Agency Challenges

Each year, the Social Security Administration's (SSA) 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 relationships among the different elements.

SSA's MAJOR MANAGEMENT CHALLENGES LINKED TO AGENCY STRATEGIC GOALS AND THE PMA		
Major Management Challenges as Designated by GAO and OIG	Strategic Goals and Objectives that Address the Challenges	PMA Items Related to Challenges and Goals
Management of the Disability Process (OIG) Electronic Government (OIG's Service Delivery & Electronic Government) Service Delivery (GAO) Improve the Disability Determination Service Process and Return to Work (GAO) Disability Insurance - High Risk (GAO)	**SERVICE** Make the right decision in the disability process as early as possible Increase employment for people with disabilities by expanding opportunities Improve service through technology, focusing on accuracy, security, and efficiency	Expanded Electronic Government
Supplemental Security Income (GAO) Information Security (GAO) Improper Payments and Recovery of Overpayments (OIG) Social Security Number (SSN) Protection (OIG) Internal Control Environment and Performance Measures (OIG) Systems Security and Critical Infrastructure Protection (OIG)	**STEWARDSHIP** Detect and prevent fraudulent and improper payments and improve debt management Strengthen the integrity of the Social Security Number (SSN) issuance process to help prevent misuse and fraud of the SSN and card Ensure the accuracy of earnings records so that eligible people can receive the proper benefits due them Manage Agency finances and assets to link resources effectively to performance outcomes	Competitive Sourcing Improved Financial Performance Budget and Performance Integration (including Program Assessment Rating Tool (PART) requirements) Eliminating Improper Payments[1]
President Bush, Congress, GAO, the Congressional Budget Office, and the Board of Trustees of Social Security OASDI Trust Funds have called for reforms to strengthen Social Security	**SOLVENCY** Through education and research efforts, support reforms to ensure sustainable Solvency and more responsive retirement and disability programs	There are no PMA items that directly relate to Solvency.

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[1] Program Initiative

SSA's Major Management Challenges linked to Agency Strategic Goals and the PMA		
Major Management Challenges as Designated by GAO and OIG	Strategic Goals and Objectives that Address the Challenges	PMA Items Related to Challenges and Goals
Managing Human Capital (GAO and OIG's Service Delivery & Electronic Government)	**STAFF** Recruit, develop and retain a high-performing workforce	Strategic Management of Human Capital

Source: OIG's Memo to the Commissioner dated November 30, 2005 - Re: *Top Issues Facing SSA Management – FY06*

Agency Challenges by Strategic Goal

SSA's current strategic goals and objectives, articulated in the *Agency Strategic Plan* published in January 2006, provide a framework for prioritizing projects and initiatives and allocating Agency resources required to achieve performance results as well as address management challenges. While strategic goals and objectives remain unchanged until a new strategic plan is published, strategies to minimize the effects of major management challenges can be modified.

A discussion follows of how Agency goals and objectives address the challenges identified by SSA's OIG and GAO as each challenge relates to the Agency's goals. It is important to note that many challenges cut across Agency strategic goals and objectives. For instance, the *Electronic Government* challenge relates not only to the SERVICE goal, but 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 group the challenges within the strategic goal to which they most closely relate: 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 People with Disabilities

- Better Position SSA for Future Service Delivery Challenges, Including Information Technology

- Electronic Government

SERVICE Strategic Objectives that Address the Challenges

- Make the Right Decision in the Disability Process as Early as Possible

- Increase Employment for People with Disabilities by Expanding Opportunities

- Improve Service through Technology, Focusing on Accuracy, Security, and Efficiency

President's Management Agenda Initiative Related to SERVICE

- Expanded Electronic Government

The SSA is committed to providing the high quality service the American people expect and deserve. In light of the significant growth in both the number and complexity of disability claims, major changes to the Agency's disability process were needed in order to provide timely and accurate service to its disability claimants. More efficient processing required technological and process improvements, some large and some small, to achieve SSA's Service goal.

After several years of outstanding effort from within SSA and cooperation with parties outside of the Agency, the new disability determination process is now becoming a reality. Social Security's strategic initiatives fall into two main categories – the new Disability Service Improvement (DSI) process and Electronic Disability Processing.

Disability Service Improvement Process

For the first time in 50 years, the Agency made significant changes to the disability determination process – changes that enhance the Agency's ability to make accurate, consistent, and timely decisions. The final regulation amending the Agency's disability determination process was published on March 31, 2006 and became effective on August 1, 2006. SSA is phasing in the DSI process on a region-by-region basis over an estimated five year period, beginning with the Boston Region. The new process, with the electronic disability claims process as its foundation, will shorten decision times and pay benefits much earlier in the process to people who are clearly disabled. As the Commissioner has said, "The changes we are making in the disability process will greatly improve the quality of service that Social Security provides to the millions of disabled workers and their families. The new process uses 21st century technology and improves accountability at every step. It reflects my goals of improving the accuracy, consistency and fairness of the Agency's process and ensuring that we make the right decision as early in the process as possible."

Changes Included in the DSI Process

Although DSI preserves many significant features of the current system, it includes important changes at every level in the process which, taken as a whole, will result in greatly improving our service to people with disabilities. These include: providing decisions within twenty days for people who are clearly disabled; eliminating the State Agency reconsideration and creating a federal level of review earlier in the process to ensure consistent and more timely decision-making nation wide; increasing the quality and availability of expert assistance for our disability adjudicators at every step of the process; and gradually replacing the Appeals Council with a Decision Review Board (DRB) which will promote accurate, consistent, and fair decision-making.

Establishing a Quick Disability Determination (QDD) Process: QDD is being used to identify and expedite claims for applicants with impairments that reflect a high probability that the claimant will be found disabled under SSA disability guidelines. Once identified, these claims are assigned to the State Disability Determination Service's (DDS) QDD unit. The DDS QDD units are staffed by experienced disability examiners who possess the knowledge, training, and experience to effectively carry out the QDD function. The number of QDD claims, relatively small at first, will increase gradually as SSA gains experience with the QDD system. If a fully favorable decision cannot be made on a QDD claim, the case is transferred to a non-QDD DDS unit and adjudicated using regular disability determination procedures.

Requiring the State Agency to More Fully Document and Explain in Clear and Understandable Language the Determination Made in Every Claim it Processes: The increased time devoted to these activities is expected to be offset by the elimination of the reconsideration step.

Creating a Federal Reviewing Official (FedRO): The FedRO provides a Federal review of the DDS determination much earlier in the disability appeals process—thus addressing discrepancies among State Agency allowance and denial rates and making the right decision as early in the process as possible. The FedRO is a highly trained attorney who produces nationally consistent, carefully documented, and well-reasoned decisions. The FedRO reviews any new evidence, and issues a decision to affirm, modify, or deny the initial DDS determination.

The FedRO obtains clarification from the DDS when the rationale for the initial determination is incomplete or unclear and provides feedback for continuous improvement. Reversals and claims with new and material evidence are decided in consultation with the Office of Medical and Vocational Expertise (OMVE). The FedRO decisions explain in clear and understandable language the specific reasons for the decision.

Creating the Office of Medical and Vocational Expertise (OMVE): The OMVE provides the expert assistance that adjudicators need to make disability determinations (effectuated by the Disability Determination Services), and decisions (rendered by the Hearings Offices) that are accurate, consistent, and fair. The OMVE advises adjudicators on the nature of the expertise that they may need and arranges for the provision of that expertise. It includes a national network of qualified medical, psychological, and vocational experts who are available to assist adjudicators at all levels of the disability determination process through the Administrative Law Judge (ALJ) level.

Closing the Record and Improving the Timeliness of the Hearing Process: The record generally closes after the ALJ issues a decision; however, there is provision for good cause exceptions, e.g., under certain conditions an unusual, unexpected, or unavoidable circumstance may have prevented the submission of evidence earlier. In addition, to improve the timeliness of the hearing process, the goal is to have an ALJ establish the time and place for a hearing within 90 days of the date the hearing request is received. This goal emphasizes the Agency's commitment to providing timely service. To ensure adequate time to prepare for a hearing, the ALJ notifies the claimant of the time and place of the hearing at least 75 days beforehand, unless the claimant agrees to a shorter notice period. Claimants or their representatives are required to submit evidence as soon as possible, but no later than 5 business days before the hearing unless an exception is met.

Establishing the Administrative Law Judge (ALJ) Decision as the Final Agency Decision: The ALJ decision is generally the final decision of the Agency unless the DRB renders the final decision. Although claimants' rights to request review of ALJ decisions in disability determination cases are being eliminated, they may request ALJ review of non-disability issues and ALJ dismissals. As part of SSA's careful implementation plan, the DRB is reviewing 100 percent of ALJ decisions in the Agency's Boston Region.

Creating a Decision Review Board (DRB) to gradually replace the Appeals Council: The Appeals Council will phase out as SSA implements DSI throughout the nation. The DRB, comprised of ALJs and Administrative Appeals Judges, is an adjudicatory and advisory body that promotes accurate, consistent, and fair decision making by reviewing ALJ decisions, both allowances and denials. The DRB evaluates and reviews ALJ decisions which are most likely to be problematic, before they are effectuated. The DRB also studies ALJ decisions that have been effectuated, identifies issues that impede consistent adjudication at all levels of the disability determination process, and recommends improvements to that process. The DRB may affirm, modify, or reverse ALJ decisions or remand a claim to the ALJ for further action.

Ensuring Both In-line and End-of-line Quality Review Throughout the Process: A major goal of the DSI process is to improve the quality of decision-making at all levels of the claims process. This includes an in-line and end-of-line quality review process, featuring an improved in-line review process by DDSs at the initial level, and a new, centralized, Office of Quality Performance to replace our current quality control system. SSA's new quality process also includes feedback loops at every level of the disability determination process to ensure continuous improvement. For example, the FedRO helps improve the quality of DDS determinations by explaining why the FedRO agrees or disagrees with the DDS determination. The ALJ's written decision provides similar feedback to the FedRO, and the DRB contributes to the feedback loops for the ALJ, FedRO, and DDS levels of adjudication.

