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## A MESSAGE FROM THE COMMISSIONER

For seventy-five years, Americans have depended on Social Security. Retirees, disabled workers, and survivors of younger workers rely on our programs. Due to the downturn in the economy and the aging of the baby boomers, more Americans are turning to us than ever before; we are seeing a significant increase in claims for disability benefits. These increased workloads have exacerbated our already fragile situation. Fortunately, Congress has understood our challenges and the importance of our mission and recently provided us with resources to improve service to the American people. We have made good use of these resources and have demonstrated that we are a sound investment.



When I became Commissioner in 2007, I said that reducing the hearings backlog was a moral imperative. We have made measurable progress. We reduced the backlog of pending hearing cases throughout fiscal year (FY) 2009 and are continuing to make progress in FY 2010. We also are dramatically reducing the oldest, most difficult, and time-intensive cases. While the number of pending cases is still far too high, we are making solid progress toward our goal of eliminating the hearings backlog by the end of FY 2013, making a difference in the lives of some of America's most vulnerable citizens. Yet, although we are committed to getting the backlogs down by 2013, the additional workloads from the recession pose a significant challenge to us.

Sustained, adequate, and timely funding for our agency makes a real difference to the American people. With the additional funding Congress provided over the last few years, we have made significant progress in enhancing service to the public, reducing the hearings backlog, completing hundreds of thousands more claims, and reducing 800-number wait times and busy signals.

With our FY 2010 appropriation, we will continue to increase staffing in hearings offices and in the State Disability Determination Services (DDSs). This past year, we increased the number of field office staff, and our funding will allow us to maintain this higher level. Our FY 2010 hiring plans will ensure that we maintain the momentum we achieved in FY 2009. We will also continue our American Recovery and Reinvestment Act (Recovery Act) efforts, including ongoing responsibilities related to the Economic Recovery Payments we issued in 2009.

We realize that hiring alone will not solve our problems. Thus, we are also exploring and implementing innovative technological approaches and policy changes to help us complete our work more efficiently. For example, we spend a significant amount of time developing the medical evidence in disability cases. Health Information Technology (HIT) is changing that paradigm; HIT will allow us to fully and securely automate the process of requesting and receiving electronic health records. Although in the early stages, HIT has already demonstrated that it can reduce the average case processing time because cases are not delayed while we wait for medical evidence.

While we all hope that the worst of the recession is behind us, it appears that one of the economic drivers related to our workloads—unemployment rate—may remain high into FY 2011. Therefore, we expect that throughout the next two years, new claims, particularly for disability, will continue to increase beyond the expectations of our actuaries outlined in the FY 2010 President’s Budget. Even if new claims for retirement benefits stabilize in FY 2011, we will still be faced with higher levels of the more labor-intensive disability work in FY 2011. We expect state furloughs of workers at the DDSs will continue to constrain our efforts to complete this work. These additional initial disability claims will ultimately result in more hearing requests. Nonetheless, we are confident that with timely, adequate, and sustained funding to support our hard work, we can continue to improve service to the American people.

The FY 2011 President’s Budget allows us to move forward on our key agency priorities of completing retirement claims and reducing the hearings and initial disability claims backlogs. Even during difficult times, we have produced measurable and meaningful results. We are making progress in key workloads while anticipating future trends and preparing for upcoming challenges. Our FY 2011 budget request is critical to fulfilling our commitment to complete retirement claims, eliminate the hearings backlog, reduce the number of pending initial disability claims, address other critical workloads, and maintain our aging infrastructure. A reduction in our funding at this time would reverse the progress we have made over the last two years. We know that millions of people are counting on us, and we appreciate your support as we continue to provide the service the American people need and deserve.



MICHAEL J ASTRUE  
COMMISSIONER

## BUDGET HIGHLIGHTS

### CONTINUING TO SERVE AMERICA

The economic downturn has resulted in a flood of additional disability claims. While the funding provided in the Recovery Act has allowed us to complete more claims in FY 2009 and FY 2010, FY 2011 will be a pivotal year requiring sufficient resources to sustain the progress we have made. We will continue our focus on completing claims and hearings as expeditiously as possible while maintaining accuracy, considering the onslaught of additional work, while we also strive to broaden and strengthen our service delivery channels.

### REDUCING THE HEARINGS BACKLOG AND MODERNIZING THE DISABILITY PROCESS

Eliminating the hearings backlog remains our top priority, and we must maintain our focus on this goal despite the other challenges we face. This budget will allow us to remain on track to eliminate the backlog by the end of FY 2013. We will also continue to improve the disability program and to integrate modern health information technology systems into our disability program process.

### ADDRESSING TOMORROW'S CHALLENGES TODAY

We are continuing to invest in service and infrastructure improvements that will help us meet tomorrow's challenges. These investments include information technology upgrades and additional program integrity work. We will also be continuing our longstanding tradition of implementing green policies throughout the agency.



## CHALLENGES WE FACE

We are requesting \$12.379 billion for our FY 2011 LAE account. Funding at that level will cover our day-to-day operating costs while allowing us to complete additional work. It also will allow us to make key investments to reduce the hearings and initial disability claims backlogs, modernize our IT infrastructure, and improve our service delivery to the public.

