

Agency Challenges

Each year SSA’s Office of the Inspector General (OIG) and the Government Accountability Office (GAO) specify major management challenges for the Agency. The following table lists these challenges, links the challenges to related Agency strategic goals and objectives, and shows the *President’s Management Agenda* (PMA) initiatives most closely related to both the challenges and the goals.

Agency challenges are grouped by the Agency strategic goal — **SERVICE, STEWARDSHIP, SOLVENCY** and **STAFF** — that addresses a specific challenge. PMAs are also listed to enhance the reader’s understanding of the relationship among the different elements.

SSA’s Major Management Challenges Linked to Agency Strategic Goals and the PMA		
Major Management Challenges	Strategic Goals and Objectives that Address the Challenges	PMA Items Related to Challenges and Goals
<u>SERVICE</u>		
<ul style="list-style-type: none"> ▪ Management of the Disability Process * ▪ Improve Programs that Provide Support for Individuals with Disabilities † ▪ Better Position SSA for Future Service Delivery Challenges, Including Information Technology† ▪ e-Government (OIG’s Service Delivery)* 	<ul style="list-style-type: none"> ▪ Make the right decision in the disability process as early as possible ▪ Increase employment for people with disabilities ▪ Improve service through technology 	<ul style="list-style-type: none"> ▪ Expanded Electronic Government
<u>STEWARDSHIP</u>		
<ul style="list-style-type: none"> ▪ Continue to Strengthen the Integrity of the Supplemental Security Income Program † ▪ Improper Payments * ▪ Social Security Number (SSN) Integrity and Protection * ▪ Internal Control Environment and Performance Measures* ▪ Strengthen Controls to Protect the Personal Information SSA Develops and Maintains† ▪ Critical Infrastructure Protection and Systems Security * ▪ Representative Payee* 	<ul style="list-style-type: none"> ▪ Prevent fraudulent and improper payments and improve debt management ▪ Strengthen the integrity of the SSN ▪ Increase accuracy of earnings records ▪ Efficiently manage Agency finances and assets, and effectively link resources to performance outcomes 	<ul style="list-style-type: none"> ▪ Competitive Sourcing ▪ Improved Financial Performance ▪ Budget and Performance Integration (including Program Assessment Rating Tool (PART) requirements) ▪ Improper Payments (Program Initiative)

SSA's Major Management Challenges Linked to Agency Strategic Goals and the PMA		
Major Management Challenges	Strategic Goals and Objectives that Address the Challenges	PMA Items Related to Challenges and Goals
<u>SOLVENCY</u>		
<ul style="list-style-type: none"> ▪ President Bush, Congress, GAO and the Congressional Budget Office have called for reforms to strengthen Social Security 	<ul style="list-style-type: none"> ▪ Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs 	<ul style="list-style-type: none"> ▪ There are no PMA items that directly relate to Solvency.
<u>STAFF</u>		
<ul style="list-style-type: none"> ▪ Human Capital (GAO and OIG's Service Delivery) 	<ul style="list-style-type: none"> ▪ Recruit, develop, and retain a high-performing workforce 	<ul style="list-style-type: none"> ▪ Strategic Management of Human Capital

* Identified by SSA's OIG

† Identified by the GAO

Agency Challenges by Strategic Goal

SSA's current strategic goals and objectives, articulated in the *Agency Strategic Plan* published in March 2003, provide a framework for prioritizing projects and initiatives and allocating Agency resources. As challenges are identified, adjustments are made to the activities under each strategic goal, but the goals and objectives remain as initially stated until a new strategic plan is published in early 2006.

A discussion follows of how Agency goals and objectives address the challenges identified by SSA's OIG and the GAO as each challenge relates to the Agency's goals. It is important to note that many challenges cut across Agency objectives. For instance, *Electronic Government* relates not only to the **SERVICE** goal, but relates also to the Agency's **STEWARDSHIP** goal. Other challenges overlap. "*Better positioning SSA for future service delivery,*" for instance, is closely tied to other challenges such as "*Social Security Number integrity and protection*" and "*Strengthen controls to protect the personal information SSA develops and maintains.*" Because of these interrelationships, it is more effective to treat challenges as groups within the objective to which they most closely relate. In addition, because Agency strategic goals drive virtually all of SSA's planning and resource allocations, the identified challenges are discussed along the same lines as the goals: **SERVICE, STEWARDSHIP, SOLVENCY** and **STAFF**.

Strategic Goal 1: SERVICE

To deliver high quality, citizen-centered SERVICE

SERVICE Challenges:

- Management of the Disability Process
- Improve Programs that Provide Support for Individuals with Disabilities
- Better Position SSA for Future Service Delivery Challenges, Including Information Technology
- Electronic Government

Strategic SERVICE Objectives that Address the Challenges:

- Make the Right Decision in the Disability Process as Early as Possible
- Increase Employment for People with Disabilities
- Improve Service through Technology

PMA Initiative Related to SERVICE:

- Expanded Electronic Government

Addressing the Service Challenges Through Changes to the Disability Process

One of the SSA's highest priorities is to improve service to individuals filing disability claims and appeals. The time it now takes to process these actions is unacceptable. Some people who are clearly disabled deserve, but cannot get, an immediate decision. Delays place significant burdens on applicants and their families and drain Agency resources. The SSA's proposed improvements to the disability determination process, made possible by the Agency's electronic disability process, are designed to accelerate decision times and pay benefits much earlier in the process to people who are clearly disabled.

Improved management of the process since 2001 has resulted in a decrease of 13 days in average disability claim processing time—from 106 days to 93 days. This improvement in processing time specifically addresses the challenge related to the Service challenge, "*Management of the Disability Process*".

Disability applications are expected to increase as baby boomers enter their disability-prone and retirement years. With the number of Disability Insurance (DI) beneficiaries projected to grow 35 percent in the 10-year period from 2003 to 2012, SSA continues to develop and implement process improvements to address the challenges inherent to a growing workload and unacceptably long processing times. Two such improvements are discussed below.

Electronic Disability Processing: Upon taking office, the Commissioner instituted a thorough analysis of the disability business process from a claimant's first contact with SSA through all steps of the process, assuming the claimant was denied at each level from the initial decision to the final appeal. The analysis, done from the claimant's point of view, identified delays throughout the process and found that moving to an electronic system would address many of the delays and improve timeliness.

SSA has relied on paper applications and evidence stored in file folders to facilitate an applicant's claim for benefits through the claim review and decision process. Reliance on the paper folder necessitated the physical movement of the folder through each processing step, including using the Postal Service to mail folders between offices. To reduce delays inherent in this process, as well as the expense of shipping and storing folders, SSA has implemented an electronic disability initiative known as *eDib*. The new process replaces the paper disability folder with electronic records that are easily accessible to case processing personnel all across the country. The electronic

folder also eliminates the problem of lost folders, which previously resulted in further delays to locate or recreate in the disability process. Implementation of the electronic folder began in January 2004, with full expansion to be completed by the end of fiscal year (FY) 2006. As of the end of FY 2005, the electronic folder process has been initiated in all SSA Field Offices and in all State Disability Determination Service sites except New York, which will begin processing electronic folders in January 2006.

SSA also made significant progress in the implementation of the eDib initiative within the Office of Hearings and Appeals (OHA) in FY 2005, and is already realizing some of the benefits provided by electronic case processing. The Agency provided eDib training to 75 hearing offices during FY 2005, increasing the total number of hearing offices trained in processing cases electronically. The hardware needed to conduct electronic hearings has also been installed in 99 hearing offices during FY 2005, allowing 563 electronic hearings to be held by the close of FY 2005. The installation of digital recording equipment supports electronic case processing. OHA has involved claimant representatives and expert witnesses in the use of eDib. The process to validate and certify the first hearing offices to process disability case hearings in a folderless environment is now underway. The Agency continues to provide system enhancements that will expedite the hearing process and ultimately, provide disability claimants with faster and higher quality service. Elimination of paper in the disability process is independent of, but related to, further improvements that the Commissioner has proposed.

Proposed Disability Process Improvements: There is no *one* solution to making the disability decision process faster and better. More efficient processing will require many improvements – some large, some small – to achieve SSA’s Service goal. While the Agency has undertaken indirect improvements to its current process, the Agency’s strategic initiatives fall into two main categories:

- A new approach to the disability determination process in order to improve accuracy, consistency, and timeliness of decision making throughout the process. As part of the new process, the Agency is continuing implementation of the electronic disability project; and
- A *Comprehensive Work Opportunity Initiative* to assist individuals with disabilities who want to become more economically self-sufficient through employment.