Establishing a Disability Program Policy Council: This entity provides a forum to discuss policy issues and to make policy and procedural recommendations.

SSA is undertaking a major effort to enhance its collection and use of management information. The Agency intends to use improved management information to help make continuous improvements as the new DSI process is rolled out.

Electronic Disability Processing

To reduce delays inherent in the disability process, as well as the expense of shipping and storing folders, SSA implemented an electronic disability initiative known as electronic disability (*eDib*). The process replaces the paper disability folder with electronic records that are easily accessible to case processing personnel all across the country. *eDib* provides the foundation for DSI case processing. SSA is making great strides in moving its beginning-to-end disability claims processing/adjudication from a paper-laden environment to an electronic one. This lays a solid foundation for expedited case processing. *eDib* allows more than one employee or component to work on a claim at the same time, thus speeding up the process. Medical records can be quickly scanned into the system and made readily accessible to all adjudicators and experts. The system includes electronic safeguards to help adjudicators avoid mistakes, which will result in more accurate decision-making. It also protects the confidentiality of claimant information. SSA continues to make significant progress in implementing the electronic disability process. With all but two States using a fully electronic process, *eDib* is transforming how the Agency is processing disability claims. Beginning in July 2000 claimants were given the option of filing for disability benefits via the Internet. After six years in the process, over 91,000 initial disability claims have been filed using this option. The *Electronic Disability Collect System* is being used to process initial claims in over 93 percent of SSA's Field Offices; these claims are electronically transmitted to the State DDS.

To take full advantage of fully electronic processing, SSA has developed methods for receiving medical and other documentation necessary for processing disability claims. SSA has developed a free, easy-to-use, secure website called Electronic Records Express Services. This enables providers to submit electronic records (including scanned paper records) that can be safely uploaded and directly submitted into the electronic folder. Use of the website speeds the delivery of evidence and helps eliminate misplaced medical records.

As of September 1, 2006, 48 States and the territories of Guam, the Virgin Islands, and Puerto Rico have successfully completed Independence Day Assessment (IDA) certification, meaning they are certified to use electronic files as the official Agency record. The remaining States will be certified by the end of December 2006.

Through September 2006, 84% percent of all DDS initial claims were processed electronically. Ninety-five percent of Disability Examiners have been trained to use the Document Management Architecture which is the component of the electronic file that stores images and audio and video files.

- The following continuing activities support the move to the *eDib* process:

- Development of a process for electronic medical continuing disability reviews (CDRs);

- Expansion and improvement of Internet disability application and appeals services for applicants and their representatives;

- Development of processes to speed the request and retrieval of electronic evidence from medical, educational, and other third-party sources; and

- Expanded use of digital recording equipment in all SSA hearings offices, replacing equipment that had been in place for over 20 years. Although most digital records are being stored on compact disc, SSA is beginning to store digital recordings in the electronic folder.

Other Initiatives

Other initiatives to improve the disability determination process include reducing disability workload backlogs, revising and updating the medical listings, updating vocational policy to reflect market changes (including developing ways of more effectively measuring the 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 People with Disabilities

SSA serves a diverse population of people with disabilities through the DI and SSI programs. SSA's beneficiaries represent various age groups and have different impairments, levels of education, work experience, and capacities for working. Many cannot work at all or on a sustained basis. Many, however, can work part-time or full-time with reasonable accommodations, with or without ongoing supports. The Agency is working to ensure that all beneficiaries with disabilities have the opportunity to learn and develop skills that could enable them to return to work. The strategies for increasing employment for people with disabilities are guided by and directly support the President's *New Freedom Initiative*.

SSA's Success In Increasing Employment Will:

- Increase the number of people with disabilities who are working.

- Result in an important contribution to the economy through the talents and earnings of these people.

The *Comprehensive Work Opportunity Initiative* represents the Agency's overarching strategy to assist people with disabilities who want to become more self-sufficient through employment. SSA recognizes that while many people may want to return to work, there are multiple barriers that may hinder employment. Barriers such as the:

- Lack of access to training and employment services;

- Loss of ongoing employment supports;

- Loss of employment and difficulty with benefit reinstatement;

- Premature loss of benefits;

- Work related overpayments;

- Cash cliff (abrupt discontinuation of disability insurance benefits after an earnings threshold is reached);

- SSI asset limits; and

- Physical consequence of delayed access to health care which may prevent a person from achieving their goal of economic self-sufficiency.

Most people with disabilities, who want to work, face more than one barrier, often three, four or more. To effectively assist them, Social Security is addressing all barriers. To leave just one barrier standing is to keep a person on benefits from working.

The *Comprehensive Work Opportunity Initiative* addresses these underlying issues through a three-pronged approach. First, the Agency is continuing to market and strengthen the *Ticket to Work* program. Second, the Agency is designing, implementing, and evaluating demonstration projects aimed at supporting the efforts of people with disabilities who wish to enter or re-enter the workforce. For many of these projects, SSA is working in conjunction with other Federal and State agencies, such as the Department of Education and the Department of Labor, to provide support across a broad range of areas. Third, the Agency is continuing to develop and offer appropriate legislative and regulatory proposals aimed at encouraging beneficiaries and Employment Networks (qualified private or public entities or groups that enter into an agreement with SSA under the *Ticket to Work*

program to coordinate and deliver employment services to beneficiaries with disabilities) to participate in work incentive initiatives.

Comprehensive Work Opportunity Initiative: Overcoming Multiple Barriers to Employment
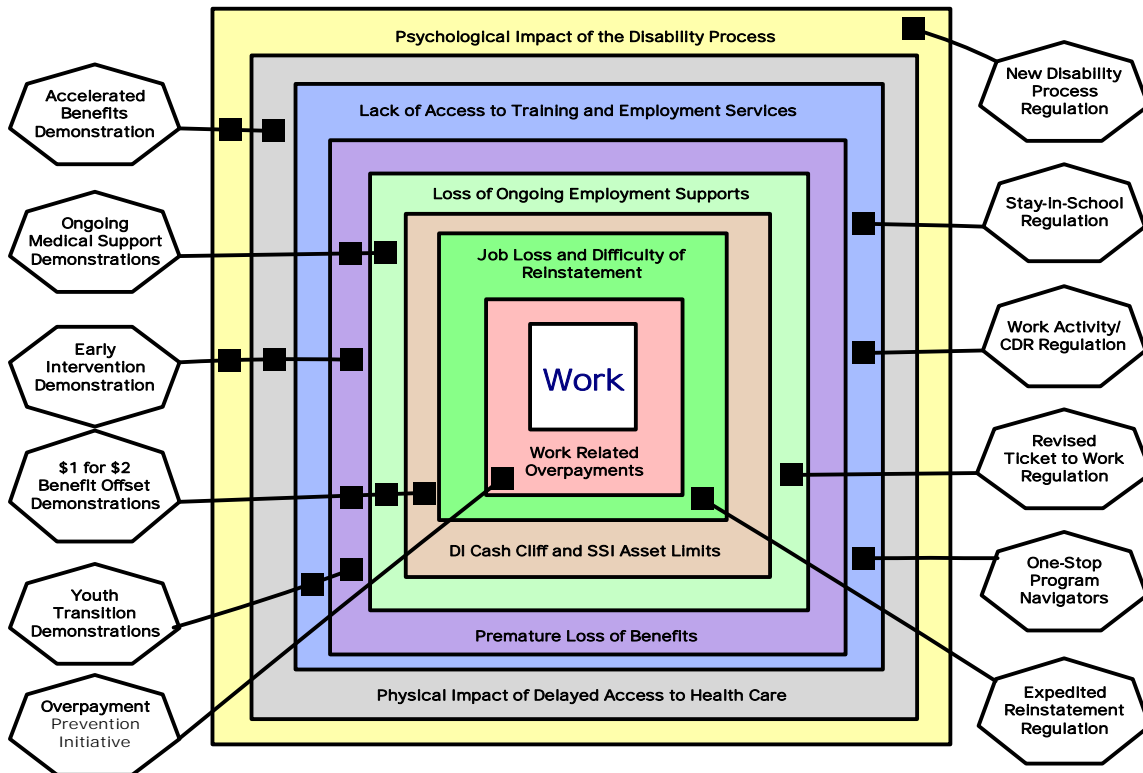
Ticket to Work Program

The *Ticket to Work* program directly supports the President's *New Freedom Initiative* to expand employment opportunities for Americans with disabilities. The program provides beneficiaries with disabilities expanded options for accessing employment services, vocational rehabilitation services, and other support services to help them work and reach their employment goals. *Tickets* have been mailed out to more than 10 million beneficiaries nationwide and in the United States territories. *Tickets* continue to be sent to approximately 85,000 new beneficiaries each month as they are added to the disability rolls. Since the rollout began in 2002, more than 147,000 beneficiaries have used their *Tickets*.

In May 2003, SSA contracted for an independent and comprehensive five-year evaluation of the *Ticket to Work* program. Already, the *Ticket* evaluation has provided SSA with important feedback on the effectiveness and potential of the *Ticket* program. Key evaluation findings provided crucial guidance and were used to propose regulatory changes to strengthen the *Ticket* program.

