INSPECTOR GENERAL STATEMENT ON THE SOCIAL SECURITY ADMINISTRATION'S MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES

OIG Office *of the* Inspector General
SOCIAL SECURITY ADMINISTRATION

November 12, 2019

The Honorable Andrew Saul
Commissioner

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Inspectors General summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. This review is enclosed. The *Reports Consolidation Act* also requires that the Social Security Administration (SSA) place the final version of this Statement in its annual *Agency Financial Report*.

MANAGEMENT AND PERFORMANCE CHALLENGES

As we planned our audit work for Fiscal Year 2019, we identified the following seven management and performance challenges.

- Improve Administration of the Disability Programs
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Strengthen the Integrity and Protection of the Social Security Number
- Strengthen Planning, Transparency, and Accountability

As we re-evaluated the Agency's challenges during Fiscal Year 2019, we refocused our list. As such, we plan to address the following challenges in this report.

- Improve Administration of the Disability Programs
- Minimize Payment Errors and Improve Management of Payment Workloads
- Improve the Prevention, Detection and Recovery of Improper Payments
- Improve Service Delivery
- Secure Information Systems and Protect Sensitive Data
- Modernize Information Technology

We further discuss the management and performance challenges in the attached document. In the discussion of each challenge, we define the challenge, outline steps the Agency has taken to address it, and detail actions SSA still needs to take to fully mitigate the issue. We used multiple sources to determine the status of each of the identified challenges, including statistics SSA reported and Office of the Inspector General audits of SSA's operations. We

also used the Fiscal Year 2019 independent auditor's report, which contained the results of SSA's financial statement audit. The report concluded that SSA had three significant deficiencies in internal controls as of September 30, 2019.

We will continue focusing on identified management challenges in Fiscal Year 2020 and assessing SSA's operations and the environment in which SSA operates. I look forward to working with you to continue improving SSA's ability to address these challenges and meet its mission efficiently and effectively.

Sincerely,

Gail S. Ennis
Inspector General

Enclosure

Fiscal Year 2019 Inspector General's Statement on the Social Security Administration's Major Management and Performance Challenges

November 2019

# IMPROVE ADMINISTRATION OF THE DISABILITY PROGRAMS

CHALLENGE

> **The Agency continues to face challenges with pending disability hearings and related processing times. Continued focus is necessary to simplify work incentive regulations and create new opportunities for returning beneficiaries to work.**

Field and regional offices, hearing offices, the Appeals Council, and State disability determination services (DDS) process the Social Security Administration's (SSA) disability workloads. Specifically, State DDSs make disability determinations for initial claims, reconsiderations, and continuing disability reviews (CDR). Administrative law judges (ALJ) in hearing offices and administrative appeals judges in the Appeals Council decide appealed cases. Our previous reviews have raised concerns about backlogs in SSA's disability workloads, including initial disability claims and CDRs, but SSA has made progress in reducing the backlogs for both of these workloads. Specifically, initial disability claims pending decreased from almost 708,000 at the end of Fiscal Year (FY) 2012 to approximately 594,000 at the end of FY 2019. Further, in FY 2018, SSA eliminated the backlog of full medical CDRs that had existed since FY 2002.

DISABILITY HEARINGS PENDING AND PROCESSING TIMES

While hearings timeliness and pending levels have improved in recent years, SSA has not achieved its average processing time goal of 270 days. Average processing time for hearings increased 65 percent from 360 days in FY 2011 to 595 days in FY 2018, but it improved to 506 days in FY 2019. In addition, the number of pending hearings peaked at more than 1.1 million at the end of FY 2016 but was down to approximately 575,000 at the end of FY 2019. While pending levels were at their lowest in the last decade (see Figure 1), SSA considers any pending level that keeps the average processing time above 270 days as a "backlog." At the end of FY 2018, SSA considered over 460,000 hearings as "backlogged." SSA reported the number of "backlogged" cases dropped to approximately 240,000 hearings at the end of FY 2019.

Figure 1: Pending Hearings, FYs 2010 Through 2019
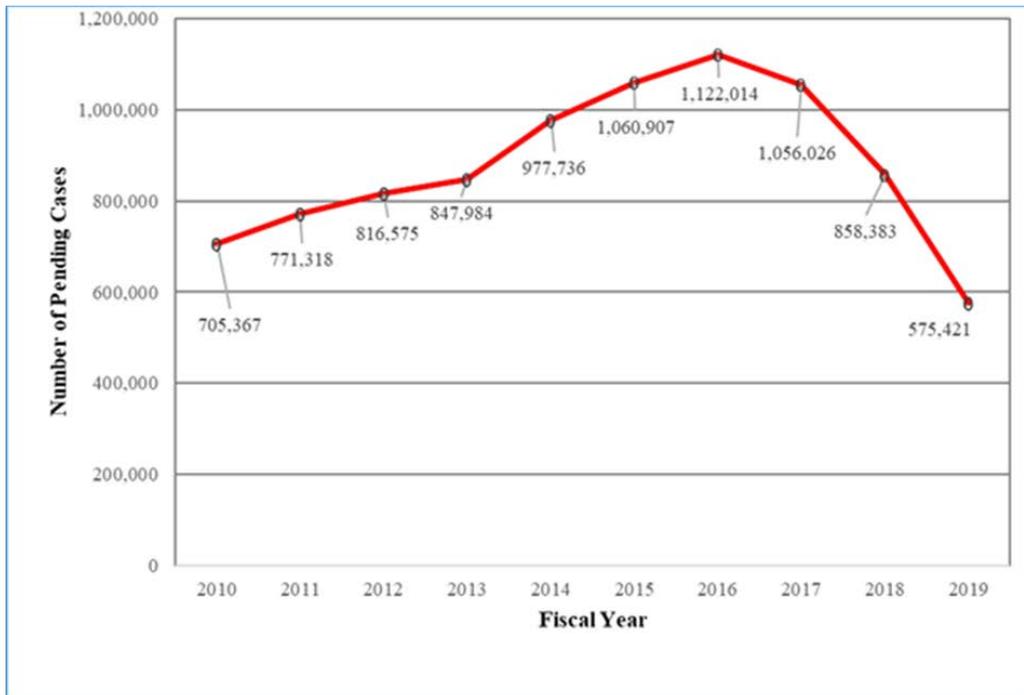
RETURN TO WORK

Congress directed SSA to implement employment support programs to help disabled individuals return to work. To date, these programs have helped only a small percentage of disabled individuals return to work.

- When Congress implemented the Supplemental Security Income (SSI) program in 1972, it established the Plan to Achieve Self-Support program to provide disabled individuals the assistance needed to return to work. Congress intended employment support provisions, such as the Plan to Achieve Self-Support, to assist disabled beneficiaries in moving from benefit dependence to independence.

- The *Ticket to Work and Work Incentives Improvement Act of 1999* (Pub. L. No. 106-170) established the Ticket to Work and Self-Sufficiency Program (Ticket Program) to assist disabled beneficiaries in returning to work. Under the Ticket Program, SSA provides disabled beneficiaries a Ticket they can present to qualified organizations to obtain vocational rehabilitation or employment services.

When we reviewed the Plan to Achieve Self-Support program in November 2018, SSA could not provide costs incurred, savings, or return-to-work participant outcomes even though SSA implemented the program in 1972. SSA told us it completed a longitudinal study at the end of FY 2018. When we requested the study, the Agency responded the draft report was undergoing internal executive-level review and clearance, and it expected to release the report in the first quarter of FY 2020.

