreach efforts we plan to fund in FY 2020.

**Table 2.22—Major Research Areas, Outreach, and Demonstration Obligations and New Budget Authority** (in thousands)<sup>1,2,3</sup>

	Obligations <sup>4</sup>		
	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
<b>Serve the Public through a Stronger and more Responsive Disability Program</b>	<b>\$41,217</b>	<b>\$137,055</b>	<b>\$89,380</b>
Promoting Work through Early Interventions Demonstration (PWEID)	\$0	\$25,000	\$0
Retaining Employment and Talent After Injury/Illness Network (RETAIN)	\$0	\$50,000	\$25,000
Promoting Readiness of Minors in SSI (PROMISE)	\$1,605	\$2,692	\$3,121
Ticket to Work Notice Optimization	\$0	\$0	\$150
Supported Employment Demonstration (SED)	\$0	\$9,000	\$0
Advisory Services to Assist SSA with Disability Issues	\$5,147	\$4,278	\$4,385
Disability Analysis File (DAF)	\$823	\$843	\$873
Analyzing Relationships between Disability, Rehabilitation, and Work (ARDRAW)	\$300	\$300	\$300
National Beneficiary Survey (NBS)	\$1,444	\$3,765	\$1,088
New and Emerging Research – Disability	\$3	\$5,931	\$13,349
NIH IAA for Data Analytics/FAB Development	\$2,498	\$3,233	\$5,000
Work Disability Functional Assessment Battery (WD-FAB) Data Collection	\$0	\$0	\$2,500
Occupational Information Systems (OIS) and Vocational Information Tool (VIT)	\$29,397	\$32,013	\$33,614
<b>Deliver Innovative Quality Services</b>	<b>\$5,815</b>	<b>\$7,696</b>	<b>\$8,245</b>
Understanding Americans Study (UAS) Enhancements	\$2,000	\$2,002	\$2,002
Data Development in an Enterprise Business Platform (EBI)	\$2,000	\$2,000	\$2,000
New and Emerging Research – Retirement	\$250	\$250	\$250
BPA for Time Sensitive Research Projects Components	\$143	\$2,050	\$2,500
Medicare Outreach (1144)	\$1,422	\$1,394	\$1,493
<b>Strengthen the Integrity of Our Programs</b>	<b>\$14,861</b>	<b>\$13,948</b>	<b>\$16,093</b>
Census Surveys	\$0	\$800	\$850
Data Development	\$430	\$293	\$390
Health & Retirement Study (HRS) and Supplement	\$4,155	\$4,155	\$4,155

<sup>1</sup> Does not include funding authorized under section 234.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> This table satisfies the request in HR 115-244

<sup>4</sup> This amount includes obligations funded from prior-year unobligated balances.

	Obligations <sup>4</sup>		
	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Retirement Income Modeling (MINT)	\$0	\$0	\$0
Retirement and Disability Research Consortium (RDRC)	\$10,001	\$8,700	\$10,698
Social Security Programs Throughout the World	\$275	\$0	\$0
<b>Total Research Obligations</b>	<b>\$61,893</b>	<b>\$158,699</b>	<b>\$113,718</b>
<b>New Budget Authority</b>	<b>\$101,00</b>	<b>\$101,000</b>	<b>\$101,000</b>

### Section 1110 Demonstration Projects:

#### Promoting Work through Early Interventions Demonstration (PWEID)

The PWEID is a joint undertaking with HHS' Administration for Children and Families (ACF). The project seeks to evaluate early intervention programs and employment support models designed to produce favorable economic outcomes among individuals with low income, little to no work experience, and ties to broader public assistance programs (e.g., Temporary Assistance to Needy Families (TANF) and SSI). Our primary interests include evaluations of programs that support individuals with current or foreseeable disabilities who are at risk of applying for SSI as well as persons facing opioid and other substance abuse issues. As part of this arrangement, we will support the evaluations or service provisions of two existing ACF projects, the *Building Evidence on Employment Strategies for Low-Income Families* (BEES) project and the *Next Generation of Enhanced Employment Strategies* (Next Gen) project.

In FY 2017, the ACF's Office of Planning, Research, and Evaluation (OPRE) awarded the BEES contract to MDRC to evaluate the effectiveness of innovative programs designed to boost employment and earnings for low-income families, especially those receiving TANF. A key component of the BEES evaluations will be a focus on programs affecting adults whose employment is impeded by opioid dependency, abuse of other substances, or mental health conditions. To expand the focus to a broader population, OPRE followed up BEES by launching the Next Gen project. Next Gen will evaluate the effectiveness of innovative employment interventions for highly vulnerable populations with complex barriers to employment. Next Gen builds on BEES by expanding the focus to a broader population with ties to multiple U.S. safety net programs, including potential SSI recipients.

In FY 2019, we will execute an IAA with ACF to transfer \$25 million in section 1110 funds to support the evaluations and service provisions of selected BEES and Next Gen programs that have the potential to reduce future need for SSI benefits.

In FY 2020, we, along with ACF, will continue to investigate and select BEES and Next Gen programs for evaluation.

#### Retaining Employment and Talent After Injury/Illness Network (RETAIN) Demonstration

RETAIN is a joint demonstration with the Department of Labor (DOL) that will test early interventions to help workers stay at work or return to work quickly after experiencing the onset

## **Supplemental Security Income Program**

of a work-threatening injury, illness, or disability. The ultimate policy goal is to reduce long-term disability – including the need for DI or SSI – and increase labor force participation among those individuals. Partnering with DOL’s Office of Disability Employment Policy, which is broadly tasked with providing services and supports to workers with disabilities, allows for identifying and serving such workers before they apply for our disability benefits.

RETAIN is loosely modeled on several successful early intervention programs run by the Washington State workers’ compensation system, most notably the Centers of Occupational Health and Education.

In this joint demonstration, DOL is managing the implementation and we are managing the evaluation. In FY 2018, DOL awarded cooperative agreements to eight States for Phase 1 of the project (consisting of planning and pilot activities over an 18-month period of performance) and awarded a programmatic technical assistance (TA) contract to assist the States. The States include California, Connecticut, Kansas, Kentucky, Minnesota, Ohio, Vermont, and Washington. States are using their funds in a variety of ways to improve the early coordination of health care and employment-related supports and services, train health care providers in occupational best practices, and facilitate communication and return-to-work efforts between workers, their employers, and their health care providers. Many of the States have a particular focus on workers with musculoskeletal conditions, as these conditions are the most frequent occupational injury or illness causing days away from work.<sup>1</sup> At the end of the planning phase, a minimum of five States will be competitively selected to continue to Phase 2 for full implementation.

In the second quarter of FY 2019, we will execute an IAA transferring funds to DOL to partially fund these Phase 2 implementation awards. The \$25 million requested in FY 2020 will be used to cover additional costs associated with the evaluation and the remaining balance will be transferred to DOL to provide additional assistance to the Phase 2 implementation awards to States.

Developing and conducting a rigorous evaluation of the interventions is a key component of RETAIN. In October 2018, we awarded a contract to evaluate all of the State projects. In FY 2019, the evaluation contractor will work with the Phase 1 States to finalize their projects’ evaluation designs, provide evaluation-related TA, and improve the evaluability of the resulting projects. In FY 2020, the contractor will provide Evaluability Assessments that will be used to inform the competitive Phase 2 selections. The Phase 2 awards will continue through FY 2022, with the final evaluation impact report due in FY 2023.

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<sup>1</sup> Bureau of Labor Statistics (BLS) data indicate that musculoskeletal disorders account for 34 percent of nonfatal occupational injury and illness cases requiring days away from work. In Washington State, at least 54 percent of allowed workers’ compensation claims are musculoskeletal. [BLS (2018), “Nonfatal Occupational Injuries And Illnesses Requiring Days Away From Work, 2017,” <http://www.bls.gov/news.release/pdf/osh2.pdf>; and Washington State Department of Labor and Industries (2018), “Allowed State Fund Claims Only: Claim Counts And Costs By OIICS Injury Nature,”

<http://www.lni.wa.gov/ClaimsIns/Insurance/DataStatistics/WorkersCompData/default.asp> .]

More information the initial Phase 1 grant recipients can be found at the following link:  
<https://www.dol.gov/odep/topics/SAW-RTW/grant-recipients.htm>

*Ticket to Work (TTW) Notice Optimization*

To notify beneficiaries of eligibility to participate in the TTW program, we mail TTW notices to beneficiaries approximately 2 months after award and at the 12-month and 36-month anniversary dates post-award.

In order to increase Ticket program participation, we are developing an evidence-based approach to target outreach to DI beneficiaries who are eligible for the TTW program. We will: a) test changes to the Ticket notice; b) analyze existing beneficiary characteristics associated with Ticket assignment and work; and c) conduct an analysis of historical Ticket mailing practices. This approach will enable us to use evidence to maximize TTW program participation rates and earnings outcomes.

In FY 2020, we plan to collaborate with the General Services Administration (GSA) Office of Evaluation Sciences to begin testing behavioral dimensions of Ticket notice language/content. We will analyze administrative data to identify patterns of response to past mailings and characteristics associated with TTW participation and work. We will add macro-economic and SSA program variables to identify population characteristics that 1) affect the work orientation of an award cohort and 2) affect the perceived vulnerabilities related to work in the period immediately following award. This data analysis will help us in targeting outreach efforts to beneficiaries most likely to return to work. We will also test changes to the Ticket notices, including the types of notices we send, the language we use, and the timing of our notices.

We will use the results of these experiments and cohort studies to begin targeting outreach efforts to beneficiaries most likely to return to work.

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#### OTHER RESEARCH AUTHORITY REQUEST

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In addition to the section 1110 projects, the FY 2020 Budget proposes to evaluate creative and effective ways to promote greater labor force participation of people with disabilities. We would like to expand our section 234 demonstration authority to allow us, to test new program rules and activities that require mandatory participation by program applicants and beneficiaries for longer periods of time than currently authorized. The funding for these demonstrations will depend on the design and target population. Those projects focused on changes to SSA program rules such as time-limited benefits or disability eligibility will require an expansion of both section 234 and section 1110 authorities in addition to an extension of the section 234 authority to provide sufficient time to complete the evaluation. Projects focused on people with disabilities before the individuals apply for SSA's disability programs require additional section 1110 funding.

Potential future projects for funding include ideas such as testing time-limited benefits or supports for workers, which would build off several proposals from researchers and policymakers that SSA set expectations for recovery and work in certain circumstances.

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An expert panel will identify specific changes to program rules that would increase labor force participation and reduce program participation, reaching a 5 percent reduction in DI and SSI projected outlays by 2029, informed by successful demonstration results and other evidence. SSA will partner with HHS and the Department of Education (ED) and DOL.

Potential future projects for funding include:

- Identifying strategies to help prescription opioid users who have left the labor force (but are not receiving SSI/DI) or are at risk of doing so to help them secure or maintain employment;
- Requiring applicants to engage in job seeking activities before their application is considered;
- Pushing existing State vocational rehabilitation offices to intervene earlier with individuals on a track to end up on DI; and
- Mandating that lower back pain and arthritis sufferers engage in rehabilitation traditionally used in occupational health treatment services before receiving benefits.

### ***Extension of Section 234 Authority***

We will continue to support a legislative change to our section 234 demonstration authority to allow us to continue demonstrations for their optimal amount of time. We are requesting a modification to Section 234, allowing us to initiate projects through 2022 and carry out existing projects through 2032.

With this extended authority, we could pursue a variety of other promising demonstration ideas that the sunset of section 234 authority prevents us from conducting, such as the time-limited benefits demonstration below. We have drafted other projects that could be pursued with existing authority but would be challenging to implement and evaluate before December 31, 2022. For example, we plan to convene a technical expert panel to identify potential policies that would simplify the way we treat post-entitlement earnings in the DI program. Testing a set of policy simplifications could require a minimum timeline of eight years for planning, implementation, and evaluation.

### **Time-Limited Benefits Demonstration**

The receipt of disability benefits results in a permanent exit from the labor force for most individuals. While SSA periodically conducts disability reviews to assess medical improvement, only about 1.6 percent of continuing disability reviews (CDRs) results in a disabled worker leaving the disability rolls due to medical improvement after appeals. The experiences of other countries suggest that SSA's low attrition rates for medical improvement could be a function of program design. This proposal challenges presumptions that an individual's disability is likely permanent by evaluating alternative program designs to help individuals with temporary work-disabilities return to work.

Several researchers and policymakers have introduced variations of time-limited benefits for SSA's disability programs. A demonstration testing time-limited benefits acknowledges that disability benefits are an essential part of the safety net for workers with long-term and

permanent disabilities that prevent work, but assesses the expectation that beneficiaries will remain too disabled to return to work. Building off previous reform ideas, this proposal tests whether time-limited benefits will increase labor force participation among disability beneficiaries.

Under current policy, once an individual is awarded benefits, he or she is assigned a medical diary that determines when SSA will medically review their eligibility for benefits. During this review, SSA uses the Medical Improvement Review Standard (MIRS) that, with some exceptions, will only allow an individual to be removed from DI if they have medically improved from the last time they received a medical determination.

This proposal would test whether providing time-limited benefits—either by requiring a new application or conducting a CDR without the MIRS requirement—to claimants increases labor force participation and if so, to what extent it reduces participation in disability benefits after the initial period. This demonstration would also address whether messaging that benefits are temporary and eliminating the MIRS standard would increase return to work and reduce DI participation.

We propose an evaluation contract to include an analysis of both SSA program data and surveys of labor force activity and other information not available in SSA program data. This demonstration would require statutory changes to sections 234 and/or 1110 to mandate participation to better simulate the policy environment being tested and to extend the section 234 authority to provide sufficient time to complete the evaluation. If this demonstration is funded through section 234 and section/or 1110, it would change both Title II and Title XVI policies; it is not included in our overall \$101 million funding request.

We would implement this demonstration over a minimum of six years: one year to finalize design issues, train examiners in the new policy, and conduct other activities; a minimum of four years for study assignment and a follow-up period; and a final year for evaluation activities. An additional year would be needed to compete any contracts necessary for evaluation. SSA would evaluate impacts on outcomes such as employment, earnings, and receipt and duration of DI and SSI benefit receipt.

### ***Mandatory Participation of Program Applicants and Beneficiaries***

People with disabilities should be independent and self-sufficient whenever possible, and these demonstrations necessitate universal engagement (that is, mandatory participation) of the eligible population to provide motivations for individuals to pursue other options besides disability benefits. Furthermore, the exploration of alternative program designs will help ensure that we can sustain these vital programs for generations by targeting them carefully and directing resources to where they are needed most.

Potential applicants and beneficiaries have a wide range of conditions and experiences; universal engagement is necessary to accurately assess how program changes might affect different groups of people. In contrast, when demonstration projects are voluntary, the results reflect the outcomes of the subset of the population who volunteered. As a result, the impacts are not easily generalizable to the national population and may not provide the adequate understanding

required to make informed decisions about broader policy changes. Policy decisions made without an understanding of the distributional impact could have harmful repercussions. For these reasons, mandatory participation in the proposed demonstrations will allow us to identify improved program designs that will provide a basis for permanent reforms to the programs.

## **EXISTING MAJOR RESEARCH AND OUTREACH PROJECTS**

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Our research and demonstration projects help us increase the efficiency and accuracy of our mission-critical work. Below is a detailed summary, by category, of the major research and demonstration projects we plan to conduct in FY 2020:

### **Increase Labor Force Participation through Successful Demonstration Projects**

We have a history of conducting demonstrations to test strategies to increase the self-sufficiency of individuals with disabilities and to increase their labor force participation. Key projects in support of this effort include:

#### *Promoting Readiness of Minors in SSI (PROMISE)*

PROMISE is a joint pilot demonstration program with the Department of Education (ED), HHS, and DOL to test interventions that improve the health, education, and post-school outcomes of children who receive SSI, including the completion of postsecondary education and employment. It is also intended to improve family or household outcomes through improved services and supports, such as education and job training for parents.

In FY 2013, ED's Office of Special Education and Rehabilitation Services awarded competitive grants to five States and one consortium of States. States are using these funds to improve coordination and increase the use of existing services for which children receiving SSI and their families are already eligible. These services are available through the Individuals with Disabilities Education Act, the Vocational Rehabilitation State Grants program, Medicaid's Care Coordination Services, Job Corps, and other Workforce Investment Act programs.

Developing and conducting a rigorous evaluation to guide implementation and gather evidence is a key component of PROMISE. In FY 2012, we convened a technical advisory panel to help prioritize the evaluation needs of this project. In FY 2013, we awarded a contract to Mathematica Policy Research to evaluate PROMISE pilot interventions. In FY 2014 and FY 2015, our evaluation contractor provided technical assistance to the State grantees, began randomly assigning youth into treatment and control groups, conducted site visits and focus groups, and began delivering early assessments of the demonstration's recruitment and enrollment process.

In FY 2016, our contractor delivered the last of the early assessment reports and began collecting data for the first national evaluation survey. The contractor also conducted additional site visits and focus groups. In FY 2017, our contractor continued conducting surveys and conducted the final site visits. In FY 2018, our contractor finished conducting the 18-month survey and began developing the survey to administer to participants 5 years after enrolling in the study. We also

received drafts of process analysis reports for each State project and a comprehensive interim services and impact report focusing on short-term impacts in FY 2018.

In FY 2019, our contractor will finalize the interim services and impact report, provide a restricted-access file of the data used in that report, and begin conducting the five-year survey on longer-term outcomes to be included in the final report in 2022. In FY 2020, our contractor will continue to conduct the five-year survey.

#### Supported Employment Demonstration (SED)

We have conducted various demonstrations for DI beneficiaries that show interventions after complete disability onset can yield positive outcomes, such as moderately increased earnings.<sup>1</sup> These demonstrations, however, have not identified interventions that would return beneficiaries to substantial and sustained employment. SED will evaluate whether offering evidence-based packages of vocational, medical, and mental health services to recently denied disability applicants can reduce the demand for disability benefits.

Services carried out in SED are coordinated through supported employment teams that operate within community mental health agencies and other medical providers. These teams use the individual placement and support (IPS) model to deliver evidence-based services to help participants remain in or return to the labor market rather than seek disability benefits. Participants also receive health-related treatments including behavioral health and related services, systematic medication management, and coordination between mental and physical health therapies.

In FY 2016, we awarded a contract to implement and evaluate SED for impacts on outcomes such as employment, earnings, health, DI and SSI applications, and benefit receipt. The demonstration concluded its one-year start-up phase in FY 2017 and entered the five-year implementation phase in FY 2018.

In FY 2019, we plan to conclude recruitment and participant enrollment and focus primarily on delivering intervention services to SED participants. The study sites will continue to provide intervention services for 36 months from the date of participant randomization. They will also include cost reimbursement for certain health care expenses paid by uninsured participants enrolling in the SED until the next Affordable Care Act open enrollment period.

The SED interventions will continue into FY 2020 and FY 2021. In FY 2020, participants will begin to terminate their formal connection to the SED and project staff will facilitate participants' transitions to the use of non-SED behavioral health and physical health providers in local communities. We anticipate the final evaluation report in FY 2022.

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<sup>1</sup> For a detailed discussion of our demonstrations, their findings, and related publications, see our *September 2018 Annual Report on Section 234 Demonstration Projects* at <http://www.ssa.gov/disabilityresearch/demos.htm>.

**Serve the Public through a Stronger, more Responsive Disability Program**

The DI and SSI programs are the largest Federal programs providing assistance to people with disabilities. Eliminating the disability hearings backlog and improving the effectiveness of our disability programs are two of our top priorities. Key projects in support of this effort include:

**Advisory Services to Assist SSA with Disability Issues/(NAS)**

In FY 2015, to help us modernize disability criteria and in response to the Government Accountability Office (GAO) recommendation, we awarded a task order for a consensus study committee to provide an overview of assistive devices that relate to physical and mental disorders and functioning for adults. In July 2017, we received the committee's final report. The report provides comprehensive information on the availability of, and access to, assistive technology. It conveys that people with disabilities confront enormous complexity and variability in health care insurance coverage and funding for the acquisition and use of assistive technology. The findings regarding this variability support our current process to consider assistive technology only when the claimant clearly used it in a work setting.

In FY 2016, we awarded a task order for a consensus study committee to identify and describe programs and services aimed at improving health, and functioning outcomes for school-aged children with disabilities. The committee focused on the most commonly-occurring disabilities in children who receive SSI or may qualify for SSI. We received the final report on July 9, 2018. The report helps us to better understand what programs and services improve the health and functioning of certain disabled child SSI recipients.

In FY 2016, we also awarded a task order for a consensus study committee to provide a general description of the health care delivery system and identify health care utilizations that represent a good indicator of impairment severity for the purposes of the disability program. We received the final report on April 13, 2018. The report affirms a correlation between health care utilization and impairment severity in a number of disorders. The report's finding that hospitalizations and emergency department visits generally indicate a more severe underlying illness supports our continued use of such utilizations in the disability determination process.

In FY 2017, we awarded a task order for a consensus study committee to provide information regarding the functional assessment of adults with disabilities. The task order objectives include the collection of information about, and the assessment of, an individual's functional abilities relevant to work requirements as defined by the DOL for the OIS. We need comprehensive information about adult functional assessment in order to remain current with medical and vocational practice. We will use the information to assure we collect information about and assess physical and mental residual functional capacity (RFC) reliably, and to ensure our assessments synthesize accurately with the forthcoming OIS. We expect to receive the final report in July 2019.

In FY 2018, we entered into a new five-year contract with the NAS to continue research for us. The NAS established a new standing committee to expand upon the existing medically-oriented Standing Committee by adding additional expertise from vocational rehabilitation, social sciences, education, and workplace economics. The Standing Committee will perform research

from September 30, 2018 until September 29, 2023. The multidisciplinary information that results from this research is critical in identifying opportunities for us to update disability policy in an effective and targeted way. By having independent experts provide us this information, we maintain our objectivity.

In FY 2018, we awarded a task order for a consensus study committee to identify additional musculoskeletal disorders, mental disorders, and cancers where it is appropriate to have a specified timeframe. “Specified timeframe” means that we would find the identified disorders disabling for only a set amount of time (e.g., one year or three years) and then would need to reevaluate the disability because we would expect those disorders to medically improve in that timeframe. This will assist us in targeting continuing disability review (CDR) resources more efficiently and ensuring the consistency of our reviews with current medical and treatment trends.

In FY 2019, we plan to award a task order in the form of a consensus study committee to identify additional disorders that would be appropriate to include in our compassionate allowance (CAL) fast track program. This will allow us to add additional impairments to our existing list of CAL conditions in a data-driven way, provide decisional support to adjudicators considering cases involving such impairments, and improve decisional efficiency by timely identifying promising cases to pull for expedited claims processing.

Additionally, in FY 2019, we plan to award a task order to create a consensus study committee that will obtain employment, occupational, and demographic trends on what constitutes regular and continuing work in the modern workplace. This will enable us to properly consider individuals’ abilities to do sustained, work-related physical and mental activities in work settings.

Finally, in FY 2019, we are considering a task order for the NAS to plan and conduct a public workshop composed of stakeholders from a host of backgrounds to discuss effective treatment of pain and similar symptoms in target populations who may have left the labor force. This will assist us in understanding how an individual’s medical and other evidence properly supports the severity and trajectory of impairments that involve pain symptoms.

In FY 2020, we plan to award a task order to create a consensus study committee that will obtain data collection, analytics, and automation trends within the realm of electronic medical records, including Health Information Technology. This information will assist us in using advanced technologies to analyze structured medical information. It will aid decision making by identifying data targeted to potential medical listings and vocational factors. This advance will enable us to increase the timeliness, accuracy, and uniformity of decisions across all levels of adjudication.

In FY 2020, we plan to award a task order to create a consensus study committee to research mental abilities that are germane to assessing an individual’s mental RFC and essential to performing work in the modern workforce. In association with updating the mental RFC elements, we plan to obtain information about effective ways to rate individual MRFC abilities and evaluate how they interact when assessing a person’s ability to sustain mental work

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activities. This will modernize our mental RFC form and our ability to evaluate an individual's ability to sustain work-related mental activities.

In FY 2020, we plan to award a task order to create a consensus study committee to provide information on the use of biomarkers. We would obtain an overview of biomarkers; how health care professionals use biomarkers as diagnostic tools, and as severity and function indicators; and how biomarker testing results appear in laboratory and medical evidence. This study will assist us to focus disability case analysis effectively and efficiently.

In FY 2020, we are considering a task order for the NAS to plan and conduct a public workshop composed of stakeholders from diverse backgrounds to discuss effective ways to identify, report, and make decisions regarding potential fraudulent activity.

### **Disability Analysis File (DAF)**

The DAF is a composite of the 11 most relevant SSA administrative files used to answer questions about disability and work. The DAF pulls these files together into a single, meaningful file that researchers can easily understand and use. The DAF also provides complete, researcher-friendly documentation of the data for these files. For many of our research and evaluation projects, the DAF eliminates the first 6 to 12 months of initial data investigation, acquisition, and processing by creating an annual structured database that is ready for analysis. This lets research proceed more efficiently and allows us to provide quick answers to complex ad hoc questions.

The DAF continued to be an essential tool in FY 2018 for providing disability data and analysis in response to inquiries from the Office of the Inspector General, Congress, and other Federal agencies, including the Office of Management and Budget (OMB). Using the DAF allowed us to quickly answer oversight questions and make data-driven policy recommendations and changes. Researchers also used the DAF for several research projects in 2018, especially those under the RDRC.

In FY 2018, we expanded the DAF to include all childhood SSI cases going back to 1996; the prior versions of the DAF only contained information on childhood SSI cases since 2005. The DAF also includes demographic and programmatic data on participants in State VR programs. The data comes to us through a data sharing agreement with ED's Rehabilitation Services Administration (RSA). In 2017, in response to new requirements in the Workforce Innovation and Opportunity Act, RSA modified the data file that they require from State VR agencies. In FY 2018, we revamped the RSA data in the DAF to account for these changes.

In FY 2018, we also completed and posted a new 10 percent DAF public use file (the DAF-PUF; posted September 2018). This is a scaled-down version of the full DAF that includes the DAF variables that have the broadest researcher interest. The DAF-PUF has more than 3 million observations and more than 7,000 variables, with masking and other changes to ensure beneficiary confidentiality. As a public use file, the DAF-PUF allows non-SSA researchers to download DAF data directly from us via the internet. The DAF-PUF data and documentation are available at data.gov and [https://www.ssa.gov/disabilityresearch/daf\\_puf.html#files](https://www.ssa.gov/disabilityresearch/daf_puf.html#files). In 2019, our contractor will create a new version of the DAF-PUF from the 2017 DAF file. We intend to pull and post public-use versions of the full DAF each year going forward based on new

independent random samples of the full DAF each year. Each new DAF public-use file will replace the prior version to keep the information in the file current.

In FY 2019, we will continue to build the DAF and use this tool for quick turnaround inquiries and analyses as well as longer-term research projects. We will also continue to improve the DAF to make it more useful to a broader range of researchers. New developments in FY 2019 include adding data on applicants to our disability programs and including information from the initial, reconsideration, and appeals processes. This addition to the DAF has been under development for the last three years. Prior DAF files included only allowed applicants who became beneficiaries. As return-to-work interest has shifted to include disability applicants, and especially those denied disability benefits, inclusion of all applicants will make the DAF the premier resource for studying this population and advancing opportunities for keeping disability applicants in the workforce. We will also publish a System of Record Notice in FY 2019, allowing us to grant access to the full DAF to on-site scholars conducting research of interest to us. We expect this will increase SSA-sanctioned research activity on our disability population at a nominal cost to us.

In FY 2020, we will continue to support research using the DAF and reproduce these files. In FY 2020, we will also modify the DAF to include changes and additions suggested by users. In particular, we plan to expand the application portion of the file to include more information from the SSA disability application regarding prior work characteristics of applicants. We will also explore expanding the range of data included in the public-use version of the DAF.

#### Analyzing Relationships between Disability, Rehabilitation, and Work (ARDRAW)

This grant program provides one-year stipends to graduate and post-doctoral students to conduct research related to work, disability, rehabilitation, and employment support issues. Potential research topics include: working conditions of people with disabilities, work accommodations and needs, non-competitive employment, vocational and other types of services, and additional, non-SSA assistance provided to SSA beneficiaries to promote return to work. ARDRAW is renewable on a yearly basis for five option years.

In September 2016, we awarded the grant to manage the ARDRAW to Policy Research, Inc. (PRI). PRI will recruit student researchers on a yearly basis from accredited programs with an academic emphasis in topics of interest to disability programs. These topics include, but are not limited to: public health, social work, economics, occupational medicine, vocational and rehabilitation counseling, public policy and administration, sociology, psychology, education, medicine, and law. Applications for each cohort of student researchers will be due March 1 of a given year and awardees will be announced in June of that year, with projects due the following June.

In FY 2018, PRI conducted outreach and awarded stipends to the second cohort of ARDRAW researchers, totaling 13 students. We awarded the third year of the grant to PRI in August 2017. PRI will award the third cohort of student stipends in May 2019. Student projects will focus on issues related to work and employment of people with disabilities. For more information, please see the ARDRAW website: <http://ardraw.policyresearchinc.org>.

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### National Beneficiary Survey (NBS)

The NBS collects data from a national sample, not available from other sources, of DI and SSI beneficiaries and a sample of beneficiaries who have experienced success in returning to work. We have used the NBS to provide information on our programs and beneficiaries to answer internal questions, as well as those from other Federal agencies, GAO, and Congress. The NBS is available as a public-use file on Data.gov and on our website.

From the NBS, we have learned about the health and socio-demographic characteristics of our DI and SSI beneficiaries with disabilities, including their physical and mental health status, functional limitations, education, health insurance, household living arrangements, and income. Beyond this basic information, we have also examined the work aspirations of beneficiaries with disabilities, their use of employment-related services, and their work activities and outcomes.

NBS data show that nearly half of all beneficiaries are interested in work and many are pursuing employment goals. The data also show that many barriers to work remain. Beneficiaries tend to have activity limitations, poor health, and low levels of education that limit their employment opportunities. Many rely on public programs where benefits may be limited by work and earnings. Many also experience work-specific obstacles, such as a lack of reliable transportation, inaccessible workplaces, and discouragement from work, either by others or through their own experiences.

We administered the first six rounds of the NBS in 2004-2006, 2010, 2015, and 2017. We will administer the next round in 2019, and in 2020, we will produce analyses, reports, and data files for the 2019 NBS results. The 2017 NBS included, for the first time, a large-scale focus on beneficiaries who have experienced employment success, and the 2019 NBS will add a longitudinal sample of successful workers who were part of the 2017 NBS.

Public-use data files, documentation, and reports for the first five rounds of the NBS are available on our website at: <http://www.ssa.gov/disabilityresearch/nbs.html>.

### New and Emerging Research – Disability

This section includes projects that provide broad program analysis and development in support of the DI and SSI programs. These projects typically include studies of program policy issues, the identification of trends in the disability programs, the formulation of agency policy regarding crosscutting programs or issues related to disability and/or income assistance programs, and the development and implementation of policy and procedures on DI and SSI work incentives. Often, these projects address necessary but unforeseen requests for studies from Congress, the Administrative Conference of the United States (ACUS), and others, which are typically quick turnaround projects regarding policy priorities.

Under this section of the budget, we plan to initiate a new survey of working-age Americans on their perceptions of the DI program and the impact of an impairment(s) on work. This survey would provide the agency with a clearer understanding of the public's knowledge of our programs and help us identify opportunities to enhance the information we share. It would also allow us to establish longitudinal trends in perceptions and attitudes influencing behavior to

provide a tool to model future participation. The survey will capture working age adults thoughts about personal experience or association(s) with DI beneficiaries and others, the likelihood of receiving benefits due to changes in one's personal health status, the impact of reduced financial resources, and factors considered when deciding whether to apply for DI. When analyzed alongside data on denied applicants from our DAF and other administrative data, this survey may prove useful in better understanding changes in disability application rates. If the survey is successful, we would request funding in future years to continue the project and potentially match the survey to administrative data to study how survey responses predict future DI participation. Initially, this survey is estimated to cost between \$4-\$5 million in FY 2019 with additional costs on a rolling basis.

We will initiate a study identifying survey questions on disability, benefits, work incentives, and employment outcomes. We will use this information to develop a consistent set of metrics to use across pilots and demonstration projects.

We intend to issue IAAs to NIH for Geneticist Consultative Services and to ACUS to conduct a study to investigate information sharing opportunities between SSA and State courts and relevant State agencies per Section 103(c) of the Strengthening Protections for Social Security Beneficiaries Act of 2018 (SPSSBA). This statute requires SSA to develop a detailed analysis of barriers to information sharing and provide the results to Congress by June 30, 2020.

We will continue to provide funding for the IAA with the Centers for Medicare and Medicaid Services (CMS) for purchase of a seat in the CMS Virtual Research Data Center to provide CMS data to continue SSA's research on the Mental Health Treatment Study (MHTS). With CMS' data, SSA will continue the MHTS to test the extent to which eliminating programmatic work disincentives, establishing an accurate diagnosis and delivery of appropriate mental health and employment supports will lead to better employment outcomes and other benefits among title II beneficiaries with a primary impairment of schizophrenia or affective disorder. Among these benefits is potential reduction in emergency room care and hospitalizations among the treatment participants in the MHTS. Study outcomes will assess the impact(s) and cost-effectiveness of the MHTS interventions, including identification of specific factors within the interventions that result in positive employment outcomes.

Finally, we will fund a contract to maintain and analyze the CMS data on health service utilization of participants on the MHTS. This contract will also provide a service of pulling the data, de-identifying it, developing statistical products such as tables and regression coefficients, and circulating those products to the researchers.

#### *SSA-NIH Research on Data Analytics and the Work Disability-Functional Assessment Battery (WD-FAB)*

Under an agreement with the NIH Epidemiology and Biostatistics Section, we receive an in-depth analysis of our existing administrative data and assistance during the planning and analysis phases of our study of the value and feasibility of using the WD-FAB in our disability process. The WD-FAB may provide uniform information about individuals' self-reported functional ability that we can use to inform our data collection and determination processes.

In FY 2018, NIH completed their 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 (BU), under a contract with NIH, developed score reports for the WD-FAB. As a part of the report development, BU conducted focus groups with us to help ensure the reports developed would be useful in interpreting WD-FAB scores.

In FY 2019, NIH will deliver research plans to assess the use of the WD-FAB in our CDR process and to assess the potential enhancement of the WD-FAB software to deter and detect intentional misreporting. In addition, NIH will continue to explore data-driven methods to inform our data collection and determination processes by continuing to develop methods to identify, extract, and analyze unstructured functional terminology in medical records. As a part of this research, NIH will provide a functional terminology ontology that can supplement current internal information technology modernization efforts. This will allow us to transform text to data through the use of various machine learning technologies, as well as provide support to us and our affiliated State Disability Determination Service (DDS) adjudicators when they review medical evidence and make disability determinations.

In FY 2020, as a part of an initial study of the WD-FAB in our CDR processes, we will gather preliminary information about the change in WD-FAB scores over time. During this study, we will direct the administration of the WD-FAB to a sample of our beneficiaries, and NIH will analyze results to assess effectiveness of WD-FAB at identifying dimensions of medical improvement. NIH will examine the characteristics of our relevant processes and populations and examine the feasibility of integrating the WD-FAB into our business process. NIH will conduct focus groups with SSA and State DDS adjudicators to obtain feedback on the perceived value of the WD-FAB, as well as analyzing respondent burden for our beneficiaries. At the conclusion of the study, NIH will provide an analysis report that we can use to determine the feasibility of integrating the WD-FAB into our CDR processes.

NIH continued their data analytic efforts to improve the precision of the Compassionate Allowance (CAL) software by reviewing an additional five CAL conditions. The CAL initiative identifies diseases and other medical conditions that invariably qualify for allowance under our Listing of Impairments. The initiative allows us to target the most obviously disabled individuals for allowances based on objective medical information that we can obtain quickly. In addition, NIH continued their efforts to develop methods to assist us 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 2020, NIH will also continue their efforts to develop and refine methods to identify, extract, and analyze unstructured functional terminology in medical records. As a part of this continuing line of research, NIH will update their initial version of the functional terminology ontology they will provide to us in FY 2019 by expanding their analysis beyond the International Classification of Functioning's (ICF) Mobility domain to ICF's Self-Care and Domestic Life domains. Once updated, the expanded functional terminology ontology can be leveraged to provide additional decision support to SSA and State DDS adjudicators.

Work Disability - Functional Assessment Battery (WD-FAB) Data Collections

In FY 2020, in addition to the WD-FAB analytical work described for NIH, we plan to award a contract to support data collection for the initial study of the WD-FAB in our CDR processes. The 21<sup>st</sup> Century Cures legislation affects NIH compliance with the Paperwork Reduction Act uniquely and in a way that precludes them from conducting these data collection activities directly. During the initial WD-FAB CDR study, administering the WD-FAB to our beneficiaries and collecting that data is essential. NIH requires this collection to gather preliminary information about the change in WD-FAB scores over time, examine the characteristics of our relevant processes and populations, and examine the feasibility of integrating the WD-FAB into our CDR business process.

Occupational Information System (OIS) and Vocational Information Tool (VIT)

We are developing an OIS that will contain updated occupational data to replace DOL's Dictionary of Occupational Titles (DOT) in the disability adjudication process. DOL stopped updating DOT in 1991 and replaced it with the Occupational Information Network (O\*NET), a system that was developed as a career exploration tool. Because O\*NET does not measure strength and physical requirements in a way that our disability rules require, it is not practical for use as a direct replacement for the DOT in our disability process.

To ensure we continue to make accurate disability determinations and decisions, we developed the Occupational Requirements Survey (ORS) with the Bureau of Labor Statistics (BLS) to collect occupational information for use in our disability adjudication process. We will use the ORS data, along with specified information from other occupational sources, to create the OIS.<sup>1</sup> The OIS will be housed, accessed, and operationalized through the VIT, a web-based information technology platform. In addition to occupational data, the VIT will include worker-level data based on access to respondent-level ORS microdata that BLS is working on providing to us.

We began our collaboration with BLS in FY 2012 with an IAA outlining preparations to test whether DOL's platform of its existing National Compensation Survey could collect occupational data for us. From FY 2013 through FY 2015, we signed yearly IAAs with BLS to conduct data collection feasibility testing. In FY 2013, BLS tested collecting the physical and skill requirements of occupations and workers' environmental exposure. After each of the test phases, BLS consulted with us, evaluated data collection issues, and refined the data collection protocols and processes. In FY 2014, BLS began a large-scale, nationwide pre-production test of the ORS to prepare for production data collection and later released a limited number of pre-production test estimates to us. We worked with BLS to refine the new mental and cognitive data elements based on the results of pre-production testing. In the summer of 2015, continued ORS testing included direct job observation to help determine the reliability and validity of the data collection methodology. In addition, BLS received clearance from OMB to field the first full-production data collection, which began in September 2015.

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<sup>1</sup> The OIS will combine ORS data with task information from O\*NET, military occupations from the Military Occupational Classification (MOC), and data from BLS's Occupational Employment Statistics.

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In FY 2016, BLS completed the first year of production data collection and continued analysis of the pre-production test data to improve collection methods and ensure data quality. In May 2016, BLS began the second year of production data collection. BLS also completed an occupational data shelf-life study<sup>2</sup>. Based on the study, we decided to refresh the occupational data every five years after the completion of an initial three-year data collection wave.

In FY 2017, BLS completed the second year of production data collection and began collecting data for the third year. BLS published estimates from the first year of data collection in the first quarter of FY 2017 and continued activities to improve survey methods and conduct ongoing validity studies. We analyzed the first year data to identify policy changes that might be necessary prior to OIS implementation and to inform improvements to BLS' data collection.

In FY 2018, BLS concluded the final year of the initial three-year occupational data collection, which covers 90 percent of workers in the economy. In FY 2019, BLS published estimates encompassing the entire three years of initial data collection.

In FY 2018, we also worked with BLS to refine the mental and cognitive data elements. We convened a workgroup with BLS to assemble a new set of questions that more concisely defined the cognitive concepts, definitions, and thresholds that we need for adjudication. After initial in-house testing, BLS tested the wide-scale collection of the new elements during the third year of production data collection in FY 2018. The new questions debuted in the production data collection in late FY 2018. Initial testing indicates that the revised mental and cognitive elements are yielding promising results, as they are easier for survey respondents to understand and answer.

After extensive analysis of the second year data set, we found that the number of published estimates increased substantially from the first year. The analysis also revealed challenges to summarizing the ORS data in the same way that the DOT data had been summarized because the use of the O\*NET-SOC (Standard Occupational Classification) to classify occupations results in wide ranges of requirements within an occupation. Therefore, we signed a memorandum of understanding with BLS to gain access to the identifiable respondent-level microdata onsite at BLS. The microdata will be analyzed in combination with our Residual Functional Capacity (RFC) data.<sup>3</sup> We will use aggregate outputs from their statistical analysis of the ORS data combined with RFC data to assess the feasibility of policy options.

In FY 2019, BLS will continue collecting data for the first year of the five-year update cycle. As part of the update, BLS will use a new sample design that includes requirements for collecting occupations not included in the first production wave. Although the first wave will provide us with data for more than 90 percent of workers in the national economy, it accounts for only about 420 of the approximately one thousand 8-digit SOC occupations. Although many of the missing SOCs are rarer occupations, they are still of interest to us. Once BLS collects 50 percent of the

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<sup>2</sup> See <https://www.bls.gov/ors/pdf/dynamics-occupational-change-2016.pdf>

<sup>3</sup> A disability claimant's residual functional capacity (RFC) is the most he/she can do despite his/her limitations. We use RFC assessments at steps 4 and 5 of the sequential evaluation process to determine if a claimant can do his/her past relevant work or adjust to any other work that exists in the national economy. We prepared a list of common RFCs to be analyzed in conjunction with the BLS microdata.

additional data, we will evaluate with BLS the new sample design to ensure that it is capturing these additional occupations as intended.

BLS will also research and develop statistical requirements pertaining to how ORS microdata could be de-identified and publicly released at the respondent level. In addition to researching the requirements for providing public release of the ORS microdata, BLS will provide us with static worker-level counts for SSA-specified ORS data element combinations.

In FY 2020, BLS will complete the second year of the five-year update cycle and publish the data estimates from the first year. 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.

More information regarding this project is available at our OIS website:  
[https://www.ssa.gov/disabilityresearch/occupational\\_info\\_systems.html](https://www.ssa.gov/disabilityresearch/occupational_info_systems.html).

### **Deliver Innovative Quality Service**

#### *Understanding Americans Study (UAS) Enhancements*

The UAS is an innovative, nationally representative longitudinal internet panel. Through a jointly financed cooperative agreement with the National Institute on Aging (NIA), our support will maintain the sample size we funded in prior fiscal years. It will also allow for additional data improvements that support policy-relevant research and evidence-based decision-making. Current funding maintains the capability to directly test and answer emerging research questions from internal and external policy makers, administer or re-administer several Social Security surveys, and improve the public-use comprehensive file of UAS data.

The UAS enhancements allow us to make more informed decisions about initiating new policies, procedures, and educational products designed to enhance retirement security. The UAS data also serves the public because the sample we support is available for researchers inside and outside of SSA to use in addressing research questions. For example, we are using data from the UAS to help with our outreach to current and future beneficiaries. We are using the data to better understand *my Social Security* account users' preferences to help modernize the online Social Security Statement. We, along with researchers at the University of Southern California (USC), have used data from the first wave of the UAS to publish the paper [Insight into the Earned Income Tax Credit and Tax-Advantaged Retirement Savings](#) to address issues and presented findings.

#### *Data Development in an Enterprise Business Intelligence Platform (EBI)*

The EBI, together with our Office of Retirement and Disability Policy's (ORDP) Analytics Research Center (ARC), provides advanced analytics and data integration tools for efficient access and analysis of agency records to support data driven decision-making. Our legacy processes to produce statistics require significant manual involvement. Section 1110 funds provide support for the modernization of current business processes to enhance research and statistical functions. Primarily, this supports the publication of statistics from administrative

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records, including the development of applications using the standard Statistical Analysis Software (SAS) tools and methodologies. Standardized statistical publication processes have improved report and data production efficiency, accuracy, and timeliness.

The FY 2017 research support for Data Development using EBI led to the completion of the following statistical publication projects:

- Generation and validation of research data files and statistical reports for Windfall Elimination Provision (WEP) and Government Pension Offset (GPO).
- Representative Payee publication reports and statistical tables for internal use.
- SSI monthly, quarterly, and annual publication process, generating SSI statistical tables, reports, and research datasets.
- Development of automated validation application for Earnings Statistical Publication tables and reports.
- Earnings publications include the Earnings and Employment Data for Workers Covered under Social Security and Medicare. We use the application for validation of SSI and WEP/GPO publications.
- Data development and research support for a project assessing the value of a data match with the Department of Homeland Security Arrival and Departure Information System (ADIS).
- Earnings 100 percent sample analysis and prototype application – Completed feasibility analysis and development of proof of concept for the use of 100 percent geography files in the earnings publication process to allow for the ability to assign geography codes using a systematic protocol, expanding sample size, and reducing the number of county estimates with suppressed data cells.

In FY 2018, modernization efforts led to the completion of the following items:

- Improved the automated application that uses zip code and geo-codes for the earnings publications process.
- Upgraded automated WEP/GPO, Representative Payee, and SSI Publication application codes to address Windows 10 compatibility. This is critical to ensure processes run in the Windows 10 environment.
- Enhanced current earning source data access methodology and processes to eliminate legacy codes, improve efficiency, and provide self-documentation of research datasets.

In FY 2019, we will continue to build tools to enhance our research and statistical reports.

- Provide support for updating publication processes to align with new systems processes and data sources due to IT modernization efforts, including updating/replacing legacy processes and data sources for Title II, Title XVI, Numident, administrative data, earnings, IRS tax data, and death data that will be used for our publications and research.
- Continue enhancing and standardizing obsolete data collecting methodologies with the use of statistical analytical tools like SAS.

- Enhance the current earnings statistics publication process for estimating the number of workers with earnings above the Tax/Max (self-employed individuals with income within one dollar of the taxable maximum). This enhanced process will improve the accuracy of earnings estimates.
- Develop a systematic approach to validating publication estimates. Develop consistent and automated processes for validating end-to-end data used for earnings publications.
- Assess and enhance the current process for assigning industry codes for earnings research datasets to improve the usefulness of the earnings data in terms of policy analysis and research.

In FY 2020, we plan to continue the modernization and development of automated processes for the OASDI publications, cell suppression, and the manual validation for SSI and OASDI publications. In FY 2021 and FY 2022, we plan to automate and streamline data development processes, which support current publication processes and research dataset development for various research related data requests, including data agreement requirements and ad-hoc requests. We plan to conclude this effort in FY 2022.

#### New and Emerging Research - Retirement

In FY 2020, we plan to continue our partnership with the NIA supporting the “Roybal Center for Decision Making to Improve Health and Financial Independence in Old Age” at USC. Congress created the Roybal Centers Program in 1992 to help translate basic social and behavioral research into practical applications for improving the health and well-being of older Americans. We intend to use the Roybal Center project to address emerging research topics of value to the agency and external stakeholders, such as the White House and Congress. We first contributed funding to this project in FY 2015. For example, one of the projects led to the development of a research paper entitled “Improving Understanding of the Retirement Earnings Test (RET)”, which was submitted for a special issue of the *Journal of Pension Economics and Finance*. The grantee also used this funding to conduct six focus groups on the public’s perceptions and knowledge of the DI program to inform an agency survey on this topic.

We may also continue to address retirement topics using other research vehicles, such as Intergovernmental Personnel Act (IPA) scholars. Through the IPA program, we fund recognized scholars to work on defined and targeted projects to help create unique and valuable retirement and disability research relevant to our mission. Past accomplishments from the IPA program include research on the impact of the Social Security Statement for both younger and older workers and a project examining mortality adjustments and longevity in Social Security reforms.

#### Blanket Purchase Agreement (BPA) for Time Sensitive Research Projects supporting ORD Research Components

In FY 2018, we awarded a BPA to four GSA vendors. This BPA, which took effect on September 14, 2018, will remain effective for five years. The purpose of this BPA is to provide us with an alternate research channel for policy and program assessments and studies related to social science, medical, or vocational rehabilitation topics. Vendor expertise includes the areas

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of traditional social security topical research along with medical and vocational rehabilitation concerns.

Included in this BPA is the added role of a Government Trusted Agent (GTA) to serve as an independent third party to conduct a systematic review to evaluate the evidence to be used to inform decisions. We anticipate a GTA would function broadly as follows:

- Before research begins - Develop and assess effective research questions to support policy decisions;
- During the research process - Provide subject matter expertise; and
- After research ends - Evaluate research products including, but not limited to, evaluating the validity and reliability of the research produced to support policy direction.

This BPA helps ensure that the expertise is available to support the diverse needs of our expansive disability program, including such areas as medical and vocational policy, and the synthesis of claimant demographics and social insurance trends. It will allow us to quickly address multiple research topics simultaneously. Potential topics include consideration of how the vocational factors of age, education, and past work experience apply to the disability program today in light of technological and demographic changes in the workplace; the analysis of ORS data; and the effects of multiple impairments.

In FY 2018, we awarded a BPA for a contractor to provide information about the mental and cognitive demands of work. The contractor:

- Provided information on elements essential to assess a person's mental and cognitive impairments in regards to their ability to work.
- Developed a report that consisted of a review of research focused on the level of impairment severity affecting the ability to work. Specifically, the report focused on the time that impairments affect task completion and the time spent out of work due to impairments.
- Identified and provided information on assessment tools other programs used to assess the effect of mental and cognitive elements of functioning—ideally on the ability to work, but not limited to such.

We will use this information to strengthen the Mental Residual Functional Capacity Assessment. We received the final report on November 27, 2018.

In FY 2018, we also awarded a BPA for a contractor to provide information about existing databases, tools, or instruments containing data about which occupations individuals with mental impairment(s) are performing. The contractor:

- Provided general information about research and databases that collect and store information about individuals with mental impairments and in which occupations they are employed.
- Explored and analyzed research and database information to determine in which occupations those with mental impairments are successfully employed, and explored the data by type of mental impairment (cognitive, affective, anxiety-related, etc.).

- Provided the classification of these occupations in the BLS Standard Occupational Classification (SOC) system.
- Assessed and explained potential strengths and weaknesses of data contained in each database.

We will use this information to update vocational policy in terms of assessing other work that those with mental impairments can perform. We received the final report on November 27, 2018.

In FY 2019, we continue to use this BPA to help us ensure that the expertise is available to support the diverse needs of our expansive disability program, including such areas as medical and vocational policy, and the synthesis of claimant demographics and social insurance trends. It will allow us to quickly address multiple research topics simultaneously. Potential topics include consideration of how the vocational factors of age, education, and past work experience apply to the disability program today in light of technological and demographic changes in the workplace; the analysis of BLS' ORS data; and the effects of multiple impairments. We plan to continue similar projects in FY 2020.

#### Medicare Outreach – Section 1144

Section 1144 of the Social Security Act requires that we conduct outreach to Medicare beneficiaries who may qualify for Medicare cost-sharing assistance under the Medicare Savings Programs (MSP) or for the Medicare Part D low-income subsidy. In order to meet this requirement, we have targeted our outreach efforts to include income-tested new Medicare beneficiaries, beneficiaries who have experienced a drop in income, and 20 percent of those who were previously notified of their potential eligibility and still meet the appropriate test.

We use a variety of outreach methods to inform those who potentially qualify for the MSP and/or subsidized Part D. We also send outreach letters to former DI beneficiaries without Medicaid who lost their free Medicare Hospital Insurance (Part A) due to work. These beneficiaries may be eligible to get help from the MSP to pay their monthly Part A premiums.

In FY 2018, we mailed approximately 2.3 million outreach letters to those who potentially qualified for MSP or Medicare prescription drug coverage low-income subsidy, and in FY 2019, we anticipate approximately the same number of mailings.

#### **Strengthen the Integrity of Our Programs**

One of the primary aims of our research program is to preserve the public's trust in our programs by simplifying and streamlining how we do our work. To meet the challenges of our growing workloads, our research program provides analyses and data that support our efforts to make Social Security more responsive to the needs of the 21<sup>st</sup> century workforce. The following project summaries highlight the external efforts we plan to fund in FY 2020 that will help to simplify and streamline our policies, procedures, and business processes, as well as maximize our use of automation.

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### Census Surveys

The Census Bureau's surveys—primarily the Survey of Income and Program Participation (SIPP) and the Current Population Survey (CPS) — are the foundation for much of our policy analysis and modeling efforts. Improving the overall quality of data from Census Bureau surveys enhances the value and reliability of the analyses we conduct. We support efforts to improve the quality of Census Bureau survey data that are of direct relevance to analyses of the OASDI, SSI, and related income-maintenance programs. In addition, we support efforts by the Census Bureau to improve the ability to match Census Bureau survey data to our administrative data on benefits and earnings.

Beginning in FY 2010, a major focus of our funding has been to contribute to the Census Bureau's re-engineering of the SIPP, with a new survey that entered the field in February 2014. We rely upon SIPP data matched to our records to study the effects of OASDI, SSI, and related programs and to determine how program changes affect individuals, the economy, and trust fund solvency. Some of the important data elements required for our modeling and analysis efforts are not contained in the Census Bureau's re-engineered SIPP. In recent years, we have provided funding and worked with the Census Bureau to design a supplementary data collection to the re-engineered SIPP to meet our research and evaluation needs. Our FY 2015 funding completed our support of the supplemental data collection effort and data processing for the 2014 SIPP, and we received data in 2017.

While the SSA supplement provides a wealth of information, it suffered from a lower response rate than the regular SIPP. Therefore, we drafted a short set of questions for inclusion in the annual SIPP interviews beginning with Wave 2, which will go into the field in February 2020. The additional questions relate to pensions, disability, and marital history. They will allow us to gather this information to support the updates on our microsimulation models, Modeling Income in the Near Term (MINT) and Financial Eligibility Model (FEM), as well as provide data for other research efforts. It will improve our ability to respond to requests from the White House, Congress, and others, to evaluate the impact of proposed changes to Social Security programs.

### Data Development

One of the main objectives of our extramural research program is to provide information for decision-makers on the Social Security and SSI programs. A key ingredient to providing such information is having appropriate data to answer questions on a range of issues. As part of this effort, we develop and maintain a series of detailed statistical databases drawn from our major administrative data systems; prepare a broad range of statistical tables; produce statistical compilations and publications; and develop information for research, evaluation, and models using survey data that we, other Federal agencies, or Federally-sponsored institutions, collect.

This project funds the creation of data needed to inform policymakers about important programs, efforts to make data more widely accessible or usable for policy research purposes, and collaboration with other agencies to study issues of policy relevance or to improve data quality and methods of data analysis.

Projects we are currently funding include:

- Committee on National Statistics of the National Research Council—along with contributions from other Federal statistical agencies, provides support to the committee to improve statistical methods and information on which public policy decisions are based. Recent Committee topics include survey options for estimating the undocumented immigrant flow at the Southwest border; redesigning the Consumer Expenditure Surveys; improving healthcare cost projections for the Medicare population; formulating a research agenda for the future of social science data collection; the future of Federal household surveys collecting pay information from employers by gender, race and national origin; and measuring financial vulnerability by analyzing spending on medical care.
- Programs in Survey Methodology —a project jointly sponsored by the Interagency Council on Statistical Policy to develop up-to-date research techniques and training programs to train the next generation of researchers on state-of-the-art practices in the statistical and methodological aspects of surveys.
- Research on Survey Methodology Program—a collaboration with the Interagency Council on Statistical Policy to further the development of new and innovative approaches to surveys having broad implications for the field in general and specifically for the Federal statistical system. Research topics include survey measurement issues, data collection procedures, technological issues related to survey design, and methods for the analysis of survey data.
- Key Indicators of Well-Being of Older Americans—provides support to the Federal Interagency Forum on Aging-Related Statistics for an interagency collaboration to produce a chart book with 37 key indicators about older Americans in five broad areas: population; economics; health status; health risks and behaviors; and healthcare. The chart book will also include related publications and workshops to fill gaps and to improve the quality of data on older Americans.
- National Longitudinal Survey of Youth (NLSY79)—is an interagency collaboration with BLS. The collaboration adds questions to an existing NLSY79 survey capable of providing unique insights about how early and mid-life events or experiences affect claiming for Social Security benefits, savings, retirement, as well as program knowledge. More specifically, NLSY79 asks respondents (and as applicable, respondents' spouses) about whether they are currently receiving, or expect to receive, Social Security benefits, and the age they claimed or plan to claim benefits. We are also interested in how knowledgeable individuals are of our programs. Thus, we added questions related to our programs in order to assess the respondent's knowledge of specific program rules. These questions include whether the claiming age of Social Security affects benefit amounts; whether individual claiming decisions affects spouse's benefits; and whether current and future benefits are affected by continued work (assessing the understanding of SSA's Retirement Earnings Test).

In addition to these specific projects, we will respond to new needs and opportunities for expansion and improvement of data as they arise.

**Health and Retirement Study (HRS) and Supplement**

The University of Michigan's HRS surveys more than 22,000 Americans over the age of 50 every two years and provides an ongoing source of longitudinal data for research on retirement and aging. The study paints an emerging portrait of an aging nation's transition from work to retirement and provides data on health and economic well-being after retirement. HRS data help us assess a wide range of issues, including pre-retirement saving, health insurance, pension coverage, retirement patterns, and projected benefits of disabled and retired workers. Through jointly financed cooperative agreements with NIA, we have supported the HRS from its inception. HRS has become the premier source of data on the retirement-age population, especially when linked with our administrative records on benefits and earnings.

This project has five major components in FY 2020:

- Basic survey support that is targeted toward protecting against losses in sample size, improving data quality, assuring confidentiality of the data, and developing restricted access to administrative data on benefits and earnings.
- Production of user-friendly public-use HRS longitudinal data files with consistent imputations of missing data and simplified merging of observations across interview waves. Our analysts, academics, and contractors heavily use this file.
- Collection of longitudinal information from HRS respondents aged 50 and over on consumption and time use in order to understand how they change through retirement and whether people have adequate retirement income to meet their needs.
- Improvements to the consent rate among respondents to match HRS survey information to our administrative records on benefits and earnings. This goal is largely achieved through increasing the proportion of HRS interviews in each wave that are conducted in person rather than by telephone. This effort will continue in the future and will include the sample of the new cohort of respondents (referred to as the late Baby Boomers) that was added to the HRS survey and first interviewed in 2016.
- Updates of sample weights that account for attrition across waves of the HRS, longitudinal imputations of wealth and asset measures, and an integrated file to facilitate matching of HRS data to our administrative records.

The HRS is an important source of longitudinal data on retirement and aging, but sample sizes of minority and low-income populations were small, limiting research on these groups in the past. The HRS Supplement maintains the increased sample size in the HRS for the minority and low-income populations we began supporting in FY 2009. The minority expansion will continue to have HRS data matched to agency administrative records. This supplement added over 2,500 minority respondents, beginning in 2010.

The HRS minority samples expansion allows researchers to complete subgroup analysis of vulnerable populations. This is particularly important, as the HRS has become the premier data source for research on the near-retirement-age and retirement-age population. The HRS is used heavily for research projects we fund through the RDRC and by our staff in conducting research on topics including disability, pension participation, differences in contributions to tax-deferred

savings accounts among different birth cohorts, and retirement income resources of near-retirees. The HRS data we support is also available for outside researchers to use. Before 2010, only four papers using HRS data on racial-ethnic differences are listed in the [HRS Bibliography](#). Since 2012, there have been an additional 69 papers written with this keyword focus.

*Retirement and Disability Research Consortium (RDRC)*

The RDRC is a key tool for maintaining a strong capability to produce a large body of policy-relevant research on retirement, disability, and Social Security issues and policy. The RDRC represents a merger (with the Notice of Funding Opportunity posted in FY 2018) of the former Retirement Research Consortium (RRC) and the Disability Research Consortium (DRC). The scope of the RDRC is equivalent to the two former programs. The RDRC is in its first year of the current cooperative agreements with four competitively selected research centers based at the University of Michigan, Boston College, the National Bureau of Economic Research, and the University of Wisconsin.

The RDRC is broadly charged with planning, initiating, and maintaining a high quality, multidisciplinary research program that covers retirement, disability, and Social Security program issues. The centers perform valuable research and evaluation of retirement and disability policy, disseminate results, provide training and education awards, and facilitate the use of our administrative data by outside researchers. These centers have greatly expanded the amount of policy research on Social Security-related issues and have responded to our specific analytical and policy needs.

The research results of the RDRC are widely reported in professional journals and conferences and in leading newspapers, radio, and television programs. This single program addresses issues related to OASDI and SSI. Outstanding activities under the RRC and DRC are concluding during FY 2019, while the RDRC began its activities in October 2018.

Ongoing studies from the DRC and RDRC address two contributors to the low educational achievement of SSI youth: (1) barriers to educational investment that SSI families face because of poverty and disability and (2) a limited understanding of the SSI program that leads families to overestimate the likelihood that their children will continue receiving SSI payments in adulthood. The investigators designed and are conducting a randomized controlled trial to address both of these issues, using a 'nudges' arm and a 'knowledge' arm. To address barriers to education investment, the 'nudges' treatment arm provides opportunities to these families to use resources – such as support services and tutoring services – to help their children graduate from high school. To address inaccurate beliefs about the availability of SSI payments, the 'knowledge' treatment arm combines the “nudges” with personalized information about the likelihood of removal from SSI at age 18. Using administrative and survey data, the primary investigators (PI) are evaluating the effect of the treatments on educational investment, educational achievement, and long-term outcomes.

Other studies through the RRC and RDRC are continuing to examine the measurement of income and adequacy of resources as measured in surveys conducted by Census. Evaluating the adequacy of income for supporting needs while living with a health-based work limitation or in

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retirement requires data on the sources and significance of specific types of financial and in-kind resources. For example, a recently completed project examined extremely low-income households in the SIPP. The PIs linked the data on hours worked, assets, hardships, and other household characteristics to IRS Form 1040, W-2, and 1099-R information returns, and program data on SNAP, public and subsidized housing benefits, SSI, and OASDI.

Another continuing line of DRC and RRC research examines work-related overpayments for DI beneficiaries. The PIs used our administrative data to estimate the relationship between overpayment notification and subsequent employment activity. Their empirical analysis compares beneficiary earnings in the period immediately after the notification to earnings in the period immediately before to identify the causal impact of an overpayment notification on earnings. These findings will help us in our attempts to better understand and address DI overpayments.