In September 2005, SSA published a *Notice of Proposed Rule Making* to strengthen the *Ticket to Work* program. The changes would improve the overall effectiveness of the program in assisting people with disabilities who want to become more economically self-sufficient through employment. The proposed changes would:

- Expand the population of people eligible for *Tickets* to include those who are expected to improve medically;

- Modify the rules for *Ticket* assignment to enable beneficiaries to take advantage of a much broader combination of services from both Vocational Rehabilitation agencies and Employment Networks; and

- Modify the Employment Network payment systems to accelerate the payment period to Employment Networks serving DI beneficiaries, and increase the incentive for small or undercapitalized providers to participate as Employment Networks. There are two methods of payment an Employment Network can select at the time it enters into an agreement with SSA: the outcome payment system and the outcome-milestone payment system. The outcome payment system provides a schedule of payments to Employment Networks for up to 60 months (which do not have to be consecutive) per *Ticket* in which the beneficiary does not receive Social Security disability benefits or Federal SSI cash benefits because of work or earnings. For the outcome-milestone payment system, there are four milestones for which the Employment Network can be paid. The milestones must occur after the date on which the *Ticket* was first assigned and after the beneficiary starts work.

The Agency has numerous promotional activities underway to increase participation in the *Ticket to Work* program through:

- Encouraging Employment Networks and prospective Employment Networks to assist disability beneficiaries in finding and holding jobs;

- Conducting outreach and marketing activities to educate the public about programs and services that facilitate entry into the workforce; and

- Partnering with other public and private groups to remove employment barriers for people with disabilities.

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

Benefits Planning, Assistance and Outreach (BPAO) Program: The community-based BPAO program continues to provide work incentives planning and assistance to those beneficiaries with disabilities, conduct ongoing research efforts to those beneficiaries potentially eligible to participate in Federal and State work incentive programs, and work in collaboration with Federal, State, and private agencies and nonprofit organizations serving beneficiaries with disabilities. Through FY 2006, 113 projects successfully provided the full range of benefit planning services in all 50 States, the District of Columbia, and the U.S. Territories.

The Social Security Protection Act authorized and extended the program through FY 2009. For the provision of services through FY 2009, SSA issued a new nationwide, competitive Request for Applications for the Work Incentives Planning Assistance (WIPA) Program which replaced the BPAO Program when the cooperative agreements were awarded on September 30, 2006. This improved program places a new emphasis on return-to-work support and jobs for beneficiaries. The WIPA awardees will work with One-Stop Career Centers, Disability Program Navigators, Employment Networks, Vocational Rehabilitation agencies, and the Program Manager for Recruitment and Outreach. Also, to ensure quality services for beneficiaries, the Agency is developing a registry to ensure that awardees hire and retain qualified Community Work Incentive Coordinators.

Protection and Advocacy for Beneficiaries of Social Security (PABSS) program: Nationally, 57 PABSS projects provide a broad range of advocacy-related services to beneficiaries with disabilities. These include providing information and advice about obtaining vocational rehabilitation 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.

Demonstration Projects

As part of the Comprehensive Work Opportunity Initiative, SSA's demonstration projects and other innovative initiatives test strategies to increase opportunities and break down potential barriers for people with disabilities who wish to enter or re-enter the workforce. The following website provides more in-depth information regarding each of the demonstration projects described below: www.socialsecurity.gov/disabilityresearch.

Initiatives Included in Disability Service Improvement

Accelerated Benefits Demonstration: This project, scheduled to begin in Spring 2007, will provide immediate health benefits and employment supports to certain newly-hired DI beneficiaries who have medical conditions that are expected to improve (or could possibly improve within two to three years) with access to appropriate medical care. Under current law, most DI beneficiaries must wait 24 months after cash benefits begin before they become entitled to Medicare. The demonstration project will test whether providing immediate health benefits, followed by appropriate employment supports, might improve the health and return-to-work outcomes for these beneficiaries and improve their self-sufficiency through employment. The project will also help SSA determine the costs and benefits associated with providing immediate medical benefits to these beneficiaries.

Youth Transition Demonstration: SSA has cooperative agreements to assist young SSI and DI beneficiaries (ages 14-25) to successfully transition from school to employment and ultimately to economic self-sufficiency. The projects provide a broad array of transition-related services and support for participants. Projects will continue to provide services through 2009.

Benefit Offset Demonstration: This demonstration will allow SSA to test the effect 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 certain threshold. Under current rules, a beneficiary will lose DI entitlement and cash benefits after earning a substantial income for nine months. This potential loss of benefits and eventually the corresponding access to Medicare benefits is thought to discourage many beneficiaries from attempting to work. The study will include an early intervention model which will test whether providing supports and services to disability applicants would reduce entry into the Social Security disability program and result in improved employment, earnings, and other outcomes for people with disabilities. As of the end of July 2006, 608 participants were enrolled in four pilot States - Connecticut, Utah, Vermont, and Wisconsin. Findings from this pilot will provide information for the Benefit Offset National Demonstration, which is scheduled for implementation in 2007.

Other Ongoing Employment Support

Mental Health Treatment Study: This study is testing the effect that better access to treatment and rehabilitation services has on outcomes such as medical recovery, functioning, employment, and benefit receipt for DI beneficiaries with schizophrenia or an affective disorder as a primary impairment. The study uses provider networks that offer a range of integrated mental health disorder treatments (psychotherapeutic and pharmaceutical) and employment supports. The project provides an individualized, comprehensive care and support plan for each participant. The participant enrollment process began in September 2006.

California Human Immunodeficiency Virus/Auto Immune Disorders Demonstration Project: This project to be implemented in four California counties will provide support services and private health benefits to current Social Security Disability Insurance beneficiaries with a diagnosis of HIV/AIDS, immune disorder, and/or auto-immune disorder. Participating beneficiaries will receive a health benefits package and comprehensive employment support service coordination. An Expert Medical Unit will also be established to ensure that project participants are receiving the medical, vocational, and psychosocial services required to address the multiple issues inherent with these diagnoses. Each enrolled beneficiary will be assessed to determine the type of services and/or interventions needed for a sustained and successful return to work. Results derived from this demonstration project will help SSA to determine if such interventions can help beneficiaries achieve a faster and sustained return to work.

Other Initiatives

Disability Program Navigator (Navigator): Navigator, a cooperative project with the Department of Labor (DOL), provides seamless employment services to people with disabilities seeking to enter or re-enter the workforce. Navigators work in DOL's One-Stop Career Centers administered by the State Workforce Investment Boards. They provide a critical link to the local employment market and facilitate access to programs and services. The establishment of these centers is now completed. SSA has discussed with DOL the option of including the One-Stop Centers in the design of the Benefit Offset Demonstration project.

Legislative and Regulatory Changes

In addition to the changes to the *Ticket to Work* program, SSA has implemented and proposed several regulatory changes aimed at breaking down barriers to work. (See chart on page 30.) SSA's proposed work activity/CDR regulation modifies rules regarding CDRs for some beneficiaries to remove the potential disincentive of work activity. The Agency's recent final regulatory changes to remove barriers to employment include: 1) the *Stay-in-School Regulation* and 2) the *Expedited Reinstatement Regulation*. The first allows the continuation of benefit payments to certain participants in a program of vocational rehabilitation services, employment services, or other support services and extends eligibility for continuing benefits to students age 18 through 21 who have an individualized education plan. The second provides an expedited process for benefit reinstatement if a former disability recipient is no longer able to work.

Automation Initiatives

Overpayment prevention is an ongoing initiative aimed to prevent or minimize overpayments for disability beneficiaries. SSA has undertaken several automation initiatives including the *Disability Control File, eWork*, expanding access to the Office of Child Support Enforcement's earnings information, reporting wages via telephone during the Monthly Wage Reporting pilot, and using automated earnings verification procedures. These combined efforts will allow the Agency to identify and verify earnings more quickly, maintain control of work activity workloads more effectively, increase the efficiency of SSA's disability work-related work processes, and obtain better management information. In addition, SSA has been issuing report receipts while developing a work report database. This allows the Agency to maintain control of work reports from inception through the final determination process.

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, adopting technological solutions is essential to maintaining efficiency and supporting Agency employees who deliver the level of service the American public has come to expect.

Through SSA's Initiatives To Improve Service Through Technology, The Agency :

- 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 OASDI Trust Funds 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 in a timely manner. An essential element in this process is the active public involvement in determining the form and content of needed services. To maximize the availability of automated telephone and Internet service, SSA takes advantage of technological advances and related policy changes that respond to the public's needs. Improvements in electronic service options benefit the public, whether they receive services through Agency employees or through the Internet or automated telephone services.

SSA's Executive Steering Committee ensures cost-effective electronic service delivery by guiding decisions regarding enhancements to the Agency's e-Government services. Although new services are added, the primary

objective is to enhance the functionality and the usability of current applications. Specific projects and services will be selected based on sound business case justifications.

The 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 need.

With the increased volume and sophistication of online Governmental and private transactional applications, public expectations for Internet services continue to grow. These applications allow people to complete their business at the initial point of contact. 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, automated telephone service will remain one of the Agency's most important and effective service channels. The Agency has taken steps to automate more calls and to minimize the time it takes a caller to select a particular service. The implementation of speech recognition technology has reduced the time callers spend navigating through menu prompts and has reduced the Agency's manual workloads.

Electronic Service Delivery That Benefits the Public

Expanded electronic service delivery is critical to the ambitious goal of keeping up with growing core workloads. SSA continues to make it easier for people and organizations to get the service they need at its website -- *www.socialsecurity.gov*. SSA has implemented several strategies to gather more feedback in order to gain better insights about users of its web services. As part of this effort, SSA uses the *American Customer Satisfaction Index* (ACSI) online surveys on its website where both application and information pages are measured for satisfaction. In the September 2006 ACSI, the Internet Social Security Benefits Application and the information page "Help with Medicare Prescription Drug Plan Costs" received the highest scores among government websites. SSA's websites have an average satisfaction score of 80, outperforming the government index by six percent.

Specific strategies and activities for improving service delivery

Allowing Access to Online Services with Existing Identity Credentials: SSA has been piloting the use of existing identity credentials (e.g., PIN/Passwords issued to citizens by a third party) to access some of Social Security's online services. This first phase of the pilot, referred to as E-Authentication, allows people holding a credential issued by a trusted financial institution to start or change their direct deposit using the SSA Internet Direct Deposit application. The online application has continued to operate successfully since it was implemented in October 2005. SSA has also completed the development, and will soon implement, a second web-based application - Change of Address.