In July 2005, the Agency proposed regulatory changes to the disability determination process. Specifically, these improvements will:

- Establish a *Quick Disability Determination Process* through which State agencies will expedite initial determinations for claimants who are clearly disabled;
- Create a *Federal Expert Unit* to augment and strengthen medical and vocational expertise for disability adjudicators at all levels of the disability determination process;
- Eliminate the State agency reconsideration decision and terminate the *Disability Prototype* that the Agency currently pilots in 10 States;
- Establish Federal reviewing officials to review State agency initial determinations upon the request of claimants;
- Preserve the right of claimants to request and be provided a *de novo* (new) review hearing, which will be conducted by an Administrative Law Judge (ALJ);
- Close the record after the ALJ issues a decision, but allow for the consideration of new and material evidence under certain limited circumstances;
- Gradually shift certain Appeals Council functions to a newly established Decision Review Board; and
- Strengthen in-line and end-of-line quality review mechanisms at the State agency, reviewing official, hearing and Decision Review Board levels of the disability determination process.

This new disability process preserves many significant features of the current system. Initial disability claims will continue to be handled by the Agency's Field Offices; employees in the State DDS offices will continue to establish the severity of a person's medical condition; and ALJs will continue to conduct hearings and issue decisions.

One reason it is essential for the Agency to make the right decision in the disability process as early as possible is that the current lengthy processes can actually present barriers to an individual's ability to enter or re-enter the workforce. The Agency's *Comprehensive Work Opportunity Initiative*, supports the new disability approach with several demonstration projects designed to overcome barriers to employment during the application and adjudication process, and afterward.

The *Early Intervention* project will offer interventions to a nationwide sample of DI applicants with impairments that may be reasonably presumed to be disabling (i.e., they are likely to be awarded DI benefits) and who are likely to return to work as a result of the program. The interventions will address multiple barriers to employment. For example, a participating applicant may have access to a wide range of employment services, a one-year cash stipend equal to the applicant's estimated DI benefit, and access to appropriate health care.

The *Accelerated Benefits* demonstration project will provide immediate health benefits and employment supports to certain newly entitled DI beneficiaries who have medical conditions that are expected to improve or could possibly improve with access to appropriate medical care. Under current law, most DI beneficiaries must wait 24 months after cash benefits begin before they become eligible for Medicare. Thus, many people have no health insurance and limited access to medical care during a period of time when access to those resources might serve to help improve their medical condition, thereby increasing their ability to improve their self-sufficiency through employment.

The *Interim Medical Benefits* project would provide medical benefits to applicants with no medical insurance during the period of adjudication. This project would both be likely to improve a participating applicant's medical condition and facilitate the development of the necessary documentation for disability adjudication while providing the applicant needed services.

In a further effort to improve the Agency's disability programs, SSA will establish a Disability Program Policy Council to provide a forum to discuss policy issues and to make policy and procedural recommendations. In addition to these initiatives, others aimed at improving the disability determination process include elimination of disability workload backlogs, revising the medical listings, updating vocational policy to reflect market changes (including developing ways of effectively measuring physical and mental requirements of jobs that exist in the national economy), and improving training of disability examiners.

Addressing the Service Challenges Through Programs that Provide Support to Individuals with Disabilities

Currently only a small percentage of disabled beneficiaries work and earn enough to leave the disability rolls. SSA is dedicated to increasing the number of DI beneficiaries and SSI blind and disabled recipients who obtain employment. This will be achieved by ensuring that individuals with disabilities have the opportunity to develop and learn skills, engage in productive work, make choices about their daily lives, and fully participate in community life. There are numerous SSA initiatives to help persons with disabilities toward economic independence.

An Example of SSA Actions to Improve Programs that Provide Support for Individuals with Disabilities

SSA's success in increasing employment will:

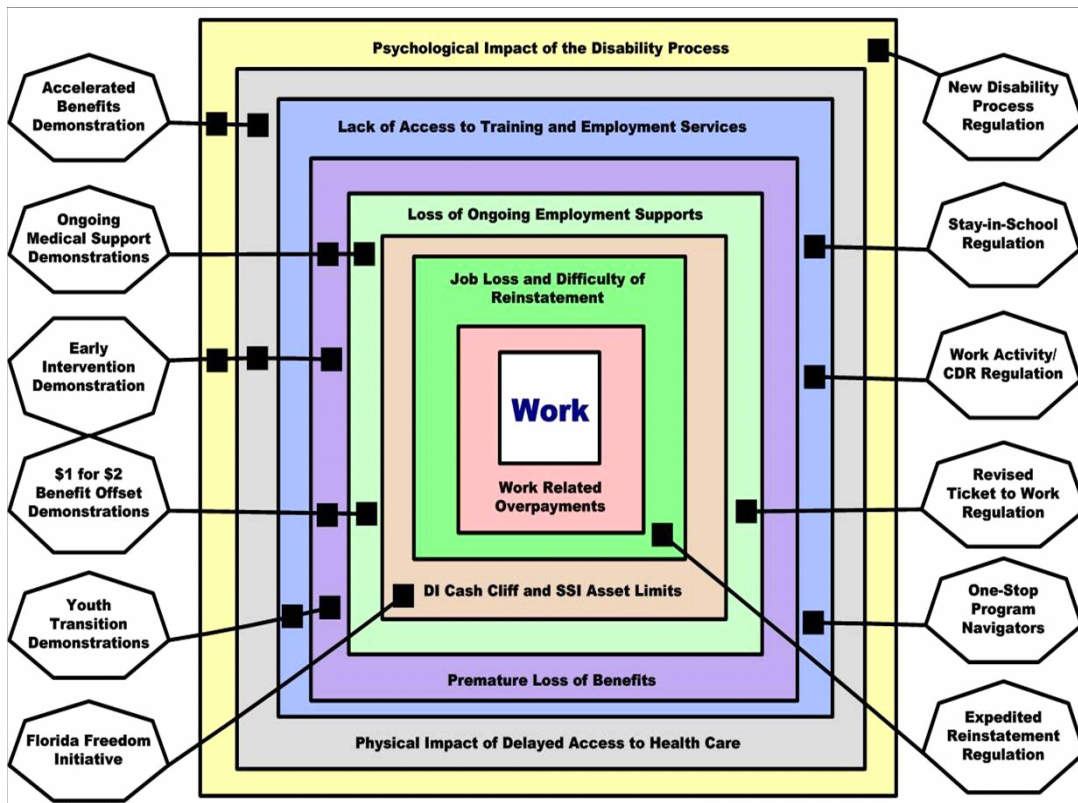
- Increase the number of individuals with disabilities who are working.
- Result in an important contribution to the economy through the talents and earnings of these individuals.

Social Security is looking at the concept of disability in a different way, and we are looking to serve individuals with disabilities in a different, more effective way. The population of individuals with disabilities represents various age groups and who have different impairments, levels of education, work experience, and capacities for working. Many changes in law, medicine, technology, and society have transpired since Social Security's disability programs were established. The workplace has also been made more accessible.

While many individuals with disabilities cannot work at all on a sustained basis, many others want to and can work on a part-time or full-time basis. Unfortunately, despite advances in medicine, law, technology, and society, multiple barriers to work still exist (see chart below). Most individuals with disabilities face more than one barrier, often three, four or more. To effectively assist individuals with disabilities who want to work, Social Security is working to address all barriers. To leave just one barrier standing is to keep a beneficiary from working.

SSA is working to ensure that individuals with disabilities who want to work have the opportunity to do so. Figure 1 illustrates how the *Comprehensive Work Opportunity Initiative* represents the Agency's overarching strategy to assist individuals with disabilities who want to become more self-sufficient.

Figure 1: Comprehensive Work Opportunity Initiative: Overcoming Multiple Barriers to Employment



The *Comprehensive Work Opportunity Initiative* addresses these multiple barriers to employment through a three-pronged approach. First, SSA will strengthen and continue to market the Ticket-to-Work program. Second, the Agency will design, implement and evaluate demonstration projects aimed at supporting the efforts of individuals with disabilities who want to enter or re-enter the workforce. For many of these projects, the Agency will work in conjunction with other Federal and State agencies, such as the Department of Education and Department of Labor, in order to provide support across a broad range of areas. Third, the Agency will continue to develop and offer appropriate legislative and regulatory proposals aimed at encouraging participation by beneficiaries and service providers in work incentive initiatives.

Ticket-to-Work strategies, which directly support the President's *New Freedom Initiative*, include:

- Providing improved marketing materials to beneficiaries with disabilities to increase awareness of the Ticket Program. The Agency will continue to reach out to the communities by means of expositions, meetings, conferences, community forums and media events. SSA focus groups will continue to ensure that the Agency is providing, in the appropriate formats, products Social Security beneficiaries want and need.
- Making benefit planning services more available and usable for beneficiaries to increase their awareness of return-to-work options.
- Focusing on the improvement and expansion of the Agency's partnerships with other Federal, State, community-based organizations and other public agencies, as well as private individuals and groups, who serve Social Security beneficiaries with disabilities.

SSA continues to develop demonstration projects and other innovative initiatives that test strategies to increase opportunities and break down potential barriers for people with disabilities who wish to enter or re-enter the workforce.