Few Ticket-eligible beneficiaries used their Tickets for vocational or employment services. Specifically, 3 percent of Ticket-eligible beneficiaries assigned their Tickets or placed them in-use in FY 2019, similar to the percent of individuals who assigned their Tickets in recent years (see Figure 2).

Figure 2: Percent of Ticket-eligible Beneficiaries with Tickets Assigned or In-use
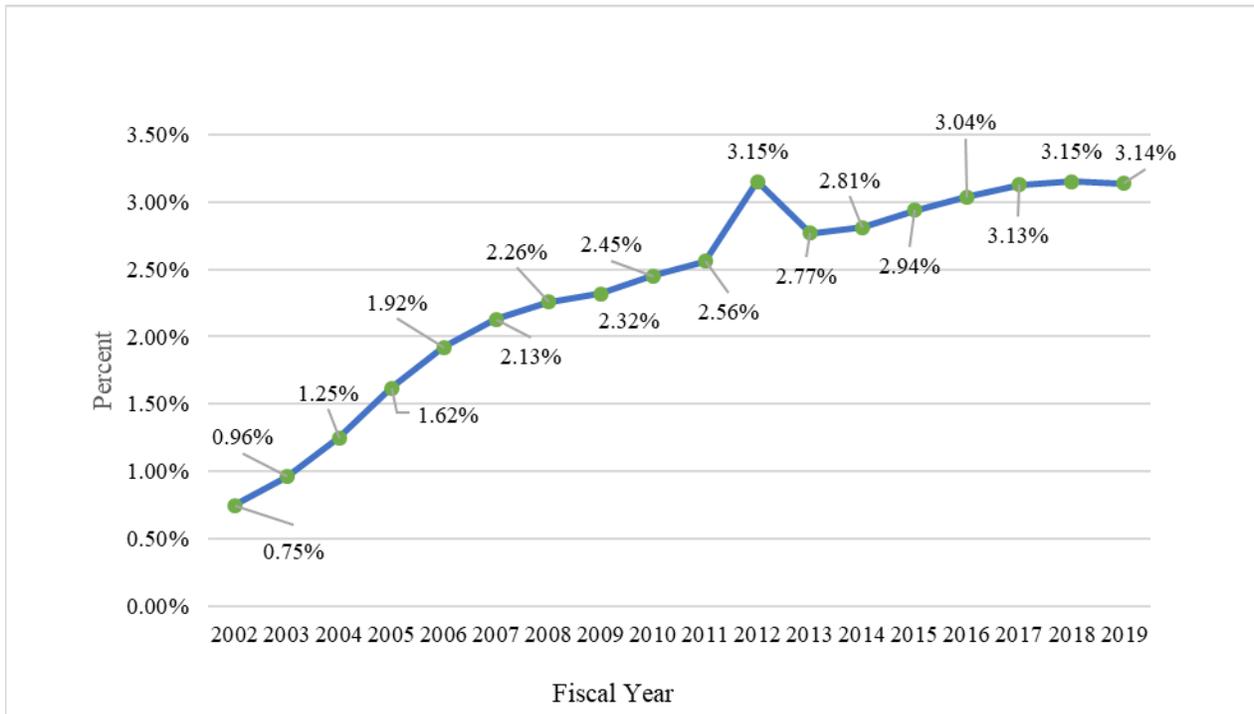
Source: SSA's Office of Research, Demonstration, and Employment Support

AGENCY ACTIONS

COOPERATIVE DISABILITY INVESTIGATIONS

The Cooperative Disability Investigations (CDI) program continues to be one of the Agency's most successful joint initiatives by combining the efforts of the Office of the Inspector General (OIG), SSA, DDSs, and State or local law enforcement personnel. The CDI units work to obtain evidence sufficient to resolve questions of potential fraud in SSA disability programs. As of September 2019, the CDI program had 46 units covering 40 States; Washington, DC; Guam; American Samoa; the Northern Mariana Islands; the U.S. Virgin Islands; and the Commonwealth of Puerto Rico. From inception in FY 1998 through September 2019, nationwide, the CDI program has resulted in approximately $4 billion in projected savings to SSA's Old-Age, Survivors and Disability Insurance (OASDI) and SSI programs; $3 billion to non-SSA programs (such as Medicare); and $220 million in SSA monies to include recoveries, restitution, fines, penalties, judgments and settlements. As of September 2019, the CDI program's efforts in FY 2019 had led to 93 judicial actions, which include sentencings, pre-trial diversions, civil settlements, and civil monetary penalties, $177.8 million in projected savings to SSA's OASDI and SSI disability programs, $186.5 million to non-SSA programs, and $17.5 million in SSA monies.

HEARINGS AND APPEALS

In January 2016, SSA issued the *Compassionate And REsponsive Service* (CARES) plan to provide a framework of drivers and initiatives designed to address the growing number of pending hearings and increased wait times. In the original release of the CARES plan, SSA was projected to reach an average processing time of 270 days for hearings by the end of FY 2020. SSA attributes progress in reducing pending levels and processing times to ALJ and staff hiring, falling receipt levels, implementing improvements to the hearing process, modernizing its information technology (IT) infrastructure, implementing important policy changes, and rallying its workforce in serving the public.

In April 2019, SSA released the 2018-2019 CARES plan, which noted that SSA expected to reach the 270-day average processing time goal in 2021. SSA reduced the 21 initial CARES initiatives to 12 as it completed existing initiatives and identified new ones. The current initiatives relate to (1) business process efficiencies, (2) IT innovations and investments, and (3) accountability and oversight focus—a new initiative for 2019. Further, the Agency's Office of Hearings Operations is developing productivity metrics across the Office, including a productivity index to assess senior attorney advisor performance, which is in addition to the current established metric for decision writer performance.

As part of its CARES plan, SSA hired 264 ALJs in FY 2016 and 132 ALJs in FY 2017. However, SSA did not hire new ALJs in FYs 2018 or 2019. In addition, because of attrition, SSA reported it had 142 fewer ALJs and approximately 500 fewer support staff as of the end of FY 2019, compared to the end of FY 2018.

Additionally, the Agency's Office of Appellate Operations designed and piloted a software program called Insight to identify potential anomalies in hearing decisions. In FY 2018, the software was initially released to decisionwriters in five hearing offices and released to all hearing offices' decisionwriters by the end of FY 2018. We reviewed Insight in FY 2019 but could not determine whether it improved the quality of draft hearing decisions or reduced the number of remands. We could not make this determination because of limited information SSA tracked during the phased rollout. In addition, we reported the Office of Appellate Operations had not consulted with the Office of Retirement and Disability Policy about whether the quality flags Insight generated adequately identified policy-compliance errors at the hearing level.

Finally, in FY 2019, SSA restored the reconsideration step at the DDS level in six States, in part, to reduce the number of claimants waiting for an ALJ decision. Previously, claimants in 10 prototype States did not have the reconsideration step and appealed initial disability denials directly to an ALJ. SSA plans to return all States to a uniform administrative review process by the end of FY 2020. According to SSA, restoring the reconsideration step will help accelerate achievement of its hearings backlog reduction goal.

RETURN TO WORK

Per SSA, in FY 2019, beneficiaries assigned over 23,000 tickets to employment networks and over 72,000 tickets to State vocational rehabilitative agencies. Also, SSA reported there are 82 Work Incentive Planning and Assistance organizations nationwide providing specialized benefits counseling services to approximately 40,000 individuals per year.