The RDRC centers will continue providing a comprehensive research program addressing issues in Social Security, retirement, and disability policy. We anticipate that focal topics for the second year of the RDRC will include factors in labor force participation, drivers of disability rates, State and local pension coverage and vulnerabilities for employees not covered by Social Security, and measuring sources of income in survey and administrative data. In addition, the RDRC will continue to train future experts on retirement and disability issues and policy through research training, programs including dissertation support, pre- and post-doctoral fellowships, and early investigator grants.

### **Retirement Income Modeling**

Fundamental changes to the Social Security retirement program can have a significant effect on the distribution of benefits, total retirement income, and incidence of poverty. Econometric and simulation models can provide policy makers with detailed information to make projections on the effects of changes in government programs on individuals. Our MINT model is an important tool for such evaluations. The MINT projections of the aged population have been extended well into the 21<sup>st</sup> century to enable simulation of additional Social Security policy changes. MINT is particularly well suited for studying the distributional effects of immediately implemented reform proposals, but also provides valuable insights into proposals that are phased-in. MINT has been used by SSA, GAO, the Council of Economic Advisors, and OMB. MINT estimates have also provided data for numerous congressional policy proposals.

We continually assess the functionality of MINT. MINT is updated periodically to enhance components of the model, add new components, use more recent data, and incorporate the latest assumptions from the Trustees Reports through individual one to two-year contracts. In late FY 2017, we awarded a contract to upgrade MINT from version 7 to version 8. MINT 8 will have improved retirement account and wealth projections, incorporate administrative data through 2016, and allow for more frequent updating of the economic assumptions to ensure consistency with current Trustees Reports.

Rather than contract for an outside investigation of the model's current state and future direction, we plan to work with the Social Security Advisory Board to sponsor a panel to examine

microsimulation modeling on Social Security in general, including the MINT model. There is no funding request associated with this work.

#### *Social Security Programs Throughout the World (SSPTW)*

SSPTW is a source of accurate and reliable data on social security programs in 176 countries across four regions of the world (Africa, the Americas, Asia and the Pacific, and Europe). Since FY 2014, SSPTW has been produced through a cooperative agreement with the International Social Security Association (ISSA). Each country summary provides detailed descriptions of these programs, including who is covered under each program, how the programs are financed, the qualifying conditions to receive a benefit, and how benefits are calculated. This information allows us to analyze the programs and experiences that relate to U.S. program policy deliberations and enables policymakers and researchers to track changes in the relevant program provisions.

In August 2018, SSA awarded the fifth year of a seven-year cooperative agreement to the ISSA for the production of SSPTW. However, because we need to refocus SSA researchers' time on the core challenges facing SSA and retirement in the U.S. more broadly, SSA opted to end funding of the SSPTW for the final two years (FY 2019 - FY 2020) of the agreement. Starting in FY 2019, SSA will no longer provide financial support for the production of the SSPTW. The ISSA is currently exploring options for continuing SSPTW in some form (for example, an online database accessible by ISSA members).

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#### RELATED FUNDING SOURCES

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The Commissioner of Social Security has the authority to conduct research and demonstration projects under section 234 of the Social Security Act. We use trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. These demonstration projects, authorized under the 1999 Ticket to Work Act, P.L. 106-170, and the Bipartisan Budget Act (BBA) of 2015, P.L. 114-74, are not part of the annual research appropriation request. OMB directly apportions section 234 funds. The BBA provides authorization to initiate such projects until December 31, 2021, and to carry out such projects through December 31, 2022<sup>1</sup>. As mentioned in the section "Other Research Authority Request," some new demonstration projects would require extended section 234 authority.

In addition to the two projects mentioned below, we plan to use section 234 authority to develop additional demonstration projects focused on helping beneficiaries return to work. We plan to convene a technical expert panel (TEP) 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 results of that TEP, we plan to launch the demonstration in late FY 2019 or early FY 2020. We will also convene a TEP on

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<sup>1</sup> For a detailed discussion of our demonstrations, their findings, and related publications, see our *September 2018 Annual Report on Section 234 Demonstration Projects* at <http://www.ssa.gov/disabilityresearch/demos.htm>.

## **Supplemental Security Income Program**

potential policies that would simplify the way we treat earnings in the DI program and a TEP on a potential test of ways to improve the disability application process.

In FY 2019, we intend to conduct a small pilot with the State of Ohio to test the effectiveness on vocational service receipt and employment outcomes of providing formal, direct referrals to vocational rehabilitation services for 18 and 19 year old individuals with disabilities. This project will blend our two demonstration authorities for DI and SSI.

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).

### *Benefit Offset National Demonstration (BOND)*

The Ticket to Work and Work Incentives Improvement Act of 1999 directed us to conduct a research demonstration to test the effect of offering a \$1-for-\$2 benefit offset to DI beneficiaries. BOND tests a benefit offset that gradually reduces benefits by \$1 for every \$2 earned above an annualized Substantial Gainful Activity (SGA) amount after the Trial Work Period (TWP), in combination with varying levels of benefits counseling. The goal of the project is to enable more beneficiaries to return to work and maximize their employment, earnings, and economic independence. Project participants maintain Medicare eligibility while their benefits are offset. BOND allows us to evaluate program costs and savings and trust fund implications if we were to implement such a program on a national scale.

In December 2009, we awarded the contract to implement and evaluate BOND. Although the research project ended in December 2018, offset operations will continue until 2022 to serve approximately 3,500 beneficiaries for a full 5 years. We released the final evaluation report on December 12, 2018.<sup>1</sup>

### *Promoting Opportunities Demonstration (POD)*

The BBA of 2015 directed us to conduct a new demonstration testing a benefit offset in the DI program. POD tests a \$1-for-\$2 benefit offset for each month DI workers earn above the greater of the TWP level of earnings (\$880 in 2019) or their itemized impairment-related work expenses (up to the SGA, which is \$1,220 for 2019). TWP and Extended Period of Eligibility rules do not apply to participants in the treatment groups. The demonstration will include 3,000 beneficiaries in each of the three study groups: a control group; a treatment group who will be placed into suspense if benefits are reduced to \$0; and a treatment group whose DI eligibility will terminate if benefits are reduced to \$0 for 12 consecutive months.

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<sup>1</sup> See [https://www.ssa.gov/disabilityresearch/documents/BOND\\_Deliv\\_24e2\\_FER\\_Vol\\_1\\_20181018.pdf](https://www.ssa.gov/disabilityresearch/documents/BOND_Deliv_24e2_FER_Vol_1_20181018.pdf)

We awarded the POD evaluation contract in December 2016 and the POD implementation contract in January 2017. We will conduct the demonstration through 2021 with the State VR and work incentive planning and assistance agencies in eight States. We began recruiting participants and implementing the project in January 2018. Recruitment of participants continues into FY 2019 with a targeted enrollment goal of 9,000 beneficiaries. Once we reach full enrollment in FY 2019, we will continue to serve participants and evaluate the demonstration. In late FY 2020, we will receive the first draft of the interim impact evaluation report.

**Table 2.23—Research Projects Obligations as of FY 2018**  
(in thousands)

	Years	Total
<b>Serve the Public through a Stronger, More Responsive Disability Program</b>		<b>\$316,646</b>
Advisory Services to Asst. SSA with Disability Issues (old Listings of Impairments)	2008-2018	\$22,204
Disability Analysis File (DAF) (old Ticket Research File)	2008-2018	\$14,109
Disability Determination Small Grants DDP	2011-2015	\$1,350
Analyzing Relationships between Disability, Rehabilitation and Work: A Small Grant Program (ARDRAW)	2016-2018	\$900
Disability Research Consortium	2012-2017	\$27,237
National Beneficiary Survey (old Ticket to Work Program)	2008-2018	\$14,770
New and Emerging Research Disability (old Other Disability Research and Other Research)	2008-2018	\$6,712
SSA-NIH Research on Data Analytics and the Functional Assessment Battery (FAB) (old Compassionate Allowance)	2008-2018	\$21,673
Occupational Information System and Vocational Info Tool	2012-2018	\$120,114
Promoting Readiness of Minors in SSI (PROMISE)	2012-2018	\$14,940
Supported Employment Demonstration (old EIMHD)	2016-2017	\$72,637
<b>Deliver Innovative, Quality Services</b>		<b>\$39,488</b>
Understanding Americans Survey (old ALP)	2009-2018	\$11,697
Support for Minority Serving Institutions (old Collaboration with Other FLEC Members and Develop Data Resources for Financial Literacy Research)	2011-2016	\$7,262
Enterprise Business Platform	2015-2018	\$5,449
New and Emerging Research - Retirement (Roybal) (old Programmatic Development)	2010-2018	\$1,607
Research and Innovation Lab	2018	\$143
Medicare Outreach (1144)	2008-2018	\$13,330
<b>Strengthen the Integrity of our Programs</b>		<b>\$139,597</b>
Census Surveys	2008-2015	\$8,000
Data Development (old Policy Evaluation and Data Development and Other Data Development)	2008-2018	\$5,213
Health and Retirement Study (HRS) and Supplement	2008-2018	\$44,350

## Supplemental Security Income Program

Retirement Income Modeling	2008-2017	\$6,694
Retirement and Disability Research Consortium <sup>1</sup>	2008-2018	\$73,965
Social Security Programs Throughout the World <sup>2</sup>	2014-2018	\$1,375
<b>Total Section 1110 and 1144 Obligations</b>		<b>\$495,731</b>
<b>Section 234 (BOND)</b>	2008-2018	\$127,897
<b>Section 234 (POD)</b>	2016-2018	\$46,047
<b>Total Section 234</b>		<b>\$173,944</b>

## ADMINISTRATION OF OUR RESEARCH ACTIVITIES

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To implement these demonstrations and section 1110 extramural research projects, we need to continue to hire and develop staff able to test creative and effective ways to reform the disability and retirement programs for a modern labor market and promote greater labor force participation of people with disabilities. The ability to design and implement rigorous research and demonstration projects requires employees with unique skill sets in program administration, policy design, project management, research and evaluation, and problem solving.

Our primary research components are housed within the Office of Retirement and Disability Policy (ORDP). ORDP is responsible for all major activities in the areas of strategic and program policy planning, policy research and evaluation, statistical programs, and overall policy development, analysis and implementation. Within ORDP, the Office of Research, Demonstration, and Employment Support; the Office of Disability Policy; and the Office of Research, Evaluation, and Statistics share the responsibility of administering projects funded under our research appropriation.

**Office of Research, Demonstration, and Employment Support (ORDES)** - ORDES conducts research and analysis related to the DI and SSI programs. ORDES implements demonstration projects to test changes to the disability programs primarily aimed at improving program administration and supporting employment; conducts research, analysis, evaluations, and statistical modeling that support the agency goals to strengthen our disability programs and improve program integrity; and collects new occupational information to support the agency's disability programs.

**Office of Disability Policy (ODP)** - ODP oversees and supports the planning, development, evaluation, and issuance of substantive regulations, policies, and procedures for our disability programs; development and promulgation of policies and guidelines for use by State, Federal, or private contractor providers who implement the disability provisions of the Social Security Act; evaluation of the effects of proposed legislation and legislation pending before Congress to

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<sup>1</sup> The Disability and Research Consortium (DRC) and the Retirement Research Consortium (RRC) were separate grant programs until FY 2017. In FY 2018, the Office of Research Evaluation and Statistics (ORES) consolidated into a single grant program to cover our program research.

<sup>2</sup> Prior to FY 2014 (1970s – 2013), the Social Security Throughout the World (SSPTW) publications were funded out of the ORDP administrative budget. In FY 2014, SSA and ISSA entered into a new arrangement that entailed a 50/50 cost sharing. SSA's Office of Acquisition and Grants and the Office of General Counsel felt the best mechanism for the new endeavor was to enter into a cooperative agreement and fund using section 1110.

determine the impact on the disability programs; and the coordination of interrelated policy areas. ODP uses research to identify opportunities for policy improvement; to keep medical, childhood, disability, and CDR policies up to date; and to make informed disability policy decisions.

ODP is currently engaged in a multi-year contract with the NAS. This contract allows us to obtain impartial advice on medical vocational and economic issues from experts in a variety of medical, social sciences, and economic disciplines. The NAS experts provide us with a neutral ground for debate and analysis of emerging issues. Findings and conclusions reached by the experts at NAS are published in publically available reports, which provide an evidentiary basis for proposed changes to our disability programs.

**Office of Research, Evaluation, and Statistics (ORES)** - ORES is a Federal statistical unit responsible for the production and dissemination of research, statistics, and data on Social Security programs. ORES meets these responsibilities through three primary functions:

- Research and Evaluation – ORES produces findings on the Social Security retirement, disability, and SSI programs from research conducted both through intramural research and extramural funding. Examples include original research published by ORES researchers, grants to support data development such as the HRS, grants through the RDRC to produce high quality research consortiums; funding support for the UAS, HRS and HRS Supplement, the New and Emerging Research-Retirement, NLSY79 data development; and evaluation of the effects of Social Security research and public-use surveys.
- Data Development – ORES develops program and survey data to support our research and statistical objectives. These activities include providing administrative data to internal and external partners to support program research, developing administrative linkages to external data sources (e.g., the HRS), and partnering with entities to enhance data supporting program research (e.g., IAAs to develop data resources).
- Statistics – as a principal statistical unit of the U.S. Federal Government, ORES publishes a variety of statistics on our programs and beneficiaries using both administrative data and survey data. These activities include publishing a number of standing statistical publications, making custom estimates upon request, providing statistics based on administrative data to internal and external partners, and being an active participant in the community of federal statistical agencies (e.g., interaction with the Committee on National Statistics, and coordination with the Interagency Council on Statistical Policy).
- Dissemination – maintaining a schedule of research and statistical publications allows ORES to both achieve agency goals and meet requirements for Federal statistical units. ORES statisticians and researchers collaborate with the dissemination team to provide reliable data about key Social Security program variables (e.g., trends in applications, benefits, earnings, etc.), information about the design of social insurance programs around the world to support comparative research, as well as social and behavioral research related to our programs.

## RESEARCH INVESTMENT CRITERIA

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We support research that fosters a better understanding of the socio-economic status and other characteristics of Americans under the program we administer; how changes in demography and the economy might alter the well-being of the program and those it covers; the interrelationships between the program and other private and public programs; and the impact of the program on the overall economy. Within this framework, our extramural program places the best available evidence into the hands of policymakers to inform policy development and program administration. We have established guidelines for developing, managing, and vetting projects for potential inclusion in our long-term research and demonstration agenda. We employ a variety of methods to ensure: 1) we meet the funding requirements of the sections of the Act that authorize our extramural research and demonstration activities; and 2) our extramural research activities meet high standards for relevance, quality, and performance.

### Relevance

The primary purpose of our extramural research is to support evidence-building to inform the improvement of our programs. We seek to support research and demonstrations that clearly connect with this goal. A fundamental step in our review is assuring that each project responds to issues facing the OASDI and/or SSI programs, with priority towards contemporaneous challenges facing the agency. Our review process includes obtaining the advice and recommendations of researchers with technical expertise, program managers, and agency executives. We also receive input on our research program from the Social Security Advisory Board. The extramural research budget undergoes both our careful scrutiny and by external monitoring authorities.

Internal reviews also help to ensure that funded activities reflect our strategic goals and objectives and help us respond to legislative requirements and address high-priority issues. Many of our extramural research activities are directed toward providing policymakers and the public with the analytical and data resources they need to assess our current programs and the implications of reform proposals.

Our budget request reflects our support of the Administration's and Congress' ongoing goals to provide opportunities for disability beneficiaries to maximize their self-sufficiency through work and to increase the American public's basic financial management skills. For example, we are working collaboratively with the DOL, ED, and HHS in this area to test interventions that will improve the postsecondary education and employment outcomes of children who receive SSI. We are also working with DOL and with HHS' ACF to test early intervention and return-to-work services for individuals who may be potential future applicants for DI or SSI.

### Quality

Our extramural program provides access to analysts at top research institutions from around the country to expand our base of expertise to produce the best evidence in support of our program. We use a competitive, merit-based, peer reviewed procurement process to ensure that our extramural research program selects the most appropriate individuals and techniques to produce high quality results. We award nearly all of our extramural research projects conducted by private-sector organizations through competitive contracts, grants, or cooperative agreements. As a result, our extramural program features internationally recognized scholars including many

that have held important Federal posts (e.g., Council of Economic Advisors) and received significant recognition for their research contributions (e.g., the John Bates Clark Medal).

We also use TEPs to review projects while they are in progress to provide feedback and suggestions to the agency. These panels include internal experts in relevant disciplines, such as statistics, economics, and survey design. They help ensure that SSA-sponsored research projects are methodologically sound and consistent with professional standards. The research projects we sponsor through the RDRC are often discussed in formal seminars or workshops, as well as published in top peer-reviewed scientific journals.

### Performance

We carry out our extramural research and evaluation projects primarily through contracts, jointly funded cooperative agreements, and grants that identify specific deliverables and timetables. The agency has sent a strong message to contractors that they must complete projects on time and within budget. Contracting officers, contracting officer's representatives, analysts, and senior executives monitor the progress of all research contracts and agreements. These agreements are also subject to audits by the Office of the Inspector General.

Consistent with the Administration's encouragement to support evidence-based evaluations, we produce reports and data files for each research and evaluation project in an effort to determine whether existing or proposed programs work as designed. Where appropriate, we make these reports publicly available or announce their availability in the *Social Security Bulletin* and online.<sup>1</sup> The RDRC also disseminates output at annual meetings, online, and through a variety of publications, workshops, and conferences. Finally, our research projects based on SIPP, HRS, and the MINT model are widely cited in both peer-reviewed publications and the mainstream press.

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<sup>1</sup> Our research publication, the Social Security Bulletin, features peer-reviewed research articles produced by agency research staff as well as third-party contributors. Recent publications include Dushi, Iams and Trenkamp (2017), "The Importance of Social Security Benefits to the Income of the Aged Population", 77(2) <https://mwww.ba.ssa.gov/policy/docs/ssb/v77n2/v77n2p1.html> and Dushi, Iams, and Tamborini (2017) "Contributory Retirement Saving Plans: Differences Across Earnings Groups and Implications for Retirement Security", 77(2) <https://mwww.ba.ssa.gov/policy/docs/ssb/v77n2/v77n2p13.html>. Our extramural partners often publish supported research in scholarly journals. Recent examples include, but are not limited to: Chetty R, Stepner M, Abraham S, Lin S, Scuderi B, Turner N, Bergeron A, Cutler D. (2016), "The Association Between Income and Life Expectancy in the United States, 2001-2014", JAMA 315(16):1750-1766; Baicker K, Finkelstein A, Song J, and Taubman S, (2014), "The Impact of Medicaid on Labor Market Activity and Program Participation: Evidence from the Oregon Health Insurance Experiment", American Economic Review: Papers and Proceedings, 104(5): 322-328; Gustman A, Steinmeier T, and Tabatabai N, (2017), "Means Testing Social Security: Income versus Wealth", National Tax Journal 70 (1), 111-132; Deshpande M. (2016), "The Effect of Disability Payments on Household Earnings and Income: Evidence from the SSI Children's Program", Review of Economics and Statistics, 98(4): 638-654; Banerjee, Sudipto & Blau, David (2016). "Employment Trends by Age in the United States: Why Are Older Workers Different." Journal of Human Resources. Vol. 51(1): 163-199; Levy H, Buchmueller T, and Nikpay S. (2016), "Health Reform and Retirement", Journals of Gerontology Series B. 115: 1-10; De Nardi, M, French E and Jones J B. (2016), "Medicaid Insurance in Old Age", The American Economic Review, 106 (11): 3480-3520; Gettens J and Henry A D. (2015), "Employment-Related Health Insurance and Service Delivery Needs of Persons with Disabilities," Journal of Disability Policy Studies 26(3): 164-172; Rutledge M (2016), "How Do Financial Resources Affect the Timing of Retirement After a Job Separation?", Industrial and Labor Relations Review 69(5): 1249-1279.

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**Limitation on Administrative Expenses**

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## APPROPRIATION LANGUAGE/BACKGROUND

## AUTHORIZING LEGISLATION

The LAE account is authorized by section 201(g) of the Social Security Act. The authorization language makes available for expenditure, out of any or all of the Trust Funds, such amounts as Congress deems appropriate for administering Title II, Title VIII, Title XVI, and Title XVIII of the Social Security Act for which SSA is responsible and Title XVIII of the Act for which the Secretary of the Department of Health and Human Services is responsible.

**Table 3.1—Authorizing Legislation**  
(Dollars in thousands)

	2018 Amount Authorized	2018 Enacted <sup>1,2</sup>	2019 Amount Authorized	2019 Enacted <sup>3,4</sup>	2020 Amount Authorized	2020 Estimate <sup>5,6</sup>
<b>Title II, Section 201(g)(1) of the Social Security Act</b>	Indefinite	\$12,872,945	Indefinite	\$12,876,945	Indefinite	\$12,773,000

<sup>1</sup> The Consolidated Appropriations Act, 2018 (P.L. 115-141) appropriated this amount. The total includes \$280,000,000 to remain available until expended for information technology (IT) modernization, including related hardware and software infrastructure and equipment, and for administrative expenses directly associated with IT modernization. The total also includes \$100,000,000 in available funding through September 30, 2019, for activities to address the hearings backlog within the Office of Hearings Operations. The FY 2018 total also includes \$1,735,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,462,000,000 in funds outside the discretionary caps, as authorized by the BBA of 2015 (P.L.114-74) to remain available for 18 months through March 31, 2019.

<sup>2</sup> The total includes \$118,000,000 for SSI State Supplement user fees and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act, P.L. 108-203 (SSPA).

<sup>3</sup> The Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245), appropriated this amount. The FY 2019 total includes \$45,000,000 to remain available until expended for IT modernization, including related hardware and software infrastructure and equipment, and for administrative expenses directly associated with IT modernization. The total includes \$100,000,000 in available funding through September 30, 2020, for activities to address the hearings backlog within the Office of Hearings Operations. The FY 2019 total also includes \$1,683,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,410,000,000 in funds outside the discretionary caps as authorized by the BBA of 2015 (P.L.114-74) to remain available for 18 months through March 31, 2020. 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 CDI units in FY 2019, and the Budget continues this transfer in FY 2020.

<sup>4</sup> The total also includes \$134,000,000 for SSI State Supplement user fees and up to \$1,000,000 from fees collected pursuant to section 303(c) of the SSPA.

<sup>5</sup> 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). The total includes \$1,582,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,309,000,000 in funds outside the discretionary caps, as authorized by the BBA of 2015 (P.L.114-74) to remain available until March 31, 2021.

<sup>6</sup> The FY 2020 total includes up to \$130,000,000 for SSI State Supplement user fees, and up to \$1,000,000 from fees collected pursuant to section 303(c) of the SSPA.

**APPROPRIATION LANGUAGE**

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For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed \$20,000 for official reception and representation expenses, not more than [\$12,741,945,000] \$12,642,000,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to in such section *or from the fees authorized by the fifth paragraph under this heading, except that any amounts derived from such fees are only available for the issuance of replacement Social Security cards: Provided,* That not less than \$2,400,000 shall be for the Social Security Advisory Board: [*Provided further,* That \$45,000,000 shall remain available until expended for information technology modernization, including related hardware and software infrastructure and equipment, and for administrative expenses directly associated with information technology modernization: *Provided further,* That \$100,000,000 shall remain available through September 30, 2020, for activities to address the disability hearings backlog within the Office of Hearings Operations:] *Provided further,* That unobligated balances of funds provided under this paragraph at the end of fiscal year [2019] 2020 not needed for fiscal year [2019] 2020 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: *Provided further,* That the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso: *Provided further,* That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to 5 U.S.C. 7131, and for facilities or support services for labor organizations pursuant to policies, regulations, or

procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made.

Of the total amount made available in the first paragraph under this heading, not more than [\$1,683,000,000] \$1,582,000,000, to remain available through March 31, [2020] 2021, is for the costs associated with continuing disability reviews under titles II and XVI of the Social Security Act, including work-related continuing disability reviews to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, for the cost of co-operative disability investigation units, and for the cost associated with the prosecution of fraud in the programs and operations of the Social Security Administration by Special Assistant United States Attorneys: *Provided*, That, of such amount, \$273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and [\$1,410,000,000] \$1,309,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: *Provided further*, That, of the additional new budget authority described in the preceding proviso, up to \$10,000,000 may be transferred to the "Office of Inspector General", Social Security Administration, for the cost of jointly operated co-operative disability investigation units: *Provided further*, That such transfer authority is in addition to any other transfer authority provided by law: *Provided further*, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104-121 for fiscal years 1996 through 2002.

### **Limitation on Administrative Expenses**

In addition, [\$134,000,000] \$130,000,000 to be derived from administration fees in excess of \$5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93–66, which shall remain available until expended [.] : *Provided, [To] That* to the extent that the amounts collected pursuant to such sections in fiscal year [2019] 2020 exceed [\$134,000,000] \$130,000,000, the amounts shall be available in fiscal year [2020] 2021 only to the extent provided in advance in appropriations Acts.

In addition, up to \$1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended.

*The Commissioner of Social Security shall charge a \$25 fee for the issuance of a replacement Social Security card if an individual requests the issuance of such card in a field office of the Social Security Administration and a \$7 fee if an individual requests the issuance of such card online: Provided, That any fees collected pursuant to the matter preceding this proviso shall be deposited in this account and shall be available subject to the restrictions in the first paragraph under this heading: Provided further, That the Commissioner may not charge such a fee for the issuance of a new Social Security card.*

*(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)*

## LANGUAGE ANALYSIS

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The Limitation on Administrative Expenses (LAE) appropriation language provides the Social Security Administration (SSA) with the funds needed to administer the Old Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI) programs, and to support the Centers for Medicare and Medicaid Services in administering their programs. The LAE account is funded by the OASI, DI, and Medicare trust funds for their share of administrative expenses, by the General Fund of the Treasury for the SSI program's share of administrative expenses, and through applicable user fees. The language provides the limitation on the amounts that may be expended, in total from these separate sources, for the administrative expenses of the agency.

SSA is requesting a total of \$1,582,000,000 in dedicated program integrity funding, including funding for full medical Continuing Disability Reviews (CDR), SSI non-medical redeterminations of eligibility (redeterminations), work related CDRs, cooperative disability investigation (CDI) units, and fraud prosecutions by Special Assistant United States Attorneys (SAUSA). The FY 2020 program integrity request, which proposes funding to remain available through March 31, 2021, is comprised of \$273,000,000 in base funding to meet the terms of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and \$1,309,000,000 in additional new budget authority for the full authorized level cap adjustment level for 2020. In FY 2020, SSA may transfer up to \$10 million from its program integrity cap adjustment funds to SSA's Inspector General (OIG) to fund CDI unit team leaders. This is an authorized use of the cap adjustment.

In addition to the appropriated amounts, SSA is requesting to spend up to \$130,000,000 in SSI State Supplement user fees and up to \$1,000,000 in non-attorney representative fees.

**Table 3.2—Appropriation Language Analysis**

Language Provision	Explanation
<p><i>“or from the fees authorized by the fifth paragraph under this heading, except that any amounts derived from such fees are only available for the issuance of replacement Social Security cards”</i></p>	<p>The language allows SSA to use fees collected for replacement Social Security cards for the cost of processing such replacement card requests.</p>
<p><i>“Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year [2019] 2020 not needed for fiscal year [2019] 2020 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software</i></p>	<p>The language allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.</p>

Language Provision	Explanation
<p>infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: <i>Provided further</i>, That the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso...”</p> <p>“Of the total amount made available in the first paragraph under this heading, not more than [\$1,683,000,000] \$1,582,000,000, to remain available through March 31, [2020] 2021, is for the costs associated with continuing disability reviews under titles II and XVI of the Social Security Act, including work-related continuing disability reviews to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, for the cost of co-operative disability investigation units, and for the cost associated with the prosecution of fraud in the programs and operations of the Social Security Administration by Special Assistant United States Attorneys: <i>Provided</i>, That, of such amount, \$273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and [\$1,410,000,000] \$1,309,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: <i>Provided further</i>, That, of the additional new budget authority described in the preceding proviso, up to \$10,000,000 may be transferred to the</p>	<p>The language appropriates \$1,582,000,000 of dedicated program integrity funding to remain available through March 31, 2021, for SSA's full medical CDRs, redeterminations, work related CDRs, CDI units, and fraud prosecutions by Special Assistant United States Attorneys. That amount comprises a base of \$273,000,000 and the authorized 2020 level of \$1,309,000,000 for the purposes of an adjustment to the discretionary spending limit as provided in section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Bipartisan Budget Act of 2015 (BBA). In FY 2020, SSA may transfer up to \$10 million from its program integrity cap adjustment funds to SSA's Inspector General (OIG) to fund CDI unit team leaders. This is an authorized use of the cap adjustment.</p>

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Language Provision	Explanation
<p>“Office of Inspector General”, Social Security Administration, for the cost of jointly operated co-operative disability investigation units: <i>Provided further</i>, That such transfer authority is in addition to any other transfer authority provided by law: <i>Provided further</i>, That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104–121 for fiscal years 1996 through 2002.”</p>	
<p>“In addition, [\$134,000,000] \$130,000,000 to be derived from administration fees in excess of \$5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93–66, which shall remain available until expended [.] : <i>Provided, That</i> [T] to the extent that the amounts collected pursuant to such sections in fiscal year [2019] 2020 exceed [\$134,000,000] \$130,000,000, the amounts shall be available in fiscal year [2020] 2021 only to the extent provided in advance in appropriations Acts.”</p>	<p>The language makes available up to \$130,000,000 collected from states for administration of their supplementary payments to the SSI program. This assumes the fee will increase from \$12.21 per check in FY 2019 to \$12.47 in FY 2020 according to increases established by statute. SSA receives the amount collected above \$5.00 from each fee.</p>
<p>“In addition, up to \$1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended.”</p>	<p>The language provides for the use of up to \$1,000,000 derived from fees charged to non-attorneys who apply for certification to represent claimants.</p>
<p><i>“The Commissioner of Social Security shall charge a \$25 fee for the issuance of a replacement Social Security card if an individual requests the issuance of such card in a field office of the Social Security Administration and a \$7 fee if an individual requests the issuance of such card online: <i>Provided, That</i> any fees collected pursuant</i></p>	<p>The language provides the issuance fees that SSA will charge for replacement Social Security cards. If the Social Security card issuance request is made in a field office, the fee will be \$25, whereas, Social Security card issuance requests made online will have a \$7 fee. The</p>

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Language Provision	Explanation
<p><i>to the matter preceding this proviso shall be deposited in this account and shall be available subject to the restrictions in the first paragraph under this heading. Provided further, That the Commissioner may not charge such a fee for the issuance of a new Social Security card.”</i></p>	issuance of a new Social Security card will have no fee.

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### SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

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The table below includes the significant items requested in House Report 115-862 and Senate Report 115-289 accompanying the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019.

**Table 3.3—Significant Items in Appropriations Committee Report**

Administrative Funding	Actions Taken or To Be Taken
<p>The Limitation on Administrative Expenses (LAE) funds the administrative and operational costs for administering the Old Age and Survivors Insurance, Disability Insurance, and Supplemental Security Income programs, and associated costs for support to the Centers for Medicare and Medicaid Services in administering their programs. Within the total for LAE, the Committee provides not less than \$3,475,000,000 for Field Offices and not more than \$1,750,000,000 for Information Technology.</p>	We acknowledge the committee's recommendation for our administrative funding.
ABLE Act	Actions Taken or To Be Taken
<p>The Achieving a Better Life Experience Act [ABLE Act] allows individuals and families to save for the purpose of supporting individuals with disabilities in maintaining their health, independence, and quality of life. The Committee encourages SSA to continue to conduct outreach and disseminate eligibility and benefit information on ABLE accounts. In addition, the Committee supports efforts led by IRS and in</p>	We currently offer information about ABLE on <a href="http://www.ssa.gov">www.ssa.gov</a> and in brochures we send to Supplemental Security Income recipients ages 14 to 17. We will continue to conduct outreach and disseminate eligibility and benefit information on ABLE accounts. In addition, we will continue to build relationships with other agencies and government entities that support individuals

**Table 3.3—Significant Items in Appropriations Committee Report**

coordination with SSA and other agencies to disseminate information on the eligibility and benefits of these accounts. The Committee further encourages SSA to build relationships with other agencies and government entities that support individuals living with a disability to raise awareness, understanding, and usage of ABLE accounts.

living with a disability to raise awareness, understanding, and usage of ABLE accounts.

<b>Pilot Programs Metrics</b>	<b>Actions Taken or To Be Taken</b>
<p>Pilot programs are valuable opportunities to test the effects of potential process changes but require a well thought out design that includes clear objectives and appropriate measures to evaluate the pilot’s effectiveness. Although sometimes terms are used interchangeably, the Committee uses the term “pilots” as distinct from “demonstration programs,” which relate to programmatic changes, such as changes in eligibility rules. In addition, the Committee notes that there is not always a clear distinction between what constitutes a pilot, compared to an initiative, or a test. The Committee uses the term “pilot” to encompass all efforts to test the effects of process changes. The Committee continues to be concerned about pilot programs that lack clear objectives, evaluation plans, or metrics. The Committee expects that, prior to undertaking any new pilots, SSA will ensure that it has developed a research design that includes clear objectives for the pilot and an evaluation plan, including adequate metrics to determine the pilot’s effectiveness. Metrics should be specific, quantifiable measures that can be used to evaluate success. The Committee directs SSA to submit a report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than 90 days after the enactment of this act with a</p>	<p>Please see the Pilot Programs Metrics exhibit within the LAE section of this CJ for this information.</p>

**Table 3.3—Significant Items in Appropriations Committee Report**

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<p>description of any new pilot, initiative or test of process changes launched in fiscal year 2018, or proposed for fiscal year 2019; the objective of the pilot; the plan and timeline for evaluation; which SSA components are involved in the pilot; and the measures or metrics the SSA will use to determine the pilot's effectiveness. In addition to the requested information for new pilots, the report should include a list of the SSA's ongoing pilots, along with the start date for each of these pilots. Similar information should be provided in the fiscal year (FY) 2020 Congressional Justification (CJ). All SSA pilots should be included in the requested report and justification, including those undertaken as part of the Compassionate and Responsive Service (CARES) plan and in other parts of the agency. The report (and section in the justification) does not need to include programmatic demonstrations.</p>	<p><b>Report on LAE Expenditures</b></p> <p>The Committee continues to request the report referenced under this heading in House Report 114-699 as part of the fiscal year 2020 Congressional Justification.</p> <p><b>Actions Taken or To Be Taken</b></p> <p>For Personnel costs by General Schedule grade, Administrative Law Judge personnel costs, Senior Executive Service personnel costs, and reemployed annuitant personnel costs, please see Tables 3.32 through 3.34. For personnel costs by region, please see Tables 3.36 through 3.38. For Information Technology costs broken out by hardware/software technology and upgrade/maintenance costs, please see Table 3.23. For Physical infrastructure costs by region and office function, please see Tables 3.43 through 3.48. For Overall costs for personnel, time and dollars for OASI, DI, SSI, and other SSA missions, please see Table 3.15. For Program Integrity work broken out by OASI, DI and SSI as well as types of spending, please see Table 3.20. For</p>
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**Table 3.3—Significant Items in Appropriations Committee Report**

	Disability Determination Services State costs and Federal staff costs, please see Table 3.18.
<b>Information Technology</b>	<b>Actions Taken or To Be Taken</b>
The Committee continues to request the plan referenced under this heading in House Report 114-699.	Please see the Information Technology exhibit within the LAE section of this CJ for more information. For a copy of SSA's IT Modernization Plan, please see <a href="https://www.ssa.gov/agency/materials/IT-Mod-Plan.pdf">https://www.ssa.gov/agency/materials/IT-Mod-Plan.pdf</a> .
<b>Muscular Dystrophy</b>	<b>Actions Taken or To Be Taken</b>
The Committee is aware that SSA is included in the Muscular Dystrophy Coordinating Committee under the Muscular Dystrophy CARE Act Amendments enacted in September 2014. The Committee requests SSA to include in the fiscal year 2020 Congressional Justification the rate at which persons with Duchenne and Becker Muscular Dystrophy utilize SSA programs, particularly those focused on promoting employment and community independence such as the Ticket to Work Program.	Please see the exhibit on the Utilization of SSA Programs for Muscular Dystrophy in the LAE section of this CJ for this information.
<b>Administrative Law Judges</b>	<b>Actions Taken or To Be Taken</b>
It is vital that Administrative Law Judges (ALJs) be independent, impartial, and selected based on their qualifications. The conferees expect SSA to maintain a high standard for the appointment of ALJs, including the requirement that ALJs have demonstrated experience as a licensed attorney and pass an ALJ examination administered by the Office of Personnel Management.	Consistent with the Committee's expectation to maintain a high standard for appointing ALJs, for FY 2019, we will select any ALJ hires from a list of qualified applicants who passed the most recent OPM examination. For ALJ hires in FY 2020 and beyond, we are completing the details of a hiring process that will reflect our continued efforts to protect the qualified-decisional-independence of our ALJs, while ensuring ALJs are hired in a fair and impartial manner, consistent with government-wide merit system principles.

**Table 3.3—Significant Items in Appropriations Committee Report**

<b>Administrative Law Judge Hiring</b>	<b>Actions Taken or To Be Taken</b>
SSA's National Hearing Centers (NHCs) provide SSA with invaluable flexibility and support to address the hearings backlog. Understanding the value of this flexibility and support, the Committee directs SSA to ensure that its upcoming administrative law judge (ALJ) hiring decisions result in allocating additional ALJs to NHCs.	We agree that the NHCs provide the flexibility and support that enhances our ability to manage workloads nationally and will include the NHCs in any increase in adjudicatory capacity.
<b>Disability Hearings Backlog</b>	<b>Actions Taken or To Be Taken</b>
The Committee recommendation includes \$100,000,000, the same as the fiscal year 2018 level, in dedicated funding for processing the backlog of disability hearings. The Committee strongly encourages SSA to work with ALJs and other stakeholders to evaluate and implement changes, as appropriate, to streamline and improve the efficiency of the disability adjudication process while maintaining the integrity of disability programs. The Committee directs SSA to submit a report within 90 days of enactment to the Committees on Appropriations of the House of Representatives and the Senate on potential administrative changes SSA has taken and could take to streamline the disability determination and adjudication process. This could include centralizing administrative work and reorganizing management structures to focus more staff on frontline workloads; reviewing the Hearings, Appeals, and Litigation Law Manual for changes to improve the efficiency or effectiveness of the hearing process; establishing procedural rules for hearings (while preserving the non-adversarial manner of hearings and ensuring that unrepresented claimants are not disadvantaged); establishing a list of specialists and medical personnel which can be consulted by ALJs when they need access to medical experts; issuing Social Security Rulings that lists common combination of	We provided this report to the Committees on February 20, 2019.

**Table 3.3—Significant Items in Appropriations Committee Report**

limitations for which work exists in the economy; and assigning law clerks or clerical employees to specific ALJs to reduce the number of clerical tasks that Judges are currently required to perform.	
<b>Disability Case Processing System (DCPS)</b> The conferees support efforts to modernize the case processing systems used by State Disability Determination Service agencies. Division H of the Consolidated Appropriations Act, 2018 underscored States' ability to select from all available options to modernize their case processing systems. The conferees remain concerned with the progress of the DCPS upgrade. Within 90 days from the date of enactment of this Act, SSA shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the authorizing committees of jurisdiction. Such report shall include: (1) an update on the actions taken by SSA to permit States the ability to select from available options, including commercial off the shelf (COTS) solutions, to modernize their case processing systems, so long as the selected option has similar or better functionality as DCPS without imposing costs that are higher than using DCPS, (2) actions taken by SSA to enable COTS field production deployment, and (3) a description of any challenges, cost constraints, or legal barriers to implementation from available options.	<b>Actions Taken or To Be Taken</b> Please see the DCPS exhibit within the LAE section of this CJ for this information.
<b>Social Security Advisory Board</b> The Committee recommends not less than \$2,400,000 for the Social Security Advisory Board (SSAB), which is \$100,000 above the fiscal year 2018 enacted level and the fiscal year 2019 budget request. The Committee continues to support SSAB in the development of new and innovative ways	<b>Actions Taken or To Be Taken</b> Please see the SSAB exhibit within the LAE section of this CJ for this information.

**Table 3.3—Significant Items in Appropriations Committee Report**

SSA can achieve its mission and improve the quality of service to the public. The Committee does not include bill language providing SSAB reception and representation authority. The Committee requests information on SSAB's need for such authority in the fiscal year 2020 Congressional Justification.	
<b>Continuing Disability Reviews (CDR)</b> The Committee notes that SSA, as a result of directives included in the fiscal year 2017 Consolidated Appropriations Act, is in the process of reviewing and updating its CDR prioritization models. The Committee looks forward to an update on the results of this assessment in the next CDR Report to Congress.	<b>Actions Taken or To Be Taken</b> We are reexamining our processes, and we expect to include an update on our results in a future CDR report to Congress.
<b>Work Incentives Planning and Assistance [WIPA] and Protection and Advocacy for Beneficiaries of Social Security [PABSS]</b> The conferees include \$23,000,000 for WIPA and \$7,000,000 for PABSS.	<b>Actions Taken or To Be Taken</b> We issued PABSS awards notices in December 2018. We plan to issue WIPA award notices in June 2019.
<b>Medical Vocational Guidelines</b> The Committee notes that SSA is in the process of updating its medical vocational guidelines, and in 2018 will complete the third year of production data collection, and begin collecting the first year of a planned and ongoing five-year refresh cycle. The Committee directs SSA to include information in future budget justifications on its ongoing efforts to improve its medical vocational guidelines.	<b>Actions Taken or To Be Taken</b> The multi-year effort to modernize medical-vocational policy supports our Strategic Goal 2: Improve the Way We Do Business (please see the FY 2018-FY 2020 Annual Performance Report for more information). We are working to update vocational policies consistent with the evidence reflecting the modern economy. We are working with the Bureau of Labor Statistics (BLS) to provide current, and regularly updated, information about the requirements of jobs in the national economy. We will use BLS's data to test and refine policy options.

**Table 3.3—Significant Items in Appropriations Committee Report**

	Please see SSA's annual Occupational Information System report to Congress for more information.
<p><b>Vocational Experts</b></p> <p>The Committee directs the Acting Commissioner to provide an update within 45 days of enactment on SSA's plans for developing a market-based approach for acquiring vocational expert testimony, including the status of the report requested in the Explanatory Statement accompanying the Consolidated Appropriations Act, 2018. The update should address proposed scope and timeline for any planned solicitations.</p>	<p><b>Actions Taken or To Be Taken</b></p> <p>We are working to satisfy this reporting requirement.</p>
<p><b>Implementation of New Capability Determination Instructions</b></p> <p>The Committee recognizes the importance of SSA accurately assessing whether an individual needs a representative payee. SSA's regulations specify that the agency will appoint a representative payee in cases where a beneficiary is not able to manage or direct the management of his or her Social Security benefits. However, the Committee recognizes that generally SSA has only evaluated a beneficiary's ability to manage his or her benefits and has not considered a beneficiary's ability to direct someone else to manage his or her benefits. In 2017, SSA drafted new program instructions for its front-line employees in assessing whether an individual is able to direct others to manage his or her benefits. Despite the complexity of implementing this policy, and SSA's lack of experience making such evaluations, the instructions were developed without input from external stakeholders. The Committee is encouraged by the recent steps SSA has taken to gather stakeholder feedback and expert advice, including holding a National Disability Forum on representative payment which included some discussion of this</p>	<p><b>Actions Taken or To Be Taken</b></p> <p>We will provide updates and briefings to the committees listed in this reporting provision.</p>

**Table 3.3—Significant Items in Appropriations Committee Report**

policy. However, due to the complexity of this policy and the importance of correctly evaluating the extent to which an individual can manage (directly or indirectly) his or her benefits, the Committee believes more stakeholder engagement and expert consultation is required. The Committee also notes that SSA should consider ways to test this new policy to ensure it achieves its goals and can be implemented effectively by field office employees before expanding it program-wide. Any test of this policy should include specific objectives and metrics to assess the policy's effectiveness. Given the Committee's continued concerns, the Committee expects that SSA will provide the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate regular updates and briefings on the agency's plans prior to moving forward with this policy.

<b>Field Office Closures</b>	<b>Actions Taken or To Be Taken</b>
There remains concern about decisions to close field offices that may not be in accordance with law, regulations and SSA procedures. While the SSA's Inspector General [IG] reviews decisions to close field offices, the Acting Commissioner is directed to take every action possible to maintain operations at the offices under review. SSA is directed to provide the Senate Appropriations Committee a response to IG field office reviews within 45 days of the release of the IG report, addressing any recommendations and coordinating with the General Services Administration when appropriate.	We will submit a response to the appropriate committee on any IG field office review within 45 days of the release of an IG report.

**Table 3.3—Significant Items in Appropriations Committee Report**

<b>Consultative Examinations</b>	<b>Actions Taken or To Be Taken</b>
<p>The conferees support efforts by SSA to pursue, where practicable, and in conjunction with State Disability Determination Services, pilot demonstrations that would evaluate the feasibility of, potential administrative savings from, and potential for improvements in the quality of consultative examinations from the implementation of contracts for consultative examinations. In addition, the conferees request SSA include in its fiscal year 2020 Congressional Justification the following information: (1) annual number of consultative examinations, including the number for each State, (2) the percentage of applicants who require a consultative exam, and the share of those exams which are conducted by the treating medical provider, nationally and for each state, (3) the number of days for consultative examination completion nationally, including the number of days for each State, and (4) the total cost of consultative examinations nationally, including the cost of consultative examinations by State.</p>	<p>Please see the exhibit on consultative exams in the LAE section of this CJ for this information.</p>
<b>Occupational Information System</b>	<b>Actions Taken or To Be Taken</b>
<p>SSA is developing a new Occupational Information System (OIS) that will replace the Dictionary of Occupational Titles as the primary source of occupational information used in SSA's disability adjudication process. SSA expects to begin a new five-year data refresh cycle in fiscal year 2018 and to start using the OIS in 2020. To provide the Committee with a better understanding of the project's costs, the Committee directs SSA to include in its annual Report on the Occupational Information System Project the estimated costs for each future fiscal year until the project is expected to be completed and the estimated cost for a five-year data refresh cycle.</p>	<p>We will include estimated future costs of the OIS project by fiscal year and estimated costs of the five-year data refresh in our annual OIS report to Congress.</p>

**Table 3.3—Significant Items in Appropriations Committee Report**

<b>Taxpayer Transparency</b>	<b>Actions Taken or To Be Taken</b>
<p>U.S. taxpayers have a right to know how the Federal Government is spending their hard-earned taxpayer dollars—especially when that money is being spent on advertising Federal programs. The Committee recommendation continues a provision to promote Government transparency and accountability by requiring Federal agencies funded in this act to include disclaimers when advertising materials are paid for with Federal funds. The Committee expects each agency to include in their fiscal year 2020 CJ information detailing how much funding was spent on advertising in fiscal year 2019.</p>	<p>Please see Table 3.16 within the LAE section of this CJ for the estimated total amount obligated for advertising in FY 2019.</p>
<b>Taxpayer Accountability</b>	<b>Actions Taken or To Be Taken</b>
<p>Given the current fiscal environment, it is imperative for Government agencies to increase efficiencies, while fulfilling statutory requirements, to maximize the effectiveness of agency programs. Since 2011, GAO has published reports showing as many as 272 areas of potential duplication and overlap. GAO has identified 792 actions to reduce, eliminate, or better manage fragmentation, overlap, or duplication; achieve cost savings; or enhance revenue. While GAO has noted that the Nation has achieved \$178,000,000,000 in savings based on these reports, many more efficiencies may be realized. The Committee directed each agency funded in the fiscal year 2018 bill to report to the Committee, within 1 year of enactment, on all efforts made to address the duplication identified by the annual GAO reports along with identifying substantive challenges and legal barriers to implementing GAO's recommendations, as well as suggested legislative recommendations that could help the agency to further reduce duplication. The Committee looks forward to receiving the reports.</p>	<p>We will provide GAO updates as appropriate on our efforts to satisfy recommendations. For additional information please refer to GAO's FY 2018 report at <a href="https://www.gao.gov/products/GAO-18-371SP">https://www.gao.gov/products/GAO-18-371SP</a>.</p>

**Table 3.3—Significant Items in Appropriations Committee Report**

<b>Congressional Budget Justifications</b>	<b>Actions Taken or To Be Taken</b>
<p>Congressional justifications are the primary tool used for the Committee to evaluate budget requests, agency performance, and resource requirements. The Committee expects the fiscal year 2020 congressional justifications to include sufficient detail to justify all programs, projects, and activities contained in each department, agency, board, corporation, or commission's budget request. The justifications shall include a sufficient level of detailed data, exhibits, and explanatory statements to support the appropriations requests, including tables that outline each agency's programs, projects, and activities for fiscal years 2019 and 2020. Specifically, every bill and report number included in either the House of Representatives or Senate Appropriations bill or report or the final appropriations bill or explanatory statement of the fiscal year should be reflected within these justifications. The Committee directs the chief financial officer of each department, agency, board, corporation, or commission funded in this Act's jurisdiction to ensure that adequate justification is given to support each increase, decrease, and staffing change proposed in the fiscal year 2020 budget. When requesting additional resources, reduced funding, or eliminations of programs, changes should be outlined with an adequate justification. Should the final fiscal year 2019 appropriations bill be enacted within a timeframe that does not allow it to be reflected within the congressional justifications for fiscal year 2020, the Committee directs each department, agency, board, corporation, or commission funded in this act to submit within 30 days of enactment updated information to the Committee on funding comparisons to fiscal year 2019.</p>	<p>We included the requested information within the FY 2020 CJ.</p>

## **IMPROPER PAYMENTS**

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We are committed to reducing improper payments. While our payment accuracy rates are very high, even a small error rate can add up to substantial improper payments due to the amount of benefits we pay. For instance, in FY 2018, we issued over \$1 trillion in benefit payments, while our combined overpayments and underpayments totaled almost \$8 billion. Our internal quality reviews, which are validated by a third-party auditor, indicate that approximately 99.4 percent of our Old-Age, Survivor, and Disability Insurance (OASDI) benefit payments were free of overpayment and 99.9 percent were free of underpayment in FY 2017, the last year for which we have data. For the same year, 92.7 percent of all Supplemental Security Income (SSI) benefits we paid were free of overpayment, and over 98.9 percent were free of underpayment. One of our Agency Priority Goals is to improve the integrity of the SSI program by focusing our efforts on reducing overpayments. In FYs 2019 and 2020, our target is to achieve an SSI overpayment accuracy rate of 94 percent.

We are focused on improving the quality and integrity of our programs and combatting the leading causes of improper payments. We are also looking at best practices across the Federal sector to address improper payments. In January 2016, we established the Federal Improper Payment Community of Practice, modeled after the Federal Data Exchange Community of Practice. Our goal was to:

- Tap into a collective knowledge base;
- Share best practices and find common solutions to our shared challenges;
- Build a network of Federal partners; and
- Harmonize policy and processes in concert with the Administration's priorities.

The group, which meets throughout the year, now includes 13 Federal benefit-paying agencies.

The Bipartisan Budget Act of 2015 (BBA) allowed our agency to enter into information exchanges with payroll data providers to prevent improper payments of benefits. Our previous appropriations language also encourages the use of tools to collect and maintain data regarding employment and wages to ensure proper disability and SSI benefits payments and to reduce fraud and abuse. These programs and tools have proven to be beneficial in reducing improper payments for other Federal and State benefit programs.

### **Our Comprehensive Strategy to Reduce Improper Payments**

In addition to conducting our key program integrity workloads discussed in the Budget Overview, we have a comprehensive strategy, through various initiatives, to reduce improper payments. We have identified the major causes of improper payments of OASDI and SSI benefits and developed solutions to reduce their occurrence. For example, since non-reporting of wages is a leading cause of improper payments in the SSI program, we are expanding our efforts to educate the public on reporting responsibilities. We are also enhancing our debt recovery system to make it easier for people to pay, as well as our death reporting system to ensure we are collecting accurate data from our government partners. These enhancements will strengthen our internal controls and ensure we administer our programs accurately and efficiently.

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 information technology (IT) platforms for work-related benefit payment adjustments, work continuing disability reviews, redeterminations, and payments to Ticket to Work (TTW) 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.



## **Limitation on Administrative Expenses**

**Video Training:** Collecting timely wage reports from recipients will reduce the number and dollar amount of improper payments since the wage data will be available to process when we need it. In FY 2019, we will develop a marketing strategy to inform members of the public of their reporting responsibilities for wages and resources. By the end of FY 2020, we will work to create an online training video, available for public use, as well as display the video on the SSA Digital Signage (SSTV) in field office reception areas to inform the public about reporting resources and wages timely. Additionally, the video will remind the public about the consequences of failing to report wages and our Administrative Sanctions policy.

**Notice Improvement:** We will enhance our notices to include more consistent and clear language on reporting responsibilities and penalties for OASDI beneficiaries and SSI recipients. We currently inform OASDI beneficiaries, SSI recipients, and representative payees about reporting responsibilities by various methods. We apprise them during interviews, with application and redetermination forms and some award and post-eligibility notices, in check envelope enclosures, and in a booklet that accompanies award notices. Our annual Cost of Living Adjustment (COLA) notices include reminders about reporting changes that could affect benefit payments and eligibility.

**Financial Accounts:** Access to Financial Institutions (AFI) is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility. By the end of FY 2019, we plan to electronically collect the individual AFI authorization from an overpaid individual. We are implementing improvements to the overpayment waiver process, including automating the AFI process for waivers, because we consider an overpaid person's resources in making a decision about their ability to repay the overpayment.

**Wages:** Between FY 2017 and FY 2018, there was a 10.8 percent increase in successful wage reporting. In FY 2017, we implemented an online tool, myWageReport (myWR), which allows disability beneficiaries to report earnings electronically on computers, mobile devices, and smartphones through *my Social Security*. We are improving myWR so that an individual does not have to go to a field office to set up reporting for a new employer. This enhancement is scheduled for implementation in September 2019. Further, in June 2018, we implemented functionality to allow SSI recipients, representative payees, and deemors (e.g., an ineligible spouse or parent living with the recipient) to report wages electronically. In December 2018, we implemented applications to better organize, document, and generate alerts on the wage data that we receive.

We are piloting a process to more efficiently transfer wage information from our TTW program into our internal systems for more timely adjudicative action on cases by our field offices and processing centers (PC). For more information on this pilot, please see the Pilot Programs exhibit.

**Non-Home Real Property:** Non-home real property (NHRP) consists of land and buildings or immovable objects that are permanently attached to the land and do not meet the definition of a home as defined by our agency. Owning real property other than a principal place of residence can cause an individual to be ineligible for SSI benefits, and undisclosed NHRP can lead to

improper SSI payments. We continue to evaluate and analyze NHRP data to determine the effectiveness of integrating third-party data in the SSI claims system.

### Data Exchanges

Our data exchanges improve organizational effectiveness and reduce costs by providing reliable data to timely determine proper benefit payments. We provide Social Security Number verification, 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 while supporting external program needs.

Absence from the United States: We plan to implement an information exchange agreement with the Department of Homeland Security (DHS) to obtain arrival and departure data, and we are working with DHS to finalize a draft information exchange agreement. The agreement will allow our staff to request and view DHS foreign travel data for both SSI initial claims and post-eligibility records.

We continue to work on integrating foreign travel data into our systems. Phase 1 of this endeavor includes developing and implementing an on-demand request system to obtain arrival and departure information (i.e., foreign travel data). In FY 2018, we developed a roadmap to define the systems infrastructure needed to integrate DHS foreign travel data into our SSI systems. Phase 2 includes a robust, integrated data exchange for both OASDI and SSI.

Death Data: We rely on our death reporting system to prevent improper payments by stopping OASDI and SSI benefits as soon as possible after a beneficiary or recipient dies. The timely notification of an individual's death is a key means of preventing improper payments. We are updating our death reporting system to ensure we are collecting accurate data from Federal, State, and local agencies, as well as from countries with whom we have totalization agreements. We are also making enhancements to the way we process death information.

Through our IT Modernization efforts for FYs 2019 and 2020, we are planning the following enhancements:

- Continuing efforts to improve the accuracy and consistency of death information by adding nearly three million deaths to the Death Master File. These records, for non-beneficiaries, benefit external users of our data in preventing improper payments;
- Streamlining the posting of death information to facilitate more timely termination of benefits;
- Enhancing our matching criteria to help prevent erroneous death postings; and
- Implementing a data exchange with the Office of Personnel Management to obtain additional death data.

## **Limitation on Administrative Expenses**

**Government Pension Offsets:** We are required by law to reduce an individual's OASDI benefit when he or she also receives a pension from employment with a Federal, State, or local government agency during which the person did not pay Social Security taxes (i.e., "non-covered work"). The Windfall Elimination Provision (WEP) applies to individuals who receive a pension for non-covered work and retirement or disability benefits, while the Government Pension Offset (GPO) applies to individuals who receive a pension for non-covered work and a Social Security spouse's or widow(er)'s benefit.

In September 2018, we implemented the final four automation enhancements initiated by the WEP/GPO Corrective Action Plan. The Corrective Action Plan changes included automating the calculation of a lump sum payment into a monthly amount, alerting SSA to the existence of a pension for dual entitlement applications, and a process to help identify the existence of non-covered earnings to improve pension development. Additionally, to improve collection of pension information for WEP purposes, we added the ability to identify a foreign pension. As we implemented enhancements to the WEP/GPO processing screens, we provided corresponding training for our technicians. We also implemented alerts to select dual entitlement cases where we applied either WEP or GPO.

**Debt Recovery:** Through January 2019, we collected nearly \$108 million via approximately 153,000 Social Security Electronic Remittance System (SERS) actions for benefit overpayments.

We have been working on our Debt Management Product. The primary goals of the product are to use modern technology to create an enterprise authoritative source of debt management data, increase collection opportunities, bring efficiencies to our overpayment workloads, and resolve compliance and audit issues. In FY 2019, we will launch the initial release of *iPaySSA*, which provides individuals (with one debt in the OASDI or SSI program) the ability to access a payment portal on [www.socialsecurity.gov](http://www.socialsecurity.gov) and make payments via the Department of the Treasury's [www.pay.gov](http://www.pay.gov) website. This release of *iPaySSA* opens the door for our online remittance capabilities, which we will expand to include more robust solutions as the Debt Management Product matures toward its implementation.

**Medical Cessation Processing:** In January 2019, we implemented automation enhancements to minimize manual actions required for processing medical continuing disability review (CDR) benefit cessation cases. These new enhancements help to ensure more efficient processing of these cases and the timely cessation of benefit payments as warranted.

**Post-Entitlement Accuracy:** Our CDR enforcement process alerts records of OASDI and concurrent DI/SSI beneficiaries who may have substantial earnings after disability onset. In FY 2018, we alerted 36,000 cases using quarterly wages, and 86 percent of the completed cases resulted in a cessation of benefits. In FY 2019, we plan to alert 60,000 cases using quarterly wages. We estimate that 80 percent of the completed cases will result in a cessation.

In FY 2019, we will test the use of monthly earnings alerts to identify work activity sooner than under the current CDR enforcement process. In FY 2019, we plan to alert 20,000 cases using reported monthly earnings – we are limited by the number of people reporting monthly earnings.

From the cases selected for a work CDR due to SGA earning, we estimate a 65 percent cessation rate of completed cases.

Continued training to accurately process post-entitlement work is crucial; by the end of FY 2019, we will create national PC quality refresher training packages for benefit authorizers, claims specialists, and customer service representatives.

**Potential Entitlements:** In FY 2017, we underpaid SSI recipients who were also eligible OASDI spouse benefits by \$2.5 million. In FY 2018, we identified over 20,000 SSI recipients and Disability Insurance beneficiaries who were entitled to more advantageous benefit types and higher benefit amounts. In FY 2019, we will mail outreach notices to over 30,000 individuals who may potentially be entitled to benefits.

For more information about our efforts, please see our Annual Report to Congress on Fraud and Improper Payments in the Bipartisan Budget Act of 2015 Section 845(a) Report tab, as well as information provided on our website at <https://www.ssa.gov/improperpayments/index.html>

## PILOT PROGRAMS

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The following list satisfies the request for information on agency pilot programs pursuant to House Report 115-862 accompanying the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019.

### **1. Proactive Analysis and Triage for Hearings**

The Office of Hearings Operations (OHO), in conjunction with the Office of Analytics, Review, and Oversight (OARO), began the Proactive Analysis and Triage for Hearings (PATH) pilot in April 2017. PATH combines the use of classification algorithms and previously developed data analytic methods to identify patterns and predict the likely outcome of cases pending at the hearing level. The PATH initiative also establishes procedural rules for hearings and helps us to identify and triage cases that are most likely to result in a fully favorable decision before scheduling the case for a hearing before an administrative law judge (ALJ). We review PATH cases through an informal remand to the prior adjudicative level if there is reason to believe that the revised determination could be fully favorable, or handled as an on-the-record decision prepared by a Senior Attorney Advisor.

In FY 2018, we continued to refine and more frequently refresh the PATH model to more quickly identify potential cases. We now refresh the PATH model weekly. In FY 2019, we resumed the National Adjudication Team (NAT) and incorporated it into the PATH business model. The NAT consists of Senior Attorney Advisors who screen and adjudicate cases where the evidence supports a fully favorable decision, removing those cases from the hearings backlog. We had temporarily suspended the NAT as part of our efforts to address our decision writing backlog.

### **Evaluation Plan/Timeline**

#### **FY 2019:**

- Reinstated the NAT and incorporate the NAT into the PATH business model.
- Continue to validate the PATH model.

## **Limitation on Administrative Expenses**

### **FY 2020:**

- Incorporate PATH as an automated triage tool in our Hearings and Appeals Case Processing System.

### **Measure of Success/Metrics**

We will track the number of cases reversed. In FY 2018, we reviewed over 36,000 cases through the PATH model and reversed a cumulative 8.5 percent of the cases.

## **2. Pre-Hearing Development Contacts**

OHO introduced the Pre-Hearing Development Contacts (PHDC) pilot in the hearings operation in FY 2018 as part of our continued focus on pre-hearing triage and case readiness. Specially trained hearing office staff conduct PHDCs with unrepresented claimants early in the process to explain the hearings process and better prepare unrepresented claimants for their hearing. During the PHDCs, we update claimant contact information, explain the claimant's right to representation, and obtain appropriate authorizations and information to acquire any updated medical evidence.