Over our seventy-five-year history, we have met the challenges we face and have successfully served the American public. We have increased our productivity year after year. In fact, on average, we have increased productivity by more than three percent in each of the last five years. We are currently confronting myriad challenges, however, made worse by the current economic downturn. Even with these increases in productivity, we will have difficulties keeping up with our rapidly-growing workloads. We will be able to continue our proud record of service only with sustained, adequate, and timely funding and by developing improved systems and policies.

In FY 2011, we will need a minimum administrative budget increase of about \$750 million just to cover our inflationary costs, including maintaining workyears initially funded by ARRA, rent, guards, postage, periodic step increases, career ladder promotions, increased health benefit costs, new employees hired under the Federal Employees Retirement System (FERS), and annual pay increases. We will need funding above that level to keep up with our growing workloads, reduce existing backlogs, and meet rising customer service expectations. We formulated this budget to address the following challenges:

- Increasing demand for service due to the aging of the population and the economic downturn;
- Unacceptable hearings and initial disability claims backlog levels;
- Complex and cumbersome disability process;
- Increasing non-traditional workloads (e.g., immigration and Medicare);
- Increasing enumeration workloads;
- Need to address improper payments;
- Aging computer systems;
- Threats to computer systems that store sensitive and personal information on all Americans;
- Loss of expertise as our employees retire;
- Rising infrastructure costs; and
- State furloughs of DDS employees.



## FY 2011 PRESIDENT'S BUDGET

	FY 2010 (enacted)	FY 2011
<b>BUDGET AUTHORITY</b> (in millions)		
Limitation on Administrative Expenses (LAE) <sup>1</sup>	\$11,447	\$12,379
Research and Demonstrations	\$49	\$43
Office of the Inspector General (OIG)	\$103	\$106
<b>Total Budget Authority</b>	<b>\$11,598</b>	<b>\$12,528</b>
<b>OTHER FUNDING</b> (in millions)		
MIPPA - Low-Income Subsidy (LIS)	\$18	\$0
Recovery Act - Workload Processing	\$353	\$0
Recovery Act - Recovery Payment Admin	\$5	\$0
Recovery Act - NCC Replacement	\$10	\$30
Recovery Act - OIG Oversight	<u>\$0.5</u>	<u>\$0.5</u>
<b>Other Funding, Total</b>	<b>\$387</b>	<b>\$31</b>
<b>Total Budgetary Resources</b>	<b>\$11,985</b>	<b>\$12,558</b>
<b>WORKYEARS</b>		
Full-Time Equivalents	66,989	67,603
Overtime	2,850	2,514
Lump Sum	<u>292</u>	<u>292</u>
<b>Total SSA</b>	<b>70,131</b>	<b>70,409</b>
Disability Determination Services (DDS)	<u>15,985</u>	<u>16,969</u>
<b>Total SSA/DDS</b>	<b>86,116</b>	<b>87,378</b>
OIG	596	596
<b>Total SSA/DDS/OIG</b>	<b>86,712</b>	<b>87,974</b>

<sup>1</sup> Includes \$1.86 million in FY 2011 to increase the agency's acquisition capacity and capabilities.

## FY 2011 PRESIDENT'S BUDGET

	FY 2010 (enacted)	FY 2011
<b>Selected Workload Measures</b>		
Retirement and Survivors Claims Completed (thousands) <sup>1</sup>	4,718	4,590
Initial Disability Claims Completed (thousands)	3,081	3,317
SSA Hearings Completed (thousands)	725	799
Periodic Continuing Disability Reviews (CDRs) Completed (thousands)	954	1,388
Periodic Medical CDRs (included above, thousands)	329	360
SSI Non-Disability Redeterminations Completed (thousands)	2,422	2,422
800-Number Transactions Handled (millions)	64	66
800-Number Average Speed of Answer (seconds)	269	264
800-Number Agent Busy Rate	8%	7%
Social Security Numbers Issued (millions)	18	19
Annual Earnings Items Completed (millions)	238	245
Social Security Statements Issued (millions)	153	154
<b>Selected Outcome Measures</b>		
Initial Disability Claims Pending (thousands)	1,041	999
SSA Hearings Pending (thousands)	707	657
Average Processing Time for Initial Disability Claims (days)	132	141
Average Processing Time for Hearings Decisions (days)	485	460
Disability Determination Services Production per Workyear	268	275
Office of Disability Adjudication and Review Production per Workyear	108	108
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	(2,200)	(3,100)

<sup>1</sup> We plan to complete all retirement claims that we receive in FY 2011.

## OUR PROGRAMS

Whether it is after the loss of a loved one, at the onset of disability, or during the transition from work to retirement, we touch the lives of virtually every person in America, as well as the lives of many persons living abroad. We administer three key programs that serve the public. They are:

**OLD-AGE AND SURVIVORS INSURANCE (OASI)** – Created in 1935, the OASI program pays retirement and survivors benefits to qualified workers and their families. In FY 2011, we will pay almost \$595 billion in benefits to more than 44 million beneficiaries, including 90 percent of the population aged 65 and over.

**DISABILITY INSURANCE (DI)** – Adopted in 1956, the DI program provides benefits for disabled workers and their families. In FY 2011, we will pay nearly \$130 billion in benefits to more than 10 million disabled workers and their family members.