Additionally, SSA reported it put into operation a wage reporting pilot to help strengthen the Ticket Program's integrity by minimizing improper payments caused by disabled beneficiaries' earnings. It also continued conducting a marketing pilot, which provided beneficiary data to participating employment networks so they could market their services to disabled beneficiaries. The Ticket Program Manager provided marketing and outreach to program stakeholders by managing two Ticket program-related Websites, operating the Ticket to Work Help Line, and hosting national teleconferences and webinars. It also conducted employment support related outreach to beneficiaries on Facebook and Twitter.

WHAT THE AGENCY NEEDS TO DO

Implement and monitor the CARES initiatives designed to improve timeliness and reduce the hearings backlog.

Focus resources on capacity issues to better balance processing times and hearing office workloads.

Continue to create new opportunities for returning beneficiaries to work and ensure measurement of costs, savings, and effectiveness are part of the design of such initiatives.

KEY RELATED PERFORMANCE MEASURES

Some of the key performance measures from SSA's revised FY 2019 *Annual Performance Plan* related to this challenge are listed below.

- Improve customer service in the hearings process by prioritizing those individuals who have waited the longest for a hearing decision.
- Reinstate reconsideration to implement a national uniformed disability process at Step 2 of the appeal stage.
- Improve the disability determination process by increasing the percent of medical evidence received electronically.
- Increase the number of persons with disabilities receiving employment support services who achieve the consequential earnings threshold of the trial work level.
- Ensure the quality of disability decisions by achieving the State DDS' decisional accuracy rate for initial disability decisions.
- Expand CDI coverage.
- Initial disability claims receipts.
- Initial disability claims completed.
- Initial disability claims pending.
- Average processing time for initial disability claims.
- Hearings receipts.
- Hearings completed.
- Hearings pending.
- Annual average processing time for hearings decision.
- DDS production per workyear.
- Office of Hearings Operations production per workyear

KEY RELATED LINKS

OIG Report - *Oversight of the Benefit Offset National Demonstration Project, (A-04-14-14078), September 2015*

OIG Report - *The Social Security Administration's Plan to Achieve Self-Support Program, (A-08-16-50030), September 2016*

OIG Report - *The Ticket to Work Program, (A-02-17-50203), September 2016*

OIG Report - *The Social Security Administration's Programs and Projects that Assist Beneficiaries in Returning to Work, (A-04-18-50600), November 2018*

OIG Report - *Decision-writing Backlog in the Office of Hearings Operations, (A-12-18-50579), March 2019*

OIG Report - *The Social Security Administration's Use of Insight Software to Identify Potential Anomalies in Hearing Decisions, (A-12-18-50353), April 2019*

SSA OIG Website - Reports related to improving the administration of the disability programs

MINIMIZE PAYMENT ERRORS AND IMPROVE MANAGEMENT OF PAYMENT WORKLOADS

CHALLENGE

> SSA issues monthly payments to approximately 70 million people and must be a responsible steward of the funds entrusted to its care by minimizing the risk of making improper payments and effectively recovering overpayments when they occur.

PAYMENT ERRORS

Computation errors are a major cause of over-and underpayments. Inaccurate information or administrative mistakes can also cause errors when SSA calculates benefits. For FY 2018, SSA estimated that computational deficiencies resulted in $942 million in combined over-and underpayments. In 2019, we completed a number of reviews in this area. These reviews reported the following.

- As a result of a combination of employee and system errors, SSA did not provide due process to beneficiaries before it collected OASDI overpayments. As a result, we estimated SSA incorrectly recovered approximately $345 million in overpayments and will incorrectly recover an additional $671 million unless it corrects these errors.

- SSA did not always correctly process cases it identified as having a high risk of error in deferring payment of OASDI benefits. In a deferred OASDI case, SSA will withhold an individual's monthly benefit to collect prior incorrect payments or past-due Medicare premiums. An erroneous benefit deferral can occur if an SSA employee incorrectly updates a beneficiary's records. We estimated the errors resulted in approximately $40 million in incorrect payments to 11,000 beneficiaries.

MANAGEMENT OF PAYMENT WORKLOADS

Improper payments can also result from inadequate management of payment workloads. For example, improper payments occur when SSA does not take proper actions to process disabled beneficiaries' work reports. For FY 2018, SSA estimated earnings verification deficiencies resulted in nearly $1 billion in overpayments. We have also completed a number of reviews in this area.

- In 2019, we reported that SSA employees did not always correctly process SSI alerts related to double-counted OASDI benefits. SSA systems generate alerts that prompt employees to ensure SSA does not reduce SSI payments incorrectly during OASDI overpayment collection periods. However, SSA employees did not always correctly process the alerts, which resulted in approximately $28 million in SSI underpayments.

- In 2018, we reported periodic system alerts SSA implemented in September 2016 did not identify all beneficiaries who received pensions based on Federal, State, or local government employment not covered by Social Security. SSA imposes windfall elimination provisions and government pension offsets on these individuals' benefits. We estimated SSA had issued approximately $232 million in improper payments since a 2013 audit we completed on the offsets.

- In 2012 and 2017, we identified approximately 102,000 beneficiaries/recipients to whom SSA continued issuing disability benefits more than 2 months after the Agency determined their disabilities had ceased. These processing errors resulted in approximately $131 million in improper payments. Establishing automation solutions to prevent improper payments due to unprocessed disability cessations continues to be an Agency priority.

In addition, the Steigerwald class action lawsuit identified approximately 130,000 cases where SSA may have improperly accounted for representatives' fees when it calculated past-due benefit payments to individuals who were subject to the windfall offset provision. SSA has a remediation plan for employees in its program service centers and field offices to recalculate each case's windfall offset and release any underpayments to the class action members.

Our planned work in these areas is designed to help the Agency further reduce computation errors and improve payment workload management.

AGENCY ACTIONS

SSA has taken steps to minimize payment errors and improve management of payment workloads. SSA implemented an online tool to allow users to report earnings electronically on computers, mobile devices, and smartphones and expanded the electronic application to allow SSI recipients, their representative payees, or deemors to report earnings electronically. By automating this process, SSA expects to update its records sooner and reduce the need for customers to visit field offices.

WHAT THE AGENCY NEEDS TO DO

Address the root causes of improper payments to prevent their occurrence.

Enhance accountability for managing performance through program and automation improvements and ensure any improvements include the measurement of their effectiveness.

Ensure staff have adequate training and technology.

Periodically review manual processes to determine whether they can be automated to reduce computation errors.

KEY RELATED PERFORMANCE MEASURES

Some of the key performance measures from SSA's *Annual Performance Plan for Fiscal Year 2020,* related to this challenge are listed below.

- Improve the integrity of the SSI program by focusing efforts on reducing overpayments.
- Maintain a high payment accuracy rate by reducing overpayments in the OASDI program.
- Strengthen manager accountability for effective performance management.
- Complete periodic CDRs and SSI non-medical redeterminations.

KEY RELATED LINKS

Federal Payment Accuracy Website - Payment Accuracy – An Official Website of the United States Government

OIG Website - Reports related to minimizing payment errors and improving management of payment workloads

IMPROVE THE PREVENTION, DETECTION, AND RECOVERY OF IMPROPER PAYMENTS

CHALLENGE

> SSA is responsible for issuing approximately $1 trillion in benefit payments, annually. Given the amounts involved, even the slightest error in the overall payment process can result in millions of dollars in over- or underpayments. Preventing, detecting, and recovering improper payments continues to be a challenge.

In its FY 2019 *Agency Financial Report*, SSA estimated it had made approximately $8.2 billion in improper payments in FY 2018. The Agency continues collaborating with external partners to address the root causes of improper payments to prevent their recurrence, and modernize its debt management and collection processes. We also continue focusing our work on obtaining and using external data to recommend steps SSA could take to prevent, detect, and recover improper payments.

