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Education, and Related Agencies**



Statement for the Record

Management Challenges at the Departments of Labor, Health and Human  
Services, and Education and the Social Security Administration:  
Views from the Inspectors General

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Good morning, Chairman Cole, Ranking Member DeLauro, and Members of the Subcommittee. Thank you for the invitation to discuss the Social Security Administration's (SSA) management challenges.

To provide context for this discussion, I would like to give a brief overview of SSA's benefit programs. Individuals earn coverage for benefits under the Old-Age, Survivors' and Disability Insurance (OASDI) program by working and paying Social Security taxes on their earnings. In Fiscal Year (FY) 2017, SSA expects to pay about \$940 billion in monthly OASDI benefits to a monthly average of about 62 million beneficiaries. Also, the Supplemental Security Income (SSI) program provides monthly payments to people with limited income and resources who are aged, blind, or disabled; general tax revenues fund the SSI program. In FY2017, SSA expects to pay about \$55 billion in Federal benefits to a monthly average of about 8 million SSI recipients. SSA administers its programs and operations with a staff of over 60,000 employees; the agency's administrative expenses totaled \$12.2 billion in FY2016.

During times of fiscal restraint, to administer its programs and prepare for the future, SSA must focus on its most pressing challenges and allocate resources on initiatives that will provide significant returns to SSA and its customers. In the Office of the Inspector General's (OIG) annual statement on SSA's major management challenges, we summarize the most serious challenges facing the agency. Our most recent statement, issued in November 2016, detailed seven challenges facing SSA. Today, I want to highlight three challenges SSA must prioritize: Modernizing Information Technology Infrastructure; Improving Customer Service; and Strengthening Program Integrity.

### **Modernizing Information Technology Infrastructure**

SSA must modernize its information technology (IT) infrastructure to support current and future workloads. SSA's IT environment includes hundreds of applications and an array of technologies, and it is increasingly difficult and expensive to maintain. To process its core workloads, such as retirement and disability claims, the agency relies on decades-old applications programmed with Common Business Oriented Language (COBOL). SSA maintains more than 60 million lines of COBOL today, along with millions more lines of other legacy programming languages.

According to SSA's Chief Information Officer, these legacy systems are not sustainable because the agency's dated technologies cannot meet modern customer expectations.

SSA spent \$1.2 billion on IT in FY2016. However, according to SSA, the agency must use most of its IT funding to operate and maintain existing systems. Last year, SSA issued an IT modernization proposal, which called for enhancing applications critical to processing core workloads, updating its data infrastructure, and pursuing cloud computing to reduce data-storage costs. To achieve these goals, SSA said it would need an additional \$300 million in IT funding. SSA is developing a formal modernization plan, which we will review upon completion. We recommend that SSA clearly define the plan to ensure careful allocation of resources and diligent oversight of this effort.

SSA's development of the Disability Case Processing System (DCPS) demonstrates the challenge of implementing major IT projects with expected functionality, on schedule, and within budget. SSA first conceived of DCPS in 2008 and envisioned it as a single case-processing tool for the 54 disability determination services (DDS) across the country; the agency said DCPS would simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall rate of infrastructure costs. In 2014, an outside consultant analyzed DCPS development and reported the project delivered limited functionality and had fallen behind schedule.

SSA "reset" DCPS in May 2015 and began redeveloping the system in an "Agile" environment, which emphasizes developer-user collaboration and delivers software incrementally. Last year, SSA said it would deliver the first release of the new DCPS to some DDSs by the end of 2016, and the first release would process the DDSs' core workloads. SSA did release its first working software to three DDSs in December 2016, and the initial user feedback was positive. However, the system only included functionality that allowed the participating DDSs to work certain types of cases. SSA plans to release the core DCPS product by January 2018. By the end of FY2017, SSA will have invested over \$400 million in DCPS. We expect to issue a DCPS progress report soon.

SSA has developed a new IT investment process, which will focus on up-front project planning tied to specific goals. An IT investment board will make funding decisions on projects that provide the greatest benefit to the agency. We recommend that SSA adhere to an effective IT planning and investment process that follows a clearly

defined roadmap for IT modernization. Absent additional IT funding, SSA must rely on a long-term IT plan with clear objectives and resource allocations, project milestones, and deadlines for deliverables.

### **Improving Customer Service**

SSA faces service delivery challenges due to the aging of the baby boomer population, rapid advances in technology, and the expectation that many of its most experienced staff will retire in the near future. SSA estimates that the number of retirement and disability beneficiaries will increase to 75 million in 2025, and it projects that more than one-third of its workforce will retire by 2022.

SSA's field offices are the agency's primary point of face-to-face contact with the public; there are about 1,220 field offices across the country. In December 2016, we reported on customer wait times at SSA field offices. We found that the total number of SSA field office visitors declined from FY2011 to FY2015; however, the average wait time for visitors increased from 19 minutes in FY2010 to 26 minutes in FY2015. Additionally, more than 11 percent of all visitors waited longer than an hour for service in FY2015. We are conducting a follow-up review to examine the factors affecting customer wait times and SSA's actions to reduce wait times.

