



Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

*Management Advisory Report*

The Social Security  
Administration's Major  
Management and Performance  
Challenges During Fiscal Year  
2023

*022330 November 2023*



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** November 3, 2023

**Refer to:** 022330

**To:** Kilolo Kijakazi  
Acting Commissioner

**From:** Gail S. Ennis   
Inspector General

**Subject:** The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2023

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Federal Inspectors General summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. 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*. For Fiscal Year 2023, we identified the following challenges:

- Manage Human Capital
- Improve Service Delivery
- Protect the Confidentiality, Integrity, and Availability of SSA's Information Systems and Data
- Modernize Information Technology
- Improve the Administration of the Disability Programs
- Improve the Prevention, Detection, and Recovery of Improper Payments

In the attached document, we define each challenge, outline steps SSA has taken to address each challenge, and detail the actions SSA needs to take to fully mitigate each challenge. As some of the challenges are inter-related, progress made in one area could lead to progress in another. For example, improved human capital resource management and further modernization of SSA's information technology would both affect service delivery.

In Fiscal Year 2024, the Office of Audit will continue focusing on these issues and assessing 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.

If you wish to discuss the final report, please contact Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

# The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2023

## 022330



November 2023

Office of Audit Report Summary

### Objective

To summarize and assess the most serious management and performance challenges facing the Social Security Administration (SSA).

### Background

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Federal Inspectors General summarize and assess the most serious management and performance challenges facing agencies and the agencies' progress in addressing those challenges. The attached report provides our assessment.

In Fiscal Year 2023 (October 1, 2022 to September 30, 2023), we focused on the following management and performance challenges:

- **Manage Human Capital.** SSA must design and implement adequate plans to hire, develop, and retain the employees it needs to meet its mission, address its workloads, and provide the high level of customer service the public expects and deserves. [Read more.](#)
- **Improve Service Delivery.** SSA needs to address and improve in-office visits and other service methods, such as telephone and online services. [Read more.](#)
- **Protect the Confidentiality, Integrity, and Availability of SSA's Information Systems and Data.** SSA must ensure its information systems are secure and sensitive data are protected. [Read more.](#)
- **Modernize Information Technology.** SSA must continue modernizing its information technology to accomplish its mission despite budget and resource constraints. [Read more.](#)
- **Improve the Administration of the Disability Programs.** SSA needs to address concerns related to the timely and accurate processing of disability-related workloads, particularly initial disability claims, reconsiderations, hearings, and continuing disability reviews. Additionally, SSA must work to ensure state disability determination services have the necessary resources, including sufficient staff, to provide timely and accurate disability determinations. [Read more.](#)
- **Improve the Prevention, Detection, and Recovery of Improper Payments.** SSA must be a responsible steward of the funds entrusted to its care by minimizing the risk of making improper payments and recovering overpayments when they occur. [Read more.](#)

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## **ABBREVIATIONS**

AFI	Access to Financial Institutions
AI	Artificial Intelligence
AARPS	Appeals and Appointed Representative Processing Services
C.F.R.	Code of Federal Regulations
CDR	Continuing Disability Review
COVID-19	Coronavirus Disease 2019
DDS	Disability Determination Services
FY	Fiscal Year
HCOP	Human Capital Operating Plan
IT	Information Technology
NGTP	Next Generation Telephony Project
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number

## MANAGE HUMAN CAPITAL

The Social Security Administration (SSA) must design and implement adequate plans to hire, develop, and retain the employees it needs to meet its mission, address its workloads, and provide the high level of customer service the public expects and deserves.