**SUPPLEMENTAL SECURITY INCOME (SSI)** – The SSI program, established in 1972, provides financial support to aged, blind, or disabled adults and children who have limited income and resources. In FY 2011, we will pay over \$57 billion in benefits to approximately 8 million SSI recipients.

2010 marks an important milestone for us—the seventy-fifth anniversary of Social Security. On August 14, 1935, Franklin D. Roosevelt signed the Social Security Act into law. Since then Social Security has been a cornerstone of our Nation, touching the lives of almost every American at one time or another.

### Signing of Social Security Act



August 14, 1935

Our ongoing workloads include:

→ **Claims**

We take claims, evaluate evidence, and determine benefit eligibility and amounts. In FY 2011, we will complete about 4.6 million retirement, survivor, and Medicare claims; approximately 3.3 million Social Security and SSI disability claims; and 326,000 SSI aged claims.



→ **Appeals**

We have three levels of administrative appeals for claimants to dispute our initial and subsequent determinations: first, a reconsideration at the State DDS, which is a complete review of the claim by someone who did not take part in the initial determination; second, a hearing before an administrative law judge (ALJ); and third, an appeal to the Appeals Council. Claimants who are dissatisfied with our final decision may appeal to the Federal courts. In FY 2011, we will complete approximately 870,000 reconsiderations, 799,000 hearings, and 132,000 Appeals Council appeals, and handle almost 20,000 Federal court appeals.

→ **Program Integrity**

We are stewards of the trust funds. We meet our stewardship responsibilities primarily through conducting non-medical redeterminations and medical continuing disability reviews (CDR). These reviews save significant program dollars by avoiding improper payments to beneficiaries. In FY 2011, we will perform over 2.4 million SSI redeterminations and 360,000 periodic medical continuing disability reviews.

→ **Social Security Numbers (SSNs)**

We complete applications for and assign SSNs to every American and to qualifying foreign-born workers. Each year, we complete millions of actions to keep our number holders' records current and accurate. In FY 2011, we will complete requests for approximately 19 million new and replacement Social Security cards.

→ **Earnings Records**

We receive regular updates on the earnings of the working population from employers and post those reported earnings to the workers' records. We link earnings records to SSNs and resolve any discrepancies. In FY 2011, we will post 245 million earnings items to workers' records.

→ **Social Security Statements**

We mail annual statements to workers and former workers aged 25 and older. These statements provide updates of the earnings on which workers have paid Social Security taxes and summaries of the estimated benefits the workers and their families may receive as a result of those earnings. In FY 2011, we will mail 154 million of these statements.

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

We complete millions of actions for beneficiaries after they have been approved for benefits. These actions include issuing emergency payments, recomputing payment amounts, and completing address and other status changes. In FY 2011, we will perform more than 100 million of these actions.

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

We collaborate with the Department of Homeland Security (DHS) in administering E-Verify. We assist DHS in verifying the employment eligibility of newly-hired employees by electronically checking employee names, SSNs, dates of birth, and U.S. citizenship status. We also resolve discrepancies with the employee when we are unable to electronically verify that information. We expect that through E-Verify we will process more than 12 million queries in FY 2011.

→ **Medicare and Medicaid Administration Assistance**

For over four decades, we have assisted the Centers for Medicare and Medicaid Services (CMS) in administering the Medicare Hospital Insurance and Supplementary Medical Insurance programs. Over the years, we have received additional Medicare-related responsibilities. For example, in addition to determining Medicare eligibility, in FY 2011, we will complete 1.2 million Medicare prescription drug subsidy applications.

We also perform many other activities mandated by Congress. Examples include activities related to: the Employee Retirement Income Security Act of 1974 (ERISA); the Coal Act; Supplemental Nutrition Assistance Program (formerly Food Stamps); Social Security Number Verifications for a wide-range of non-SSA purposes including state human resource programs and Free Applications for Federal Student Aid for the Department of Education; the Help America Vote Act; the State Children's Health Insurance Program; and the administration of Veterans benefits.

## OUR RESEARCH BUDGET

The FY 2011 funding request for research is \$43 million to be combined with \$29 million in prior-year unobligated balances for a total increase of \$18 million over FY 2010. The research budget is designed to provide significant support for key priorities. The budget supports projects such as the Compassionate Allowances initiative that is integral to improving the disability process; projects that offer opportunities for disability beneficiaries to achieve economic independence through work; and projects that provide analytical and data resources for use in preparing and reviewing reform proposals.

Our disability research and demonstration projects are designed to promote self-sufficiency and assist beneficiaries in their efforts to return to work. We are continuing work on a financial literacy and education initiative that is designed to encourage saving and effective retirement planning. Additionally, as the debate moves forward on how best to strengthen and reform Social Security, we must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration.

## OFFICE OF THE INSPECTOR GENERAL (OIG)

The FY 2011 request for the OIG is \$106.122 million, an increase of \$3.4 million above the FY 2010 enacted level. OIG's mission is to promote economy, efficiency, and effectiveness in the administration of the Social Security programs and operations and to prevent and detect fraud, waste, abuse, and mismanagement in such programs and operations. To that end, the OIG provides an invaluable service by conducting a comprehensive program of audits, evaluations, and investigations, and then recommending changes to improve our programs and operations.