- The *Disability Program Navigator*, jointly funded with the Department of Labor, provides seamless employment services to individuals with disabilities seeking to enter or re-enter the workforce. Navigators work in One-Stop Career Centers administered by the State Workforce Investment Boards and provide a critical link to the local employment market and facilitate access to programs and services.
- The *Youth Transition Process Demonstration* assesses ways to facilitate the transition of disabled children from school to independence as adults. Projects will continue to provide services through 2009.
- The *Homeless Outreach Projects and Evaluation* was provided funding by Congress to address homelessness and to support the President's initiative to end chronic homelessness in 10 years. Through cooperative agreements, forty-one service providers nationwide will provide application assistance to homeless populations into 2007.
- The *Mental Health Treatment Study* will test the impact of providing health care to Disability Insurance beneficiaries who have a mental impairment as their primary diagnosis. Study participants will receive access to outpatient mental health disorder treatments and/or vocational rehabilitation (VR) to determine if these interventions have an impact on their ability to return to work.
- The *Benefit Offset Demonstration* will allow the SSA to test the impact and cost of a sliding scale benefit offset for DI beneficiaries and applicants. Under this test, disability benefits would be reduced \$1 for every \$2 a DI beneficiary earns above a given threshold. Under current rules, a beneficiary will lose DI cash benefits after completing a trial work period if earnings are above substantial gainful activity, which in FY 2005 was \$830 per month.
- The *Ongoing Medical Benefits* project will test the effects of providing ongoing health insurance coverage to beneficiaries who want to work, but have no other affordable access to health insurance. The pilot study will target individuals with HIV/auto-immune disorders.

In 2005, SSA proposed revisions to the Ticket-to-Work regulations. The changes to the current rules seek to improve the effectiveness of the program in assisting beneficiaries who want to become more economically self-

sufficient through employment. The changes would: 1) expand the population of individuals eligible for Tickets to include individuals who are medically expected to improve; 2) change the rules for Ticket assignment to enable beneficiaries to take advantage of a richer combination of services from both VR agencies and Employment Networks (ENs are private organizations or government agencies that work with Social Security in providing employment services to beneficiaries with disabilities); 3) modify the EN payment systems to accelerate payment to ENs serving title II beneficiaries. This, we believe, will increase the incentive for small or undercapitalized providers to participate as ENs. The changes will also lessen the difference in payment amounts under the outcome-milestone payment system, as compared to the outcome payment system.

Full implementation of the Ticket-to-Work and Work Incentives Improvement Act also involves two complementary programs:

- Through the *Benefits Planning, Assistance and Outreach* program, Social Security partners with community-based organizations to provide work incentives planning and assistance directly to Social Security's beneficiaries with disabilities, including conducting outreach efforts to beneficiaries and their families. Social Security awarded 114 cooperative agreements for projects in all 50 States, the District of Columbia and the United States Territories. These awards allow eligible beneficiaries to participate in Federal and State work incentive programs, as the grantees provide information, advice and counseling to eligible beneficiaries on supports provided by other Federal, State and local work incentive programs. Some 53,000 beneficiaries each year receive direct services from grantees.
- Nationally, SSA's *Protection and Advocacy for Beneficiaries of Social Security* (PABSS) projects provide a broad range of advocacy related services to beneficiaries with disabilities. These include providing information and advice about obtaining VR and other related employment services, and advocacy or other services that a disabled beneficiary may need to secure, maintain or regain gainful employment. The *Social Security Protection Act* reauthorized and extended the PABSS program through FY 2009. Social Security will soon announce the Work Incentives Assistance Program Grants to State Protection and Advocacy Systems for the period December 1, 2005 through November 30, 2006.

Legislative and Regulatory Proposals: Social Security has proposed other changes aimed at breaking down barriers to work including modifying rules regarding Continuing Disability Reviews (CDRs) for some beneficiaries in order to remove the potential disincentive of work activity within the Ticket program. The Agency has recently made several final regulatory changes to remove barriers to employment including: 1) allowing the continuation of benefit payments to certain individuals who are participating in a program of VR services, employment services, or other support services and extending eligibility for continuing benefits to students age 18 through 21 who have an individualized education plan; and 2) providing an expedited process for benefit reinstatement if a former beneficiary with a disability is no longer able to work.

The SSA will continue to evaluate potential ways to further assist individuals with disabilities who are interested in working or returning to work.

Addressing the Service Challenges Through Use of Technology

Advances in information technology are essential in meeting the Agency's future productivity challenges. The Social Security Advisory Board noted that the combination of dramatic workload growth and SSA's employee retirement wave "will place extraordinary pressures on the Agency to meet the public's need for service." In the face of these challenges, adapting technological solutions is essential to maintaining efficiency and supporting Agency employees who deliver the level of service that the American public has come to expect from SSA.

Examples of How SSA Actions Have Improved Social Security Service Through Technology

- Provided the public with easy and efficient access to SSA services without leaving their homes or workplaces, ultimately saving time and resources for the public.
- Improved Agency productivity and service through increased processing efficiencies.
- Conserved Trust Fund and general revenue monies.

SSA continually assesses the service needs of the public to determine how the Agency can meet those needs appropriately, efficiently and timely. An essential element in this process is the active involvement of the public in determining the form and content of the services they want and need. In order to maximize the availability of automated telephone and Internet service delivery options, SSA takes advantage of technological advances and related policy changes that respond to the public's needs. Improvements in electronic service options benefits the public, whether they receive services through Agency employees or use direct services such as the Internet or the automated telephone services.

The President's Management Agenda (PMA) requires Federal agencies to use modern technology to provide high quality service, improve access to services, and reduce costs. SSA is committed to achieving the goals of expanded electronic government while ensuring the security of its information infrastructure. By improving systems security and controls, the Agency can use current and future technology more effectively to fulfill the public's needs.

With the growing number of services and increased sophistication of online governmental and private transactional services, the expectations of the public for Internet services are greater than in the past. SSA continues to develop cost-effective Internet services. Responding to the needs of its service population, SSA strives to develop or enhance applications that are fully electronic. Such applications allow individuals to complete transactions at the initial point of contact, whether online or through the 800-number automated service. The Agency continues to expand use of these services by improving their availability, encouraging the public to use the Agency's Internet website, and partnering with other governmental and private entities to promote integrated service delivery.

For the foreseeable future, the automated telephone service remains one of the Agency's important service channels and one of the more effective ways in which the Agency provides service. SSA takes the necessary steps to ensure that telephone service is provided at a level of excellence. The Agency has taken steps to automate more calls and to minimize the time it takes a caller to select a service. The implementation of speech recognition technology has reduced the time callers spend navigating through menu prompts and has reduced manual workloads.

Specific strategies for improving service through technology include:

Electronic Government-to-Public

- *Social Security Online*, the official Social Security website (www.socialsecurity.gov), attracts over 33 million visitors a year. This has eased demands for direct service by SSA's 800-number and Field Office staff.

In response to the devastation that resulted from Hurricane Katrina, SSA initiated its emergency procedures plan. A special website was established with up-to-date information for people affected by hurricane Katrina. In addition to information about what to do in cases where claims were already filed, or how to file a claim for benefits, the website included a listing of temporary Social Security offices. Social Security representatives in the temporary offices in Georgia were available 7 days a week. Beneficiaries who were unable to access their Social Security funds could go to any open Social Security office and request an immediate payment. SSA worked closely with the Federal Emergency Management Agency to staff emergency centers in areas where Social Security offices were closed.

- *Frequently Asked Questions*, a cornerstone feature of the website, provides answers to over 19 million client inquiries each year.
- *E-Mail Inquiries* is a service provided to clients who have used the *Frequently Asked Questions* and did not find an answer. SSA responded to over 513,000 inquiries by e-mail through FY 2005, providing another direct service option in addition to the 800-number and Field Office services. Of the total inquires, 15,000 were from employers and 2,400 from persons who needed responses in Spanish.
- *Field Office Locator* is an application on the Agency website that provides instant access to the location of every SSA Field Office by ZIP code. The street address, office hours and directions to the office are provided through these channels. Listings of local social service agencies are also available. In FY 2005, SSA responded to over 10 million requests for Field Office locations.