Promotion of the Agency's Website: SSA's Office of Communications continues to implement a national marketing plan to promote the Agency's website. In addition, Regional offices are encouraging third parties, such as large employers and medical institutions, to promote use of SSA's website throughout their communities. Furthermore, SSA is redesigning its home page, compiling like items under "drop down" menu windows and rearranging some of the most important items to appear in more eye-catching areas.

Use of Video Technology: SSA uses video technology to take claims and provide other services in three western States - North Dakota, Wyoming, and South Dakota. This service is in addition to the video hearings offered by the Office of Disability Adjudication and Review. SSA has entered into a joint venture with the University of North Dakota, the General Services Administration, local Government, and tribal leaders to establish video networks. Many people live in remote areas of the United States and have restricted access to SSA Field Offices. The video sites offer many of the services provided in a Field Office. SSA plans to expand the video network to provide additional sites and services. Locations in Montana are being considered, as well as establishing links between claimants and State DDS. The number of claims taken has increased significantly in areas offering video conferencing. Through video technology, SSA is better serving the public.

<u>Enhancement of Security Program:</u> While SSA implemented all Federal Information Security Management Act (FISMA) major program requirements within 18 months after the enactment of FISMA in December 2002, the Agency continues to evaluate and enhance its security program annually. A Congressional report card rates SSA's computer security efforts as among the best in Federal Government. The report issued by the House Government Reform Subcommittee on Technology Information Policy, Intergovernmental Relations and Census gave SSA an "A+" grade. This was one of the highest among Federal agencies, with grading based upon the FISMA reporting requirements.

SSA has now developed a stringent and comprehensive FISMA Certification and Accreditation program to ensure that it continues to improve its FISMA security programs annually. This involves human resources from various Agency components.

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 Electronic Service Delivery

<u>Internet Social Security Benefit Applications:</u> Such applications allow the public to apply for Social Security retirement, spouse, and disability benefits online. As of September 2006, 334,900 applications for Social Security benefits were submitted online through secure Internet connections.

<u>Improved Speech Recognition through SSA's Automated 800-Number Service:</u> This improvement allows people to select and interact with an automated program by selecting options and responding to questions orally instead of using the numeric keypad on the telephone. Speech enabled automated telephone applications allow callers to conduct business and obtain programmatic related information. In FY 2006, there were 10,780,381 transactions for speech enabled automated applications, such as requesting replacement Medicare cards, proof of income letters, change of address, and direct deposit applications as well as requesting other forms and publications. This enhanced service increased network call handling capacity as more calls are handled via automated services.

<u>Electronic Services for Current Beneficiaries:</u> These services include requests for changes of address and direct deposit arrangements, replacement Medicare cards, proof of income letters, and replacement Internal Revenue Service (IRS) Form 1099. Cumulatively, the Internet and 800-number speech recognition service features handled over 12 million transactions in FY 2006.

<u>Services for the General Public:</u> These services include the Benefits Planner, Online Social Security Statement Request and Benefit Eligibility Screening Tools, which provided services to over 5 million website visitors as of September 2006.

<u>Medicare Part D Subsidy Applications:</u> These applications are available online to Medicare beneficiaries with limited income who want to apply for subsidized prescription drug coverage. The subsidy determination process can also be completed electronically using automated processes and computer matching operations. As of the end of September 2006, more than 5.5 million people applied for the extra help available for 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 $3,700 per person in extra help per year.

<u>Screen Pop:</u> Screen Pop is a new application that SSA launched this year which provides Teleservice Representatives (TSRs) with quicker access to information. When a person calls the 800-number, a TSR must verify the identity of the caller before disclosing information or making changes to SSA records. Prior to Screen Pop, the TSR had to manually enter the caller's Social Security Number (SSN) and then use the caller information screen to process the call. Screen Pop allows callers to enter their SSN on the telephone keypad prior to speaking to a TSR. Screen Pop will fill-in a caller's SSN to the call information screen, which contains basic information from the caller's SSA records and assists the TSR in processing the call. If the caller does not enter an SSN, their call is

then routed to the next available TSR who will manually complete the call information screen. Through the technology of Screen Pop, TSRs provide more timely service to callers.

Electronic Service Delivery That Benefits Other Agencies

SSA's initiatives have improved not only service to the public, but also Government-wide services. By establishing partnerships with other agencies, SSA and other Government agencies 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, *eVital*.

The *eVital* vision is to automate the current paper-based, manually intensive process used by health professionals, State registrars, and Federal agencies to report and obtain vital records information. One project, *Electronic Death Registration*, is an online real-time system that facilitates the timely registration of deaths by automating the current paper-based processes used to collect, process, analyze, and disseminate death information. SSA currently receives death data via *Electronic Death Registration* from 14 States, the District of Columbia and New York City. Seven additional States are in various phases of implementation. The Agency awarded funding to nine additional States in FY 2006.

SSA continues to support the Department of Health and Human Services (DHHS) in implementing the Intelligence Reform and Terrorism Prevention Act (IRTPA) provisions related to minimum standards for birth certificates. As a result of the passage of the IRTPA, the *Electronic Death Registration* project is being transitioned to DHHS since provisions in the legislation give DHHS the authority to award grants to the States to computerize birth and death records, match birth and death records within and among States, and to note the fact of death on birth certificates of deceased persons. IRTPA also requires DHHS, in coordination with the States and other Federal Agencies, to develop minimum standards for birth certificates. When the minimum standards go into effect, no Federal agency may accept a birth certificate that does not meet these standards. SSA is working with DHHS to develop these standards since this aspect of IRTPA will affect the Agency's evidentiary requirements.

SSA has numerous agreements in place to exchange data with other agencies to ensure that programs across Government agencies are administered fairly and accurately. These agreements allow SSA and other agencies to provide timely, seamless service to the public.

Current Data Exchanges

State Motor Vehicle Administrations: SSA has entered into agreements with the State Motor Vehicle Administrations to verify the name, SSN, and date of birth for drivers' licenses and State issued identification cards. SSA also provides, through the Motor Vehicle Administration in each State, a method for verifying the name, date of birth and last 4 digits of an SSN for people who do not have a driver's license or State issued identification card. SSA has entered into agreements with the States to provide these verifications through the American Association for Motor Vehicle Administration in response to the Help America Vote Act of 2002.

Other Agencies: Medicare Modernization Act matches have been negotiated with the Internal Revenue Service, Department of Veterans Affairs, Railroad Retirement Board, Health and Human Services/Office of Child Support Enforcement, Bureau of Public Debt, Treasury and the Office of Personnel Management for income verification to determine subsidy eligibility for the new Medicare Part D (Prescription Drug coverage) premium. SSA is responsible for collecting information regarding an applicant's income and resources to determine whether the applicant is eligible for a subsidy, and if so, the percentage of the subsidy.

Department of the Treasury and Financial Institutions: The *National Direct Deposit Initiative* is a data exchange with the Department of the Treasury and financial institutions to increase direct deposit enrollment. In October 2005, the first data exchange was done with a Mississippi bank. SSA identified 4,852 customers who were receiving Old-Age, Survivors, and Disability benefits via paper checks and who did not have a representative payee. A direct deposit enrollment form was mailed to them and, as a result, SSA has now enrolled 9.5 percent of the selected customers into direct deposit. SSA continues to promote this initiative and to work with Treasury on outreach and marketing to major banks.

Electronic Service Delivery That Benefits Employers

SSA made improvements in the electronic service delivery provided to employers and the business community, resulting in efficiencies in SSA's operations.

Strategies for Improving Service Delivery to Employers

Electronic Wage Reporting: Electronic wage reporting simplifies the process for businesses by allowing them to submit employee wage reports online. The *W-2 Online* internet-based system sends the wage and tax information to SSA, saving time and money for both the employer and the Agency. 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. As of mid September 2006, SSA processed 74.7 percent (181 million) of the expected tax year (TY) 2005 W-2s electronically, exceeding its expectations of 70 percent. Also, as of late September 2006, SSA processed over 20,185 tax year 2005 W-2 corrections using the W-2 Correction online service which was implemented in January 2005 as part of the Electronic Wage Reporting process.

SSN Verification Service (SSNVS) and the Basic Pilot Program: Both of these initiatives support Electronic Service Delivery that Benefits Employers as well as the Employee Verification Programs. A detailed description of both of these initiatives can be found on pages 46-47.

The Certificates of Coverage Internet Application: This application allows employers to request proof of Social Security coverage for their employees working abroad. The Certificate of Coverage issued by SSA serves as proof that the employer and employee are exempt from Social Security taxes in the other country. This Internet application eliminates paper form filing, mailing, and processing. In FY 2006, SSA processed a total of 42,271 requests from employers seeking certification of employee Social Security coverage; 13,558 of these requests were submitted using the Internet-based application.

Opportunities still exist to make improvements in the electronic wage reporting service. By the end of the year, 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.

Strategic Goal 2: STEWARDSHIP

To protect the integrity of Social Security programs through superior STEWARDSHIP

STEWARDSHIP Challenges:

- Integrity of the Supplemental Security Income Program

- Improper Payments

- Social Security Number 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

STEWARDSHIP Strategic Objectives that Address the Challenges:

- Detect and Prevent Fraudulent and Improper Payments and Improve Debt Management

- Strengthen Integrity of the Social Security Number Issuance Process to Help Prevent Misuse and Fraud of the Social Security Number and Card

- Ensure the Accuracy of Earnings Records so that Eligible People Can Receive the Proper Benefits Due Them

- Manage Agency Finances and Assets to Link Resources Effectively to Performance Outcomes

PMA Initiatives Related to STEWARDSHIP:

- Competitive Sourcing

- Improved Financial Performance

- Budget and Performance Integration (including PART requirements)

- Eliminating Improper Payments (Program Initiative)

- e-Government

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

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

Social Security's payment error rate for the Old-Age, Survivors, and Disability Insurance (OASDI) program is extremely low – a little less than one-half of a percent with respect to overpayments and a little less than two-tenths of a percent with respect to underpayments in FY 2005. Despite these low error rates, the Agency is committed to further reducing them, because in a program the size of Social Security each one-half of a percent increase in payment accuracy equates to $2.6 billion of error prevented.