PREVENTION AND DETECTION

Preventing improper payments is more advantageous than detecting them after they are made since additional resources are not spent in recovering the overpayments. Numerous factors affect OASDI and SSI eligibility and payment amounts—such as wages and income, resources, and living arrangements. Beneficiaries and recipients are required to report to SSA any change in circumstances that may affect their benefits; however, they do not always comply. Therefore, obtaining data from external sources, such as other Federal agencies, State agencies, and financial institutions, is critical to prevent and detect improper payments.

- Over the last few years, we have reviewed death data from several State and Federal agencies and identified $138 million in payments that SSA issued after individuals' deaths. SSA took action to post the death information on its records, terminate the OASDI and SSI benefits, and recover the funds. Additionally, SSA continues expanding its use of the electronic death registration process, which allows States to verify a deceased person's name and Social Security number (SSN) against SSA's records before registering the death. The electronic death registration process results in the transmission of more accurate and timely death information to SSA, which allows it to timely stop the deceased beneficiary's payments.

- In a February 2013 report, we estimated 35,068 SSI recipients had approximately $152 million in overpayments because of unreported absences from the United States between September 2009 and August 2011. We recommended SSA work with the Department of Homeland Security to create a process that provides the necessary information to identify SSI recipients who are outside the United States for longer than 30 days. (The Department of Homeland Security maintains travel data on individuals who enter and leave the United States.) This has been a long-term project. On June 17, 2019, SSA started using Department of Homeland Security foreign travel data during SSI redeterminations.

- Each quarter, SSA obtains wage data from the Office of Child Support Enforcement (under the Department of Health and Human Services), which is more timely than the annual earnings data the Internal Revenue Service provides SSA. This allows SSA to identify sooner beneficiaries who may be working above certain dollar thresholds to prevent large overpayments. SSA also continues developing plans to implement section 824 of the *Bipartisan Budget Act of 2015* to obtain wage data from payroll providers.

The CDR is a tool for reducing improper payments. Through completed CDRs, SSA periodically verifies individuals are still disabled and eligible for disability payments. SSA estimated that, over the next 10 years, CDRs conducted in FY 2019 will yield, on average, net Federal program savings of roughly $9 per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare, and Medicaid effects.

According to SSA, SSI non-medical redeterminations, which are periodic reviews of such non-medical eligibility factors as income and resources, are another important program integrity tool. SSA estimated that, over 10 years, non-medical redeterminations conducted in FY 2019 will yield, on average, a return on investment of about $4 of net Federal program savings per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects. However, according to SSA, budgetary constraints determine how many redeterminations it conducts each year.

RECOVERY

Once SSA determines it has overpaid an individual, it attempts to recover the overpayment. According to SSA, in FY 2019, it recovered over $4 billion in overpayments at an administrative cost of $0.06 for every dollar collected and ended the FY with a $25-billion uncollected overpayment balance. See Figure 3.

Figure 3: Overpayments Recovered – FY 2019
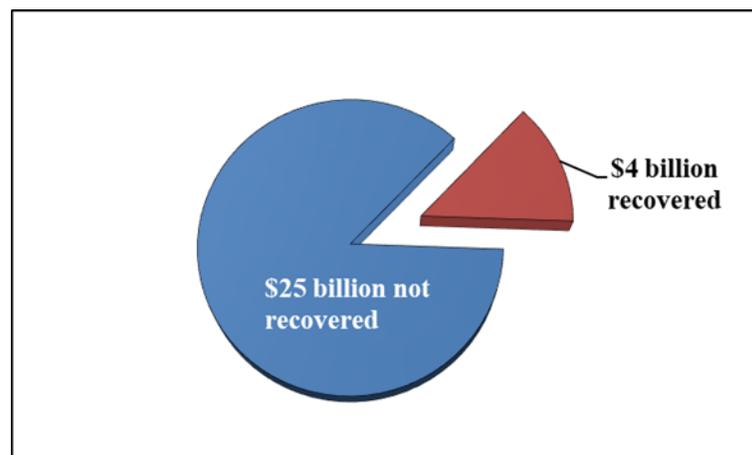
Source: SSA's FY 2019 Agency Financial Report

To collect debt related to overpayments, SSA uses ". . . internal debt collection techniques ([that is], payment withholding and billing/follow-up), as well as external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts."

AGENCY ACTIONS

SSA is taking actions to address improper payments. As noted above, SSA recovers a portion of overpayments, conducts CDRs and SSI redeterminations, and obtains data from other agencies and third parties to identify and prevent improper payments. In addition, SSA is updating its death reporting system to ensure it is collecting accurate data from national, State, and local agencies as well as from other countries with whom the United States has totalization agreements.

WHAT THE AGENCY NEEDS TO DO

Identify and prevent improper payments through automation and data analytics. SSA needs to use available data to better identify changes that affect beneficiaries' and recipients' benefit payments.

Expand efforts to collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when SSI recipients self-report information.

Develop new initiatives to address improper payments.

KEY RELATED PERFORMANCE MEASURES

SSA has three strategies in its *Annual Performance Report Fiscal Years 2018 – 2020* to improve payment integrity.

1. Collaborate with partners to address improper payments.
2. Address the root causes of improper payments to prevent their recurrence.
3. Modernize its debt management and debt collection business process.

Additionally, some of the key performance measures related to payment integrity include the following.

- Initiate the data-exchange process with new partners or expand existing data exchanges to improve operational efficiency and reduce improper payments.
- Complete CDRs and SSI non-medical redeterminations.

KEY RELATED LINKS

Federal Payment Accuracy Website - Payment Accuracy – An Official Website of the United States Government

Office of Management and Budget Circular No. A-123, Memorandum M-18-20, Appendix C, *Requirements for Payment Integrity Improvement*, June 26, 2018

SSA, OIG, Website - Reports related to improving the prevention, detection, and recovery of improper payments

IMPROVE SERVICE DELIVERY

CHALLENGE

> SSA faces challenges, including growing workloads as experienced employees are expected to retire, as it pursues its mission to deliver quality service to the public.

SSA'S GROWING WORKLOADS

SSA estimates, in FY 2020, it will pay approximately $1 trillion in OASDI benefits to 65 million beneficiaries and $60 billion in SSI payments to 8 million recipients. In addition, SSA expects to process

- 8.7 million OASDI and SSI initial claims;

- 1.6 million appeals for claimants who disagreed with its determination or decision;

- 285 million earnings items posted to workers' records;

- 17 million new and replacement Social Security number (SSN) cards;

- 2.8 million SSI redeterminations and almost 674,000 full medical CDRs; and

- 100 million post-entitlement actions.

The Agency administers its programs and services through its field offices, National 800-Number, and processing centers. In FY 2019, field offices served approximately 43 million visitors, the National 800-Number handled over 33 million calls, and processing centers handled complex Social Security claims as well as supported the National 800-Number.

In an April 2018 audit, we found the pending workload items at SSA's processing centers more than tripled, from approximately 1.1 million at the beginning of FY 2013 to approximately 3.5 million by the end of FY 2016. Work receipts and staffing were among the factors that accounted for the growth in processing center pending workloads, as well as from the sharp decline in overall staff experience. We recommended SSA develop a plan to address the backlog of pending processing center workload items. In April 2018, SSA informed us that its FY 2018 National Processing Center Work Plan would address this recommendation.