In January 2018, we started conducting PHDCs for two cohorts: all unrepresented continuing disability review (CDR) claimants between the ages of 18 and 25, and all unrepresented claimants in 12 offices with high populations of unrepresented claimants and higher than national average postponement rates. We expect this initiative to result in overall reductions in postponements for unrepresented claimants.

### **Evaluation Plan/Timeline**

#### **FY 2019:**

- Within the cohorts, continue to gather data on our ability to reach claimants and on postponement rates.
- Continue expanding PHDCs to hearing offices for all unrepresented claimants, giving priority to those offices with the highest populations of unrepresented claimants and postponement rates.

#### **FY 2020:**

- Fully implement PHDCs into the hearings operation business process.

### **Measure of Success/Metrics**

We will monitor the ability to successfully conduct the PHDC with claimants and the reduction of postponements. In FY 2018, of the almost 12,000 claimants we attempted to contact for a PHDC, we successfully reached claimants 55 percent of the time. In the 12 offices conducting PHDCs for all unrepresented claimants, the postponement rate for unrepresented claimants who had a successful PHDC was approximately 25 percent in 2018 compared to an approximately 60 percent postponement rate for unrepresented claimants in those offices in 2017.

## **3. Text to Speech Pilot**

The Office of Systems (OS), together with the Office of Operations (Operations), piloted a Text to Speech (TTS) initiative beginning in October 2017. Our blind and visually impaired customers can choose to receive notices and other communications in alternate formats, or Special Notice Options, other than first class mail. One of the alternate communications formats is a telephone call back option. For this format, an agency employee calls a beneficiary,

recipient, representative payee, or applicant and reads the notice or communication. Finding an automated solution to handle these calls would allow employees to focus on other customer service workloads. Our objective was to identify and develop a technology capable of ingesting our notices and creating an audio recording for customers to listen to over the phone.

**Evaluation Plan/Timeline**

The TTS pilot began in October 2017. By March 2018, we determined that the agency's existing notice producing systems and telephone systems required enhancements before we could effectively use TTS technology for notices.

We defined success by the following tasks:

- Producing spoken text;
- Converting text into speech; and
- Delivering speech to the customer.

Although TTS technology is capable of converting text into speech, we experienced challenges effectively producing and delivering the speech to the customer.

**Measure of Success/Metrics**

Our final determination is that although technology exists to meet our business needs, we are not currently positioned to take advantage of these tools without first making changes to our notice generating applications and our business processes. The pilot did not show that the technology could effectively reduce the cost of producing and delivering notices to customers without changes to the systems that produce the notices. The notices have many features formatted for a printed notice that text to speech engines have difficulty interpreting. The original goal was to use our existing printed notices to produce the spoken text. Print notices contain many visual elements that infer meaning to the content (e.g., font sizes, spacing, position on the page, tables, columns). The meaning of those visual elements is lost when the notice is converted to plain text. We completed our analysis of this pilot, and we are no longer pursuing implementation based on the evaluation of our findings.

**4. Voice to Text Pilot**

In FY 2018, together with OHO, the OS evaluated and tested Voice to Text (VTT) software to determine if it could accurately transcribe hearing notes into a searchable text file. OHO uses a multi-channel Digital Recording and Processing System to record hearings. During the process of recording the hearing, Verbatim Hearing Reporter contractors spend a significant amount of time typing log notes associated to the hearing. Our objective of the VTT pilot was to identify if there was a commercially available software product that could automate the process of preparing hearing log notes and eliminate the time-consuming manual steps.

As part of the pilot, we evaluated multiple commercially available software products to determine if an existing product met our business needs. However, no product tested met minimum quality needs. We will continue to monitor the market in FY 2019 for products to evaluate.

## **Limitation on Administrative Expenses**

### **Evaluation Plan/Timeline**

#### **FY 2018:**

- Tested and evaluated the software to see if it accurately transcribed hearing notes using a set of test files.

#### **FY 2019:**

- OS will collaborate with the Office of General Counsel, Office of Acquisition and Grants, and OHO to gain approval for sharing a sanitized audio file or a fabricated audio file with the vendor community via a Request for Information (RFI).
- Allow marketplace leaders to improve their commercially available tools. The RFI will remain open, and vendors will be able to submit responses and demonstrate their capabilities as the market matures.

### **Measure of Success/Metrics**

#### **FY 2018:**

- Evaluated the software for:
  - Number of times a word appears in the original transcript versus the transcription by the VTT engine;
  - Frequency of the same words/sentences appearing in the same place in both the original transcript and the VTT transcript; and
  - Comprehension of the VTT transcript when read both by itself and alongside the original transcript.
- Results: No product tested met minimum quality needs.
  - Google: 8 percent overall accuracy;
  - Amazon Web Services: 10 percent overall accuracy; and
  - Microsoft: 25 percent overall accuracy

#### **FY 2019:**

- Issue RFI so marketplace leaders are aware of our business requirements.
- Continue to test products with our test files as vendors demonstrate capabilities.

## **5. Virtual Assistant Pilot**

OS, together with Operations, is piloting a Virtual Assistant (VA) to integrate with our Click-to-Chat application. The VA will interact with customers, answering simple questions within the VA's knowledge base, to allow live customer service agents to handle matters that are more complex. The outcome will be a completed conversation or a transfer to a live agent.

The objective of our pilot is to evaluate multiple commercially available software products to determine if there is a solution to meet our business needs. If successful, we may exercise procurement options with more than one vendor to continue the proof of concept, resulting in a final option to one vendor to deploy a VA to *my Social Security* customers.

### **Evaluation Plan/Timeline**

#### **FY 2019:**

- Phase I with multiple vendors complete by April 2019.
- Phase II with multiple vendors complete by August 2019.
- Evaluations at the end of Phase I and II will determine if any available product meets success metrics.

- Phase II includes the development of a formal Return on Investment estimate based on continuous evaluations using success metrics to determine if we will proceed from Phase II to VA implementation.
- If a product meets success metrics, we will exercise a final option to one vendor by September 2019.

**FY 2020:**

- Deploy to production October 2019.
- Monitor post production deployment through December 2019 to evaluate, tune, and optimize VA system.
- Release tool into production. Final release dates are dependent upon release schedules for *my Social Security* and/or the Dynamic Help Customer Engagement Tool and priorities to integrate VA into their products.

**Measure of Success/Metrics**

- Goal of at least 5 percent of customer interactions completed by VA without transferring to a live agent;
- Compare the accuracy of the VA to information provided by our Program Operations Manual System, maintaining 85 percent accuracy for those chats handled totally via VA automation; and
- Utilize site reporting and VA reporting tool to determine number of clicks/questions asked to VA with the goal of 15 percent of authenticated users who require customer assistance to engage with VA.

**6. Benefits Planning Query Pilot**

Our Office of Retirement and Disability Policy (ORDP) received reports of delayed and inconsistent processing of Benefit Planning Query (BPQY) requests from employment support program service providers working with disabled beneficiaries. The BPQY is a document that contains information about a beneficiary's earnings history and assists beneficiaries to understand how future earnings may affect their disability benefits. We initiated the BPQY pilot to ensure the timely and accurate distribution of BPQYs to service providers.

Through this pilot, we will show how expedited processing of BPQY requests improve beneficiary work and earnings outcomes. Additionally, we plan to show how BPQY centralization and automation help ensure greater processing efficiency.

We established a small cadre of centralized staff who receive and process secure BPQY requests from beneficiaries, Employment Networks (EN), Work Incentives Planning and Assistance Projects, and Vocational Rehabilitation (VR) offices. The centralized staff reviews the authorization, processes the BPQY request, and emails the BPQY statement to the requestor through a secure system. The centralized process fulfills the request in a more timely, efficient, and consistent manner compared to our current business process, which requires the submission and processing of paperwork in a field office.

## **Limitation on Administrative Expenses**

### **Evaluation Plan/Timeline**

#### **FY 2019:**

- Compare the time taken to fulfill BPQY requests in the cadre to the time taken to fulfill BPQY requests from non-centralized SSA offices.
- Compare subsequent earnings outcomes for a cohort of pilot beneficiaries to earnings outcomes for non-pilot beneficiaries.
- Review feedback from participants to identify the effects a centralized BPQY process has on beneficiaries and employment support providers.

### **Measure of Success/Metrics**

We will evaluate these outcomes to determine increases in employment and earnings among beneficiaries who receive the BPQY through this pilot. We will also use our findings to support the development of a new BPQY fulfillment system currently underway, and to explore the possibility of expanding the new system nationally. Simultaneously, we will continue to collaborate with Operations to develop the organizational framework for responding to BPQY requests in a centralized location to support streamlining the fulfillment process and reducing the burden on our field offices.

### **7. Employment Network Marketing Pilot**

In FY 2019, ORDP is testing a secure process for transferring marketing information to an EN. ENs provide employment support services designed to assist disabled beneficiaries in returning to work. We invited a small sample of ENs to apply for participation in the pilot.

The goal is to increase program participation by offering ENs an opportunity to market their services directly to beneficiaries. This is the only process available for ENs to market services directly to disabled beneficiaries. We currently rely on “Good News” notices, COLA notices, and automated calls to inform beneficiaries of their eligibility to participate in the Ticket to Work (TTW) Program. These efforts direct the beneficiary to the dedicated TTW Call Center and the choosework.ssa.gov website where beneficiaries can then obtain more information regarding potential service providers. However, these methods do not refer beneficiaries to specific service providers.

Through the pilot, we send participating ENs limited beneficiary contact information consisting of the name, phone number, and/or address of the disabled beneficiary using selection criteria that the ENs provide (e.g. age, zip code). ENs use the contact information in the marketing file to inform the beneficiary about the TTW program and market their services with the goal of having the beneficiary assign their Ticket to the service provider.

In the past, we distributed data on a compact disc (CD) with beneficiary information to ENs across the United States. In March 2015, we decided that providing data on a CD no longer guaranteed the protection of sensitive beneficiary information. We implemented the EN Marketing Pilot process to develop a more secure process for transferring beneficiary information to ENs. Through the pilot, we will evaluate whether this solution of sending secure, encrypted data to ENs increases Ticket Program participation.

**Evaluation Plan/Timeline****FY 2019:**

- Aggregate the number of beneficiary tickets assigned to participating ENs and compare with the number of tickets assigned to non-pilot ENs.
- Compare the earnings of a cohort of beneficiaries who received services from a pilot EN in FY 2017 and FY 2018 to the earnings of a cohort of beneficiaries who received services from a non-pilot EN.

**Measure of Success/Metrics**

As part of this pilot, we expect to assign 20 percent of all Ticket holders to participating ENs. We expect to see subsequent earnings from at least 40 percent of those assigned a ticket as part of this pilot. We plan to use the successful outcomes identified through this pilot to support the need to place this information into the portal for secure access by the EN service provider.

**8. Monthly Earnings Pilot**

ORDP, Operations, OS, and OARO created a process to select disabled beneficiaries for a work CDR when a beneficiary meets specified criteria and self-reports monthly earnings based on new reporting requirements in the Bipartisan Budget Act of 2015. The Monthly Earnings Pilot (MEP) will select beneficiaries completing their ninth trial work period (TWP) month or working Substantial Gainful Activity (SGA) outside of the TWP for a work CDR.

Because the monthly earnings are reported shortly after the month end, MEP will allow us to identify working disabled beneficiaries sooner compared to the current CDR enforcement operation process. This will allow us to minimize improper payments to beneficiaries.

**Evaluation Plan/Timeline****FY 2019:**

- Use data and the reported monthly earnings to select cases for a work CDR when reported earnings indicate the beneficiary has reached the ninth TWP month or is working SGA outside of the TWP.
- Track the results of the work CDRs using the Disability Control File and information gathered during the selection process.

**FY 2020:**

- Determine the percent of cases completing the TWP and the result of cases with SGA-level work or cases with work incentives.

**Measure of Success/Metrics**

We expect at least a 95 percent cessation rate for cases after completion of a beneficiary's TWP. We also expect at least an 80 percent cessation rate for cases selected because of continued SGA or involving work incentives to bring earnings under SGA.

**9. Ticket to Work Notice Optimization**

The Ticket to Work (TTW) and Work Incentives Improvement Act of 1999 established the TTW program we currently administer. This program provides Disability Insurance (DI) and Supplemental Security Income (SSI) beneficiaries and recipients with more options for receiving employment services. We provide DI and SSI beneficiaries and recipients with a Ticket to obtain VR services, employment services, and other support services from ENs or State VR

## **Limitation on Administrative Expenses**

agencies of their choice. Goals of the TTW program include increasing exits from the DI and SSI programs due to work, expanding the availability of services for beneficiaries, reducing dependency on disability benefits, and obtaining benefit reductions that are greater than the cost we pay for services.

Participation rates are a key factor in the program's success. Though the program has served close to 1.2 million beneficiaries and recipients since 2000, participation in the program has been relatively low in relation to the total number of beneficiaries and recipients we serve. The TTW Notice Optimization project seeks to:

- 1) Analyze data to identify unique characteristics of our Ticket population; and
- 2) Use these data in conjunction with research on behavioral aspects of changes to our TTW notice (e.g., testing the types of notices we send, the language we use, and the timing of our notices) to optimize and target our outreach to maximize TTW participation and beneficiary earnings.

## **Evaluation Plan/Timeline**

### **FY 2019:**

Begin analyzing administrative data to identify patterns of response to past mailings as well as characteristics associated with TTW participation and work.

### **FY 2020:**

- Identify population characteristics that affect the employment orientation of work cohorts and the perceived vulnerabilities related to work immediately following award.
- Collaborate with the General Services Administration's Office of Evaluation Sciences to develop and begin testing behavioral dimensions of Ticket notice language, content, and delivery.

## **Measure of Success/Metrics**

We will capture data on the number of beneficiaries who we assign a Ticket, their monthly earnings, and Ticket payments. We will measure success based on increases in Ticket assignment. Currently, slightly more than 1 percent of individuals assign their Tickets in the first year. Even a small increase in Ticket assignment could lead to cost savings. Secondary outcomes of interest include earnings above substantial gainful activity and Ticket payments.

## **10. Wage Reporting Pilot**

In July 2016, ORDP implemented a Wage Reporting Pilot. This pilot enables SSA Ticket Program Manager (TPM) payment staff (currently contracted with Maximus Federal Services) to initiate or update a work or paystub report in the eWork system for more timely adjudicative action by our field offices and processing centers. TTW program service providers who are assisting SSA beneficiaries return to work report these earnings to the TPM.

The objective of our pilot is to strengthen the integrity of our TTW program and minimize improper payments due to earnings. This objective aligns with our Agency Strategic Plan Objective 3.1 – Improve Program Integrity. Necessary and timely action taken on reported wages reduces the likelihood of improper payments to disabled beneficiaries. Submitting proof of wages through the Wage Reporting Pilot provides an efficient method for ENs to receive

payment in a timely manner and subsequently supports ENs to encourage disabled beneficiaries to report wages to SSA.

### **Evaluation Plan/Timeline**

#### **FY 2019:**

- Collect pilot Social Security Number entries in FY 2019 from TPMs.
- Research the benefit status of at least 100 disabled beneficiaries with earnings entered through the pilot and compare this cohort to at least 100 disabled beneficiaries who were also working, but not participating in the TTW Program.
- Evaluate the number of overpayment months and review how soon adjudicative decisions were made to determine if the wage reporting entries accelerated a cessation of benefits and reduced a potential overpayment.

#### **FY 2020:**

- Use the results of this pilot to support the automation of the wage reporting process.

### **Measure of Success/Metrics**

We will capture data on the:

- Number of overpayment months incurred by individuals whose earnings the EN submitted through the Wage Reporting Pilot.
- Potential overpayment savings resulting from this pilot as well as overpayments avoided as a result of a timely work CDR facilitated through this pilot.

Our measure of success is a 10 percent lower incidence of overpayments among the group whose earnings were reported through the Wage Reporting Pilot.

## **UTILIZATION OF SSA PROGRAMS FOR MUSCULAR DYSTROPHY**

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The FY 2019 House Appropriations Subcommittee – Labor, Health and Human Services bill language required that we provide relevant data within our Congressional Justification on the rate at which persons with Duchenne and Becker Muscular Dystrophy utilize SSA programs, particularly those focused on promoting employment and community independence, such as the Ticket to Work (TTW) Program.

We administer two programs that support individuals with disabilities. The Disability Insurance (DI) program is contributory, covering both individuals who have paid taxes into the program and their dependents. Supplemental Security Income (SSI) is a means-tested program for disabled children, disabled adults (age 18 through full retirement age [FRA]), and aged individuals. This exhibit provides statistics on DI beneficiaries and SSI recipients who have a diagnosis code indicating muscular dystrophy as a primary or secondary impairment.

Data on the number of individuals with muscular dystrophy in the overall United States population are incomplete, according to the Department of Health and Human Services. However, for context, we note that Duchenne muscular dystrophy is the most common form among children and, thus, most likely reflected in statistics on SSI children. In addition, Duchenne and Becker (which is similar to but less severe than Duchenne) muscular dystrophy

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primarily affect males. The Centers for Disease Control and Prevention estimates one in every 5,600 to 7,700 males aged five through 24 in the United States has Duchenne or Becker muscular dystrophy. Finally, for adults, we note the most common form of muscular dystrophy is Myotonic muscular dystrophy.<sup>1</sup>

In December 2017, there were 37,429 DI and SSI beneficiaries under FRA with a primary or secondary diagnosis of muscular dystrophy who were in current payment status (the data do not break out the type of muscular dystrophy). Among this group, 34,106 were adult beneficiaries (age 18 to FRA).

**Table 3.4—Beneficiaries with Muscular Dystrophy<sup>2</sup>**  
(by Beneficiary Type in Current Pay Status, December 2017)

Beneficiary Type	Number of Beneficiaries/Recipients	Percent of Total Beneficiaries/Recipients	Average Age at Start of Benefits
<b>Adult (18-FRA)</b>			
<b>DI only</b>	21,594	57.7	37
<b>SSI only</b>	9,542	25.5	18
<b>Concurrent</b>	2,970	7.9	20
<b>SSI child</b>	3,323	8.9	4
<b>Total</b>	<b>37,429</b>	<b>100.0</b>	<b>30<sup>3</sup></b>

There are 3,323 children on SSI with a diagnosis of muscular dystrophy or about one out of every 356 child recipients which is less than one half a percent of child recipients. Most of these children are male (74 percent); one out of every 324 male children on SSI has an impairment code indicating muscular dystrophy.

Table 2.22 provides additional information on the child population. Most children begin receiving benefits at a very young age. The average age for the start of benefits is four. About 37 percent of child recipients receive benefits by age two, and 61 percent receive benefits by age four. Almost 87 percent of child recipients with muscular dystrophy were receiving benefits by age eight.

<sup>1</sup> Please see <https://www.nichd.nih.gov/health/topics/musculardys/conditioninfo/pages/types.aspx> and <http://www.cdc.gov/ncbddd/musculardystrophy/data.html>.

<sup>2</sup> Source: Program statistics are based on SSA tabulations of administrative records.

<sup>3</sup> Total reflects a weighted average of the age at start of benefits for adult beneficiaries only.

**Table 3.5—Age at First Benefit<sup>1</sup>**  
 (Child Recipients, Ages 0-17 with Muscular Dystrophy in December 2017)

Child Age	Number	Percent
<b>0-1</b>	1,215	36.6
<b>2-4</b>	815	24.5
<b>5-8</b>	859	25.9
<b>9-17</b>	434	13.0
<b>Total</b>	<b>3,323</b>	<b>100.0</b>

The average age of child recipients is 11 (not shown in Table 2.22). One-quarter of child recipients were under the age of seven in December 2017, and almost three-quarters were under the age of 14.

### Activities of Adult Beneficiaries with Muscular Dystrophy

The population under study includes not only adults who are in current pay in December 2017, but also adults that have had benefits suspended or terminated due to work. There are 35,319 such beneficiaries with an impairment code indicating muscular dystrophy.

Among such individuals:

- 4,815 (14 percent) have participated in the TTW program, receiving services from either an Employment Network (EN) or a Vocational Rehabilitation (VR) center. The vast majority of individuals participating in TTW (93 percent) received services through VR.
- 1,213 (3 percent) had benefits suspended due to work in December 2017 or had their DI or SSI benefits terminated in the past due to work.

### Allowance Rates for Child and Adult Beneficiaries with Muscular Dystrophy

We also examined application records since 2008 and found 2,164 cases with Muscular Dystrophy listed as the impairment, and “Duchenne” included under the claim’s allegation description. These cases had a very high allowance rate at 87 percent. Allowance rates were highest for the very young and those older than age 10. Among this group:

- Those age one and younger at the time of onset were allowed at a rate of 84 percent.
- Those older than age 10 were allowed at a rate of 95 percent.
- The allowance rate for those between the ages of one and 10 was 81 percent.

### DISABILITY CASE PROCESSING SYSTEM (DCPS)

The below report satisfies the request for information pursuant to Conference Report 115-952 accompanying the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019.

<sup>1</sup> Totals may not add due to rounding.

**I. Overview:**

The Social Security Administration's (SSA) Disability Case Processing System (DCPS2) will provide the flexibility and high performance necessary to process disability claims in a timely, accurate, and efficient manner. As such, DCPS2 is part of an enterprise-wide integration of electronic case processing systems across SSA offices and components, as well as State Disability Determination Services (DDS). The enterprise-wide integration of disability determination systems and processes will seamlessly move cases from intake through appeals to the Office of Hearings Operations and the Appeals Council.

Development of a national, modernized disability case processing system (DCPS2) is a critical project that will replace independently operated, legacy systems used by State DDSs. DDSs make disability determinations for SSA, and SSA compensates each State for all costs incurred, as governed by statute. This compensation covers all costs associated with case processing, including electronic processes.

DCPS2, as a common national system, will yield substantial benefits to the government and citizens. These benefits include more efficient case processing, improved citizen service, reduced administrative costs, ease in sharing of workloads across processing sites, more consistent policy-based decisions through case analysis tools support, and nationally implemented software enhancements and modifications as required by evolving laws, regulations, and policy.

Throughout DCPS2 development, SSA has remained cognizant of ensuring that taxpayer dollars are being used effectively. SSA's stewardship includes consistently engaging independent research organizations to evaluate DCPS2, as well as identify and evaluate any viable, alternative products or methods of development.

**II. Actions Taken in FY 2018 and FY 2019 to Identify, Analyze, and Compare Any Commercial Product with Similar or Better Functionality without Imposing Costs Higher Than Using DCPS2:**

Building upon DCPS2 product functionality, DCPS2 production releases in January 2018 included support for processing initial and reconsideration of child<sup>1</sup> cases – thus encompassing delivery of case processing as scheduled. Throughout FY 2018 and into FY 2019, SSA continued steady development and delivery of DCPS2 functionality, including adult initial continuing disability reviews. Further, in addition to the nine DDS sites (Maine, Ohio, Delaware, Virginia, Rhode Island, Iowa, South Dakota, Washington, and Nebraska) deployed prior to FY 2018, DCPS2 also rolled-out to an additional five DDSs that included the District of Columbia, Vermont, Missouri, Louisiana, and Wyoming, while development continued on case processing capability. Following the product development roadmap<sup>2</sup> and deployment plan, throughout 2019 and early in calendar year 2020, DCPS2 will roll-out to an additional 34 DDS

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<sup>1</sup> Support for processing initial and reconsideration of adult cases previously was released into production.

<sup>2</sup> For reference, the DCPS2 product development roadmap is attached.

sites. The roll-out to these additional DDSs will occur while product development continues. As scheduled on the DCPS2 roadmap, product development will be completed in September 2019.

In accordance with guidance from Congress, the Office of Management and Budget, and the SSA Office of the Inspector General, SSA has continued analysis of any products in the commercial marketplace that may meet agency needs for a national, common disability case processing system. An important aspect of SSA's analysis is the engagement of independent research organizations to appropriately search the commercial marketplace and analyze any potential commercial products, including in comparison to DCPS2.

Accordingly, in FY 2018 and FY 2019, SSA engaged MITRE, a not-for-profit, federally funded, research and development center to provide an updated analysis of disability case processing products in the commercial marketplace in comparison to DCPS2. This independent research center possesses in-depth technology and research experience. Additionally, as a federally funded, not-for-profit research and development center, it is free from commercial interests, including any future contract support activities for systems that may be impacted by the results of its analysis.

Further, in FY 2018 and FY 2019, in compliance with Federal procurement mandates, SSA conducted market research regarding a potential, commercial product.<sup>1</sup> SSA engaged in months of direct communication with a potential vendor that represented ownership of a case processing product, during which the vendor provided a date-certain for a demonstration only to cancel days before the scheduled meeting. Additionally, the vendor provided limited information regarding the product in response to SSA's inquiries and did not accept numerous invitations to demonstrate its product at SSA headquarters.

In FY 2019, the independent research center provided its updated market research and analysis of DCPS2 and commercial case processing products. Of the options analyzed, DCPS2 has the highest overall scores for functional, programmatic, and security evaluation criteria. DCPS2 also has the lowest lifecycle cost and the lowest overall level of risk.

#### **A. Functionality in Comparison to DCPS2:**

The independent assessment analyzed functional, programmatic, and security aspects of the potential systems. The DCPS2 product roadmap provided the baseline functionality for independent analysis as a complete set of functional capabilities in planned development through September 2019. The independent research center analyzed DCPS2 functionality in its current state and in its future capabilities through its product roadmap, noting that DCPS2 is being executed from a detailed development and implementation roadmap.

Specific to functional aspects, the independent analysis assessed business process, application, and enterprise architecture. DCPS2 scored at the high level for business process and application, and scored at the medium level for enterprise architecture, noting that plans are in place to implement leading practices to address the potential deficiency. Additionally, DCPS2 scored at

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<sup>1</sup> In accordance with FAR 2.101, market research allows Federal agencies to collect and analyze information about capabilities within the commercial market to satisfy agency needs.

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the high level for all categories in the programmatic assessment and for all categories in the security assessment.

**Functionality Summary:** The independent analysis scored DCPS2 higher overall in functional, programmatic, and security attributes than the commercial products analyzed.

### **B. Costs in Comparison to DCPS2:**

By statute and regulation, SSA compensates each State DDS for all necessary costs and all expenses incurred in making disability determinations. This compensation includes the cost of disability case processing systems and all associated expenses, including electronic processes, used by the States. In recent years, these expenditures have risen exponentially due to increased contracting costs for use of commercially owned, legacy case processing systems.

DCPS2 is being developed as a national, common system that provides numerous cost efficiencies, including in infrastructure, system enhancement, licensing, and maintenance. The DCPS2 system also provides time and cost saving efficiencies, including providing compatibility with industry standards for electronic medical records and implementing national software modifications as required by changing laws, regulations, and policy. Moreover, DCPS2's integrated case analysis tools support disability examiners in making consistent decisions based on law, regulation, and disability policy, thus assisting in accurate determinations.

A highly important and additional cost-saving feature of DCPS2 is that the Government owns the software product and underlying code. SSA ownership eliminates the current, exponential price increases imposed by commercial vendors or individually negotiated DDS contracts. The Government's development and ownership of DCPS2 also has enabled and will continue reuse of the code in other agency systems as an additional cost-savings benefit to the agency.

Regarding cost estimates provided in the independent analysis, the research center considered the total costs of ownership for comparison purposes as a potential, initial step regarding program costs. The analysis was based on development of a lifecycle cost model. This included cost methodologies as defined in the Government Accountability Office Cost Estimating and Assessment Guide (GAO-09-03SP), in developing lifecycle cost estimates (LCCE) for the potential, case processing systems.<sup>1</sup> As defined by OMB, an LCCE is an estimate that "provides the total cost to the Government of acquisition and ownership of the system over its full life time." The costs analyses included a variable-based cost model for each potential option, and a cost-risk analysis capability to support risk-adjusted estimates for each potential option. In the independent report, the LCCE developed and analyzed includes lifecycle phases from FY 2019 through FY 2033.

**Cost Summary:** The independent analysis utilized a risk-adjusted LCCE based on a period of performance from FY 2019 to FY 2033. The independent analysis found that DCPS2 is the most cost-effective option of the products analyzed. The total LCCE for DCPS2, even when adjusted

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<sup>1</sup> Expended costs prior to FY 2019 were not considered in the LCCE analyses in order to provide an equitable comparison.

for risk, was evaluated at approximately 38 percent to 60 percent less costly than the commercial options analyzed.

**III. Utilizing Processes In Conformity with All Federal Procurement Rules and Information Security Requirements:**

In identifying and analyzing potential products in the commercial marketplace, SSA has adhered to all Federal procurement rules and information security requirements. An overview of SSA's actions in compliance with procurement and security requirements is provided below.

**A. Conformity with Federal Procurement Rules:**

In all matters, SSA adheres to Federal mandates governing the actions of Executive agencies. In examining potential options for a disability case processing system, in compliance with Federal procurement dictates, market research allows Federal agencies to collect and analyze information about capabilities within the commercial market to satisfy agency needs. Market research is an initial step in the procurement process. Then, if advisable in fulfilling the agency's business needs, the agency enters into public solicitation, acquisition, and contracting processes following Federal law, regulation, and policy, ensuring fair and open competition among potential vendors.

Throughout FY 2018 and during FY 2019, in order to discern whether further, procurement steps regarding possible commercial products were advisable, SSA engaged in direct communication with a potential, commercial vendor and attempted to involve the vendor in market research regarding its potential case processing product. These direct communication efforts spanned months, with SSA reaching out numerous times seeking product information and a product demonstration. At one point, the vendor scheduled a meeting and demonstration at SSA headquarters, only to cancel days before the scheduled meeting causing loss to the Government of the significant person-hours expended. Despite SSA's numerous efforts, the potential commercial vendor has not provided sufficient, requested information or a product demonstration at SSA headquarters.

Additionally in FY 2018 and FY 2019, SSA contracted with an independent research center to gather information and analyze products in the commercial marketplace in comparison to DCPS2. The independent analysis found of the options analyzed that DCPS2 has the highest overall score for functional, programmatic, and security evaluation criteria. DCPS2 also has the lowest cost and the lowest overall level of risk.

Further, the Competition in Contracting Act (CICA) and the Federal Acquisition Regulation (FAR) require Federal agencies, with certain limited exceptions not applicable in this circumstance, to award contracts through full and open competition. CICA, 41 U.S.C. § 3301, *et seq.*; FAR, 48 C.F.R. § 1.101, *et seq.* Full and open competition for a potential acquisition of national case processing system software would require creation of a solicitation package, public posting of the solicitation, receipt and analysis of private vendor proposals, contract negotiation and development, and acquisition finalization.

The legally mandated procurement processes to secure a commercial product (if existing, or if not existing, for a system software developer) would take approximately one to two years to complete. As scheduled on the DCPS2 roadmap, SSA's product development will be completed

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in September 2019. Additionally, if after a potential procurement period a commercial product or developer were acquired, all Federal information security requirements must be successfully completed, as discussed in section III. B., before the product could be introduced into SSA's secure, production enterprise. These legally-mandated security processes would take approximately six months to complete. In comparison, these security processes have completed successfully for DCPS2, and it has achieved an Authorization to Operate (ATO).

Prior to beginning development for the DCPS2 product, SSA conducted a national, open solicitation and awarded a contract for disability case processing software development to a nationally recognized developer. That endeavor was conducted at great expense and without success in securing a viable product. Further, if this acquisition route were employed again, up to a one to two-year period for the above-outlined procurement process would remain and an additional period of at least two years would follow for necessary product development to complete a potentially viable product.

SSA again utilizing national solicitation, selection, and contracting processes to seek proprietary software or system development presents considerable challenges and risks. Any such solicitation would be contingent upon a national contract for product use, agency ownership, or code development. These challenges and risks include the cost and length of time necessary to secure a proprietary software product or developer, the potential that a viable product or developer may not emerge, the lack of cost control in operating and maintaining a commercially owned or developed product, and potentially unsatisfactory product or developer performance (as SSA previously encountered in contracting for commercial product development).

Further, in regard to any potential, commercial off-the-shelf (COTS) products and “*actions taken by SSA to enable COTS field production deployment*,” it is clear that no such product currently exists in the commercial marketplace. A commercial software product may be in development, but it is not presently available as an off-the-shelf product and would still require significant development, integration, and customization that would take multiple years to develop once potential procurement processes are completed.

In pertinent part, FAR 2.101 states that “‘Commercially available off-the-shelf (COTS) item’—  
(1) Means any item of supply . . . that is—

- (i) A commercial item (as defined in paragraph (1) of the definition<sup>1</sup> in this section);
- (ii) Sold in substantial quantities in the commercial marketplace; and
- (iii) Offered to the Government, under a contract or subcontract at any tier, without modification, in the same form in which it is sold in the commercial marketplace; . . . .”

Following these FAR guidelines, no COTS product currently exists meeting SSA’s business needs for disability case processing; therefore, any commercial product would require

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<sup>1</sup> The definition of a “[c]ommercial item” means— (1) Any item . . . that is of a type customarily used by the general public or by non-governmental entities for purposes other than governmental purposes, and—(i) Has been sold, leased, or licensed to the general public; or (ii) Has been offered for sale, lease, or license to the general public; . . . .”

development or significant modifications and integration. Additionally, even if such products currently were available in the commercial marketplace, the public solicitation and acquisition processes, followed by information security processes would be necessary. Only after successful completion of these processes could any software product be introduced into the field production environment.

**Federal Procurement Summary:** In compliance with Federal acquisition mandates, in FY 2018 and FY 2019, SSA engaged in market research to discern whether further, procurement steps regarding possible commercial products were advisable. These endeavors included months of direct communication with a potential, commercial vendor and engagement of an independent research organization to provide an updated Independent Market Research Analysis Report. The independent analysis assessed DCPS2 with the highest overall scores for functional, programmatic, and security in comparison to the commercial products analyzed. DCPS2 also was assessed as the lowest cost and the lowest overall level of risk compared to the commercial products analyzed. DCPS2 is scheduled for completion in September 2019, and the commercial products analyzed would require multiple years for development after potential acquisition in full and open competition. At this juncture, further procurement steps do not appear advisable.

**B. Conformity with Information Security Requirements:**

System security is paramount in protecting information regarding the American public gathered and stored in SSA's systems across the enterprise. SSA, therefore, adheres to all Federal security mandates, including the Federal Information Security Modernization Act (FISMA), 44 U.S.C. § 3551, *et seq.*; Executive Orders and White House directives regarding cybersecurity or information technology; other Federal agencies' authorized mandates; and National Institute of Standards and Technology (NIST) standards and guidelines.

After acquisition (following full and open competition processes) of a new or significantly upgraded software product, a security assessment must be conducted by the Office of Information Security and the Office of Privacy and Disclosure. This assessment is used to determine the advisability of entering into processes for a potential Authorization to Operate (ATO). These processes provide mandatory information and analysis for an authorization package. An authorization package, at a minimum, must include an information system security plan, a privacy plan, a security control assessment, a privacy control assessment, and any relevant plans of action and milestones.

The agency's grant of an ATO authorizes operation of an information system through which the agency explicitly accepts the risk to agency operations (including mission, functions, or reputation), agency assets, individuals, or other organizations, based on the implementation of an agreed-upon set of system security and privacy controls. The ATO processes, by necessity, are lengthy, multi-stepped endeavors to ensure information system security. These processes generally take a number of months and are conducted internally at SSA and externally through independent evaluations provided by approved contractors.

**Information Security Summary:** The independent analysis utilized criteria governing system access, data protection, and role-based access control. The independent analysis scored DCPS2

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at the high level for system security. DCPS2 previously underwent ATO processes and attained full ATO status in March 2017. In the independent analysis, DCPS2 was the only product to score at the high level for each security category.

## IV. Conclusion:

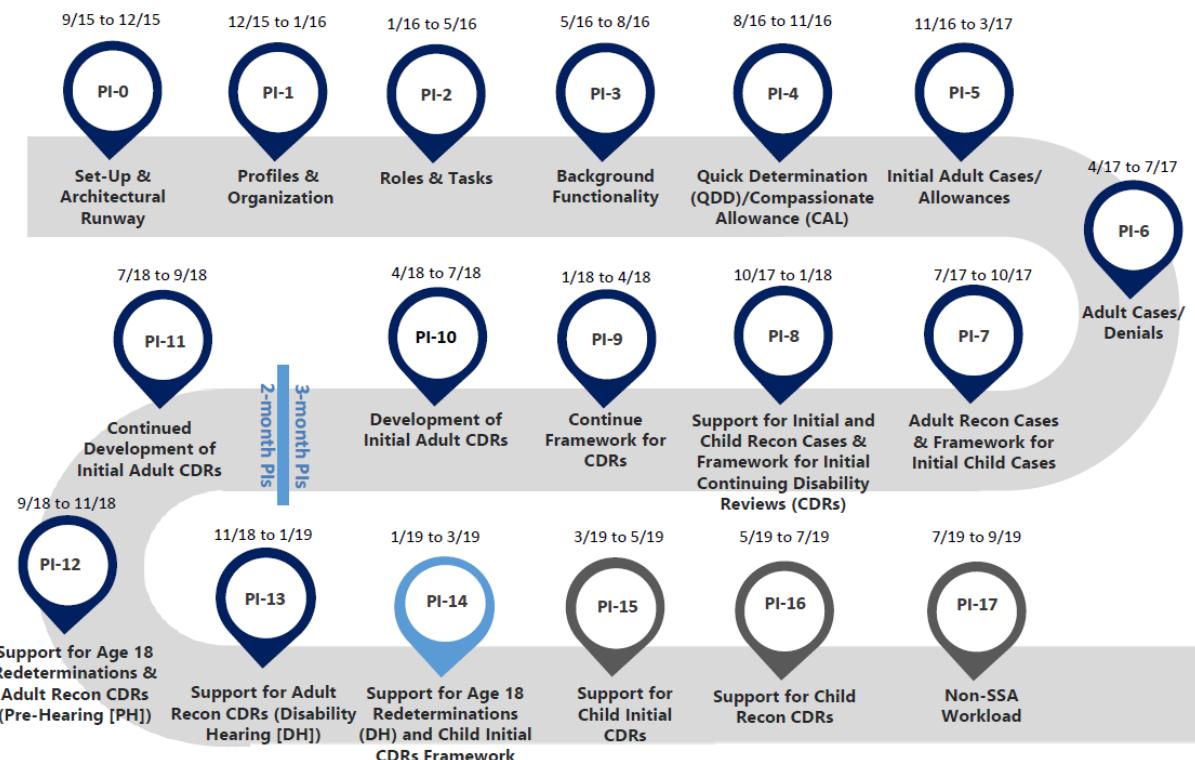
In FY 2018 and FY 2019, SSA engaged a not-for-profit, federally funded, research and development center to provide an updated analysis of disability case processing products in the commercial marketplace in comparison to DCPS2. The independent analysis found that DCPS2 merited high levels for each category for programmatic assessment and for each category of security assessment. DCPS2 also merited high levels for each category of application functionality/requirements, except for enterprise architecture that scored at the medium level with plans in place to implement leading practices to address the potential deficiency.

The independent analysis assessed DCPS2 with the highest overall scores for functional, programmatic, and security evaluation criteria in comparison to the commercial products analyzed. DCPS2 also was found to be the product with the lowest lifecycle cost and the lowest overall level of risk compared to the commercial products analyzed.

DCPS2, as scheduled on the roadmap, will complete product development in September 2019. DCPS2 also currently is deployed in 17 DDSs and will deploy to 31 additional DDSs throughout 2019, continuing early in calendar year 2020.

## DCPS Product Road Map

January 2019



## CONSULTATIVE EXAMINATIONS

The below table satisfies the request for information on consultative exams pursuant to Conference Report 115-952 accompanying the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. The report directed SSA to include information on consultative examinations (CE).

In some cases, a claimant does not provide adequate evidence about his/her impairment(s) to SSA in order to determine whether he/she is disabled or blind. If we are unable to obtain adequate evidence from the claimant's medical source(s), we may request to purchase a physical or mental examination or test from a medical source to provide evidence for the claim. While we manage our CE workload to an overall processing time goal for initial claims and reconsiderations, unfortunately our systems do not include the level of detail to identify the number of days for individual CE completion and therefore we cannot provide average or accumulative the number of days nationally or by State.

**Table 3.6 —FY 2018 Consultative Examination Counts and Cost Data<sup>1</sup>**

	Annual Number of Cases with at Least One CE <sup>2</sup>	CE Rate <sup>3</sup>	CE Costs <sup>4</sup>	CE Cost per Case <sup>5</sup>
National Total (Disability Determination Services (DDS) + Federal)	1,444,928	33.50%	\$353,650,658	\$244.8
All DDS	1,444,404	34.10%	\$353,390,977	\$244.7
Boston Region	48,268	26.10%	\$10,117,513	\$209.6
Connecticut	10,485	24.50%	\$2,438,511	\$232.6
Maine	6,647	34.20%	\$1,555,878	\$234.1
Massachusetts	17,573	20.90%	\$3,227,950	\$183.7
New Hampshire	5,461	44.20%	\$938,016	\$171.8
Rhode Island	4,726	28.40%	\$1,089,049	\$230.4
Vermont	3,376	34.20%	\$868,109	\$257.1
New York Region	165,916	51.70%	\$37,858,654	\$228.2
New Jersey	34,011	36.90%	\$8,824,726	\$259.5
New York	126,281	57.50%	\$27,224,444	\$215.6
Puerto Rico	5,624	61.50%	\$1,809,484	\$321.7
Philadelphia Region	128,927	28.40%	\$31,559,956	\$244.8

<sup>1</sup> Extended Service Team (EST) CE data and costs are built into the State amounts (VA, MS, AR, OK).

<sup>2</sup> Our systems track the number of cases with at least one paid CE, not the total number of CEs ordered and completed for any given case.

<sup>3</sup> CE rate is the number of cases for which at least one CE is ordered and paid compared to the total number of cases. This rate does not reflect the total volume of CEs ordered and paid. Our systems do not include the level of detail to identify if CEs were conducted by the treating medical provider.

<sup>4</sup> CE costs represent costs for all CEs, including if there were more than one CE per case.

<sup>5</sup> CE cost per case represents total CE Costs divided by the number of cases with at least one CE.

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	Annual Number of Cases with at Least One CE <sup>2</sup>	CE Rate <sup>3</sup>	CE Costs <sup>4</sup>	CE Cost per Case <sup>5</sup>
Delaware	3,085	27.20%	\$981,331	\$318.1
District of Columbia	4,353	16.80%	\$1,396,848	\$320.9
Maryland	25,212	37.10%	\$7,804,687	\$309.6
Pennsylvania	62,121	34.20%	\$12,710,765	\$204.6
Virginia	18,996	17.50%	\$4,983,638	\$262.4
West Virginia	15,160	37.10%	\$3,682,687	\$242.9
Atlanta Region	379,652	35.80%	\$90,031,920	\$237.1
Alabama	35,928	36.10%	\$8,472,615	\$235.8
Florida	111,991	31.90%	\$28,642,428	\$255.8
Georgia	58,595	42.00%	\$14,631,139	\$249.7
Kentucky	30,955	36.10%	\$5,855,060	\$189.1
Mississippi	25,897	34.40%	\$4,403,482	\$170.0
North Carolina	49,733	37.50%	\$12,834,791	\$258.1
South Carolina	30,001	40.60%	\$7,285,639	\$242.8
Tennessee	36,552	35.40%	\$7,906,766	\$216.3
Chicago Region	245,802	38.30%	\$55,770,187	\$226.9
Illinois	52,610	37.00%	\$12,153,790	\$231.0
Indiana	34,320	37.30%	\$7,747,816	\$225.8
Michigan <sup>1</sup>	63,366	47.80%	\$10,248,873	\$161.7
Minnesota	13,488	29.20%	\$3,894,967	\$288.8
Ohio	58,549	35.40%	\$14,649,459	\$250.2
Wisconsin	23,469	37.40%	\$7,075,282	\$301.5
Dallas Region	184,055	29.00%	\$45,221,075	\$245.7
Arkansas	21,548	25.90%	\$5,191,343	\$240.9
Louisiana	30,726	37.90%	\$5,725,077	\$186.3
New Mexico	11,693	44.50%	\$3,109,571	\$265.9
Oklahoma	24,308	30.70%	\$5,827,446	\$239.7
Texas	95,780	29.50%	\$25,367,638	\$264.9
Kansas City Region	51,428	31.20%	\$13,881,512	\$269.9
Iowa	10,673	26.30%	\$3,110,082	\$291.4
Kansas	7,153	39.00%	\$1,919,900	\$268.4
Missouri	27,142	30.50%	\$7,028,514	\$259.0
Nebraska	6,460	38.00%	\$1,823,016	\$282.2
Denver Region	34,467	37.80%	\$13,538,271	\$392.8
Colorado	15,852	39.90%	\$6,530,727	\$412.0
Montana	3,823	37.80%	\$1,178,882	\$308.4
North Dakota	1,547	28.80%	\$652,669	\$421.9

<sup>1</sup> We do not have actual 3<sup>rd</sup> and 4<sup>th</sup> quarter data available for Michigan.

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	<b>Annual Number of Cases with at Least One CE<sup>2</sup></b>	<b>CE Rate<sup>3</sup></b>	<b>CE Costs <sup>4</sup></b>	<b>CE Cost per Case<sup>5</sup></b>
South Dakota	2,000	22.70%	\$1,070,833	\$535.4
Utah	9,436	40.50%	\$3,206,721	\$339.8
Wyoming	1,809	46.90%	\$898,439	\$496.6
San Francisco Region	168,137	32.30%	\$41,054,246	\$244.2
Arizona	27,695	34.40%	\$7,117,314	\$257.0
California	128,169	32.50%	\$30,717,405	\$239.7
Hawaii	1,723	11.60%	\$587,923	\$341.2
Nevada	10,550	34.40%	\$2,631,604	\$249.4
Seattle Region	37,752	22.80%	\$14,357,643	\$380.3
Alaska	1,236	23.80%	\$863,842	\$698.9
Idaho	5,238	20.90%	\$1,678,696	\$320.5
Oregon	11,031	22.10%	\$3,916,785	\$355.1
Washington	20,247	23.70%	\$7,898,320	\$390.1
Federal	524	0.70%	\$259,681	\$495.6

**APPROPRIATION HISTORY**

The table below includes the amount requested by the President, passed by the House and Senate Committees on Appropriations, and ultimately appropriated for the LAE account, including any rescissions and supplemental appropriations, for the last 10 years. The annual appropriation includes amounts authorized from SSI State Supplement user fees and non-attorney representative user fees.

**Table 3.7—Appropriation History Table**

<b>Fiscal Year</b>	<b>Budget Estimate to Congress</b>	<b>House Committee Passed</b>	<b>Senate Committee Passed</b>	<b>Enacted Appropriation</b>
<b>2010</b>	\$11,451,000,000 <sup>1</sup>	\$11,446,500,000 <sup>2</sup>	\$11,446,500,000 <sup>3</sup>	\$11,446,500,000 <sup>4</sup>
Rescission <sup>5</sup>				-\$47,000,000
<b>2011</b>	\$12,378,863,280 <sup>6</sup>	---	\$12,377,000,000 <sup>8</sup>	\$11,446,500,000 <sup>9</sup>
Rescission <sup>10</sup>				-\$22,893,000
Final				<b>\$11,423,607,000</b>
<b>2012</b>	\$12,522,000,000 <sup>11</sup>	---	\$11,632,448,000 <sup>13</sup>	\$11,474,978,000 <sup>14</sup>
Rescission <sup>15</sup>				\$21,688,000
Final				<b>\$11,453,290,000</b>
<b>2013</b>	\$11,760,000,000 <sup>17</sup>	---	\$11,736,044,000 <sup>19</sup>	\$11,453,290,000 <sup>20</sup>
Rescission				-\$21,394,476 <sup>21</sup>
Sequestration				-\$386,329,494 <sup>22</sup>
Final				<b>\$11,045,566,321</b> <sup>23</sup>
<b>2014</b>	<b>\$12,296,846,000</b>	---	\$11,697,040,000 <sup>25</sup>	<b>\$11,697,040,000</b> <sup>26</sup>
LAE	\$11,069,846,000 <sup>27</sup>			
PIAE	\$1,227,000,000 <sup>28</sup>			
<b>2015</b>	\$12,024,000,000 <sup>29</sup>	---	---	<b>\$11,805,945,000</b> <sup>32</sup>
<b>2016</b>	\$12,513,000,000 <sup>33</sup>	\$11,817,945,000 <sup>34</sup>	\$11,620,945,000 <sup>35</sup>	<b>\$12,161,945,000</b> <sup>36</sup>
<b>2017</b>	\$13,067,000,000 <sup>37</sup>	\$11,898,945,000 <sup>38</sup>	\$12,481,945,000 <sup>39</sup>	<b>\$12,481,945,000</b> <sup>40</sup>
<b>2018</b>	\$12,457,000,000 <sup>41</sup>	\$12,392,945,000 <sup>42</sup>	\$11,992,945,000 <sup>43</sup>	<b>\$12,872,945,000</b> <sup>44</sup>
<b>2019</b>	\$12,393,000,000 <sup>45</sup>	\$12,557,045,000 <sup>46</sup>	\$12,951,945,000 <sup>47</sup>	<b>\$12,876,945,000</b> <sup>48</sup>
<b>2020</b>	\$12,773,000,000 <sup>49</sup>			

<sup>1</sup> Total includes \$758,000,000 in funding designated for SSI redeterminations and CDRs – \$273,000,000 in base funding and \$485,000,000 in additional funds. Includes up to \$165,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments. Also includes up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>2</sup> H.R. 3293.

<sup>3</sup> H.R. 3293, reported from Committee with an amendment.

<sup>4</sup> Consolidated Appropriations Act, 2010 (P.L. 111-117). Total includes \$758,000,000 in funding designated for SSI redeterminations and CDRs – \$273,000,000 in base funding and \$485,000,000 in additional funds. The enacted amount matches the President’s request, after accounting for a technical adjustment resulting from the Congressional Budget Office’s scoring of user fees. Total includes up to \$160,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments, and \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>5</sup> \$47,000,000 of Recovery Act Economic Recovery Payment administration funds rescinded by section 318 of P.L. 111-226.

<sup>6</sup> Total includes \$796,000,000 in funding designated for SSI redeterminations and CDRs – \$283,000,000 in base funding and \$513,000,000 in additional funds. Includes up to \$185,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes \$1,863,280 to increase SSA’s acquisition workforce capacity and capabilities.

<sup>7</sup> The House Committee on Appropriations did not report a bill.

<sup>8</sup> S. 3686.

<sup>9</sup> Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

<sup>10</sup> A total of \$22,893,000 was rescinded by The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The table does not display a \$200,000,000 rescission of no-year IT funds enacted in the Additional Continuing Appropriations Amendments, 2011 (P.L. 112-6) or a \$75,000,000 rescission of no-year IT funds enacted in the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

<sup>11</sup> Total includes \$938,000,000 in funding designated for SSI redeterminations and CDRs – \$315,000,000 in base funding and \$623,000,000 in additional funds. Includes up to \$163,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes \$1,863,000 to increase SSA’s acquisition workforce capacity and capabilities.

<sup>12</sup> The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$12,041,494,000.

<sup>13</sup> S. 1599.

<sup>14</sup> Consolidated Appropriations Act, 2012 (P.L. 112-74). Total includes \$483,484,000 designated for SSI redeterminations and CDRs appropriated in the Disaster Relief Appropriations Act (P.L. 112-77).

<sup>15</sup> A total of \$21,688,000 was rescinded by the Consolidated Appropriations Act, 2012 (P.L. 112-74).

<sup>16</sup> The FY 2012 enacted LAE Budget Authority was \$11,453,290,000. However, effective April 1, 2012, Massachusetts assumed control of its State Supplementary payments, reducing the estimated SSI user fees by approximately \$7,100,000. The resulting available SSI user fee funding for FY 2012 was approximately \$154,000,000. The available LAE funding for FY 2012 is approximately \$11,446,190,000.

<sup>17</sup> Total includes \$1,024,000,000 in funding designated for SSI redeterminations and CDRs – \$273,000,000 in base funding and \$751,000,000 in additional funds. Includes up to \$170,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>18</sup> The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included \$10,684,414,000 for LAE.

<sup>19</sup> S. 3295.

<sup>20</sup> At the time the Budget was formulated we had not received a full year appropriation for FY 2013. We were operating under a 6-month CR (P.L. 112-175) that funded agency operations at \$11,520,000,000 if annualized. This represents a 0.612 percent increase from the FY 2012 enacted level. Funding was reduced to the FY 2012 enacted level of \$11,453,290,000 under a full year CR (P.L. 113-6).

<sup>21</sup> As per OMB Budget Data Request 13-19, SSA was subject to an Across-the-Board (ATB) Reduction/Rescission of .2 percent of LAE. Both base and cap program integrity funds were exempt from this reduction.

<sup>22</sup> Under P.L. 112-175, all non-SSI funding was reduced by 5 percent after sequestration was triggered by Congress.

<sup>23</sup> Agency funding post sequestration (P.L. 112-175) and ATB reduction (BDR 13-19) was \$407,723,000 lower than the original CR funding level (P.L. 113-6).

<sup>24</sup> The House Committee on Appropriations did not report a bill. The LAE appropriation of \$11,697,040,000 for FY 2014 was incorporated into H.R. 3547.

<sup>25</sup> S. 3533.

## Limitation on Administrative Expenses

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<sup>26</sup> Consolidated Appropriations Act, 2014 (P.L. 113-76). Total includes \$1,197,000,000 designated for SSI redeterminations and CDRs. Includes up to \$171,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>27</sup> Total includes \$273,000,000 in funding designated for SSI redeterminations and CDRs. Includes up to \$173,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>28</sup> The FY 2014 President's Budget included a legislative proposal to create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request was \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 was \$1,500,000,000.

<sup>29</sup> Total includes \$1,396,000,000 in dedicated funding designated for SSI redeterminations and CDRs – \$273,000,000 in base funding and \$1,123,000,000 in funds outside the discretionary caps as authorized by the Budget Control Act (BCA) of 2011 (P.L. 112-25), as well as \$131,000,000 from LAE to assist in program integrity work. Includes up to \$124,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>30</sup> The House Committee on Appropriations did not report a bill.

<sup>31</sup> The Senate Committee on Appropriations did not report a bill.

<sup>32</sup> Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235). Total includes \$1,396,000,000 designated for SSI redeterminations and CDRs. Includes up to \$124,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>33</sup> Total includes \$1,439,000,000 in dedicated funding designated for SSI redeterminations and CDRs – \$273,000,000 in base funding and \$1,166,000,000 in funds outside the discretionary caps as authorized by the BCA of 2011. Includes up to \$136,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>34</sup> H.R. 3020.

<sup>35</sup> S.1695.

<sup>36</sup> Consolidated Appropriations Act, 2016 (P.L. 114-113). Total includes \$1,426,000,000 in funding designated for SSI redeterminations and CDRs. Includes up to \$124,000,000 from user fees paid by States for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>37</sup> The FY 2017 request includes \$1,819,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, cooperative disability investigation (CDI) units, and the prosecution of fraud by Special Assistant United States Attorneys (SAUSAs) - \$273,000,000 in base funding and \$1,546,000,000 in funds outside the discretionary caps as authorized by the Bipartisan Budget Act (BBA) of 2015 (P.L. 114-74). Additionally, the LAE account carves out funding to support the fully loaded costs of performing 1.1 million CDRs and approximately 2.8 million SSI redeterminations, \$126,000,000 for SSI State Supplement user fees, and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>38</sup> H.R. 5926.

<sup>39</sup> S. 3040.

<sup>40</sup> Consolidated Appropriations Act, 2017 (P.L. 115-31). Total includes \$90,000,000 in available funding through September 30, 2018, for activities to address the hearings backlog within the Office of Hearings Operations (formerly the Office of Disability Adjudication and Review). Includes \$1,819,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,546,000,000 in funds outside the discretionary caps as authorized by the BBA of 2015 (P.L.114-74) to remain available until March 31, 2018. Includes \$123,000,000 for SSI State Supplement user fees and up to \$1,000,000 from fees collected

pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>41</sup> The FY 2018 request includes \$1,735,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,462,000,000 in funds outside the discretionary caps as authorized by the BBA of 2015 (P.L.114-74). Includes up to \$118,000,000 for SSI State Supplement user fees, and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>42</sup> H.R.3358

<sup>43</sup> S. 1771

<sup>44</sup> Consolidated Appropriations Act, 2018 (P.L. 115-141). Total includes \$280,000,000 to remain available until expended for information technology modernization, including related hardware and software infrastructure and equipment, and for administrative expenses directly associated with information technology modernization. Total includes \$100,000,000 in available funding through September 30, 2019, for activities to address the hearings backlog within the Office of Hearings Operations. Includes \$1,735,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,462,000,000 in funds outside the discretionary caps as authorized by the BBA of 2015 (P.L.114-74) to remain available for 18 months through March 31, 2019. Includes \$118,000,000 for SSI State Supplement user fees and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>45</sup> The FY 2019 request includes \$1,683,000,000 in dedicated funding for program integrity including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,410,000,000 in funds outside the discretionary caps as authorized by the BBA of 2015 (P.L.114-74) to remain available until March 31, 2020. Beginning in FY 2019, SSA may transfer up to \$10,000,000 of program integrity funds in the LAE account to the OIG for the costs associated with jointly operated cooperative disability investigation units. Includes up to \$134,000,000 for SSI State Supplement user fees, and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>46</sup> H.R. 6470

<sup>47</sup> S. 3158

<sup>48</sup> Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245). Total includes \$45,000,000 to remain available until expended for information technology modernization, including related hardware and software infrastructure and equipment, and for administrative expenses directly associated with information technology modernization. Total includes \$100,000,000 in available funding through September 30, 2020, for activities to address the hearings backlog within the Office of Hearings Operations. Includes \$1,683,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,410,000,000 in funds outside the discretionary caps as authorized by the BBA of 2015 (P.L.114-74) to remain available for 18 months through March 31, 2020. Public Law 115-245 allows SSA to transfer up to \$10,000,000 of program integrity funds in the LAE account to the OIG for the costs associated with jointly operated CDI units in FY 2019. Includes \$134,000,000 for SSI State Supplement user fees and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

<sup>49</sup> FY 2020 Budget proposes that the total requested LAE budget authority of \$12,773,000,000 be offset by fees collected for replacement Social Security cards (estimated at \$270 million). Total includes \$1,582,000,000 in dedicated funding for program integrity, including the costs associated with SSI redeterminations, full medical CDRs, work CDRs, CDI units, and the prosecution of fraud by SAUSAs - \$273,000,000 in base funding and \$1,309,000,000 in funds outside the discretionary caps as authorized by the BBA of 2015 (P.L.114-74) to remain available until March 31, 2021. In FY 2020, the Budget proposes to transfer up to \$10,000,000 of program integrity cap adjustment funds in the LAE account to the OIG for the costs associated with jointly operated CDI units. Includes up to \$130,000,000 for SSI State Supplement user fees, and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

**SSA-RELATED LEGISLATION ENACTED FEBRUARY 9, 2018 – MARCH 18, 2019**

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**FY 2018**

***Good Accounting Obligation in Government Act (P.L. 115-414, enacted January 3, 2019)***

- The bill requires SSA to include in its annual budget justification a report on:
  - each public recommendation of the Government Accountability Office (GAO) that is classified as open or “closed, unimplemented” for a period of not less than one year from the date of the annual budget justification submission,
  - each public recommendation for corrective action from our agency’s office of the Inspector General (OIG) for which no final action has been taken and was published not less than one year before the date of the annual budget justification submission; and
  - the implementation status of each such recommendation.
- We will include this information in SSA’s annual budget justification starting with FY 2021.
- The bill also requires SSA to provide a report separate from its annual budget justification. SSA will deliver its first report by May 1, 2019.

***Economic Growth, Regulatory Relief, and Consumer Protection Act (P.L. 115-174, enacted May 24, 2018)***

- The bill requires SSA to accept the *electronic* consent of an individual who consents to allow a financial institution to verify his or her name, date of birth, and Social Security number using SSA’s Consent Based Social Security Number Verification Service (CBSV).

***The Strengthening Protections for Social Security Beneficiaries Act of 2018 (P.L. 115-165, enacted April 13, 2018)***

- The law amends Titles II, VIII, and XVI of the Social Security Act to improve and strengthen the representative payment program.

***The Bipartisan Budget Act of 2018 (P.L. 115-123, enacted February 9, 2018)***

- The bill adjusts the income-related premium for Medicare Parts B and D and increases efficiency in prison data reporting.

## GENERAL STATEMENT/BUDGETARY RESOURCES/PERFORMANCE

### LIMITATION ON ADMINISTRATIVE EXPENSES OVERVIEW

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The LAE account funds the operating expenses of SSA and its programs: the OASI and DI programs, the SSI program, certain health insurance and Medicare prescription drug functions, and the Special Benefits for Certain World War II Veterans program. With these funds, we provide service to millions of Americans in our field offices, via telephone, or through the Internet at [www.socialsecurity.gov](http://www.socialsecurity.gov). The LAE account provides the funds we need to perform our core responsibilities, including deciding applications for benefits, conducting hearings and appeals to review disputed decisions, ensuring benefits continue to be distributed properly, and maintaining the integrity of the trust funds.

Please see the Budget Overview for more information.

### KEY ASSUMPTIONS

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We formulated SSA's budget to address our growing public service demands as well as an array of priorities for our programs. We will continue to improve our service, stewardship, and modernization efforts.

The budget addresses the following key areas:

- Continuing to decrease our disability appeals (hearings) and Processing Center backlogs;
- Streamlining our disability determination policies and processes;
- Continuing to execute our Information Technology Modernization plan;
- Providing the resources necessary to address cybersecurity needs and threats;
- Administering our complex disability process, see [Social Security Disability](#);
- Combatting waste, fraud and abuse across our programs;
- Reducing improper payments and completing cost-effective program integrity work, see [Social Security Improper Payments](#);
- Improving organizational effectiveness, reducing costs, identifying efficiencies and streamlining business processes;
- Enhancing and expanding our online service capabilities; and
- Improving workforce performance and increasing accountability.

Please see the Key Performance Table for projected work completed for our major workloads, as well as selected production workload measures.

**SIZE AND SCOPE OF SSA'S PROGRAMS**

SSA's administrative budget is driven by the programs we administer—both in terms of the amount of work performed and the number of people needed to process it—and by our continuing efforts to improve service, stewardship, and efficiency.

Between the three major programs SSA administers—OASI, DI, and SSI—Federal benefit payment outlays totaled over \$1 trillion in FY 2018; under current law, Federal benefit payment outlays are expected to increase to nearly \$1.1 trillion in FY 2019 and nearly \$1.2 trillion in FY 2020. At about 1.1 percent of total benefit payment outlays currently estimated for FY 2020, SSA's administrative expenses<sup>1</sup> continue to be a small fraction of overall program spending, demonstrating our cost-conscious approach to managing resources.