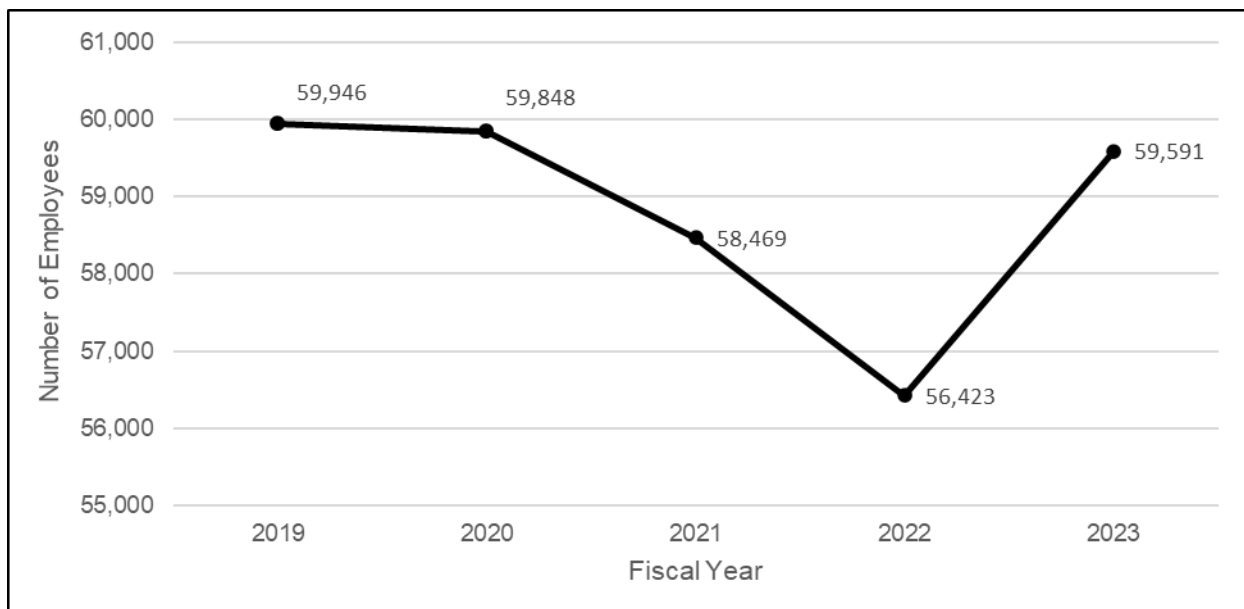
### Why This is a Challenge

While SSA has been able to hire more employees in Fiscal Year (FY) 2023 than in previous years, it still has a number of human capital-related risks including having sufficient funding for future hiring; successfully developing and retaining new employees; and a large, expected retirement wave. However, SSA does not have a clear human capital plan in place that addresses these human capital risks and ensures it has the workforce it needs to eliminate backlogged workloads and continue meeting the needs of its many customers.

### Hiring and Retention

As of September 23, 2023, SSA had increased its staff size from 56,423 full-time permanent staff in FY 2022 to 59,591 in FY 2023. FY 2023 hiring helped SSA reverse the recent trend of declining employees in more recent years (see Figure 1).

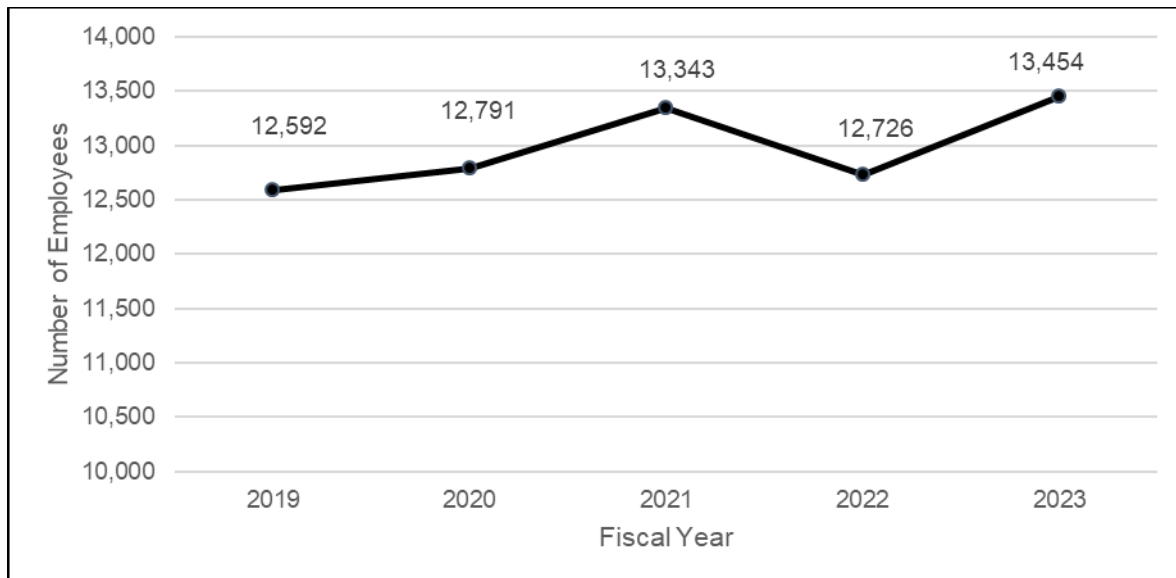
**Figure 1: SSA Staffing**



Note: Number of employees as reported by SSA. Staffing numbers include Office of the Inspector General employees, but do not include disability determination services (DDS) employees. FY 2023 employee numbers are as of September 23, 2023. We requested final FY 2023 employee numbers from SSA; it responded that the numbers would not be available until after the release of this report.

Similarly, State DDSs hired many new employees in FY 2023, closing FY 2023 with more employees than it had the year before (see Figure 2).

**Figure 2: DDS Staffing**



Note: Number of employees as reported by SSA.

SSA curtailed additional anticipated hiring in June 2023 in response to the passing of the *Fiscal Responsibility Act of 2023* (Pub. L. No. 118-5). SSA lowered each of its component’s allocation of employees because it did not want to hire employees whose salaries future budgets may not support given that the Act limits non-Defense funding in FY 2024. Multiple senior regional managers reported they were hiring additional employees, they indicated were needed to meet workloads, when SSA paused hiring in June 2023 by reducing their component’s employee allocation.