IMPOSTOR SCAMS

We have seen a dramatic increase in reports of Social Security-related telephone scams, the most common of which involve callers threatening to arrest individuals unless they pay fines or fees using cash, retail gift cards, or wire transfers. In April 2019, the Federal Trade Commission announced that reports of Social Security employee imposter scams over the past year eclipsed reports of the Internal Revenue Service scam, another prevalent scam, in its peak year. Similarly, we have received more than 450,000 imposter allegations in FY 2019. Although these scams generally do not involve Social Security benefits or programs, they have the potential to decrease the public's trust in SSA, and they hinder the Agency's ability to communicate with its customers.

LOSS OF EXPERIENCED EMPLOYEES AND INSTITUTIONAL EXPERTISE

SSA acknowledges that one of its greatest challenges is the loss of its most experienced employees. SSA expects that more than 10,000 of its almost 61,000 employees will retire within the next 5 years. These retirements, along with regular attrition, will cause a loss of institutional knowledge and potentially impair succession management and knowledge transfer.

SSA also reported that, in FY 2019, about 30 percent of its senior executives and 24 percent of GS-15 employees were eligible to retire. In addition to retirement concerns, resignations increased from 27 percent in 2015 to 30 percent in 2019. Transfers increased from 8 to 15 percent during the same timeframe.

SSA's Vision 2025, *2018-2022 Agency Strategic Plan,* and *2018 Human Capital Operating Plan* indicate that succession planning is critical to its future. By planning for, and taking measures to close, the leadership competency gaps it will face over the coming years, the Agency will be in a better position to ensure a continuity of leadership.

SERVICE DELIVERY

SSA continues expanding its suite of automated and online service options. Seven of its 8 online applications earned scores of at least 80 out of 100 in the ForeSee E-Government Satisfaction Index. In FY 2019, SSA estimated the public will conduct over 173 million transactions online. As of September 2019, SSA customers had completed approximately 184 million online transactions. In FY 2020, SSA expects this to increase to 194 million.

Approximately 6 million people create a new *my* Social Security account each year; SSA had nearly 46 million registered users at the end of FY 2019. SSA continues to focus on improving the *my* Social Security user experience and adding service options. However, we still have concerns with SSA's online services. In a November 2018 audit, we found the Agency's controls for the *my* Social Security portal had not prevented some individuals from fraudulently establishing accounts or submitting direct deposit transactions. Also, by using those same controls for Internet claims, SSA may not prevent individuals from fraudulently submitting Internet claims applications. SSA stated that, in FY 2020, it will expand *my* Social Security services and strengthen and modernize its methods to authenticate customers' identities and authorize their use of electronic services.

OVERSIGHT OF THE REPRESENTATIVE PAYMENT PROGRAM

Beneficiaries who cannot manage or direct the management of their benefits depend on representative payees to receive and manage their Social Security benefits. SSA's oversight of the Representative Payment Program is critical to ensuring beneficiaries receive the benefits and services they should. SSA reported in its *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews for Fiscal Year 2018*, the most recent report available, that there were 6 million representative payees managing $70 billion in annual benefits for 8.3 million beneficiaries.

The *Strengthening Protections for Social Security Beneficiaries Act of 2018* (Pub. L. No. 115-165) should improve and strengthen SSA's Representative Payment Program. The Act requires that SSA

- make annual grants to State Protection and Advocacy groups to complete representative payee reviews;

- expand its site reviews to include individual and organizational representative payees based on risk of potential misuse or unsuitability;

- establish a monthly data exchange with State foster care agencies to identify beneficiaries with representative payees whose foster care arrangements have changed;

- study improving data sharing with State adult protective services to determine the need for, and oversight of, representative payees; and

- prohibit individuals convicted of certain crimes from serving as representative payees.

In an August 2018 audit, we found SSA did not always identify and bar convicted felons from serving as individual representative payees. We estimated 396 representative payees received approximately $13.7 million in benefit payments after their barred felony convictions. In addition, SSA had not yet implemented several recommendations from previous audits of its representative payment program. This includes recommendations to ensure it

- records individual representative payees' SSNs in its payment records,

- retains the application for representative payees who do not have SSNs, and

- develops a systems alert to identify when discrepant information is on the Master Beneficiary and Supplemental Security Records.

In January 2019, the Social Security Advisory Board noted that SSA's representative payee monitoring tool did not appear to obtain substantive performance information that would be useful in changing SSA's preference lists for selecting representative payees. The Board also noted that a database on representative payee performance would help SSA identify potential cases of representative payee misuse. Finally, the Board recommended that SSA strengthen its capacity to collect and use all appropriate program data to inform and support decisions about its Representative Payment Program.

AGENCY ACTIONS

SSA has taken steps to manage its growing workloads and loss of experienced employees. In addition, it is expanding its online services and continuing to manage its Representative Payment Program.

MANAGING GROWING WORKLOADS

SSA's processing centers handle actions that arise after the Agency determines benefit eligibility, and support field and hearing offices. SSA prioritized hiring and overtime in the processing centers, and continues focusing on automation, workflow enhancements, and quality initiatives to improve processing center performance. In FY 2019, SSA's goal was to reduce the number of pending actions to 2.9 million by the end of the FY. However, as of September 2019, there were approximately 4.5 million pending workload items.

The average wait time for all field office visitors (with and without appointments) was 24.9 minutes in FY 2018 and 24.8 minutes in FY 2019. SSA has several initiatives to reduce field office wait times, including the SSAexpress computer station, which allows customers to create and log onto their *my* Social Security accounts to conduct business with SSA, and video service delivery, which allows customers to conduct business by video with SSA employees. In addition, local communities can install an SSA Express Desktop Icon, a specialized SSA.gov shortcut, on their public computers and Websites to increase awareness of SSA's online services and reduce field office visits.

IMPOSTOR SCAMS

To address the workload caused by beneficiaries contacting SSA after being contacted by possible scammers, SSA has partnered with other government agencies and organizations to notify individuals about impersonator scams. For example, it has partnered with the Federal Trade Commission to inform the public on how to avoid being scammed. Additionally, we, the OIG, have taken steps to address this fraud, including contacting major retailers and gift card distributors to discuss point-of-sale consumer education about the phone scams and partnering with other Federal and State law enforcement agencies to leverage resources in conducting investigations related to this scam.

LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

SSA recognizes it is accountable for ensuring its employees have the training and technology they need to take timely, quality actions. In addition, SSA recognizes its managers need to understand how to maximize employee performance so SSA can serve the public. SSA's framework for comprehensive human capital management includes three major focus areas: workforce management, succession management, and performance management. Leadership development continues to be an imperative, both in terms of helping current leaders meet demands of the modern workplace and equipping next-in-line leaders to assume crucial responsibilities.

In 2019, SSA launched a redesigned national leadership development program that replaced previous programs and should link leadership development and succession planning. This should also ensure a continuity of trained leaders ready to fill critical positions. SSA also plans to expand developmental opportunities beyond component-based

programs and strengthen core foundational competencies that support leadership. For FY 2020, SSA's goal is to reduce competency gaps among leadership development program graduates by at least 90 percent.

ONLINE SERVICES

SSA has several proposals to improve online services and its automated services. It also plans to continue investing in its staff to improve frontline service and reduce hearings and processing center backlogs.

SSA continues strengthening the security of its online services. SSA is improving its ability to prevent fraudulent activity associated with Internet claims. In FY 2019, SSA improved authentication controls for access to electronic services. For example, the Agency improved and expanded secure access to the electronic folder for medical experts, vocational experts, and appointed representatives, and enhanced existing security controls for account registration and password management for online services.

SSA continues to expand its *Internet Social Security Number Replacement Card* for individuals to request replacement SSN cards. In FY 2019, SSA added eight States, making this option available in 40 States and the District of Columbia.