**Table 3.8—Federal Benefit Outlays<sup>2,3</sup>**  
(Dollars in billions)

	<b>FY 2018 Actuals</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>
Old-Age and Survivors Insurance	\$833.0	\$889.0	\$947.6
Disability Insurance	\$143.5	\$146.4	\$148.6
Supplemental Security Income	\$50.9	\$55.9	\$57.1
<b>Total Outlays</b>	<b>\$1,027.5</b>	<b>\$1,091.3</b>	<b>\$1,153.3</b>

Paralleling the growth in benefit payment outlays, the number of Federal beneficiaries and recipients of the three major programs SSA administers is expected to increase from 67.6 million in FY 2018 to 68.9 million in FY 2019 and 70.3 million in FY 2020.

**Table 3.9—Beneficiaries<sup>4,5,6</sup>**  
(Average in payment status, in millions)

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>
Old-Age and Survivors Insurance	51.8	53.3	54.8
Disability Insurance	10.4	10.2	10.1
Supplemental Security Income	8.0	8.0	7.9
Concurrent Recipients <sup>7</sup>	-2.6	-2.6	-2.6
<b>Total Beneficiaries</b>	<b>67.6</b>	<b>68.9</b>	<b>70.3</b>

<sup>1</sup> SSA's calculation of discretionary administrative expenses excludes Treasury administrative expenses, which are mandatory outlays.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> Totals do not include payments to recipients of Special Benefits for World War II Veterans.

<sup>4</sup> Totals do not include recipients of Special Benefits for World War II Veterans.

<sup>5</sup> Does not include recipients receiving a Federally Administered State supplementary payment only.

<sup>6</sup> Totals may not add due to rounding.

<sup>7</sup> Recipients receiving OASDI, along with SSI benefits and/or State Supplementary payments.

## FUNDING REQUEST

Our FY 2020 LAE budget request of \$12.773 billion allows us to focus on our mission-critical work and our agency priorities, address key backlogs, ensure stewardship of our programs, and help us become a stronger, more efficient and effective organization.

**Table 3.10—Budgetary Request**

	FY 2018 Actual	FY 2019 Estimate	FY 2020 Budget
<b>Budget Authority, One Year (in millions)</b>			
Limitation on Administrative Expenses (LAE) <sup>1</sup> <i>Bipartisan Budget Act Program Integrity Level, Base and Cap, included in LAE<sup>2</sup></i>	\$12,493 (\$1,735)	\$12,732 (\$1,683)	\$12,773 (\$1,582)
Office of the Inspector General (OIG) <sup>3</sup>	\$106	\$106	\$106
<b>Subtotal, One-Year Budget Authority</b>	<b>\$12,599</b>	<b>\$12,838</b>	<b>\$12,879</b>
<b>Budget Authority, Multi/No-Year (in millions)</b>			
Research and Demonstrations <sup>4</sup>	\$101	\$101	\$101
Dedicated Funding to Reduce the Hearings Backlog <sup>5</sup>	\$100	\$100	\$0
Dedicated Funding for IT Modernization <sup>6</sup>	\$280	\$45	\$0
Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) <sup>7</sup>	\$27	\$0	\$0
<b>Subtotal, Multi/No-Year Budget Authority</b>	<b>\$508</b>	<b>\$246</b>	<b>\$101</b>
<b>Total, Budget Authority</b>	<b>\$13,107</b>	<b>\$13,084</b>	<b>\$12,980</b>
<b>Workyears, SSA</b>			
Full-Time Equivalents	60,379	61,822	60,997
Overtime	3,003	2,407	1,498
Lump Sum Leave	197	250	250

<sup>1</sup> 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 in FY 2020).

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

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

<sup>7</sup> Congress appropriated SSA with \$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.

## Limitation on Administrative Expenses

	FY 2018 Actual	FY 2019 Estimate	FY 2020 Budget
<b>Total SSA Workyears<sup>1</sup></b>	<b>63,579</b>	<b>64,479</b>	<b>62,745</b>
Disability Determination Services (DDS)	13,665	13,551	13,148
<b>Total SSA/DDS Workyears</b>	<b>77,244</b>	<b>78,030</b>	<b>75,893</b>
MACRA	14	8	2
<b>Total SSA/DDS/MACRA Workyears</b>	<b>77,258</b>	<b>78,038</b>	<b>75,895</b>
OIG	502	548	587
<b>Total SSA/DDS/MACRA/OIG Workyears</b>	<b>77,760</b>	<b>78,586</b>	<b>76,482</b>

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<sup>1</sup> Full-time equivalents and overtime workyears include those funded from dedicated funding to reduce the hearings backlog and dedicated funding for IT modernization. Includes 219 reimbursable workyears in FY 2018 and 300 reimbursable workyears in both FY 2019 and FY 2020.

## ALL PURPOSE TABLE

**Table 3.11—All Purpose Table (APT)**  
(in thousands)

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	
	<b>Consolidated Appropriations Act <sup>1,2,3,4</sup> P.L. 115-141</b>	<b>Consolidated Appropriations Act <sup>1,2,5,6</sup> P.L. 115-245</b>	<b>President's Budget <sup>7</sup></b>	<b>FY 2020 +/- FY 2019</b>
<b>Payments to Social Security Trust Funds</b>				
Pension Reform	6,400	6,400	6,000	-
Unnegotiated Checks	5,000	5,000	5,000	-
<b>Total PTF</b>	<b>\$ 11,400</b>	<b>\$ 11,400</b>	<b>\$ 11,000</b>	<b>\$ -</b>
<b>Supplemental Security Income</b>				
Federal Benefits Payment	48,816,963	56,355,123	56,982,000	626,877
Beneficiary Services	159,000	126,000	45,000	(81,000)
Research & Demonstration	101,000	101,000	101,000	-
Administration <sup>8</sup>	4,410,314	4,284,080	4,404,000	119,920
<b>Subtotal SSI Program Level</b>	<b>53,487,277</b>	<b>60,866,203</b>	<b>61,532,000</b>	<b>665,797</b>
Advance from PY	(15,000,000)	(19,500,000)	(19,700,000)	(200,000)
<b>Subtotal Current Year SSI</b>	<b>\$ 38,487,277</b>	<b>\$ 41,366,203</b>	<b>\$ 41,832,000</b>	<b>\$ 465,797</b>
<b>New Advance SSI</b>	<b>\$ 19,500,000</b>	<b>\$ 19,700,000</b>	<b>\$ 19,900,000</b>	<b>\$ 200,000</b>
<b>Limitation on Administrative Expenses</b>				
<b>Regular LAE</b>				
OASDI Trust Funds	5,604,116	5,666,761	5,237,400	(429,361)
SSN Card Fee Collections	-	-	270,000	270,000
HI/SMI Trust Funds	2,391,365	2,459,497	2,451,200	(8,297)
Social Security Advisory Board	2,300	2,400	2,400	-
SSI	3,021,164	2,930,287	3,099,000	168,713
<b>Subtotal Regular LAE</b>	<b>\$ 11,018,945</b>	<b>\$ 11,058,945</b>	<b>\$ 11,060,000</b>	<b>\$ 1,055</b>
<b>Program Integrity Funding</b>				
OASDI Trust Funds	345,850	329,207	277,000	(52,207)
SSI	1,389,150	1,353,793	1,305,000	(48,793)
<b>Subtotal Program Integrity Funding <sup>9</sup></b>	<b>\$ 1,735,000</b>	<b>\$ 1,683,000</b>	<b>\$ 1,582,000</b>	<b>\$ (101,000)</b>
<i>Base Program Integrity</i>	273,000	273,000	273,000	-
<i>Cap Adjustment</i>	1,462,000	1,410,000	1,309,000	(101,000)
<b>User Fees</b>				
SSI User Fee	118,000	134,000	130,000	(4,000)
SSPA User Fee	1,000	1,000	1,000	-
<b>Subtotal User Fees</b>	<b>\$ 119,000</b>	<b>\$ 135,000</b>	<b>\$ 131,000</b>	<b>\$ (4,000)</b>
<b>Total LAE</b>	<b>\$ 12,872,945</b>	<b>\$ 12,876,945</b>	<b>\$ 12,773,000</b>	<b>\$ (103,945)</b>
Non-PI LAE	11,137,945	11,193,945	11,191,000	(2,945)
<b>Office of the Inspector General</b>				
Federal Funds	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Trust Funds	\$ 75,500	\$ 75,500	\$ 75,500	\$ -
<b>Total, OIG <sup>10</sup></b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>	<b>\$ -</b>
<b>Total, Social Security Administration, New BA</b>	<b>\$ 66,566,808</b>	<b>\$ 69,775,568</b>	<b>\$ 70,217,500</b>	<b>\$ 441,932</b>
Federal Funds	\$ 58,147,677	\$ 61,242,203	\$ 61,904,000	\$ 661,797
Current Year	\$ 38,647,677	\$ 41,542,203	\$ 42,004,000	\$ 461,797
New Advance	\$ 19,500,000	\$ 19,700,000	\$ 19,900,000	\$ 200,000
Trust Funds	\$ 8,419,131	\$ 8,533,365	\$ 8,313,500	\$ (219,865)

## Limitation on Administrative Expenses

<sup>1</sup> Congress appropriated \$280 million in FY 2018 (available until expended) and \$45 million in FY 2019 (available until expended) for IT modernization. It is included in regular LAE.

<sup>2</sup> 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. It is included in regular LAE.

<sup>3</sup> The regular LAE and program integrity program splits included in this APT are different than the program splits included in the FY 2018 Consolidated Appropriations Act (P.L. 115-141) report language APT. The regular LAE program splits included in the Consolidated Appropriations Act report APT are 42.34%, 17.97%, and 39.69% for OASDI, HI/SMI/Part D, and SSI, respectively, whereas, the program splits included in this APT are 46.25%, 18.58%, and 35.18%.

<sup>4</sup> The Federal Benefits Payment total in this APT is ~\$581 million more than the Federal Benefits Payment total included in the FY 2018 Consolidated Appropriations Act (P.L. 115-141) report language APT due to a retroactive shift in SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal Benefits). The total amount appropriated for SSI was not changed.

<sup>5</sup> The regular LAE and program integrity program splits included in this APT are different than the program splits included in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) report language APT. The regular LAE program splits included in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) report APT are 42.7%, 18.03%, and 39.27% for OASDI, HI/SMI/Part D, and SSI, respectively, whereas, the program splits included in this APT are 46.59%, 19.10%, and 34.31%. The program integrity splits included in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) report APT are \$375M and \$1,308M for OASDI and SSI, respectively.

<sup>6</sup> The Federal Benefits Payment total in this APT is ~\$639 million more than the Federal Benefits Payment total included in the FY 2019 Consolidated Appropriations Act (P.L. 115-245) report language APT due to a retroactive shift in SSI authority from discretionary (SSI administrative expenses) to mandatory (Federal Benefits). The total amount appropriated for SSI did not change.

<sup>7</sup> 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).

<sup>8</sup> Total SSI Administration reflects the sum of SSI regular LAE and SSI Program Integrity included in the LAE section.

<sup>9</sup> 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, to obligate program integrity funds.

<sup>10</sup> 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.

## SSI STATE SUPPLEMENTATION

The SSI program was designed to provide a nationwide uniform floor of cash assistance to the aged, blind, and disabled. In recognizing that there were variations in living costs across the nation, Congress added section 1618 to the Social Security Act to encourage States to supplement the Federal payment. This ensured that SSI recipients received the full benefit of each cost-of-living adjustment. States may administer their own state supplement programs or have SSA administer the programs on their behalf. States electing to have SSA administer their programs reimburse SSA monthly in advance for these benefit payments, and we make eligibility determinations and payments on behalf of the States.

**Table 3.12—State Supplement Payments**  
(Dollars in millions)

	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
<b>Federally Administered State Supplement Payments</b>	\$ 2,401	\$ 2,715	<b>\$ 2,760</b>
<b>Offsetting Collections</b>	\$ 2,612	\$ 2,719	<b>\$ 2,764</b>

Participating States pay SSA user fees to administer their programs, based on a schedule established by the Social Security Act. The user fee was \$11.87 per SSI check payment in FY 2018 and is \$12.21 in FY 2019. We estimate that the user fee will increase to \$12.47 per payment in FY 2020. The Department of Treasury receives the first \$5.00 of each fee and we retain the amount over \$5.00. This user fee is discretionary budget authority that supplements our LAE account.

**Table 3.13—SSI User Fee Collections<sup>1</sup>**  
(Dollars in millions)

	FY 2018 Actual <sup>1</sup>	FY 2019 Estimate	FY 2020 Estimate	FY 2019 FY 2020 Change
<b>Number of Monthly Payments</b>	11	12	<b>12</b>	
<b>SSA User Fee Collections</b>	\$ 114	\$ 130 <sup>2</sup>	<b>\$ 130<sup>3</sup></b>	+\$ 0
<b>Treasury User Fee Collections</b>	\$ 83	\$ 90	<b>\$ 90</b>	+\$ 0
<b>Total User Fee Collections</b>	<b>\$ 197</b>	<b>\$ 220</b>	<b>\$ 220</b>	+\$ 0

<sup>1</sup> The October 2017 payment (FY 2018) was paid in September 2017 (FY 2017). This resulted in 11 payments in FY 2018.

<sup>2</sup> Although we are authorized to collect up to \$134 million in FY 2019 based on our enacted FY 2019 appropriation, we estimate that we will collect only \$130 million in SSI user fees. We will reconcile any shortfall from our LAE account.

<sup>3</sup> The User Fee request for the FY 2020 President's Budget is \$130 million. Any fees collected in excess of the appropriated amount may be used to cover a shortfall in collections for a future year.

**IMPACT OF STATES DROPPING OUT OF STATE SUPPLEMENTATION PROGRAM**

Currently, we help administer the state supplementation for 20 States and the District of Columbia. However, participation in the state supplementation program is voluntary. States can opt out of the program, but must provide us notice at least 90 days in advance before dropping out.<sup>1</sup> The result of States dropping out of the program is a loss of LAE authority in the current and possibly following fiscal year when it is too late to adjust our request. California and New Jersey are the two largest States for whom SSA administers the state supplementation. If either State opted to administer their own state supplementation, our estimate would dramatically decrease.

**Table 3.14—Estimated SSA User Fee Collections by State**  
(Dollars in thousands)

State	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Arkansas	*	*	*
California	\$ 96,004	\$ 109,797	\$ 109,500
Delaware	\$ 45	\$ 52	\$ 52
DC	\$ 90	\$ 102	\$ 102
Georgia	*	*	*
Hawaii	\$ 233	\$ 267	\$ 267
Iowa	\$ 114	\$ 130	\$ 130
Kansas	*	*	*
Louisiana	*	*	*
Maryland	*	\$ 1	\$ 1
Michigan	\$ 843	\$ 964	\$ 964
Mississippi	\$ 1	\$ 1	\$ 1
Montana	\$ 67	\$ 77	\$ 77
Nevada	\$ 1,115	\$ 1,275	\$ 1,275
New Jersey	\$ 13,776	\$ 15,755	\$ 15,712
Ohio	*	*	*
Pennsylvania	\$ 462	\$ 528	\$ 528
Rhode Island	\$ 38	\$ 43	\$ 43
South Dakota	*	*	*
Tennessee	\$ 1	\$ 1	\$ 1
Vermont	\$ 1,178	\$ 1,347	\$ 1,347
<b>Total</b>	<b>\$ 113,967</b>	<b>\$ 130,340</b>	<b>\$ 130,000</b>

\*Less than \$500

<sup>1</sup> From the Code of Federal Regulations (C.F.R.) 20 C.F.R. 416.2010(d) 2018: “[...] The State or SSA may terminate the agreement upon 90 days written notice to the other party, provided the effective date of the termination is the last day of a quarter. [...]” State agreements may only be terminated with less than 90 days notice under specific circumstances noted in the CFR.

## BUDGET AUTHORITY AND OUTLAYS

The LAE account is funded by the Social Security trust funds, the General Fund, the Medicare trust funds, and applicable user fees. Section 201(g) of the Social Security Act provides that SSA determine the share of administrative expenses that should have been borne by the appropriate trust funds for the administration of their respective programs and the General Fund for administration of the SSI program. SSA calculates the administrative costs attributable to each program using its Government Accountability Office approved cost analysis system. In FY 2009, SSA received additional funds from the General Fund of the Treasury, provided by the Recovery Act and the MIPPA. SSA also received \$98 million funded incrementally from FY 2015 to FY 2018, of which \$27 million is available until expended, for costs associated with the MACRA provisions.

**Table 3.15—Budget Authority and Outlays<sup>1</sup>**  
(Dollars in thousands)

	FY 2018 Actual <sup>2,3,4</sup>	FY 2019 Enacted <sup>3,4,5</sup>	FY 2020 Estimate <sup>6,7</sup>
OASI and DI Trust Funds <sup>8</sup>	\$5,949,966 <sup>9</sup>	\$5,995,968 <sup>10</sup>	\$5,514,400 <sup>11</sup>
SSN Card Fee Collections	N/A	N/A	\$270,000 <sup>12</sup>
HI and SMI Trust Funds	\$2,391,365	\$2,459,497	\$2,451,200
SSA Advisory Board	\$2,300	\$2,400	\$2,400
SSI Administrative Expenses	\$4,410,314	\$4,284,080	\$4,404,000
SSI State Supplement User Fees	\$118,000	\$134,000	\$130,000
Non-Attorney Representative User Fees	\$1,000	\$1,000	\$1,000
MIPPA – LIS	N/A	N/A	N/A
MACRA	\$27,000	\$0	\$0
Recovery Act	N/A	N/A	N/A
<b>Total Budget Authority</b>	<b>\$12,899,945</b>	<b>\$12,876,945</b>	<b>\$12,773,000</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> In FY 2018, our administrative outlays were about 1.2 percent of the benefit payments we made.

<sup>3</sup> Congress appropriated \$280 million in FY 2018 (available until expended) and \$45 million in FY 2019 (available until expended) for IT modernization.

<sup>4</sup> 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.

<sup>5</sup> In FY 2019, our administrative outlays are about 1.2 percent of the benefit payments we plan to pay.

<sup>6</sup> In FY 2020, our administrative outlays are about 1.1 percent of the benefit payments we plan to pay.

<sup>7</sup> 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).

<sup>8</sup> Includes funding for administration of the Special Benefits for Certain World War II Veterans program, which is funded through general revenues.

<sup>9</sup> The total includes \$2,779,085 in DI and \$3,170,881 in OASI costs.

<sup>10</sup> The total includes \$2,732,487 in DI and \$3,263,481 in OASI costs.

<sup>11</sup> The total includes \$2,435,085 in DI and \$3,079,315 in OASI costs.

<sup>12</sup> The total includes \$135,000 in DI and \$135,000 in OASI costs.

## Limitation on Administrative Expenses

	FY 2018 Actual <sup>2,3,4</sup>	FY 2019 Enacted <sup>3,4,5</sup>	FY 2020 Estimate <sup>6,7</sup>
OASI and DI Trust Funds <sup>1</sup>	\$5,749,500 <sup>2</sup>	\$5,994,000 <sup>3</sup>	\$5,524,000 <sup>4</sup>
SSN Card Fee Collections	N/A	N/A	\$270,000 <sup>5</sup>
HI and SMI Trust Funds	\$2,364,400	\$2,454,900	\$2,452,400
SSI Administrative Expenses	\$4,252,000	\$4,412,000	\$4,536,700
SSI State Supplement User Fees	\$113,600	\$130,000	\$130,000
Non-Attorney Representative User Fees	\$1,000	\$1,000	\$1,000
MIPPA – LIS	\$0	\$5,800	\$5,800
MACRA	\$3,100	\$1,100	\$0
Recovery Act – New NSC	\$11,900	\$2,000	\$1,500
<b>Total Administrative Outlays</b>	<b>\$12,495,500<sup>6</sup></b>	<b>\$13,000,800</b>	<b>\$12,921,400</b>

<sup>1</sup> Includes funding for administration of the Special Benefits for Certain World War II Veterans program, which is funded through general revenues.

<sup>2</sup> The total includes \$2,589,000 in DI and \$3,160,500 in OASI costs.

<sup>3</sup> The total includes \$2,728,400 in DI and \$3,265,600 in OASI costs.

<sup>4</sup> The total includes \$2,436,600 in DI and \$3,087,400 in OASI costs.

<sup>5</sup> The total includes \$135,000 in DI and \$135,000 in OASI costs.

<sup>6</sup> Due to variations in the reporting of outlays, FY 2018 outlays will not match those included in the Budget Appendix.

## AMOUNTS AVAILABLE FOR OBLIGATION/ANALYSIS OF CHANGES

**Table 3.16—Amounts Available for Obligation<sup>1,2</sup>**  
(Dollars in thousands)

	FY 2018 <sup>3,4</sup> Actual	FY 2019 <sup>5</sup> Enacted	FY 2020 <sup>6</sup> Estimate	FY 19 to FY 20 Change
<b>Limitation on Administrative Expenses (LAE)</b>				
<b>LAE Appropriation<sup>7</sup></b>	<b>\$12,872,945</b>	<b>\$12,876,945</b>	<b>\$12,773,000</b>	<b>- \$103,945</b>
<b>Unobligated Balance, start-of-year</b>	\$597,844	\$568,364	\$433,278	-\$135,086
Unrealized Non-Attorney User Fees	-\$855	\$0	\$0	\$0
Unrealized SSI User Fees	-\$4,357	\$0	\$0	\$0
<b>Subtotal LAE Resources</b>	<b>\$13,465,577</b>	<b>\$13,445,309</b>	<b>\$13,206,278</b>	<b>-\$239,031</b>
Unobligated Balance, lapsing	-\$71,960	\$0	\$0	\$0
Unobligated Balance, end-of-year (LAE Carryover)	-\$582,623	-\$333,278	-\$126,699	\$206,578
<b>Total Obligations, LAE</b>	<b>\$12,810,994</b>	<b>\$13,112,031</b>	<b>\$13,079,578</b>	<b>-\$32,453</b>
<b>American Recovery and Reinvestment Act Resources (ARRA)<sup>8</sup></b>				
<b>National Support Center, Unobligated Balances, start-of-year</b>	<b>\$527</b>	<b>\$2,084</b>	<b>\$0</b>	<b>-\$2,084</b>
National Support Center Estimated Recovery/Offsetting Collections	\$1,894	\$0	\$0	\$0
National Support Center Unobligated Balances, end-of-year	-\$2,084	\$0	\$0	\$0
<b>Obligations, ARRA</b>	<b>\$336</b>	<b>\$2,084</b>	<b>\$0</b>	<b>-\$2,084</b>
<b>Medicare Savings Plan (MSP)</b>				
<b>Unobligated Balances, start-of-year</b>	<b>\$14,896</b>	<b>\$14,896</b>	<b>\$7,448</b>	<b>-\$7,448</b>
Unobligated Balances, end-of-year	-\$14,896)	-\$7,448	\$0	\$7,448
<b>Obligations, MSP</b>	<b>\$0</b>	<b>\$7,448</b>	<b>\$7,448</b>	<b>\$0</b>
<b>Medicare Improvements for Patients and Providers Act (MIPPA) - Low Income Subsidy (LIS)</b>				

<sup>1</sup> Totals may not add due to rounding.<sup>2</sup> Table does not include reimbursables.<sup>3</sup> FY 2018 included \$195 million of Program Integrity 18-month carry-out at the time of Department of Treasury's GTAS lock. However, the actual realized carry-over amount was \$68 million.<sup>4</sup> FY 2018 included \$94 million of Dedicated Hearings FY 18-19 multi-year carry-out, and \$236 million of IT Modernization no-year carry-out.<sup>5</sup> FY 2019 includes \$71 million of Program Integrity 18-month carry-out, \$75 million of Dedicated Hearings FY 19-20 multi-year carry-out, and \$143 million of IT Modernization no-year carry-out, and \$100 million transferred from prior-year accounts.<sup>6</sup> FY 2020 includes \$7 million of Program Integrity 18-month carry-out and \$75 million of IT Modernization no-year carry-out, and \$100 million transferred from prior-year accounts.<sup>7</sup> LAE Appropriation amounts displayed include \$10 million for OIG CDI team leaders in both FY 2019 and 2020.<sup>8</sup> SSA received a Presidential waiver from rescission allowing for the use of ARRA NSC funds until expended.

## Limitation on Administrative Expenses

	FY 2018 <sup>3,4</sup> Actual	FY 2019 <sup>5</sup> Enacted	FY 2020 <sup>6</sup> Estimate	FY 19 to FY 20 Change
<b>Unobligated Balances, start-of-year</b>	<b>\$11,618</b>	<b>\$11,580</b>	<b>\$5,790</b>	<b>-\$5,790</b>
Unobligated Balances, end-of-year	-\$11,580	-\$5,790	\$0	\$5,790
<b>Obligations, MIPPA - LIS</b>	<b>\$37</b>	<b>\$5,790</b>	<b>\$5,790</b>	<b>\$0</b>
<b>State Children's Health Insurance Program (SCHIP)</b>				
<b>Unobligated Balances, start-of-year</b>	<b>\$2,015</b>	<b>\$1,997</b>	<b>\$998</b>	<b>-\$998</b>
Unobligated Balances, end-of-year	-\$1,997	-\$998	\$0	\$998
<b>Obligations, SCHIP</b>	<b>\$18</b>	<b>\$998</b>	<b>\$998</b>	<b>\$0</b>
<b>Medicare Access and CHIP Reauthorization Act (MACRA)</b>				
<b>Unobligated Balances, start-of-year</b>	<b>\$68,636</b>	<b>\$27,000</b>	<b>\$25,879</b>	<b>-\$1,121</b>
Expenditure Transfers from Trust Funds	\$27,000	\$0	\$0	\$0
Unobligated Balances, lapsing	-\$66,385	\$0	\$0	\$0
Unobligated Balance, end-of-year	-\$27,000	-\$25,879	-\$25,615	\$264
<b>Obligations, MACRA</b>	<b>\$2,251</b>	<b>\$1,121</b>	<b>\$264</b>	<b>-\$857</b>
<b>GRAND TOTAL, OBLIGATIONS</b>	<b>\$12,813,637</b>	<b>\$13,129,473</b>	<b>\$13,094,079</b>	<b>-35,394</b>

This exhibit isolates the effects of mandatory inflationary pressures, such as pay raises and rent increases, from policy decisions and agency priorities, such as changes in workyears and workload-related costs due to changes in workload estimates. These increases and decreases net out to our total budget request, however since we isolate increases and decreases separately in this exhibit, the figures displayed may not match totals displayed in other exhibits.

**Table 3.17—Explanation of LAE Budget Changes from FY 2019 to FY 2020<sup>1,2</sup>**  
(Obligations in thousands)

	FY 2019		FY 2020		Change	
	WYs	Obligations	WYs	Obligations	WYs	Obligations

**BUILT-IN INCREASES**— Built-in increases are year-over-year cost increases that are outside agency control, such as across the board Federal pay raises, changes in employee health benefit premiums, and the price of postage. These increases are not a result of changes in overall agency resources or program or policy changes. Most agency operational costs are captured in this category as payroll costs.

A1. Payroll Expenses	\$7,201,520	\$7,457,848	\$256,327
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<sup>1</sup> 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).

<sup>2</sup> Totals may not add due to rounding.

<b>Limitation on Administrative Expenses</b>						
	<b>FY 2019</b>		<b>FY 2020</b>		<b>Change</b>	
	WYs	Obligations	WYs	Obligations	WYs	Obligations
(a) Increases due to periodic step increases, health benefits, career ladder promotions, and benefit costs of new employees hired under the Federal Employees Retirement System				\$101,886		\$101,886
(b) Assumption of a 1.9% Federal pay increase retroactive to January 2019				\$30,172		\$30,172
(c) Increase due to additional paid day (262 paid days in FY 2020 vs. 261 in FY 2019)				\$24,270		\$24,270
(d) FERS Employer Contribution increase from 13.7% to 16.0% effective October 2019 per OMB A-11 June 2018				\$100,000		\$100,000
<b>A2. Non-Payroll Costs - Mandatory growth in non-payroll costs, including costs of security, guard services, postage, rent, lease renewals, etc.<sup>1</sup></b>		<b>\$1,538,616</b>		<b>\$1,570,636</b>		<b>\$32,020</b>
<b>A3. Social Security Statements (Mailed)</b>		<b>\$8,095</b>		<b>\$8,292</b>		<b>\$197</b>
<b>Subtotal, Built-In Increases</b>		<b>\$8,748,231</b>		<b>\$9,036,775</b>		<b>\$ 288,544</b>
<b>PROGRAM INCREASES</b> – Program increases are year-over-year cost increases resulting from changes in agency priorities, policy decisions, dedicated funding, or workloads estimates.						
<b>B1. Dedicated FY 2019-2020 Funding to Reduce the Hearings Backlog</b>	228	\$25,000	782	\$75,000	554	\$50,000
<b>B2. Information Technology (IT) - Base Funding<sup>2</sup></b>		\$1,193,374		\$1,234,000		\$40,626
<b>Subtotal, Program Increases</b>	228	\$1,218,374	782	\$1,309,000	554	\$90,626
<b>TOTAL, INCREASES</b>	<b>228</b>	<b>\$9,966,605</b>	<b>782</b>	<b>\$10,345,775</b>	<b>554</b>	<b>\$379,170</b>

**BUILT-IN DECREASES** – Built-in decreases are year-over-year cost decreases that are outside agency control, such as lower-graded new hires exerting downward pressure on the average Cost Per Workyear.

<b>C1. State Disability Determination Services<sup>3</sup></b>	\$2,248,700	\$2,243,289	-\$5,411
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<sup>1</sup> Non-payroll figures include approximately \$26.5 million in Altmeyer, \$2 million in NSC/ARRA and \$200 thousand in construction spending in FY 2019.

<sup>2</sup> For further detail, please see the Information Technology exhibit.

<sup>3</sup> Total FY 2020 DDS funding is \$2.185 billion. This amount is broken out into the mandatory piece in Built-In Decreases Section, Item C1, and the discretionary piece in Program Decreases, Item D2.

## Limitation on Administrative Expenses

	FY 2019		FY 2020		Change	
	WYs	Obligations	WYs	Obligations	WYs	Obligations
<b>Subtotal, Built-In Decreases</b>	<b>\$2,248,700</b>		<b>\$2,243,289</b>		<b>-\$5,411</b>	

**PROGRAM DECREASES** – Program decreases are year-over-year cost decreases resulting from changes in agency priorities, policy decisions, dedicated funding, or workloads estimates.

<b>D1. Payroll Decreases - Net Decrease in SSA WYs<sup>1</sup></b>	<b>63,274</b>		<b>61,963</b>	<b>-\$129,636</b>	<b>-1,311</b>	<b>\$-129,636</b>
<b>D2. Payroll Decreases - Net Decrease in Disability Determination Service WYs</b>	<b>13,551</b>		<b>13,148</b>	<b>-\$58,289</b>	<b>-403</b>	<b>-\$58,289</b>
<b>D3. Non-Payroll Costs</b>		<b>\$557,521</b>		<b>\$500,073</b>		<b>-\$57,448</b>
<b>D4. Dedicated FY 2018-2019 Funding to Reduce the Hearings Backlog</b>	<b>977</b>	<b>\$93,959</b>		<b>\$ -</b>	<b>-977</b>	<b>-\$93,959</b>
<b>D5. IT Modernization out of \$325M No-Year Funds<sup>2</sup></b>		<b>\$137,331</b>		<b>\$68,366</b>		<b>-\$68,965</b>
(a) IT Costs in Support of IT Modernization out of \$325M No-Year		\$81,101		\$41,548		-\$39,553
(b) Payroll Costs in Support of IT Modernization out of \$325M No-Year		\$56,230		\$ 26,818		-\$29,412
<b>D6. Medicare Access &amp; CHIP Reauthorization Act (MACRA)<sup>3</sup></b>	<b>8</b>	<b>\$1,121</b>	<b>2</b>	<b>\$264</b>	<b>-6</b>	<b>-\$857</b>
<b>Subtotal, Program Decreases</b>	<b>\$789,931</b>		<b>\$380,778</b>		<b>-\$409,153</b>	
<b>TOTAL, DECREASES</b>	<b>77,810</b>	<b>\$3,038,631</b>	<b>75,113</b>	<b>\$2,624,067</b>	<b>-2,697</b>	<b>-\$414,564</b>

**NO NET CHANGE** - Obligations not expected to change in FY 2020 year-over-year compared to FY 2019.

<b>E1. IT Obligations Funded from Prior-Year Unobligated Balances<sup>4</sup></b>	<b>\$100,000</b>		<b>\$100,000</b>	
<b>E2. OIG Transfer - CDI Team Leaders from SSA Program Integrity Funding</b>	<b>\$10,000</b>		<b>\$10,000</b>	

<sup>1</sup> Includes WYs funded out of IT no-year amounts on line D5 (b).

<sup>2</sup> The total FY 2019 cost associated with IT Modernization is \$167 million, which includes \$81 million in IT costs and \$56 million in Payroll out of the \$325 million no-year dedicated IT Modernization funds. The total FY 2020 cost associated with IT Modernization is \$155 million, which includes \$42 million in IT costs and \$27M in Payroll out of the \$325 million no-year dedicated IT Modernization funds.

<sup>3</sup> The funding available for SSA to carry out the provisions of the Medicare Access and CHIP Reauthorization Act of 2015 amount for FY 2019 and onward is \$27 million, available until expended.

<sup>4</sup> Estimated ITS carry-over is based on historical actuals of the total amounts available from the previous 5 fiscal years that became available for obligation gradually throughout the budget year.

	Limitation on Administrative Expenses					
	FY 2019		FY 2020		Change	
	WYs	Obligations	WYs	Obligations	WYs	Obligations
E3. Medicare Improvement for Patient and Providers Act (MIPPA) - Low Income Subsidy (LIS)		\$5,790		\$5,790		
E4. Medicare Improvement for Patient and Providers Act (MIPPA) - Medicare Savings Program (MSP)		\$7,448		\$7,448		
E5. State Children's Health Insurance Program (SCHIP)		\$998		\$998		
<b>Subtotal, No Net Change</b>		<b>\$124,236</b>		<b>\$124,236</b>		
<b>TOTAL OBLIGATIONS, NET CHANGE<sup>1</sup></b>	<b>78,038</b>	<b>\$13,129,473</b>	<b>75,895</b>	<b>\$13,094,079</b>	<b>-2,143</b>	<b>-\$35,394</b>

<sup>1</sup> Total does not include reimbursables and is prior to completing the transfer to OIG.

## BUDGETARY RESOURCES BY OBJECT

**Table 3.18—Budgetary Resources by Object<sup>1,2,3</sup>**  
(Dollars in thousands)

	<b>FY 2019</b>	<b>FY 2020</b>	<b>Change</b>
Personnel Compensation			
Permanent positions	\$5,223,171	\$5,270,240	\$47,069
Positions other than permanent	\$86,084	\$86,418	\$333
Other personnel compensation	\$282,438	\$146,764	-\$135,674
Special personal service payments	\$0	\$4,113	\$4,113
Subtotal, personnel compensation	\$5,591,694	\$5,507,535	-\$84,159
Personnel Benefits <sup>4</sup>	\$1,810,372	\$1,946,996	\$136,623
Travel and transportation of persons	\$13,207	\$12,818	-\$389
Transportation of things	\$4,309	\$4,182	-\$127
Rent, communications, and utilities			
Rental payments to GSA	\$716,232	\$723,594	\$7,362
Rental payments to others	\$361	\$387	\$27
Communications, utilities, misc.	\$520,603	\$537,220	\$16,616
Printing and reproduction	\$21,349	\$20,654	-\$694
Other services (DDS, guards, etc.)	\$3,989,707	\$3,885,104	-\$104,603
Supplies and materials	\$23,001	\$22,323	-\$678
Equipment	\$268,966	\$268,591	-\$375
Land and structures	\$112,885	\$109,560	-\$3,326
Grants, subsidies and contributions	\$32,259	\$31,309	-\$950
Insurance claims and indemnities	\$24,526	\$23,803	-\$723
Interest and dividends	\$2	\$2	\$0
<b>Total Obligations</b>	<b>\$13,129,473</b>	<b>\$13,094,079</b>	<b>-\$35,394</b>
Resources not being obligated in the current year (carrying over or lapsing)	\$373,393	\$152,314	-\$221,079
<b>Total Budgetary Resources</b>	<b>\$13,502,866</b>	<b>\$13,246,393</b>	<b>-\$256,473</b>
Payments to State DDS (funded from other services and Communications, utilities, and misc.)	\$2,248,700	\$2,185,000	-\$63,700

<sup>1</sup> Totals do not include reimbursables and may not add due to rounding.

<sup>2</sup> The obligations include the base LAE appropriation, MSP, LIS, SCHIP, NSC, MACRA, the Altmeyer Renovation, and dedicated funding to address the hearings backlog. Total budgetary resources in the table reflect FY 2019 and FY 2020 projections of spending by object class. Resources are not managed at the object class level and SSA has the flexibility within the LAE account to modify projected spending during the budget execution process.

<sup>3</sup> As required by the FY 2019 Omnibus General Provision 523, the Office of Communications estimates \$4.3 million of FY 2019 funds to be obligated for advertising.

<sup>4</sup> Approximately \$100 million of the Personnel Benefits increase reflects the FERS Employer Contribution increase from 13.7% to 16.0% effective October 2019 per OMB Circular A-11, June 2018.

## PERFORMANCE TARGETS

The President's FY 2020 request will allow SSA to achieve the following key performance targets:

**Table 3.19—Key Performance Targets**

Workload and Outcome Measures	FY 2018 Actual	FY 2019 Estimate <sup>1</sup>	FY 2020 Budget
<b>Retirement and Survivor Claims</b>			
Retirement and Survivor Claims Completed (thousands)	5,862	6,009	6,324
<b>Disability Claims</b>			
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
<b>Disability Reconsiderations</b>			
Disability Reconsiderations Receipts (thousands)	553	635	740
Disability Reconsiderations Completed (thousands)	542	597	660
Disability Reconsiderations Pending (thousands) <sup>2</sup>	115	153	233
Average Processing Time for Disability Reconsiderations (days) <sup>3,4</sup>	103	105	105
<b>Hearings</b>			
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) <sup>5</sup>	595	515	390
<b>National 800 Number</b> <sup>6</sup>			
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%
<b>Program Integrity</b>			
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
Social Security Numbers (SSN) Completed (millions)	17	17	17
Annual Earnings Items Completed (millions)	284	285	285
Social Security Statements Issued (millions) <sup>7</sup>	15	15	15
<b>Selected Production Workload Measures</b>			

<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

### Limitation on Administrative Expenses

Workload and Outcome Measures	FY 2018 Actual	FY 2019 Estimate <sup>1</sup>	FY 2020 Budget
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)

SSA's budget is fully integrated with its Annual Performance Plan (APP), which is included as the second from last tab in this *Justification of Estimates for Appropriations Committees*, and online at [our website](#). The budget estimates are linked to the key performance measures above and support all of the more detailed measures outlined in the APP.

## PROGRAM INTEGRITY

**Table 3.20—Program Integrity Workloads and Funding by Source<sup>1</sup>**  
(Dollars in millions)

	FY 2018 Actuals	FY 2019 Estimate	FY 2020 Estimate
<b>Volumes</b>			
Full Medical CDRs Completed	896,508	703,000	674,360
SSI Non-Medical RZs Completed	2,913,443	2,822,000	2,822,000
<b>Funding<sup>2,3</sup></b>			
Unobligated Balance, start-of-year	\$195	\$68	\$71
Dedicated Program Integrity Funding	\$1,735	\$1,683	\$1,582
<b>Subtotal PI Resources</b>	<b>\$1,930</b>	<b>\$1,751</b>	<b>\$1,653</b>
Less Unobligated Balance, end-of-year	-\$68	-\$71	-\$8
<b>Total PI Obligations<sup>4</sup></b>	<b>\$1,863</b>	<b>\$1,680</b>	<b>\$1,645</b>
OASI	\$173	-	-
DI	\$280	\$329	\$288
SSI	\$1,240	\$1,351	\$1,357
HI	\$73	-	-
SMI	\$84	-	-
Medicare Part D	\$12	-	-
<b>Total PI Obligations<sup>5,6</sup></b>	<b>\$1,863</b>	<b>\$1,680</b>	<b>\$1,645</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> The Consolidated Appropriations Act, 2017 (P.L. 115-31) extended the availability of the FY 2017 Program Integrity funding through March 31, 2018. Appropriations for FYs 2018 and 2019 continued this language, and the Budget proposes to continue 18-month availability in the FY 2020 appropriation. Dedicated Program Integrity Funding represents the authorized level that was provided in BBEDCA, as amended by the Bipartisan Budget Act of 2015 (P.L. 114-74). We received the authorized amount in FY 2018 and FY 2019 and assume we will receive it in FY 2020.

<sup>3</sup> The total includes \$10 million as a transfer in FY 2019 and FY 2020 from LAE to the SSA's Inspector General (OIG) for Cooperative Disability Investigations (CDI) units team leaders. This anti-fraud activity is an authorized use of the cap adjustment.

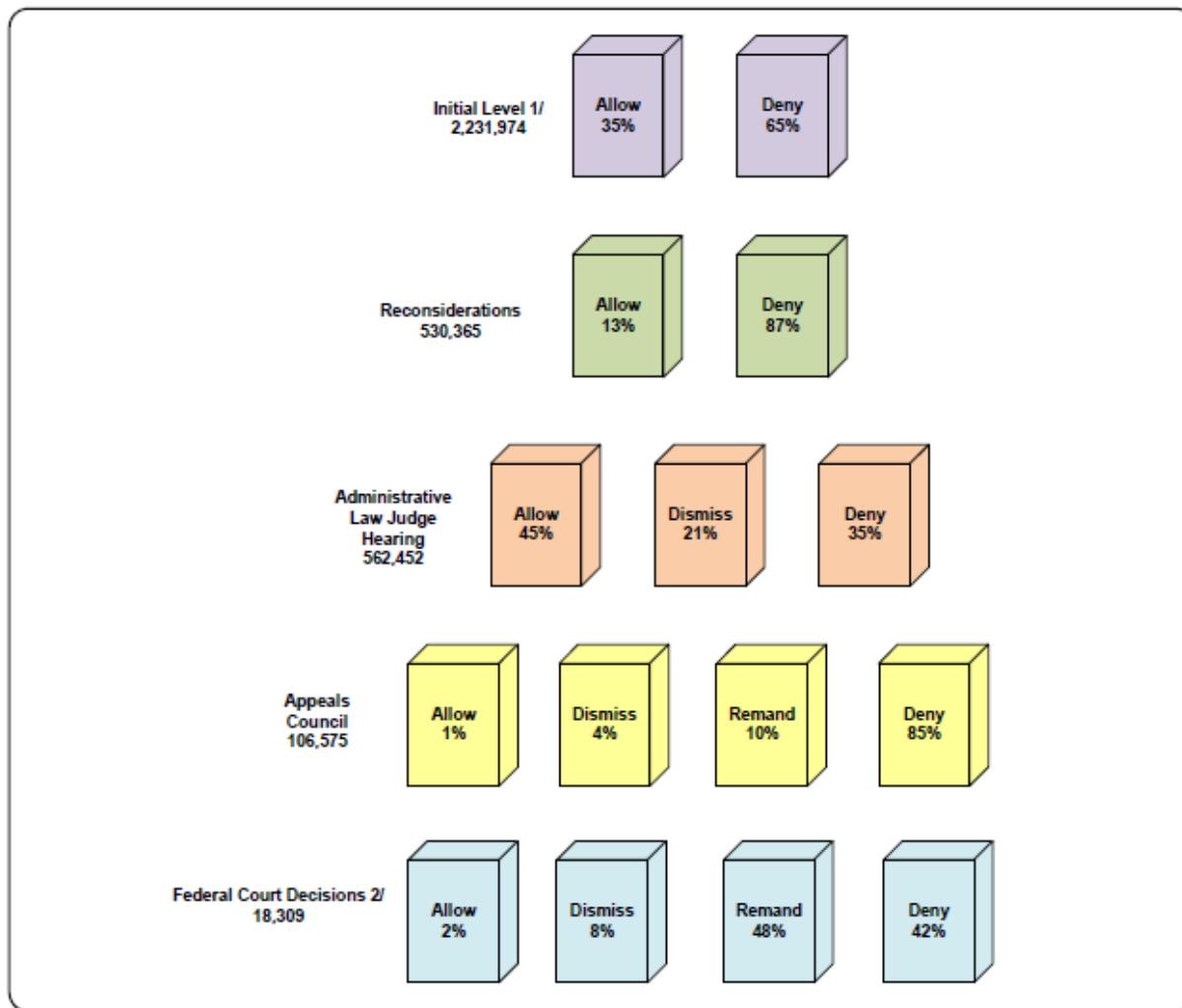
<sup>4</sup> These totals include the combined costs of CDRs, SSI Redeterminations, CDI units, and the Special Assistant United States Attorneys.

<sup>5</sup> Totals may not add due to rounding.

<sup>6</sup> In budget formulation, workload costs are projected for DI and SSI spending but not for OASI, HI, SMI, or Medicare Part D. These costs are reported with the actuals.

FY 2018 DISABILITY DECISION DATA

Table 3.21—Fiscal Year 2018 Disability Decision Data\*



\*Includes Title II, Title XVI, and concurrent initial disability determinations and appeals decisions issued in FY 2018, regardless of the year in which the initial claim was filed, and regardless of whether the claimant ever received benefits (in a small number of cases with a favorable disability decision benefits are subsequently denied because the claimant does not meet other eligibility requirements.) Does not include claims where an eligibility determination was reached without a determination of disability. If a determination or appeals decision was made on Title II and Title XVI claims for the same person, the results are treated as one concurrent decision.

Prepared by: SSA, ODPMI (Office of Disability Program Management Information)

Date Prepared: January 15, 2019

Data Sources:

1. Initial and Reconsideration Data: SSA State Agency Operations Report

<sup>1</sup>About 22% of initial level denials are issued in States that use the Disability Prototype process, which eliminates the reconsideration step of the appeals process. The first level of appeal for these cases is a hearing before an Administrative Law Judge.

<sup>2</sup>Federal Court data includes appeals of Continuing Disability Reviews.

#### **Limitation on Administrative Expenses**

2. Administrative Law Judge and Appeals Council data: SSA Office of Hearings Operations (OHO) and Office of Analytics, Review, and Oversight (OARO)
3. Federal Court data: SSA Office of General Counsel

#### **PRIORITY GOALS**

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To ensure our accountability to the public we serve, and as required by the GPRA Modernization Act of 2010, we established the following ambitious and outcome-focused Agency Priority Goals (APG). Our APG helps us achieve our overarching strategic goals and objectives set forth in our FY 2018-2020 Annual Performance Report (APR). These goals are:

1. Improve customer service in the hearings process by prioritizing those individuals who have waited the longest for a hearing decision.
2. Improve the integrity of the Supplemental Security Income program by focusing our efforts on reducing overpayments.

We have specific measures and milestones to monitor our progress, and our goals reflect SSA's Enterprise Risk Management actions. Additionally, through our quarterly internal review process, our executives have candid discussions regarding progress, any challenges we must overcome, and strategies that will support goal achievement.

Please see the FY 2018-2022 APR for more information on agency priority goals.

## **ADDITIONAL BUDGET DETAIL**

### **INFORMATION TECHNOLOGY RESOURCE STATEMENT**

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

In addition to our day-to-day efforts to keep the agency functioning, two critical components of this year's ITS budget are moving forward with our comprehensive multi-year IT Modernization plan and continuing and improving our aggressive cybersecurity program.

This section covers SSA-wide IT spending across all funding sources and programs. The intention is to provide a portfolio view of major IT investments to show how these investments relate to specific activities. Additional information on specific IT investments can be viewed at the IT Portfolio Dashboard located at the following web address:

<https://www.itdashboard.gov/drupal/summary/016>

The Chief Information Officer (CIO) reviews all IT spending to ensure it includes only those projects and activities that are most critical for the agency's operations and/or have the highest payback. Our Information Technology Investment Review Board (ITIRB) governs the IT investment executive decision making and oversight process. The CIO chairs our ITIRB, with the rest of the board consisting of the top executives across the agency. Through the ITIRB, we ensure that investment proposals undergo rigorous planning, informed investment selection, transparent investment control, and relevant investment evaluation to provide the greatest benefit to our mission and to the taxpayer.

#### **IT Resource Statement**

In accordance with the Federal Information Technology Acquisition Reform Act (FITARA) of 2014, OMB Circular A-11, Sec. 51.3 and OMB FY 2019 IT Budget – Capital Planning Guidance, SSA is providing the following affirmations:

- a) SSA's CIO affirms he has collaborated with the SSA Chief Financial Officer (CFO) on the IT Budget submissions, and that it includes appropriate estimates of all IT resources included in the budget request.

#### Limitation on Administrative Expenses

- b) SSA's CIO affirms that he has reviewed and provided significant input in approving all IT Investments included in this budget request.
- c) SSA's CFO and CIO affirm that the CIO had a significant role in reviewing planned IT support for all major programs and significant increases and decreases in IT resources reflected in this IT budget request.
- d) SSA's CIO affirms that the agency has developed and implemented its plan to ensure that common baseline Element D ("D1. CIO reviews and approves Major IT Investment portion of the budget request") FITARA responsibilities are in place. The CIO common baseline rating is Fully Implemented for Element D.
- e) SSA's CIO certifies that IT investments are adequately implementing incremental development. SSA has implemented incremental development for 33 percent of our development IT investments.

#### INFORMATION TECHNOLOGY COSTS

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**Table 3.22—Total ITS Budget Authority**

(Dollars in Millions)	TAFS Code	FY 2018	FY 2019	FY 2020
ITS New Budget Authority	28188704	\$1,081	\$1,193	\$1,234
Prior Year Transfer/Carryover	028X8704	\$228	\$100	\$100
IT Reimbursables	28188704	\$7	\$5	\$5
Special Appropriation ITS (\$325M)	028X8704	\$44	\$81	\$42
Recovery Act (NSC)	028X8704	\$0.3	\$2	\$0
ODAR Anomaly	02817/188704	\$9	\$0	\$0
<i>Subtotal ITS</i>		<b>\$1,369</b>	<b>\$1,382</b>	<b>\$1,381</b>
Internal Labor (Payroll)	28188704	\$553	\$527	\$562
Special Appropriation Internal Labor (Payroll) (\$325M)	028X8704	\$0	\$56	\$27
<i>Subtotal Payroll</i>		<b>\$553</b>	<b>\$583</b>	<b>\$589</b>
<b>Total</b>		<b>\$1,923</b>	<b>\$1,965</b>	<b>\$1,969</b>

*Note: Totals may not add due to rounding*

## Limitation on Administrative Expenses

**Table 3.23—IT Costs**

Dollars In Millions	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Maintenance & Lease	\$330	\$393	\$378
Contractor Support	\$527	\$521	\$505
Inter-Agency Agreement	\$7	\$7	\$8
Software	\$36	\$74	\$81
Hardware	\$209	\$165	\$177
Telecommunications	\$250	\$208	\$209
IT Service/Subscription	\$10	\$14	\$23
<b>Total</b>	<b>\$1,369</b>	<b>\$1,382</b>	<b>\$1,381</b>

*Note: Totals may not add due to rounding.*

**Table 3.24—LAE Expired Balances & No-Year IT Account**  
(Dollars in thousands)

<u>LAE Expired Accounts</u>	<u>Amounts</u>
LAE unobligated balance from FY 2014-2017	\$191,600
LAE unobligated balance available from FY 2018	\$71,900
Total LAE unobligated balance from FY 2014-2018	\$263,500 <sup>1</sup>
Amounts projected for prior year adjustments	-\$204,400 <sup>2</sup>
<b>Total LAE unobligated balance available for transfer from FY 2014-2018</b>	<b>\$59,100</b>
<hr/>	
<b>No-Year ITS Account</b>	
Carryover from funds transferred in FY 2017 for FY 2018	\$104,600
Carryover from FY 2017 (Unobligated Balances)	\$7,640
Total carryover from FY 2017 to FY 2018	\$112,240

<sup>1</sup> Reflects adjustments to the unobligated balances for these years. Balances as of 9/30/2018.

<sup>2</sup> It is essential that these funds remain in the expired LAE accounts (FY 2014-2018) to cover potential upward adjustments. Otherwise, SSA could face an anti-deficiency violation.

<b>Limitation on Administrative Expenses</b>	
<b><u>LAE Expired Accounts</u></b>	<b><u>Amounts</u></b>
Funds transferred in FY 2018 for FY 2019	\$156,404
Total FY 2018 no-year ITS funding available	\$268,644
FY 2018 Obligations	-\$227,962
Recoveries in FY 2018	\$0.00
<b>Total carryover into FY 2019</b>	<b>\$40,682</b>
Funds available for transfer in FY 2019 for FY 2019	\$59,100
<b>Total FY 2019 no-year ITS funding available</b>	<b>\$99,782</b>

## **RECENT ITS PROGRESS AND ACCOMPLISHMENTS**

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### **FY 2018 Accomplishments and FY 2019 Progress:**

- **Arrival and Departure Information System (ADIS)** – We will establish a data exchange with the Department of Homeland Security (DHS)/Customs and Border Protection to obtain travel data via the ADIS on claimants, current recipients, and beneficiaries who travel outside the United States. Integrating ADIS data in our programmatic business processes ensures that our technicians and systems have essential evidence on absences from the U.S. to make accurate payment determinations upon adjudication of a claim and take timely post-adjudicative actions. We have reached an agreement with DHS to deliver a web service by the 4<sup>th</sup> quarter of FY 2019.
- **Authentication and Authorization** – We are developing both short-term and long-term authentication strategies by incorporating data-driven, secure, privacy-enhancing solutions to protect individuals and prevent fraud. In FY 2018 we explored opportunities to improve our capabilities in this area by partnering with an external credential service provider and collaborating on a federated approach for accessing the *my Social Security* portal.
- **Continuing Death Data Improvement** – We added nearly 8 million dates of death to the Death Master File (DMF) to support the prevention of improper payments across federal benefit paying agencies.
- **Customer Engagement Tools (CET)** –This investment focuses on the creation of interactive tools for our front-line employees and for members of the public to conduct business with us. Recent accomplishments include:
  - **Customer View** - We released the Customer View prototype. Customer View will collect aggregate beneficiary information and present it in plain language for technicians to assist Social Security customers.
  - **Click to Chat** – We introduced an option for *my Social Security* users to obtain help from an employee via live chat.
  - **Click-to Callback** – We plan to integrate this with Click-to-Chat to allow employees to manage both service channels in a single toolset, improving operational efficiency.
  - **Dynamic Help** – We upgraded to a modern knowledgebase in the cloud, improving our ability to provide answers to frequently asked customer questions.
  - **Message Center** – We moved our Message Center to the Agency Cloud Infrastructure and enhanced email and text messaging capabilities to support large volumes of online notices to customers.
- **Cybersecurity** – We implemented multi-factor authentication for the *my Social Security* website to strengthen our anti-fraud and identity theft safeguards. We also implemented new federal standards for email and internet security, and strengthened protections for

our privileged user accounts. We enforced mandatory awareness training and made it easier for our users to identify and report suspected phishing attacks. We enhanced our ability to detect attempted intrusions. The agency is constantly performing penetration and vulnerability testing and will continue to work with third parties and other federal government agencies to assess our network defenses.

- **Debt Management** - We completed the first major release to modernize our debt management systems. This release contains the foundational debt structure, viewing capabilities for overpayment data, and the ability to search a debt record. In addition, we have completed the initial Pay.gov documentation and agreement with Treasury to allow us to collect debts through our website.
- **DCPS** – We completed three releases that resulted in:
  - Improved case management functionality and expanded internal Quality Assurance
  - Enhanced functionality for Case Analysis, Case Receipt, Dashboard, Evidence, Fiscal, and Internal Quality Assurance
  - Support for Initial Adult CDRs, enhanced consultative exam search capabilities, provided locking capability for fiscal payment requests (to prevent multiple users editing the same fiscal record), allowed system administrators to set case thresholds for examiners, provided the ability to identify the fiscal invoice pages in a payment request, allowed supervisors to assign/reassign referrals, and added Missouri and Vermont as production sites.
- **IMAGEN** – We began testing decision support software that uses natural language processing and related technologies. The software extracts relevant content from medical evidence of record, which improves usability and efficiency for disability adjudicators to search, filter, and identify the necessary information for adjudicating disability claims.
- **Infrastructure** –
  - **Data Center** - We continue to meet increasing online public service demands and exceed our 99.8 percent operational service level targets. FY 2018 availability was 99.94 percent, and FY 2019 availability was 99.97 percent through the first quarter. Our data center infrastructure remains reliable and secure using Amazon Web Services for public cloud, open source solutions for on-premise cloud, and IBM z/13 and z/14 enterprise-class mainframe technologies. Our data center now has two cloud infrastructure options - public cloud and on-premise cloud.
  - **Cloud Adoption Increasing** – There are 38 software initiatives of which 15 are in production. All IT Modernization efforts are utilizing cloud infrastructure.
  - **Platform Independence** - We are balancing our computing and application hosting across mainframe and cloud.
  - **E-mail in the Cloud Implementation** – In FY 2019 we have established ExpressRoute connectivity to Microsoft Government Azure Cloud and a security

## Limitation on Administrative Expenses

assessment is in progress. Based on the agency plan, in August 2019 we will begin migration of Microsoft Exchange mailboxes to the Microsoft Office365 production environment and will complete migration in 2020.

- **Internet Social Security Number Replacement Card** – We continued to expand the availability of our online application for a replacement Social Security card to additional states, bringing the total to 34 states, plus the District of Columbia. We will continue to expand iSSNRC to additional States throughout FY 2019.
- **Insight** – We deployed this decisional quality tool to all hearings offices.
- **IT Modernization** - We released functionality across eight business and technical domains to better serve the public through a modern technology foundation:
  - **Communications** – We enhanced Customer Communications Management architecture to support online notices and provide the technical foundation for future expansion of notices in the digital delivery channel.
  - **Disability** – We implemented two releases of the Hearings and Appeals Case Processing System which, when fully implemented, will retire systems including the Case Processing Management System, the Appeals Review Processing System, and the Document Generation System.
  - **Benefits** – We released functionality that allows an employee to complete the claim data collection using the SSI Claims intranet software application that is easier for our technicians to use and reduces data entry.
  - **Earnings** – We retired outdated software and released software improvements to detect wage reporting errors, allowing more timely error correction.
  - **Enumeration** – We added nearly 8 million historical death records to the NUMIDENT and updated the DMF with this data to prevent improper payments.
  - **Infrastructure** – We extended our infrastructure to include on-premise cloud for development of business solutions requiring proximity to data center resources to mitigate performance risk associated with using public cloud.
  - **Data** – We retired two outdated legacy databases and released functionality that improved data standardization by incorporating global reference tables and new data elements, eliminated redundancy/inconsistency in data collection/storage with a new database structure, and reduced risks/dependencies by decoupling shared programs between Title II and the Person Information database.
- **my Social Security** – We enhanced our online wage reporting application to improve the user experience and allow disabled SSI beneficiaries and their representative payees to use the application.
- **iAppeals** – We provided claimants the ability to file a Request for Review of a hearing decision electronically.

## Limitation on Administrative Expenses

- **Quantum Leap** – We increased the network bandwidth capacity of additional field offices to increase computer speed and performance. The upgrade increases the download speed to 100 megabits per second from the prior download speeds of between 3 to 10 megabits per second (about as fast as a single iPhone 6 on a 4G network).
- **Representative Payee** – We added functionality to easily identify and communicate to foster care agencies information regarding overpayments of minors while the foster care agency is responsible for the minor.
- **SSI Modernization** – We eliminated the green screens employees use to document SSI claims information, and replaced them with modern web screens, which also eliminated the need for COBOL code supporting those screens.

## FY 2020 ITS BUDGET HIGHLIGHTS

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The total FY 2020 funding level for IT is \$1,969 million, an increase of \$4 million above the FY 2019 enacted level. Below are several of SSA's top priorities.

- **(CET) (\$3M):** The CET investment seeks to modernize how we manage online customer service requests. It will include a new communication functionality to *my Social Security* registrants and incorporate the use of web-based features that will enhance our ability to assist online users. Overall, this initiative will expand communication methods and provide interactive services for the public.
- **Cybersecurity (\$139M):** Cybersecurity is a top priority, and securing the systems and data we need to administer our programs is foundational to our modernization efforts. This domain is focused on addressing ongoing cyber threats and ensuring that data and business processes remain secure. It incorporates security and privacy controls into our applications and the design of our IT environments and systems. It also involves adding security controls to address the risks inherent in our legacy applications, ensuring continuous monitoring, a comprehensive integrity review process, and employee access to only the resources that are appropriate for their job function.
- **DCPS (\$10M):** DCPS will replace 52 independently operated State DDS systems with a modern, common case-processing system. DCPS will provide more efficient disability case processing, improve customer service, and reduce administrative costs.

Seventeen DDSs (Delaware, Maine, Ohio, Virginia, Iowa, Rhode Island, South Dakota, Washington, Nebraska, the District of Columbia, Missouri, Vermont, Louisiana, Wyoming, New Jersey, Kansas, and Mississippi) currently use DCPS. Twenty more will deploy DCPS throughout the remainder of FY 2019. In FY 2020, we will complete product rollout to remaining DDS sites. In FY 2020 and beyond, DCPS will be the central vehicle for future nationally uniform policy improvements to the disability determination process.

- **Debt Management Product (DMP) (\$5M):** We are modernizing our program debt management systems to eventually replace over 20 legacy systems through the DMP, a

## Limitation on Administrative Expenses

multi-year, multi-release IT investment. It will provide one comprehensive overpayment system to streamline our overpayment business process and enable us to more effectively and efficiently post, track, collect, and report overpayments. Additionally we are enhancing the remittance and waiver process.