In addition to providing easier access to information, expanded electronic service delivery is critical to keeping up with growing workloads and providing more timely service. SSA developed a portfolio of services to provide online transactions and increased opportunities for the public to conduct Agency business electronically in a private and secure environment. Accomplishments in this area include:

- *Internet Social Security Benefit Applications* that allow the public to apply for Social Security retirement, spouse and disability benefits online. In FY 2005, approximately 264,617 applications for Social Security benefits were submitted online through secure Internet connections.
- *Improved Speech Recognition* through SSA's automated 800-number service allows citizens to interact with an automated program by speaking options instead of using the numeric keypad on the telephone. Automated telephone applications allow callers to access claims, benefits and related programmatic information. Requests for replacement Medicare cards and proof of income letters have joined Applications for SSN, requests for *Social Security Statements* and pamphlet requests as speech-enabled services. In July 2005, additional speech technology was implemented that automated the Change of Address and Direct Deposit workloads that formerly were processed by 800-number agents.
- *An Electronic "Signature Proxy" Process* that is an alternative to pen-and-ink signatures on benefit applications. It is used by claimants who file online, by telephone, on the Internet or in person. This feature continues the Agency's progress toward a fully electronic environment. Signature proxy provides relief for printing, routing, folder preparation, mailing, and storage costs. Claimants receive the full benefit of having an automated process. Agency processing service centers realized a decrease of 2,415,597 folders in FY 2005 compared to FY 2003, which was the last year without signature proxy.
- *Electronic Services for Current Beneficiaries* that include requests for changes of address and direct deposit arrangements, replacement Medicare cards, benefit verifications and replacement Internal Revenue Service (IRS) *Form 1099*. Cumulatively, these services using the Internet and 800-number speech recognition features handled over 3 million transactions in FY 2005.
- *Services for the General Public*, which include the Benefits Planner, Online Social Security Statement Request, the Benefit Eligibility Screening Tools and other online and 800-number speech-enabled electronic services, served over 16 million website visitors in FY 2005.
- *Medicare Part D Subsidy Applications* are available online to Medicare beneficiaries with limited income who want to apply for a special premium. The subsidy determination process can also be completed electronically using automated routines and computer matching operations. As of the end of September 2005, more than three million people had applied for the extra help available with Medicare prescription drug costs. The extra help will pay most of the cost of monthly premiums, annual deductibles and prescription co-payments—an average of \$2,100 in extra help per year.

Electronic Government-to-Government: The Agency's initiatives have improved not only SSA services to the public, but also Government-wide services. By establishing partnerships with other agencies, SSA and Government agencies at all levels share best practices and find solutions to common problems. In further support of the electronic Government initiative, SSA participates in 19 of the 24 Presidential electronic Government initiatives and

holds lead responsibility for one of these, *e-Vital*. The *e-Vital* initiative seeks to automate and streamline the current paper-laden processes used to collect, process, analyze, and disseminate death records among Government agencies and others that require access to such data, in accordance with State and Federal laws and regulations.

Electronic Government-to-Government strategies at SSA involve data exchanges with over 4,000 entities to ensure that benefit programs across Government agencies are administered fairly and accurately. Information and data exchanges between SSA and other Government agencies result in programmatic and administrative savings of over \$2 billion each year. In addition, by working together, SSA and other agencies are able to provide timelier, seamless service to the public.

Following are some examples of the many successful SSA data exchanges.

- “*Secondary Payer*” match involves the IRS, SSA and the Centers for Medicare and Medicaid Services (CMS). The three agencies share pertinent data, allowing CMS to identify Medicare beneficiaries who are eligible for private health insurance through a spouse’s employer, allowing for the recovery of Medicare payments from the primary carrier. This *win-win* situation provides better health insurance coverage for the beneficiary along with lower costs to the Government.
- *Veterans Administration Benefit* match allows SSA to determine if a SSI recipient is also receiving a Veteran’s pension or compensation, since SSI payments are reduced for other types of income. It also detects changes to the Veteran’s benefit that allow earlier offset to the SSI payment.
- The *Social Security/Railroad Retirement Board* match allows for automatic exchange of eligibility information needed by both programs. This exchange is needed because each agency’s benefits are computed using information from the other’s program.
- The *Department of Labor and Social Security* exchange facilitates data sharing between State Workforce Agencies and SSA. The exchange permits SSA Field Office employees to obtain unemployment and wage data online. In return, State Workforce Agencies obtain SSN and payment data from SSA. SSA started exchanging data in September 2004. To date, 36 States expressed interest in exchanging data and, of those, 25 signed agreements.
- The *IRS match* is an agreement with the IRS in which SSA receives information about unearned income for use in the SSI program. This match alone saves the SSI program over \$47 million per year.
- The *Help America Vote Act* of 2002 requires SSA to assist the States and designated territories in voter registration by verifying an applicant’s name, date of birth and the last four digits of the applicant’s SSN.
- *Medicare Modernization Act* matches have been negotiated with the IRS, Treasury Department, Department of Veterans Affairs, Railroad Retirement Board and Office of Personnel Management for income verification to determine subsidy eligibility for the new *Medicare Part D* (Prescription Drug coverage). SSA is responsible for determining an applicant’s income and resources to determine whether the applicant is eligible for a subsidy, and if so, the amount of the subsidy.
- The *American Association for Motor Vehicle Administration* and the Agency have multiple agreements through which SSA provides SSN verification for drivers’ licenses and applications for State-issued identification cards.

Electronic Government-to-Business: SSA has made improvements in its service to employers. Current electronic Government-to-Business strategies include automating wage reporting by employers to SSA and employer verification of new employees’ SSN and identification information. These services continually are being improved and expanded to better serve the business community and to obtain additional efficiencies in SSA operations.

Accomplishments to date include:

- SSA placed third for *Business Services Online* among the *Digital Government Achievement Awards* that were announced in October 2004 by the Center for Digital Government. The award program recognizes outstanding agency and department websites and applications that enhance interactions, transactions and/or services in the area of Government-to-Business.
- *Electronic Wage Reporting* simplifies the process for businesses by allowing them to submit employee wage reports online. The service also includes the *AccuWage* tool for businesses that improves reporting accuracy and reduces the volume of error correction and necessary follow-up contacts. In tax year 2003, 60 percent of all employee wage items (*Forms W-2*) were submitted electronically. As a result of SSA's marketing and outreach efforts, 64.5 percent of all 2004 wage items received through July 2005 were submitted electronically.
- *W-2 Online* is a service that meets the needs of small businesses by providing online entry and printing of *W-2* wage and tax statement forms for distribution to employees. The Internet-based system also sends the wage and tax information to SSA, saving time and money for both the employer and the Agency.
- *SSN Verification Service* allows employers to verify SSNs and names online. Matches of up to 10 name and number combinations can be performed immediately, while larger batches of up to 250,000 are verified and the results electronically delivered to employers the next business day. This service was implemented on June 1, 2005; and, in the first 2½ months, 3,868 employers were authorized to use the service, with 200,000 names and SSNs being verified. Automating the process reduces staff and administrative time constraints for both SSA and employers and provides timely service to the business community. The system holds great promise. SSA is proceeding carefully to ensure that the system is secure, as well as user-friendly.

Opportunities still exist to make improvements in the electronic wage reporting service. Over the next several years, SSA will eliminate the use of tapes, cartridges and diskettes in an effort to increase electronic reporting over the Internet. This coincides with SSA's plans to accommodate more business by way of the Internet, improve earnings products and services for employers and employees, and improve the earnings establishment, correction and adjustment processes.

Improvements to the Hearing Process: In an effort to enhance public service, SSA continued to implement technology initiatives. Video hearings allow the Agency to reach more claimants in remote areas, reducing the time it takes to schedule and hold a hearing for these individuals. In FY 2005, SSA increased the number of video hearing sites to 297, and held 24,999 video hearings. This represents a 198% increase over last year.

Another technology improvement at the hearings level was the installation of digital recording equipment to replace analog cassette recorders, and to provide an electronic recording that is compatible with, and can be uploaded to, the electronic folder. The digital system offers improved sound quality, more stable storage capability, reduced archival storage needs, and greater functionality. The new equipment was installed and employees were trained in 105 sites during FY 2005. Over 117,000 digital hearings have been recorded since December 2003, eliminating the potential of lost tapes in these cases.

Other Technology-Supported Initiatives: SSA continually looks for ways to increase automation and eliminate labor-intensive, manual processes. For several years the Agency concentrated on improvements to the OASDI claims and post-eligibility processes. SSA's focus has now shifted to automating provisions of the *Medicare Prescription Drug Improvement and Modernization Act of 2003*. While CMS are primarily responsible for implementing the legislation, SSA plays an important role in determining whether individuals are eligible to receive a premium subsidy for the new prescription coverage that begins in 2006.

Supplemental Security Income Postentitlement Modernization: The *Modernized Supplemental Security Income Claims System* is used to process SSI initial claims and postentitlement actions. Automation enhancements in the

system help improve the quality of data used to determine payment and eligibility, increase productivity and improve customer service. Software improvements implemented during FY 2005 include:

- A new central SSI database where a single report of income will update all related records. This enhancement is a major step towards improving customer service. It reduces follow-up contacts with the reporter and is a major step towards improving payment accuracy.
- An application in the SSI system that automates the transfer of cases among offices. This provides managers the flexibility to redistribute workloads to make optimum use of Agency resources.
- Enhancements to the SSI system for use when a couple receiving SSI payments separates. The record must then be adjusted to reflect that each will receive benefits independently. In the past, the creation of one record was possible through the automated system with the second record needing to be controlled and established manually.