To meet its homeland security responsibilities, OIG will continue to conduct audits and investigations that focus on strengthening the enumeration process and combating SSN misuse. The OIG will also audit and evaluate our use of funds for carrying out Recovery Act initiatives.

## CONTINUING TO SERVE AMERICA

The recession is generating an unprecedented surge of new disability claims and related work for the agency. These claims began flooding the agency in FY 2009, and our latest actuarial projections show that we expect retirement claims to peak in FY 2010 while disability claims, our most labor-intensive workload, will continue to grow into FY 2011. Even after this surge begins to subside, our actuaries project that we will continue to receive even more claims than we projected in the FY 2010 President's Budget, as shown in the graph below:

**The Recession Continues to Push All SSA Claims Higher**



The support we received from Congress in FY 2009 and FY 2010—both in our annual appropriations and in the Recovery Act—is the principle reason we have been able to keep our head above water in completing this additional work. In FY 2011, however, we will face a new challenge—we will still need to process this higher flow of work, but we will no longer have the additional resources provided by the Recovery Act. These Recovery Act funds have helped us balance our ongoing commitments to core workloads with our recession-related work. We will also be dealing with the ongoing challenge of furloughed DDS employees. We must maintain the momentum we were able to build with Recovery Act funding in order to accomplish our service goals. Without timely, adequate, and sustained funding, the progress we have worked so hard to achieve will be lost and our service to the American people will, unfortunately, deteriorate.

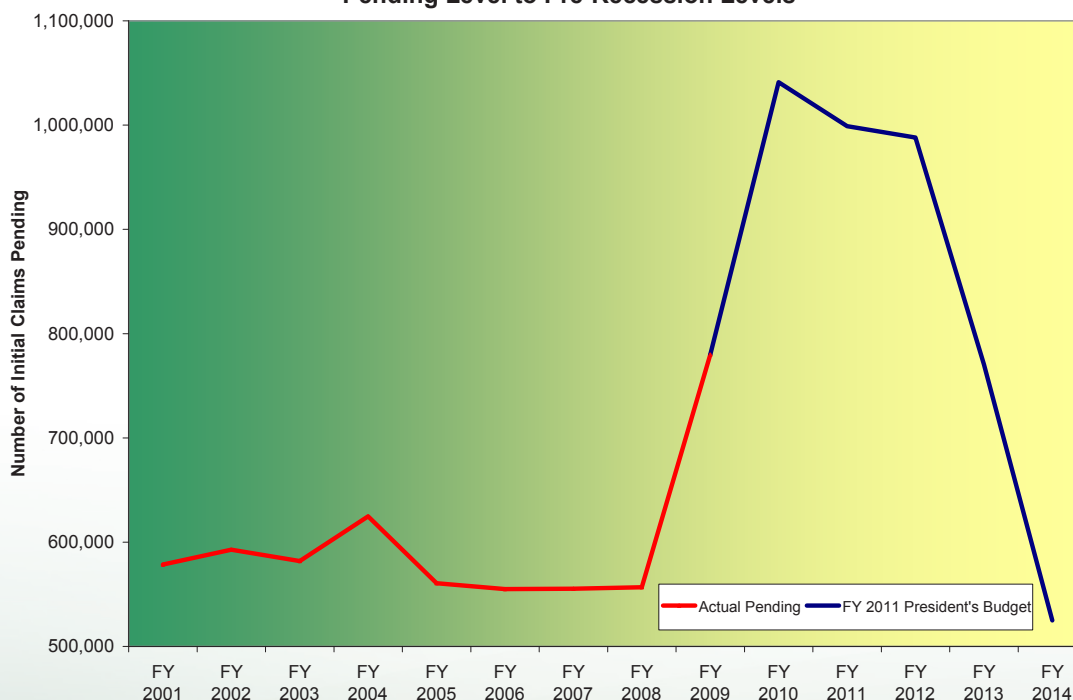
### Implementing the Initial Disability Claims Reduction Strategy

We believe that the rising level of pending initial disability claims is unacceptable—we intend to reduce the pending below one million claims in FY 2011—and we are committed to returning to our pre-recession pending level. Achieving this goal will take adequate funding and hard work on our part over the course of the next several years, but we know that this is a goal we must pursue to fulfill our obligations to the American public. Our strategy to reduce the initial disability claims pending level will include hiring and providing overtime in the state agencies that help us to complete disability claims, as well as simplifying policy that will make adjudicating these claims easier. We will provide more detail on our strategy under separate cover. This strategy will return the level of pending initial disability claims to pre-recession levels, as shown in the graph below.

Our strategy to reduce the backlog is already underway with the hiring we accomplished in FY 2009 and the hiring we are undertaking in FY 2010. We will continue to hire additional DDS staff in FY 2011. However, state furloughs of DDS employees have already begun to derail some of our progress in reducing the backlog. We need the full complement of DDS employees to successfully carry out this strategy, and state furloughs of these employees only undermine our efforts.

- Optimize the capacity of the State DDSs in FY 2010 and FY 2011 by hiring additional employees above attrition;
- Increase DDS overtime above current levels to give DDSs maximum flexibility to tackle increasing workloads;
- Hire additional Federal personnel above the level in the FY 2010 President’s Budget to optimize the capacity of the Disability Processing Branches and Disability Processing Units, which provide overflow capability for completing initial disability claims in particularly hard hit areas of the country; and
- Provide additional hires in FY 2011 to States that will be able to assist other States with completing of disability cases.