> **SSA's Initiatives To Detect, Prevent, And Collect Fraudulent And Improper Payments:**
>
> - Ensure that the public receives the benefits they are due.
> - Assure taxpayers that OASDI Trust Fund monies and general revenue funds are correctly administered and disbursed.

The following discusses how SSA detects, prevents and corrects improper payments. (Also, see the Appendix, *Improper Payment Information Act of 2002 Detailed Report*.) In FY 2006, SSA's benefit payments were $578 billion. Superior stewardship of these dollars is one of the Agency's primary goals. SSA's ongoing and broad-based stewardship efforts begin with training employees to administer technically complex programs and end with quality assurance reviews and outcome analyses of performance measures. These efforts are critical to eliminating improper payments. The PMA program initiative, Eliminating Improper Payments (see page 54), is addressed by this strategic objective.

In FY 2006, SSA targeted initiatives that have the most potential to improve the integrity of the Agency's programs across three fronts: improper payment detection; improper payment prevention; and debt collection - recovery of overpayments. Particular emphasis has been given to improving the more administratively and technically complex and more error-prone Supplemental Security Income (SSI) program. Some of these initiatives are discussed in greater detail below:

Detection and Prevention Activities

Pre-Effectuation Review

On February 8, 2006, the President signed the Deficit Reduction Act of 2005. It requires Social Security to conduct reviews of a specific percentage of SSI initial disability and blindness cases of people aged 18 and older that are allowed by the State Disability Determination Services (DDS). The provision was phased in beginning April 2006. In FY 2007, the review requirement will be 40 percent; for FYs 2008 and thereafter, 50 percent of all DDS allowances will be reviewed. SSA projects that these pre-effectuation reviews will save approximately $490 million over 10 years. By the tenth year, projections are that these reviews will have identified and prevented improper payments in approximately 25,000 SSI disability and blindness determinations.

Medical Continuing Disability Review (CDR)

These reviews, which determine whether beneficiaries continue to be entitled to benefits based on their medical conditions, help ensure the integrity of the disability program. The Agency has made progress in its efforts to improve the CDR profiling process and procedures. Profiles identify for review those cases where medical improvement is much more likely. Those reviews dealing with severe impairments can be processed with a limited amount of contact that investigates only if there has been a change in the person's condition or work activity. CDRs have proven to be cost-effective, returning more than $10 for each $1 spent on this workload. Recognizing the financial return-on-investment, one of the Agency's long-term objectives is to reduce its backlog of cases requiring a CDR, which is contingent on annual funding.

eWork System

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 *eWork* system, implemented nationwide in December 2004, provides a means of controlling and processing reports of work and earnings made by people receiving disability benefits. The 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. The *eWork* system allows SSA employees to process work CDRs more efficiently, timely and accurately. The application provides improved management information and tighter controls on the work CDR process.

SSI Non-Disability Redeterminations

These redeterminations are used to detect and prevent SSI overpayments and underpayments. Required by law, the redeterminations are periodic reviews of non-medical factors of SSI eligibility. In FY 2006, nearly 1.1 million SSI recipients had their eligibility reviewed at some point during the year. The estimated benefits from the FY 2005 redeterminations totaled nearly $1.5 billion in overpayments collected or prevented and almost $1.1 billion in underpayments paid or prevented. SSI non-disability redeterminations have proven to be cost-effective, returning more than $7 for each $1 spent on this workload. Recognizing the financial return-on-investment, one of the Agency's long-term objectives is to reduce its backlog of cases requiring a SSI non-disability redetermination, which is contingent on annual funding.

eRZ

The *eRZ* (electronic redeterminations) project will assist the Agency in avoiding overpayments and erroneous payments to ineligible beneficiaries through quicker and more aggressive actions taken in error-prone and problematic workloads. Scheduled redeterminations are selected depending on an assigned error profile or likelihood of changes in circumstance that may affect either a person's or a couple's SSI payment eligibility or payment amount. These redeterminations are profiled and ranked according to the probability of error. Currently,

Claims Representatives at Field Offices handle high-error profile redeterminations through face-to-face or telephone interviews. SSA's *eRZ* project is developing a mailer for high error profile redeterminations to enable these redeterminations to be handled electronically. The proposal calls for a phased-in approach with 60,000 mailers sent out in October 2006 and full implementation to occur in October 2007.

Computer Matching Activities

SSA's extensive computer matching programs ensure that benefit entitlement status and 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 people paying child support.

Information and data exchanges between SSA and other Government agencies result in programmatic and administrative savings of over $2 billion each year. Data exchanges currently being used include the:

<u>"Secondary Payer" Match:</u> This match involves the Internal Revenue Service (IRS), SSA and the Centers for Medicare and Medicaid Services (CMS). The three agencies share pertinent data, allowing CMS to identify Medicare beneficiaries eligible for private health insurance through a spouse's employer and allowing for recovery of Medicare payments from the primary carrier. This provides better health insurance coverage for the beneficiary along with lower costs to the Government.

<u>Veterans Administration Benefit Match:</u> This match allows SSA to determine if an 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.

<u>Social Security/Railroad Retirement Board Match:</u> This match allows for automatic exchange of eligibility information needed by both programs.

<u>Department of Labor and Social Security Exchange:</u> This 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 35 States. State Workforce Agencies obtain Social Security Numbers and payment data based on agreements in 15 States. SSA started exchanging data in September 2004.

<u>IRS Match:</u> SSA receives information about unearned income for use in the SSI program. This match alone saves the SSI program over $47.9 million per year.

Unreported Wages as a Source of Improper Payments

Unreported wages have been the second leading cause of improper payments for the last 5 years. Recipient/representative payee failure to provide an accurate and timely report of wages was the major factor in wage-related improper payments, occurring in 89 percent of overpayment dollars. SSA is addressing this issue through the two wage reporting pilots described below.

<u>Telephone Wage Reporting Pilot:</u> SSA seeks to reduce improper payments in the SSI program by testing various methods of providing the public with a quick and easy way to report earnings changes. The *Telephone Wage Reporting Pilot* is designed to allow SSI recipients and other persons whose income may affect benefits and eligibility to report wages via the telephone. The phone system allows the SSI recipient to report wages either orally using voice-recognition software or by using the phone keypad. It also produces a receipt to recipients with the reported wage amount. Timely reporting of wage changes will help SSA issue more accurate payments to recipients.

Software for the current *Telephone Wage Reporting Pilot* was completed in mid-December 2005. Users reported their wages from January through September, 2006. After a formal evaluation, a decision will be made on making the system available on a wider basis.

Mid-America Program Service Center (MAMPSC) Wage Reporting Pilot: A separate Centralized Monthly Wage Reporting Test was conducted during calendar year 2005 and 2006 in the Mid-America Program Service Center. The purpose of this pilot was to determine if SSI payment accuracy could be improved by processing wage reports at a centralized site. The Kansas City Regional Office of Quality Performance was involved in the evaluation. Evaluation of the pilot showed that the participation rate of the wage reporters and the accuracy of ongoing SSI payments can be improved by identifying potential reporters and then controlling and following-up on missing reports. Evaluation of the pilot showed that a centralized process does not improve the timeliness of handling earnings reports. As a result, when the centralized pilot ended in September 2006, the wage reports formerly handled by the Mid-America Program Service Center began to be processed by Field Offices. The Agency is reviewing the current SSI wage reporting process with a goal of developing recommendations for the establishment of a national structured wage reporting process. Each region will develop a customized plan which may include centralized units within the region.

Automation of the Federal Fugitive Felon Database

SSA recently implemented the *Fugitive Felon SSA Control File*. The *Fugitive Felon SSA Control File* automates a former manual process and is used to record, monitor, and control warrant information received from law enforcement agencies. A person avoiding prosecution for a felony, avoiding confinement after conviction of a felony, or who violated a condition of parole or probation is not eligible to receive Social Security or SSI benefits. A fugitive felon is also prohibited from serving as a representative payee. A separate software program, the Fugitive Felon Automated Processing, is used to monitor SSI beneficiaries. SSA's Office of the Inspector General and other SSA components work together in the *Fugitive Felon* program to identify and take action against fugitive felons and parole or probation violators who are collecting benefits. Since the inception of this program in 1996, the Office of the Inspector General has identified over 303,000 fugitives receiving SSI or OASDI benefits or acting as representative payees. As of June 2006, investigations have resulted in the apprehension of more than 41,500 fugitives. The *Fugitive Felon SSA Control File* is helping SSA make more timely suspension decisions, detect fraud and prevent erroneous payments.

Access to Financial Information

By law, SSA can now obtain a permanent authorization to verify any financial account information for SSI applicants/recipients or people whose resources are material to SSI eligibility, e.g., a spouse. This is now a condition of SSI eligibility. Starting in November 2006, SSA will begin collecting authorizations to access financial records, allowing the Agency to identify individuals with undisclosed bank accounts, or accounts that exceed SSI program resource limits. Through this program, SSA expects to eliminate a substantial number of improper SSI payments caused by excess financial account resources.

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. In addition, the Agency monitors the withdrawal records from automated teller machines in foreign countries for SSI recipients receiving their benefits by direct deposit. The Agency also implemented an automated match with the Department of Homeland Security in July 2005 to notify SSA of people who have left the United States.