While it hired many new employees, SSA reported it still had challenges recruiting and retaining employees because its positions are complex and require more training compared to similar positions in private industry. SSA’s Office of Operations acknowledged its self-online-training model is less engaging than in-person training and does not work well with all new hires. Also, SSA cannot offer its frontline employees some workplace flexibilities other agencies can, such as full-time remote work. Employees who separate from SSA reported they were leaving to take higher-paying jobs or because they felt overworked at SSA.

SSA needs to continue hiring, training, and retaining employees, in part, to ensure it has employees to replace those who leave the Agency. Per SSA, many SSA employees are eligible to retire; 13 percent are currently eligible to voluntarily retire and 12 percent are eligible for early retirement. In 3 years, 20 percent of SSA’s employees will be eligible to voluntarily retire, and 15 percent will be eligible for early retirement. SSA recognizes the loss of technical and institutional knowledge through employee attrition is one of its greatest challenges and may impair succession management and knowledge transfer.

## ***Human Capital Planning***

Federal regulation (5 C.F.R. § 250.203) requires that Federal agencies ensure their human capital management strategies, plans, and practices are integrated with their strategic plans, performance plans, and goals in those plans. Our 2022 [report](#) on *SSA's Human Capital Planning* stated the SSA's *Agency Strategic Plan* and *Annual Performance Plans* include limited discussions of the human-capital strategies needed to ensure it successfully meets its strategic goals and initiatives.

Our 2022 report also stated the human capital management strategies in SSA's FY 2018-2022 *Human Capital Operating Plan* (HCOP) align with some *Agency Strategic Plan* strategic objectives but not others. For example, the HCOP does not include human capital management strategies for key *Agency Strategic Plan* strategic objectives, including SSA's initiatives to improve service delivery and accelerate information technology (IT) modernization.

More critical, while SSA has multiple human capital risks, it did not release its HCOP for FY 2023 and beyond until the end of FY 2023. This left SSA without a defined human capital management strategy throughout FY 2023, a year with increased hiring and employee onboarding.

## **Progress the Social Security Administration Has Made**

### ***Hiring and Retention***

In FY 2023, SSA received direct-hiring authority from the Office of Personnel Management for its frontline, direct-service positions. This authority allows SSA to hire, after public notice, any qualified applicant without regard to multiple-hiring rules and procedures. SSA increased its outreach to colleges and universities to identify candidates. It also expanded its participation in job fairs and continued partnering with such sources as the Military Spouse Employment Partnership. To assist in state DDS hiring, SSA created a DDS recruitment and retention workgroup. The workgroup collaborated with state DDS administrators nationwide to implement recruitment and retention strategies, including increasing competitiveness of DDS pay, streamlining training, and reducing the time it took to onboard new hires.

SSA reported the direct-hiring authority allowed it to double its hiring pace in FY 2023, hiring more than 600 employees per month compared to about 300 per month in FY 2022, with some peak hiring months in FY 2023 of over 900 hires. In total, SSA hired over 7,800 employees through September 2023, even with SSA effectively pausing hiring in June 2023 over concerns with FY 2024 budget projections. SSA also reported its attrition had slowed, from 500 employees per month in FY 2022 to about 390.5 employees per month in FY 2023. Per SSA, hiring more employees and better distributing employee workloads helped address overwork as a cause of attrition.

SSA has taken steps to supplement its self-online training through more inclusive virtual and in-person training opportunities, bringing new employees together through virtual classrooms and in-person gatherings. Senior regional managers have reported that these sessions have led to higher levels of engagement and a better sense of inclusion amongst the new employees.



## ***Human Capital Planning***

SSA's released its FYs 2023-2026 HCOP on September 29, 2023. The Plan contains three goals: (1) transform the Agency into an employer of choice; (2) improve workplace conditions to drive engagement; and (3) invest in learning and development. The Plan also notes SSA is creating a new strategic workforce planning business process to establish a more mature Agency-wide workforce planning process.

### **What the Social Security Administration Needs to Do**

- Strategically review its new-employee training program to ensure (1) it provides a cohesive learning opportunity that builds technical knowledge and promotes employee engagement and (2) any local or regional variations in training method or technique are in line with an overall strategic approach.
- Ensure each HCOP is released timely to prevent future instances of SSA not having a HCOP in place throughout an entire FY. Also, SSA should look to further improve future versions of the HCOP to ensure they more clearly align with all of SSA's strategic objectives and outline its human-capital risks and the strategies it will use to mitigate them, including the steps SSA will take to address known hiring and retention challenges.