**The Initial Disability Claims Reduction Strategy Will Return the Pending Level to Pre-Recession Levels**



Staffing at these levels in FY 2010 and FY 2011 will allow us to accomplish the following:

- Begin reducing the initial disability claims backlog in FY 2011;
- Complete almost 3.1 million initial disability claims in FY 2010 and over 3.3 million in FY 2011;
- Complete 329,000 full medical CDRs in FY 2010 and 360,000 in FY 2011;
- Work down the hearings backlog by completing 10,000 informal remands in the DDSs; and
- Implement a plan to reinstate the reconsideration process in Michigan, which should decrease the number of claims that are directly appealed to the ALJ level.

In addition to these staffing increases, we will also implement several policy simplification initiatives and information technology infrastructure upgrades in FY 2011 as part of the backlog reduction strategy. These include:

- **Expediting Hardware Upgrades.** We will upgrade our computers in the DDSs, allowing examiners to complete work faster with fewer periods of slow response.
- **Expanding Automated Screening Tools.** We are exploring automation tools, particularly automated screening tools, which will help us accelerate the completing of cases.
- **Simplifying Our Policies and Streamlining Our Processes.** We are exploring ways to simplify our policies and streamline our processes to improve our overall initial claims adjudication process. For example, we are modernizing one of our key data collection forms in the disability process, the Adult Disability Report, Form SSA-3368, to streamline data collection and make the form more user-friendly.

## ONLINE APPOINTMENT SCHEDULING

In 2009, President Obama launched the SAVE Award, which offered every Federal employee a chance to submit ideas for how the government could save money and perform better. From the tens of thousands of submissions received, the President selected a suggestion from one of our own employees, as one of the four finalists.

We are preparing to implement this suggestion in FY 2011, which will benefit the public by providing the opportunity for certain persons to schedule appointments for service online. This new process should help us guide the public into the correct service channels and could lead to improved service in many parts of the agency.





## Enhancing Service in Field Offices and Processing Centers

In FY 2011, we will keep up with our incoming claims workloads, but since claims will continue to grow, some of our less visible work will suffer, and the public could wait longer to make an appointment or to speak with a field office employee on the phone. We are continuing agency-wide efforts to transform the entry-level training of technical employees (beginning with Title II Claims Representatives). This new approach should lead to shorter training times and blended learning tailored to the 21st Century workforce. Another effort targets training in the disability area to ensure that all parts of the agency follow the same policies and procedures in their handling of disability claims and appeals. In addition, we have begun revamping our training for new managers and supervisors to ensure they have the knowledge and skills they need to lead their staffs effectively.

Completion of our telephone system replacement project in 2012 will allow us to implement enhancements that should reduce field office busy rates. This system includes a screening tool that will route callers from field office phone lines to the national automated system for routine business transactions, such as change of address; it also includes an expanded forward-on-busy application that will allow us to transfer callers from busy field offices to the 800-number.



## INNOVATION IN PROGRAM INTEGRITY EFFORTS

In 2004, we began the Access to Financial Institutions (AFI) Initiative as a pilot project in New York and New Jersey where we verify identified bank accounts and uncover undisclosed accounts with financial institutions of SSI applicants. We have expanded the AFI to California, and we will begin the process of rolling it out nationwide in FY 2010. This initiative will help us eliminate ineligible applicants at the beginning of the application process before they enter the queue at the DDSs.

We will also use AFI in SSI nonmedical redeterminations, where we expect similar program savings.



### Improving National 800-Number Service

We believe that the status quo is not good enough for our 800-number. We plan to devote additional resources to the 800-number in FY 2010, and we will continue that investment in FY 2011. As a result, we will improve several key service measures for the 800-number, including the Average Speed of Answer and the Agent Busy Rate. We plan to replace our national teleservice infrastructure with the CARE (Citizen Access Routing Enterprise) initiative, which will provide state-of-the-art tools to improve service delivery and increase efficiencies by giving citizens additional ways to communicate with us such as web chat and web callback. In FY 2011, we will open our first new teleservice center in more than a decade. This center will service the entire country and will allow us to provide more timely telephone service to the millions of Americans who call our toll-free number.

### Improving Online Services

We have begun the process of reinventing our online claims process, and so far, we have had great success. In FY 2009, we rolled out the first phase of iClaims, and we have seen a significant increase in Internet claims as a result. In fact, in FY 2009, online claims represented 83 percent of our total retirement claims growth. This budget depends on 38 percent of all retirement applications and 25 percent of all disability applications being filed online in FY 2010. We expect to reach 50 percent of retirement applications filed online by FY 2012. In FY 2010, we will add the Medicare-only iClaim, as well as improve usability of the applications for online filers. We also plan to launch an online Enumeration Starter Kit in FY 2010, which will allow the public to complete most of their Social Security card applications online before coming into a field office for final processing. This improvement will reduce processing time in the field office because the data the customer enters will propagate into our system, allowing the field office staff to use that information to quickly complete the application when the customer comes into the office.