In FY 2019, SSA acquired 139 video units, which it will place in its field offices, State DDSs, and in third-party sites. In addition, SSA relocated underused video units, added nine new Representative Video Project sites, and collaborated with the Department of Veterans Affairs to conduct video hearings for veterans and their families. In FY 2018, 179,315 hearings (29 percent of all hearings) were held by video. In FY 2019, 183,549 hearings, 30 percent of all hearings, were held by video.

REPRESENTATIVE PAYMENT PROGRAM

SSA reports beneficiaries who need representative payees are of particular concern because of their vulnerability. In its *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews for Fiscal Year 2018*, SSA reported its reviews found the majority of representative payees was properly using beneficiaries' funds. SSA also reported it made determinations of misuse totaling over $1 million and identified an additional $3.5 million in suspected misused funds. As a result of the reviews, the Agency removed 139 representative payees and either appointed new representative payees or determined beneficiaries were capable of managing their own benefits.

The *Strengthening Protections for Social Security Beneficiaries Act of 2018* requires that SSA make annual grants, in an amount no less than $25 million, directly to State Protection and Advocacy groups to conduct site reviews of representative payees. As of September 2019, Protection and Advocacy groups had finished 1,168 of the required reviews.

SSA established a monthly data exchange with State foster care agencies as mandated by the *Strengthening Protections for Social Security Beneficiaries Act of 2018*. SSA is also working with States to secure Information Exchange Agreements to provide State foster care information to SSA. As of September 2019, SSA has Information Exchange Agreements with 26 States.

The *Strengthening Protections for Social Security Beneficiaries Act of 2018* requires that SSA test the feasibility of improving information sharing with State agencies that provide adult protective services. To accomplish this, SSA created a questionnaire to assess the data available from each State and determine whether the State is willing to share the data collected. SSA does not track nor report changes of representative payee or capability determinations specifically caused by abuse, neglect, and/or financial exploitation.

> ## WHAT THE AGENCY NEEDS TO DO
>
> **Continue developing and implementing strategies that will provide quality services to the public now and in the future while overcoming challenges related to growing workloads, loss of institutional knowledge, and an increase in online transactions.**
>
> **Implement the changes brought forth in the *Strengthening Protections for Social Security Beneficiaries Act of 2018*.**

KEY RELATED PERFORMANCE MEASURES

Some of the key performance measures from SSA's revised FY 2018 *Annual Performance Plan* related to this challenge are listed below.

- Increase the number of successfully completed online transactions.

- Maintain customer satisfaction with SSA's online services above ForeSee's Threshold of Excellence.

- Improve customer service in the hearings process by prioritizing those individuals who have waited the longest for a hearing decision.

- Improve customer service by reducing the number of actions pending at the processing centers.

- Enhance the leadership pipeline through a modernized national leadership development program.

KEY RELATED LINKS

SSA Strategic Plan - *Agency Strategic Plan Fiscal Years 2018-2022*

SSA Annual Performance Plan - *Annual Performance Plan for Fiscal Year 2020, Revised Performance Plan for Fiscal Year 2019, and Annual Performance Report for Fiscal Year 2018*

SSA Annual Report - *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews for Fiscal Year 2018*

SSA Budget Overview - *FY 2020 Budget Overview*

OIG Report - *The Social Security Administration's Application of Due-process Provisions for Old-Age, Survivors and Disability Insurance Overpayments* (A-07-18-50622), March 2019

OIG Report - *Follow-up on Deceased Representative Payees* (A-01-18-50350), July 2019

OIG Report - *U.S. Veteran Disability Claims Processing Time* (A-15-17-50227), July 2019

SSA, OIG Website - Reports related to improving service delivery

SECURE INFORMATION SYSTEMS AND PROTECT SENSITIVE DATA

CHALLENGE

> **SSA must ensure its information systems are secure and sensitive data are protected.**

Federal information systems—and the information they hold—are increasingly becoming targets of cyber-attacks. Breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on every individual with an SSN is invaluable to would-be hackers and potential identity thieves. Consequently, the Agency's information systems may be at particular risk of attack. Given the sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program.

SSA continues expanding its online services to improve customer service. The Agency is also developing systems in the cloud, which creates security concerns with housing sensitive Agency information in public clouds. As SSA expands its services and systems, it is important that it implement security during the development process.

INFORMATION SECURITY PROGRAM

Our prior audit and investigative work has revealed concerns with the security of SSA's information systems. Auditors have identified weaknesses that, when aggregated, created a significant deficiency in SSA's overall information systems security program. Additionally, other audits and evaluations have identified serious concerns with SSA's information security program.

In the most recent report for the *Federal Information Security Modernization Act of 2014* (FISMA) (Pub. L. No. 113-283), Grant Thornton LLP determined that SSA had established an Agency-wide information security program. However, Grant Thornton identified a number of deficiencies that may limit the Agency's ability to protect the confidentiality, integrity, and availability of SSA's information systems and data. The deficiencies identified in each FISMA reporting metric domain—risk management, configuration management, identity and access management, data protection and privacy, security training, information security continuous monitoring, incident response, and contingency planning—are consistent with those cited in our prior FISMA reports.

SECURING ONLINE SERVICES

For systems that promote public access, agencies must ensure that identity proofing, registration, and authentication processes provide assurance of identity consistent with security and privacy requirements, in accordance with Executive Order 13681, Office of Management and Budget policy, and National Institute of Standards and Technology standards and guidelines. Pursuant to Executive Order 13681, *Improving the Security of Consumer Financial Transactions,* agencies that make personal data accessible to citizens through digital applications shall require multiple factors of authentication and an effective identity-proofing process, as appropriate. One of the Agency's priorities is to develop and increase the use of self-service options. To achieve that goal, SSA plans to expand the services available under its *my Social Security* online portal. For example, SSA plans to provide direct access to certain information and notices through its online services.

In September 2018, SSA released security enhancements to iClaim. We recognize online services are an important component of SSA's strategy to deliver services to the public during a period of increasing workloads and constrained resources. Still, we believe SSA's primary responsibility must be safeguarding the sensitive information the American public has entrusted to it. To ensure citizens' sensitive information is adequately protected, we believe the Agency needs to implement security controls that meet Federal requirements and ensure individuals applying for benefits are who they claim to be.

PROTECTING THE SSN

Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and eligible individuals receive the full benefits due them. The SSN is relied upon as an identifier and is valuable as an illegal commodity. Accuracy in recording workers' earnings is critical because SSA calculates benefit payments based on the earnings an individual accumulates over his/her lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the Agency assigns the numbers, and accurately posting the earnings reported under SSNs are critical SSA responsibilities. In FY 2019, SSA issued over 17 million original and replacement SSN cards. In addition, the Agency processed approximately 288 million wage items in FY 2019.

AGENCY ACTIONS

SSA acknowledges it must be mindful of potential cyber-threats and remain committed to protecting privacy and security. One of the Agency's goals is to ensure its IT services are reliable, secure, and efficient. As part of that effort, SSA plans to strengthen its information security program.

INFORMATION SECURITY PROGRAM

SSA's Office of Information Security (OIS) has continued implementing its Cybersecurity Strategic and Tactical plans, which include many strategies and initiatives to address IT and cyber-security challenges. In 2019, OIS developed and published its Cyber Risk Management Strategy that includes the processes, criteria, and responsibilities for information security risk acceptance decisions. In alignment with the Cybersecurity Strategic Plan, the Strategy includes the OIS risk management framework process and documents how OIS defines its risk appetite, tolerance, and scoring. However, OIS is still implementing the strategy.