- **IT Modernization (\$155M):** Our IT Modernization initiative reflects our strong commitment to service to the public, while also emphasizing use of efficient, affordable and secure IT solutions. We will better serve the public with a modern technology foundation that retires outdated legacy systems, reduces reliance on old mainframe architectures, employs agile development, and improves our ability to respond to changes in the programs we administer and the technology we rely on to deliver service. As we modernize in FY 2020, we will increase the number of notices beneficiaries can access online via their *my Social Security* account, implement new software to support the initial claims process, expand the use of modern software to adjudicate cases at the hearings and appeals levels, and revise our annual wage reporting processes to increase use of electronic wage reporting.
- ***my Social Security* (\$6M):** 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*. In FY 2019 and FY 2020, the product will improve self-service for individuals planning for Social Security benefits, introducing new tools to create custom retirement estimates, determine spousal benefits, and correct information on their earnings record prior to starting an application. The product will expand self-service access to representative payees with the ability to conduct annual accounting, request benefit verifications, and access tax related documents for the individuals that they represent. In support of Section 824 of the Bipartisan Budget Act (BBA), the product will allow individuals to consent to automated information exchange with payroll data providers to obtain verified wage and employment information without the need for independent verification. This will supplement additional enhancements to our online wage reporting service (*my Wage Report*) that now allows both Social Security Disability Insurance and SSI recipients to submit monthly wages and immediately process the reports within the benefit system. We are also working toward a holistic view that provides all beneficiaries' data 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.
- **Next Generation Telephony Project (NGTP) (\$105M):** NGTP will converge the three telephony systems into one Unified Communication platform designed to improve business and public services through Omni-channel telecommunications access. In FY 2020, the build out of the NGTP enterprise and site implementation rollout continues.
- **Representative Payee (\$6M):** The Strengthening Protections for Social Security Beneficiaries Act improves and strengthens the representative payment program. In

#### **Limitation on Administrative Expenses**

FY 2020, we will continue work on various sections of The Strengthening Protections for Social Security Beneficiaries Act of 2018:

- Section 101: Continue work on better representative payee monitor and improve misuse functionality
- Section 103: Complete work on the data exchange with States for foster care data
- Section 104: Continue work on functionality to identify overpayments on which the State is liable and to halt the overpayment collection from the beneficiary
- Section 202: Continue work on criminal background check functionality
- Section 202: Start work on functionality to prevent selecting representative payees who have a representative payee

## **OUR ITS PORTFOLIOS**

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We have divided our IT investments into six portfolios: IT Modernization, Agency Programmatic Applications, Agency Administrative Applications, Infrastructure, IT Governance and Support, and Cybersecurity. Please see the pie chart below that illustrates how our total FY 2020 ITS budget is divided by portfolio. Detailed summary tables follow.

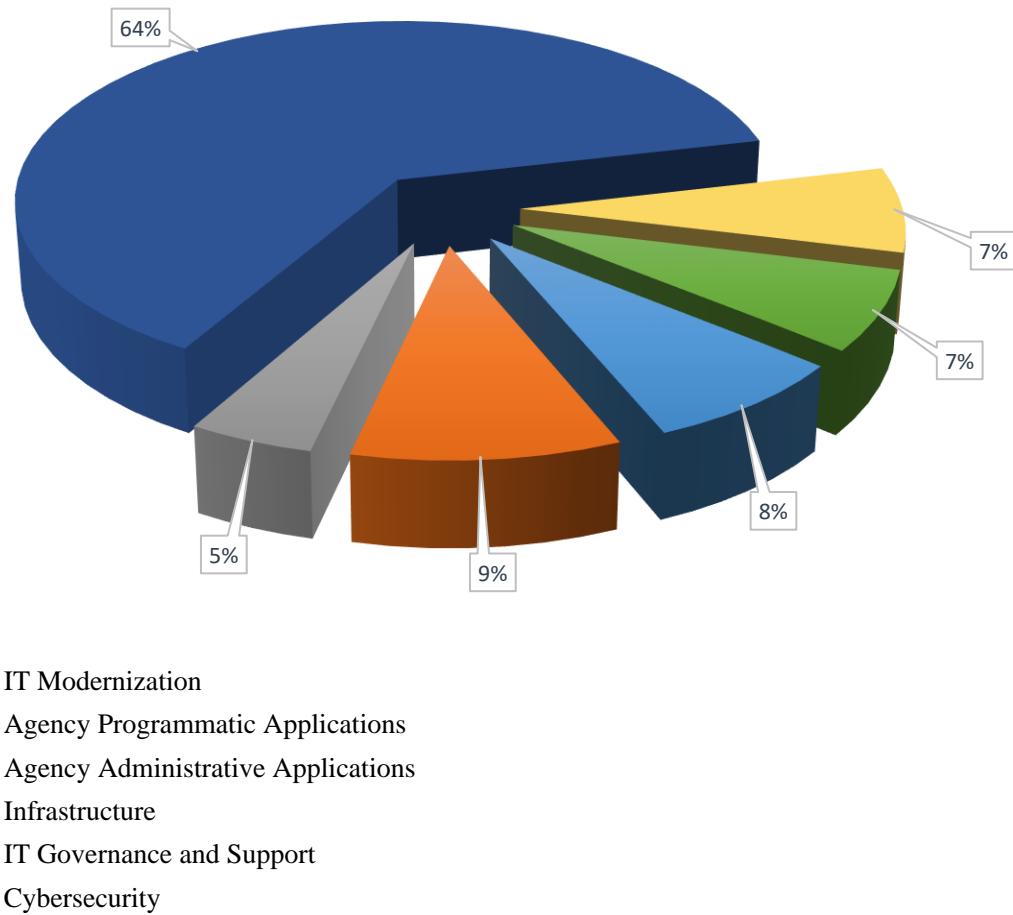


Table 3.25—ITS Budget Summary by Portfolio

(Dollars in Millions)	FY 2018	FY 2019	FY 2020
Special Appropriation IT Funds	\$44	\$81	\$42
LAE IT Funds	\$45	\$29	\$64
Special Appropriation Internal Labor	\$0	\$56	\$27
Internal Labor	\$42	\$0	\$23
Anomaly IT Funds	\$9	\$0	\$0
<i>IT Modernization, Subtotal</i>	<b>\$141</b>	<b>\$167</b>	<b>\$155</b>
LAE IT Funds	\$983	\$1,030	\$1,056
Internal Labor	\$191	\$191	\$201
<i>Infrastructure, Subtotal</i>	<b>\$1,174</b>	<b>\$1,221</b>	<b>\$1,257</b>
LAE IT Funds	\$41	\$17	\$18
Internal Labor	\$118	\$122	\$129
<i>IT Governance &amp; Support, Subtotal</i>	<b>\$159</b>	<b>\$139</b>	<b>\$146</b>
LAE IT Funds	\$54	\$39	\$52
Internal Labor	\$33	\$40	\$39
<i>Agency Administrative Applications, Subtotal</i>	<b>\$87</b>	<b>\$79</b>	<b>\$91</b>
LAE IT Funds	\$114	\$63	\$48
Internal Labor	\$134	\$137	\$133
<i>Agency Programmatic Applications, Subtotal</i>	<b>\$248</b>	<b>\$200</b>	<b>\$181</b>
LAE IT Funds	\$79	\$123	\$101
Internal Labor	\$35	\$37	\$37
<i>Cybersecurity, Subtotal</i>	<b>\$114</b>	<b>\$160</b>	<b>\$139</b>
<b>Total ITS Portfolios</b>	<b>\$1,923</b>	<b>\$1,965</b>	<b>\$1,969</b>

Note: Totals may not add due to rounding.

### IT Governance and Support

**Description:** The IT Governance and Support portfolio provides for enterprise-wide shared delivery capability, including the central personnel and account managers for products and services shared across the enterprise. The IT Management standard investment captures all costs associated with IT Management and Strategic Planning (including CIO and other senior leadership full-time equivalent (FTE) costs), Enterprise Architecture, Capital Planning, IT Budget/Finance, IT Vendor Management, 508 Compliance, general IT policy and reporting, and IT Governance.

### Limitation on Administrative Expenses

**FY 2020 Budget:** \$146.2 million, an increase of \$7.4 million from FY 2019.

#### IT Governance and Support

IT Budget (in Millions)	FY 2018			FY 2019			FY 2020		
	ITS	Internal Labor	Total	ITS	Internal Labor	Total	ITS	Internal Labor	Total
Delivery	\$14.4	\$0.0	\$14.4	\$2.1	\$4.9	\$7.0	\$2.1	\$6.8	\$8.9
IT Management (S)	\$27.0	\$118.0	\$145.1	\$14.6	\$117.2	\$131.8	\$15.4	\$121.9	\$137.4
<b>Total IT Governance and Support</b>	<b>\$41.4</b>	<b>\$118.0</b>	<b>\$159.5</b>	<b>\$16.7</b>	<b>\$122.1</b>	<b>\$138.8</b>	<b>\$17.6</b>	<b>\$128.7</b>	<b>\$146.2</b>

*Note: Totals may not add due to rounding.*

- The Delivery standard investment provides for the provisioning of enterprise-wide shared delivery capability. This includes the central Project Management Office personnel and account managers for products and services shared across the enterprise.
- The IT Management standard investment captures all costs associated with IT Management and Strategic Planning (including CIO and other senior leadership FTE costs), Enterprise Architecture, Capital Planning, IT Budget/Finance, IT Vendor Management, 508 Compliance, general IT policy and reporting, and IT Governance.

#### INFRASTRUCTURE

**Description:** The Infrastructure portfolio provides the overall foundation from which the entire agency's IT is designed, developed, and operated. It includes our telephones and telecommunications systems, computers for our approximately 63,000 employees across the nation, end user software, help desk support, and data center and cloud infrastructures. With extensive workloads and new service delivery channels, our reliance on IT and electronic data continues to increase. The initiatives within Infrastructure assure the sustained operation of current IT and provide an environment to support the growth of the agency's new systems and technical infrastructure. Through IT Modernization, and specifically the Infrastructure domain, we are facilitating and expediting our infrastructure modernization capability to meet the Business Domain software development requirements.

**FY 2020 Budget:** \$1,257.1 million, an increase of \$36.0 million from FY 2019. The increase will be used primarily for necessary storage, data network hardware refreshments and new telephone contracts, including the NGTP.

Infrastructure

IT Budget (in Millions)	FY 2018			FY 2019			FY 2020		
	ITS	Internal Labor	Total	ITS	Internal Labor	Total	ITS	Internal Labor	Total
Application Standard Investment	\$55.1	\$56.5	\$111.7	\$32.9	\$44.2	\$77.1	\$33.4	\$45.5	\$78.8
Data Center Standard Investment	\$445.4	\$36.2	\$481.6	\$413.4	\$36.8	\$450.2	\$436.4	\$39.2	\$475.6
End User Standard Investment	\$125.8	\$79.7	\$205.5	\$118.8	\$83.5	\$202.4	\$114.4	\$87.1	\$201.5
Network Standard Investment	\$348.5	\$18.6	\$367.1	\$458.4	\$19.6	\$478.0	\$464.8	\$21.4	\$486.2
Platform	\$8.2	\$0.0	\$8.2	\$6.6	\$6.9	\$13.6	\$6.8	\$8.2	\$15.0
<b>Total Infrastructure</b>	<b>\$983.0</b>	<b>\$191.0</b>	<b>\$1,174.1</b>	<b>\$1,030.1</b>	<b>\$191.0</b>	<b>\$1,221.1</b>	<b>\$1,055.8</b>	<b>\$201.4</b>	<b>\$1,257.1</b>

*Note: Totals may not add due to rounding.*

Consistent with OMB's IT Budget Capital Planning Guidance, we have reorganized the Infrastructure portfolio into five standard investments to align with the Technology Business Management Framework.

- The Data Center and Cloud investment provides the IT Infrastructure for our data center facilities. It maintains our physical and virtual servers, offline storage resources, and supports the transfer of information between the agency and internal/external customers.
- The End User investment provides IT resources such as workstations, mobile devices, end user software, and helpdesk support, which are required to meet workload demands.
- The Network investment provides data, voice, services, equipment, access arrangements, cable, and wiring to manage network and telecommunications activities.
- The Application investment includes resources for analysis, design, development, code, and testing as well as release packaging support services for development projects and operations, support, fixes and minor enhancements for existing applications. It also includes distributed database services, distributed platform, application and system integration resources enabling cross application development. This includes both distributed and mainframe platforms.
- The Platform standard investment is new for the FY 2020 reporting cycle. IT provides enterprise-wide platform capability that includes database,

## Limitation on Administrative Expenses

middleware, mainframe database, and mainframe middleware, which were all previously under the Application Tower.

## AGENCY PROGRAMMATIC APPLICATIONS

**Description:** The Agency Programmatic Applications portfolio includes investments for systems used by employees to serve the public, initiatives enabling the public to conduct on-line transactions with SSA, and the applications and transactions we make with other government agencies.

**FY 2020 Budget:** \$181.0 million, a decrease of \$18.9 million from FY 2019 reflecting current planned application investments.

### Agency Programmatic Applications

IT Budget (in Millions)	FY 2018			FY 2019			FY 2020		
	ITS	Internal Labor	Total	ITS	Internal Labor	Total	ITS	Internal Labor	Total
(Dollars in Millions)									
Anti-Fraud Investments	\$7.2	\$6.2	\$13.3	\$7.3	\$5.4	\$12.7	\$9.2	\$5.4	\$14.6
Data Exchange	\$5.1	\$4.6	\$9.6	\$0.3	\$8.8	\$9.1	\$0.3	\$10.9	\$11.2
Disability Claim Processing	\$48.7	\$34.2	\$82.9	\$34.4	\$31.1	\$65.5	\$16.4	\$27.3	\$43.6
Earnings	\$3.4	\$7.7	\$11.1	\$2.0	\$7.2	\$9.2	\$2.1	\$7.4	\$9.5
Electronic Services Investments	\$27.1	\$26.3	\$53.4	\$9.6	\$31.6	\$41.2	\$10.5	\$27.8	\$38.4
Enumeration	\$1.7	\$2.6	\$4.3	\$1.2	\$2.8	\$4.1	\$1.3	\$2.9	\$4.2
Medical Evidence Processing Investments	\$2.1	\$3.1	\$5.2	\$0.2	\$3.4	\$3.6	\$0.2	\$3.1	\$3.3
Notice Improvement	\$0.9	\$5.5	\$6.5	\$0.7	\$4.3	\$5.0	\$0.7	\$4.4	\$5.1
Payment Accuracy Investments	\$5.8	\$6.4	\$12.3	\$0.2	\$10.9	\$11.1	\$0.2	\$11.2	\$11.4
Title II Processing	\$8.2	\$21.4	\$29.5	\$5.1	\$20.8	\$26.0	\$5.3	\$21.5	\$26.8
Title XVI Processing	\$3.3	\$11.6	\$14.8	\$2.0	\$10.5	\$12.5	\$2.0	\$10.9	\$12.9
Retired Investments	\$0.0	\$4.8	\$4.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Agency Programmatic Applications</b>	<b>\$113.5</b>	<b>\$134.3</b>	<b>\$247.8</b>	<b>\$63.0</b>	<b>\$136.9</b>	<b>\$199.9</b>	<b>\$48.1</b>	<b>\$132.8</b>	<b>\$181.0</b>

*Note: Totals may not add due to rounding.*

Anti-Fraud Investments

- Anti-Fraud Support Systems - This investment is to support and maintain the legacy applications needed to provide robust and flexible fraud and abuse detection and prevention programs.
- Anti-Fraud Enterprise Solution – This major IT investment supports a dynamic and flexible enterprise-wide anti-fraud solution that employs advanced data analytics to identify patterns indicative of fraud, improve functionality for data-driven fraud triggers, conduct real-time risk analysis, and integrate technology into Office of Anti-Fraud Programs' (OAFP) anti-fraud business processes.

Data Exchange

- Arrival and Departure Information System (ADIS) – This investment is to obtain travel data from ADIS as the primary reporting source of absences from the U.S needed for proper benefit payments.
- Data Exchange Support Systems – This investment supports managed file transfer software on z/OS, windows, and Unix platforms in order to assist with the delivery of data to internal/external data exchange customers. It includes, but is not limited to, the use of automated software, management information-gathering tools, and diagnostic procedures for troubleshooting.
- Data Exchange Product – This investment provides a centralized, interactive, and dynamic user-friendly experience for requesting, sending, receiving, and administering incoming and/or outgoing data exchanges.

Disability Claim Processing

- DCPS – DCPS will transition the State DDSs from 52 fragmented, highly customized legacy systems to a common system that uses automated tools and leverages current technology. DCPS will benefit SSA's disability process functionality and technology by providing full process integration, ease of sharing disability processing workload across DDS sites, a common interface with other SSA offices and systems, and a dramatic reduction in the technological complexity of system support. In FY 2020 and beyond, DCPS will be the central vehicle for future nationally uniform policy improvements to the disability determination process.
- DDS Automation – The investment provides the State DDSs with the technology needed to collect, process, maintain, share, transmit, disseminate, store and retrieve disability claimant information electronically. We will ultimately retire the multiple DDS case processing systems and replace them with DCPS. DDS Automation will continue to support ongoing disability determination operations by maintaining functional and technical aspects of the DDS legacy systems until entirely replaced by DCPS.

### **Limitation on Administrative Expenses**

- Disability Claim Processing Applications – This investment covers multiple ongoing projects to maintain existing disability support applications and make modifications as needed.
- BBA Section 823 – Promoting Opportunity Demonstration (POD) - Section 823 of the BBA of 2015 mandates that SSA conduct a demonstration to test a \$1 for \$2 benefit offset for Social Security Disability Insurance beneficiaries. The POD investment will provide an IT system to allow us to conduct this test.
- Unprocessed Medical Cessations – Enhancements will establish automated solutions to prevent improper payments due to unprocessed medical cessations following Continuing Disability Reviews.
- Disability Quality Review (DQR) – This investment will replace the legacy client-server system, Disability Case Adjudication and Review System with a web-based modernized Quality Assurance system. DQR provides Disability Examiners at Disability Quality Branches the ability to perform pre-effectuation reviews on DDS disability decisions
- Rep Payee Support Systems - Ongoing activities for Representative Payee systems. Reduces backlogs of pending misuse cases by preventing and correcting improper actions within the electronic Representative Payee System.
- Rep Payee Legislative Changes – Implement the Strengthening Protections for Social Security Beneficiaries Act of 2018 related to representative payee reviews, payee accounting, and program integrity.

### *Earnings Investments*

- Earnings Support Systems – This investment consists of projects to conduct ongoing maintenance and cyclical activities for the existing applications that support annual wage reporting and electronic wage reporting processes.

### *Electronic Services Investments*

- CET – this major IT investment focuses on the creation of interactive tools members of the public, to conduct business with the SSA. The purpose of this investment is to offer mission-essential benefits, including developing and increasing the use of self-service options and enhancing the online experience for the public by completing business at the first point of contact. Overall, this initiative will expand online communication methods and provide interactive services. The expansion of these services will provide an enhanced customer experience and assist users in managing their personal information and benefits.
- *my Social Security* Services – this major IT investment is to create a personalized, interactive, customizable, and secure one-stop shop for all Social Security electronic services, while providing a superior customer experience. We identify *my Social*

## **Limitation on Administrative Expenses**

**Security** as the online gateway to SSA for our customers. This investment's goal is to design and develop the products necessary to enable *my Social Security* to meet business needs.

- Electronic Services - This initiative focuses on expanding online access for the public through various delivery channels and continuing to develop and enhance the agency's E-Government and eServices architecture over the next several years.

### *Enumeration*

- Enumerations Support Systems – This initiative provides routine maintenance, enhancements as required, and investigation and correction of anomalies for all current and legacy Enumerations support applications.

### *Medical Evidence Processing Investments.*

- Health Information Technology– This investment creates efficiencies in the disability process by enhancing the ability to apply data analysis and business rules against medical evidence. Our outreach efforts with potential new partners and our collaboration with DoD, VA, and eHealth Exchange have increased the volume of electronic medical evidence.
- Electronic Records Express for Experts - The OHO contracts with medical and vocational experts to perform services such as providing testimony and responding to interrogatories. Each year OHO burns over 1 million CDs for experts. With this investment, OHO will require eFolder usage for all individual experts and expert companies, and eliminate the burning and mailing of encrypted CDs for these contractors.

### *Notice Improvement Investments*

- Notice Improvement - This initiative captures the ongoing cost for notices applications and Special Notice Option support.

### *Payment Accuracy Investments*

- DMP - This initiative redesigns the Title II and Title XVI systems and corresponding accounting systems to unbundle debts, prioritize debts, apply benefit withholding or remittances to a specific overpayment, and centralize overpayment data. It will streamline and optimize the remittance process for programmatic debt collection.
- Payment Accuracy Support Systems – This initiative maintains the legacy applications that enable us to compute, process, and disburse payments to and from program beneficiaries and recipients, representatives, and other public and private entities.

## **Limitation on Administrative Expenses**

### **Title II Processing Investments**

- Title II Processing Applications - This initiative will maintain systems processing efficiency, including accuracy and timeliness of Title II payments and Medicare transactions.
- PC Automation - The goal of the Processing Center (PC) Automation Initiative is to eliminate or reduce high-volume PC alerts, exceptions, and processing limitations via automation of Title II Applications and Processes.

### **Title XVI Processing**

- Title XVI Processing Applications – This initiative maintains the programmatic systems for processing initial claims and post-entitlement actions.

## **AGENCY ADMINISTRATIVE APPLICATIONS**

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**Description:** The Agency Administrative Applications portfolio includes initiatives for administrative services and support systems. This includes functional areas such as financial management, human resources, acquisitions, accounting, training, and communications.

**FY 2020 Budget:** \$91.5 million, an increase of \$12.7 million from FY 2019. The increase is primarily due to the agency Records Management solution planned for FY 2020.

### **Agency Administrative Applications**

<b>IT Budget (in Millions)</b>	<b>FY 2018</b>			<b>FY 2019</b>			<b>FY 2020</b>		
	ITS	Internal Labor	Total	ITS	Internal Labor	Total	ITS	Internal Labor	Total
Business Intelligence-Data Analytics	\$17.7	\$13.9	\$31.7	\$5.4	\$18.1	\$23.5	\$5.4	\$18.6	\$24.0
Financial Systems	\$22.2	\$7.6	\$29.8	\$15.8	\$6.7	\$22.6	\$17.7	\$6.8	\$24.4
Human Resources Investments	\$5.8	\$8.1	\$13.9	\$5.4	\$8.0	\$13.4	\$5.1	\$7.9	\$13.0
Legal/Public Disclosure Processing	\$2.9	\$1.5	\$4.5	\$5.6	\$4.2	\$9.8	\$20.1	\$2.6	\$22.7
Reimbursable Services (NM)	\$2.5	\$2.0	\$4.5	\$3.6	\$3.1	\$6.8	\$1.2	\$3.2	\$4.4
E-Government Initiatives	\$2.6	\$0.0	\$2.6	\$2.7	\$0.0	\$2.7	\$2.9	\$0.0	\$2.9

**Agency Administrative Applications**

IT Budget (in Millions)	FY 2018			FY 2019			FY 2020		
<b>Total Agency Administrative Applications</b>	<b>\$53.8</b>	<b>\$33.2</b>	<b>\$86.9</b>	<b>\$38.5</b>	<b>\$40.2</b>	<b>\$78.8</b>	<b>\$52.4</b>	<b>\$39.1</b>	<b>\$91.5</b>

*Note: Totals may not add due to rounding.*

**Business Intelligence and Data Analytics Investments**

- Business Intelligence and Data Analytics - This investment supports the development of Business Intelligence tools, collection of management information, and the retirement of legacy systems, which will assist the agency to make better data-driven decisions.

**Financial Systems**

- Financial Management Systems – This investment supports the agency's compliance with applicable accounting principles, standard, and related requirements; management control standards; and policies and requirements prescribed by OMB and the Department of the Treasury.

**Human Resources Investments**

- Human Resources Support Systems - This investment focuses on improving the overall effectiveness of Human Resources systems. Its objective is to leverage technology to help build a model workforce and support the ability to provide quality service to the public.
- Human Resources (HR) Portal – This investment provides supervisors, employees, and administrators with a usable, quality product to centralize and support human resources functions. Continuing the development effort will allow the agency to improve our HR Portal services by redesigning the HR Portal home page, and expanding personnel analytics, processing, and reporting.

**Legal/Public Disclosure Processing Investments**

- Electronic Discovery – This investment supports the identification, preservation, retention, review, and production of electronically stored information (ESI) in the agency's custody and control, which may ultimately be used in litigation, investigations, or third-party inquiries.
- Legal Automated Workforce System (LAWS) Critical Needs – This investment will provide critical and short-term workload management capabilities to meet OGC's core

## **Limitation on Administrative Expenses**

business needs and Agency Strategic goals by providing solutions for Business Intelligence and LAWS application changes using existing architecture.

- Electronic Records Management Product – This investment supports the agency’s implementation of OMB/NARA initiatives identified in the OMB/NARA Memorandum M-12-18, and Presidential Memorandum - Managing Government Records. These initiatives require all Federal agencies to manage both permanent and temporary email records in an accessible electronic format and manage all permanent electronic records in an electronic format.

## *Reimbursable Services*

- Reimbursable Services – This initiative supports different types of reimbursable services that utilize data exchanges with other entities. Public reimbursable services are services provided to other Federal agencies under a reimbursable agreement. Private reimbursable services are services provided under agreement to State/Local agencies.

## *E-Government Services*

We support many E-Government initiatives. These initiatives serve individuals, businesses, and Federal employees by delivering high-quality services more efficiently and by providing services that might not otherwise be available. These initiatives are included in the agency’s IT budget.

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## SSA E-GOV CONTRIBUTIONS

**Table 3.26—SSA E-Gov Contributions**  
(Dollars in thousands)

	<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>
Disaster Assistance Improvement Plan	56	56	56
E-Federal Health Architecture LoB	100	0	0
E-Rulemaking	30	30	29
Federal Public Key Infrastructure Bridge (FPKI)	168	486	212
Financial Management LoB	67	67	67
Geospatial LoB	25	25	25
Benefits.gov	324	415	394
Grants.gov	30	26	21
Human Resources Management LoB	137	137	137
Integrated Award Environment (IAE)	874	944	688
Budget Line of Business LoB	55	55	55

**Limitation on Administrative Expenses**

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
Freedom of Information Act Portal	0	47	48
USA JOBS	450	447	476
<b>Total</b>	<b>\$2,317</b>	<b>\$2,735</b>	<b>\$2,207</b>

*Note: Totals may not add due to rounding.*

SSA remains an active participant to the following E-Government initiatives:

- **Disaster Assistance Improvement Plan** provides a unified point of access to disaster management-related information, mitigation, response, and recovery information.
- **E-Federal Health Architecture Line of Business (LoB)** supports integration of the agency's health information systems into the emerging Nationwide Health Information Network.
- **E-Rulemaking** improves collaboration across government on regulatory matters and provides a central web-based environment for the public to review and comment on SSA regulatory actions while reducing administration costs.
- **FPKI** provides the agency with a common infrastructure to administer digital certificates and public-private key pairs, including the ability to issue, maintain, and revoke public key certificates. In addition, implementation of FPKI allows SSA to meet the mandatory requirement of OMB Memorandum M-11-11 for ICAM.
- **Financial Management LoB** reduces non-compliant systems by leveraging common standards and shared service solutions in Federal financial operations.
- **Geospatial LoB** maximizes geospatial investments by leveraging resources and reducing redundancies. Offering a single point of access to map related data will allow SSA to improve mission delivery and increase service to citizens.
- **Benefits.gov** helps promote awareness of SSA's benefit programs to the public, assisting SSA in its strategic goals to deliver services effectively and improve the way we do business.
- **Grants.gov** provides a single, online portal and central storehouse of information on grant programs for all Federal grant applicants.
- **Human Resources Management LoB** provides common core functionality to support the strategic management of Human Capital government-wide.
- **IAE** creates a secure environment to facilitate the acquisition of goods and services.
- **Budget Formulation and Execution LoB** supports the Federal Government's effort to improve agency budgeting through collaboration and information sharing.

## Limitation on Administrative Expenses

- **Freedom of Information Act (FOIA) Portal** supports the FOIA Improvement Act of 2016, which required a central, online request portal allowing the public to request records under the FOIA to any federal agency from a single website. This Portal will include customized agency landing pages containing agency mission statements, FOIA reference guides, regulations, contact information, request forms, and links to FOIA libraries.

**Table 3.27—Other SSA Expenses/Service Fees Related to E-Gov Projects**  
(Dollars in thousands)

	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Recruitment One-Stop	\$432	\$443	\$478
E-Payroll	\$18,954	\$19,647	\$20,236
E-Travel	\$750	\$750	\$750
<b>Total</b>	<b>\$20,136</b>	<b>\$20,841</b>	<b>\$21,465</b>

*Note: Totals may not add due to rounding.*

## CYBERSECURITY

**Description:** The Cybersecurity portfolio is vital to protecting the Personally Identifiable Information of everyone we serve. As cyberattacks continue to evolve and become increasingly aggressive, we must be vigilant and protect against network intrusions and improper access of data. Through constant assessment of the threat landscape and use of advanced cybersecurity controls in the creation of modernized IT systems and existing systems, we can better protect against cybersecurity incidents and risks.

**FY 2020 Budget:** The FY 2020 budget of \$138.6 million shows a \$20.9 million decrease from FY 2019 funding levels. The primary reasons for changes in cost are hardware refreshments, initial software procurement costs, and the professional services needed in FY 2019 only. After FY 2019, only maintenance support will be required. This includes additional licensing and expansion of capabilities within the Agency's CDM toolsets.

**Table 3.28—Cybersecurity Budget Summary**

IT Budget (in Millions)	FY 2018			FY 2019			FY 2020		
	ITS	Internal Labor	Total	ITS	Internal Labor	Total	ITS	Internal Labor	Total
Cybersecurity (IT Security & Compliance)	\$78.9	\$35.1	\$113.9	\$122.9	\$36.6	\$159.5	\$101.5	\$37.1	\$138.6

*Note: Totals may not add due to rounding.*

### **Limitation on Administrative Expenses**

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.

In FY 2020, we will continue to tune our cybersecurity infrastructure and 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.

We continue to maintain an effective cybersecurity program as assessed by DHS via the Risk Management Assessment. We have consistently achieved and maintained a rating of “Managing Risk” overall from the Assessment. We continue to mature our Cybersecurity Program annually to maintain that rating.

### **Authentication and Authorization**

We are developing both short-term and long-term authentication strategies by incorporating data-driven, secure, privacy-enhancing solutions to protect our customers and prevent fraud. We will implement these strategies through several multiyear initiatives from FY 2019 through FY 2023.

In addition to guidance provided by the Cybersecurity Act of 2015, the latest National Institute of Standards and Technology guidelines encourage agencies to move to a federated identity, or federation. We are in the process of modernizing our legacy systems to a shared federated identity management platform, which will allow us to use providers in the public and private sectors that can effectively and efficiently identity-proof and authenticate individuals. We will develop new capabilities to enhance our existing authentication ecosystem to allow for federation including but not limited to infrastructure changes to support federation, attribute validation/verification, adaptive authentication mechanisms and/or expanded authenticators accepted/used.

In FY 2018, we explored opportunities to improve our capabilities in this area by partnering with an external credential service provider and collaborating on a federated approach for accessing the **my Social Security** portal. We established a business process for federation and conducted limited testing of the business process to gather feedback and lessons learned. In FY 2019, we will expand the capabilities of our federation effort by enhancing our authentication architecture to support expansion of the federation testing. Additionally, we will enhance our existing authentication ecosystem to increase security while balancing ease of use. This includes but is not limited to adding to existing digital evidence verification, diversifying 2<sup>nd</sup> factors for our customers to use, and migrating legacy systems to a modern platform for authentication and/or authorization.

**IT MODERNIZATION**

**Description:** 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. Our systems were developed over 30 years ago, and the infrastructure has lagged behind newer technologies. Our IT infrastructure has grown increasingly fragile, inefficient, and costlier to maintain and secure.

We initiated our IT Modernization Plan in FY 2018 to improve our service to the public. We are advancing our IT infrastructure with 21<sup>st</sup> Century technology and implementing the technical flexibility necessary to adapt to future demands. To achieve our modernization goals, we will invest \$691 million over five years, including the \$280 million that Congress provided in FY 2018 and the \$45 million provided in FY 2019. We must devote resources to upgrading our infrastructure while at the same time maintaining our current IT services to ensure that our customers experience uninterrupted service. The President's Budget allows us to continue making progress with our IT Modernization Plan, which funds infrastructure, communication, and service improvements.

FY 2020 Budget: \$154.9 million, a decrease of \$11.6 million from FY 2019. This level will keep us on track with our IT Modernization Plan.

**IT Modernization**

<b>IT Budget (in Millions)</b>	<b>FY 2018</b>			<b>FY 2019</b>			<b>FY 2020</b>		
	ITS	Internal Labor	Total	ITS	Internal Labor	Total	ITS	Internal Labor	Total
LAE IT Funds	\$45.1	\$41.8	\$87.0	\$29.2	\$0.0	\$29.2	\$63.9	\$22.6	\$86.5
Special Appropriation	\$44.5	\$0.0	\$44.5	\$81.1	\$56.2	\$137.3	\$41.5	\$26.8	\$68.4
Anomaly Funds	\$9.1	\$0.0	\$9.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total</b>	<b>\$98.7</b>	<b>\$41.8</b>	<b>\$140.5</b>	<b>\$110.3</b>	<b>\$56.2</b>	<b>\$166.5</b>	<b>\$105.5</b>	<b>\$49.5</b>	<b>\$154.9</b>

\*Costs shown by obligation year.

*Note: Totals may not add due to rounding.*

The goals of our IT Modernization Plan are:

- Improve service to the public through increasing online services, real-time processing, and providing a more service-centric organization, technical structure, and overall better customer experience.
- Increase the value of IT for business by increasing IT and data reliability, security, and enabling faster claim and post-entitlement decisions.

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- Improve IT workforce engagement by enabling a quicker path to fielding new capabilities, modernizing the development environment to improve productivity, and building a culture to attract new and retain our current top technology talent.
- Improve business workforce engagement by enabling better service with enhanced user-centric tools and the ability to move routine work through the systems quickly, enabling our workforce to focus more capability on the most challenging service needs.
- Reduce IT and other operating costs through expanding shared services, the cloud, and Commercial Off-The-Shelf (COTS) packages, increasing benefits available through disciplined approaches and reuse of code, and encouraging innovation to improve operational efficiency.
- Reduce risk to continuity of operations by increasing awareness of cyber threats and capacity to defend against these threats, and by replacing time-worn systems with maintainable technology.

This initiative will transform all dimensions of our IT program, including software, hardware and infrastructure, and the structure of our IT organization itself and the processes we use to procure and develop IT products. We will create a modern IT organization that is fast, accountable, competent, transparent, secure, and laser focused on understanding and meeting the needs of the public and our employees. It will involve not only modernizing our IT program, but also reengineering our business processes to improve the effectiveness and efficiency of our programs.

Our modernized systems will streamline processes in a user-friendly and intuitive way for our front-line employees. Automation will relieve employees of having to perform many of the routine tasks that today require manual entry and re-entry, thereby reducing errors. Our employees will have a complete view of a person's interactions with SSA, which will facilitate better and more consistent service. The system will facilitate completing transactions at the first point of contact by replacing overnight processing of transactions with real-time processing, where possible. If real-time processing is not feasible, we will utilize better tools to test whether all the necessary information has been provided. Doing so will reduce the need to re-contact an individual for additional information and reduce the amount of manual rework, thus providing more efficient and responsive service to the public while reducing administrative costs.

Our modernized systems will be less expensive to maintain and easier to update. IT modernization will allow us to respond more quickly and less expensively to program changes and the evolving expectations of our employees and the public. We will also be better able to integrate future technological advancements and data sharing with other agencies.

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**Table 3.29—Total IT Modernization Plan**

Uninflated and rounded to \$ millions	FY 17	FY18	FY19	FY20	FY21	FY22	Total
<b>Business Domains (Applications)</b>	<b>\$ 33.5</b>	<b>\$ 101.3</b>	<b>\$ 109.8</b>	<b>\$ 101.5</b>	<b>\$ 86.0</b>	<b>\$ 45.7</b>	<b>\$ 477.9</b>
Communication	\$ 1.9	\$ 9.1	\$ 8.8	\$ 6.1	\$ 8.5	\$ 5.1	\$ 39.5
Title II	\$ 3.1	\$ 19.0	\$ 26.7	\$ 21.8	\$ 21.3	\$ 11.0	\$ 103.0
Disability	\$ 16.0	\$ 43.3	\$ 44.2	\$ 41.9	\$ 25.4	\$ 13.2	\$ 184.1
Title XVI	\$ 6.1	\$ 7.0	\$ 3.9	\$ 4.7	\$ 2.0	\$ 1.1	\$ 24.6
Earnings	\$ 3.1	\$ 14.0	\$ 16.0	\$ 16.5	\$ 17.2	\$ 9.4	\$ 76.2
Enumeration	\$ 3.4	\$ 8.9	\$ 10.2	\$ 10.6	\$ 11.6	\$ 5.9	\$ 50.5
<b>Data, PMO, Infrastructure</b>	<b>\$ 12.8</b>	<b>\$ 39.2</b>	<b>\$ 56.7</b>	<b>\$ 53.4</b>	<b>\$ 32.1</b>	<b>\$ 18.4</b>	<b>\$ 212.7</b>
Data	\$ 5.7	\$ 9.5	\$ 10.6	\$ 7.3	\$ 6.6	\$ 1.8	\$ 41.5
Project Management Office/ Senior Tech	\$ -	\$ 1.0	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5	\$ 6.9
<b>Infrastructure</b>	<b>\$ 7.1</b>	<b>\$ 28.7</b>	<b>\$ 44.7</b>	<b>\$ 44.6</b>	<b>\$ 24.0</b>	<b>\$ 15.2</b>	<b>\$ 164.4</b>
<b>Total</b>	<b>\$ 46.4</b>	<b>\$ 140.5</b>	<b>\$ 166.5</b>	<b>\$ 154.9</b>	<b>\$ 118.1</b>	<b>\$ 64.2</b>	<b>\$ 690.6</b>

*Note: Totals may not add due to rounding.*

**Table 3.30—Dedicated IT Modernization Plan**

\$280M Appropriation	FY17	FY18	FY19	FY20	FY21	FY22	Total
Benefits	\$ -	\$ 15.3	\$ 30.6	\$ 26.5	\$ 23.3	\$ 12.1	\$ 107.8
T2	\$ -	\$ 15.3	\$ 26.7	\$ 21.8	\$ 21.3	\$ 11.0	\$ 96.2
T16	\$ -	\$ -	\$ 3.9	\$ 4.7	\$ 2.0	\$ 1.1	\$ 11.6
Disability	\$ -	\$ 15.2	\$ 44.2	\$ 41.9	\$ 25.4	\$ 13.2	\$ 139.9
Infrastructure	\$ -	\$ 13.9	\$ 17.5	\$ -	\$ -	\$ -	\$ 31.4
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 44.4</b>	<b>\$ 92.3</b>	<b>\$ 68.4</b>	<b>\$ 48.7</b>	<b>\$ 25.3</b>	<b>\$ 279.1</b>
<b>Additional \$45M</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45.0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45.0</b>
Communications	\$ -	\$ -	\$ 8.8	\$ -	\$ -	\$ -	\$ 8.8
Earnings	\$ -	\$ -	\$ 16.0	\$ -	\$ -	\$ -	\$ 16.0
Enumerations	\$ -	\$ -	\$ 10.2	\$ -	\$ -	\$ -	\$ 10.2
Data	\$ -	\$ -	\$ 8.6	\$ -	\$ -	\$ -	\$ 8.6
PMO	\$ -	\$ -	\$ 1.4	\$ -	\$ -	\$ -	\$ 1.4
<b>Total</b>	<b>\$ -</b>	<b>\$ 44.4</b>	<b>\$ 137.3</b>	<b>\$ 68.4</b>	<b>\$ 48.7</b>	<b>\$ 25.3</b>	<b>\$ 324.1</b>

*Note: Totals may not add due to rounding.*

## Modernizing Core Programmatic Business Processes

Our modernization plan addresses the redesign of core programmatic business processes, the technology that underlies them, and the methods we use to develop them. The programmatic systems work under IT Modernization is divided into five major business areas, or “domains.” Each domain has specific objectives and outcomes, as well as dedicated IT and business staff to plan and complete the work. Below is an overview of these programmatic domains:

- Communications – We engage with the public through field office visits, call centers, and by mail. This domain focuses on developing a comprehensive approach to how we connect with the public, which includes developing additional communication channels, updating communication systems and infrastructure, and ensuring that our communications are clear and concise.

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- In FY 2019, we will expand the notice architecture and online notice delivery. New functionality includes local print capability, implementation of a data collector web service to capture common customer data elements, development of an opt out-of-print customer delivery channel preference, simplification of Title II post-entitlement notices, and enhancing business intelligence for measuring product success.
- In FY 2020, we plan to continue expanding online notice delivery, including Title II post-entitlement and initial claims decision notices.
- By the end of FY 2022, the Communications domain will support users' preferred channel for notice delivery, create a user-friendly interface for employees to manage correspondence, simplify notices, ensure notices are in compliance with standards and regulations, and prevent an increase in agency printing costs.
- Disability – Our existing disability systems are a collection of several, inter-related subsystems, each designed to facilitate a part of the disability determination process, from intake (in a field office or via the phone or internet) through hearings and appeals. This domain focuses on streamlining workflow and leveraging modern technology to support the full life cycle of a disability claim, in order to expedite and simplify processing, and improve service.
  - In FY 2019, we will implement base functionality for decisional hearing notices and case processing and release initial versions of the new hearings level case processing system's scheduling and fiscal functions. When the new case processing systems is fully rolled out, it will implement standard functionality across all hearing offices. We will increase the amount of electronic evidence the agency receives through our efforts with the Electronic Evidence and Analysis (EEA) initiative, which includes IMAGEN, Insight, and Duplicate Identification Process (DIP). We will leverage electronic evidence by using machine learning, predictive analytics, and other Artificial Intelligence technologies to aid disability adjudicators in decision-making and increase decisional quality by adding new automation to inline and end of line quality reviews. In addition, we will begin the integration of a COTS product to support DIP.
  - In FY 2020, we plan to expand case processing functionality for hearings in areas such as notices, scheduling, assignment, and fiscal activities while expanding support for the Office of Appellate Operations' and OHO's non-disability workload. Through EEA, we will expand the capabilities of the new tools and programs like IMAGEN and Insight to include most of the five-step sequential disability evaluation process and most of the disability adjudicative levels and operational components. DIP will be able to identify duplicate evidence in the disability electronic folder, saving time for the case preparation tasks associated with hearings.
  - By FY 2022, we will incorporate natural language processing and other tools to enhance fully developed functionality for end-to-end case processing. In addition, EEA initiatives will support the targeted disability adjudicative levels and

## **Limitation on Administrative Expenses**

operational components. We will also receive the majority of disability evidence electronically, with less reliance on paper-related processes like scanning. We will use advanced data analytics technologies across the entire disability domain to increase the efficiency and accuracy of disability claim processing.

- Title II and Title XVI Benefits – In FY 2019, we combined these two business areas into one “Benefits domain” to focus on an end-to-end consolidated customer experience. The Benefits domain focuses on reducing operational and maintenance costs; providing additional safe, secure, and convenient online services; increasing automation; and reducing situations that require us to re-contact an applicant to obtain additional information. We have already made strides in modernizing our Title II system. In recent years, we have also made strides in modernizing our Title XVI system by converting its database to a modern structure and replacing green screens with web-based interfaces. The Benefits domain also focuses on building on that progress by automating more actions and adding more tools to reduce improper payments. In order to accomplish our goal of an end-to-end consolidated customer experience, we plan to continue the following product efforts in FY19: Preliminary Claims System (PCS), Consolidated Claims System (CCS), Post Entitlement (PE) initiative, and the Computational Services initiative.
  - In FY 2019, we will complete the following activities within each initiative:
    - For PCS, we will implement the minimal viable product to automate the pre-interview process that technician’s use in potential claim situations to assist in determining all potential entitlements for an individual. This enhancement will reduce re-contacts and prevent missed entitlements for benefits. PCS will allow us to retain the information we collect from the individual for the duration of the protective filing period to the burden to repeat the pre-interview process. PCS will also propagate the data to subsequent benefit applications.
    - For CCS, we will establish a new database capable of expanding to account for future data needs and scenarios for the consolidated customer experience. In addition, we will continue our planning efforts to deliver a modern claims intake application that streamlines the initial claims process.
    - For PE, we will continue analysis of our current PE processes and applications to provide a streamlined PE process, allowing technicians to process cases quicker, reducing the number of exceptions, and reducing redundancy.
    - For the Computational Services initiative, we must convert decades old COBOL programs to modern software languages. We will complete the conversion for General Insured Status Utility, begin converting General Recomputation/Computation Utility for Maximum Benefit and Primary Insurance Amount Information (GRUMPI) and the General Rates Utility (GRATES).

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- In FY 2020, we plan to complete the following activities for each initiative:
  - For PCS, we plan to expand its usage to include additional employees and additional individual types (for example, custodial parents of minor children). We also plan to expand propagation of PCS data to downstream applications.
  - For CCS, we plan to build the initial user interface for a consolidated claims system, build software to adjudicate and access other data stores, and build the required software to accept the claims and route them to the appropriate next step(s), function or downstream processes.
  - For PE, we plan to implement the initial minimum viable product for new post entitlement process.
  - For the Computational Services initiative, we plan to complete the conversion for GRATES and GRUMPI. In addition, we will begin analysis for the conversion approach and convert Entitlement/Eligibility Utility (EE).
- Our FY 2022 goal for the Benefits domain is to create an end-to-end consolidated customer experience for claims and post entitlement actions. To accomplish this goal by FY 2022, we plan to complete the following for each product:
  - For PCS, we plan to have an initial claim entry point that provides employees the information they need to provide accurate entitlement and eligibility information to the individuals we serve. Our goal is to provide a comprehensive and consistent pre-interview process for all front-line employees. By FY 2022, we plan to incorporate existing SSA data (marriage, and other relationships) into the pre-interview process, accurately identify all potential entitlements and eligibility. In addition, it will propagate pre-interview information to all necessary downstream applications.
  - For CCS, we plan to provide a single place to work with all benefits (Retirement, Survivors, and Disability Insurance, SSI, and Medicare). Our end goal is to enable accurate, efficient, and timely claims adjudication. We plan to use and incorporate data from SSA systems, including information collected in PCS to eliminate redundant or manual data collection.
  - For PE, we plan to eliminate data redundancy among the Modernized Claim System (MCS) Pending File, Title II Shared Database, and the Master Beneficiary Record and eliminate dependency on the costly database structure (Integrated Database Management System) used for the MCS Pending File. In addition, we plan to enable automation of multiple account entitlement processing, which will further allow us to increase automation and reduce exceptions that require manual processing, to support the identification of overpayment and underpayment events for specific benefit months, and to enhance accounting and notice creation.

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- For the Computational Services initiative, we plan to modernize all of the existing Title II computational utilities by converting them from the COBOL systems language into services written in JAVA. We plan to implement smart, intuitive interactive computational services that can detect the need for and perform computations instantly within initial and post entitlement transactions.
- Earnings – This domain focuses on more quickly processing the millions of wage reports we receive each year and providing additional tools for employers to report and correct those reports. We will take advantage of new technologies to reduce maintenance costs, increase flexibility, and accelerate our development and deployment process.
  - In FY 2019, we will transform the employer wage reporting process by developing a prototype to engage employers for W2 submissions, continue to support the enhanced employer correspondence regarding W2 processing, streamline the SSA/IRS earnings reconciliation business process, incrementally modernize interagency data sharing services, and complete a phased retirement of legacy applications and phased implementation to the cloud.
  - In FY 2020, we plan to develop a prototype to engage employers for earnings corrections, implement enhanced employer correspondence regarding W2 processing, begin to transform SSA/IRS earnings reconciliation business process, continue to incrementally modernize interagency data sharing services, and complete a phased implementation of the wage reporting software to our cloud environment.
- Enumeration – This domain focuses on improving the methods our employees use to access, and the infrastructure behind, the Numerical Identification database or “NUMIDENT,” which is our database of Social Security numbers (SSN) we have assigned. We will modernize user interfaces, update and automate business processes, and replace out-of-date technologies with a more robust infrastructure.
  - In FY 2019, we will implement real time retrieval of enumeration history data from the cloud, develop modern, user-friendly NUMIDENT queries, continue modernization of our back end systems, and begin product discovery on a brand new, modern, guided combined application for original and replacement SSNs for use by both the public and internal SSA staff. In our Death systems, we will enhance our death matching processing rules, partner with the Department of Veterans Affairs to obtain more accurate death information, establish a new information exchange to receive death reports from the Office of Personnel Management, expand our death processing system with new capabilities and continue to post historical death data in our databases.
  - In FY 2020, we will implement our first release of our all-inclusive application for original and replacement SSNs, continue modernization of our back end systems, and continue to modernize how we access our data and programs by implementing modern application program interfaces. In our Death systems, we plan to continue 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.

- By FY 2022, the Enumeration domain will improve technicians' access to NUMIDENT information, modernize user interfaces, update and automate business processes, and replace out-of-date technologies with a more robust infrastructure. We will further improve our death processing and reporting systems to establish an authoritative source of death data across all applications, reducing errors in payments and inconvenience to the public. We will continue to enhance death data for millions of records to ensure consistency across our records and for external entities use in detecting and preventing improper payments. Our Enumeration systems will be transformed into a web based architecture to better serve the public and improve processes for front-line employees.

#### *Modernizing Our Infrastructure*

Our modernization plan also includes three technical domains to facilitate the programmatic systems changes described above and allow us to maintain expected levels of service. Below is an overview of these technical domains:

- Infrastructure – This domain focuses on modernizing the underlying technology and processes that enable the programmatic changes described above. This includes modernizing the methods we use to develop IT products; using cloud technologies to improve availability, flexibility and cost effectiveness; and providing multiple alternative computing platforms for each modernized system to enable the optimal platform for each situation.
- Data – This domain focuses on consolidating our data, using state-of-the-art approaches to simplify, organize and provide data and services to fully modernized systems, which can more effectively use data. Retiring legacy data sources and formats in favor of modern tools and techniques will optimize the way we store and process data, and improve data quality. Moreover, it will provide an integrated source of historical data for business intelligence and predictive analytics across the agency.
- Cybersecurity – Cybersecurity is a top priority, and securing the systems and data we need to administer our programs is foundational to our modernization efforts. This domain is focused on addressing ongoing cyber threats and ensuring that data and business processes remain secure. It involves incorporating security and privacy controls into our applications and the design of our IT environments and systems. It also involves adding security controls to address the risks inherent in our legacy applications, ensuring continuous monitoring, a comprehensive integrity review process and that employees only have access to resources appropriate for their job function.

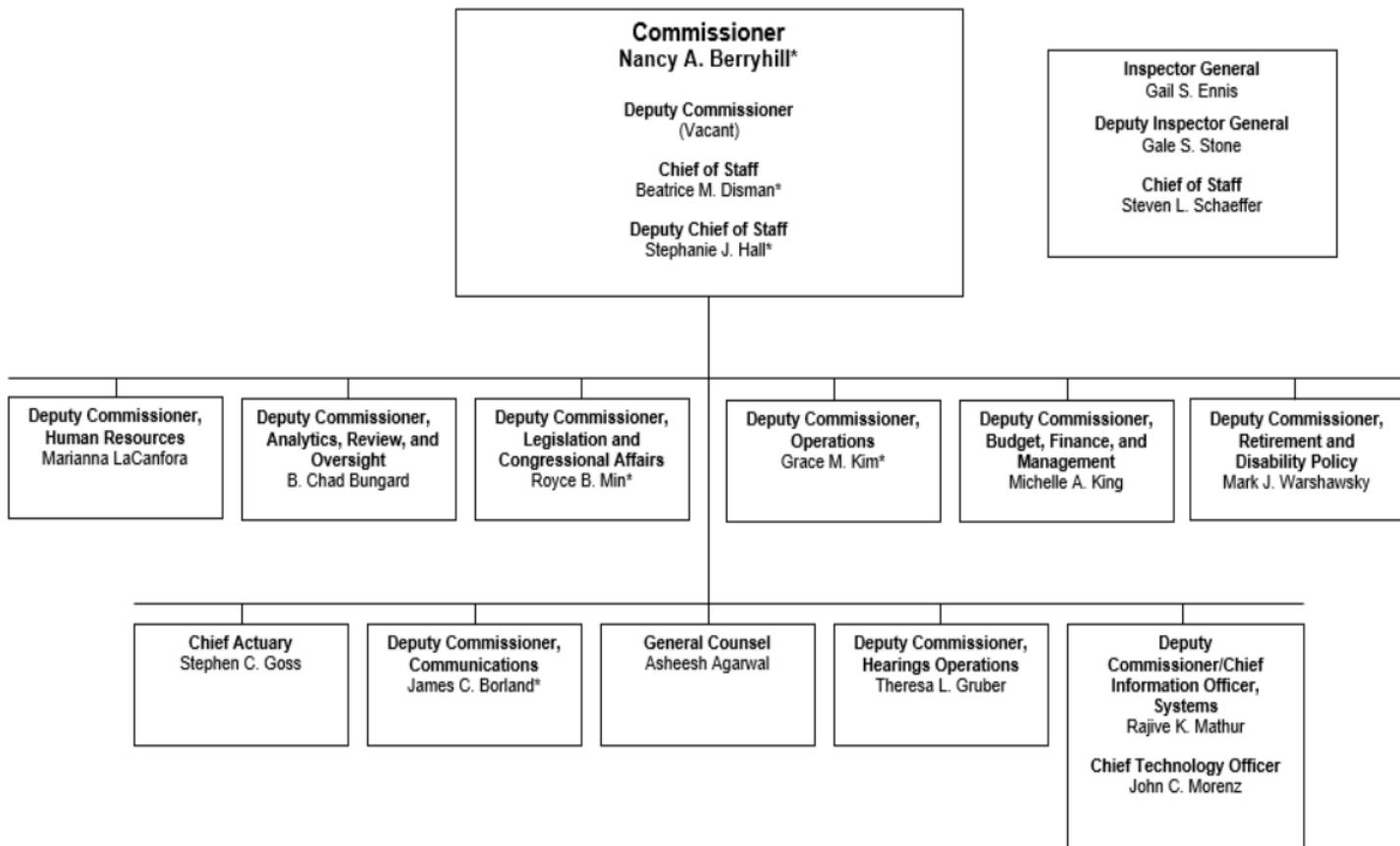
## Limitation on Administrative Expenses

### IT BUDGET BY PORTFOLIO AND INVESTMENT

Agency IT Portfolio Summary	Total Cost			Internal Labor			Contractor Labor			IT Funds		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
	\$ 29,530	\$ 25,979	\$ 26,777	\$ 21,358	\$ 20,848	\$ 21,506	\$ 8,172	\$ 5,130	\$ 5,271	\$ -	\$ -	\$ -
PC Automation	\$ 2,511	\$ 1,516	\$ 1,565	\$ 2,502	\$ 1,516	\$ 1,565	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -
Title II Processing Support Systems	\$ 27,019	\$ 24,463	\$ 25,212	\$ 18,856	\$ 19,333	\$ 19,942	\$ 8,163	\$ 5,130	\$ 5,271	\$ -	\$ -	\$ -
<b>Title XVI Processing</b>	<b>\$ 14,834</b>	<b>\$ 12,494</b>	<b>\$ 12,875</b>	<b>\$ 11,578</b>	<b>\$ 10,536</b>	<b>\$ 10,862</b>	<b>\$ 3,256</b>	<b>\$ 1,958</b>	<b>\$ 2,012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Title XVI Processing Support Systems	\$ 14,834	\$ 12,494	\$ 12,875	\$ 11,578	\$ 10,536	\$ 10,862	\$ 3,256	\$ 1,958	\$ 2,012	\$ -	\$ -	\$ -
Retired Investments	\$ 4,763	\$ -	\$ -	\$ 4,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OAO Appeals: Non-Medical	\$ 1,491	\$ -	\$ -	\$ 1,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overpayment Redesign	\$ 1,726	\$ -	\$ -	\$ 1,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Paperless Enhancements	\$ 1,535	\$ -	\$ -	\$ 1,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remittance Modernization for Programmatic Debt Collection	\$ 10	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Part 2. Administrative and Support Systems</b>	<b>\$ 86,922</b>	<b>\$ 78,758</b>	<b>\$ 91,459</b>	<b>\$ 33,164</b>	<b>\$ 40,217</b>	<b>\$ 39,073</b>	<b>\$ 30,281</b>	<b>\$ 5,484</b>	<b>\$ 6,157</b>	<b>\$ 23,477</b>	<b>\$ 33,058</b>	<b>\$ 46,229</b>
Agency Administrative Applications	\$ 86,922	\$ 78,758	\$ 91,459	\$ 33,164	\$ 40,217	\$ 39,073	\$ 30,281	\$ 5,484	\$ 6,157	\$ 23,477	\$ 33,058	\$ 46,229
<b>Business Intelligence-Data Analytics</b>	<b>\$ 31,681</b>	<b>\$ 23,491</b>	<b>\$ 24,031</b>	<b>\$ 13,937</b>	<b>\$ 18,135</b>	<b>\$ 18,608</b>	<b>\$ 13,385</b>	<b>\$ 976</b>	<b>\$ 1,084</b>	<b>\$ 4,358</b>	<b>\$ 4,380</b>	<b>\$ 4,338</b>
Business Intelligence - Data Analytics	\$ 31,681	\$ 23,491	\$ 24,031	\$ 13,937	\$ 18,135	\$ 18,608	\$ 13,385	\$ 976	\$ 1,084	\$ 4,358	\$ 4,380	\$ 4,338
<b>Financial Systems</b>	<b>\$ 29,783</b>	<b>\$ 22,592</b>	<b>\$ 24,442</b>	<b>\$ 7,582</b>	<b>\$ 6,748</b>	<b>\$ 6,790</b>	<b>\$ 10,069</b>	<b>\$ 2,807</b>	<b>\$ 3,290</b>	<b>\$ 12,131</b>	<b>\$ 13,037</b>	<b>\$ 14,362</b>
Financial Management Systems	\$ 29,783	\$ 22,592	\$ 24,442	\$ 7,582	\$ 6,748	\$ 6,790	\$ 10,069	\$ 2,807	\$ 3,290	\$ 12,131	\$ 13,037	\$ 14,362
<b>Human Resources Investments</b>	<b>\$ 13,915</b>	<b>\$ 13,381</b>	<b>\$ 12,985</b>	<b>\$ 8,134</b>	<b>\$ 8,021</b>	<b>\$ 7,858</b>	<b>\$ 2,545</b>	<b>\$ 601</b>	<b>\$ 652</b>	<b>\$ 3,236</b>	<b>\$ 4,759</b>	<b>\$ 4,475</b>
Human Resources Support Systems	\$ 12,567	\$ 13,034	\$ 12,985	\$ 7,216	\$ 7,675	\$ 7,858	\$ 2,114	\$ 601	\$ 652	\$ 3,236	\$ 4,759	\$ 4,475
Human Resources Services Portal	\$ 1,348	\$ 346	\$ -	\$ 917	\$ 346	\$ -	\$ 430	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Legal/Public Disclosure Processing</b>	<b>\$ 4,458</b>	<b>\$ 9,774</b>	<b>\$ 22,681</b>	<b>\$ 1,541</b>	<b>\$ 4,168</b>	<b>\$ 2,572</b>	<b>\$ 2,917</b>	<b>\$ 106</b>	<b>\$ 108</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,500</b>
eDiscovery	\$ 1,019	\$ 326	\$ 337	\$ 302	\$ 326	\$ 337	\$ 718	\$ -	\$ -	\$ -	\$ -	\$ -
LAWS - Critical Needs	\$ 1,598	\$ 1,658	\$ -	\$ 1,240	\$ 1,658	\$ -	\$ 359	\$ -	\$ -	\$ -	\$ -	\$ -
Electronic Records Management Product	\$ -	\$ 7,790	\$ 22,344	\$ -	\$ 2,184	\$ 2,236	\$ 1,840	\$ 106	\$ 108	\$ -	\$ 5,500	\$ 20,000
<b>Reimbursable Services</b>	<b>\$ 4,479</b>	<b>\$ 6,785</b>	<b>\$ 4,430</b>	<b>\$ 1,969</b>	<b>\$ 3,144</b>	<b>\$ 3,246</b>	<b>\$ 1,366</b>	<b>\$ 994</b>	<b>\$ 1,021</b>	<b>\$ 1,144</b>	<b>\$ 2,646</b>	<b>\$ 163</b>
E-Government Initiatives	\$ 2,607	\$ 2,736	\$ 2,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,607	\$ 2,736	\$ 2,890
Budget Formulation and Execution LoB	\$ 55	\$ 55	\$ 55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55	\$ 55	\$ 55
Federal Health Architecture LoB	\$ 100	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 100
Disaster Assistance Improvement Plan	\$ 56	\$ 56	\$ 56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56	\$ 56	\$ 56
E-Rulemaking	\$ 30	\$ 30	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 30	\$ 30
Federal PKI Bridge	\$ 173	\$ 486	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173	\$ 486	\$ 500
Financial Management LoB	\$ 67	\$ 67	\$ 67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67	\$ 67	\$ 67
Geospatial LoB	\$ 25	\$ 25	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 25	\$ 25
GovBenefits.gov	\$ 324	\$ 415	\$ 415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324	\$ 415	\$ 415
Grants.gov	\$ 30	\$ 26	\$ 26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 26	\$ 26
Integrated Award Envt	\$ 874	\$ 944	\$ 950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 874	\$ 944	\$ 950
USA Jobs	\$ 450	\$ 447	\$ 476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450	\$ 447	\$ 476
FOIA Online	\$ 285	\$ 47	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285	\$ 47	\$ 50
Human Resources LoB	\$ 137	\$ 137	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137	\$ 137	\$ 140

## SSA ORGANIZATIONAL CHART

Table 3.31—SSA Organizational Chart



For the full agency organization chart, please visit <https://www.ssa.gov/org/ssachart.pdf>

\*Acting

## Limitation on Administrative Expenses

### EMPLOYMENT

The following tables satisfy SSA's requirement directed by the House Report.