We are continuing with our Disability Direct initiative, which will streamline the completing of online disability claims over the next several years. Disability Direct has multiple components including building a simplified online application that includes an application for SSI, developing an online suite of services for professional representatives, and integrating electronic medical records and direct data exchanges with medical providers. We believe that over time Disability Direct will help us complete our disability claims more efficiently and effectively.

We are also testing “click-to-talk” and web page collaboration technology to enable our website visitors to obtain live support while they are using our online services. This technology will enable more members of the public to complete their business through the online service channel.



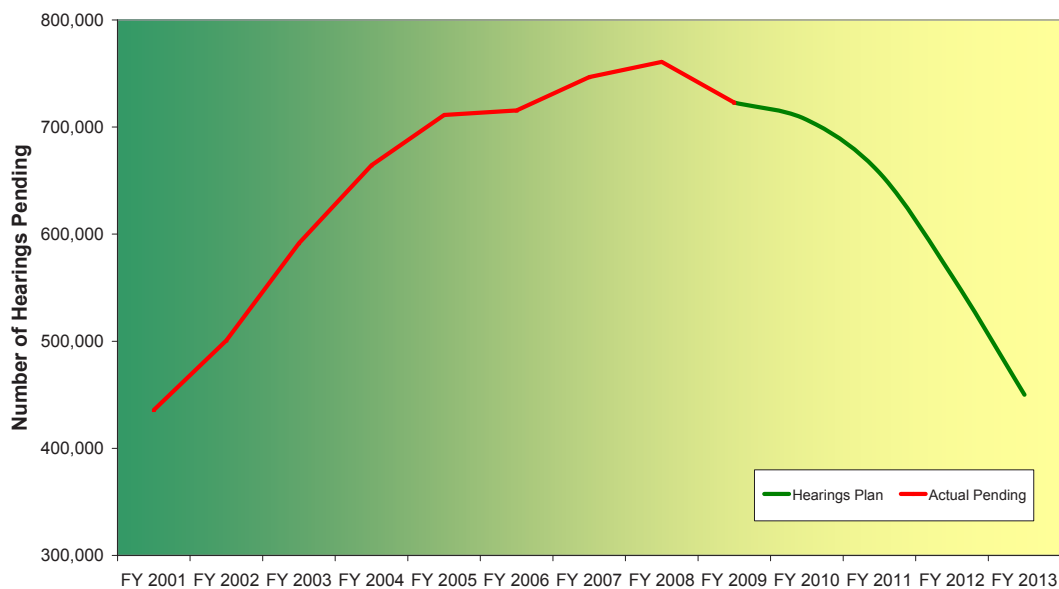
## REDUCING THE HEARINGS BACKLOG AND MODERNIZING THE DISABILITY PROCESS

### REDUCING THE HEARINGS BACKLOG

The elimination of the hearings backlog by the end of FY 2013 remains the agency's top priority. We are on track to attain the optimal level of pending hearings by FY 2013. Reaching the turning point in FY 2009—when we began reducing the number of pending claims on a monthly basis—was a major accomplishment for the agency, and we ended the year with a pending level 30,000 cases below our FY 2009 target of 755,000.

Although FY 2010 will be a challenging year because we will begin to see the full effect of the recession on our hearings receipts, we anticipate that our FY 2010 funds and the President's FY 2011 budget request will provide us with the resources to maintain our progress in FY 2010 and FY 2011, as shown in the graph below:

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



The resources we have already devoted to the hearings backlog and will devote in FY 2010 will continue to help us make improvements to our hearings process. We expect those investments to produce the following accomplishments in FY 2010:

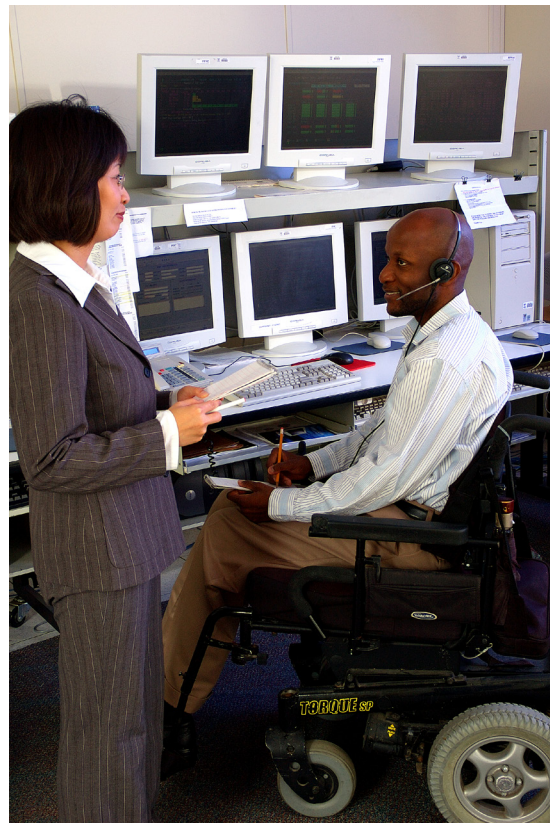
- Complete 725,000 hearings;
- Reduce the processing time for hearings from 491 days in FY 2009 to 485 days;
- Open 13 new hearing offices and 3 new satellite offices;
- Open a National Hearing Center (NHC) in St. Louis;



- Hire 183 ALJs in spring and summer 2010, in addition to the 43 we hired in October 2009, to increase our ALJ corps to approximately 1,450;
- Hire the support staff necessary to maintain at least a 4.5 to 1 support staff to ALJ ratio nationally;
- Conduct a proof of concept pilot exploring the feasibility of using Health Information Technology in requesting medical evidence for use in completing hearings; and
- Explore alternative business models such as centralized decision writing units and a virtual senior attorney screening unit.