### **Key Related Links**

- Office of Personnel Management Website – [FY 2022 Federal Workforce Priorities Report](#)
- SSA, Office of Inspector General (OIG) Website – [Reports related to managing human capital](#)
- SSA Website – [FYs 2022-2026 Agency Strategic Plan](#)
- SSA Website – [FYs 2022-2024 Annual Performance Plan and Report](#)

## **IMPROVE SERVICE DELIVERY**

SSA needs to address and improve in-office visits and other service methods, such as telephone and online services.

### **Why This is a Challenge**

Following the Coronavirus Disease 2019 (COVID-19) pandemic, SSA reopened its field offices to walk-in and in-person service in April 2022. However, SSA is working to return its performance and services to pre-pandemic levels. SSA will need to continue increasing, improving, and ensuring the continuity of its other services, including its national 800-number and online services, to meet its customers' demand for them. Online services that lessen the need for staff are particularly important as SSA faces staffing challenges, and many of its employees are becoming eligible to retire.

### ***Telephone Service***

At the start of the pandemic, SSA had separate telephone systems for its national 800-number, field offices, and Headquarters operations. To accommodate remote operations in response to the pandemic, SSA augmented its legacy telephone systems, which modified functionality and capacity. In May 2021, SSA began implementing a unified telephone system to replace the three legacy systems via its Next Generation Telephony Project (NGTP). When fully implemented, NGTP is expected to improve telephone customer service by merging the three legacy systems into a single platform that will be more efficient, stable, and functional.

As of end of FY 2023, SSA had not implemented the NGTP. SSA stated it has worked steadily to improve the stability of its temporary solution and plans to implement the NGTP platform for the national 800-number by the end of November 2023. Until NGTP is implemented, SSA is relying on its augmented legacy telephone systems, which has resulted in reduced stability and functionality. Heavy call volumes overwhelmed the platform on numerous occasions and caused service disruptions that included dropped call queues, dead-air calls, misdirected calls, and disconnections.

### ***Online Service***

SSA acknowledges advancements in technology provide opportunities to do business differently and often more efficiently and conveniently. SSA continues exploring ways to enhance the customer service experience by providing online self-service options, many of which individuals access through their *my Social Security* accounts. In FY 2023, SSA registered over 9.8 million users for *my Social Security* accounts. To date, SSA has registered over 80 million users.

Online services provide a valuable resource for individuals to conduct business with SSA by saving time and by not having to visit a local field office or call the national 800-number. As SSA adds more services behind the *my Social Security* portal, it will become even more important that SSA safeguard the information and ensure only the correct individual can access the information. While SSA provides the public additional digital services, such as online, remote, and self-service options, it must do so in a way that maintains a strong commitment to protect its customers from current and emerging threats including identity theft and scams to steal money or personal information. SSA must continue strengthening the identity-verification

process for new *my Social Security* account registrations to protect the public's personal information and improve customers' experiences.

SSA also needs to ensure its online services do not lead to additional staff processing. For example, while SSA created an electronic Supplemental Security Income (SSI) protective filing tool in March 2022 to allow individuals to submit a request, individuals applying for SSI still cannot do so online. SSA senior staff also noted the online tool did not effectively screen out individuals who were likely not eligible for the SSI program and did not prevent some individuals from using the tool to create multiple appointments to file for SSI. As such, the tool created more work for field office staff to screen out the duplicate appointments. Also, the duplicate appointments decreased available appointment slots, resulting in other people having to wait longer for appointments.

## **Progress the Social Security Administration Has Made**

### ***Telephone Service***

In FY 2022, SSA recognized unstable telephone services as one of its enterprise risks. In response, it has worked to implement the NGTP, now anticipating implementation in November 2023. In FY 2024, SSA plans to increase production among newly hired agents, continue evaluating the stability of NGTP, and explore options for testing new NGTP features. SSA also plans to implement Call Back Assist in FY 2024, which will provide 800-number callers the option to be called back rather than wait on hold. Further, SSA plans to increase the concurrent call maximum to 18,000 sessions to minimize or eliminate bottlenecks and increase the maximum queue limit to provide the ability to handle higher call demand periods and spikes. The average 800-number wait time in FY 2023 was 36 minutes, 1 minute longer than SSA's FY 2023 goal and greater than the 33 minutes in FY 2022 and 14 minutes in FY 2021.

### ***Online Service***

In FY 2023, SSA expanded online options for replacement Social Security number (SSN) cards, adding the name change due to marriage data exchanges to nine states. SSA also plans to integrate the Electronic Verification of Vital Events data exchange into the Internet SSN Replacement Card application to verify birth information, and is exploring additional avenues to increase access and enhance security. As of September 2023, the Internet SSN Replacement Card was available in 48 jurisdictions, including Washington, DC.

SSA allows applicants to submit online SSN card requests and identify the evidence needed for in-office transactions via its Online Social Security Number Application Process. As of September 2023, over 2.9 million applications had been submitted via the Online Social Security Number Application Process. Of these, approximately 1.6 million customers visited a field office to complete their enumeration application.