**Table 3.32—FY 2018 Personnel Costs by Grade**

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS - 1	1	\$12,700	\$3,100	\$15,800
GS - 2	2	\$58,400	\$22,700	\$81,100
GS - 3	17	\$539,400	\$173,900	\$713,300
GS - 4	159	\$5,858,500	\$2,041,700	\$7,900,200
GS - 5	1,874	\$72,478,800	\$25,103,200	\$97,582,000
GS - 6	1,542	\$66,638,700	\$23,560,200	\$90,198,900
GS - 7	2,811	\$132,257,900	\$45,719,000	\$177,976,900
GS - 8	8,808	\$486,638,400	\$176,807,500	\$663,445,900
GS - 9	5,938	\$363,300,400	\$123,368,100	\$486,668,500
GS - 10	427	\$29,819,400	\$9,457,300	\$39,276,700
GS - 11	16,517	\$1,223,278,500	\$422,766,400	\$1,646,044,900
GS - 12	13,078	\$1,172,847,500	\$381,578,200	\$1,554,425,700
GS - 13	7,167	\$792,347,700	\$252,322,100	\$1,044,669,800
GS - 14	2,922	\$384,692,300	\$118,028,800	\$502,721,100
GS - 15	738	\$116,066,100	\$34,111,600	\$150,177,700
<b>Subtotal GS Grades<sup>1</sup></b>	<b>61,999</b>	<b>\$4,846,834,700</b>	<b>\$1,615,063,800</b>	<b>\$6,461,898,500</b>
<b>Administrative Law Judge (ALJ)</b>	1,662	\$274,538,000	\$80,777,500	<b>\$355,315,500</b>
<b>Senior Executive Service (SES)</b>	148	\$28,352,000	\$7,130,100	<b>\$35,482,100</b>
<b>Grand Total<sup>2,3</sup></b>	<b>63,808</b>	<b>\$5,149,724,700</b>	<b>\$1,702,971,400</b>	<b>\$6,852,696,100</b>

**Table 3.33—FY 2019 Estimated Personnel Costs by Grade**

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS - 1	1	\$13,096	\$3,343	\$16,440
GS - 2	2	\$60,223	\$24,482	\$84,705
GS - 3	17	\$556,238	\$187,551	\$743,789
GS - 4	162	\$6,041,382	\$2,201,966	\$8,243,348
GS - 5	1,914	\$74,741,334	\$27,073,715	\$101,815,049

<sup>1</sup> Includes \$12,890,300 for Reemployed Annuitant (RA) Personnel Costs.

<sup>2</sup> Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.

<sup>3</sup> Data includes OIG, Delegations, and Advisory Board.

**Limitation on Administrative Expenses**

<b>General Schedule (GS) Grade</b>	<b>FTEs and OT Workyears</b>	<b>Salaries</b>	<b>Benefits</b>	<b>Total</b>
GS - 6	1,576	\$68,718,926	\$25,409,595	\$94,128,521
GS - 7	2,872	\$136,386,527	\$49,307,784	\$185,694,312
GS - 8	8,998	\$501,829,543	\$190,686,173	\$692,515,716
GS - 9	6,067	\$374,641,363	\$133,052,072	\$507,693,435
GS - 10	436	\$30,750,257	\$10,199,666	\$40,949,923
GS - 11	16,875	\$1,276,464,858	\$460,952,001	\$1,737,416,859
GS - 12	13,361	\$1,209,459,682	\$411,530,669	\$1,620,990,351
GS - 13	7,167	\$817,082,014	\$272,128,517	\$1,089,210,531
GS - 14	2,922	\$396,701,043	\$127,293,655	\$523,994,698
GS - 15	738	\$119,689,276	\$36,789,243	\$156,478,520
<b>Subtotal GS Grades<sup>1</sup></b>	<b>63,106</b>	<b>\$5,013,135,763</b>	<b>\$1,746,840,431</b>	<b>\$6,759,976,194</b>
<b>Administrative Law Judge (ALJ)</b>	1,520	\$268,108,113	\$82,118,256	<b>\$350,226,369</b>
<b>Senior Executive Service (SES)</b>	148	\$29,237,050	\$7,689,788	<b>\$36,926,838</b>
<b>Grand Total<sup>2,3</sup></b>	<b>64,774</b>	<b>\$5,310,480,926</b>	<b>\$1,836,648,475</b>	<b>\$7,147,129,401</b>

**Table 3.34—FY 2020 Estimated Personnel Costs by Grade<sup>4</sup>**

<b>General Schedule (GS) Grade</b>	<b>FTEs and OT Workyears</b>	<b>Salaries</b>	<b>Benefits</b>	<b>Total</b>
GS - 1	0	\$13,762	\$3,598	\$17,360
GS - 2	2	\$63,282	\$26,348	\$89,630
GS - 3	17	\$584,487	\$201,849	\$786,336
GS - 4	158	\$6,348,197	\$2,369,835	\$8,718,032
GS - 5	1,860	\$78,537,119	\$29,137,704	\$107,674,822
GS - 6	1,531	\$72,208,860	\$27,346,718	\$99,555,577
GS - 7	2,791	\$143,313,002	\$53,066,807	\$196,379,809
GS - 8	8,744	\$527,315,268	\$205,223,302	\$732,538,570
GS - 9	5,895	\$393,667,758	\$143,195,414	\$536,863,172
GS - 10	423	\$32,311,928	\$10,977,246	\$43,289,174
GS - 11	16,398	\$1,365,529,135	\$500,711,906	\$1,866,241,040
GS - 12	12,984	\$1,270,882,844	\$442,904,074	\$1,713,786,918
GS - 13	7,115	\$858,578,032	\$292,874,476	\$1,151,452,508
GS - 14	2,901	\$416,847,752	\$136,998,000	\$553,845,752

<sup>1</sup> Includes \$12,890,300 for Reemployed Annuitant (RA) Personnel Costs.

<sup>2</sup> Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.

<sup>3</sup> Data includes OIG, Delegations, and Advisory Board.

<sup>4</sup> Includes increase of FERS Employer Contribution per OMB A-11 June 2018 effective October 2019.

## Limitation on Administrative Expenses

General Schedule (GS) Grade	FTEs and OT Workyears	Salaries	Benefits	Total
GS - 15	732	\$125,767,771	\$39,593,904	\$165,361,674
<b>Subtotal GS Grades<sup>1</sup></b>	<b>61,552</b>	<b>5,291,969,194</b>	<b>1,884,631,180</b>	<b>\$7,176,600,375</b>
<b>Administrative Law Judge (ALJ)</b>	1,380	257,485,934	83,759,793	<b>\$341,245,728</b>
<b>Senior Executive Service (SES)</b>	148	30,721,872	8,276,026	<b>\$38,997,898</b>
<b>Grand Total<sup>2,3</sup></b>	<b>63,080</b>	<b>\$5,580,177,000</b>	<b>\$1,976,667,000</b>	<b>\$7,556,844,000</b>

**Table 3.35—Historical Staff-On-Duty by Major SSA Component<sup>4</sup>**

	FY 2017 Actual	FY 2018 Actual
Field Offices	28,060	28,221
Teleservice Centers	4,373	4,513
Program Service Centers/Office of Central Operations	9,881	9,658
Regional Offices	1,372	1,365
<b>Operations Subtotal</b>	<b>43,686</b>	<b>43,757</b>
Office of Hearings Operations <sup>5,6</sup>	10,551	9,787
Systems	3,162	3,118
Office of Analytics, Review, and Oversight <sup>7</sup>	N/A	2,098
Headquarters <sup>8</sup>	4,754	3,547
<b>SSA Total</b>	<b>62,153</b>	<b>62,307</b>

**Table 3.36—FY 2018 Personnel Costs by Region<sup>9,10</sup>**

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
<b>Boston</b>	1,931	\$166,787,700	\$55,465,200	\$222,252,900
<b>New York</b>	5,057	\$416,590,600	\$130,416,600	\$547,007,200
<b>Philadelphia</b>	7,005	\$495,776,100	\$165,340,500	\$661,116,600

<sup>1</sup> Includes \$12,890,300 for Reemployed Annuitant (RA) Personnel Costs.

<sup>2</sup> Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.

<sup>3</sup> Data includes OIG, Delegations, and Advisory Board.

<sup>4</sup> Includes full time, part time, and temporary employees.

<sup>5</sup> Office of Disability Adjudication and Review renamed Office of Hearings Operations effective FY 2018.

<sup>6</sup> In FY 2017, the Office of Hearings Operations line includes 1,000 employees in the Office of Appellate Operations who transferred to the Office of Analytics, Review, and Oversight in FY 2018.

<sup>7</sup> Office of Analytics, Review, and Oversight established in FY 2018.

<sup>8</sup> Headquarters includes counts for Operations Support Staff, Disability Case Processing System, GSA Delegations, and the Social Security Advisory Board.

<sup>9</sup> Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.

<sup>10</sup> Data includes OIG, Delegations, and Advisory Board.

**Limitation on Administrative Expenses**

<b>Regions</b>	<b>FTEs and OT Workyears</b>	<b>Salaries</b>	<b>Benefits</b>	<b>Total</b>
<b>Atlanta</b>	9,004	\$639,111,100	\$224,068,300	\$863,179,400
<b>Chicago</b>	7,634	\$600,446,600	\$200,704,200	\$801,150,800
<b>Dallas</b>	4,886	\$360,219,700	\$127,894,800	\$488,114,500
<b>Kansas City</b>	2,886	\$205,730,900	\$70,937,000	\$276,667,900
<b>Denver</b>	1,187	\$97,975,100	\$33,488,800	\$131,463,900
<b>San Francisco</b>	7,406	\$596,975,000	\$195,712,300	\$792,687,300
<b>Seattle</b>	2,047	\$158,528,200	\$53,598,800	\$212,127,000
<b>Headquarters<sup>1</sup></b>	14,764	\$1,411,583,700	\$445,344,900	\$1,856,928,600
<b>Total</b>	<b>63,808</b>	<b>\$5,149,724,700</b>	<b>\$1,702,971,400</b>	<b>\$6,852,696,100</b>

**Table 3.37—FY 2019 Estimated Personnel Costs by Region<sup>2,3</sup>**

<b>Regions</b>	<b>FTEs and OT Workyears</b>	<b>Salaries</b>	<b>Benefits</b>	<b>Total</b>
<b>Boston</b>	1,960	\$171,994,200	\$59,819,000	\$231,813,200
<b>New York</b>	5,133	\$429,595,100	\$140,653,800	\$570,248,900
<b>Philadelphia</b>	7,111	\$511,252,500	\$178,319,100	\$689,571,600
<b>Atlanta</b>	9,140	\$659,061,900	\$241,656,800	\$900,718,700
<b>Chicago</b>	7,750	\$619,190,400	\$216,458,800	\$835,649,200
<b>Dallas</b>	4,960	\$371,464,500	\$137,934,100	\$509,398,600
<b>Kansas City</b>	2,929	\$212,153,100	\$76,505,300	\$288,658,400
<b>Denver</b>	1,205	\$101,033,500	\$36,117,500	\$137,151,100
<b>San Francisco</b>	7,519	\$615,610,400	\$211,075,000	\$826,685,400
<b>Seattle</b>	2,078	\$163,476,900	\$57,806,100	\$221,283,000
<b>Headquarters<sup>4</sup></b>	14,988	\$1,455,648,400	\$480,302,900	\$1,935,951,300
<b>Total</b>	<b>64,774</b>	<b>\$5,310,480,900</b>	<b>\$1,836,648,500</b>	<b>\$7,147,129,400</b>

<sup>1</sup> The Headquarters category includes frontline workload staff located at the Wabash and Security West buildings in Baltimore.

<sup>2</sup> Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.

<sup>3</sup> Data includes OIG, Delegations, and Advisory Board.

<sup>4</sup> The Headquarters category includes frontline workload staff located at the Wabash and Security West buildings in Baltimore.

## Limitation on Administrative Expenses

**Table 3.38—FY 2020 Estimated Personnel Costs by Region<sup>1,2</sup>**

Regions	FTEs and OT Workyears	Salaries	Benefits	Total
<b>Boston</b>	1,909	\$180,729,100	\$64,379,400	\$245,108,400
<b>New York</b>	4,999	\$451,412,300	\$151,376,700	\$602,789,000
<b>Philadelphia</b>	6,925	\$537,216,700	\$191,913,400	\$729,130,200
<b>Atlanta</b>	8,901	\$692,532,700	\$260,079,800	\$952,612,500
<b>Chicago</b>	7,547	\$650,636,400	\$232,960,700	\$883,597,100
<b>Dallas</b>	4,830	\$390,329,500	\$148,449,600	\$538,779,100
<b>Kansas City</b>	2,853	\$222,927,400	\$82,337,700	\$305,265,200
<b>Denver</b>	1,174	\$106,164,600	\$38,871,000	\$145,035,600
<b>San Francisco</b>	7,322	\$646,874,600	\$227,166,500	\$874,041,100
<b>Seattle</b>	2,024	\$171,779,200	\$62,213,000	\$233,992,200
<b>Headquarters<sup>3</sup></b>	14,596	\$1,529,574,400	\$516,919,200	\$2,046,493,600
<b>Total</b>	<b>63,080</b>	<b>\$5,580,177,000</b>	<b>\$1,976,667,000</b>	<b>\$7,556,844,000</b>

## PHYSICIANS' COMPARABILITY ALLOWANCE

**Table 3.39—Physicians' Comparability Allowance (PCA) Worksheet**

1) Department and component:

Social Security Administration

2) Explain the recruitment and retention problem(s) justifying the need for the PCA pay authority.

*(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

SSA has had no medical officer (MO) accessions in FY 2018.

We continue to offer PCAs to our MOs in order to recruit and retain the highly specialized physicians that we need. MOs are critical to our mission as they possess specialized skills required to write, revise, update, and develop agency medical policy, including medical policy that is used for evaluating claims for disability benefits under the Social Security Disability Insurance program or payments under the Supplemental Security Income program.

The PCA helps to compensate for the decrease in salary that a physician accepts when becoming a civil servant. Our MOs accept a reduction in income under the General Schedule (GS) pay scale, which is capped at GS 15/step 10.

<sup>1</sup> Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.

<sup>2</sup> Data includes OIG, Delegations, and Advisory Board.

<sup>3</sup> The Headquarters category includes frontline workload staff located at the Wabash and Security West buildings in Baltimore.

### Limitation on Administrative Expenses

As we compete for MO services with other government agencies, PCAs continue to be important to our MOs and are a key factor in our ability to retain our current MO and recruit new ones. If we do not retain the PCA, we could lose our MO to other agencies where PCAs are offered.

3-4) Please complete the table below with details of the PCA agreement for the following years:

	PY 2018 (Actual)	CY 2019 (Estimates)	BY* 2020 (Estimates)
3a) Number of Physicians Receiving PCAs	1	1 (renewal)	1
3b) Number of Physicians with One-Year PCA Agreements	0	0	0
3c) Number of Physicians with Multi-Year PCA Agreements	1	1	1
4a) Average Annual PCA Physician Pay (without PCA payment)	164,200	164,200	164,200
4b) Average Annual PCA Payment	30,000	30,000	30,000

\*BY data will be approved during the BY Budget cycle. Please ensure each column is completed.

5) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year.

*(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*  
SSA was able to retain its medical officer by continuing to offer PCA.

6) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

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### MAXIMUM PHYSICIANS' COMPARABILITY ALLOWANCES

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**Table 3.40—Maximum Physicians' Comparability Allowances 1-Year Contract**

CATEGORY	PHYSICIANS WITH 24 MONTHS OR LESS OF SERVICE			PHYSICIANS WITH MORE THAN 24 MONTHS OF SERVICE		
	GS-13	GS-14	GS-15/SES	GS-13	GS-14	GS-15/SES
1. Occupational Health	*	*	*	*	*	*
2a. Disability Evaluation	*	*	*	*	*	*
2b. Administration	\$8,000	\$9,000	\$10,000	\$12,000	\$18,000	\$24,000

## Limitation on Administrative Expenses

**Table 3.41—Maximum Physicians' Comparability Allowances 2-Year Contract**

CATEGORY	PHYSICIANS WITH 24 MONTHS OR LESS OF SERVICE			PHYSICIANS WITH MORE THAN 24 MONTHS OF SERVICE		PHYSICIANS WITH MORE THAN 24 MONTHS BUT NOT MORE THAN 48 MONTHS OF SERVICE	PHYSICIANS WITH MORE THAN 48 MONTHS OF SERVICE
	GS-13	GS-14	GS-15/SES	GS-13	GS-14	GS-15/SES	GS-15/SES
1. Occupational Health	*	*	*	*	*	*	*
2a. Disability Evaluation	*	*	*	*	*	*	*
2b. Administration	\$12,000	\$13,000	\$14,000	\$18,000	\$24,000	\$27,000	\$30,000

\* SSA currently is not experiencing any recruitment or retention problems for the categories of Occupational Health and Disability Evaluation; therefore, no related maximum allowances have been established for these categories. Maximum allowances have been set for the category of Administration because the Commissioner has determined that there is a significant problem recruiting and retaining physicians for a few positions in this category in the Office of Disability Policy.

## MAJOR BUILDING RENOVATIONS AND REPAIR COSTS

We have maintained a record of accomplishment in real property efficiency. Our major building costs are associated with our efforts to optimize space at our headquarters campus and regional facilities.

This exhibit describes our on-going major building renovations, repairs, and other associated costs in support of our space optimization goals.

### **Headquarters Campus (Woodlawn, MD)**

Our main campus is located in Woodlawn, Maryland and consists of 9 General Services Administration (GSA)-owned, SSA occupied buildings on approximately 280 acres. Currently, over 6,000 employees work on the main campus, which does not include the outlying leased buildings in the Woodlawn area.

We are actively pursuing opportunities at our main campus to optimize our real estate footprint by reconfiguring and consolidating space for improved space utilization. Our plan is to create a flexible, secure, sustainable campus environment for the agency with reduced reliance on leased facilities in the Woodlawn area. This plan is also consistent with Government-wide Reduce the Footprint mandates.

The following paragraphs outline our major headquarters projects and their associated cost.

Building	FY 2016 (in millions)	FY 2017 (in millions)	FY 2018 (in millions)	FY 2019 (in millions)	FY 2020 (in millions)
Perimeter East Building <sup>1</sup> (Woodlawn, MD)	\$24.9		\$47.2	N/A	N/A
Altmeyer (Woodlawn, MD)	\$130				\$20

- 1) **Perimeter East Building (PEB):** At the end of calendar year 2018, we finished the renovation of the third floor of the PEB, repurposing this area from an information technology environment to office space. The new space provides a more efficient space layout for approximately 500 occupants. With the completion of the third floor, we have started planning for the renovation of the fourth floor, including infrastructure upgrades needed to support additional employees in the building. The PEB building is critical to our plan to create additional capacity for employee seating on campus and reduce our reliance on leased space in the Woodlawn area.

*Timeline and Costs*

Timeline	Milestones	Cost (in millions)
FY 2016	Obligated funding for construction (\$21.4 million) and for furniture design and acquisition (\$3.5 million)	\$24.9
FY 2017	Construction ongoing	N/A
FY 2018	Continuing infrastructure upgrades, fourth floor design and renovation, design for second and fifth floors, and parking lot study (\$41.5 million); and cafeteria renovation (\$5.7 million).	\$47.2
FY 2019 – 2023	Construction: <ul style="list-style-type: none"> <li>• Second and fifth floor renovations</li> </ul>	TBD

- 2) **Altmeyer Building:** We are currently in the design and construction phase for a full modernization of the Altmeyer Building, the oldest facility on our headquarters campus.

The full modernization includes:

- Taking down the building to its support structure (concrete columns and floor slabs);
- Fully abating any hazards (e.g., asbestos, lead paint, etc.);

<sup>1</sup> Formerly named the National Computer Center.

## Limitation on Administrative Expenses

- Modernizing building systems (e.g., electrical systems, heating, air conditioning, and ventilation systems etc.); and
- Reconfiguring space to achieve a more efficient space utilization rate (UR).

GSA 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.

By adhering to a UR of 150 square feet per person, the modernized building will accommodate around 800 employees, which is a net gain of approximately 350 seats. The modernized building will house many of our executives, including three presidentially-appointed officials. The offices for these three officials will be furnished in accordance with agency furniture standards, and we anticipate that the costs of furniture will exceed \$5,000 per office. The Altmeyer Building is currently scheduled for completion in calendar year 2021.

### Timeline and Costs

Timeline	Milestones	TBD (in millions)
FY 2016	Funding appropriated; GSA begins procurement actions for architectural and engineering (A&E) contractor; begins planning for construction manager as constructor (CMc) solicitation	\$130 <sup>1</sup>
FY 2017	GSA awards construction manager as agent (CMa) contract and contract for A&E design services. GSA begins CMc procurement. Executives and staff vacate the Altmeyer Building for existing spaces around campus.	N/A
FY 2018	GSA awards CMc. A&E completes design. Executives and staff finish vacating the building and occupy swing space.	N/A
FY 2019-FY 2020	Construction begins/continues. SSA begins purchases for furniture, security systems, tenant improvement and other special requirements in the modernized Altmeyer.	\$20 <sup>2,3</sup>
FY 2021	Occupy renovated building.	N/A

<sup>1</sup> In fiscal year (FY) 2016, we obligated \$9.1 million for Altmeyer design, \$4.4 million for CMa, \$106.6 million for construction, and \$9.7 million for swing space design and construction.

<sup>2</sup> The project is on schedule with a completion date of FY 2021. The FY 2020 obligations represent an estimate at the point in time the budget was prepared. Some funding may be needed in FY 2019, and reprogrammed from FY 2020 for unknown conditions (e.g., currently unknown structural deficiencies found once demolition is complete).

<sup>3</sup> Funds will be applied at the end of the project for furniture, security, and other associated move-in costs. The agency cannot purchase these items earlier, because we do not have sufficient warehouses space for storage of panel workstations, office and meeting room furniture, security turnstiles, etc.

## **Regional Facilities**

In addition to efforts at our headquarters campus, we are also actively pursuing opportunities to optimize our real estate footprint at regional facilities.

The following paragraphs describe our regional facilities projects.

Building	FY 2016 (in millions)	FY 2017 (in millions)	FY 2018 (in millions)	FY 2019 (in millions)
Harold Washington Social Security Center (Chicago, IL)		\$12.3		\$1.3
Dallas Regional Office (Dallas, TX)	\$14.4	\$3		

- 1) **Harold Washington Social Security Center (HWSSC) (Chicago, IL):** HWSSC is a 10-story building that currently houses multiple agency components including, but not limited to, a field office, a processing service center, Chicago Teleservice Center, and regional office, in approximately 515,000 USF. We are currently working to develop plans to consolidate existing agency leases in the area.

### *Timeline and Costs*

Timeline	Milestones	Cost (in millions)
FY 2017	Funding needed for renovation of one floor to accommodate occupants of outlying building leases	\$12.3
FY 2019	Furniture (including new and old de-install and removal)	\$1.3
FY 2020	Move	N/A

- 2) **Dallas Regional Office (RO):** The Dallas RO is currently housed in a 13-story building in the Dallas Downtown Central Business District. The original structure was built in 1952 with improvements made over time. The current building is a multi-tenant facility, with SSA occupying all or part of eight floors, and is fully leased by GSA. The Dallas RO currently occupies 174,082 USF.

On February 23, 2017, GSA awarded a new lease, which will reduce our real estate portfolio by almost 70,000 USF to 117,617 USF. We are currently working with GSA to prepare for the start of construction. We are moving employees to swing space in anticipation of the first phase of construction in February 2019. We estimate completion of all phases in late FY 2020/early FY 2021.

## Limitation on Administrative Expenses

### Timeline and Costs

Timeline	Milestones	Cost (in millions)
FY 2016	Renovations/Construction	\$14.4
FY 2017	Furniture	\$3.0
FY 2020	Move	N/A

## NATIONAL SUPPORT CENTER

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Our systems maintain demographic, wage, and benefit information on almost every American. While once a state-of-the-art data center designed for mainframe use, the National Computer Center (NCC) was over 30 years old and the facility infrastructure systems exceeded their useful life. In FY 2009, Congress provided \$500 million for the construction and partial equipping of a new National Support Center (NSC) as part of the American Recovery and Reinvestment Act (Recovery Act). The data previously housed at the NCC and now at the new NSC are critical national, economic, and information resources, and essential to providing service to the millions of individuals who count on us each day. The Recovery Act funding allowed us to take timely action to ensure the new NSC facility was built and operational before the NCC's functional life ended.

### **Milestone Schedule**

On December 28, 2012, we received a Presidential waiver allowing us to retain and continue to obligate funds appropriated for expenses for the replacement of the NCC. As of September 30, 2018, we obligated nearly \$498 million and we expect to spend the remaining Recovery Act funds by the end of FY 2019. The General Services Administration (GSA) and SSA provided the following schedule of key milestones.

Planned	Actual	Milestone
Aug 2010	Aug 2010	Program of Requirements
Feb 2011	Feb 2011	Recommend Site
Sep 2011	Aug 2011	Acquire Site
Mar 2012	Jan 2012	Award Design-Build Construction
July 2014	July 2014	Complete Construction
Oct 2014	Sept 2014	Final Commissioning/Contingency
Mar 2015	Oct 2015	Begin Transition of IT Services
Aug 2016	Aug 2016	Complete Transition of IT Services

We moved IT services from the NCC to the NSC beginning in October 2014, and completed migration activities on August 22, 2016. The program has closed out on schedule.

Following the completion of the building, remaining funds have been spent on “Data at Rest Encryption” and “On Premise” Cloud Infrastructure. These purchases in FY 2017, FY 2018, and FY 2019 are outlined below.

**Actual and Planned Obligations for the New NSC**

The following table provides actual and planned obligations for the NSC as of January 2019.

**Table 3.42—Actual and Planned Obligations for the New NSC**  
(Dollars in thousands)

Year	Obligations
FY 2009 Actuals	\$1,330.4
FY 2010 Actuals	\$1,850.8
FY 2011 Actuals	\$387,699.5
FY 2012 Actuals	(\$30,856.2) <sup>1</sup>
FY 2013 Actuals	\$37,300.3 <sup>2</sup>
FY 2014 Actuals	\$59,797.7 <sup>3</sup>
FY 2015 Actuals	(\$12,453.7) <sup>4</sup>
FY 2016 Actuals	\$41,497.0 <sup>5</sup>
FY 2017 Actuals	\$11,413.9 <sup>6</sup>
FY 2018 Actuals	\$336.0
FY 2019 Planned	\$2,084.4

In FY 2017, we spent approximately \$8 million for Open Systems Data at Rest Encryption. This initiative will better ensure protection of our most important asset – the information supporting critical applications serving the American public. In addition, we spent approximately \$3.4 million in support of building an “On Premise” Cloud Infrastructure. The On-Premise/Private Cloud Infrastructure project supports acquisition and delivery of computing services via the IT network enabling on-demand access to shared and scalable pools of computing resources.

In FY 2018, we spent \$336,000 for servers and software to continue to support our “On Premise” Cloud Infrastructure.

In FY 2019, we plan to spend the remaining \$2.084 million on encryption hardware.

<sup>1</sup> In FY 2012, there were \$27.5 million in obligations and a recovery from previous construction obligations of \$58.4 million, resulting in a net recovery of \$30.9 million.

<sup>2</sup> In FY 2013, there were \$39.2 million obligations and a recovery from IT of \$1.9 million resulting in a net obligation of \$37.3 million

<sup>3</sup> In FY 2014, there were \$69.8 million in obligations and a recovery from previous construction obligations of \$10 million, resulting in a net obligation of \$59.8 million.

<sup>4</sup> In FY 2015, there were \$42.7 million in obligations and a recovery from previous construction obligations of \$55.1 million, resulting in a net recovery of approximately \$12.5 million.

<sup>5</sup> In FY 2016, actual obligations were \$50 million. These were offset by approximately \$8.5 million recovered due to revised estimates and de-obligations from FY 2011-FY 2015, resulting in a net obligation of approximately \$41.5 million.

<sup>6</sup> In FY 2017, actual obligations were approximately \$11.6 million. These were offset by approximately \$.2 million in recoveries, resulting in a net obligation of \$11.4 million.

## Limitation on Administrative Expenses

The following tables satisfy SSA's requirement directed by the House Report.

**Table 3.43—FY 2018 Physical Infrastructure Costs by Component<sup>1</sup>**  
(Dollars in thousands)

Components	LAE One-Year				
	Rental Payments to GSA	Communications, Utilities & Misc. Charges	Operations & Maintenance of Facilities	Operations & Maintenance of Equipment	Total
Office of Operations	\$513,056	\$30,376	\$357,646	\$29	<b>\$901,107</b>
Office of Systems	\$0	\$1	\$8	\$0	<b>\$9</b>
Office of Hearings Operations	\$113,199	\$4,403	\$70,428	\$15	<b>\$188,044</b>
Office of Human Resources	\$0	\$1	\$214	\$2	<b>\$217</b>
Office of Retirement and Disability Policy	\$0	\$12	\$40	\$0	<b>\$52</b>
Office of Communications	\$0	\$0	\$6	\$0	<b>\$6</b>
Office of Analytics, Review and Oversight	\$4,649	\$213	\$573	\$0	<b>\$5,436</b>
Office of Budget, Finance, Quality, and Management	\$0	\$160	\$3	\$1	<b>\$164</b>
DCBFM - Agency Level	\$79,732	\$140,610	\$72,675	\$247	<b>\$293,264</b>
Office of General Counsel	\$2,030	\$21	\$227	\$3	<b>\$2,280</b>
Disability Determination Services	\$0	\$30,903	\$382	\$0	<b>\$31,285</b>
Information Technology Systems	\$0	\$58,671	\$3	\$614,443	<b>\$673,119</b>
Social Security Advisory Board	\$17	\$3	\$7	\$3	<b>\$30</b>
<b>Subtotal LAE One Year</b>	<b>\$712,683</b>	<b>\$265,374</b>	<b>\$502,212</b>	<b>\$614,743</b>	<b>\$2,095,013</b>
LAE No-Year					
Delegated Buildings	\$0	\$16,355	\$40,532	\$0	\$56,887
Information Technology Systems	\$0	\$191,190	\$0	\$1,268	\$192,458
National Security Center	\$0	\$0	\$0	\$44,450	\$44,450
<b>Subtotal LAE No Year</b>	<b>\$0</b>	<b>\$207,545</b>	<b>\$40,532</b>	<b>\$45,718</b>	<b>\$293,795</b>
LAE Multi-Year					
MACRA	\$0	\$0	\$0	\$201,249	\$201,249
ODAR Anomaly	\$0	\$0	\$117	\$8,964	\$9,081
<b>Subtotal LAE Multi Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$117</b>	<b>\$210,213</b>	<b>\$210,330</b>
<b>Grand Total<sup>2</sup></b>	<b>\$712,683</b>	<b>\$472,919</b>	<b>\$542,861</b>	<b>\$870,675</b>	<b>\$2,599,139</b>

<sup>1</sup> Includes \$11,925,900 for Reemployed Annuitant (RA) Personnel Costs.

<sup>2</sup> Only includes General Schedule Grades (including RAs), ALJs, and SES personnel costs.

**Limitation on Administrative Expenses**

**Table 3.44—FY 2019 Estimated Physical Infrastructure Costs by Component<sup>1,2</sup>**  
(Dollars in thousands)

<b>Components</b>	<b>LAE One Year</b>				
	<b>Rental Payments to GSA</b>	<b>Communications, Utilities &amp; Misc. Charges</b>	<b>Operations &amp; Maintenance of Facilities</b>	<b>Operations &amp; Maintenance of Equipment</b>	<b>Total</b>
Office of Operations	\$515,435	\$57,424	\$129,962	\$41	<b>\$702,862</b>
Office of Systems <sup>3</sup>	\$0	\$2	\$3	\$0	<b>\$5</b>
Office of Hearings Operations	\$113,724	\$8,324	\$25,592	\$21	<b>\$147,661</b>
Office of Human Resources	\$0	\$2	\$78	\$3	<b>\$82</b>
Office of Retirement and Disability Policy	\$0	\$23	\$15	\$0	<b>\$37</b>
Office of Communications	\$0	\$0	\$2	\$0	<b>\$2</b>
Office of Analytics, Review and Oversight	\$4,671	\$403	\$208	\$0	<b>\$5,281</b>
Office of Budget, Finance, and Management	\$0	\$302	\$1	\$1	<b>\$305</b>
DCBFM - Agency Level	\$80,102	\$265,815	\$26,409	\$351	<b>\$372,676</b>
Office of the General Counsel	\$2,039	\$40	\$82	\$4	<b>\$2,166</b>
Disability Determination Services	\$0	\$58,420	\$139	\$0	<b>\$58,559</b>
Information Technology Systems	\$0	\$110,914	\$1	\$872,682	<b>\$983,597</b>
Social Security Advisory Board	\$261	\$6	\$3	\$4	<b>\$273</b>
<b>Subtotal LAE One Year</b>	<b>\$716,232</b>	<b>\$501,674</b>	<b>\$182,494</b>	<b>\$873,108</b>	<b>\$2,273,508</b>
<b>LAE No Year</b>					
Delegated Buildings	\$0	\$0	\$0	\$0	\$0
Information Technology Systems <sup>3</sup>	\$0	\$18,930	\$0	\$59,351	\$78,281
<b>Subtotal LAE No Year</b>	<b>\$0</b>	<b>\$18,930</b>	<b>\$0</b>	<b>\$59,351</b>	<b>\$78,281</b>
<b>LAE Multi Year</b>					
MACRA	\$0	\$0	\$0	\$0	\$0
ODAR Anomaly	\$0	\$0	\$0	\$0	\$0
<b>Subtotal LAE Multi Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$716,232</b>	<b>\$520,603</b>	<b>\$182,494</b>	<b>\$932,459</b>	<b>\$2,351,789</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Includes guard services.

<sup>3</sup> The ITS budget funds all information technology projects for the Agency. The Office of Systems is a staff component that is responsible for the Information Management and Information Technology programs.

## Limitation on Administrative Expenses

**Table 3.45—FY 2020 Estimated Physical Infrastructure Costs by Component<sup>1,2</sup>**  
(Dollars in thousands)

Components	LAE One Year				
	Rental Payments to GSA	Communications, Utilities & Misc. Charges	Operations & Maintenance of Facilities	Operations & Maintenance of Equipment	Total
Office of Operations	\$520,735	\$59,326	\$134,671	\$41	<b>\$714,774</b>
Office of Systems <sup>3</sup>	\$0	\$2	\$3	\$0	<b>\$5</b>
Office of Hearings Operations	\$114,893	\$8,599	\$26,520	\$21	<b>\$150,033</b>
Office of Human Resources	\$0	\$2	\$81	\$3	<b>\$85</b>
Office of Retirement and Disability Policy	\$0	\$23	\$15	\$0	<b>\$38</b>
Office of Communications	\$0	\$0	\$2	\$0	<b>\$2</b>
Office of Analytics, Review and Oversight	\$4,719	\$416	\$216	\$0	<b>\$5,350</b>
Office of Budget, Finance, and Management	\$0	\$312	\$1	\$1	<b>\$315</b>
DCBFM - Agency Level	\$80,925	\$274,619	\$27,366	\$349	<b>\$383,260</b>
Office of the General Counsel	\$2,060	\$41	\$85	\$4	<b>\$2,191</b>
Disability Determination Services	\$0	\$60,355	\$144	\$0	<b>\$60,499</b>
Information Technology Systems	\$0	\$114,588	\$1	\$869,325	<b>\$983,914</b>
Social Security Advisory Board	\$261	\$6	\$3	\$4	<b>\$274</b>
<b>Subtotal LAE One Year</b>	<b>\$723,594</b>	<b>\$518,290</b>	<b>\$189,108</b>	<b>\$869,749</b>	<b>\$2,300,741</b>
LAE No Year					
Delegated Buildings	\$0	\$0	\$0	\$0	<b>\$0</b>
Information Technology Systems <sup>3</sup>	\$0	\$18,930	\$0	\$59,351	<b>\$78,281</b>
<b>Subtotal LAE No Year</b>	<b>\$0</b>	<b>\$18,930</b>	<b>\$0</b>	<b>\$59,351</b>	<b>\$78,281</b>
LAE Multi Year					
ODAR Anomaly	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Subtotal LAE Multi Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$723,594</b>	<b>\$537,220</b>	<b>\$189,108</b>	<b>\$929,101</b>	<b>\$2,379,022</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Includes guard services.

<sup>3</sup> The ITS budget funds all information technology projects for the Agency. The Office of Systems is a staff component that is responsible for the Information Management and Information Technology programs.

**Table 3.46—FY 2018 Physical Infrastructure Costs by Region**  
(Dollars in thousands)

Regions	Rental Payments to GSA	Communications, Utilities & Misc. Charges	Operations & Maintenance of Facilities	Operations & Maintenance of Equipment	Total
<b>Boston</b>	\$27,273	\$2,163	\$19,692	\$7	\$49,135
<b>New York</b>	\$80,895	\$6,227	\$60,916	\$11	\$148,049
<b>Philadelphia</b>	\$53,365	\$5,128	\$45,770	\$11	\$104,273
<b>Atlanta</b>	\$120,412	\$12,968	\$63,002	\$14	\$196,397
<b>Chicago</b>	\$93,878	\$10,058	\$64,776	\$26	\$168,739
<b>Dallas</b>	\$66,685	\$5,589	\$43,823	\$1	\$116,097
<b>Kansas City</b>	\$29,976	\$3,095	\$25,545	\$4	\$58,619
<b>Denver</b>	\$14,658	\$1,434	\$12,626	\$3	\$28,721
<b>San Francisco</b>	\$101,783	\$8,702	\$75,390	\$25	\$185,899
<b>Seattle</b>	\$25,319	\$1,677	\$16,083	\$0	\$43,079
<b>Headquarters</b>	\$98,439	\$415,878	\$115,238	\$870,573	\$1,500,131
<b>Total</b>	<b>\$712,683</b>	<b>\$472,919</b>	<b>\$542,861</b>	<b>\$870,675</b>	<b>\$2,599,139</b>

**Table 3.47—FY 2019 Estimated Physical Infrastructure Costs by Region<sup>1,2,3</sup>**  
(Dollars in thousands)

Regions	Rental Payments to GSA	Communications, Utilities & Misc. Charges	Operations & Maintenance of Facilities	Operations & Maintenance of Equipment	Total
<b>Boston</b>	\$27,409	\$2,381	\$6,620	\$7	\$36,417
<b>New York</b>	\$81,298	\$6,855	\$20,478	\$12	\$108,643
<b>Philadelphia</b>	\$53,631	\$5,645	\$15,387	\$12	\$74,674
<b>Atlanta</b>	\$121,012	\$14,276	\$21,179	\$15	\$156,482
<b>Chicago</b>	\$94,345	\$11,072	\$21,776	\$28	\$127,221
<b>Dallas</b>	\$67,017	\$6,153	\$14,732	\$1	\$87,903
<b>Kansas City</b>	\$30,125	\$3,407	\$8,588	\$4	\$42,124
<b>Denver</b>	\$14,731	\$1,579	\$4,245	\$3	\$20,557
<b>San Francisco</b>	\$102,290	\$9,579	\$25,344	\$27	\$137,240
<b>Seattle</b>	\$25,445	\$1,846	\$5,407	\$0	\$32,698
<b>Headquarters</b>	\$98,929	\$457,811	\$38,740	\$932,350	\$1,527,830
<b>Total</b>	<b>\$716,232</b>	<b>\$520,603</b>	<b>\$182,494</b>	<b>\$932,459</b>	<b>\$2,351,789</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Includes guard services.

<sup>3</sup> Includes DDS, SSAB, ITS, and Delegated Buildings.

## Limitation on Administrative Expenses

**Table 3.48—FY 2020 Estimated Physical Infrastructure Costs by Region<sup>1,2,3</sup>**  
(Dollars in thousands)

Regions	Rental Payments to GSA	Communications, Utilities & Misc. Charges	Operations & Maintenance of Facilities	Operations & Maintenance of Equipment	Total
<b>Boston</b>	\$27,691	\$2,457	\$6,860	\$7	\$37,015
<b>New York</b>	\$82,133	\$7,074	\$21,220	\$12	\$110,439
<b>Philadelphia</b>	\$54,182	\$5,825	\$15,944	\$12	\$75,963
<b>Atlanta</b>	\$122,255	\$14,731	\$21,947	\$15	\$158,949
<b>Chicago</b>	\$95,315	\$11,426	\$22,565	\$28	\$129,333
<b>Dallas</b>	\$67,706	\$6,349	\$15,266	\$1	\$89,322
<b>Kansas City</b>	\$30,435	\$3,516	\$8,899	\$4	\$42,854
<b>Denver</b>	\$14,882	\$1,629	\$4,398	\$3	\$20,913
<b>San Francisco</b>	\$103,341	\$9,885	\$26,262	\$27	\$139,516
<b>Seattle</b>	\$25,707	\$1,905	\$5,603	\$0	\$33,214
<b>Headquarters</b>	\$99,946	\$472,423	\$40,144	\$928,992	\$1,541,505
<b>Total</b>	<b>\$723,594</b>	<b>\$537,220</b>	<b>\$189,108</b>	<b>\$929,101</b>	<b>\$2,379,022</b>

## SOCIAL SECURITY ADVISORY BOARD

This Budget includes \$2.4 million for the Social Security Advisory Board in FY 2020. The *Social Security Independence and Program Improvements Act of 1994* mandated the creation of a bipartisan, seven-member advisory board to advise the President, the Congress, and the Commissioner of Social Security and to make recommendations on policies and regulations relating to SSA's major programs: OASDI and SSI.

The Board analyzes the OASDI and SSI programs, including how other public and private systems support these programs, and makes recommendations on how to improve the economic security of millions of Americans. The Board makes recommendations to the President and to the Congress on policies related to preserving the short-term and long-term solvency of the OASI and DI programs. The Board also analyzes and makes recommendations on the coordination of Social Security programs with other health security programs, improving the quality of service to the public, and improving public understanding of the Social Security programs. The Board is not requesting reception and representation authority in FY 2020.

The Board is required by law to meet at least four times per year and currently holds 2-day meetings every other month supplemented with field visits and monthly conference calls. For more information about the Social Security Advisory Board, please see their website at [www.ssab.gov](http://www.ssab.gov).

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Includes guard services.

<sup>3</sup> Includes DDS, SSAB, ITS, and Delegated Buildings.

**Table 3.49—SSA Advisory Board Budget Authority by Object Class and Staffing**

Object Class	FY 2018 Actual	FY 2019 Estimate	FY 2020 Request
Salaries	\$1,168,277	\$1,339,473	\$1,373,805
Benefits	\$325,511	\$368,527	\$376,195
<b>Subtotal, Compensation</b>	<b>\$1,493,788</b>	<b>\$1,708,000</b>	<b>\$1,750,000</b>
Travel	\$59,768	\$166,000 <sup>1</sup>	\$85,000
Rent, Communications, Utilities	\$20,451	\$272,500 <sup>2</sup>	\$273,500
Printing & Reproduction	\$194	\$1,500	\$2,500
Consultants & Contracts	\$553,652 <sup>3</sup>	\$227,000	\$267,000
Equipment	\$43,025	\$10,000	\$7,000
Supplies	\$28,021	\$15,000	\$15,000
<b>Total, All Objects</b>	<b>\$2,198,899</b>	<b>\$2,400,000</b>	<b>\$2,400,000</b>
<b>Staffing Levels</b>			
Full-time, Permanent Staff	9	10	10
Part-time, and other Special Government Employees	2	1	0
Temporary Staff			
Board Members	6	7	7

*Note: Totals may not add due to rounding.*

### MEDICARE ACCESS AND CHIP REAUTHORIZATION ACT (MACRA)

On April 16, 2015, the President signed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) (Public Law 114 -10). Title V, section 501, prohibits displaying, coding, or embedding Social Security numbers (SSN) on beneficiaries' Medicare cards.

In April 2018, CMS began mailing Medicare cards with a new Medicare Beneficiary Identifier (MBI) that replaced the SSN-based Health Insurance Claim Number (HICN) to prevent fraud, fight identity theft, and keep taxpayer dollars safe. Throughout the transition period – April 1, 2018 through December 31, 2019 – Medicare beneficiaries can use either the HICN or MBI to access benefits or file Medicare claims. Business partners can also use either the HICN or MBI for Medicare transactions, including billing, eligibility, and claim status during the transition period. Starting January 1, 2020, the HICN can no longer be used to access benefits or for other Medicare transactions.

Congress appropriated the Social Security Administration (SSA) \$98 million to fund the implementation costs to comply with the provisions of MACRA. Beginning fiscal year (FY)

<sup>1</sup> There was a significant difference between travel in 2018 and 2019 because the Board commissioned an independent Tech Panel that traveled to the DC area approximately once a month.

<sup>2</sup> There was a substantial increase in rent between 2018 and 2019 due to lease renewal negotiations, which provided some rent-free incentives in 2018.

<sup>3</sup> There was a sharp increase in consultant/contract costs as SSAB had a new systems contract that incorporated a systems security plan to address federal regulations concerning security.

## **Limitation on Administrative Expenses**

2015, we received the funding incrementally through FY 2018. The funding is available in the following amounts:

- FY 2015 - \$27 million (available through FY 2018);
- FY 2016 - \$22 million (available through FY 2018);
- FY 2017 - \$22 million (available through FY 2018); and
- FY 2018 - \$27 million (available until expended).

We did not require intensive systems changes to support CMS in the SSN Removal Initiative and implementation of MACRA. However, there is some workload impact due to inquiries from the public, requests for replacement Medicare cards, and address changes. We had limited spending in FYs 2015-2018 and expect limited spending through FY 2020 for potential fall-out work in our workload processing components.

We plan to spend about \$1.1 million in FY 2019 and \$260,000 in FY 2020 fielding inquiries, processing requests for Medicare replacement cards, and effectuating address changes. We did not spend approximately \$66 million of the MACRA funds available through FY 2018. At the end of FY 2020, we estimate having \$26 million available to continue to process future fall-out work.

**Table 3.50—MACRA Spending**

<b>FY 2018 Actual</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Estimate</b>
\$2,300,000	\$1,100,000	\$260,000

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## APPROPRIATION LANGUAGE

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, *\$30,000,000*, together with not to exceed *75,500,000* to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the “Limitation on Administrative Expenses,” Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: *Provided*, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House of Representatives and the Senate at least 15 days in advance of any transfer.

*(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.)*

## GENERAL STATEMENT

### OVERVIEW

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The FY 2020 President's Budget for the SSA Office of the Inspector General (OIG) is \$105.5 million in total budget authority and 496 FTE. The OIG intends to obligate \$115.5 million, and operate with 583 FTE, which includes a transfer of cap adjustment funds from SSA as described below.

The FY 2020 Budget provides funding for the OIG direct appropriations account at the FY 2019 appropriated level.

In addition to the request for \$105.5 million in the appropriations account and similar to the FY 2019 appropriation, the Budget requests that SSA transfer up to \$10 million of its program integrity cap adjustment funds in SSA's Limitation on Administration Expenses (LAE) account to the OIG for the cost of jointly operated cooperative disability investigations (CDI) units. This important anti-fraud activity is an authorized use of the cap adjustment.

CDI units are unable to function without an OIG team leader. Each CDI unit includes an OIG Special Agent who serves as the team leader, employees from that State's Disability and Determination Services and an SSA employee who act as programmatic experts, and State or local law enforcement officers. Generally, CDI units investigate suspected fraud before the agency awards benefits and during the CDR and redetermination processes when fraud may be involved. Currently, the CDI program has 43 units covering 37 States, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, and American Samoa. In 2019, we are pursuing expansion to add 3 units in North Dakota; Montana; and Idaho. We are also planning to add 2 to 4 units in FY 2020, and cover all 50 States and U.S. territories by October 2022.

OIG has consistently prioritized this important activity at the detriment of other investigative work. Access to these funds provides OIG with the same access to the cap adjustment funds provided to SSA in support of the jointly-operated CDI units. Prior to FY 2019, OIG had to absorb personnel losses from existing staff in order to meet CDI unit expansion with no increase in resources. With the ability to obligate \$115.5 million in 2020, OIG intends to operate at 583 FTE, an increase of 41 FTE from FY 2019 levels, as well as fund related support costs, such as travel, training, information technology, and law enforcement equipment. 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.

In FY 2020, our budget includes \$953,000 for training, which satisfies our FY 2020 training requirements. In FY 2020, we will contribute an estimated \$336,000 to the Council of the Inspectors General on Integrity and Efficiency (CIGIE), as requested.

**Table 4.1—Justification**

	FY 2018 Actual	FY 2019 Estimate	FY 2020 Budget	FY19 to FY20 Change
FTE	496	542	583 <sup>1</sup>	41
Appropriation	\$ 105,500,000	\$ 105,500,000	\$ 105,500,000	\$ 0
Total Obligations	\$ 103,962,105	\$ 105,500,000	\$ 105,500,000	\$ 0
Unobligated balance lapsing	\$ 1,537,895	\$ 0	\$ 0	\$ 0
Reimbursable Obligation*		\$10,000,000*	\$10,000,000*	\$ 0
Total Authority	\$105,500,000	\$115,500,000	\$115,500,000	\$ 0

*\* For FY 2020, the Budget includes the transfer of up to \$10 million to the Office of the Inspector General from SSA's LAE program integrity cap adjustment funds for the cost of OIG employees (50 FTEs) who serve as team leaders in the jointly operated Cooperative Disability Investigations (CDI) units.*

<sup>1</sup> The number of FY 2020 OIG FTEs shown reflects the correct estimate of 583 direct FTE, which is an update to the 561 FTE in the President's Budget Appendix.

## ONGOING INITIATIVES

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### Computer Forensic & Cyber-Related Investigations

Our *Digital Forensics Team* (DFT) provides forensic support to investigations involving at least one computer, network, electronic data storage, communication, mobile device or other form of digital media; as well as the collection, examination, analysis, and reporting of the data acquired. The DFT provides needed forensic assistance to the field in support of ongoing investigations. In FY 2015, the DFT implemented the initial infrastructure of a “private cloud”-based forensics network that allows the DFT to offer faster processing and examining times and provides an overall better digital forensics solution for the OIG. This infrastructure allows the DFT to maintain a secure central repository for forensic evidence and DFT casework. In FY 2018, the DFT added additional electronic storage to the forensic network in order to help support the ever-growing volume of data collected during search warrants and investigative operations. Moving forward, the DFT will need additional funds to maintain, secure, and expand the forensic network to meet the internal growth within DFT and the growing demands of the ever-evolving cyber-crime movement. Additional funds will also allow the DFT to increase its personnel, infrastructure, and data storage capabilities. Data storage is vital to a computer forensics program so we can provide adequate support as components request it.

In addition to traditional forensic services, the DFT works hand-in-hand with SSA to protect SSA’s network and Personally Identifiable Information (PII). With the issuance of Presidential directives, such as OMB Memorandum M-17-12, *Preparing for and Responding to a Breach of Personally Identifiable Information*, which provides guidance on the *Federal Information Security Modernization Act of 2014*, and updates the *Cybersecurity Strategy and Implementation Plan for Federal Civilian Government*, protecting government networks has become a critical priority. There has been an increase in cyber-based attacks on networks, to include government-maintained electronic data; therefore, the potential for computer-based fraud against SSA systems and programs is growing exponentially. Techniques used to compromise computer systems are on the rise nationally, as computer crimes become more prevalent. To be effective, we must keep pace with technological advances. With no budget increase, we must reprogram funds from other areas in order to provide our computer forensic examiners with additional equipment, training, and software needed to combat increasingly complex computer crimes.

DFT personnel received basic network intrusion training in FY 2017; however, additional training is necessary to adequately address complex and evolving cyber-crimes. DFT personnel also complete role-based cybersecurity training through the SSA, Office of Information Security (OIS), every year as required due to occupying a position description assigned a National Initiative for Cybersecurity Education (NICE) Framework role. The DFT will receive additional skills training to continually enhance its abilities in the area of computer security and incident response. Training in cyber-crime prevention will allow DFT to respond quickly and appropriately to cyber-incidents before any PII is compromised.

## Cooperative Disability Investigations

The Cooperative Disability Investigations (CDI) program is a key SSA anti-fraud initiative that plays a vital role in combating fraud, similar fault, and abuse within SSA's disability programs. CDI units, consisting of personnel from SSA, OIG, State disability determination agencies, and local law enforcement investigate initial disability claims and post-entitlement events involving suspected fraud. CDI units investigate claimants, beneficiaries, as well as third parties, who are potentially facilitating disability fraud.

CDI investigations help SSA:

- prevent claimants who do not meet eligibility requirements from receiving benefits;
- terminate the benefits of those who have concealed medical improvement or failed to disclose substantial gainful activity; and,
- revisit administrative determinations of claimants who may never have been eligible for benefits.

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 the 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.

As the CDI program has expanded to meet the BBA mandate, OIG has reallocated staff to support the CDI mission both in the field and at headquarters, which required us to shift resources away from other investigative priorities. With additional funding of up to \$10 million provided in FY 2019 and requested for FY 2020 from a transfer from program integrity cap adjustment funds in SSA's LAE account to support the cost of CDI team leaders, OIG will no longer have to absorb these personnel costs at a detriment to its other work.

## Allegation Management and Fugitive Enforcement

The Allegation Management and Fugitive Enforcement Division (AMFED) is responsible for receiving, analyzing, and referring allegations of fraud, waste, and abuse in Social Security programs and operations. AMFED is also responsible for managing the fugitive warrant verification and referral process for Social Security's fugitive enforcement operations.

In FY 2018, these processes contributed significantly to the mission of OIG and SSA. AMFED received 85,286 allegations. Through the development of referred allegations, SSA identified about \$2.6 million in benefit overpayments. AMFED also matched 136,612 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for apprehension and warrant verification. AMFED referred 2,035 fugitive subjects for benefit

suspension. Through these data-sharing efforts, law enforcement reports that 557 fugitives were apprehended.

### Civil Monetary Penalty Program

We continue our emphasis on enforcing Section 1129 of the *Social Security Act*, which authorizes Civil Monetary Penalties (CMP) against those who make false statements or misrepresentations in connection with obtaining or retaining payments under Titles II, VIII, or XVI of the *Social Security Act*. We can also penalize representative payees for wrongful conversion of payments and penalize individuals who knowingly withhold a material fact from SSA. If the Department of Justice or a local prosecutor does not pursue criminal or civil prosecution, we are authorized to impose penalties of up to \$8,457 for each false statement, misrepresentation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to *twice* the amount of any resulting overpayment. For a CMP against an individual who violates their position of trust with an applicant for Social Security benefits, the maximum CMP that may be imposed is \$7,975. Section 813(b) of the BBA of 2015 defines a person in a position of trust as someone who “receives a fee or other income for services performed in connection with any determination with respect to benefits under [Titles II, VIII and XVI of the Social Security Act] (including a claimant representative, translator, or current or former employee of the Social Security Administration), or who is a physician or other health care provider who submits, or causes the submission of, medical or other evidence in connection with any such determination...” We note that these penalties are subject to an annual inflation adjustment, effective each January 15, so the amounts stated above may increase.

Our CMP authority allows us to recover fraud losses from those responsible when prosecutors decline to pursue OIG investigations for criminal or civil prosecution. The Section 1129 program is an effective supplemental tool to prevent and deter fraud, and recover fraud losses, thereby strengthening public trust in the agency. Thus, we remain committed to aggressive enforcement.

We also have authority to enforce Section 1140 of the Social Security Act, the consumer protection prong of the agency’s CMP program. Section 1140, in part, prohibits people or companies from misusing Social Security, emblems, or names to mislead consumers by giving the false impression that they are associated with, or endorsed by, SSA when they advertise, solicit services, or otherwise communicate with the public. These communications can take many forms, including mailed or televised advertisements, Internet sites, social media accounts, and mobile applications. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without authorization and the charging for services that SSA provides for free without providing proper notice. The maximum penalty is \$10,519 for each violation and \$52,596 for each violative broadcast, telecast, dissemination, or viewing of such a communication.

The focus of our 1140 program is prevention and early intervention to minimize harm to the public and SSA’s reputation, while also allowing violating individuals and entities the opportunity to bring their operations into compliance with Section 1140. A cornerstone of our prevention and early detection strategy is outreach to the public and private sector. We continually explore outreach opportunities to educate the public on how to recognize, avoid and

report scams, and the private sector on Section 1140's prohibitions. We also welcome the opportunity to work with the private sector to develop innovative approaches to prevent and combat Section 1140 type scams.

## **SSA'S SIGNIFICANT MANAGEMENT ISSUES**

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OIG annually identifies the most significant management issues facing SSA based on congressional mandates and its audit and investigative work. These issues are:

1. Strengthen Planning, Transparency, and Accountability
2. Improve Customer Service
3. Improve Administration of the Disability Programs
4. Modernize Information Technology Infrastructure
5. Secure Information Systems and Protect Sensitive Data
6. Reduce Improper Payments and Increase Overpayments Recoveries
7. Strengthen the Integrity and Protection of the Social Security Number

A summary of each management issue is discussed below:

### **Issue #1: Strengthen Planning, Transparency, and Accountability**

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the agency's ability to provide its services efficiently and effectively now and in the future. While SSA has created annual performance and multi-year strategic plans, we continue to be concerned with the quality of its longer-term vision needed to ensure SSA has the programs, processes, staff, and infrastructure required to provide needed services for the next 10 to 20 years and beyond. In FY 2015, SSA published its Vision 2025 report, which SSA stated is a critical first step in planning how it will serve the public in the future. However, we question whether SSA's Vision 2025 provides a clear path to the organization SSA will need to be in the future to meet its mission. Vision 2025 does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. To show transparency, the agency has a mixture of outcome and output performance measures on which it publicly reports. However, SSA has more output-based measures than outcome-based ones, and output measures are less helpful in determining whether SSA is effectively using its resources to achieve its mission.

We have noted in past Statements that SSA needs a strong anti-fraud infrastructure to combat attempts to defraud its programs. SSA's Office of Anti-Fraud Programs is developing the Anti-Fraud Enterprise Solution (AFES) to identify areas that have a high risk of fraud and have the most significant impact to the agency. To further improve its ability to address fraud, SSA needs to ensure AFES is implemented timely and successfully. Regarding accountability, the FY 2018 Independent Auditor's Report contained three significant deficiencies. The auditor

identified four systems control deficiencies that, when aggregated, are considered to be a significant deficiency in the area of IT Systems Controls. The auditor also identified four deficiencies in internal control that, when aggregated, are considered to be a significant deficiency related to weaknesses in internal controls related to accounts receivable/overpayments. Further, the auditor identified a significant deficiency in controls over the reliability of information used in certain control activities.

### **Issue #2: Improve Customer Service**

SSA faces challenges as it pursues its mission to deliver quality services, including growing workloads as experienced employees are expected to retire. In FY 2018, SSA served over 42 million visitors, the National 800-Number handled nearly 32 million calls, and processing centers handled complex Social Security claims as well as provided support to the National 800-Number. SSA continues to acknowledge that one of its greatest challenges is the loss of its most experienced employees. SSA projects that more than 21,000 employees will retire by the end of FY 2022. These retirements, along with regular ongoing attrition, will cause a loss of institutional knowledge and potentially impair succession management and knowledge transfer. As of FY 2017, about 70 percent of supervisors were eligible for retirement in the next 5 years. Further, SSA's biennial survey of future customers shows an increasing preference for conducting business online or by telephone. In FY 2018, SSA customers conducted over 160 million transactions using the agency's website. The agency expects the number of successfully completed transactions in FYs 2019 and 2020 to increase by 10 million each year. Finally, our audits continue to identify problems with SSA's administration of the representative payee program. We found the Agency's implementation of its criminal bar policy had not identified and barred convicted felons from serving as individual representative payees, and our investigations have identified various problems with representative payees including fraud and misuse of beneficiary funds.

### **Issue #3: Improve Administration of the Disability Programs**

We previously raised concerns about various backlogs in SSA's disability workloads, including initial disability claims and continuing disability reviews (CDR). In recent years, SSA made progress in reducing initial disability claims pending and backlogged CDRs. In FY 2018, SSA eliminated the backlog of CDRs that had existed since FY 2002. However, we still have concerns with pending disability hearings. The hearings process has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased almost 40 percent from 426 days in FY 2010 to 595 days through the end of FY 2018. Moreover, during the same period, the pending hearings backlog also increased from 705,367 cases to about 858,000 cases. However, over the last 2 years, the number of pending cases has decreased from over 1.1 million cases at the end of FY 2016 to less than 800,000 cases in January 2019. As far as returning to work, our reviews have found that few Ticket-eligible beneficiaries used their Tickets to receive vocational or employment services. Also, an

independent evaluation<sup>1</sup> failed to provide strong evidence of the Ticket Program's impact on employment and found no consistent evidence that it affected employment and benefit receipt.

#### **Issue #4: Modernize Information Technology Infrastructure**

SSA must modernize its information technology (IT). SSA's aging IT infrastructure is increasingly difficult and expensive to maintain. The agency continues to rely on outdated applications and technologies to process its core workloads, such as retirement and disability claims. To ensure SSA can keep pace with increasing workloads, the agency must maintain its legacy systems while developing their modern replacements. One of the agency's priorities is to improve customer service and convenience by increasing online transactions. To achieve that goal, SSA continues enhancing its *my Social Security* online portal. For example, SSA plans to redesign the portal and expand the availability of services within *my Social Security* to additional user groups, including representative payees, appointed representatives, and business users. In addition, the agency will improve the portal's design to allow broader access from a variety of devices, such as smartphones and tablets. We previously recommended that SSA improve its access controls for *my Social Security*. SSA also faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget. For example, to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs, SSA continues to develop the Disability Case Processing System (DCPS). Historically, the project faced schedule delays and increasing stakeholder concerns.

#### **Issue #5: Secure Information Systems and Protect Sensitive Data**

SSA must secure its information systems and protect its sensitive data. Breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Consequently, the agency's information systems may be at particular risk of attack. Given the highly sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program. SSA is also developing systems in the cloud, which creates security concerns with housing sensitive agency information in public clouds. As SSA expands its services and systems, it is important that it implement security during the development process.

Our prior audit and investigative work has revealed a number of concerns with the security of SSA's information systems. Since FY 2012, auditors have identified weaknesses that, when aggregated, created a significant deficiency in SSA's overall information systems security program. Additionally, other recent audits and evaluations have identified concerns with SSA's information security program. One of the agency's priorities is to develop and increase use of self-service options. While we recognize online services are an important component of SSA's

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<sup>1</sup> Mathematica Policy Research, Executive Summary of the Seventh Ticket to Work Evaluation Report, p. 1, July 2013.

strategy to deliver services to the public during a period of increasing workloads and constrained resources, SSA's primary responsibility must be safeguarding the sensitive information entrusted to it. To ensure citizens' sensitive information is adequately protected, we believe the agency needs to implement security controls that meet Federal requirements and ensure individuals applying for benefits are who they claim to be.