In FY 2011, we will build on these accomplishments and make further progress to eliminate the hearings backlog by 2013, with significantly lower processing times for the public. We believe that continued investment in the backlog reduction plan is the only way to ensure that we remain on track with this critical agency goal that has such a profound effect on American lives. With the funding requested in this budget, we expect to see the following outcomes in FY 2011:

- Complete 799,000 hearings, an all time high for the agency;
- Open 12 new hearing offices and 4 satellite offices;
- Hire 70 new ALJs, moving toward the goal of reaching a total ALJ level of 1,500 in FY 2012;
- Hire additional support staff to maintain the level of support for our ALJs;
- In-source verbatim hearing reporting as part of the Administration's multi-sector workforce plan;
- Continue successful initiatives such as the senior attorney adjudicator initiatives, informal remands, and centralized printing and mailing;
- If accuracy can be maintained, expand Quick Disability Determinations and Compassionate Allowances to include more types of claims and more medical conditions; and
- Continue to explore potential electronic initiatives such as the development of automated scheduling software and a case analysis tool.



## MODERNIZING THE DISABILITY PROCESS

We are also continuing our modernization of the disability process that we began in FY 2008. We believe that these efforts are critical to prevent future backlogs and provide applicants with speedy decisions. We plan to carry out the following projects related to disability modernization in FY 2011:

### Health Information Technology

HIT has the potential to revolutionize our disability determination process, from the interview to the initial determination in the State DDSs to the preparation for a hearing before an ALJ. In the long run, we envision a system where we will receive all medical records electronically and special software will be able to scan the records for potential matches with our medical listings. The system will then alert our disability examiners and hearings office staff, allowing them to quickly adjudicate claims, all while keeping the public's sensitive medical information private and secure.

We also see HIT improving our claims application process. Patients are beginning to maintain their own personal health records, including names of doctors and prescriptions. Accessing that information directly from claimants' personal health records would quickly provide us with accurate information. We expect that once fully implemented, HIT will significantly expedite the disability process, leading to quicker decisions, and better service for the American people.



### Improve Occupational Information for Making Disability Decisions

We are developing an Occupational Information System (OIS) designed specifically for our disability programs. The OIS will replace the Dictionary of Occupational Titles (DOT). The DOT was originally created by the Department of Labor (DOL) and is a cornerstone of our disability policy and decision making. We rely on the descriptions of work in the DOT to determine whether claimants can do their usual work or any other work in the U.S. economy. However, DOL has not updated the DOT since 1991 and has no plans to do so. DOL's replacement for the DOT, O\*NET, does not serve our purposes. It is critical for us to base disability determinations on current job requirements.

In FY 2009, we established the Occupational Information Development Advisory Panel, made up of twelve experts with expertise in relevant scientific, academic, professional, and medical fields. The Panel provides us guidance in developing a replacement for the DOT.

The Panel held six meetings in FY 2009 and in September 2009, delivered a report of recommendations to the agency, which we will use to develop the OIS. The Panel will continue to meet at least quarterly and provide guidance on relevant issues throughout the research and development phase of the OIS. In FY 2011, we will begin OIS design and testing, consulting with users throughout the process. This will lay the groundwork for pilot testing scheduled to begin in FY 2012.



### **Update Medical Listings**

The Listings of Impairments describe for each major body system the impairments considered severe enough to prevent an adult from working, or for children, impairments that cause marked and severe functional limitations. We have started the process of updating the Listings on a regular basis in a transparent and open way and have a schedule to ensure we update all of them as needed every five to seven years, which will improve our ability to decide whether an individual meets our criteria for disability benefits. Further, as we update entire body systems we are implementing a process that will allow us to make targeted changes to specific rules as necessary, instead of the entire body system. In the last five years, we have revised approximately half of our Listings.

In FY 2009 we entered into a partnership with the Institute of Medicine to establish a committee of medical experts to assist us in ensuring that the Listings are medically supportable, relevant, and technologically correct.

## ADDRESSING TOMORROW'S CHALLENGES TODAY

Our extensive IT infrastructure underlies our ability to meet our service commitments to the American public. This network is an integral part of every step of our service delivery, from the initial claims taking process to the issuance of Social Security benefit checks. We are working to harness IT innovations to make our service delivery more convenient and faster for our customers with improvements in online services, introduction of additional automated services on our 800-number, and self-help terminals in our field offices.