Social Security Unified Measurement System is considered a key enabler in monitoring and reporting on Agency progress toward achieving its strategic goals and objectives and tracking resource expenditures. The objective of this system is to count and measure work in a consistent manner at all organizational levels. It provides the detailed information that managers need to monitor service, forecast workloads and make informed decisions on how best to manage work and resources. Access to standard reports, such as processing time reports, is the web portal *MI Central*. This portal provides management information to managers and technicians who simply select the needed report or listing from a list on the computer screen. The current information is displayed at the desktop. In addition, *ad hoc* reports, when needed, can be obtained from the databases using available analytical computer programs.

Strategic Goal 2: STEWARDSHIP

To ensure superior STEWARDSHIP of Social Security programs and resources

STEWARDSHIP Challenges:

- Integrity of the Supplemental Security Income Program
- Improper Payments
- SSN Integrity and Protection
- Internal Control Environment and Performance Measures
- Strengthen Controls to Protect the Personal Information SSA Develops and Maintains
- Critical Infrastructure Protection and Systems Security
- Representative Payee

Strategic STEWARDSHIP Objectives that Address the Challenges:

- Prevent Fraudulent and Improper Payments and Improve Debt Management
- Strengthen Integrity of SSN
- Increase the Accuracy of Earnings Records
- Efficiently Manage Agency Finances and Assets and Effectively Link Resources to Performance Outcomes

PMA Initiatives Related to STEWARDSHIP:

- Competitive Sourcing
- Improved Financial Performance

- Budget and Performance Integration (including PART requirements)
- Improper Payments (Program Initiative)
- E-Government

Addressing the Stewardship Challenges Through Preventing Fraudulent and Improper Payments and Improving Debt Management

This objective encompasses SSA's efforts to ensure that SSA pays the right person the right amount. It includes activities for preventing and detecting payment error and fraud, and extends to recovery of overpayments and payment restitution.

Examples of How SSA Actions Help Prevent Fraudulent/Improper Payments and Improving Debt Management

- Ensures that the public receives the benefits they are due.
- Assures taxpayers that Trust Fund money and general revenue funds are correctly administered and disbursed.

The following discusses ways that SSA prevents, detects and corrects improper payments. (Also, see the Appendix, *Improper Payment Information Act of 2002 Detailed Report*.) The Agency is responsible for benefit payments that annually exceed \$500 billion. The **STEWARDSHIP** of these dollars is one of its primary goals. The program initiative, *Eliminating Improper Payment*, within the PMA (see page 47) is addressed by this strategic objective.

In FY 2005, SSA targeted initiatives that have the most potential to improve the integrity of the Agency's programs across three fronts: improper payment prevention, improper payment detection and debt collection, which is the recovery of overpayments. Particular emphasis has been given to the improvement of the more error-prone SSI program. Some of these initiatives are discussed in greater detail below:

Prevention and Detection Activities:

- *Medical CDRs:* These reviews help ensure the integrity of the disability program through which SSA determines whether beneficiaries will continue to be entitled to benefits based on their medical conditions. The Agency has made progress in its efforts to improve the CDR profiling process and procedures. Profiles permit the Agency to target cases for intensive review only where medical improvement is much more likely. Those reviews dealing with severe impairments can be processed with a limited contact that investigates only if there has been a change in the beneficiary's condition or work activity. As a result of ongoing research efforts, the Agency is now able to process substantially more than half of the CDRs required by statute by using statistical scoring model screening. At the same time, SSA continues to focus on large-scale sampling to maintain program integrity while it explores new technologies, such as selected searches for information (text mining), to determine if further efficiencies can be realized. The President's Budget for FY 2006 would earmark funds for conducting increased numbers of CDRs. CDRs have proven to be cost-effective, returning more than \$10 for each \$1 spent on this workload.
- *E-Work System:* SSA has developed a means of controlling and processing work called *e-Work*. The *e-Work* system allows for improved coordination between Field Offices, enabling earnings information to be recorded at the point-of-contact, thereby reducing the occurrence of overpayments. Work CDRs are used to develop and evaluate the worth of the beneficiary's earnings to determine if disability benefits should continue or cease. The *e-Work* system replaced a manual, labor-intensive process, allowing SSA employees to process work CDRs more efficiently, timely and accurately. The system also provides a mechanism to collect reports of earnings

for SSI recipients and issue receipts of such reports to both DI work CDR beneficiaries and SSI recipients. The application will provide improved management information and tighter controls on the work CDR process. The application went live in 107 test offices across the country on January 2004, and was implemented nationwide in FY 2005.

- *SSI Non-Disability Redeterminations:* These redeterminations are used to detect and prevent SSI overpayments. Required by law, the redeterminations are periodic reviews of non-medical factors of SSI eligibility. In FY 2005, almost one-third of the SSI recipients had their eligibility reviewed at some point during the year. The estimated benefits from the FY 2004 redeterminations totaled nearly \$2.4 billion in overpayments collected or prevented and almost \$1.3 billion in underpayments paid or prevented. In FY 2005, approximately 1.7 million periodic redeterminations were processed.
- *Computer Matching Activities:* SSA's extensive computer matching programs, a few of which are discussed in the earlier section on *Electronic Government-to-Government*, ensure that entitlement to benefits should continue and that payment amounts are accurate. These automated matches are done on an ongoing, periodic basis (usually monthly) and alert SSA to such events as nursing home admissions, changes in prisoner status, deportation, and recent employment of individuals paying child support.
- *Wages and Bank Accounts as a Source of Improper Payments:* SSA is addressing two high sources of improper payments, unreported wages and unreported resources.
 - Wages
A monthly wage reporting process is designed to post earnings faster and prevent overpayments to SSI recipients whose earnings fluctuate from month-to-month. SSA also has finished an analysis of the effectiveness of monthly wage reporting by touch-tone and voice recognition telephone reporting. Additionally, a separate year-long SSI wage reporting test is being conducted in Kansas City and utilizes a centralized unit to process wage reports which are mailed in by reporters. This centralized wage reporting test will be evaluated when it comes to an end in December 2005.
 - Bank Accounts
The *Foster Care Independence Act of 1999* gives the Commissioner the authority to require SSI applicants and recipients to provide authorization for SSA to obtain any and all financial records from any and all financial institutions. Refusal to provide, or revocation of, an authorization may result in ineligibility for SSI. In an effort to reduce the amount of overpayments caused by financial accounts, SSA published final regulations in FY 2004 that allow the Agency to verify data electronically with financial institutions. In February 2004, SSA began a proof of concept to test the feasibility of financial institutions accepting electronic bank account verification requests. The proof of concept demonstrated the financial community's support of this process. Based on the proof-of-concept evaluation report completed in September 2004, SSA's executives decided to dedicate future systems' resources to expanding the automated bank account verification system nationwide. Verification requests were returned quickly to the Agency which allows immediate continuation of the SSI application or redetermination. In February 2005, Social Security initiated a study to ascertain the characteristics of cases that are likely to have unreported resources. The results of this study, which are scheduled to be available in January 2006, will be used to increase the effectiveness and efficiency of a future national electronic verification process.
- *Residency Violations:* SSA has tested the feasibility and effectiveness of a new process to detect potential residency violations by examining 6,000 images of SSI checks, looking for those that were endorsed by financial institutions outside the United States. The Agency monitors the withdrawal records from automated teller machines in foreign countries for SSI recipients receiving their benefits by direct deposit.
- *Electronic Death Registration:* Electronic Death Registration provides SSA substantial program and administrative savings and can help prevent and deter fraud, particularly since this State re-engineering effort speeds up the paperbound death registration process. With Electronic Death Registration, the Agency receives more timely and accurate State death data to detect unreported or discrepant dates of death. Payments are immediately stopped for any deceased individual for whom a verified death report is received. This is an automated process accomplished without employee intervention. States must report the data within 5 days of death. The State verifies the deceased's SSN using the *Online Verification System*. SSA has agreements with

22 States and other government entities. Eight contracts have been implemented. However, a successful national rollout of Electronic Death Registration depends on funding and State readiness. The Agency will continue the nationwide expansion of Electronic Death Registration by awarding as many States and other government entities as funding will allow in FY 2006. Provisions of the *Intelligence Reform and Terrorism Prevention Act* that provide grants by the Department of Health and Human Services to States to cross-match birth and death records may speed up Electronic Death Registration rollout beginning in FY 2007. SSA is currently working with the Departments of Health and Human Services and Homeland Security to assess the impact of the *Intelligence Reform and Terrorism Prevention Act* on this initiative.

- *Cooperative Disability Investigation:* This program, which began in 1998, represents one of SSA's most successful anti-fraud initiatives and plays a vital role within the Agency's disability programs. These investigations are a joint effort by the OIG, the State DDS, and the SSA. There are currently 18 Cooperative Disability Investigation units operating in 17 States. Units around the country look into disability claims and later events affecting entitlement that are referred by a DDS or SSA Field Office when fraud is suspected. Based on these investigations, SSA is able to:
 - Prevent payments to recipients who are not disabled.
 - Stop payments for recipients who have disguised or falsified medical improvement or work activity.
 - Reopen cases and stop payments to recipients who should never have been entitled to disability benefits.