SSA also plans to enhance online appeals by creating a single-entry point for medical, non-medical, and Office of Appellate Operations online appeal applications to make it easier for customers to file appeal requests. Specifically, SSA is improving the iAppeals online application process for people who appeal an Agency decision for such non-medical issues as overpayments or Medicare premium rates. The enhancements will integrate the Medical and Non-medical iAppeals via an authenticated claimant and appointed representative portal.

SSA is exploring ways to improve the experience for claimants, their representatives, and its technicians by developing the Appeals and Appointed Representative Processing Services (AARPS). AARPS will be an online portal with self-service options for customers and appointed representatives to electronically accept appointments as well as complete fee agreements, appeals, registration, and other related workloads. While SSA planned to develop and implement online services under AARPS initially in FY 2023, it now reports planning to do so in the FYs 2024 through 2025 timeframe.

SSA updated the electronic SSI protective filing tool on October 1, 2022 to prevent ineligible individuals from making appointments to apply for SSI. Although SSA made some additional updates to the tool in FY 2023, if the tool determines individuals are ineligible, they receive the following message: “We cannot process your request at this time. Please try again later, or if you need immediate help to schedule an appointment, please contact us.” While the update prevents ineligible individuals from making appointments, the message may be misinterpreted by ineligible individuals, giving them the false impression they may be eligible, and therefore should pursue the matter further. This could cause the individuals to make unnecessary calls to, and increase customer traffic to, SSA’s 800-number or make unnecessary visits to field offices, which take up employee resources.

### **What the Social Security Administration Needs to Do**

- Continue developing and implementing strategies that will provide quality services to the public that can be implemented now and in the future.
- Ensure a successful transition to a stable telephone service that meets its customers’ needs.
- Ensure the continuity of in-person services via online methods offered through [my Social Security](#).
- Safeguard the information available through [my Social Security](#) and ensure only the correct individual can access the information.

### **Key Related Links**

- SSA, OIG Website – [Reports related to improving service delivery](#)
- SSA Website – [Agency Strategic Plan FYs 2022-2026](#)
- SSA Website – [Annual Performance Plan and Report for FYs 2022-2024](#)
- SSA Website – [SSA’s FY 2024 President’s Budget](#)

# **PROTECT THE CONFIDENTIALITY, INTEGRITY, AND AVAILABILITY OF INFORMATION SYSTEMS AND DATA**

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

## **Why This is a Challenge**

IT supports every aspect of SSA's mission, whether it is serving the public during in-person interviews or online, routing millions of telephone calls to its 800-number, or posting millions of earner wage reports annually. Disruptions to the integrity or availability of SSA's information systems would dramatically affect its ability to serve the public and meet its mission. Also, SSA's systems contain personally identifiable information, such as SSNs, which, if not protected, could be misused by identity thieves.

## ***Information Security***

SSA continues expanding its online services and developing systems to improve customer service. SSA must have a robust information security program. In the most recent [report](#) on the *Federal Information Security Modernization Act of 2014* (Pub. L. No. 113-283), our contractor determined SSA's overall security program was "Not Effective." The contractor identified a number of deficiencies that could limit SSA's ability to protect its information systems and data.

To address the weaknesses, the contractor recommended SSA continue refining its enterprise architecture system inventory, software, and hardware asset inventories; implementing its cyber-security risk management strategy; and improving its process for integrating and formalizing risk-based decisions into cyber-security program monitoring activities.

## ***Social Security Number Protection and Earnings Accuracy***

The SSN was created to accomplish SSA's primary mission to uniquely identify and accurately track numberholders' earnings over their lifetime in order to administer benefits under SSA programs. The SSN is also valuable as an illegal commodity. Accordingly, the information SSA houses on every numberholder is desirable to would-be hackers and identity thieves. Protecting the SSN and properly posting the wages reported under it are critical to ensuring SSN integrity and eligible individuals receive the full benefits due them.

Accuracy in recording numberholder information is critical because SSA and other agencies rely on that information to verify employment eligibility, ensure wage reports are processed, and terminate payments to deceased beneficiaries. Accuracy in recording workers' earnings is critical because SSA calculates benefit payments based on an individual's earnings over their lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once SSA assigns the numbers, ensuring numberholder information is complete in its systems, and accurately posting earnings reported under SSNs are critical.

A specific challenge to ensuring earnings are posted accurately is employers that report earnings information incorrectly so SSA cannot match the reported earnings to individuals in its records. The Earnings Suspense File contains wage reports on which wage earners' names and SSNs fail to match SSA's records. The Earnings Suspense File has accumulated \$2.15 trillion in wages and over 405.4 million wage items for Tax Years 1937 through 2022 (as of July 2023).