#### **Issue #6: Reduce Improper Payments and Increase Overpayment Recoveries**

SSA is responsible for issuing over \$1 trillion in benefit payments, annually, to about 70 million people. Given the large overall dollar amounts involved, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In its FY 2018 Agency Financial Report, SSA estimated it would make about \$10.9 billion in improper payments and it incurred an administrative cost of \$0.07 for every overpayment dollar it collected. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the agency administers, some payment errors will occur. Nonetheless, SSA has not met its payment accuracy goals. For example, in FYs 2013 through 2017, SSA's goal was 95-percent payment accuracy for Supplemental Security Income (SSI), but SSA fell short of this goal in each of these years. OIG noted in a May 2018 report that SSA was not compliant with the Improper Payments Elimination and Recovery Act of 2010 requirements for meeting its targeted payment accuracy rates. Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2018, it recovered \$4 billion in overpayments at an administrative cost of \$0.07 for every dollar collected and ended the FY with an uncollected overpayment balance of \$23.9 billion.

#### **Issue #7: Strengthen the Integrity and Protection of the Social Security Number**

Protecting the Social Security number (SSN) and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due. Given the preponderance of SSN misuse and identity theft, we continue to believe protecting this critical number is a considerable challenge for SSA as well as its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. Our audit and investigative work has shown that the more SSNs are unnecessarily used, the higher the probability individuals could improperly use them. In addition, we remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States. Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. SSA spends scarce resources correcting earnings data when employers report incorrect information. The Earnings Suspense File (ESF) is the agency's repository of wage reports on which wage earners' names and SSNs fail to match SSA's records. Per the latest available data, the ESF had accumulated over \$1.6 trillion in wages and about 364 million wage items for Tax Years 1938 through 2017.

## MONETARY BENEFITS

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In FY 2018, OIG issued 76 audit reports with recommendations, identifying over \$2.1 billion in questioned costs and over \$849 million in Federal funds that could be put to better use. OIG also received over 192,000 allegations of fraud, effected over 775 criminal convictions, and obtained a return of over \$350 million in monetary accomplishments, comprising over \$98 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$251 million in projected SSA savings. Our FY 2020 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

## STRATEGIC PLANNING

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FY 2018 was the third year under OIG's 5-year Strategic Plan (FY 2016-FY 2020). OIG operates within a framework set by three general goals: the *Impact* OIG's investigations, audits, and legal activities have on SSA's effectiveness and efficiency; the *Value* OIG brings to SSA, Congress, and the public; and the strategies OIG uses to cultivate the talents of its *People*. These general goals are further broken down into 15 separate performance measures. All of these measures are designed to support OIG's core mission to inspire public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2018, OIG successfully met or exceeded 14 out of 15 of its performance measures. The specific results for FY 2018 are as follows:

**Table 4.2—2018 Performance Measure Results**

Goal	Target	Result
<b><i>Impact</i></b>		
1. Maintain an annual acceptance rate of at least 88% for all audit recommendations.	88%	<b>96%</b>
2. Achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency, and effectiveness of SSA.	85%	<b>85%</b>
3. Ensure at least 80% of all cases opened during the FY directly relate to improper payments within SSA’s Title II and Title XVI Programs.	80%	<b>94%</b>
4. Achieve a successful conclusion on at least 75% of all Title II and Title XVI cases closed during the FY.	75%	<b>82%</b>
<b><i>Value</i></b>		
5. Generate a positive return of \$8 for every tax dollar invested in OIG activities.	\$8 to 1	<b>\$32 to 1</b>
6. Evaluate and respond to 90% of all allegations received within 60 days.	90%	<b>98%</b>
7. Complete investigative fieldwork on 75% of all cases within 180 days.	75%	<b>87%</b>
8. Respond to 95% of constituent-based congressional inquiries within 21 days.	95%	<b>97%</b>
9. Take action on 90% of Civil Monetary Penalty (CMP) subjects within 30 days of receipt.	90%	<b>99%</b>
10. Achieve a positive external user assessment rating of 85% for product service quality.	85%	<b>98%</b>
11. Issue 85% of final audit reports within 1 year of the entrance conference with SSA.	85%	<b>92%</b>
12. Complete 85% of requests for legal advice and review within 30 days.	85%	<b>100%</b>
<b><i>People</i></b>		
13. Achieve an annual attrition rate of 5% or less.	≤5 %	<b>3%</b>
14. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvements are needed. (Improvement is indicated when the score of questions relating to job satisfaction is ≤ 75%).	75%	<b>66%</b>
15. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill enhancement training annually.	90%	<b>98%</b>

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### TRANSFER AUTHORITY

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The budget request includes language providing authority to transfer an amount of up to 3 percent of the total OIG appropriation from SSA’s LAE appropriation. This language provides the flexibility to meet unanticipated funding requirements and to ensure that adequate resources are available to meet program objectives. The request is consistent with similar authority to transfer funds between appropriations provided to other departments and agencies in appropriation language.

In addition, the Budget includes language to transfer up to \$10 million in program integrity cap adjustment funds to the SSA OIG from SSA’s LAE account to fund the cost of jointly operated cooperative disability investigations (CDI) units. This anti-fraud activity is an authorized use of the cap adjustment.

## BUDGETARY RESOURCES

The OIG annual appropriation consists of appropriations from both the general fund and the trust funds. The President's Budget request for FY 2020 consists of \$30,000,000 appropriated from the general fund, and \$75,500,000, which will be transferred and expended as authorized by Section 201(g) (1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund. Please note that the split differs slightly from that in the Appendix.

**Table 4.3—Amounts Available for Obligation**

	(In thousands)		
	FY 2018 Actual	FY 2019 Estimate	FY 2020 Budget
General Funds Annual	\$ 30,000	\$ 30,000	\$ 30,000
Trust Funds Annual Transfer	\$ 75,500	\$ 75,500	\$ 75,500
<b>Total Appropriation</b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>
 <b>Reimbursable Obligation*</b>		<b>\$ 10,000</b>	<b>\$ 10,000</b>
 <b>Total Budgetary Resources</b>	<b>\$ 105,500</b>	<b>\$ 115,500</b>	<b>\$ 115,500</b>
 Total Obligations	\$ 103,962	\$ 115,500	\$ 115,500
Unobligated balance lapsing	\$ 1,538	\$ 0	\$ 0

\* For FY 2020, the Budget proposes to transfer up to \$10 million in program integrity cap adjustment funds to the SSA OIG to fund the cost of jointly operated cooperative disability investigations (CDI) units. This anti-fraud activity is an authorized use of the cap adjustment.

## ANALYSIS OF CHANGES

The FY 2020 request represents no change. Increases in base expenses for employee salaries and benefits will be offset by reductions in other objects.

**Table 4.4—Summary of Changes**

	<b>FY 2019 Estimate</b>	<b>FY 2020 Budget</b>	<b>FY19 to FY20 Change</b>
General Fund Appropriation	\$ 30,000	\$ 30,000	\$0
Trust Fund Appropriation	\$ 75,500	\$ 75,500	\$0
<b>Total Appropriation</b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>	<b>\$0</b>
<b>Reimbursable Obligation*</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$0</b>
<b>Total Obligations</b>	<b>\$ 115,500</b>	<b>\$ 115,500</b>	<b>\$0</b>

*\*For FY 2020, the Budget proposes to transfer up to \$10 million in program integrity cap adjustment funds to the SSA OIG to fund the cost of jointly operated cooperative disability investigations (CDI) units. This anti-fraud activity is an authorized use of the cap adjustment.*

**Table 4.5—Explanation of OIG Budget Changes**

	FY 2019 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<b><u>BUILT-IN INCREASES</u></b>				
<b>Base Payroll Expenses</b>	<b>548 (542)</b>		<b>+39 (+41)</b>	
• <i>Change in base payroll expenses related to career ladder promotions and within-grade increases</i>	---	\$71,881,000	---	+ \$ 761,000
• <i>Change in base expenses for employee benefits including health benefits and new employees hired under the Federal Retirement Employees System</i>	---	\$ 29,859,000	---	+ \$ 0
• <i>All other payroll changes, including overtime and awards</i>				
<b>Non-Payroll Costs</b> - All other built-in non-payroll changes, travel management support and equipment	---	\$ 9,060,000	---	+ \$ 0
* <b>Rent</b>	---	\$ 4,700,000	---	+ \$ 0
<b>Subtotal, Built-in increases</b>	<b>548 (542)</b>	<b>\$ 115,500,000</b>	<b>+39 (+41)</b>	<b>+761,000</b>
<b><u>PROGRAM INCREASES</u></b>				
<b>Subtotal, Program Increases</b>	---	---	---	\$ 0
<b>Total Increases</b>	<b>548 (542)</b>	<b>\$ 115,500,000</b>	<b>+39 (+41)</b>	<b>+\$761,000</b>

**Table Continues on the Next Page**

	FY 2019 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<b><u>BUILT-IN DECREASES</u></b>				
<b>Base Payroll Expenses</b> —Decrease in all other payroll costs	<b>548 (542)</b>	\$ 101,740,000	<b>+39 (+41)</b>	-\$189,000
<b>Non-Payroll Costs</b>	---	\$ 9,060,000	---	-\$172,000
<b>Rent</b>	---	\$ 4,700,000	---	-\$400,000
<b>Subtotal, Built-in decreases</b>	---	\$ 115,500,000	---	-\$761,000
<b><u>PROGRAM DECREASES</u></b>				
<b>Decrease in costs for training, other support, services, and supplies</b>	---	---	---	---
<b>Subtotal, Program Decreases</b>	---	---	---	\$0
<b>Total Decreases</b>	---	\$ 115,500,000	---	-\$761,000
<b>Net Change</b>	<b>548 (542)</b>	<b>\$ 115,500,000</b>	<b>+39 (+41)</b>	<b>\$ 0</b>

**BUDGET AUTHORITY BY ACTIVITY**

The table below displays budget authority, split by type of funding, and obligations. This table also includes FTEs.

**Table 4.6—Budget Authority by Activity**

	(In thousands)		
	FY 2018 Actual	FY 2019 Estimate	FY 2020 Budget
General Funds	\$ 30,000	\$ 30,000	\$ 30,000
OASDI Trust Fund Transfers	\$ 75,500	\$ 75,500	\$ 75,500
<b>Total Appropriation</b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>
<b>Total Budgetary Authority</b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>	<b>\$ 105,500</b>
<b>Reimbursable Obligation*</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$10,000</b>
Obligations	\$ 103,962	\$ 115,500	\$ 115,500
Unobligated balance lapsing	\$ 1,538	\$ 0	\$ 0
FTEs	496	542	583 <sup>1</sup>

\* For FY 2020, the Budget proposes that up to \$10 million may be transferred to the Office of the Inspector General from SSA's LAE account to fund the cost of jointly operated cooperative disability investigations (CDI) units. The FY 2019 appropriation provided the transfer as well.

**BUDGET RESOURCES BY OBJECT**

The table below displays the breakdown of budget resources by object class.

**Table 4.7—Budget Resources by Object**

	FY 2018	FY 2019	FY 2020	FY19 to FY20 Change
Full-time permanent	\$ 62,814,000	\$ 69,965,000	\$ 70,706,000	+ \$ 741,000

<sup>1</sup> The number of FY 2020 OIG FTEs shown reflects the correct estimate of 583 direct FTE, which is an update to the 561 FTE in the President's Budget Appendix.

**Office of the Inspector General**

Other than full-time permanent	\$ 347,000	\$ 386,000	\$ 391,000	+ \$ 5,000
Other compensation	<u>\$ 1,373,000</u>	<u>\$ 1,530,000</u>	<u>\$1,545,000</u>	<u>+ \$ 15,000</u>
Subtotal, Personnel Compensation	\$ 64,534,000	\$ 71,881,000	\$ 72,642,000	+ \$ 761,000
Civilian personnel benefits	\$ 27,138,000	\$ 29,859,000	\$ 29,671,000	- \$ 189,000
<b>Total, Compensation and Benefits</b>	<b>\$ 91,672,000</b>	<b>\$ 101,740,000</b>	<b>\$ 102,312,000</b>	<b>+ \$ 572,000</b>
Travel	\$ 2,395,000	\$ 3,142,000	\$ 2,696,000	- \$ 446,000
Transportation of things	\$ 36,000	\$ 40,000	\$ 40,000	\$0
Rental payments to GSA	\$ 4,224,000	\$ 4,700,000	\$ 4,300,000	- \$ 400,000
Rental payments to others	\$ 299,000	\$ 0	\$ 0	\$ 0
Communications, utilities, and others	\$ 292,000	\$ 303,000	\$ 481,000	+ \$ 178,000
Printing and reproduction	\$ 8,000	\$ 4,000	\$ 2,000	-\$ 2,000
Other services	\$4,287,000	\$5,207,000	\$ 5,082,000	- \$125,000
Supplies and materials	\$ 390,000	\$ 218,000	\$ 469,000	+ \$ 251,000
Equipment	\$ 869,000	\$ 666,000	\$ 636,000	- \$30,000
Insurance Claims	\$ 2	\$ 0	\$ 2	\$ 0
Adjustments	<u>-\$ 512,000</u>	<u>-\$ 520,000</u>	<u>-\$ 520,000</u>	<u>\$ 0</u>
<b>Total Budgetary Resources</b>	<b>\$ 103,962,000</b>	<b>\$ 115,500,000</b>	<b>\$ 115,500,000</b>	<b>\$ 0</b>

\*Note – Totals may not add due to rounding.

## BACKGROUND

## AUTHORIZING LEGISLATION

The Office of the Inspector General is authorized necessary expenses to carry out the provisions of the Inspector General Act of 1978, as amended.

**Table 4.8—Authorizing Legislation**

	<b>FY 2018 Enacted</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Authorized</b>	<b>FY 2020 Estimate</b>
<b>Office of the Inspector General (P.L. 115-245)</b>	\$ 105,500,000	\$ 105,500,000	Indefinite	\$ 105,500,000

## APPROPRIATION HISTORY

The table below displays the President's budget request, amounts passed by the House and Senate, and the actual amount appropriated for the period FY 2004 to FY 2019.

Table 4.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
General Funds	\$ 25,000,000	\$ 24,500,000	\$ 20,863,000	<b>\$ 24,355,400</b>
Trust Funds	\$ 65,000,000	\$ 63,700,000	\$ 61,597,000	<b>\$ 63,324,200</b>
2004 Total	\$ 90,000,000	\$ 88,200,000 <sup>1</sup>	\$ 82,460,000 <sup>2</sup>	<b>\$ 87,679,600<sup>3</sup></b>
General Funds	\$ 26,000,000	\$ 25,748,000	\$ 26,000,000	<b>\$ 25,542,000</b>
Trust Funds	\$ 66,000,000	\$ 65,359,000	\$ 66,000,000	<b>\$ 64,836,100</b>
2005 Total	\$ 92,000,000	\$ 91,107,000 <sup>4</sup>	\$ 92,000,000 <sup>5</sup>	<b>\$ 90,378,100<sup>6</sup></b>
General Funds	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	<b>\$ 25,740,000</b>
Trust Funds	\$ 67,000,000	\$ 66,805,000	\$ 67,000,000	<b>\$ 65,736,000</b>
2006 Total	\$ 93,000,000	\$ 92,805,000 <sup>7</sup>	\$ 93,000,000 <sup>8</sup>	<b>\$ 91,476,000<sup>9</sup></b>
General Funds	\$ 27,000,000	\$ 26,435,000	\$ 25,740,000	<b>\$ 25,902,000</b>
Trust Funds	\$ 69,000,000	\$ 67,976,000	\$ 65,736,000	<b>\$ 66,149,000</b>
2007 Total	\$ 96,000,000	\$ 94,411,000 <sup>10</sup>	\$ 91,476,000 <sup>11</sup>	<b>\$ 92,051,000<sup>12</sup></b>
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	<b>\$ 25,988,901</b>
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	<b>\$ 65,926,000</b>
2008 Total	\$ 95,047,000	\$ 95,047,000 <sup>13</sup>	\$ 96,047,000 <sup>14</sup>	<b>\$ 91,914,901<sup>15</sup></b>
General Funds	\$ 28,000,000	---	\$ 28,000,000	<b>\$ 28,000,000</b>
Trust Funds	\$ 70,127,000	---	\$ 70,127,000	<b>\$ 70,127,000</b>
2009 Total	\$ 98,127,000	--- <sup>16</sup>	\$ 98,127,000 <sup>17</sup>	<b>\$ 98,127,000<sup>18</sup></b>
ARRA <sup>19</sup>	N/A	N/A	N/A	<b>\$ 2,000,000</b>
General Funds	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000	<b>\$ 29,000,000</b>
Trust Funds	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000	<b>\$ 73,682,000</b>
2010 Total	\$ 102,682,000	\$ 102,682,000 <sup>20</sup>	\$ 102,682,000 <sup>21</sup>	<b>\$ 102,682,000<sup>22</sup></b>
General Funds	\$ 30,000,000	---	\$ 30,000,000	<b>\$ 28,942,000</b>
Trust Funds	\$ 76,122,000	---	\$ 76,122,000	<b>\$ 73,535,000</b>
2011 Total	\$ 106,122,000	--- <sup>23</sup>	\$ 106,122,000 <sup>24</sup>	<b>\$ 102,477,000<sup>25</sup></b>
General Funds	\$ 30,000,000	---	\$ 28,942,000	<b>\$ 28,887,000</b>
Trust Funds	\$ 77,113,000	---	\$ 73,535,000	<b>\$ 73,396,000</b>
2012 Total	\$ 107,113,000	--- <sup>26</sup>	\$ 102,477,000 <sup>27</sup>	<b>\$ 102,283,000<sup>28</sup></b>
General Funds	\$ 30,000,000	---	\$ 28,887,000	<b>\$ 27,376,000</b>
Trust Funds	\$ 77,600,000	---	\$ 73,396,000	<b>\$ 72,557,000</b>
2013 Total	\$ 107,600,000	--- <sup>29</sup>	\$ 102,283,000 <sup>30</sup>	<b>\$ 99,933,000<sup>31</sup></b>
General Funds	\$ 30,000,000	---	\$ 29,689,000	<b>\$ 28,829,000</b>
Trust Funds	\$ 75,733,000	---	\$ 74,972,000	<b>\$ 73,249,000</b>
2014 Total	\$ 105,733,000	---	\$ 104,670,000 <sup>32</sup>	<b>\$ 102,078,000<sup>33</sup></b>

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
General Funds	\$29,000,000	\$28,829,000		\$ 29,000,000
Trust Funds	\$75,622,000	\$74,249,000		\$ 74,350,000
2015 Total	\$104,622,000	\$103,078,000 <sup>34</sup>		\$103,350,000 <sup>35</sup>
General Funds	\$31,000,000	\$30,000,000	\$28,829,000	\$ 29,787,000
Trust Funds	\$78,795,000	\$78,795,000	\$74,521,000	\$ 75,713,000
2016 Total	\$109,795,000	\$108,795,000 <sup>36</sup>	\$103,350,000 <sup>37</sup>	\$105,500,000 <sup>38</sup>
General Funds	\$31,000,000	\$29,787,000	\$29,787,000	\$ 29,787,000
Trust Funds	\$81,000,000	\$75,713,000	\$75,713,000	\$ 75,713,000
2017 Total	\$112,000,000	\$105,500,000 <sup>39</sup>	\$105,500,000 <sup>40</sup>	\$105,500,000 <sup>41</sup>
General Funds	\$30,000,000	\$29,796,270	\$29,796,270	\$30,000,000
Trust Funds	\$75,500,000	\$74,987,280	\$74,987,280	\$75,500,000
2018 Total	\$105,500,000	\$104,783,550 <sup>42</sup>	\$104,783,550 <sup>43</sup>	\$105,500,000 <sup>44</sup>
General Funds	\$30,000,000	\$31,000,000	\$30,000,000	\$30,000,000
Trust Funds	\$75,500,000	\$77,500,000	\$75,500,000	\$75,500,000
2019 Total	\$105,500,000	\$108,500,000 <sup>45</sup>	\$105,500,000 <sup>46</sup>	\$105,500,000 <sup>47</sup>

<sup>1</sup> H.R. 2660.<sup>2</sup> S. 1356.<sup>3</sup> Consolidated Appropriations Act, 2004 (P.L. 108-199). The \$24,500,000 in general funds and \$63,700,000 in trust funds included in the language for this account for FY 2004 were reduced by \$144,600 and \$375,800, respectively, in accordance with P.L. 108-199.<sup>4</sup> H.R. 5006.<sup>5</sup> S. 2810.<sup>6</sup> Consolidated Appropriations Act, 2005 (P.L. 108-447). The \$25,748,000 in general funds and \$65,359,000 in trust funds included in the language for this account for FY 2005 were reduced by \$206,000 and \$522,900, respectively, in accordance with P.L. 108-447.<sup>7</sup> H.R. 3010.<sup>8</sup> H.R. 3010, reported from Committee with an amendment.<sup>9</sup> Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149). The \$26,000,000 in general funds and \$66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by \$260,000 and \$664,000, respectively, in accordance with the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148).<sup>10</sup> H.R. 5647.<sup>11</sup> S. 3708.<sup>12</sup> Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).<sup>13</sup> H.R. 3043.<sup>14</sup> S. 1710.

<sup>15</sup> Consolidated Appropriations Act, 2008 (P.L. 110-161). The \$26,451,000 in general funds and \$67,098,000 in trust funds included in the language for this account for FY 2008 were reduced by \$462,099 and \$1,172,000 respectively, in accordance with P.L. 110-161.

<sup>16</sup> The House Committee on Appropriations did not report a bill.

<sup>17</sup> S. 3230.

<sup>18</sup> Omnibus Appropriations Act, 2009 (P.L. 111-8).

<sup>19</sup> OIG received \$2,000,000 through the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). OIG will conduct necessary oversight and audit of SSA programs, projects, and activities, assessing whether SSA used the resources as intended by the Act, and will identify any instances of fraud, waste, error, and abuse.

<sup>20</sup> H.R. 3293.

<sup>21</sup> H.R. 3293, reported from Committee with an amendment.

<sup>22</sup> Consolidated Appropriations Act, 2010 (P.L. 111-117).

<sup>23</sup> The House Committee on Appropriations did not report a bill.

<sup>24</sup> S. 3686.

<sup>25</sup> Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The \$29,000,000 in general funds and \$73,682,000 in trust funds included in the language for this account for FY 2011 were reduced by \$58,000 and \$147,000 respectively, in accordance with P.L. 112-10.

<sup>26</sup> The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$30,000,000 from general funds and \$77,113,000 from trust funds, totaling \$107,113,000.

<sup>27</sup> S. 1599.

<sup>28</sup> Consolidated Appropriations Act, 2012 (P.L. 112-74). The \$28,942,000 in general funds and \$73,535,000 in trust funds included in the language for this account for FY 2012 were reduced by \$55,000 and \$139,000 respectively, in accordance with P.L. 112-74.

<sup>29</sup> The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included \$28,887,000 from general funds and \$77,600,000 from trust funds, totaling \$106,487,000.

<sup>30</sup> S. 3295.

<sup>31</sup> Consolidated Appropriations Act, 2013 (P.L. 113-6). The \$69,557,000 in trust funds included in the language for this account for FY 2013 were increased by \$3,000,000 to \$72,557,000 as a transfer from SSA to OIG.

<sup>32</sup> S. 1284.

<sup>33</sup> Consolidated Appropriations Act, 2014 (P.L. 113-76).

<sup>34</sup> H.R. 5464.

<sup>35</sup> Consolidated Appropriations Act, 2015 (P.L. 113-235).

<sup>36</sup> H.R. 3020

<sup>37</sup> S. 1695.

<sup>38</sup> Consolidated Appropriations Act, 2016 (P.L. 114-113).

<sup>39</sup> H.R. 5926.

<sup>40</sup> S. 3040.

<sup>41</sup> Consolidated Appropriations Act, 2017 (P.L. 115-31).

<sup>42</sup> Further Additional Continuing Appropriations Act, 2018 (P.L. 115-56). Funding includes a rescission of 0.6791% of FY 2017 appropriation. The \$30,000,000 in general funds and \$75,500,000 in trust funds included in the language for this account for FY 2018 were reduced by \$415,284 and \$301,166 respectively, in accordance with P.L. 115-56.

<sup>43</sup> Further Additional Continuing Appropriations Act, 2018 (P.L. 115-56). Funding includes a rescission of 0.6791% of FY 2017 appropriation. The \$30,000,000 in general funds and \$75,500,000 in trust funds included in the language for this account for FY 2018 were reduced by \$415,284 and \$301,166 respectively, in accordance with P.L. 115-56.

<sup>44</sup> Consolidated Appropriations Act, 2017 (P.L. 115-56).

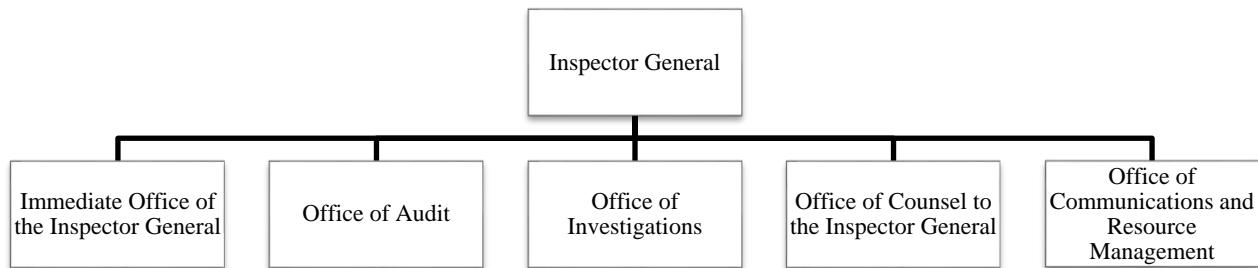
<sup>45</sup> H.R. 6157.

<sup>46</sup> H.R. 6157.

<sup>47</sup> Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

## OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

### GENERAL PURPOSE



As mandated by the *Inspector General Act of 1978*, as amended, OIG's mission is to protect the integrity of SSA's programs. By conducting independent and objective audits, evaluations, and investigations, OIG works to ensure public confidence in the integrity and security of SSA's programs and operations, and works to protect them against fraud, waste, and abuse. OIG provides timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

OIG is composed of five components: The Immediate Office of the Inspector General (IO), Office of Audit (OA), Office of Investigations (OI), Office of Counsel to the Inspector General (OCIG), and the Office of Communications and Resource Management (OCRM).

## **Immediate Office of the Inspector General**

IO provides the Inspector General (IG), Deputy IG, and the Chief of Staff (CoS) with staff assistance on the full range of their responsibilities. IO also administers a comprehensive Quality Assurance and Professional Responsibility program, and conducts Quality Control reviews that ensure the adequacy of OIG compliance with its policies and procedures, internal controls, and professional standards. In addition, IO empowers the Organizational Health Committee (OHC). The purpose of the OHC is to be an agent of positive change by discussing, evaluating, and presenting to senior management employee issues and proposed solutions that affect the operations, administration, and efficiency of OIG. In doing this, the committee acts as a representative of all OIG employees. The IO serves as the initial reviewer for complaints of Whistleblower retaliation.

## **Office of Audit**

OA conducts and/or supervises comprehensive financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives and operational functions are achieved effectively and efficiently. Financial audits, required by the *Chief Financial Officers' Act of 1990*, assess whether SSA's financial statements fairly present the agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program and operational fraud, waste, and abuse, as well as inefficiency and ineffectiveness.

## **Office of Investigations**

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations, including wrongdoing by individuals such as applicants, grantees, or contractors perpetrating criminal activity against SSA programs and operations. OI is responsible for managing DFT and administering the CDI Program. OI also investigates allegations of employee misconduct in the performance of their official duties. This office serves as the OIG liaison to the Department of Justice on all matters relating to investigations of SSA programs and personnel. OI works with other investigative agencies and organizations on special projects and assignments.

## **Office of Counsel to the Inspector General**

OCIG provides independent authoritative legal advice, guidance, and counsel to the IG and senior staff on a wide range of issues, including regulatory strategy, policy directives, and interpretation of new and emerging authorities and agency responsibilities. OCIG reviews

## **Office of the Inspector General**

materials to ensure sufficiency and compliance with regulatory and statutory requirements. OCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCIG is also responsible for the CMP program, including imposition of penalties and assessments and the settlement and litigation of CMP cases, and the Chief Counsel serves as the Whistleblower Ombudsman.

## **Office of Communications and Resource Management**

OCRM provides administrative and management support to OIG by providing information resource management; systems security and software development; and the coordination of budget, procurement, telecommunications, facilities, equipment, and human resources activities. OCRM also administers the Fugitive Felon Program and the OIG Fraud Hotline, manages OIG's public affairs programs, develops OIG's media and public information policies, and serves as the primary contact for those seeking information about OIG. In addition, OCRM is responsible for strategic planning, organizational performance management, and reporting.

## RATIONALE FOR THE BUDGET REQUEST

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The budget request for FY 2020 is \$105,500,000, level with FY 2018 appropriations funding, and the estimated FY 2019 annual appropriations level. The FY 2020 budget request will provide funding for a 583 FTE staffing level, payroll increases (e.g., within-grade increases, scheduled promotions, health benefits, etc.), and other related support costs.

For FY 2020, the Budget again proposes for the transfer of up to \$10 million to the Office of the Inspector General from SSA's LAE program integrity cap adjustment funds for the cost of OIG employees who serve as team leaders in the jointly operated Cooperative Disability Investigations (CDI) units.

**Table 4.10—Detail of Full-Time Equivalent Employment and Workyears**

	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
FTEs	496	542	583 <sup>1</sup>
Overtime/Lump Sum Leave	6	6	4
<b>Total</b>	<b>502</b>	<b>548</b>	<b>587</b>

**Table 4.11—Average Grade and Salary**

FY 2018 Actual	
Average ES	\$ 182,037
Average GS	13
Average GS	\$ 113,250

<sup>1</sup> The number of FY 2020 OIG FTEs shown reflects the correct estimate of 583 direct FTE, which is an update to the 561 FTE in the President's Budget Appendix.

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# Annual Performance Report

## Fiscal Years 2018–2020



Annual Performance Plan for Fiscal Year 2020

Revised Performance Plan for Fiscal Year 2019

Annual Performance Report for Fiscal Year 2018

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## A Message from the Acting Commissioner



I am pleased to present the Social Security Administration's *Annual Performance Plan for Fiscal Year 2020, Revised Performance Plan for Fiscal Year 2019, and Annual Performance Report for Fiscal Year 2018* that details our progress for the past fiscal year, and our priorities and goals for the next two fiscal years.

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.

As Acting Commissioner, I have refocused our resources to our core mission and challenges, and we have made great progress over the last year. 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 also began implementing our *Information Technology Modernization Plan* to address our aged infrastructure, which was becoming more complex and costly to maintain. We continued to work down our processing center backlogs to ensure we are making proper and timely payments to address the benefit changes that occur after individuals start receiving benefits. Lastly, we continue to enhance our efforts to protect our programs, systems, and beneficiaries, and more efficiently manage our agency and improve service to the public.

Our focus continues to be on delivering services effectively, improving the way we do business, and ensuring stewardship. We will use these performance goals to measure how well we are delivering public service and preserving the public's trust in our programs. Based on internal evaluations, I affirm that the performance data in this report is complete, reliable, and accurate.

Respectfully,

A handwritten signature in blue ink, appearing to read "Nancy A. Berryhill".

Nancy A. Berryhill

Baltimore, Maryland

March 18, 2019

## Our Mission

Deliver quality Social Security services to the public.

## 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) 2018, we paid OASI benefits to more than 52 million beneficiaries each month, and paid about \$833 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 2018, we paid DI benefits to more than 10 million beneficiaries each month, and paid approximately \$144 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 2018, we paid SSI benefits to approximately 8 million recipients on average each month (about 2.7 million of whom concurrently receive OASI or DI benefits), and we paid approximately \$53 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.

We administer our programs in accordance with law and regulations. We have implemented enterprise risk management processes to improve the effectiveness of our organization and program administration. Our goals are informed by strategic opportunities as well as our assessment of identified risks.

## Our Organization

Approximately 63,000 Federal employees and 15,000 State employees serve the public from a network of more than 1,500 offices across the country and around the world. Most of our employees serve the public directly or provide support to employees who do. Each day, approximately 170,000 people visit and about 250,000 call one of our field offices nationwide for various reasons such as to file claims, ask questions, or update their information.

Our National 800 Number handles over 30 million calls each year. Callers can conduct various business transactions by speaking directly with a customer service representative or through our 24-hour automated services, which include requesting benefit verification letters, ordering replacement Medicare cards, and obtaining claim status updates.

The public can also do business with us online. Our online suite of services provide a convenient, safe option for anyone interested in conducting business with us online, viewing his or her Social Security records, or looking for information about our programs and services.

Our processing centers (PC) handle complex Social Security retirement, survivors, and disability claims, as well as provide support to our National 800 Number and field offices. State agencies make disability determinations for initial claims, reconsiderations, and continuing disability reviews. Administrative law judges (ALJ) in our hearings offices and administrative appeals judges in our Appeals Council decide appealed cases.

For more information about our organization and its functions, visit our organizational structure webpage at [www.socialsecurity.gov/org](http://www.socialsecurity.gov/org).

# Agency Plans and Performance

This Annual Performance Report addresses the goals, strategic objectives, and strategies in our *Agency Strategic Plan for Fiscal Years 2018–2022* as required by the Government Performance and Results (GPRA) Modernization Act of 2010. We evaluate our progress by the performance measures and targets for each strategic objective.

## Cross-Agency Priority Goals

Per the GPRA Modernization Act of 2010 requirement to address Cross-Agency Priority Goals in the agency strategic plan, the annual performance plan, and the annual performance report, please refer to [www.performance.gov](http://www.performance.gov) for the agency's contributions to those goals and progress, where applicable.

## Agency Priority Goals

As required by the GPRA Modernization Act of 2010, we established two agency priority goals (APG) for FYs 2018–2019:

1. Improve customer service in the hearings process by prioritizing those individuals who have waited the longest for a hearing decision.
2. Improve the integrity of the Supplemental Security Income program by focusing our efforts on reducing overpayments.

The APGs are 24-month goals reflecting the priorities of our executive leadership, as well as those of the Administration.

## Strategic Goal 1: Deliver Services Effectively

We must be able to deliver our services effectively whether it is in-person, on the telephone, or online. As we interact with the public every day, our employees experience firsthand the impact of our programs. We understand that doing our work well matters. We also know that advancements in technology provide opportunities to do business differently, and often more efficiently and conveniently.

### Strategic Objective 1.1: Improve Service Delivery

Lead: Deputy Commissioner, Office of Operations and Deputy Commissioner, Office of Hearings Operations

At the end of FY 2017, over 1 million people were waiting an average of 605 days for a decision on their hearings request. Eliminating the hearings backlog and reducing the time it takes to get a hearings 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 information technology (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.

Our PCs handle actions that arise after we determine benefit eligibility and support our field and hearing offices by handling the most-complex benefit payment decisions, appeal decisions, collecting debt, correcting records, and performing program integrity work. We will improve service delivery by focusing on the PC backlog with additional resources, effective business strategies, and enhanced automation.

In FY 2018, the public conducted over 163 million transactions through our online services. As we continue to expand service options and functionality, we expect more people to take advantage of the convenience of online services. To improve service delivery, we will continue to educate the public about our secure online service options.

#### Strategies

- Advance and update the CARES plan to address the number of pending hearings decisions and lengthy wait times
- Implement a comprehensive approach to reduce the number of pending PC actions
- Increase the use of online services

## Key Initiatives

### Reduce the Hearings Backlog

We have made great progress with the hearings backlog, reducing the number of people awaiting a hearings decision for each consecutive month since January 2017. In early March 2018, we reduced the number of hearings pending below 1 million for the first time since October 2014. At the end of FY 2018, we decreased the number of people waiting for a hearings decision by about 200,000 or nearly 20 percent from FY 2017. The decrease in pending is a leading indicator to reduced wait times.

In FYs 2019 and 2020, we will continue to see the benefits of hires from previous years, improve our business processes, and make IT investments in our hearings operation. We plan to expand our video hearings network, create quality assurance tools to improve policy compliance of drafted decisions, and design a new hearings and appeals case processing system. We expect to end FY 2019 with 591,000 hearings pending and an average wait time of 515 days. By the end of FY 2020, we expect to have 385,000 hearings pending and an average wait time of 390 days.

### Reinstating 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.

### 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.

### **Expand Video Service Delivery**

Video service delivery (VSD) allows us to balance our workloads, reduce wait times, and provide a face-to-face service option for individuals living in remote areas. We offer VSD at many convenient sites such as hospitals, libraries, community centers, American Indian tribal centers, homeless shelters, and other government agencies. We currently offer a video service option in nearly 700 sites around the country, and completed over 100,000 transactions using video in FY 2018. We plan to maintain this level in FYs 2019 and 2020.

In FY 2018, we also refreshed all VSD units with newer models. The new equipment will provide years of uninterrupted VSD service using state-of-the-art video teleconferencing equipment. 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 VSD in the disability determination services (DDS) hearing units and corresponding field offices.

### **Provide Real-Time Assistance to Online Users**

Improving the service experience for our customers is one of our highest priorities. 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**

Replacing Social Security cards is one of our most requested services. Each year, we process over 10 million applications for Social Security Number replacement cards in our field offices. Adults with a *my Social Security* account, who meet certain criteria, may apply for a replacement 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.

## Performance Measures – Strategic Objective 1.1

1.1a: Improve customer service in the hearings process by prioritizing those individuals who have waited the longest for a hearing decision (APG)

Fiscal Year	2019	2020	
<i>Target</i>	Complete 95% of cases that begin the fiscal year 350 days old (~355,000 cases)	TBD	
Performance	Performance Results		
Fiscal Year	2016	2017	2018
<i>Performance</i>	98%	96%	98%
<i>Target</i>	Decide 99% of the cases that begin the fiscal year 430 days old or older	Decide 97% of the cases that begin the fiscal year 430 days old or older	Complete 97% of cases that begin the fiscal year 430 days old (~374,000 cases)
<i>Target Met</i>	Not Met	Not Met	Met

Results: Reducing our hearings pending remains our highest priority. In support of this effort, we have prioritized those individuals who have waited the longest for a hearing decision. In FY 2018, for the first time in 3 years, we were able to meet our goal by completing 98 percent of the cases that began the fiscal year 430 days old or older.

1.1b: Improve customer service by reducing the number of actions pending at the processing centers

Fiscal Year	2019	2020
<i>Target</i>	2.9 million	2.5 million
Performance Results		
Performance	2018	
<i>Performance</i>	3.2 million	
<i>Target</i>	3.3 million	
<i>Target Met</i>	Met	

Results: In FY 2018, we established reducing the number of actions pending in our PCs as a new performance measure. While this workload has always been a high priority for the agency, we wanted to emphasize our commitment to improving customer service. In FY 2018, we reduced the PC backlog by over 500,000 actions exceeding our annual target.

1.1c NEW: Reinstate Reconsideration to implement a national uniformed disability process at step 2 of the appeal stage

Fiscal Year	2019	2020
Target	Reinstate Reconsideration in 6 prototype States	Reinstate Reconsideration in 4 prototype States

## Strategic Objective 1.2: Expand Service Delivery Options

Lead: Deputy Commissioner, Office of Operations

Our biennial survey of future customers shows an increasing preference for conducting business online, and a consistently strong preference for conducting business by telephone. We continue to expand our suite of automated and online service options, and are pleased that 7 of our 8 online applications earned scores of at least 80 out of 100 in the ForeSee E-Government Satisfaction Index.<sup>1</sup> These high scores help us confirm that we are providing services people want to use.

Since its launch in 2012, *my Social Security* has consistently ranked as one of the top 10 in customer satisfaction for all Federal websites. We will continue to expand *my Social Security* capabilities by adding additional services for both individual and third party users as well as enhancing existing options.

### Strategies

- Respond to customer feedback on how we connect with the public and improve the customer experience
- Strengthen and enhance the *my Social Security* login and registration process
- Add additional services to *my Social Security*

### Key Initiatives

#### 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 allow 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

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<sup>1</sup> ForeSee measures satisfaction on a 0-100 scale. Scores 80 and above are recognized as the threshold of excellence (highly satisfied visitors), while scores below 70 reveal much room for improvement (dissatisfied visitors).

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 *my Social Security*

*my Social Security* is our online portal for the public. It is a convenient, safe online option for anyone interested in viewing his or her 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.

We continue to focus on improving the *my Social Security* user experience and adding service options. *my Social Security* has a user-friendly design to allow broad access from various devices. For example, we implemented an online tool, myWageReport (myWR) that allows users to report wages electronically on computers, mobile devices, and smartphones. In FYs 2019 and 2020, we will expand *my Social Security* services and strengthen and modernize our methods to authenticate our customers' identities and authorize their use of electronic services.

## Performance Measures – Strategic Objective 1.2

### 1.2a: Increase the number of successfully completed online transactions

Fiscal Year	2019		2020		
Target	Increase the number of successfully completed online transactions by 10 million over the prior year performance (~173 million)		Increase the number of successfully completed online transactions by 10 million over the prior year performance (~183 million <sup>2</sup> )		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	70.8 million	87.0 million	121.9 million <sup>3</sup>	156.0 million	163 million
Target	50.9 million	77.8 million	112.0 million	137.0 million	Increase the number of successfully completed online transactions by 35 million over the prior year (~190 million)
Target Met	Met	Met	Met	Met	Not Met

Results: We realized significant increases in the volume of online transactions as we implemented new online services over the past four years. As we realized these increases, we continued to set aggressive stretch targets. In FY 2016, we implemented Dynamic Help, which added more than 20 million transactions in its first year, and in FY 2017, we implemented a web-based application allowing claimants to view benefit claims currently pending or recently adjudicated, adding over 9 million transactions. In FY 2018, we implemented major online services for SSI recipients and concurrent beneficiaries. These new services were implemented late in the fiscal year, so we cannot yet observe their impact on transaction volumes until

<sup>2</sup> The number of transactions are estimates and will be updated at the end of FY 2019.

<sup>3</sup> Most fiscal years are 52 weeks; however, FY 2016 included 53 weeks. This data reflects 53 weeks of performance.

FY 2019. We continue to expect increases in online transactions as we implement new services.

**1.2b: Maintain customer satisfaction with our online services above ForeSee's Threshold of Excellence (80)**

Fiscal Year	2019		2020		
<i>Target</i>	85.0 satisfaction rating for online services		85.0 satisfaction rating for online services		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
<i>Performance</i>	Satisfaction rating of 83.0 for online services	Satisfaction rating of 84.0 for online services	Satisfaction rating of 84.9 for online services	Satisfaction rating of 85.5 for online services	Satisfaction rating of 83.5 for online services
<i>Target</i>			Satisfaction rating of 84.5 for online services	Satisfaction rating of 85.0 for online services	Satisfaction rating of 85.0 for online services
<i>Target Met</i>			Met	Met	Not Met

Results: This goal measures overall customer satisfaction with eight agency online services in the ForeSee E-Government Satisfaction Index, including our main page ([www.ssa.gov](http://www.ssa.gov)). The FY 2018 target represents the combined average satisfaction score for the eight online services and was based on data that included an error in the main page survey process. Once the error was identified and corrected, the main page customer satisfaction score dropped from the upper 70s to the mid 60s, which in turn lowered the overall performance result. While we did not meet our FY 2018 target, we continue to exceed the ForeSee threshold for excellence.

## Strategic Goal 2: 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 want or the way they expect 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.

### Strategic Objective 2.1: Streamline Policies and Processes

Lead: Deputy Commissioner, Office of Retirement and Disability Policy

Over the last 80 years, our programs have expanded and our policies have evolved. To improve our accuracy and efficiency, create opportunities to implement technology, and ensure the public understands their options, responsibilities, and rights, we must streamline our policies, processes, and procedures. We are using data analytics to identify opportunities to improve our business processes. In addition, we are proposing legislative changes to simplify the SSI Program.

#### Strategies

- Expand our use of electronic medical evidence
- Strengthen employment support programs
- Explore program and policy areas where rules and agency practices need to be modernized
- Modernize the Social Security Statement to increase the public's understanding of our programs

#### Key Initiatives

##### 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.

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

Many beneficiaries who are disabled want to work, and with adequate support, may attain self-sufficiency. The Ticket to Work 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.

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 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 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).

### **Develop an Occupational Information System**

Our Occupational Information System 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 the 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. For adults age 18 or over, the impairments in the listings are considered severe enough to prevent an individual from doing any gainful activity, regardless of his or her age, education, or work experience. For children under age 18 applying for SSI, the impairments in the listings are considered severe

enough to cause marked and severe functional limitations. 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.

### **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 tool 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 record, 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 also add new features and additional age groups in FY 2020.

## Performance Measures – Strategic Objective 2.1

2.1a: Improve the disability determination process by increasing the percentage of medical evidence received electronically

Fiscal Year	2019	2020
<i>Target</i>	50%	55%
Performance Results		
Fiscal Year	2018	
<i>Performance</i>	48%	
<i>Target</i>	45%	
<i>Target Met</i>	Met	

Results: Medical evidence records are used throughout the disability process in making eligibility determinations. Over the past several years, the majority of evidence has been received via fax or mail; however, we are moving towards receiving medical evidence electronically. Our FY 2018 goal was to increase the receipt of electronic evidence to 45 percent. We exceeded our goal and received 48 percent of evidence electronically.

2.1b: Increase labor force participation: Increase the number of persons with disabilities receiving employment support services who achieve the consequential earnings threshold of the trial work level

Fiscal Year	2019	2020		
<i>Target</i>	98,000 beneficiaries	103,000 beneficiaries		
Performance Results				
Fiscal Year	2015	2016	2017	2018
<i>Performance</i>	58,341 beneficiaries	62,831 beneficiaries	80,054 beneficiaries	93,600 beneficiaries
<i>Target</i>	50,000 beneficiaries	55,000 beneficiaries	67,800 beneficiaries	85,600 beneficiaries
<i>Target Met</i>	Met	Met	Met	Met

Results: Our Ticket to Work and VR cost reimbursement programs have helped beneficiaries transition to employment. In FY 2018, we continued to increase the number of persons with disabilities who returned to work. Over the past four years, we have realized continued growth in this program and exceeded our target.

### 2.1c: Update the Listing of Impairments

Fiscal Year	2019	2020
<i>Target</i>	Publish a final rule to revise the Musculoskeletal disorders system, and a proposed rule for the Cardiovascular, Digestive, and Skin body systems	Publish a final rule for the Cardiovascular, Digestive, and Skin body systems
Performance Results		
Fiscal Year	2018	
<i>Performance</i>	The Notice of Proposed Rulemaking is in process, with a publication goal of early to mid FY 2019	
<i>Target</i>	Publish a Notice of Proposed Rulemaking to revise three body systems in the Listing of Impairments	
<i>Target Met</i>	Not Met	

Results: We were unable to proceed with a number of scheduled regulatory actions due to scheduling delays. Despite delays, we were able to complete the final NPRM to revise three body systems in the Listing of Impairments and initiate agency sign-off in September 2018.

## Strategic Objective 2.2: Accelerate Information Technology Modernization

Lead: Deputy Commissioner, Office of Systems

Our IT Modernization Plan will replace our core systems, developed over 30 years ago, with new components and platforms, engineered for maximum usability, operability, and future adaptability. We have already begun laying the foundation for this effort by incorporating agile methodology in our engineering practices, redesigning the way we access our legacy data to efficiently match its intended uses and running production workloads in the cloud.

Recent breaches at other Federal and State agencies and in the private sector underscore the importance of securing networks and sensitive data. While our cybersecurity program is comparable to that of other Federal agencies, it remains costly and difficult to integrate with our current legacy systems. We use knowledge of the threat landscape, advanced technologies, and skilled cyber professionals to secure our networks from threats. Cyberattacks are ever changing, and we must remain vigilant to prevent any intrusion on our networks.

### Strategies

- Modernize IT infrastructure to respond to evolving business needs
- Build modern applications that improve the customer and employee experience
- Strengthen our cybersecurity program and modernize our cybersecurity infrastructure
- Modernize disability case processing

### Key Initiatives

#### Information Technology Modernization

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 they have grown increasingly complex, inefficient to meet customer demands, and costlier to maintain. We initiated our IT Modernization Plan in FY 2018 to improve our service to the public. We will advance our IT infrastructure with 21<sup>st</sup> Century technology and implement the technical flexibility necessary to adapt to future demands.

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 Information Security Program and Modernize Our Cybersecurity Infrastructure**

Continual improvement and strengthening of our cybersecurity program is imperative to maintaining the public's trust in our ability to protect the sensitive data housed in our systems. As cyberattacks continue to evolve and become increasingly aggressive, we must be vigilant and protect against network intrusions and improper access of data. Through constant assessment of the threat landscape and use of advanced cybersecurity controls in the creation of modernized IT systems and existing systems, we can better protect against cybersecurity incidents and risks.

In FY 2018, we implemented and expanded several Department of Homeland Security measures that provided Continuous Diagnostics and Mitigation capabilities to enable immediate identification of devices upon connection to our agency network. Additionally, 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, and the ability to effectively communicate the strategic goals and priorities. 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 cyberattackers. 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 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.

### Performance Measures – Strategic Objective 2.2

#### 2.2a: Modernize databases, replacing and retiring outdated technology and designs

Fiscal Year	2019	2020
Target	Replace two legacy databases	Replace two legacy databases
Performance Results		
Fiscal Year	2018	
Performance	Replaced two legacy systems	
Target	Replace two legacy databases with modern design databases	
Target Met	Met	

Results: In FY 2018, we successfully moved two legacy databases to a DB2 database system. The Wilkes-Barre Folder Control System was moved from an Integrated Database Management System database, and the Master Beneficiary Record database operations were converted from the legacy Master Data Access Method (MADAM) system. The legacy MADAM system was formally retired in October 2018.

## 2.2b NEW: Continue to modernize the IT Infrastructure

Fiscal Year	2019	2020
<i>Target</i>	Extend the on premise cloud capability by offering Platform-as-a-Service <sup>4</sup>	Migrate 50% of agency e-mail to the cloud platform

## 2.2c: Modernize our customer communications infrastructure

Fiscal Year	2019	2020
<i>Target</i>	Deliver OASDI Cost of Living Adjustment Notices online via <i>my Social Security</i>	Establish the capability within the Customer Communications Management application to collect and react to customer communications preferences to receive agency correspondence either through mail or online
Performance Results		
Fiscal Year		2018
<i>Performance</i>	Modernized notice infrastructure implemented	
<i>Target</i>	Implement a modernized notice infrastructure to enable multiple notice delivery options	
<i>Target Met</i>	Met	

Results: In FY 2018, we implemented a modern notice architecture that has produced over 2 million printed notices. In addition, this feature provided a foundational architecture to deliver notices in the digital delivery channel behind *my Social Security*.

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<sup>4</sup> Platform-as-a-Service, a category of cloud computing service, allows the agency to develop, run, and manage applications without the complexity of building and maintaining the infrastructure typically associated with developing and launching an application.

**2.2d: Provide uninterrupted access to our systems during scheduled times of operations**

Fiscal Year	2019		2020		
<i>Target</i>	99.90% availability		99.90% availability		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
<i>Performance</i>	99.97% availability	99.96% availability	99.91% availability	99.96% availability	99.95% availability
<i>Target</i>	99.50% availability	99.50% availability	99.50% availability	99.90% availability	99.90% availability
<i>Target Met</i>	Met	Met	Met	Met	Met

Results: Maintaining uninterrupted access to our systems during scheduled times of operation is essential to meeting our obligation to the public. Since FY 2012, we have exceeded the target for this measure. We continue to surpass the agency's goal for enterprise availability of our critical services each year. In FY 2018, we achieved a systems availability rating of 99.95 percent, while processing higher volumes of transactions and deploying system changes for continual improvement as we constantly work to increase redundancy, stability, and scalability.

## 2.2e: Maintain an effective cybersecurity program

Fiscal Year	2019	2020
<i>Target</i>	Achieve an overall score of “managing risk” on the Federal Cybersecurity Risk Management Assessment	Achieve an overall score of “managing risk” on the Federal Cybersecurity Risk Management Assessment
Performance Results		
Fiscal Year	2018	
<i>Performance</i>	Managing Risk score achieved	
<i>Target</i>	Achieve an overall score of “managing risk” on the Federal Cybersecurity risk Management Assessment <sup>5</sup>	
<i>Target Met</i>	Met	

Results: Maintaining our cybersecurity is critical to sustaining public trust in our services. We maintain a comprehensive, agency-wide information security program to protect our network, information, and communication assets. We continue to meet the Department of Homeland Security cybersecurity target, as well as achieve an overall score of “managing risk” on the Federal Cybersecurity Risk Management Assessment. Our annual results continue to demonstrate our commitment to protecting the data entrusted to us by the public.

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<sup>5</sup> Presidential Executive Order 13800, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure*, and OMB Memorandum M-17-25 require Federal agencies and departments to implement risk management measures and require OMB to evaluate Federal agencies on how they are managing their cybersecurity risk. Risk ratings are based on capabilities defined in the NIST Cybersecurity Framework. Potential risk ratings range from (1) High Risk, (2) At Risk, or (3) Managing Risk.

## Strategic Goal 3: Ensure Stewardship

We are committed to being good stewards of taxpayer dollars to ensure the public has confidence that we manage their tax dollars wisely. We take the stewardship of our programs seriously and will continue to demonstrate a commitment to sound management practices. To ensure stewardship and the efficient administration of our programs, we will focus our efforts in three major areas: improving program integrity; enhancing our fraud prevention and detection activities; and improving workforce performance and increasing accountability.

### Strategic Objective 3.1: Improve Program Integrity

Lead: Deputy Commissioner, Office of Retirement and Disability Policy

In FY 2018, we paid more than \$85 billion in Federal benefits on average across our programs each month. As good stewards of the programs entrusted to us, we must ensure that we pay individuals the correct amount—neither overpaying nor underpaying them. Making the right payment to the right person at the right time has always been one of our priorities. We conduct ongoing stewardship reviews to confirm that individuals receive the benefits they are due and to monitor our performance.

In FY 2018, we identified this strategic objective as a focus area for improvement, primarily due to our continued challenges with improving payment accuracy in the SSI program. We remain focused on the integrity of our programs, including minimizing improper payments, particularly in the SSI program where program complexities pose challenges. We are committed to continuing our efforts to improve payment accuracy while using all available tools to recover overpayments.

#### Strategies

- Collaborate with partners to address improper payments
- Address the root causes of improper payments to prevent their recurrence
- Modernize our debt management and debt collection business processes

#### Key Initiatives

##### Promote Timely Wage Reporting

Changes in a person's work and wages are a leading cause of improper payments in the DI and SSI program. 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 to self-report wages.

In FY 2017, we implemented an online tool, 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 deemors (e.g., an ineligible spouse or parent living with the recipient) to report earnings electronically.<sup>6</sup>

In FY 2019, we plan to conduct user research and usability testing for obtaining cafeteria benefit plan information through myWR. 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 customer's 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. Please refer to the Budget Overview, Congressional Justification LAE Improper Payments exhibit, and Information exhibit for additional planning information.

### Improve the Death Reporting System Process

We rely on our death reporting system to stop Social Security and SSI benefits promptly after an individual's death, a key means to 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 Department of Veterans Affairs (VA), the Centers for Medicare and Medicaid Services (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 the 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 files from our data exchanges, and continue to record historical death data in our databases.

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<sup>6</sup> 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.

## Modernize our 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 one debt in either the OASDI or SSI program) the ability to access a payment portal on [www.socialsecurity.gov](http://www.socialsecurity.gov) and make payments via the Department of Treasury's [www.pay.gov](http://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.

## Performance Measures – Strategic Objective 3.1

3.1a: Improve the integrity of the Supplemental Security Income program by focusing our efforts on reducing overpayments (APG)

Fiscal Year	2019		2020		
Target	94.0% (O/P) <sup>7</sup>		TBD		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	93.0% (O/P)	93.9% (O/P)	92.4% (O/P)	92.7% (O/P)	Data available summer 2019
Target			95.0% (O/P)	94.0% (O/P)	94.0% (O/P)
Target Met			Not Met	Not Met	

Results: We depend on SSI recipients to timely report changes in income, resources, and living arrangements to accurately determine their eligibility for the program and payment amount. Without timely reports, we incur improper payments. We are actively working to increase our

<sup>7</sup> Overpayment (O/P) accuracy rate is the percentage of all dollars paid that are free of O/P errors.

payment accuracy by using more data and technology, which includes: adding an online option for reporting earnings using authority from the Bipartisan Budget Act of 2015, Section 826, Electronic Reporting of Earnings; developing an information exchange in accordance with authority described in the Bipartisan Budget Act of 2015, Section 824, and implementing the Use of Electronic Payroll Data to Improve Program Administration; evaluating and expanding the use of Non-Home Real Property data to identify undisclosed property; pursuing a computer matching agreement with the Department of Homeland Security to identify unreported absences from the United States affecting benefit eligibility; and exploring the use of National Association for Public Health Statistics and Information Systems marriage and divorce data to identify undisclosed relationships affecting payment and eligibility. Additionally, funding for completion of dedicated program integrity activities continues to support our ability to evaluate continued eligibility by conducting SSI non-medical redeterminations.

**3.1b: Maintain a high payment accuracy rate by reducing overpayments, in the Old-Age, Survivors, and Disability Insurance program**

Fiscal Year	2019		2020		
<i>Target</i>	99.8% (O/P)		99.8% (O/P)		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
<i>Performance</i>	99.5% (O/P)	99.6% (O/P)	99.8% (O/P)	99.4% (O/P)	Data available summer 2019
<i>Target</i>		99.8% (O/P)	99.8% (O/P)	99.8% (O/P)	99.8% (O/P)
<i>Target Met</i>		Not Met	Met	Not Met	

Results: In FY 2017, substantial gainful activity (SGA), windfall elimination provision (WEP), and government pension offset (GPO) were the leading causes of total OASDI overpayments. Preventing errors continues to be a challenge due to monthly changes that are not reported timely and computation errors. We have undertaken several actions to combat improper payments relating to SGA, WEP, and GPO. FY 2018 data is not available until summer 2019.

3.1c: Ensure the quality of our decisions by achieving the State disability determination services decisional accuracy rate for initial disability decisions<sup>8</sup>

Fiscal Year	2019		2020		
<i>Target</i>	97% decisional accuracy		97% decisional accuracy		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
<i>Performance</i>	98% net accuracy	98% net accuracy	98% net accuracy	97% net accuracy	98% net accuracy
<i>Target</i>	97% net accuracy	97% net accuracy	97% net accuracy	97% net accuracy	97% net accuracy
<i>Target Met</i>	Met	Met	Met	Met	Met

Results: The public expects us to make timely and accurate decisions. We exceeded our goal in FY 2018, by achieving a 98 percent DDS net accuracy for initial disability decisions. We have consistently met our target for this measure since FY 2010.

### 3.1d NEW: Modernize our Debt Management System

Fiscal Year	2019	2020
<i>Target</i>	Implement online debt collection for benefit overpayments	Develop a public-facing overpayment waiver application

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<sup>8</sup> In FY 2019, the term net accuracy is being changed to decisional accuracy as the best representation of what is being measured. Decisional accuracy (same methodology as net accuracy) is the percentage of correct initial State disability determinations and is based on the net error rate (i.e., the number of corrected deficient cases with changed disability decisions), plus the number of deficient cases not corrected within 90 days from the end of the period covered by the report, divided by the number of cases reviewed.

## Strategic Objective 3.2: Enhance Fraud Prevention and Detection Activities

Lead: Deputy Commissioner, Office of Analytics, Review, and Oversight

We take seriously our responsibility to prevent and detect fraud. We centrally manage our anti-fraud efforts and are developing consistent anti-fraud policies, refining employee training, and building relationships with other Federal, State, and private partners to identify individuals who wrongfully obtain Social Security and SSI payments.

We plan to expand the use of data analytics and predictive modeling to enhance fraud prevention and detection in our programs. We will integrate data from multiple sources and use industry-proven predictive analytics software to identify high-risk transactions for further review. With these models, we will better identify suspicious and evolving patterns of activities in our workloads and prevent fraudulent actions from occurring.

### Strategies

- Expand the use of data analytics and increase internal and external partnerships
- Develop and conduct regular fraud risk assessments of our programs

### Key Initiatives

#### Expand Our Cooperative Disability Investigations Program

Along with the Office of the Inspector General, we jointly operate cooperative disability investigations (CDI) units with State DDSs, State and local law enforcement. Generally, these units investigate suspected fraud before the agency awards benefits and during the continuing disability reviews 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 the 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.

#### Enhanced 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 GAO Framework for Managing Fraud Risks in the 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.

## Performance Measures – Strategic Objective 3.2

### 3.2a: Expand our CDI coverage

Fiscal Year	2019	2020
Target	Add three CDI units	Add two to four CDI units
Performance Results		
Fiscal Year	2018	
Performance	Added three CDI units	
Target	Add three CDI units	
Target Met	Met	

Results: In FY 2018, we added a CDI unit in New Mexico, Hawaii, and Indiana, bringing our total to 43 units.

### 3.2b: Mature the Enterprise Fraud Risk Management Program

Fiscal Year	2019	2020
<i>Target</i>	Complete eServices risk assessment, develop disability fraud risk profile, implement anti-fraud disability analytics	Complete eServices fraud risk profile and two additional fraud risk assessments
Performance	Performance Results	
Fiscal Year	2018	
<i>Performance</i>	We have not operationalized the Anti-Fraud Enterprise Solution (AFES), but we deployed our first disability fraud analytic model and improved our eServices analytics and fraud detection	
<i>Target</i>	Operationalize AFES and implement eServices analytics	
<i>Target Met</i>	Not Met	

Results: In FY 2018, we deployed the Disability Fraud Analytical Model, which was the first of its kind for our agency. As a result of this model, we made several potential fraud referrals to the Office of the Inspector General and continue to review the results for additional referrals.

We are the first Federal agency to work with this commercial off-the-shelf product as an enterprise anti-fraud product and encountered several unforeseen complications. As a result, we were unable to fully meet the targeted performance goals to operationalize AFES and implement eServices analytics in FY 2018. We remain committed to using data analytics to combat fraud.

### Strategic Objective 3.3: Improve Workforce Performance and Increase Accountability

Lead: Deputy Commissioner, Office of Human Resources

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

Likewise, our managers need to understand how to maximize employee performance, so we can serve the public. We must support them in that effort by establishing expert teams who will be available to provide information and assistance in real time. We will also require additional management training and working with our managers to help them engage and communicate with employees. Our framework for comprehensive human capital management includes three

major focus areas: workforce management, succession management, and performance management.

## Strategies

- Enhance accountability for managing performance through program and automation improvements
- Align employee development with agency succession plans
- Invest in training and support for managers to effectively address performance and conduct challenges

## Key Initiatives

### Engage SSA

In FY 2018, we launched Engage SSA, an online collaboration platform, where employees can review mission-driven topics, submit ideas, comment, and vote in an effort to advance agency priorities. At the end of each engagement, moderators use real-time feedback gathered from these discussions to consider, propose, and make both short-and long-term improvements at our agency. In FYs 2019 and 2020, we will continue to use this platform to engage employees and obtain feedback.