In FY 2005, there were 3,198 allegations of fraud resulting in over 2,000 denials/terminations. In 1998, the program accounted for \$2.8 million in savings for SSA. In FY 2005, Cooperative Disability Investigation savings were \$123 million, operating with an annual budget of only \$11.4 million. In addition to tangible program savings, the public's awareness of the Cooperative Disability Investigation program, through such methods as notices, publications and/or online Questions and Answers, has the intangible effect of deterring fraud.

- *Representative Payee:* SSA appoints representative payees for individuals who are incapable of managing or directing the management of their benefits. In FY 2005, about 13 percent of a Social Security beneficiary's and SSI recipient's benefits were paid through a representative payee. Based on concerns of Congress, the media, the Inspector General and advocacy groups, SSA re-examined the representative payee program's operations. The Agency has made a number of improvements and continues to work on ways for continued improvements.

The most significant action SSA took was to implement provisions of the *Social Security Protection Act of 2004*, which gave the Agency additional tools for program stewardship, such as effective oversight of representative payees. The legislation provides for increased monitoring of organizational payees and invokes new sanctions for misuse of benefits. (Organizational payees are generally business entities such as administrators of nursing homes who serve as representative for a group of beneficiaries.) The legislation gives SSA the authority to impose civil penalties on representative payees who misuse benefits paid to them on behalf of Social Security recipients. A penalty of up to \$5,000 can be imposed for any wrongful conversion of benefits, and the representative payee can be assessed damages up to twice the amount of funds misused. The legislation also provides additional protections for beneficiaries who have representative payees, including:

- Additional onsite reviews of organizational payees.
- Enhanced requirements for qualified organizations approved to collect fees for providing payee services.
- Forfeiture of fees for providing payee services in any months benefits were misused.
- Reissue of payment if an organizational payee misuses the benefits.
- Payee liability for any payments misused; the amount will be considered an overpayment to the payee and subject to recovery procedures.

Debt Collection/Overpayment Recovery: Overpayments most frequently occur as the result of late, incorrect or sometimes fraudulent reporting of events that affect a person's eligibility for payment. For those currently eligible to receive a Social Security or SSI payment, the overpayment is withheld from benefits due. For debtors who are no longer entitled, SSA uses its own billing and follow-up system to collect overpayments. SSA's billing and follow-

up system sends a series of progressively stronger-worded notices requesting repayment. If the debtor has not responded, telephone calls are made to negotiate payment with the debtor. In other cases, where no Social Security or SSI benefits are payable, the debt is referred to the *Treasury Offset Program* to recover the overpaid amount from Federal tax refunds and other Federal payments. In addition, SSA refers delinquent debts to credit bureaus to encourage repayment. In February 2005, SSA implemented the *Administrative Wage Garnishment* initiative. This allows employers to begin wage withholding from the debtor's wages to recover an overpayment. The same *Social Security Protection Act of 2004* that gave the Agency tools for monitoring representative payees also authorized cross-program recovery of benefit overpayments. The legislation allows SSA to recover overpayments paid under one program from the benefits paid under another program. It provides for withholding up to 100 percent of any retroactive payments due but not yet paid and 10 percent of ongoing monthly benefits for Social Security beneficiaries. New rules were published in the *Federal Register* to amend Agency regulations to implement SSA's expanded authority to use cross-program recovery to collect overpayments. The final regulations were published on November 30, 2004.

Agency strategies for increasing the recovery and resolution of overpayments also include:

- Identifying former SSI recipients whose overpayments had been determined to be uncollectible, but who are again receiving SSI and/or Social Security payments. From March 2004 until June 2005, \$67 million in SSI debt has been detected and \$10 million has been recovered.
- Building a scoring system that prioritizes overpayments that are not in a collection arrangement. This supports decisions to bring debt workloads into balance with operational resources, and ensures that resources are expended on the debt with the highest potential for recovery.

Addressing the Stewardship Challenges Through Improvements to the SSN Issuance Process

The original purpose of the SSN was to allow identification for an accurate record of earnings in order to pay a benefit amount based on those earnings. This still is the purpose of the SSN and the primary reason that SSA assigns numbers and issues cards. Over time, however, the SSN has become a growing means of personal identification in both the public and private sectors. As use of the SSN has grown, so has identity fraud.

Examples of How SSA Actions Strengthen the Integrity of the SSN

- Ensures that SSNs are assigned appropriately.
- Supports efforts to increase domestic safety and the security of the Nation's borders.

A SSN can aid in the ability to obtain services and State-issued licenses, conduct financial business, and gain access to information in various databases. As such, it is a powerful tool that can be used to engage in fraud or terrorism. The Social Security Advisory Board, the GAO, and SSA's OIG all have identified SSN misuse as one of the Agency's major management challenges during the next decade. Misuse occurs when:

- A person uses fraudulent documents to establish an entirely new "fake" identity;
- A person illegally acquires a number, or uses someone else's number; or
- An impostor steals and assumes the identity of another.

Identity fraud generally is not the result of an action or lack of action taken by SSA. Identity theft resulting from infiltration of a bank's database, for instance, cannot be controlled by SSA. SSA does, however, have a role in preventing and detecting SSN fraud through developing and implementing policies and procedures in partnership with other Government entities, particularly in terms of homeland security.

The Agency has taken many steps to strengthen its capability to prevent those with criminal intent from obtaining and misusing SSNs. The Agency is working closely with the Department of Homeland Security (DHS) to develop a web-based verification system that will expedite the non-citizen immigration and work status verification process. To further curtail the use of fraudulent immigration documents to get a SSN, the Agency established a cooperative program with DHS and the Department of State. The program allows certain non-citizens to apply for a SSN with the State Department when applying for a visa to enter the United States. SSA is working on systems enhancements for this program, which will allow for the expansion of additional non-citizen categories.

The *Intelligence Reform and Terrorism Prevention Act* requires the Agency to further improve its document verification processes, SSN and card security, and SSN verification systems. In consultation with the DHS, an interagency task force will be formed for the purpose of establishing SSN and card security requirements, including standards for safeguarding cards from counterfeiting, tampering, alteration, and theft and for verifying documents submitted for the issuance of replacement cards. The task force will also develop and allow for enforcement actions against the fraudulent use of SSN and cards. SSA will be responsible for the implementation of the security requirements.

In FY 2005, SSA's strategies to improve the SSN issuance process (also known as *enumeration*) included the following:

Increasing reliance on evidence other than that submitted by the applicant: A program designed to assign SSNs based on data collected as part of the immigration process was implemented in 2004. Known as *enumeration-at-entry*, SSNs are assigned based on data collected as part of the immigration process, relying on information that has already been received and verified by DHS. Subsequently, SSA and the Departments of State and Homeland Security worked together to expand the program to other groups of aliens. In FY 2005 and continuing into FY 2006, SSA is working with State and DHS to further expand enumeration-at-entry to certain non-immigrants whose visas are generated by petitions from employers, and to non-immigrants in the United States who are applying for employment authorization documents.

Tightening other evidentiary requirements: SSA requires mandatory interviews for all SSN applicants age 12 or older. SSA also has made regulatory changes regarding the evidence required from applicants who are students admitted to the United States to pursue an education. These students also must provide evidence that they are entitled to on-campus employment in order to be assigned a SSN. This is in the form of either an employment authorization document from DHS or evidence from the school that identifies the employer and the nature of the employment.

Enhancing Verification processes: SSA has ongoing projects to improve SSN verification processes and is planning and developing additional improvements, such as providing fraud alert information and death information to additional users, as required by the *Intelligence Reform and Terrorism Protection Act* of 2004. SSA is also planning other enhancements to verification systems to include easier-to-use and more consistent responses, and tighter control of user access.

In April 2005, SSA opened its second Social Security Card Center in Las Vegas, Nevada to provide better public service and exercise better program stewardship by concentrating all SSN business within a particular service area in a single facility. The first Social Security Card Center has been operating in Brooklyn, New York since 2002. These facilities are staffed with highly trained specialists. All applicants living within geographic locations serviced by a Social Security Card Center must go to that Card Center to transact SSN business.

In March 2005, the use of a new program, the *SS-5 Assistant*, became mandatory. This is a mechanism through which Social Security card issuances are generated. (*SS-5* is the form an applicant completes for a new SSN or replacement card.) This new program addresses many of the limitations of the prior system and improves the quality of the Social Security card application process. The *SS-5 Assistant* program ensures that completed SSN applications are in compliance with policy requirements regarding evidence, verification and documentation.

SSA is committed to enhancing the stewardship of the SSN and card process to prevent vulnerabilities in the assignment and issuance processes. A new integrity review process was developed in November 2004 to target areas prone to fraud and abuse. During 2005, changes to documentation requirements and automation efforts, including the implementation of the *SS-5 Assistant*, increased the integrity and streamlined the Social Security card process. For security reasons, descriptions of these changes are not available to the general public. In July 2005, the selection process for issuances to be investigated was then updated to focus on the areas that are still susceptible to fraud and abuse within the SSN assignment and card issuance processes.