SSA does not use wage items in the Earnings Suspense File to determine numberholders' eligibility for, or the amount of, Social Security benefits. A wage item remains in the Earnings Suspense File until SSA can identify a valid name/SSN combination and post it to a worker's earning record. In a 2023 [report](#) on *Edit Routines Used to Reinstate Wage Items from the Earnings Suspense File*, we stated that, while the Earnings Suspense File continues to grow over time, SSA has generally not added, updated, or modified the edit routines it uses to reinstate wage items posted to the Earnings Suspense File since 2013.

## **Progress the Social Security Administration Has Made**

### ***Information Security***

SSA stated that protecting its network and the information it uses to administer its programs remains a critical priority, demonstrated by its response to multiple critical threats. SSA's *Cybersecurity Strategic Plan 2022-2024* focuses on how it will safeguard and protect against IT and cyber-security threats by continuing to mature its cyber-security program. The Plan defines strategic goals and priorities and includes strategies and initiatives to address IT and cyber-security challenges.

In FY 2023, SSA continued its efforts to improve and mature its information security program and practices to protect it from cyber-security threats. In addition, SSA continued implementing several plans, strategies, and initiatives to protect the confidentiality, integrity, and availability of the Agency's information systems and data.

### ***Social Security Number Protection and Earnings Accuracy***

SSA has taken steps to reduce the Earnings Suspense File's size and growth. The Agency allows employers to verify the names and SSNs of their employees using the Agency's SSN Verification Service, an online verification program, before reporting wages to SSA. In FY 2023, SSN Verification Service was used to verify over 226 million SSNs through its batch and online options.

## **What the Social Security Administration Needs to Do**

- Address the deficiencies our contractor identified to improve SSA's ability to protect confidentiality, integrity, and availability of SSA's information systems and data.
- Continue to be vigilant in protecting SSNs.
- Improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving reporting problems, re-examining the validity and integrity checks used to prevent suspicious W-2s from being posted, encouraging greater use of SSA's employee verification programs, and reviewing how best to remove more wage items from the Earnings Suspense File.

## **Key Related Links**

- SSA, OIG Website – [Reports related to protecting the confidentiality, integrity, and availability of SSA's information systems and data](#)
- SSA, OIG Website – [Summary of the Audit of the Social Security Administration's Information Technology Security Program and Practices for Fiscal Year 2023](#)

## **MODERNIZE INFORMATION TECHNOLOGY**

SSA must continue modernizing its IT to accomplish its mission despite budget and resource constraints.

### **Why This is a Challenge**

SSA relies on its IT to serve the public and safeguard SSA programs. Rapid, continuous technology advancements and the recent national shift to increased virtual services and communications reinforce the pressing need to modernize SSA's programs and service delivery. SSA must fundamentally rethink how it delivers services, the processes and infrastructure that support that delivery, and the policies that enable delivery. SSA continues relying on outdated applications and technologies to process its core workloads (for example, retirement and disability claims) and knowledge of its dated applications and legacy infrastructure will diminish as developers retire. Without complete and timely modernization of its legacy systems, SSA runs the risk of increased maintenance costs and decreased capacity to support business and processing needs.

### ***Information Technology Modernization***

IT modernization is a multi-faceted and continuing challenge. SSA must maintain its legacy systems while, in parallel, developing modern replacements to keep pace with increasing workloads. SSA had taken an incremental approach to IT modernization by replacing systems' components rather than whole systems. In 2020, SSA updated its *IT Modernization Plan* by expanding the scope to include additional investments in direct service delivery.

In support of its IT modernization, SSA used Agile development, which took an iterative approach to incrementally deliver software. While it implemented some appropriate controls and practices to manage its Agile projects, SSA's Agile guidance was incomplete, and projects did not always follow Agile best practices or enforce key controls. In addition, SSA did not ensure data from its Agile project management tool were reliable. Finally, SSA needed to improve Agile training and decision making. Improvements in these areas could provide SSA and taxpayers greater benefits from the Agile development method, including higher quality software developed faster and at a lower cost.

### ***Artificial Intelligence***

Artificial Intelligence (AI) is recognized as a pivotal technology that can benefit nearly every Federal agency. SSA already uses AI to support several of its core workloads, resulting in millions of dollars in administrative savings and billions of dollars in program savings. However, using AI also carries the potential for harm. SSA should establish proper oversight and identify primary areas where AI can help the Agency, such as program administration and fraud prevention and detection.

## **Progress the Social Security Administration Has Made**

### ***Information Technology Modernization***

SSA developed its *Digital Modernization Strategy* to build on previous modernization efforts and guide it from FYs 2023 through 2026; it became the guiding principle for meeting the Agency's strategic goals. Digital modernization is a "whole of agency" effort to upgrade or replace current processes, policies, and technologies to improve the customer and employee experience as well as the organization overall. This effort intersects business priorities with technology needs to provide the public tangible benefits. Objectives include eliminating investments in outdated and legacy technology as well as eliminating silos in the technology used to support core Agency functions by building end-to-end processing systems.