### Strengthen the Performance Management Process

In FY 2018, we enhanced our Performance Assessment and Communication System (PACS) appraisal program with the electronic 7B (e7B) application by adding electronic signature and electronic delivery of performance-related documents functionality, to enhance manager accountability. We also updated standards for managers' and supervisors' performance plans to hold them accountable for addressing employee conduct issues and poor performance.

### Execute Talent Management and Succession Planning

Leadership development continues to be an imperative, both in terms of helping current leaders meet 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 that provides us 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 New Supervisors

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. We will support our managers, by providing them with the proper tools and training to help them effectively communicate with employees.

Our goal is that within 90 days of a promotion, new supervisors will receive training to develop and improve their leadership skills and competencies. The new supervisor curriculum is imperative for ongoing workforce sustainability and directly supports the Office of Personnel Management's regulation (5 CFR 412.202) requiring agencies to provide training upon an employee's initial appointment to a supervisory position.

### Performance Measures – Strategic Objective 3.3

#### 3.3a: Strengthen manager accountability for effective performance management

Fiscal Year	2019	2020
<i>Target</i>	93% of performance-related documents completed and tracked electronically through our e7B system	95% of required signed employee acknowledgements completed and tracked electronically through our e7B system
Performance Results		
Fiscal Year	2018	
<i>Performance</i>		92%
<i>Target</i>	90% performance-related documents completed and tracked electronically through our e7B system	
<i>Target Met</i>		Met

Results: We exceeded our FY 2018 goal by completing and tracking 92 percent of performance-related documents through the e7B. Our success is in part a result of the user intuitive nature of this application, combined with the e7B training materials and PACS guidance and reminders sent to supervisors throughout the performance cycle.

3.3b: Enhance the leadership pipeline through a modernized national leadership development program

Fiscal Year	2019	2020
<i>Target</i>	Launch a redesigned national leadership development program	Reduce leadership competency gaps of at least 90% of leadership development program graduates
Performance Results		
Fiscal Year	2018	
<i>Performance</i>	99%	
<i>Target</i>	Review readiness of at least 95% of career executives	
<i>Target Met</i>	Met	

Results: Talent management and succession planning are critical for effective human capital management. Through our Senior Executive Service talent management and succession planning processes, we can forecast executive resource needs, assess the current talent state, align talent to agency needs, and supplement the pipeline of ready successors for a wide range of executive positions across the organization. A critical step of this process is evaluating the range and depth of executive talent across the enterprise needed to support the agency's mission and assessing executive readiness to move into positions of greater responsibility. In FY 2018, over 99 percent of career executives received feedback from this process to assist them in identifying appropriate development opportunities to meet specific learning needs.

3.3c NEW: Ensure new supervisors receive timely training to improve their leadership skills and competencies

Fiscal Year	2019	2020
<i>Target</i>	At least 90% of new supervisors enroll in supervisor training within 90 days and complete training within one year of the effective date of their supervisory appointment	At least 95% of new supervisors enroll in supervisor training within 90 days and complete training within one year of the effective date of their supervisory appointment

## Strategic Objective 3.4: Improve Organizational Effectiveness and Reduce Costs

Lead: Deputy Commissioner, Office of Budget, Finance, and Management and Deputy Commissioner, Office of Retirement and Disability Policy

Our administrative expenses continue to be about 1.2 percent of the combined OASDI and SSI benefits we pay. We are taking steps to reduce our real property footprint and to realign our organization to meet the current demands for our services. We are also leading efforts to improve strategic partnerships with other government and private entities and to expand data sharing opportunities with Federal and State agencies for better public service and operational savings.

### Strategies

- Align our real estate footprint with current and future business needs
- Streamline our organization and how we manage workloads
- Improve strategic partnerships with other government and private entities

### Key Initiatives

#### Reduce Our Real Property Footprint

We will continue reducing our real property footprint as we renovate existing buildings and renew lease agreements. We estimate that we reduced our real property footprint by over 58,000 useable square feet (USF) in FY 2018.<sup>9</sup> 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.

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<sup>9</sup> Pending a final reconciliation with the General Services Administration (GSA) anticipated in the second quarter of FY 2019.

## Expand Strategic Partnerships with External Partners

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. We also continue to pursue new data exchange partners from government and private sectors.

### Performance Measures – Strategic Objective 3.4

#### 3.4a Reduce our real property footprint

Fiscal Year	2019	2020	
Performance	Achieved a 174,755 USF reduction	Achieved a 83,375 USF reduction	
Target	Achieve a 25,000 USF reduction	Achieve a 115,000 USF reduction	
Performance Results			
Fiscal Year	2016	2017	2018
Performance	Achieved a 174,755 USF reduction	Achieved a 83,375 USF reduction	Achieved a 58,813 USF reduction
Target	Achieve a 190,000 USF reduction	Achieve a 15,000 USF reduction	Achieve a 55,000 USF reduction
Target Met	Not Met	Met	Met

Results: We successfully met the requirements of the reduce the footprint mandates in FY 2018. Pending our final reconciliation with GSA, we successfully achieved our physical footprint reduction goal of 55,000 USF.

3.4b: Initiate the data exchange process with new partners or expand existing data exchanges to improve operational efficiency and reduce improper payments

Fiscal Year	2019	2020
<i>Target</i>	Engage with at least two new data exchange partners from government or the private sector	Engage with at least two new data exchange partners from government or the private sector
Performance	Performance Results	
Fiscal Year	2018	
<i>Performance</i>	Engaged with four new data exchange partners	
<i>Target</i>	Engage with at least two new data exchange partners from government or the private sector	
<i>Target Met</i>	Met	

Results: In FY 2018, we initiated the data exchange process with the National Association for Public Health Statistics and Information Systems for marriage and divorce data from States; representative payee court data from States; workers compensation data from the District of Columbia Office of Risk Management; and Federal employee verification data from the Department of Treasury. In addition, we expanded existing data exchanges with the VA and CMS to receive additional death data elements, which we will use to prevent improper payments. These accomplishments will result in improvements in operational efficiency and reductions in improper payments.

## Budgeted Workload Measure Results

In addition to the performance measures and targets we develop to demonstrate our incremental efforts to achieve our strategic goals, we have a number of budgeted workload performance measures that represent how much of our core workloads we will complete each year and how efficiently and effectively we complete this work. While budgeted workload measures support our strategic goals and objectives, the targets and outcomes are directly affected by our funding level each year. Thus, we present our budgeted workload measures separately in the following table.<sup>10</sup>

### Retirement and survivor claims completed

Fiscal Year	2019		2020		
<i>Target</i>	6,009,000		6,324,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
<i>Performance</i>	5,023,533	5,327,221	5,602,312	5,619,831	5,862,065
<i>Target</i>	5,131,000 (4,990,259 received)	5,247,000	5,586,000	5,782,000 (4,196,566 received)	5,801,000

<sup>10</sup> 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. Due to higher than expected call volumes, attrition, and new hires that are not yet fully productive, FY 2019 average speed of answer and agent busy rate are expected to be higher than originally projected.

### Initial disability claims receipts

Fiscal Year	2019		2020	
Target	2,295,000		2,376,000	
Performance Results				
Fiscal Year	2014	2015	2016	2017
Performance	2,805,067	2,756,319	2,637,755	2,442,592
Target	2,891,000	2,755,000	2,807,000	2,499,000
2018				2,476,000

### Initial disability claims completed

Fiscal Year	2019		2020	
Target	2,295,000		2,241,000	
Performance Results				
Fiscal Year	2014	2015	2016	2017
Performance	2,861,895	2,759,432	2,688,977	2,485,100
Target	2,947,000	2,767,000	2,695,000 (2,637,755 received)	2,455,000
2018				2,300,00

### Initial disability claims pending

Fiscal Year	2019		2020	
Target	565,000		700,000	
Performance Results				
Fiscal Year	2014	2015	2016	2017
Performance	632,656	621,315	567,644	522,869
Target	642,000	621,000	733,000	612,000
2018				699,000

### Average processing time for initial disability claims

Fiscal Year	2019		2020		
Target	113 days		113 days		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	110 days	114 days	110 days	111 days	111 days
Target	109 days	109 days	113 days	113 days	111 days

### Disability reconsiderations receipts

Fiscal Year	2019		2020		
Target	635,000		740,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	761,772	704,341	647,910	582,935	552,755
Target	N/A	N/A	N/A	N/A	540,000

## Disability reconsiderations completed

Fiscal Year	2019		2020		
Target	597,000		660,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	757,198	723,485	666,948	595,588	541,806
Target	778,000	739,000	702,000 (647,910 received)	581,000	518,000

## Disability reconsiderations pending<sup>11</sup>

Fiscal Year	2019		2020		
Target	153,000		233,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	170,255	143,540	120,829	105,022	115,028
Target	174,000	143,000	136,000	130,000	129,000

<sup>11</sup> The increase in pending is a result of the phased-in reinstatement of the reconsideration process in the 10 prototype States.

## Average processing time for disability reconsiderations

Fiscal Year	2019		2020		
Target	105 days		105 days		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	108 days	113 days	103 days	101 days	103 days
Target				105 days	102 days

## Hearings receipts

Fiscal Year	2019		2020		
Target	511,000		487,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	810,715	746,300	712,853	620,164	567,911
Target	819,000	805,000	746,000	632,000	582,000

## Hearings completed

Fiscal Year	2019		2020		
Target	779,000		693,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	680,963	663,129	652,241	685,657	765,554
Target	735,000	727,000	703,000	683,000	738,000

## Hearings pending

Fiscal Year	2019		2020		
Target	591,000		385,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	977,736	1,060,907	1,121,519	1,056,026	858,383
Target	932,000	1,056,000	1,087,000	1,071,000	900,000

## Annual average processing time for hearings decision<sup>12</sup>

Fiscal Year	2019		2020		
Target	515 days		390 days		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	422 days	480 days	545 days	605 days	595 days
Target	415 days	470 days	540 days	605 days	605 days

<sup>12</sup> Average processing time for hearings is an annual figure. End of year (September) processing time for hearings is estimated to be 460 days and 330 days, for FYs 2019 and 2020, respectively.

## National 800 Number calls handled

Fiscal Year	2019		2020		
Target	36,000,000		36,000,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	37,112,118	36,900,641	37,231,564	36,053,988	31,910,965
Target	39,000,000	38,000,000	34,000,000	35,000,000	33,000,000

## Average speed of answer<sup>13</sup>

Fiscal Year	2019		2020		
Target	13 minutes		15 minutes		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	1,323 seconds (~22 minutes)	617 seconds (~10 minutes)	817 seconds (~14 minutes)	802 seconds (~13 minutes)	1,422 seconds (~24 minutes)
Target	1,020 seconds (17 minutes)	700 seconds (~12 minutes)	945 seconds (~16 minutes)	970 seconds (~16 minutes)	1,500 seconds (25 minutes)

<sup>13</sup> To more clearly communicate our National 800 Number performance, we are now reporting the standard unit of measure in minutes instead of seconds.

### Agent busy rate

Fiscal Year	2019		2020		
<i>Target</i>	9%		12%		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
<i>Performance</i>	13.5%	7.5%	8.9%	10.2%	14.7%
<i>Target</i>	14.0%	8.0%	9.5%	12.0%	16%

### Periodic continuing disability reviews completed

Fiscal Year	2019		2020		
<i>Target</i>	1,803,000		1,774,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
<i>Performance</i>	1,674,713	1,971,812	2,107,139	2,257,140	2,286,326
<i>Target</i>	1,410,000	1,890,000	1,950,000	1,970,000	1,990,000

### Full medical continuing disability reviews

Fiscal Year	2019		2020		
Target	703,000		674,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	525,875	799,013	853,754	874,411	896,508
Target	510,000	790,000	850,000	850,000	890,000

### Supplemental Security Income non-medical redeterminations completed

Fiscal Year	2019		2020		
Target	2,822,000		2,822,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	2,627,518	2,266,993	2,530,446	2,589,638	2,913,443
Target	2,622,000	2,255,000	2,522,000	2,562,000	2,900,000

### Social Security numbers completed

Fiscal Year	2019		2020		
Target	17,000,000		17,000,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	16,090,179	16,468,018	17,336,833	17,400,585	17,082,844
Target	16,000,000	16,000,000	16,000,000	16,000,000	17,000,000

## Annual earnings items completed

Fiscal Year	2019		2020		
Target	285,000,000		285,000,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	256,521,405	265,830,718	272,999,400	279,381,782	284,306,239
Target	253,000,000	257,000,000	264,000,000	273,000,000	281,000,000

## Social Security Statements issued<sup>14</sup>

Fiscal Year	2019		2020		
Target	15,000,000		15,000,000		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	4,024,906	50,092,070	47,507,890	13,724,897	14,971,689
Target	4,000,000	44,000,000	38,000,000	10,000,000	14,000,000

<sup>14</sup> 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 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, consistent with FY 2018.

### Disability determination services production per workyear

Fiscal Year	2019		2020		
Target	302		306		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	311	307	306	306	310
Target	319	313	307	301	302

### Office of Hearings Operations production per workyear

Fiscal Year	2019		2020		
Target	105		107		
Performance Results					
Fiscal Year	2014	2015	2016	2017	2018
Performance	102	95	88	94	103
Target	106	104	94	96	98

# Major Management and Performance Challenges

As we strive to improve our performance, we face a variety of challenges. Each year, the Office of the Inspector General (OIG) identifies our top management and performance challenges. In addition, our leadership also identifies challenges, which often overlap with the OIG report. A listing of acronyms for the responsible officials is in Appendix D, Summary of Key Management Officials' Responsibilities.

## Challenges Identified by the Office of the Inspector General

In FY 2018, OIG identified seven top management issues for our agency.

### 1) Improve Administration of the Disability Programs

Components: DCO, DCHO, DCRDP, DCS, DCHR, DCARO, and DCBFM

Challenge: The Agency still faces challenges with pending disability hearings and appeals. Continued focus is necessary to simplify work incentive regulations and create new opportunities for returning beneficiaries to work.

Actions we are undertaking to address this challenge include:

- Reduce the Hearings Backlog;
- Reinstate the Reconsideration Process;
- Reduce the Processing Center Backlog;
- Expand Video Service Delivery;
- Expand Access to Electronic Medical Evidence;
- Improve the Number of People with Disabilities Who Return to Work;
- Develop an Occupational Information System;
- Update the Listing of Impairments; and
- Modernize Disability Case Processing.

### 2) Reduce Improper Payments and Increase Overpayment Recoveries

Components: DCRDP, DCBFM, DCO, DCHO, DCS, OCACT, DCCCOMM, GC, DCARO, and IG

Challenge: SSA is responsible for issuing about \$1 trillion in benefit payments, annually, to more than 70 million people. Given the large overall dollar amounts involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in overpayments or underpayments.

Actions we are undertaking to address this challenge include:

- Promote Timely Wage Reporting;
- Improve the Death Reporting System Process;
- Modernize our Debt Management System;
- Expand Our Cooperative Disability Investigations Program; and
- Enhanced Fraud Prevention and Detection Activities.

### 3) Improve Customer Service

Components: DCO, DCHO, DCBFM, DCRDP, and DCS

Challenge: SSA faces challenges as it pursues its mission to deliver quality services that meet the changing needs of the public, including growing workloads as experienced employees are expected to retire.

Actions we are undertaking to address this challenge include:

- Reinstate the Reconsideration Process;
- Reduce the Processing Center Backlog;
- Expand Video Service Delivery;
- Provide Real-Time Assistance to Online Users;
- Expand the Availability of the Online Social Security Replacement Card Application;
- Expand Online Appeals;
- Enhance *my Social Security*;
- Develop an Occupational Information System;
- Update the Listings of Impairments; and
- Modernize the Social Security Statement.

### 4) Modernize Information Technology Infrastructure

Component: DCS

Challenge: SSA must modernize its information technology to accomplish its mission despite budget and resource constraints.

Actions we are undertaking to address this challenge include:

- Modernize Information Technology;
- Strengthen Our Information Security Program and Modernize Our Cybersecurity Infrastructure; and
- Modernize Disability Case Processing.

## 5) Secure Information Systems and Protect Sensitive Data

Component: DCS

Challenge: SSA must ensure its information systems are secure and sensitive data are protected.

Actions we are undertaking to address this challenge include:

- Strengthen Our Information Security Program and Modernize Our Cybersecurity Infrastructure.

## 6) Strengthen the Integrity and Protection of the Social Security Number

Component: DCO, DCRDP, and DCS

Challenge: Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due.

Actions we are undertaking to address this challenge include:

- Expand the Availability of the Online Social Security Replacement Card Application; and
- Improve the Death Reporting System Process.

## 7) Strengthen Planning, Transparency, and Accountability

Components: DCHR, DCS, DCARO, DCBFM, DCO, DCHO, DCRDP, OCACT, DCCOMM, DCLCA, and GC

Challenge: Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future. Similarly, mismanagement and waste, as well as a lack of transparency for citizens in Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

Actions we are undertaking to address this challenge include:

- Strengthen Our Information Security Program and Modernize Our Cybersecurity Infrastructure;
- Enhance Fraud Prevention and Detection Activities;
- Strengthen the Performance Management Process;
- Execute Talent Management and Succession Planning;
- Invest in Training and Support for New Supervisors; and
- Reduce Our Real Property Footprint.

## Additional Challenges Identified by Our Leadership

### Prevent Fraud, Waste, and Abuse

Components: DCO, DCARO, DCRDP, DCBFM, DCS, and IG

Fraud, waste, and abuse erode the public's trust in our ability to efficiently and effectively provide vital services. Prevention is critical to conserving valuable resources and meeting our mission to meet the changing needs of the public.

Actions we are undertaking to address this challenge include:

- Improve the Death Reporting System Process;
- Expand Our Cooperative Disability Investigations Programs; and
- Enhance Fraud Prevention and Detection Activities.

### Have Enough Employees with the Right Skills in the Right Place at the Right Time

Component: DCHR

Having employees with the right skills in the right place at the right time is critical to our mission. Employee turnover challenges our ability to develop and retain empowered, knowledgeable, compassionate, and engaged employees.

Actions we are undertaking to address this challenge include:

- Strengthen the Performance Management Process;
- Execute Talent Management and Succession Planning; and
- Invest in Training and Support for New Supervisors.

### Innovate the Future of Service Delivery

Components: DCO, DCHO, DCS, and DCRDP

We must innovate the future of service delivery to better serve the public. We are constantly improving and developing new service delivery options to provide enhanced service to the public.

Actions we are undertaking to address this challenge include:

- Expand Video Service Delivery;
- Expand the Availability of the Online Social Security Replacement Card Application;
- Enhance Online Appeals;
- Enhance *my Social Security*;

- Modernize the Social Security Statement; and
- Expand Access to Electronic Medical Evidence

## Keep Pace in the Disability Program with Medicine, Technology, and the World of Work

Components: DCRDP, DCHO, DCO, and DCS

Medicine, technology, and the nature of work are constantly evolving. We must keep pace creating a more agile, responsive organization committed to meeting the public's needs and maximizing efficiencies throughout the disability program.

Actions we are undertaking to address this challenge include:

- Expand Access to Electronic Medical Evidence;
- Develop an Occupational Information System;
- Update the Listings of Impairments; and
- Modernize Disability Case Processing.

## Appendix A: Program Evaluations

We routinely conduct studies and surveys to evaluate the effectiveness of our programs. Continuous evaluation of the collection of program data, research, and analyses assists us in identifying strengths and weaknesses in our programs. Information from the program evaluations assist us in developing strategies to address the major challenges we face and improve the day-to-day administration of our programs. We complete many of our evaluations annually, while others may be biennial or one-time efforts. We have included a summary of findings for the most current reports available at this time.

### Strategic Goal 1 – Deliver Effective Services

#### ForeSee Experience Index E-Government Report (Quarterly)

The ForeSee Experience Index (FXI) E-Government report measures citizen satisfaction with government websites. The fiscal year (FY) 2017 third quarter report noted two SSA websites, “Extra Help with Medicare Prescription Drug Plan Costs” and “SSA Retirement Estimator” topped the E-Government Satisfaction Index. Four out of the top six sites were SSA webpages.

#### Disability Hearings Process Report Card (Annual)

The Disability Hearings Process Report Card measures customer satisfaction with the disability application process at the hearing level. Our FY 2017 results for overall customer satisfaction were mixed. Most respondents who received favorable decisions were satisfied with the agency’s overall service (80 percent) and the hearing experience (85 percent). However, respondents who received unfavorable decisions largely expressed dissatisfaction with both measures. In FY 2017, satisfaction with the hearing experience was 32 percent E/VG/G, and perceptions of the agency’s overall service were somewhat more favorable at 37 percent E/VG/G.

Only 43 percent of respondents who received favorable decisions and 22 percent of those who received unfavorable decisions were satisfied with the elapsed time from the date of the hearing request to the date of the hearing. Data from agency records indicates the proportion of respondents ultimately receiving favorable decisions who had hearings within a year decreased significantly from 36 percent in FY 2015 to 13 percent in FY 2017. Among respondents who ultimately received unfavorable decisions, the proportion who had hearings within a year decreased significantly from 36 percent in FY 2015 to 14 percent in FY 2017.

## Field Office Telephone Service Evaluation (Annually)

Evaluates our accuracy in handling the public's calls to field offices. During the FY 2017 evaluation, our field sites monitored 2,116 calls in 110 randomly selected field offices nationwide. More than half (57.4 percent) of calls involved issues that could have had an effect on payment or eligibility to benefits. Our findings report our accuracy rates for payment (98.1 percent), service (92.9 percent), access and disclosure (68.2 percent).

## National 800 Number Telephone Service Evaluation (Annually)

Evaluates our accuracy in handling the public's calls to the National 800 Number. We based our findings for this FY 2017 report on monitoring 2,919 calls that our telephone agents in various components handled throughout FY 2017. We found that payment accuracy was 99.1 percent in FY 2017, comparable to the FY 2015 rate of 98.5 percent and the highest accuracy attained in the last five report periods. The FY 2017 service accuracy rate was 93.4 percent. Agents continued to provide highly courteous service on the National 800 Number, as we recorded only three instances of discourteous service.

## Overall Service Satisfaction Surveys (Biennial)

Our Telephone Service Satisfaction Surveys evaluate callers' satisfaction with our National 800 Number and field office telephone services. Our Office Visitor Surveys evaluate visitors' satisfaction with our field offices (including Social Security Card Centers) and hearing offices. In FY 2017, the combined overall satisfaction rate for telephone and in-person service was 80 percent E/VG/G. Satisfaction with in-person service (91 percent E/VG/G) continued to exceed satisfaction with telephone service (74 percent E/VG/G) by a substantial margin.

## Office Visitor Surveys (Biennial)

Our Office Visitor Survey measures customer satisfaction with our in-person service and includes the field office and hearing office segment; and the Social Security Card Center segment. Overall satisfaction among field office visitors was 93 percent satisfied in FY 2018, 2 percent higher than FY 2017 (91 percent). Hearing Office visitors' overall satisfaction rating was 92 percent in FY 2018, which is 4 percent higher than the FY 2017 (89 percent).

We received favorable ratings on all aspects of our employee service (helpfulness, courtesy, job knowledge, and clarity of explanations). Field office visitors expressed satisfaction ranging from 91 to 94 percent, and hearing office visitor's satisfaction ranged from 91 to 95 percent.

The rate of internet use among field office visitors was 44 percent in FYs 2017 and 2018. Internet use by hearing office visitors was 53 percent in FY 2017 and 55 percent in FY 2018. In both years, more than half of field office respondents had already created *my Social Security* accounts, and a majority of the remainder (59 percent in FY 2017 and 56 percent in FY 2018)

said they were very likely or somewhat likely to create accounts for future use. Hearing office visitor responses were even more encouraging, with more than 60 percent in both years having already created accounts, and a large proportion (73 percent in FY 2017 and 60 percent in FY 2018) of the remainder saying they were likely to create one. Most visitors who said they were unlikely to create an account told us it was because they preferred to speak to a person rather than conduct their business online.

### Prospective Client Survey (Biennial)

Surveys people between ages 50 and 64 to identify service expectations and preferences of the upcoming wave of retirees. In FY 2017, key survey findings included:

- Retirement planning – Eighty-five percent of survey respondents remembered getting a Social Security Statement within the past year.
- Conducting Business with the Agency – Eighty-seven percent of respondents said they would conduct business by telephone, 84 percent would visit an office, and 79 percent would use the internet.
- First Choice Service Preferences – More respondents preferred agent phone service for correcting their earnings record (42 percent) and scheduling an appointment to discuss their application (48 percent) than any other channel. On the other hand, the largest group of respondents preferred the Internet for checking application status and changing personal information on their Social Security record (both 44 percent). An office visit was the top choice (35 percent) only for completing an application for benefits.
- Important Features of Service – The majority of respondents considered the ability to speak to an agent on the telephone without having to call back (87 percent) and the ability to complete their business in one office visit (83 percent) as very important features of service.

### Retirement Application Survey (Biennial)

Measures customer satisfaction with the retirement application process and identifies service expectations and preferences among recent retirees. In FY 2016, we found an exceptionally high level of satisfaction with the retirement application process, with respondents rating their overall experience at 95 percent excellent, very good or good. The large majority of respondents filed their retirement application either, in-person (45 percent) or online (41 percent), with just 14 percent completing the application over the telephone. When asked about whether they use the Internet for any purpose, most (71 percent) respondents indicated that they use the Internet, and about two-thirds (66 percent) of those Internet users said they had already created a *my Social Security* account.

## Strategic Goal 2 – Improve the Way We Do Business

### Evaluation of the Ticket to Work and Other Employment Support Programs (Continuously)

Examines employment patterns and outcomes of disabled beneficiaries, including those beneficiaries who use employment services such as the Ticket to Work, Partnership Plus, and Work Incentives Planning and Assistance programs. We completed an independent 10-year evaluation of the Ticket to Work (TTW) program in 2013, which produced seven reports. All reports are publically available at

<http://www.socialsecurity.gov/disabilityresearch/research.htm#Ticket>.

Overall, the TTW evaluation found that beneficiaries who use the program generally like it, and the program has increased the use of return to work services. In addition, those beneficiaries who participate in TTW have better outcomes than those who return to work without the help of SSA-financed employment services. However, we also found that the increase in service use and better outcomes by participants has not translated into net increases in benefit suspension or termination for work or an increase in the number of months spent in suspension or termination for work. This finding suggests that TTW has primarily extended the types of services that were available under the previous program where services were offered only through State vocational rehabilitation agencies. To summarize, more beneficiaries are getting these services now, but the success rate has not measurably changed. We also fund continuing TTW evaluation research through our Disability Research Consortium.

### Federal Information Security Modernization Act Report (Annually)

Reports to Congress whether our overall information technology security and privacy programs and practices comply with the *Federal Information Security Modernization Act of 2014*. In FY 2017, we made substantial improvements and progress in securing applications, managing vulnerabilities, updating policies, and enhancing the overall effectiveness of our cybersecurity capabilities.

### Pre-Effectuation Review of Disability Determinations (Annually)

Assesses the accuracy of initial and reconsideration disability allowances made by disability determination services (DDS) as required in the Social Security Act. In FY 2016, we reviewed 399,209 allowances and 5,992 continuances. We estimate these reviews will result in lifetime savings of about \$509 million in benefits to the Old-Age and Survivors Insurance Trust Fund and Disability Insurance Trust Funds combined. We also estimate lifetime savings of \$65 million in SSI payments, \$218 million to the Medicare trust funds, and a net cost of \$4 million in the Federal share of Medicaid payments.

## Safeguard Security Report (Annually)

We provide examples of our policies and procedures to demonstrate how we safeguard personally identifiable information and Federal tax information. We submit this report to the Internal Revenue Service (IRS) on an annual basis.

## Safeguard Review (Triennial)

Evaluates the use of Federal tax information and the measures we employ to protect this information. This review is an onsite evaluation completed in collaboration with the IRS.

The IRS completed its full Safeguard Review of our agency in the summer of 2016. The review concluded with a closing conference in September 2016 and produced findings pertaining to both physical and IT security. We did receive one critical finding from the review and addressed it in June 2017. The findings from this review are reported on a semi-annual basis through submission of a corrective action plan to the IRS.

## Strategic Goal 3 – Ensure Stewardship

### Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (Annually)

Reports annually to Congress on the financial and actuarial status of the two Social Security trust funds. At the end of 2017, the Old-Age, Survivors, and Disability Insurance (OASDI) program was providing benefit payments to about 62 million people: 45 million retired workers and dependents of retired workers; 6 million survivors of deceased workers; and 10 million disabled workers and dependents of disabled workers. During 2017, an estimated 174 million people had earnings covered by Social Security and paid payroll taxes on those earnings. Total expenditures in 2017 were \$952 billion. Total income was \$997 billion, which consisted of \$911 billion in non-interest income and \$85 billion in interest earnings.

### Annual Report to Congress on Medical Continuing Disability Reviews (Annually)

A legislatively mandated report that provides summary information on medical continuing disability reviews (CDR) conducted for a completed fiscal year, including actuarial estimates of the lifetime savings in OASDI; Supplemental Security Income (SSI); Medicare; and Medicaid benefits resulting from the reviews conducted during that fiscal year. In FY 2014, we conducted 1,674,713 periodic CDRs. Based on these reviews, we made initial determinations that benefits should be ceased in 139,204 cases. Our Office of the Chief Actuary estimates that, after all appeals, we will cease paying benefits to 92,727 individuals and their eligible dependents. We estimate the present value of future benefits saved to be \$9 billion.

## Annual Report of the Supplemental Security Income Program (Annually)

Reports annually to the President and Congress on the status of the SSI program and provides 25-year projections of program participation and costs. In January 2018, 8.07 million individuals received monthly SSI payments averaging \$526, a decrease of 52,000 recipients from the 8.12 million recipients with an average payment of \$526 in January 2017. By 2042, the end of the 25-year projection period, we estimate that the SSI recipient population will reach 8.9 million. The projected growth in the SSI program over the 25-year period is largely due to the overall growth in the U.S. population, though the growth in the SSI recipient population is projected to be somewhat slower than the growth in the U.S. population.

**Enumeration Accuracy Report (Triennial)** Assesses the accuracy of original Social Security numbers assigned during the fiscal year. In FY 2015, the enumeration accuracy rate was 100 percent. The difference between the FY 2015 accuracy rate and the FY 2014 accuracy rate of 99.98 percent is not statistically significant.

## Evaluation of the Continuing Disability Review Enforcement Operation Predictive Model (Annually)

Evaluates the results of a predictive model used to score work issue CDR cases to ensure that cases most likely to result in overpayments are prioritized and worked first. In FY 2016, our tracking and evaluation indicated the need for improved coordination with the processing centers in reviewing cases based on the scores' priority order. While SSA Enforcement Operation issues various types of alerts, we showed progress on the challenging task of separating enforcement alert events that do not result in work reviews. Our prime objective for the future is aligning together the Continuing Disability Review Enforcement Operation predictive model, based on IRS annual earning data and a new quarterly earning work review process, via quarterly reporting.

## Federal Employee Viewpoint Survey (Annually)

Assesses employee perspectives of organizational performance across several major human capital areas: recruitment, development, performance culture, leadership, job satisfaction, and personal work experiences. The 2018 Federal Employee Viewpoint Survey results indicate both strengths and opportunities for improvement. The most positive employee perceptions center around willingness to exert extra effort, knowledge of work importance, searching for ways to improve job performance, knowledge of how jobs support agency goals and priorities, and supervisor communication about performance. Opportunities for improvement include questions that reference the linkage between performance and pay raises, dealing with poor performers, performance-based recognition, merit-based promotions, and ability to recruit people with the right skills.

## Human Capital Evaluations (Annually)

Monitors and evaluates the results of our human capital strategies, policies, and equal employment opportunity programs, as well as our adherence to merit system principles, including cyclical Human Resources Management and Delegated Examining Unit Assessments of components across the agency.

The HCES serves as a mechanism to monitor and evaluate outcomes related to human capital (HC) management strategies, policies, programs, and activities. We leverage business intelligence, analytics, and data-based decision-making structures to support our evaluation strategy by tracking agency progress on all milestones and performance measures through its Human Capital Operating Plan (HCOP), HRStat reviews (quarterly meeting during which agency executives are briefed on human capital issues and accomplishments), and Independent Audit Program, as well as an annual HC reviews with the Office of Personnel Management (OPM).

**Human Capital Operating Plan (HCOP)** – Our FY 2018-2019 HCOP describes plans for executing the human capital elements stated within our Agency Strategic Plan (ASP) and Annual Performance Report (APR), and supports the Office of Management and Budget's Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce, as described in Memorandum M-17-22. To ensure our sustained success at both the agency and component levels, we developed mature structures and processes to support executive oversight and accountability and detailed plans for implementation of our key focus areas and corresponding initiatives. We also established an ongoing evaluation process to identify challenges and make course corrections that ensured we achieved our target outcomes.

**HRStat** –The HRStat is a metric-based, analytical monitoring process that tracks HC priorities and inform leadership about how HC supports agency goals with the intent of improving HC outcomes.

**Independent Audit Program** – We conduct a comprehensive Human Capital Framework audit of all Servicing Personnel Offices (i.e., currently 10 regions, Office of Central Operations and Headquarters) on a cyclical basis so that each site is reviewed at least every five years. SSA conducts audits virtually or onsite, if necessary. We conducted two human capital evaluations in FY 2018. We evaluated the Chicago Region in November 2017 and the Office of Central Operations in May 2018. We reviewed more than 50 outcomes set by OPM covering the following HR functions: training, labor-management/employee relations, civil rights and equal opportunity, staffing (including delegated examining unit hiring and work-life), workers' compensation, and security and suitability. The number of resulting required corrective actions for both assessments was low and was for non-critical issues – no illegal appointments or serious violations.

## Management Directive 715 Report (Annually)

Describes the status of our efforts to establish and maintain effective equal employment affirmation actions programs under Section 717 of Title VII of the *Civil Rights Act of 1964* and effective affirmation action programs under Section 501 of the *Rehabilitation Act of 1973*.

In 2017, the Office of Civil Rights and Equal Opportunity:

- Met with senior executives to provide a comprehensive analysis of their components' workforce demographics. These briefings included discussions on diversity workforce trends and recommendations on improving areas that have low representational rates as compared to the civilian labor force;
- Collaborated with Office of Labor-Management and Employee Relations to revamp SSA's procedures under our Notification and Federal Employee Anti-discrimination and Retaliation Act (No FEAR Act) policy by conducting an independent review of complaints in any discrimination finding. The purpose of the independent review was to determine whether disciplinary action is recommended against named management officials. This review also included significant settlements;
- Continued to expand efforts to identify and eliminate potential barriers to Equal Employment Opportunity (EEO) by including subject matter experts (SME) from the Office of Personnel in the briefings on detected triggers that identify potential barriers. These SMEs provided guidance and tutelage on recruitment and other personnel-related issues;
- Continued to utilize Alternative Dispute Resolution as a tool to promote voluntary settlements early and throughout the EEO process and to resolve workplace disputes in a positive and constructive manner at the lowest level;
- Co-chaired the Equal Employment Opportunity Commission's Proactive Prevention Workgroup in which members from various Federal agencies identified best practices in the areas of EEO/diversity training, climate assessments, marketing, strategic integration with other human capital plans, use of demographic profiles, awards and recognition, and performance elements.

## Targeted Denial Review (Annually)

Assesses the accuracy of initial and reconsideration disability denials made by the DDS. In FY 2018, we analyzed 54,823 cases and cited 1,969 decisional errors and 4,905 documentation errors. We returned 6,956 cases to the adjudicating components for correction –a return rate of 12.7 percent.

## Retirement, Survivors, and Disability Insurance Stewardship Review (Annually)

Measures the accuracy of payments to persons receiving Social Security retirement, survivors, or disability benefits. In FY 2017, the overpayment (O/P) accuracy rate was 99.36 percent, based

on improper payments totaling a projected \$5.9 billion. Payment accuracy for underpayments (U/P) was 99.97 percent based on unpaid dollars projected at \$294 million. In FY 2016, the O/P accuracy rate was 99.79 percent, and the U/P accuracy rate was 99.93 percent. For FYs 2016 and 2017, the changes in the overall O/P accuracy rate was statistically significant, but the change in overall U/P accuracy rate was not.

### **Supplemental Security Income Stewardship Review (Annually)**

Measures the accuracy of payments to persons receiving SSI benefits by reviewing all non-medical factors of eligibility and payment. In FY 2017, the O/P accuracy rate was 92.7 percent based on overpaid dollars totaling a projected \$4.1 billion. This rate represents an increase of 0.3 percentage points from the FY 2016 O/P accuracy rate of 92.4 percent. This change is not statistically significant. The U/P accuracy rate was 98.9 percent based on underpaid dollars totaling a projected \$636 million. This increase from the FY 2016 U/P accuracy rate of 98.8 percent is not statistically significant.

### **Supplemental Security Income Transaction Accuracy Review (Annually)**

Review of non-medical aspects of eligibility to evaluate the adjudicative accuracy of SSI initial claims, redeterminations, and limited issues to ensure compliance with operational policy. In FY 2017, the sample of 7,814 cases provides meaningful information about the quality of the non-medical aspects of SSI initial claims, redeterminations, and limited issue transactions. The national case accuracy rates for FY 2017, defined as the percentage of cases free of either an O/P or a U/P, are 92 percent for O/P and 94.5 percent for U/P. In FY 2015, these rates were 91.8 percent and 94.5 percent, respectively. The increases in both the O/P and U/P case accuracy rates from FY 2015 to FY 2017 are not statistically significant.

### **Retirement, Survivors, and Disability Insurance Transaction Accuracy Review (Triennial)**

Review of non-medical factors of eligibility to evaluate recently processed retirement, survivors, and disability insurance claims to ensure compliance with operational policy. For FY 2017, the overall OASDI O/P case accuracy was 98.9 percent, and the overall OASDI U/P case accuracy was 97.2 percent. The case accuracy rates indicate that approximately 4 out of every 100 claims were incorrectly paid – about 1 out of 100 cases had O/Ps, and about 3 out of 100 cases had U/Ps.

## Appendix B: How We Ensure Our Data Integrity

We are committed to providing consistent, reliable, and valid data. We have internal controls to ensure that our data are quantifiable, verifiable, and secure. Our internal systems and controls include:

- Audit trails;
- Integrity reviews;
- Separation of duties;
- Restricted access to sensitive data;
- Reviews at all levels of management; and
- Validation and verification in our System Development Life Cycles.

These same controls support the Commissioner's Federal Managers' Financial Integrity Act Assurance Statement.

### Data Integrity Systems and Controls

We gather performance data using automated management information and other workload measurement systems. In FY 2010, we initiated a new data quality program designed to assess, measure, and monitor the quality of performance data. We evaluate the data in terms of four quality dimensions:

- Accuracy – Measures how well data adheres to specification (e.g., definitions, rules, and policies);
- Consistency – Measures consistency in internal and external reporting of data;
- Completeness – Measures missing occurrences or attributions of the data; and
- Timeliness – Measures the currency of the data (i.e., data are up to date and reporting occurs on time).

We conduct these quality evaluations based on established internal methodologies. As we introduce new performance measures, we perform a comprehensive data assessment using these four quality dimensions. From the assessment results, we establish a baseline. After establishing the baseline, we automate continuous monitoring to sustain high-quality data. Continuous monitoring allows us to follow data trends and proactively remediate potential issues.

In our data quality program, we also derive several accuracy and public satisfaction measures from surveys and work samples. These measures provide confidence levels of 95 percent or higher.

As part of our fiduciary responsibility to the public, we use an audit trail system (ATS) to protect our records and taxpayer funds from improper use. The ATS collects and maintains detailed information about our internal and public transactions. We store the data from programmatic and select internet applications, so we can review transactions for fraud and abuse.

## Audit of Our FY 2018 Financial Statements

*The Chief Financial Officers Act of 1990* requires the Office of the Inspector General (OIG) or an independent external auditor that it selects to audit our financial statements. OIG selected Grant Thornton LLP to conduct the FY 2018 audit.

The auditor found we fairly presented the basic financial statements, in all material respects, in conformity with accounting principles generally accepted in the United States of America for Federal entities. This finding marks the 25th consecutive year that we received an unmodified audit opinion. The auditor also found that our agency maintained, in all material respects, effective internal control over our financial reporting.

The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit did not find instances of noncompliance with laws, regulations, or other materials tested.

## Appendix C: Changes to Performance Measures

### Results for Discontinued Fiscal Year 2018 Performance Measures

Ensure timely guidance is provided to managers to address employee performance and conduct issues

Fiscal Year	2018
<i>Performance</i>	100%
<i>Target</i>	Provide initial guidance within 5 business days of the management inquiry

### Carryover Performance Measures with Title Changes

FY 2019 Title	FY 2018 Title
Maintain customer satisfaction with our online services above ForeSee's Threshold of Excellence	Increase customer satisfaction with our online services
Ensure the quality of our decisions by achieving the State disability determination services decisional accuracy rate for initial disability decisions	Ensure the quality of our decisions by achieving the State disability determination services net accuracy rate for initial disability decisions
Mature the Enterprise Fraud Risk Management Program	Develop an Anti-Fraud Enterprise Solution
Enhance the leadership pipeline through a modernized national leadership development program	Ensure readiness of career senior executives for positions that align with agency succession needs

## Appendix D: Summary of Key Management Officials' Responsibilities

**Commissioner of Social Security (COSS)** manages all agency programs and staff. Also serves as the Chief Operating Officer, responsible for improving agency management and performance.

**Deputy Commissioner of Social Security (DCOSS)** an appointed position, authorized to act on behalf of the COSS.

**Chief Actuary (CACT)** plans and directs program actuarial estimates and analyses for our programs and for any proposed changes in programs and trust funds. The OCACT provides technical and consultative services to the COSS, the Board of Trustees of the Social Security Trust Funds, Congress, and their respective staffs.

**General Counsel (GC)** advises the COSS, DCOSS, and all subordinate organizational components (except the Inspector General) on legal matters. The GC also oversees the implementation of privacy protections and ensures that all privacy requirements are met serving as the Senior Agency Official for Privacy.

**Inspector General (IG)** promotes economy, efficiency, and effectiveness in administering our programs and operations, and prevents and detects fraud, waste, abuse, and mismanagement.

**Deputy Commissioner for Analytics, Review, and Oversight (DCARO)** oversees the review of program quality and effectiveness and makes recommendations for program improvement utilizing feedback from the adjudication of cases, predictive modeling, and other advanced data analysis techniques. Additionally, DCARO coordinates the agency's anti-fraud initiatives and responds to the recommendations of external monitoring authorities. The DCARO also serves as the accountable official for improper payments.

**Deputy Commissioner for Budget, Finance, and Management (DCBFM)** directs our comprehensive management programs including budget, financial policy, acquisition, grants, facilities and logistics management, and security and emergency preparedness. The DCBFM also serves as the Chief Financial Officer, Performance Improvement Officer, the Program Management Improvement Officer, and the responsible official for Enterprise Risk Management and the Digital Accountability and Transparency Act.

**Deputy Commissioner for Communications (DCCOMM)** conducts our national public information and outreach programs and fosters the transparency of our operations.

**Deputy Commissioner for Hearings Operations (DCHO)** administers our nationwide hearings program in accordance with relevant Federal laws.

**Deputy Commissioner for Human Resources (DCHR)** administers our human resources programs, including training, human capital initiatives, personnel and employee relations, labor

management, and civil rights and equal opportunity. The DCHR also serves as the Chief Human Capital Officer and the senior accountable official on employee engagement initiatives.

**Deputy Commissioner for Legislation and Congressional Affairs (DCLCA)** develops and conducts our legislative program, serves as our liaison to Congress, and analyzes legislative and regulatory initiatives.

**Deputy Commissioner for Operations (DCO)** directs our network of field offices, National 800 Number teleservice centers, and processing centers. The DCO also oversees disability determination services offices.

**Deputy Commissioner for Retirement and Disability Policy (DCRDP)** advises the COSS on the major policy issues and is responsible for all major activities in the areas of program policy planning, policy research and evaluation, statistical programs, and overall policy development, analysis, and implementation. The DCRDP serves as liaison with the Centers for Medicare and Medicaid Services and also leads our efforts to improve the clarity, tone, and readability of our notices.

**Deputy Commissioner for Systems (DCS)** directs the strategic management of our systems and databases, which includes the development, validation, and implementation of new systems. The DCS directs operational integration, strategic planning processes, and implementation of a systems configuration program. The DCS is responsible for implementing the agency's 5-year IT Modernization Plan. The DCS also serves as the Chief Information Officer.



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**Social Security Administration**  
**Fiscal Year 2018**  
**Bipartisan Budget Act of 2015 Section 845(a) Report**

**Bipartisan Budget Act Reporting Requirements**

Section 845(a) of the Bipartisan Budget Act (BBA 845(a)) of 2015 requires the Social Security Administration (SSA) to include in our annual budget a report on our activities to prevent fraud and improper payments for each fiscal year (FY) from 2016 through 2021. The report must contain:

- The total amount spent on fraud and improper payment prevention activities;
- The amount spent on cooperative disability investigations (CDI) units;
- The number of cases of fraud prevented by CDI units and the amount spent on such cases;
- The number of felony cases prosecuted under section 208 and the amount spent by our agency in supporting the prosecution of such cases;
- The number of such felony cases successfully prosecuted and the amount spent by our agency in supporting the prosecution of such cases;
- The amount spent on and the number of completed:
  - Continuing disability reviews (CDR) conducted by mail;
  - Redeterminations (RZ) conducted by mail;
  - Medical CDRs conducted pursuant to section 221(i) of the Social Security Act (Act) and pursuant to section 1614(a)(3)(H);
  - RZs conducted pursuant to section 1611(c) of the Act; and
  - Work-related CDRs to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity (SGA);
- The number of cases of fraud identified resulting in benefit termination as a result of medical CDRs, work-related CDRs, and RZs, and the amount of resulting savings for each such type of review or RZ; and
- The number of work-related CDRs in which a beneficiary improperly reported earnings derived from services for more than three consecutive months, and the amount of resulting savings.

A brief overview of our programs and anti-fraud activities as well as information required by BBA 845(a) follows.

## **Overview of Our Programs**

Considered one of the most successful large-scale Federal programs in our Nation's history, the Old-Age, Survivors, and Disability Insurance (OASDI) programs provide social insurance for most of our population. Workers earn coverage for retirement, survivors, and disability benefits by working and paying Social Security taxes on their earnings. About 9 out of 10 individuals age 65 and older receive Social Security benefits. The disability insurance (DI) program provides benefits to people who cannot work because they have a medical condition expected to last at least one year or result in death. Individuals who have worked long enough and paid Social Security taxes and certain members of their families can qualify for DI benefits.

We also administer the Supplemental Security Income (SSI) program, which provides monthly payments to people with limited income and resources who are aged, blind, or disabled. Adults and children under the age of 18 can receive payments based on disability or blindness. General tax revenues fund the SSI program.

We pay benefits to over 70 million Social Security beneficiaries and SSI recipients on average each month. We paid over \$1 trillion in FY 2018.

## **Our Anti-Fraud Efforts**

Combatting fraud is an agency priority, and we take seriously our responsibility to prevent and detect fraud. We have centralized our anti-fraud efforts to take advantage of data analytics and predictive models to prevent fraud, ensure consistent anti-fraud policies, refine employee training, and solidify relationships with other Federal, State, and private partners to identify individuals who wrongfully obtain Social Security and SSI payments.

In FY 2018, the Acting Commissioner established a deputy commissioner-level organization -- the Office of Analytics, Review, and Oversight (OARO). Under OARO, we aligned our anti-fraud programs, quality reviews, audits, appellate operations, business improvements, and advanced data analytics, allowing us to streamline collaborative efforts and increase effectiveness. By realigning our organizational structure, we maximize our resources and better organize our efforts to centralize the oversight of the agency's anti-fraud efforts consistent with the Fraud Reduction and Data Analytics Act of 2015 and the Government Accountability Office's report, *A Framework for Managing Fraud Risks in Federal Programs*.

Fraud threats are constantly evolving, and in response, we must adapt our anti-fraud efforts. We continue to make changes to our processes to strengthen our ability to detect, deter, and prevent attempts to defraud agency programs.

In addition to our core program integrity efforts with the CDI units and assisting with fraud prosecutions, we deployed a disability fraud model in FY 2018. The model shows an initial success in using data analytics to detect potential fraud and serves as a prototype for future models to target specific program risks.

## **Bipartisan Budget Act Reporting Requirements**

### Total Expenditures on Fraud and Improper Payment Prevention Activities<sup>1</sup>

In FY 2018, we issued the Agency Strategic Plan for Fiscal Years 2018-2022. In this plan, we reduced the number of goals from five to three to better focus our resources and efforts toward our mission. To streamline our focus, we migrated the Fraud and Improper Payment Prevention activities objective from the former goal, Strengthen the Integrity of Our Programs into Strategic Goal 3: Ensure Stewardship. This goal has four objectives:

- 3.1 Improve Program Integrity;
- 3.2 Enhance Fraud Prevention and Detection Activities;
- 3.3 Improve Workforce Performance and Increase Accountability; and
- 3.4 Improve Organizational Effectiveness and Reduce Costs.

Our FY 2018 operating expenses for our Strategic Goal to “Ensure Stewardship” were \$2.986 billion. These expenditures included key program integrity workloads and other stewardship activities, some of which are specific to our anti-fraud efforts. It is difficult to distinguish between specific efforts to reduce fraud and our overall efforts to reduce improper payments, as both are key elements of our program integrity workloads. Most improper payments we detect do not involve any evidence of intent to commit fraud. Rather, they involve complex rules about eligibility for program benefits and delays in receiving information about changes in beneficiaries’ circumstances.

Although we lack the detail-level data necessary to compute the specific expenditures for our anti-fraud-related activities, each year, we verify that we distribute the correct costs to the proper goals. Additionally, during 2017, we modified our process to better track the costs separately for CDI units. We began identifying agency and disability determination services’ (DDS) CDI payroll and other object costs through specific/separate common accounting numbers. Using Cost Analysis System data, we determined how much of these costs we already distributed to the Program Integrity (PI) workloads, allowing us to remove the costs of the PI workloads from the CDI costs to avoid double counting. All PI workloads fall under our strategic goal to Ensure Stewardship.

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<sup>1</sup> For more information on our improper payment prevention activities, refer to the Payment Integrity section of the Fiscal Year 2018 Agency Financial Report at <https://www.ssa.gov/finance/>.

Total Expenditures on CDI Units, the Number of Cases of Fraud Prevented by CDI Units, and the Amount Spent on Such Cases

The CDI program is a key anti-fraud initiative that plays a vital role in combating fraud, similar fault, and abuse in our disability programs. The program's mission is to investigate questionable statements and activities of claimants, medical providers, and other third parties to obtain material evidence that is sufficient to resolve questions of potential fraud in the agency's disability programs. CDI units consist of personnel from our agency, the Office of the Inspector General (OIG), DDSs, and State and local law enforcement. CDI units investigate initial disability claims and post-entitlement events involving suspected fraud. CDI units investigate claimants and beneficiaries as well as third parties who we suspect of committing or facilitating disability fraud.

We continue to expand our CDI program as resources allow. We currently have 43 units, covering 37 states, Washington, DC, the Commonwealth of Puerto Rico, 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 2018, we spent approximately \$26.1 million on CDI units, and OIG spent approximately \$9.8 million<sup>2</sup> on CDI units. These expenditures included personnel costs, training, travel, and equipment. In FY 2018, CDI investigations resulted in the cessation or denial of 3,371 claims and 62 judicial actions (i.e., sentencing, pre-trial diversion, civil settlement, and civil monetary penalties), which contributed to OIG projecting more than \$188 million in savings to SSA programs and monies of \$20.6 million.

We do not track CDI-related costs on a per-investigation basis. We estimate that the average cost per CDI investigation is \$8,779, based on 4,095 CDI investigations closed during FY 2018.

For FY 2019, SSA plans to spend approximately \$26.1 million on CDI units, and OIG plans to spend approximately \$10 million<sup>3</sup> on CDI units.

The Number of Felony Cases Prosecuted Under Section 208 and the Amount Spent in Supporting the Prosecution of Such Cases; the Amount of Such Felony Cases Successfully Prosecuted and the Amount Spent in Supporting the Prosecution of Such Cases<sup>4</sup>

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<sup>2</sup> This figure includes OIG funds that are not derived from amounts described in section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985.

<sup>3</sup> The FY 2019 appropriations language provides that SSA may transfer up to \$10 million to the SSA OIG for the operation of the CDI units (Pub. L. No. 115-245). This anti-fraud activity is an authorized use of the cap adjustment.

<sup>4</sup> Upon further review of the reporting requirements in section 845(a) of the BBA of 2015 and section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, we have revised this section of our report to

Social Security employees refer allegations of potential fraud to OIG for investigation. OIG conducts criminal investigations and refers cases to U.S. attorneys within the Department of Justice (DOJ), among other State and local prosecuting authorities, for prosecution.<sup>5</sup> SSA primarily relies on the U.S. attorneys to prosecute Social Security fraud, which is a Federal crime. The U.S. attorneys have discretion whether to accept fraud cases for prosecution and what Federal statutes to charge.<sup>6</sup> As an initiative to increase Federal Social Security fraud prosecutions, the Office of the General Counsel has provided DOJ with attorneys who serve as Special Assistant United States Attorneys (SAUSAs) and focus solely on prosecuting Social Security fraud. The goal of this initiative is to increase the number of prosecutions for crimes involving Social Security matters.

Since FY 2003, SAUSA prosecutions have led to the order of over \$200 million in restitution and more than 1,300 convictions. We ended FY 2018 with 33 SAUSAs in 32 Federal judicial districts. In FY 2018, our SAUSAs successfully prosecuted 189 criminal cases under section 208 of the Act [42 U.S.C. §408] and related fraud statutes.<sup>7</sup> In 149 of those cases, courts ordered payment of over \$20.1 million in restitution to the Government, over \$11.2 million of which was to SSA's Trust Funds. The estimated FY 2018 costs of SAUSAs to obtain these convictions was \$5,433,075, including the salary and benefit costs of these attorneys.

## Program Integrity Expenditures and Numbers

### ***Periodic Continuing Disability Reviews (CDRs)***

The American public expects and deserves outstanding stewardship of the Social Security Trust Funds and general revenues that finance our programs. As such, we are committed to ensuring

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focus on how SSA expended funds made available for the prosecution of fraud in the programs and operations of SSA by SAUSAs.

<sup>5</sup> This report does not include financial information pertaining to the success of OIG investigations.

<sup>6</sup> Note: Social Security fraud criminal cases are prosecuted under many different fraud statutes. Because this report is limited to cases prosecuted under section 208 (42 USC 408) and its functional equivalent, 18 USC 641 (theft of public funds), it does not represent the total number of Social Security cases involving fraud against our programs successfully prosecuted. To learn more about OIG's activities and investigations, please see: OIG's *Semiannual Reports to Congress* at <https://oig.ssa.gov/newsroom/semiannual-reports>.

<sup>7</sup> Our SAUSAs sometimes exercise their discretion to charge 18 USC 641 rather than 42 USC 408 for the same fraudulent conduct to enhance the agency's prospect of obtaining court-ordered restitution, which is mandatory under section 641 and discretionary under section 408.

that program rules and eligibility standards are fully enforced. One of our most important program integrity tools is the CDR. CDRs are periodic reevaluations to determine whether beneficiaries continue to be entitled to benefits because of their medical conditions. We conduct periodic CDRs to ensure that only those beneficiaries who continue to be disabled, based on our standard of disability, receive monthly benefits. We schedule almost all medical CDRs based on a beneficiary's likelihood of experiencing medical improvement (MI) rather than on suspicion or evidence of fraud. A finding of MI does not mean the beneficiary committed fraud; however, our ability to perform additional CDRs may allow us to detect potentially fraudulent or suspicious activities. There are no improper payments associated with medical CDRs; benefits for individuals who have medically improved are improper only if the agency fails to suspend payment after we fully complete the CDR appeals process or the individual fails to cooperate with the CDR.

When a medical review diary matures, we conduct periodic CDRs using one of two methods, a full medical review or a mailer. We decide which method to use after profiling all cases to identify the likelihood of MI. We send cases with higher likelihoods of MI to DDSs for full medical reviews. For those cases with a lower likelihood of MI, we send mailers to beneficiaries to obtain more information to determine if there is any indication of MI. If we find an indication of MI, we send the case to a DDS for a full medical review. If there is no indication of MI, we set a new medical review diary and schedule the case for a future CDR. Each year, we refresh the case priority selections based on the results of a predictive statistical scoring model.

We conduct some CDRs outside the centralized process based on events, such as voluntary or third party reports of MI. We always send these CDRs to the DDSs for full medical reviews. In addition, there is a subset of cases where the medical review diary matures, but we curtail further development for technical reasons, such as the suspension or termination of benefits for nonmedical reasons. 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.

### ***Work-Related Continuing Disability Reviews***

When a beneficiary is receiving DI benefits, we review his or her case to determine if the beneficiary is performing SGA, and if eligibility for benefits should continue. We commonly refer to this process as a "work CDR."

The table below reflects actual CDR workload volumes for FY 2018.

<b>FY 2018 Actual Volumes</b>	<b>Title II</b>	<b>Title XVI</b>	<b>TOTAL</b>
Full Medical CDRs	351,493	545,015	896,508
CDR Mailers	1,150,467	239,351	1,389,818
Work-Related CDRs	314,106	-	314,106

In FY 2018, we spent \$782 million<sup>8</sup> on periodic CDRs, which included the cost of CDR mailers. We spent an additional \$243 million<sup>9</sup> on work-related CDRs.

We learn about work activity two primary ways: self-reported wages and earnings enforcements. We initiate work CDRs when beneficiaries directly self-report their work or earnings as required by law. DI beneficiaries must report any changes in work activity, and we must determine whether such work constitutes Substantial Gainful Activity. DI beneficiaries report work activity through their local field offices or by calling the National 800 Number. On September 23, 2017, we expanded the options to report work by creating an Internet reporting application -- myWageReport (myWR). The application not only allows DI beneficiaries and representative payees to report wages to us, it also provides a receipt of the report. In June 2018, we began accepting SSI and concurrent reports of earnings through myWR.

We also generate work CDRs through earnings enforcement. The Continuing Disability Review Enforcement Operation (CDREO) uses Internal Revenue Service (IRS) earnings report. We also initiate work CDRs based on quarterly earnings received by the Office of Childhood Support Enforcements. The quarterly earnings are timelier than IRS data and allow us to learn about unreported work activity sooner. Section BBA 824 also provides us the ability to contract with third party payroll providers to obtain monthly payroll data. We look forward to incorporating the monthly data into our enforcement operation.

The following table reflects enacted CDR workload volumes for FY 2019.

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<sup>8</sup> This figure includes \$347 million in costs allocated to DI, retirement and survivors insurance (RSI), and hospital insurance/supplementary medical insurance/Part D (HI/SMI/Part D) and \$350 million in costs allocated to SSI.

<sup>9</sup> This figure includes about \$107 million in costs allocated to DI, \$67 million in costs allocated to RSI, and \$58 million in costs allocated to HI/SMI.

<b>FY 2019 Estimated Volumes</b>	<b>Title II</b>	<b>Title XVI</b>	<b>TOTAL</b>
Full Medical CDRs <sup>i</sup>	258,000	445,000	703,000
CDR Mailers			1,100,000
Work-Related CDRs (YTD) <sup>ii</sup>	78,740		78,740

*i/ Volumes above are based upon CDRs available to process. We have the authority to reallocate funds based upon Section 201(g) of the Social Security Act.*

*ii/ We do not develop official volume projections for Work-Related CDRs, therefore we have included our most recent FY 2019 YTD figures, which are through December.*

In FY 2019, we anticipate spending a total of \$856 million<sup>10</sup> on full medical CDRs, CDR mailers, and work-related CDRs. Since work-related CDRs are not an agency-controlled workload, we do not develop official volume projections for that workload in a given fiscal year. Historically, work CDR volumes are consistently 250,000–300,000 annually.

In formulating the budget, we fully incorporate the projected costs of work CDRs into the total projected costs for CDRs.

#### ***Supplemental Security Income Redeterminations (RZs)***

Another important program integrity tool is the SSI RZ, conducted under section 1611(c) of the Act, which is a periodic review of non-medical eligibility factors, such as income and resources.

Changes in recipients' living arrangements or the amount of their income and resources can affect both their eligibility for SSI and the amount of their payments. To ensure the accuracy of SSI payments, we conduct RZs. To select RZs, we use a predictive statistical model, which we implement each year to prioritize RZs and focus on reviews most likely to result in the correction of improper payments. RZs are a key activity in ensuring the integrity of the SSI program and maintaining and improving payment accuracy. We estimate that non-medical RZs 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.

Effective October 2008, we ceased conducting SSI RZs via mail, as we determined they were not cost effective.

In FY 2018, we spent \$810 million to conduct 2,913,443 SSI RZs pursuant to section 1611(c) of the Act.

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<sup>10</sup> This figure includes \$314 million in costs allocated to DI, RSI, and HI/SMI/Part D and \$542 million in costs allocated to SSI.

In FY 2019, we plan to spend \$785 million to conduct 2,822 million SSI RZs.

The Number of Cases of Fraud Identified for Which Benefits Terminated Due to Medical CDRs, Work-Related CDRs, and Redeterminations, and the Amount of Resulting Savings for Each Such Type of Review or Redetermination

We do not track the number of instances of identified fraud where we terminated benefits because of medical CDRs, work-related CDRs, or RZs. Neither our fraud referral form nor our case management systems capture these specific events. We are currently developing a replacement for our fraud referral process and will include this data element on our list of future enhancements.

The Number of Work-Related CDRs in Which a Beneficiary Improperly Reported Earnings Derived from Services for More Than Three Consecutive Months and the Amount of Resulting Savings

Since DI beneficiaries are not required to report earnings monthly, we define “improperly reports earnings” to mean a DI beneficiary who reports inaccurately or does not report a change in work activity. We identify non-reporters through our IRS earnings match, commonly referred to as CDREO. The number of cases alerted through CDREO in FY 2018 was 244,376.<sup>11</sup>

### **Other Reports of Interest**

Below are additional agency reports of interest.

- Fiscal Year 2018 Agency Financial Report  
(<https://www.ssa.gov/finance/>)
- Annual Performance Report Fiscal Years 2017-2019  
(<https://www.ssa.gov/agency/performance/>)

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<sup>11</sup> Historically, about 40 percent of these alerted cases result in completed work CDRs.