In addition, to remediate prior-year risk management findings, SSA is implementing a strategy to revise system boundaries, control inheritance, and transition to on-going authorization as the Agency acquires and implements a Governance, Risk, and Compliance tool. As part of this effort, SSA redefined its common control structure. SSA defines its common controls as those that provide a security or privacy capability for multiple systems. SSA has completed assessments of common controls provided by its data centers and has plans to assess the remaining common controls.

SECURING ONLINE SERVICES

In September 2016, we recommended SSA strengthen controls over access to *my Social Security* to ensure citizens' sensitive information is adequately protected. SSA has made several enhancements to the authentication process since our September 2016 report. According to SSA, these changes will allow it to move toward compliance with National Institute of Standards and Technology Special Publication 800-63-3, *Digital Identity Guidelines*. SSA has also taken steps to increase its ability to detect potentially fraudulent benefit claims online. In September 2018, SSA introduced new controls for iClaim that it expects will help prevent fraud.

PROTECTING THE SSN

SSA has taken steps to automate its enumeration process. For example, SSA released the Internet-based Social Security Number Replacement Card application in November 2015. This will allow certain individuals to obtain a replacement SSN card online without the need to visit an SSA office, ultimately reducing the number of replacement card requests in field offices and Social Security Card Centers. In FYs 2016 through 2019, SSA issued approximately 2.8 million SSN replacement cards through the Social Security Number Replacement Card application. While we believe this may enhance customer service, SSA must ensure it takes all necessary steps to minimize the risk of individuals fraudulently obtaining SSN replacement cards.

SSA's programs depend on earnings information when they determine whether an individual is eligible for benefits and calculate their payment amounts. Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct amounts. SSA shares incorrect names/SSNs with employers when they submit their wage file to the Agency. Additionally, in March 2019, SSA resumed sending revised Educational Correspondence letters to employers whenever at least one name or SSN submitted on their employee's Forms W-2 could not be matched to SSA records. The letter includes instructions for viewing these no-matches online and how to correct them.

The Earnings Suspense File is the Agency's record of wage reports on which wage earners' names and SSNs fail to match SSA's records. The Earnings Suspense File has accumulated over $1.7 trillion in wages and 375 million wage items for Tax Years 1937 through 2018. In Tax Year 2018 alone, SSA posted approximately 8.6 million wage items, representing $101 billion in wages, to the Earnings Suspense File.

SSA has taken steps to reduce the Earnings Suspense File's size and growth. The Agency allows employers to verify their employees' names and SSNs using the Agency's online SSN Verification Service before reporting wages to SSA. The number of verification transactions processed by the SSN Verification Service increased from 121.5 million in 2014 to 179.4 million in 2018. As of September 30, 2019, approximately 56,000 registered employers had submitted approximately 186.3 million verifications.

SSA also supports the Department of Homeland Security's E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. According to the Department of Homeland Security, approximately 891,000 employers had enrolled to use E-Verify as of September 30, 2019. According to the latest data available, in the first 3 quarters of FY 2019, the Department of Homeland Security processed 28 million E-Verify cases, of which 362,000 (1.29 percent) received a not authorized to work response.

While SSA cannot control all the factors associated with erroneous wage reports, it can improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the Agency's SSN Verification Service, and enhancing SSN verification feedback to provide employers with sufficient information on potential employee issues.

WHAT THE AGENCY NEEDS TO DO

Address the deficiencies identified by the independent auditor that, when aggregated, are considered to be a significant deficiency in SSA's information security program.

Ensure the electronic services the Agency provides are secure and comply with Federal security requirements.

Continue to be vigilant in protecting SSNs. We remain concerned that some government and non-government organizations unnecessarily collect and use SSNs as a primary identifier. We also remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States as well as the misuse of SSNs for identity theft purposes.

Ensure any electronic applications related to SSN card issuance offered through *my* Social Security include an effective authentication process.

Improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, re-examining the validity and integrity checks used to prevent suspicious W-2s from being posted, and encouraging greater use of the Agency's employee verification programs. SSA can also improve coordination with other Federal agencies with separate, yet related, mandates. For example, the Agency needs to work with the Internal Revenue Service to achieve more accurate wage reporting.

KEY RELATED PERFORMANCE MEASURES

The key performance measures from SSA's revised FY 2019 *Annual Performance Plan* related to this challenge are listed below.

- Maintain an effective cybersecurity program.
- SSNs completed.
- Annual earnings items completed.
- Social Security Statements issued.

Key Related Links

OIG Report - *The Social Security Administration's Authentication Risk Assessment for the Internet Social Security Number Replacement Card Project* (Limited Distribution) (A-14-14-24130), May 2015

OIG Report - *Status of the Social Security Administration's Earnings Suspense File* (A-03-15-50058), September 2015

OIG Report - *Social Security Administration Correspondence Containing Full Social Security Numbers* (A-04-15-50070), April 2016

OIG Report - *Access to the Social Security Administration's my Social Security Online Services* (Limited Distribution) (A-14-15-15010), September 2016

OIG Report - *Improper Use of Elderly Individuals' Social Security Numbers* (A-03-16-24028), January 2017

OIG Report - *Security of the Social Security Administration's Public Web Applications* (Limited Distribution) (A-14-17-50152), April 2017

OIG Report - *Social Security Numbers Assigned and Benefits Paid to Refugees, Parolees, and Asylees* (A-08-16-50142), July 2017

OIG Report - *Cross-referred Social Security Numbers* (A-06-13-23091), July 2017

OIG Report - *Removal of Self-employment Income and the Impact on Social Security Benefits* (A-03-16-50102), February 2018

OIG Report - *Implementation of the Internet Social Security Number Replacement Card Project* (Limited Distribution) (A-08-17-50241), July 2018

OIG Report - *The Social Security Administration's Comprehensive Integrity Review Process* (Limited Distribution) (A-14-17-50097), September 2018

OIG Report - *The Social Security Administration's Information Security Program and Practices for Fiscal Year 2018* (Limited Distribution) (A-14-18-50505), October 2018

OIG Report - *Verifying the Identities of Individuals Who File Internet Claims* (Limited Distribution) (A-14-18-50640), November 2018

OIG Report - *Security of the Social Security Administration's Cloud Environment* (Limited Distribution) (A-14-18-50498), August 2019

SSA, OIG Website - Reports related to securing information systems and protecting sensitive data

MODERNIZE INFORMATION TECHNOLOGY

CHALLENGE

> **SSA must modernize its IT to accomplish its mission despite budget and resource constraints.**

Few Federal agencies touch as many people as SSA; and IT plays a critical role in SSA's daily operations. However, SSA's aging IT infrastructure is increasingly difficult and expensive to maintain. The Agency continues relying on outdated applications and technologies to process its core workloads (for example, retirement and disability claims). Many of SSA's legacy applications were programmed with Common Business Oriented Language. SSA maintains more than 60 million lines of Common Business Oriented Language along with millions more lines of other legacy programming languages. According to the Agency, these legacy systems are not sustainable.

SSA reports that budget constraints have forced it to use much of its IT funding to operate and maintain existing systems. To ensure SSA can keep pace with increasing workloads, it must maintain its legacy systems while developing their modern replacements.

Cloud computing enables convenient, on-demand access to shared computing resources, including networks, servers, storage, applications, and services. In the cloud environment, IT resources are available to users as needed. SSA has implemented an on-site-private cloud that is housed in the two data centers it uses for systems development.

As of September 2019, SSA deployed its on-site-private cloud environment and 30 systems in external cloud environments hosted by 16 cloud service providers. Seventeen of these systems collect, process, maintain, transfer, or store sensitive information, such as program data, personally identifiable information, and information on employees.