In addition, SSA reported adopting an Agile scaling framework that defines roles and establishes recommended practices. The Agency further reported plans to provide additional training; develop, document, and enforce standards for its Agile project management tool; and leverage more of the tool's capabilities.

### ***Artificial Intelligence***

SSA has instituted a temporary block of third-party generative AI tools on Agency devices. This was done to ensure no personally identifiable information, personal health information, or other sensitive or non-public information is released using these tools. Additionally, SSA has assigned its Chief Architect to be the Responsible AI Official.

## **What the Social Security Administration Needs to Do**

- Expand digital modernization to eliminate investments in outdated and legacy technology and provide electronic and automated customer service options to reduce the burden on customers and optimize internal business processes for employees.
- Expand the use of AI to improve operations and public service, while protecting its sensitive information.

### **Key Related Links**

- SSA, OIG Website – [Reports related to modernizing IT](#)
- SSA Website – [SSA's IT Modernization Plan, 2020 Update](#)



## **IMPROVE THE ADMINISTRATION OF THE DISABILITY PROGRAMS**

SSA needs to address concerns related to the timely and accurate processing of disability-related workloads, particularly initial disability claims, reconsiderations, hearings, and continuing disability reviews (CDR). Additionally, SSA must work to ensure state DDSs have the necessary resources, including sufficient staff, to provide timely and accurate disability determinations.

### **Why This is a Challenge**

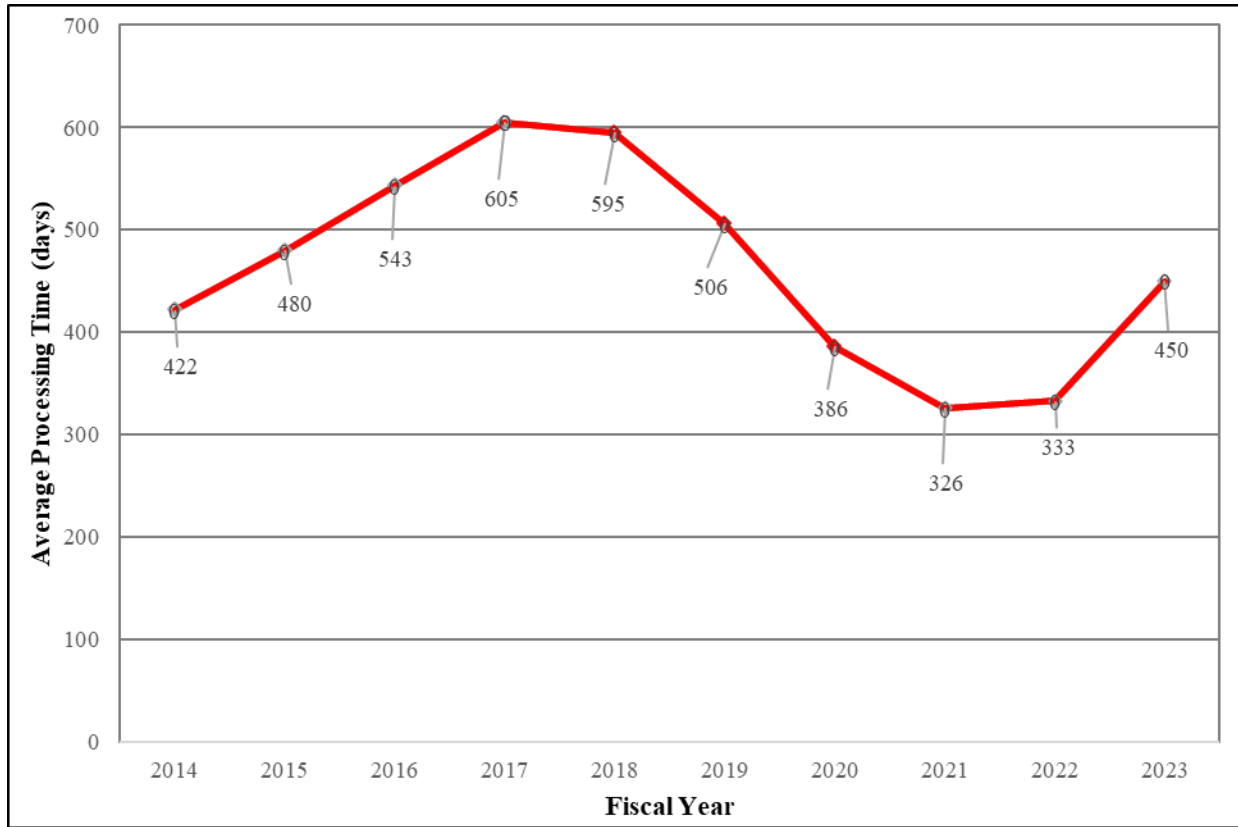
Disabled claimants rely on SSA to quickly and accurately process initial disability claims, reconsideration and hearing requests, and reviews to determine whether beneficiaries still meet all eligibility factors to receive benefits. Processing times and the pending levels for these workloads have generally increased, resulting in disability claimants waiting longer for determinations and decisions. Additionally, our recent audit work identified concerns with SSA's review process for disability beneficiaries who work. Further, the growing backlog of disability cases and the lengthening wait times are exacerbated because of issues at state DDSs, which have faced significant challenges attracting, hiring, training, and retaining staff. These issues have intensified in the wake of the COVID-19 pandemic.