Addressing the Stewardship Challenges Through Increasing the Accuracy of Earnings Records

Maintaining accurate records of earnings is critical to effective stewardship of SSA's programs and resources. SSA uses earnings records to determine whether an individual has earned enough wage credits to be eligible for benefits, as well as the amount to be paid. Each year, about 96.5 percent of the 250 million wage items submitted annually by employers are initially assigned correctly to individual workers' records. The remaining items contain names or SSN that do not match an individual's record. SSA uses numerous electronic processes and works with employers and individuals to match these wage items to the correct records. Despite these efforts, approximately 3 percent of the wage items submitted to SSA still cannot be assigned to an individual earnings record. These earnings remain in the *Earnings Suspense File* while attempts continue to determine the correct individual earnings record. For those items posted to the suspense file the Agency has underway an extensive effort using sophisticated data matching and scoring techniques to post earnings to the correct record.

Examples of How SSA Actions Increase the Accuracy of Earnings Records

- Ensures that Americans receive the full Social Security benefits to which they are entitled.
- Protects the trust funds by ensuring that benefits are being paid accurately.
- Increases the public's confidence in the reliability of the Social Security system.

SSA provides employers with the *AccuWage* software application to identify most of the common format errors in wage submissions prior to electronically submitting the reports. SSA notifies employers who have submitted wage reports with a significant level of error, requesting that they provide corrected information to the Agency within 60 days. SSA maintains a comprehensive website designed especially for employers and the business community at <http://www.socialsecurity.gov/employer>.

In addition, SSA has an employer education campaign in place to tell employers about electronic reporting through promotional materials, conferences, articles for trade publications and direct contact. Included in the campaign are visits with large payroll service providers and other companies to educate and encourage them to report earnings electronically. SSA also encourages the use of the Agency's *Business Services Online* webpage, a suite of business services related to electronic wage reporting; and the ability of registered users to view the processing status, errors and error notices for their wage files and/or wage reports.

SSA continues to send out annual *Social Security Statements* to eligible individuals age 25 and over who are not yet in benefit status. Individuals are asked to review their earnings history for completeness and accuracy and to notify SSA if they believe any of the information is incorrect.

SSA gathers and analyzes baseline information concerning the effect of these initiatives on the accuracy of posted earnings and growth of the *Earnings Suspense File*. Based on this analysis, SSA continues to examine its key outcomes and strengthen its performance accordingly.

Addressing the Stewardship Challenges Through Efficiently Managing Agency Finances and Assets, and Effectively Linking Resources to Performance Outcomes

Three aspects of SSA's response to the **STEWARDSHIP** challenges also relate directly to the PMA. Discussions on *Budget and Performance Integration*, *Improved Financial Performance* and *Competitive Sourcing* can be found in the subsection beginning on page 46. The remaining initiatives, which relate both to Agency stewardship and challenges, are discussed in this section.

Examples of How SSA Actions Efficiently Manage Agency Finances and Assets and Effectively Link Resources to Performance Outcomes so Taxpayers are Assured:

- Tax dollars buy more and go further every year.
- Tax dollars are properly managed.
- Tax dollars are spent wisely and responsibly for the greatest public benefit.

SSA's stewardship initiatives include the following:

Management Information Improvements: Timely, useful and reliable data is necessary for internal and external decision-makers to support effective management. This includes performance evaluation, resource allocation, and workload prioritization. The responsibility for ensuring that performance and financial data are available, valid and reliable extends to all segments of the Agency.

The *Managerial Cost Accountability System* is considered a key enabler in monitoring and reporting on Agency progress toward achieving its strategic goals and objectives and tracking resource expenditures. This focuses on providing critical performance and financial information needed by managers and staff. The system processes a variety of data from widely dispersed Agency processes, programs, workloads and financial systems, and combines the data into a modern managerial accountability system. The system promotes performance accountability for the programs that SSA administers. For example, detailed managerial cost accountability information could be used to identify which of SSA's approximately 1,300 Field Offices has a particularly high production or efficiency rate, and hence lower costs per unit of work, for a particular workload. Best practices for processing that workload could then be identified and shared with all Field Offices.

The Agency's Security Plan: As required by the *Federal Information Security Management Act*, the *Security Plan* documents SSA's initiatives to develop, implement and maintain an Agency-wide security program. It is an essential part of ensuring the confidentiality and integrity of Agency data and the protection of SSA's large-scale computers. The plan covers continuous security controls in the following major areas:

- *Rules of Behavior and Personnel Controls* that include separation of duties, individual accountability and application of the principle of "least" privileges, i.e., individuals are given only the level of access needed to do their jobs. These controls also include criteria determined by the Office of Personnel Management to identify position-sensitive risk levels for automated information systems.
- *Training* that is a three-pronged program that includes basic awareness training for all employees, training adaptable for employee-specific needs and education for employees whose primary responsibility is security.
- *Incident Response Capability* includes a Security Response Team formed to address threats against the Agency's electronic systems and to assist the workforce with handling systems security incidents.
- *SSA's Risk Management Program* ensures a continual review of the automated systems critical to SSA's mission. SSA uses a number of approaches to satisfy risk management requirements, including risk analysis, risk management reviews, a consolidated integrity review process and a systems security life cycle process. Security personnel are included and consulted at each stage of systems development.

Contingency Planning and Disaster Recovery: SSA's contingency planning is designed to minimize the occurrence of situations that could compromise the confidentiality and integrity of Agency data, the availability of resources and the services needed to continue essential business operations. To ensure the continuity of essential operations in an emergency situation, a series of presidential *Executive Orders*, presidential directives and preparedness circulars mandate the development of *Continuity of Operations Plans* for all Federal agencies.

These directives, including a *Homeland Security Presidential Directive* issued in December 2003, call for a national-level effort to ensure the security of interconnected infrastructures for Federal, public and private entities, and provide for protection plans covering national assets from physical and cyber attacks. SSA established an Agency-wide Critical Federal Infrastructure Protection Workgroup that developed a plan outlining a comprehensive approach for the protection of cyber systems, physical security and for continuity of operations.

Safety and Physical Security Practices at SSA comply with the Federally-directed alert level mandated by the DHS. SSA identifies and addresses new vulnerabilities and replaces aging equipment when its shelf life ends. Additionally, expanded environmental health and safety programs ensure all Agency employees work in safe surroundings. Guards are on duty at all SSA offices during working hours. Agency practices also provide for education and resources committed to preventing accidents and exposures to potentially dangerous conditions, and to respond in the event of environmental health hazards or other dangerous situations.

The Agency Information Technology Infrastructure: The information technology infrastructure supports all of SSA's programmatic and administrative workloads. Most Agency service delivery channels rely on this sophisticated and complex basis of computer operations. The information technology policies provide for periodic hardware and software upgrades, technology refreshments and improved economies-of-scale in the information technology environment. The foundation of this aspect of Agency policy rests on three operational basics:

- *Availability* – Users have access to information technology services during the hours of operation of SSA's Field Offices, and toll-free telephone service is available to the public from 7 AM to 7 PM. Recorded information and services are available at the toll-free telephone service 24 hours a day. Online services and claims are available to the public from 5 AM to 1 AM Monday through Friday, 5 AM to 11 PM on Saturday and 8 AM to 11:30 PM on Sunday.
- *Stability* – The services are continuously available during expected access hours, barring even brief outages.
- *Maintainability* – Information technology hardware and software is widespread, critical production use is maintained at near-current release levels to ensure quality support service from vendors and suppliers.

Strategic Goal 3: SOLVENCY

To achieve sustainable SOLVENCY and ensure Social Security programs meet the needs of current and future generations

For many years Social Security's Trustees have called for changes to be made to Social Security sooner rather than later to protect future generations. As the Required Supplemental Stewardship Information Section of the PAR (*see page 143*) shows, there is a present value shortfall of \$4 trillion over the 75-year period, which means Social Security would need \$4 trillion today earning interest to cover the 75-year shortfall. In 2017, Social Security benefit payments will exceed income and payroll taxes received. By 2041, if no changes are made, the Trust Fund will be exhausted and benefits would have to be cut by 26 percent in that year.

The aging of America and the future of Social Security are critical issues facing all Americans. In his 2005 State of the Union address, President Bush said:

One of America's most important institutions—a symbol of trust between generations—is also in need of wise and effective reform. ... And so we must join together to strengthen and save Social Security. ... We must make Social Security permanently sound, not leave that task for another day.

President George W. Bush, State of the Union Address, February 2, 2005

The Senate unanimously passed a resolution on March 15, 2005 that included the following:

It is the sense of the Senate that the President, the Congress, and the American people ... should work together at the earliest opportunity to enact legislation to achieve a solvent and permanently sustainable Social Security system.