Cooperative Disability Investigation

This program represents one of SSA's most successful anti-fraud initiatives. Cooperative Disability Investigation units represent a joint effort between SSA's Office of the Inspector General, the State DDSs, and SSA. Currently, 19 Cooperative Disability Investigation units in 17 States investigate suspicious Social Security and SSI disability claims at the initial claims phase and later, and then report the results of their investigations to the State DDSs to facilitate accurate and timely decisions. The unit's reports are also used to pursue criminal, civil, civil monetary and administrative remedies when fraud or similar fault is discovered. 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; and

- Pursue Civil Monetary Penalties or administrative actions.

Since its inception in 1998, Cooperative Disability Investigation efforts have resulted in preventing over $575 million in improper payments. In addition, Cooperative Disability Investigation units have received more than 19,200 allegations of fraud in the disability programs. The vast majority came directly from DDS adjudicators in the field. The investigative results have been used to support over 10,000 disability related denials or terminations.

Agency Strategies for Recovering Overpayments

SSA uses aggressive debt collection tools to recover delinquent benefit overpayments from former beneficiaries. SSA refers delinquent debts to the *Treasury Offset Program* (TOP) to recover debts from Federal tax refunds and other Federal payments. SSA withholds SSI overpayments from the benefits of persons who become entitled to Old-Age, Survivors, and Disability Insurance benefits, refers debts to credit bureaus, and requests employers to offset wages of delinquent debtors. The *Non-citizen Benefit Clarification and Other Technical Amendments Act of 1998* authorized cross-program recovery to collect a person's SSI debt from any Social Security benefits due that person at the rate of 10 percent of the debtor's SSA benefit. The *Social Security Protection Act of 2004* expanded "Cost Program Recovery" to allow 100 percent withholding from underpayments and withholding of SSA debts from SSI benefits. Additionally, SSA's strategy for increasing the recovery of overpayments includes the following initiatives:

- Building a scoring system that prioritizes unresolved debts. This will help to balance debt workloads with operational resources. It will also ensure that these resources are expended on the debt that has the most potential for recovery; and

- Providing SSA operating components with a tool that organizes debt information more efficiently for individual case processing and better workload management. This tool, OP-WIZ, is now in use in Field Offices and Program Service Centers. A new tool is being developed specifically for use in contacting debtors by telephone.

Agency Strategies for Debt Collection

To monitor debt recovery performance, SSA created a performance measure that characterizes the debt owed to the Agency in terms of the recovery status of the debt, i.e., the proportion of the debt being recovered either by withholding benefits or by payments made by the debtors.

The residual debts are categorized into one of three additional classifications. *New Debts* are those debts which have been detected within the past 60 days. This corresponds with the amount of time they are afforded to exercise their due process rights. *Debts Under Appeal* are those debts where the debtor has filed an appeal, reconsideration or waiver request, and for which the determination is pending within 90 days of the request. *Debts Not in a Collection Arrangement* includes all those debts that have not been written off and do not fit into the other categories. These are essentially the debts which require some action on the part of the Agency to either get them into a collection arrangement or to write them off.

This measure focuses on the desired status of pending debts, recognizing that there is some level of debt that is not yet at the point where it is subject to being in a collection arrangement, i.e., new debt and debt under appeal. It represents the desired actions that should be taken on pending debts, collections, a collection arrangement, or a write-off. Collections and write-offs influence the measure by reducing the size of the universe of debts being measured, while new collection arrangements increase the percent of debt relative to the performance target.

Write-offs are intended to identify those debts that will not be collected by refund and for which continued application of resources to collect by refund is a loss to the taxpayer. These debts are not subject to a statute of limitations and are therefore recoverable when these persons return to the benefit rolls. Also, even though they have been written off, they can still be considered for recovery under the *Treasury Offset Program* (TOP).

In order to achieve this level of performance, SSA uses aggressive debt collection tools. Debts are subject to SSA's internal debt collection program that uses automated processes to bill and follow-up with persons who do not set up repayment arrangements. SSA's debt collectors pursue those persons who do not respond to automated billing and follow-up. Delinquent debts are referred to the Treasury Department for inclusion in its TOP. The TOP allows for recovery of debts from Federal tax refunds and other Federal payments, including Federal pensions. SSA also withholds payments from debtors in one benefits program who are receiving payments in other SSA administered programs. In addition, to encourage voluntary repayment, SSA reports delinquent debtors to credit bureaus. Beginning in FY 2005, SSA began garnishing the wages of delinquent debtors.

In order to improve its ability to recover outstanding debts, SSA either has underway or plans to implement the following:

- Systems capabilities that will increase the ability to recover debts that are subject to benefit offset when the debtor is receiving benefits in a program other than the one in which the debt exists; and

- Regulations to permit SSA to recover debts owed by Federal employees by offset of their salaries.

SSA is exploring other ways to implement additional debt recovery tools. Among them are: interest charging; private collection agencies; and use of Treasury's collection centers.

Addressing the Stewardship Challenges Through Improvements to the Social Security Number (SSN) Assignment and Issuance Process

The process of assigning and issuing SSNs (known as enumeration) is a core Agency function. The original purpose of the SSN was to enable SSA to keep an accurate record of earnings covered under Social Security and to pay benefits based on those earnings. The Social Security card provides a written record of the number that has been assigned to the individual so that employers can accurately report each worker's earnings. Although SSA's purpose for assigning a number and issuing a card has not changed, the use of the SSN as a convenient means of identifying records in large public and private systems of records has increased over the years. The cumulative effect has been that the SSN has become the most widely used records identifier by both Government and the private sector. An unintended consequence is that the SSN has also been used by people intent on stealing another person's identity or committing SSN fraud. As stewards of the Social Security program, one of SSA's strategic objectives is to strengthen the integrity of the enumeration process. To minimize SSN misuse and protect against identity fraud SSA continues to strengthen the integrity of the SSN through:

- Introducing new policy initiatives;

- Improving automated systems processes;

- Enhancing verification services;

- Combating identification theft; and

- Collaborating with other agencies in support of National security.

Improving Automated Systems Processes

SSA has developed and implemented automated processes in coordination with other agencies to further strengthen the integrity of the enumeration process.

Automated Processes

Assigning SSNs to 90% of U.S. Born Children via Enumeration at Birth (EAB): EAB is a process for assigning SSNs to newborns as part of the birth registration process at the hospital or birthing center.

Assigning SSNs through Enumeration at Entry (EAE) to Adult Permanent Resident Aliens: Based on data collected as part of the immigration process, SSA and the Department of Homeland Security are discussing expanding the program to other groups of aliens, such as certain work authorized non-immigrants.

SS-5 Assistant: SSA introduced improved software, known as the SS-5 Assistant, for use by SSA employees to ensure compliance with SSA's comprehensive enumeration policies and procedures. The SS-5 Assistant became the mandatory front-end input mechanism for processing all enumeration actions. The application simplifies the complex policies and documentation requirements associated with the enumeration workload by determining what documents, proofs and verifications are needed prior to processing of the application. Use of this application ensures that the appropriate documentation and third party verifications are completed prior to processing the SS-5, thereby maintaining the integrity of the SSN.

Introducing New Policy Initiatives

New policy initiatives have been implemented under the *Intelligence Reform and Terrorism Prevention Act* (IRTPA) of 2004, PL 108-458. Effective December 17, 2005, SSA:

- Limited the number of replacement SSN cards an individual can receive to 3 per year, 10 per lifetime with certain exceptions;

- Established minimum standards for evidence documents or records submitted to establish eligibility for original or replacement SSN cards other than for purposes of enumeration at birth; and

- Required independent verification of any birth record for a person applying for an original SSN including those under age 1.

Procedural verification requirements increase the accuracy of SSN assignment. Current policy requires:

- Verification with the issuing vital records office of all U.S. birth certificates for persons applying for original SSNs; and

- Verification of immigration documents for all non-citizens and verifying refugees' documents with the Department of State (DOS) outside of the EAE process.

Enhancing Verification Services

SSA provides over 500 million SSN verifications annually. Of these, approximately 220 million are for State and Federal agencies involved in income or health maintenance programs. SSA checks death reports as part of the verification process on requests from employers. Additionally, pursuant to IRTPA, SSA is developing fraud indicators to be included in verification processes used by employers and State agencies. SSA implemented SSN verification process changes designed to further improve the Agency's service to employers and the wage reporting process, and to combat SSN fraud.

Verification Process Changes

Death Indicator: The addition of a death indicator in March 2006 to the verification processes used by employers and State agencies (required by IRTPA). SSA plans to add death indicators to the remaining verification processes in 2007.

Expansion of the Social Security Number Verification System (SSNVS): This expansion will allow employers to verify up to 10 SSNs at a time instantaneously or up to 250,000 with a response returned on the next business day. Additionally, pursuant to IRTPA, SSA is developing fraud indicators to be included in verification processes used by employers and State agencies.

Combating ID Theft

SSA policy and procedures protect against identity theft by limiting the disclosure of SSN information to properly identified individuals and authorized users. SSA encrypts data transmitted to other Federal, State, and local agencies and has security policies that limit access to sensitive personal information to those who have a "need to know." Procedures in place to limit disclosure of SSN information only to appropriate persons include:

- Not releasing SSNs or any personal information to a caller who cannot provide his or her SSN;

- Displaying only a "truncated" SSN (the last 4 digits of the SSN) on the *Social Security Statement*; and

- Removing the SSN from checks issued by the Department of Treasury.

Collaborating with other Agencies in Support of National Security

SSA has been working with other agencies in order to strengthen the integrity of the SSN.

Interagency Task Force: As required by IRTPA, SSA formed an interagency task force to further secure the SSN card from counterfeiting, tampering, alteration and theft. The task force completed its work, and SSA developed a plan for producing a new, more secure Social Security Card, based on the task force requirements. Final execution of the plan is on hold pending developments on immigration reform which could significantly change the new Social Security Card.