We are working on several large projects that will improve the behind-the-scenes electronic processes at the agency, ultimately resulting in better service to our customers through whichever service channel they select. In FY 2011, these investments include:

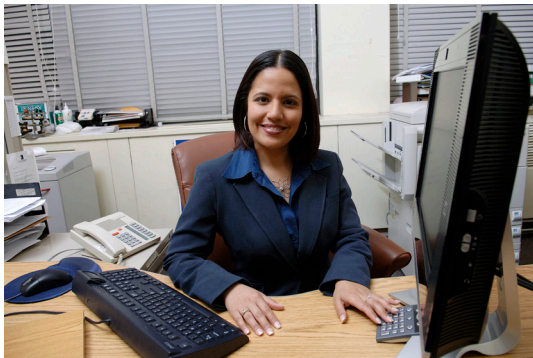
- Continuing with the development of the requirements and pilot implementation of the Disability Case Processing System for the DDS, which will serve as a new common system for reviewing claims in all 54 DDSs;
- Ongoing infrastructure support which will ensure that our employees have access to the technology necessary to serve our customers;
- Replacing our call center network, which will help us to handle our increasing call volumes over the next 10 years; and
- Continuing the outfitting of our Second Support Center (SSC).

We are implementing the President's multi-sector workforce initiative to fully and effectively consider our goals and priorities and human capital needs and to determine which work should be done by Federal employees and which work by contractors. We are identifying the proper role of each sector's labor force and drawing on their respective skills to help us operate at our best. We are looking for opportunities to bring contracted work in-house to best support our IT needs.

### SSA's Data Centers

Part of our plan to secure our data network is to strengthen our data center operations, both by bringing online the SSC and by replacing our aging National Computer Center (NCC). Our SSC is complete. It will handle some of our workloads and will provide backup service in the event of a failure at the NCC and then the National Support Center (NSC) when it replaces the NCC.

Thanks to the support we received from Congress in the Recovery Act, our plan to construct a new NSC is progressing on schedule. In conjunction with our partner GSA, we expect to purchase a site in the second quarter of FY 2010, complete a program of requirements for the NSC at the end of FY 2010, and award a design-build contract in the second quarter of FY 2011. We are still anticipating completion of the building in FY 2014.



### Program Integrity

In FY 2011, we will continue to increase the total number of reviews we conduct as part of our program integrity efforts. The Administration is committed to implementing a multi-year plan to enhance program integrity efforts throughout Government to make Government more effective and efficient. Program integrity reviews ensure that Americans' tax dollars are spent properly and that beneficiaries continue to be eligible for benefits and are being paid the right amount. Program integrity reviews help to avoid improper payments, which have continued to grow in total dollar amounts as our programs have grown.

The FY 2011 budget includes resources for two types of program integrity efforts: continuing disability reviews (CDRs), which are periodic reevaluations to determine if disability beneficiaries are still disabled, and SSI redeterminations, which are periodic reviews of non-medical factors of eligibility, such as income and resources. In FY 2011, we plan to conduct 360,000 full medical CDRs and 2,422,000 redeterminations. Both CDRs and redeterminations are extremely cost-effective. Our FY 2011 budgeted levels continue our efforts to increase program integrity levels from their low point a few years ago.

We estimate that every dollar spent on CDRs yields at least \$10 in lifetime program savings. Similarly, we estimate that every dollar spent on SSI redeterminations yields \$8 in program savings over 10 years, including savings accruing to Medicaid. In addition, in FY 2011 we will continue nationwide rollout of our Access to Financial Institutions (AFI) project, which automates verification of SSI applicants and recipients' assets held in banks.

## Going Green

We have a long history of implementing green policies throughout the agency, and we are committed to extending our green program to new areas in the coming years. Our past accomplishments include green renovation of several large agency buildings, development of a green electronic stewardship plan, and implementation of agency-wide recycling programs. We are actively working on several green initiatives including continuing efforts to move toward payments that eliminate paper checks and transitioning our vehicle fleet to alternative fuel and fuel efficient vehicles. We are also expanding our green purchasing efforts, including exploring training options for our contracting staff.

We are thinking of new and innovative ways to expand our green programs. Ideas that we are exploring include: promoting greener transportation for our employees including carpooling and mass transit; developing green roofs, solar panels, wind turbines, energy efficient lighting, climate control, and other green improvements for our buildings; upgrading to energy efficient IT equipment and enabling our workstations to use power saving technology; enhancing recycling with recyclable plates and utensils in our cafeterias and expanded existing recycling facilities; and committing to make all future new agency buildings green.





## CONCLUSION

We must address a multitude of challenges in FY 2011. With our workloads continuing to surge due to the economic downturn, we must continue to work toward our dual goals of completing this additional work while laying the foundation for the future of the agency. Full funding of the FY 2011 President's Budget would allow us to continue on this course. If we do not receive full funding, we risk a service delivery crisis that will plague future claimants and beneficiaries.

We are making a real difference in the service we deliver to the American people. Without the investment Congress has made in the agency since FY 2008, Americans would now be facing longer waits for their claims to be completed, to speak to a representative in our field offices or on the phone, and to have their case heard by an ALJ. Sustained, timely, and adequate funding, along with the hard work and dedication of our employees, has made this progress possible. The FY 2011 President's Budget represents the next step in service improvement throughout the agency.

We cannot fulfill our service commitments to the American people without the continued support of Congress. We are the face of the Federal Government in communities across America, and we must continue to serve the public as they come to us for help in this challenging economic time.

FY 2011 is a pivotal year. The funding requested in this budget, \$12.379 billion for our Limitation on Administrative Expenses account, will allow us to continue on our current path and make strides towards working off the flood of economy-driven work. We thank you for your continued support for the Social Security program. Together we will be successful in building a firm foundation for the future.