(S. Con. Res. 18, CQ Vote #46: Adopted 100-0; R 55-0; D 44-0; 11-0, 3/15/05)

SSA's role in solvency is clearly stated in the Agency strategic objective: *Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs. Working with the Administration and Congress, SSA helps develop and review policy alternatives. SSA will continue to work with Congress and the Administration to support their efforts to resolve the program's long-term financial challenges.*

Strategic Goal 4: STAFF

Strategically manage and align STAFF to support Social Security's mission

STAFF Challenge:

- Human Capital

Strategic STAFF Objective that Addresses the Challenge:

- Recruit, Develop and Retain a High-Performing Workforce

PMA Initiative Related to STAFF:

- Strategic Management of Human Capital

Addressing the Staff Challenge Through Recruiting, Developing and Retaining a High Performing Workforce

SSA has a staff of committed, creative and highly capable employees, who are the Agency's most critical asset in the maintaining the highest level of service to the public. In the very near future, it is anticipated that more than a third of SSA's employees will be retiring. The Agency's workloads are also expected to grow dramatically as the baby boom generation approaches their peak disability and retirement years. Consequently, the greatest organizational challenge facing SSA is to ensure that its workforce has the skills and tools necessary to process increasing workloads. In addition, the Agency needs to develop effective strategies that promote superior employee performance and encourage employee retention.

**SSA's Strategies to Recruit, Develop and Retain a High-Performing Workforce
will Allow the Agency to:**

- Continue to provide the highest quality, timely service to the public.
- Increase productivity that will save trust fund and general revenue monies.

Like the baby boomers in the general workforce, SSA employees will begin to retire in greater numbers. According to the Agency's 2005 *Retirement Wave Report*, 56 percent of the workforce will have reached retirement eligibility by the year 2014. Without effective planning and preparation, this anticipated wave of retirements can affect SSA's ability to maintain its current high level of service to the public. It could also result in a significant drain to the Agency's institutional knowledge and expertise.

SSA has initiatives in place to effectively manage escalating workload growth and the potential increase in employee retirements. The Agency employs a diverse array of tools and activities to maintain its high-performing workforce. It uses state-of-the-art automation in its many processes, emphasizes training and offers a large array of job enrichment and leadership development programs. The Agency employs strategic succession planning techniques and emphasizes the value of effective performance management systems that help managers make distinctions among individual levels of performance. Some of these strategies are summarized below:

Recruitment: SSA continues to use and expand personnel hiring flexibilities and hires about 10 percent of new employees from the ranks of outstanding scholars. In serving a diverse population, SSA successfully maintains a high degree of diversity in its workforce, and ensures that specific groups are not under-represented.

Retention: The Agency is continuously improving its human capital practices to guarantee talented managers and employees are available to implement important programs and enhance and protect the economic well-being of millions of Americans. SSA is investing resources in developing talented leaders who will positively influence organizational performance and workforce satisfaction. The Agency's national leadership development programs provide high-potential employees training, development, and support they need to prepare for increasingly responsible leadership roles. In FY 2005, SSA conducted two national leadership development programs—a Leadership Development Program for General Schedule (GS)-9 to 12 employees and an Advanced Leadership Program for GS-13 to 14 employees. SSA also announced a Senior Executive Service Career Development Program for GS-15 candidates nationwide, and encouraged and supported various regional and component-level development programs.

SSA is making significant gains in enhancing the skills of its new and mid-level managers who play key roles in ensuring performance improvements and employee retention. The Agency provided a number of classroom offerings for new supervisors in FY 2005. In an effort to strengthen the competencies of agency managers, field and headquarters staff worked together to pilot a new leadership symposium that develops the knowledge and skills of GS-14 and GS-15 mid-level managers.

Reaching Out to Staff: Employees have electronic access to information about personnel benefits and employee services at their desktops. This feature saves staff resources and promotes increased confidentiality of employee information. SSA continues to improve its successful employee suggestion program through a web-based, fully automated process that monetarily rewards employees commensurate with the value of their suggestions.

New Labor Agreement: SSA and the American Federation of Government Employees negotiated a new *National Agreement*, effective August 2005 that covers approximately 51,000 Agency employees. Negotiations for new term agreements with the National Treasury Employees Union, covering approximately 800 Agency employees, and with the International Federation of Professional and Technical Engineers, representing 1,100 ALJs will likely occur in 2006. SSA is committed to achieving negotiated agreements with all the unions that will both benefit its dedicated

workforce and provide the Agency the flexibility to manage its delivery of high-quality service expected by the public.

Performance Culture: Efforts to link employee performance to the Agency mission and goals is an ongoing priority. The alignment of employee performance with Agency mission and strategic goals will be measured through a new, multi-level performance appraisal program for all employees below the GS-15 level and for GS-15 employees in the bargaining unit. Activities involved in developing a new employee appraisal program include communicating expectations, encouraging excellence, providing development opportunities, measuring results, making distinctions among levels of performance and rewarding achievements. The new appraisal program will foster an Agency culture that encourages ongoing interaction and communication between the manager and employee on staff performance and measure the employee's contribution to the team effort that is needed to achieve the Agency's public service mission.

Strategic Competencies and Knowledge Management: SSA continues to create an environment that fosters effective knowledge management. Included among our knowledge management strategies are succession analysis, collection and analysis of baseline training data, filling positions before vacancies occur and employing the use of understudies in targeted critical positions.

Training: SSA uses a combination of advanced technology and traditional training methodologies. In addition to classroom training, the Agency provides interactive video tele-training (or interactive video training), and computer-based training via the Intranet and Internet. In 2005, SSA increased its online training offerings by migrating from the Agency's Online University to the government-wide *USALearn* site. SSA's employees are now able to access over 2,000 courses on the Agency's *GoLearn* website. Additionally, as an ongoing priority, SSA continues to develop competency-based training for targeted mission-critical positions.

Providing Employees with Better Tools: SSA continues to develop efficient and user friendly tools to enable employees to accomplish their tasks and better serve the public. Employees have online access to personnel, payroll and training data, video conferencing and automated case processing systems that support increased productivity. The workforce has become proficient in the use and application of technology resulting in a more satisfied employee providing quality service to an ever increasing beneficiary base.

The President's Management Agenda

The PMA was launched in August 2001 as a strategy for improving the management and performance of the Federal government. It focuses on the areas where deficiencies are most apparent and where the government can begin to deliver concrete, measurable results. The PMA includes five government-wide initiatives and 10 program-specific initiatives that apply to a subset of Federal agencies. It is helping departments and agencies to be more results-oriented in their performance.

The five key government-wide initiatives are:

Strategic Management of Human Capital: having processes in place to ensure the right person is in the right job, at the right time, and who is not only performing, but performing well.

Competitive Sourcing: regularly examining commercial activities performed by the government to determine whether it is more efficient to obtain such services from Federal employees or from the private sector.

Improved Financial Performance: accurately accounting for the taxpayers' money and providing timely and accurate program cost information to inform management decisions and control costs.

Expanded Electronic Government: ensuring that the Federal government's annual investment in information technology significantly improves its ability to serve the public, and that information technology systems are secure, and delivered on time and on budget.




















































Budget and Performance Integration: ensuring that performance is routinely considered in funding and management decisions, and programs achieve expected results and work toward continual improvement.

For each initiative, the PMA establishes clear, government-wide goals from which agencies then develop and implement detailed, aggressive action plans to achieve those goals. Most importantly, agencies are held publicly accountable for adopting these disciplines. To that end, a simple grading system of “green” (the highest score), “yellow” and “red” (the lowest score) was developed. Each quarter, agencies are rated on their status in achieving the overall goals for each initiative and on their progress in implementing their action plans.

In addition to the five key initiatives, SSA is involved in the PMA program initiative, *Eliminating Improper Payments*. An improper payment occurs when Federal funds go to the wrong recipient, the recipient receives an incorrect amount of funds, or the recipient uses the funds in an improper manner. Based on 2004 audit estimates, Federal agencies made more than \$45.1 billion in improper payments in FY 2004. This new initiative requires agencies to measure their improper payments on an annual basis, develop improvement targets and corrective actions, and track the results annually to ensure the corrective actions are effective.

As shown in the chart below, SSA’s performance under the PMA has steadily moved toward “green” status. As of September 30, 2005, the Agency scored “green” for status on three of five government-wide items, and “green” for progress in implementation of five of five government-wide items. SSA has also earned “yellow” for status and “green” for progress for the program initiative, *Eliminate Improper Payments*.

SSA’s President’s Management Agenda Scorecard

	Human Capital	Competitive Sourcing	Improve Financial Management	e- Government	Budget/ Performance Integration	Eliminating Improper Payments
	Status / Progress	Status / Progress	Status / Progress	Status / Progress	Status / Progress	Status / Progress
9/30/01	 / 	 / 	 / 	 / 	 / 	/
9/30/02	 / 	 / 	 / 	 / 	 / 	/
9/30/03	 / 	 / 	 / 	 / 	 / 	/
9/30/04	 / 	 / 	 / 	 / 	 / 	/
9/30/05	 / 	 / 	 / 	 / 	 / 	 / 