Timely Posting of Death Information: SSA works with the Bureau of Vital Statistics in each State to ensure timely reporting and posting of death information. As the Electronic Death Registration process (see page 36) is implemented in more jurisdictions and verification processes are in place, this data will be used to further bolster the integrity of the SSN and associated verifications.

Social Security Card Centers: The Social Security Card Centers, a joint effort of SSA, SSA's Office of the Inspector General, and DHS, strengthen SSN application procedures and ensure that applications are processed with a high degree of integrity, efficiency and expertise. To improve the Agency's ability to better serve the public and maintain the integrity of the SSN, SSA opened Social Security Card Centers in Las Vegas, Nevada and Brooklyn and Queens, New York. The Agency plans to open additional centers as resources permit over the next several years, based on SSN workloads and other service delivery factors.

Addressing the Stewardship Challenges Through Ensuring the Accuracy of Earnings Records

Maintaining accurate records of earnings is critical to effective stewardship of SSA's programs and resources. SSA uses these reported earnings to determine a person's eligibility for, and the amount of, retirement, survivors, disability and health insurance benefits. SSA validates the names and Social Security Numbers (SSNs) on the Wage and Tax Statements (Forms W-2) the Agency receives against information in its own records. When an earnings report contains a name and/or SSN that does not match SSA's records and cannot be resolved, the report cannot be posted to the correct earnings record in SSA's *Master Earnings File*. Instead, the report is posted to the *Earnings Suspense File*, a repository for unmatched wages. Over the years, SSA has developed various tools to assist employers in verifying an employee's SSN, so that Social Security can properly credit the earnings record.

SSA's Actions To Increase The Accuracy Of Earnings Records:

- Ensure that eligible taxpayers receive the full Social Security benefits to which they are entitled.

- Protect the OASDI Trust Funds by ensuring that benefits are being paid accurately.

- Increase the public's confidence in the reliability of the Social Security system.

Because one of the SSA's most important responsibilities is to maintain reliable records of wages employers pay workers, accuracy in recording those earnings is critical. SSA's ability to do so, however, greatly depends on employers and employees correctly reporting names and SSNs. As such, SSA provides employers information and services to help them with this responsibility. SSA maintains a comprehensive website designed especially for employers and the business community at http://www.socialsecurity.gov/employer.

The Agency also provides the following telephone and fax services for employers:

- Employers can verify up to five SSNs at no cost by calling SSA's toll-free number for employers (1-800-772-6270). Employers may also use this number to get answers to any questions they may have or to request assistance.

- Employers also have the option to fax a paper listing to the local Social Security office to verify up to 50 names and SSNs.

Employee Verification Programs

The *Employee Verification System* (EVS) and its successor - the *Social Security Number Verification System* (SSNVS), are SSA's free, automated, and most widely used verification programs available to employers to verify large numbers of employees' names and SSNs. Participation in EVS/SSNVS is voluntary and is available to employers to ensure information related to their current and new employees is valid before the employer submits their Forms W-2 to SSA. Employers must register to gain access to EVS/SSNVS.

 The SSNVS online system was implemented nationally in June 2005. In addition to the required data fields (employee's SSN, first and last name), employers can also provide optional information, such as an employee's date of birth and gender for more detailed verification of information. SSA confirms whether the information the employer submitted matches SSA's records. Additionally, in January 2004, SSA started disclosing information when records indicated the SSN belonged to a deceased worker.

SSA continues marketing efforts through Employer Service Liaison Officer (ESLO) seminars. The high volume of new SSNVS users and total verification requests shows that SSA's approach has been successful. In November 2005, over 4 million numbers were verified. This is more than five times the total for November 2004 when SSNVS was still a pilot. Further, in the first six months of 2006, the Agency processed over 17.4 million verifications for over 21,000 employers.

Employers may verify requests of:

- Up to 50 names and SSNs on paper;

- Any number of SSNs by magnetic media;

- Up to 10 SSNs via SSNVS on the Internet with an immediate online reply; or

- Up to 250,000 SSNs via SSNVS' overnight request with a next Government business day reply.

Basic Pilot

The Basic Pilot is a program conducted jointly by SSA and the Department of Homeland Security (DHS), whereby employers electronically verify the employment eligibility of newly-hired employees. This voluntary program helps employers determine whether a person is eligible to work in the United States. Basic Pilot is viewed as a key component of proposed comprehensive immigration legislation that would mandate and extend its use.

Participating employers register with DHS to use their automated system to verify an employee's SSN and work authorization status. The information the employer submits to DHS is sent to SSA to verify that the SSN, name and date of birth match information in SSA records. The Basic Pilot system first checks the information entered by the employer against SSA's database to verify the name, SSN, and date of birth of all newly-hired employees, regardless of citizenship. When SSA's enumeration records show the number holder is a U.S. citizen, the Basic Pilot automated system confirms employment eligibility. If the employer enters an Alien Registration Number or I-94 Number after SSA confirms the SSN, name and date of birth, the Basic Pilot system automatically checks the data against the DHS' database.

If the Basic Pilot finds that the employee's name, SSN, and/or date of birth do not match SSA's records, or that an employee who represented him or herself to be a citizen is not a citizen, the employer will receive an "SSA Tentative Non-Confirmation." If the Basic Pilot finds that the employee has presented a non-work SSN for work purposes, the employer will receive a "DHS Tentative Confirmation." In either case, the employer asks the employee whether he/she wishes to contest the tentative non-confirmation. If contested, the employee must contact SSA or DHS within eight Government business days of the notification. After the employee contacts SSA or DHS to correct the record, the employer resubmits the information through the Basic Pilot system. If the system still does not confirm employment eligibility after the employer resubmits the information, the employer may terminate the new-hire.

As of July 17, 2006, DHS and SSA had signed agreements with over 10,000 employers, representing about 36,000 employer sites. For FY 2005, SSA received approximately 100,000 Basic Pilot queries each month. So far, for FY 2006, SSA is receiving an average of 150,000 Basic Pilot requests a month. In June 2006, the Agency received over 182,000 queries.

Other Initiatives

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. In May 2006, a National Payroll Reporting Forum was sponsored by SSA and the Internal Revenue Service. The purpose of the forum was for Federal agencies and the business community to meet to identify, discuss and resolve common wage and tax reporting issues.

SSA continues to send out annual *Social Security Statements* to eligible persons age 25 and over who are not yet in benefit status. As of August 2006, 138,086,598 *Statements* were issued. People are asked to review their earnings history for completeness and accuracy and to notify SSA if they believe any of the information is incorrect.

Addressing the Stewardship Challenges Through Managing Agency Finances and Assets to Link Resources Effectively to Performance Outcomes

Three aspects of SSA's response to the STEWARDSHIP challenges also relate directly to the President's Management Agenda. Discussions on Budget and Performance Integration, Improved Financial Performance and Competitive Sourcing can be found in the subsection beginning on page 54. The remaining initiatives, which relate both to Agency stewardship and challenges, are discussed in this section.

SSA's Actions To Efficiently Manage Agency Finances And Assets And Effectively Link Resources To Performance Outcomes Ensure That:

- Tax dollars are used efficiently and effectively.

- Tax dollars are properly managed.

- Tax dollars are spent wisely and responsibly for the greatest public benefit.

Management Information Improvements

Timely, useful and reliable data are 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. The system focuses on providing critical performance and financial information needed by managers and staff. It 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, the system could be used to generate detailed managerial cost accountability information that could be used to identify which of SSA's 1,318 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

SSA continues to be proactive in evaluating and enhancing its security program annually. Providing adequate security is a significant undertaking. SSA is proud of its track record in safeguarding the Agency's mainframes. In addition, SSA is in compliance with the Federal Information Security Management Act, by having a Security Plan in place that 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.

Major Areas of Continuous Security Control

Rules of Behavior and Personnel Security Controls: SSA's Information Technology Security Program includes a Rules of Behavior document and personnel security controls such as separation of duties, individual accountability and access controls that include the principle of "least" privileges, i.e., people are given only the level of access needed to do their jobs. The access controls also identify position-sensitivity and risk levels for automated information systems.

Training: SSA's three-pronged Information Technology security training program includes basic ongoing awareness training for all employees to adequately fulfill their responsibilities, training adaptable for employee-specific needs, and training for employees whose primary responsibility is security.

Incident Response Capability: The Agency has long had security-related reporting procedures in place for various incidents. The plan includes the SSA Security Response Team, which was formed to address threats against the Agency's information systems and to assist the workforce with handling systems incidents.

Risk Management: SSA's *Risk Management* program ensures a continuous review and monitoring of development, implementation, and maintenance of the major Information Technology automated systems and their controls, which are critical to the Agency's mission. This includes the certification and accreditation of these systems. The certification and accreditation process occurs every 3 years. SSA uses a number of approaches to satisfy risk management requirements, i.e., risk analysis, risk management reviews, the annual self-assessment, the consolidated integrity review process, and a systems security life cycle process. Management, technical, and 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 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

Safety and physical security practices at SSA comply with the Federally-directed alert level mandated by the Department of Homeland Security. SSA identifies and addresses new vulnerabilities and replaces aging equipment when its systems 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: 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

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For many years, Social Security's trustees have called for timely changes to be made to Social Security to protect future generations. As the *Required Supplementary Information: Social Insurance* section of the Performance and Accountability Report (see page 160) shows, there is a present value shortfall of $4.6 trillion over the 75-year period, which means that $4.6 trillion today earning interest would be sufficient to cover the 75-year shortfall. In 2017, Social Security benefit payments will exceed income and tax revenues to the program. By 2040, if no changes are made, the OASDI Trusts Fund will be exhausted and benefits would have to be cut by 26 percent in that year.