DEVELOPMENT AND IMPLEMENTATION OF ELECTRONIC SERVICES

SSA launched *my* Social Security in 2012 and, through September 2019, more than 45 million customers had created accounts. According to SSA, in FY 2019, customers completed over 184 million transactions using the Agency's Website. Further, SSA indicated that nearly half of all Social Security retirement and disability applications were filed online. Still, the Agency saw about 43 million visitors in its field offices and handled about 33 million calls to its National 800-Number.

To reduce unnecessary field office visits by the public, SSA continues enhancing its online services to provide the public a secure, convenient self-service option. To support its increasing workloads, SSA has developed and implemented about 30 electronic services for the public, businesses, and other government agencies.

One of the Agency's priorities is to improve customer service and convenience by increasing online transactions. To achieve that goal, SSA continues enhancing its *my* Social Security online portal. For example, SSA implemented myWageReport, which allows users to report wages electronically on computers, mobile devices, and smartphones. In FY 2019, SSA also expanded *my* Social Security services available to representative payees and created an option for registered users to opt out of receiving paper notices as they become available electronically. In FY 2020, SSA plans to continue to expand *my* Social Security **services, and to take steps to** strengthen and modernize its methods to authenticate its customers' identities and authorize their use of electronic services.

IMPLEMENTATION OF MAJOR IT PROJECTS

SSA faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget.

DISABILITY CASE PROCESSING SYSTEM

SSA is developing the Disability Case Processing System (DCPS) as a common case processing system for DDSs. The Agency expects DCPS to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs.

SSA is using an agile approach to develop and deploy DCPS. In December 2016, the Agency released its first working software to three DDSs, enabling them to process certain disability claims in the new system. Since 2016, the Agency has developed and implemented new releases that have provided additional functionality and had made the system available to users in 31 DDSs as of September 2019.

In response to a request from the Chairman of the House Subcommittee on Social Security, Committee on Ways and Means, we have completed nine reviews of the DCPS project and will release our 10th review in FY 2020. SSA's goal is for the DDSs to transition from their existing case processing systems 9 to 12 months after the DDS deploys DCPS or 9 to 12 months after October 1, 2019, whichever is later. SSA estimated its DCPS costs through FY 2022 would be approximately $178 million. However, the Agency still needs to develop functionality and implement DCPS in the remaining DDSs.

Further, until DDSs transfer fully to DCPS, they will continue incurring costs to operate and maintain their existing systems. According to the Agency, it costs approximately $31 million, annually, to operate and maintain the existing systems. In FY 2019, two DDSs transitioned claims processing to DCPS and discontinued contracts for their existing legacy systems. Cost savings are projected as additional DDSs discontinue existing legacy system contractual expenditures.

AGENCY CLOUD INITIATIVE

The Agency Cloud Initiative is a cross-component project within the Office of Systems that will provide on-premises and public cloud infrastructures, platforms, and applications/services to meet the Agency's service delivery and business operations requirements. SSA's traditional infrastructure was augmented with on-premises cloud services, which it hosted in its two national co-processing data centers, and public cloud services for availability, flexibility, and cost-efficiency. The strategic deployment and management of this broad initiative enables SSA to leverage the cloud-computing model.

IT INVESTMENT PROCESS

Although SSA generally was able to verify and compare costs, functionality impact, and other areas in its post-implementation review reports, it could not quantify the benefits or calculate the return on investment for all the projects covered by those reports.

AGENCY ACTIONS

IT MODERNIZATION PLAN

For several years, SSA has worked incrementally to modernize its IT infrastructure. However, the Agency's Chief Information Officer has acknowledged the Agency must undertake a larger, multi-year effort.

In FY 2016, SSA began reorganizing its data into a modern architecture and developing a framework to allow real time updates (in contrast to legacy systems that batch transactions). According to SSA, it is also moving to modernize its software engineering tools and skills. However, SSA needs a sustained, long-term investment to make

the changes needed to develop a fully modern IT infrastructure capable of supporting the Agency's vast and complex operations.

In October 2017, SSA published and began implementing its IT Modernization Plan. In FY 2018, SSA focused on improving the high-priority capabilities in its core business systems. In FY 2019, SSA delivered OASDI Cost of Living Adjustment Notices online and removed over 3,000 lines of code to improve the timely posting of deaths to the Agency databases.

DEVELOPMENT AND IMPLEMENTATION OF ELECTRONIC SERVICES

SSA continued expanding the availability of its online application process for Social Security number replacement cards to other States in FY 2019, with the total number of States at 40, plus the District of Columbia. The Agency also enhanced online capabilities for claimants and appointed representatives to file appeals. SSA expanded the option for *my* Social Security users to receive help from an employee via live chat to 30 percent of users.

IMPLEMENTATION OF MAJOR IT PROJECTS

DCPS

In FY 2019, SSA rolled out DCPS to 19 States, for a total of 31 DDSs. The Agency also added increased functionality, including the ability to process continuing disability reviews for adults and children. In FY 2020, SSA plans to roll out DCPS to more DDSs and to add more functionality, including the ability to interact with more State's fiscal systems.

CLOUD TECHNOLOGY

As SSA implements cloud technology, it expects to receive further flexibility to allocate systems resources to meet changing demands. At the end of FY 2018, the Agency deployed its On-Premise cloud. In FY 2020, the Agency plans to migrate 50 percent of Agency email to the cloud platform.

IT INVESTMENT PROCESS

SSA developed a new IT Investment Process that it expects will improve how it manages and invests in IT. The IT Investment Process will focus on up-front project planning with outcomes tied to specific Agency goals. An enterprise-wide executive IT investment board meets throughout the year to make funding decisions on projects that provide the greatest benefit to the Agency. As a result, SSA believes it will be better able to deliver the right project on time and within budget.

SSA has established policy and procedures for post-implementation reviews and has been performing post-implementation reviews for selected projects. During the post-implementation review, SSA compares actual costs, benefits, schedule, and identified risks to the original project estimates to assess the IT investment's performance and identify areas for improvement.

WHAT THE AGENCY NEEDS TO DO

Prioritize IT modernization activities to ensure available resources lead to improvements with the greatest impact on SSA's operations and the service it provides the public.

Ensure its IT planning and investment control processes are effective.

KEY RELATED PERFORMANCE MEASURES

Some of the key performance measures from SSA's revised FY 2019 *Annual Performance Plan* related to this challenge are listed below.

- Increase the number of successfully completed online transactions.
- Maintain customer satisfaction with online services.
- Modernize databases, replacing and retiring outdated technology and design.
- Continue modernizing the IT infrastructure.
- Modernize customer communications infrastructure.

KEY RELATED LINKS

OIG Report - *Congressional Response Report: The Social Security Administration's Analysis of Alternatives for the Disability Case Processing System* (A-14-16-50078), May 2016

OIG Report - *Access to the Social Security Administration's* my Social Security *Online Services* (Limited Distribution) (A-14-15-15010), September 2016

OIG Report - *Congressional Response Report: Contractor's Market Research and Analysis for the Disability Case Processing System* (A-14-18-50506), February 2018

OIG Report - *Congressional Response Report: Progress in Developing the Disability Case Processing System as of February 2018* (A-14-17-50291), March 2018

OIG Report - *Congressional Response Report: Use of the Disability Case Processing System as of May 2018* (A-14-18-50631), July 2018

OIG Report - *Security of the Social Security Administration's Cloud Environment* (Limited Distribution) (A-14-18-50498), September 2019

SSA, OIG Website - Reports related to modernizing IT infrastructure