To reduce unnecessary field office visits, SSA plans to enhance its online capabilities to provide self-service options for customers through the *my Social Security* web account. We acknowledge that there is great potential in expanding electronic services; however, as SSA makes these functions available, the agency must ensure that they are secure, and that SSA customers understand how to access and use them successfully.

SSA has made progress in reducing the number of pending initial disability claims in recent years, but the agency still faces challenges with the level of pending disability hearings and appeals. Specifically, from FY2010 to the end of FY2016, the average processing time for a hearing decision increased 27 percent to 543 days. During the same period, the pending hearings level grew 59 percent to over 1.1 million hearings.

In January 2016, SSA's Office of Disability Adjudication and Review (ODAR) issued the *Compassionate And Responsive Service* (CARES) plan, which included 21 initiatives to address wait times and pending hearings; ODAR

added six initiatives after it issued the plan. ODAR expects to reduce the average processing time for a decision to 270 days and to cut the level of pending hearings in half by FY2020.

We reviewed the CARES plan, and in September 2016, we reported that 13 of the original 21 initiatives were similar to previous backlog-reduction plans issued by SSA, including hiring new administrative law judges (ALJs) in FYs 2016, 2017, and 2018. SSA hired 264 new ALJs in FY2016, and the agency recently received an exemption to the Federal hiring freeze for ALJs and hearing support staff. We recommended that SSA review “lessons learned” from prior initiatives so it can avoid previous implementation issues. Other CARES initiatives include improving business processes, identifying high-risk cases through IT enhancements, and leveraging other agency components to support ODAR workloads. SSA should closely monitor its progress in implementing the CARES initiatives to determine whether they achieve intended results and help claimants get a decision sooner.

### **Strengthening Program Integrity**

For many years, the OIG has encouraged SSA to balance service initiatives with stewardship responsibilities. Given the overall dollars involved in SSA’s programs, even the slightest error in any part of the payment process can result in significant overpayments or underpayments. In FY2016, SSA reported \$3.7 billion in improper payments in the OASDI program and \$4.2 billion in the SSI program. For both programs, about 80 percent of reported improper payments were overpayments.

SSA estimates that medical continuing disability reviews (CDRs) conducted in FY2017 will yield a return of about \$8 in Federal program savings over 10 years per \$1 budgeted for dedicated program integrity funding. In 2014, SSA’s medical CDR backlog stood at more than 900,000. However, with dedicated funding, SSA completed 799,000 medical CDRs in FY2015 and 854,000 medical CDRs in FY2016, to reduce the backlog to 280,000 at the end of FY2016. SSA should continue to complete the budgeted number of CDRs to eliminate the backlog.

The Cooperative Disability Investigations (CDI) program, for almost 20 years, has been extremely successful in preventing fraud and waste in the disability programs. CDI units, composed of OIG, SSA, DDS, and local law enforcement personnel, investigate disability claims, gathering evidence that can lead to accurate claims decisions.

Since the program launched in FY1998, CDI efforts have contributed to a projected \$3.6 billion in savings to SSA's programs. CDI currently consists of 39 units covering 33 states, Washington, D.C., and the Commonwealth of Puerto Rico. SSA should continue to pursue program expansion, as resources allow, to provide CDI coverage for all 50 states by 2022, as mandated by the *Bipartisan Budget Act of 2015* (BBA).

Finally, we have long recommended SSA pursue data matches with other governmental agencies to ensure program integrity and to utilize non-governmental databases to improve payment accuracy. We are very pleased that Congress recently passed the *Inspector General Empowerment Act of 2016*; the law includes an OIG exemption to the *Computer Matching and Privacy Protection Act of 1988*, which will benefit OIGs in their efforts to match data with other agencies and entities to identify improper payments and fraud and waste. Additionally, effective November 2016, the BBA authorized SSA to enter in data agreements with private payroll providers to determine benefit eligibility and proper payment amounts and improve program administration. We will continue to make similar cost-effective recommendations to SSA to improve program integrity.

### **Conclusion**

Comprehensive, long-term strategic planning will help SSA address all of these challenges in support of its mission to serve the American public. A long-term roadmap for SSA is critical to ensure the agency has the programs, processes, staff, and infrastructure required to provide quality service 10 to 20 years from now and beyond. SSA released its *Vision 2025* report in 2015, and the high-level strategy presents three priorities for SSA—superior customer service, exceptional employees, and innovative organization. To implement this vision in the current fiscal climate, SSA should develop several long-term plans, with specific approaches and measureable goals under different budget scenarios, that address the IT modernization, customer service, and program integrity challenges I have discussed.

The OIG will continue to work with the agency and your Subcommittee to address these and other challenges facing SSA. Thank you again for the invitation to testify. I am happy to answer any questions.