To address Social Security reform issues related to the solvency of the OASDI Trust Funds, SSA will provide analytical and data support to the Administration and Congress on legislative proposals. This includes items such as estimating how much a proposal is going to cost (cost estimates) and attempting to determine the effects of given proposals on specific demographic segments of the population (distributional analysis). For example, the SSA Office of the Chief Actuary provides cost estimates for numerous congressional and other proposals to sustain solvency, including effects on the unified budget, the OASDI Trust Fund operations, and the cash flow between the OASDI Trust Funds and the general funds of the Treasury.

The SSA Office of Policy prepares distributional analyses on projected outcomes under current law and proposed changes to current law. The Office of Research, Evaluation, and Statistics develops and maintains several projection models for undertaking such analyses, and it produces more than a dozen regular statistical reports that provide detailed data on program size and trends. SSA maintains three Retirement Research Centers that focus research on Social Security solvency and reform, retirement planning and risk management, measures of retiree well-being, and trends in labor force participation. The annual Retirement Research Consortium conference highlights key findings from this research.

SSA is also actively involved in educating the American people on the solvency issues facing the Old-Age and Survivors Insurance and the Disability Insurance programs and in working with the Administration and Congress on proposals that would address these solvency issues. Actuarial projections indicate that these programs are not solvent in the long term. SSA's Solvency goal is a pledge that the Agency will continue to participate in the national discussion on how to make its programs solvent for the long term. To date, no consensus has been reached on a set of reforms that would achieve sustainable solvency for these two programs.

Strategic Goal 4: STAFF

To strategically manage and align STAFF to support the mission of the Agency

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STAFF Challenge:

- Human Capital

STAFF Strategic 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 demonstrated outstanding leadership among Federal agencies in the human capital arena. SSA won the Leading Edge Award for its forward-thinking and strategic approaches to workforce planning, and administration and delivery of its high-performing human capital initiatives.

SSA has a staff of committed, creative and highly capable employees, who are the Agency's most critical asset in maintaining the highest level of service to the public. By 2010, it is anticipated that approximately 40 percent of SSA's employees will be eligible to retire. The Agency's workloads are also expected to grow dramatically as the baby boom generation approaches their peak disability and retirement years. As a result, the greatest organizational challenge facing SSA is to ensure that it has a workforce with the skills and tools necessary to process increasing workloads. In addition, the Agency needs to 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 service to the public that is timely and of the highest quality, and

- Increase productivity resulting in a savings to the OASDI Trust Funds and general revenues.

Like the baby boomers in the general workforce, SSA employees will begin to retire in greater numbers. By 2015, 54 percent of current employees will become eligible for retirement. 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 wide variety of tools, activities and strategies to recruit, engage, support, and retain its high-performing workforce. It optimizes organizational structures, 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 and results (based on FY 2005 data) are summarized below. Results based on FY 2006 data will be available for the 2007 Performance and Accountability Report.

Recruitment

SSA continues to use personnel hiring flexibilities strategically. In addition, the hiring process is strategically managed to ensure timely selections and has expanded the use of structured interviewing in order to select the best possible job candidate. 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. From FY 2001 through FY 2005 the Agency has hired over 18,000 new employees, replacing the 17,700 who retired or resigned during the same period. This has positioned SSA well as the peak of the retirement wave approaches. In this massive recruitment effort, the Agency hired 2,200 new front-line employees in support of the Medicare legislation. SSA's average time to hire during FY 2005 averaged less than 27 days.

Diversity

Social Security's employees reflect the public they serve. In FY 2005, the overall workforce representation equaled or exceeded the Civilian Labor Force for women, minorities, African Americans, Hispanics, Asian

Americans/Pacific Islanders, American Indians/Alaskan Natives, and Disabled Veterans. In addition, Employees with Disabilities had an overall workforce representation in SSA of 7.9 percent compared to a Federal workforce representation rate of 7.0 percent.

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. Structured orientation and training programs facilitate employee engagement and welcome new employees. SSA has experienced a steady improvement in retaining new hires. The 2-year new hire retention rate has increased from 84 percent for those hired in l998 to 88 percent for those hired in 2004. SSA's overall retention rate for all employees for FY 2005 was 93.4 percent, as compared to 91.6 percent Government-wide.

Strategic Competencies and Knowledge Management

In order to prepare the workforce of the future, SSA identifies the competencies needed for its mission-critical positions and ensures that hiring and training address these needs. In addition, in FY 2006, SSA focused on the competencies needed to support the Disability Service Improvement (DSI) initiative. SSA continues to create an environment that fosters effective knowledge management. SSA's knowledge management strategies include maintenance of web-based materials, process documentation, succession planning, mentoring, filling positions before key vacancies occur, using understudies in targeted critical positions, and strategic placement of rehired annuitants.

Training

SSA trains employees in over 1,500 locations through a combination of advanced technology and traditional training methods. In addition to classroom training, the Agency provides interactive video training and computer-based training via the Intranet and Internet. In 2006 SSA provided continuous, twenty-four hour a day access to the Government-wide GoLearn website, which provides access to over 2,400 online courses. Since its inception, in April 2005 through early September 2006, approximately 10,380 SSA employees have accessed the site and there have been over 18,000 course registrations. In addition, SSA developed competency-based training for key targeted mission-critical positions as well as training focused on the Medicare Prescription Drug legislation and training supporting SSA's DSI initiatives. In August 2006, SSA implemented a new training tool, Video on Demand, nationwide. Video on Demand allows employees to select and watch training video lessons using computers located at their workstations. As of September 2006, there were 35 courses available and Video on Demand had been accessed 28,542 times.

Reaching Out to Staff

Employees have electronic access to information about personnel benefits and employee services at their computers. This feature saves staff resources and promotes increased confidentiality of employee information. In 2006, SSA enhanced employee services through an online pre-retirement seminar, which makes comprehensive retirement information available to employees at work or at home. It addresses the Civil Service and Federal Employee Health Benefits, Federal Employee Group Life Insurance, Long Term Care and Financial/Estate Planning.

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.

Leadership and Succession Planning

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 with the training, development, and support they need to prepare for increasingly responsible leadership roles. In FY 2006, SSA conducted three national leadership development programs:

- A Leadership Development Program for General Schedule GS-9 to 12 employees was ongoing during the year.

- An Advanced Leadership Program for GS-13 to 14 employees was completed for one group of candidates; and new candidates were invited to apply for the FY 2007 program.

- A Senior Executive Service Career Development Program for GS-15 candidates was conducted nationwide.

The Agency also 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 redesigned training called "Transition to Leadership" to new supervisors in FY 2006. This training is provided through five separate courses. In an effort to strengthen the competencies of Agency managers further, SSA successfully piloted a new leadership symposium that develops the knowledge and skills of GS-14 and GS-15 mid-level managers. These training and development strategies, coupled with SSA's Retirement Wave analysis, form the core of its succession plans.

Performance Culture

Linking 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 reinforced 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. Training on this new appraisal program, which places a strong emphasis on the importance of ongoing communication and accountability, was conducted in FY 2006. The new appraisal program which went into effect on October 1, 2006, will foster an Agency culture that encourages ongoing interaction and communication between the manager and employee on staff performance and measures the employee's contribution to the results that are needed to achieve the Agency's public service mission.

The President's Management Agenda

The Presidential Management Agenda was launched in August 2001 as a strategy for improving the management and performance of the Federal Government. It focuses on the management aspects of administering Federal programs, and identifies areas where deficiencies are most apparent and where the Government can begin to deliver concrete, measurable results.

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 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. The Social Security Administration has progressed from status scores of "yellow" in three of the PMA initiatives and "red" in two of the initiatives in 2001, to status scores of "green" in four of the five and PMA initiatives, and "yellow" in one of them as of June 2006 (see chart at the end of this section). The PMA includes five Government-wide initiatives and ten 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

Strategic Management of Human Capital

Strategic Management of Human Capital is 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

Competitive Sourcing is regularly examining the 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

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

Expanded Electronic Government

Expanded Electronic Government is 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

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

SSA's Program Initiative - Eliminating Improper Payments

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.

SSA undertakes projects with the most potential to improve program integrity across three fronts: prevention of improper payments, detection of improper payments, and collection of debt. In addition to the special initiatives highlighted in the PMA, the Agency has core, ongoing stewardship efforts that are critical to the overall success of eliminating improper payments. SSA obtains beneficiary financial information from independent sources sooner and uses technology more effectively. Additionally, SSA has initiated new computer matching agreements, conducted wage reporting pilots, and implemented improvements to debt recovery programs.

SSA's Scorecard

As shown in the chart below, SSA's performance under the PMA has steadily moved toward "green" status. As of September 30, 2006, the Agency scored "green" for status on four of five Government-wide items, and "green" for progress in implementation on four of five Government-wide items. SSA has also earned "yellow" for status and "green" for progress for the program initiative, Eliminating Improper Payments.

SSA's President's Management Agenda Scorecard						
Date	Strategic Management of Human Capital	Competitive Sourcing	Improved Financial Management	Expanded Electronic Government	Budget and Performance Integration	Eliminating Improper Payments [1]
	Status/ Progress	Status/ Progress	Status/ Progress	Status/ Progress	Status/ Progress	Status/ Progress
9/30/01	Yellow /	Red /	Yellow /	Yellow /	Red /	
9/30/02	Yellow / Green	Red / Yellow	Yellow / Green	Yellow/Yellow	Yellow / Green	
9/30/03	Yellow / Green	Red / Green	Green / Green	Yellow / Green	Yellow / Green	
9/30/04	Green / Green	Yellow / Green	Green / Green	Yellow/Yellow	Green / Green	
9/30/05	Green / Green	Yellow / Green	Green / Green	Yellow / Green	Green / Green	Yellow / Green
9/30/06	Green / Green	Green / Green	Green / Green	Yellow / Red	Green / Green	Yellow / Green

[1] Introduced in August 2004, this program initiative, which previously was included in the Improved Financial Management PMA as a management issue, highlights Social Security's current special projects regarding program integrity.