### ***Disability Workloads***

Before the COVID-19 pandemic began, SSA had reduced pending levels to approximately 594,000 initial disability claims, almost 134,000 reconsiderations, and approximately 575,000 hearings (as of the end of FY 2019). In 2020, SSA actions and DDS closures in response to the pandemic negatively affected initial disability claims and reconsideration processing, and the number of pending cases increased. As of the end of FY 2023, pending initial disability claims had increased to approximately 1.13 million, and pending reconsiderations had increased to almost 290,000, 90 and 117 percent increases, respectively, since the end of FY 2019. Average processing time for both workloads also increased over the same period, from 120 to 218 days for initial claims and from 109 to 213 days for reconsiderations.

From FYs 2019 to 2023, SSA reduced the number of pending hearings from more than 575,000 to under 322,000, a 44-percent decrease. While the average processing time for hearings decreased over the same period as well, from 506 to 450 days, SSA saw an increase in processing time from FY 2022 to FY 2023 and it still has not achieved its processing time goal of 270 days (see Figure 3).

**Figure 3: Average Hearings Processing Time**



When a disabled beneficiary works, SSA may conduct a work CDR to determine whether the beneficiary has engaged in substantial gainful activity and remains entitled to benefits. If SSA determines the beneficiary's work activity is substantial gainful activity, it may suspend or terminate benefits. However, the Old-Age, Survivors and Disability Insurance (OASDI) program provides for certain work incentives to allow disabled beneficiaries to return to work and still receive benefits. SSA identifies and applies work incentives during work CDRs, which require additional documentation and a more complex work review determination.

In a September 2022 [report](#) on *Work Review Determinations for Disabled Beneficiaries*, we stated SSA's system controls did not ensure SSA's work-review determinations were accurate and supportable. We estimated SSA made errors on work-review determinations for more than 31,000 beneficiaries, which resulted in over \$553 million in questionable benefit payments. The errors we identified occurred because SSA's system controls did not provide adequate guidance for SSA employees when they considered work incentives. Additionally, we found SSA's system had limited functionality, and certain work-incentive policies and forms were unclear. SSA stated it plans to develop a new system for work CDR processing but did not provide a clear timeline for its implementation.

## ***Disability Determination Services' Operations***

When a claimant files an application for disability benefits, an SSA field office determines whether the claimant meets the non-disability criteria, such as age and work credits. The field office then typically forwards the claim to a DDS for a disability determination. DDSs are located in each of the 50 states, the District of Columbia, and Puerto Rico. Each DDS is responsible for obtaining medical evidence and determining whether a claimant is disabled or blind under the law.

On March 17, 2020, SSA closed its offices to the public and suspended or canceled all non-virtual medical examinations. Throughout 2020, DDSs also experienced periodic closures related to the pandemic, which varied from state to state. DDS claims' processing times increased because DDSs had to adapt to many challenges, including difficulty obtaining medical evidence when SSA suspended in-person medical examinations during the pandemic.

DDSs faced other challenges, including staff losses and training challenges for new employees, transitioning to telework, difficulties communicating with claimants, and multiple policy changes. SSA's Deputy Commissioner for Operations highlighted the issue of attrition as a primary concern in May 2022 [congressional testimony](#), stating, "In our State DDSs, where medical decisions are adjudicated, attrition is . . . unprecedented . . . . These complex jobs require about two years of training. The loss of experienced examiners significantly affects the ability to train new employees and complete program integrity workloads, such as [CDRs]."

In a June 2023 [report](#) on the *COVID-19 Pandemic's Effect on Disability Determination Services' Processing of Disability Claims*, we stated these disruptions led to increased processing times for initial claims, even though DDSs received fewer claims during the pandemic than they had the year prior. The average processing time for claims processed from April 2019 through March 2020 was 95.5 days. This increased to 139.4 days for April 2020 through March 2021 and 135.5 days for April 2021 through March 2022.

## **Progress the Social Security Administration Has Made**

### ***Disability Workloads***

In its *FY 2022-2024 Annual Performance Plan and Report*, SSA included "Improve Initial Disability Claims" as an Agency Priority Goal, with FY 2023 targets to reduce average processing time for initial disability claims to 164 days and to decide 85 percent of pending initial disability claims that began the year 180-days-old or older by September 30, 2023. While it did not meet its processing time goal—initial claims were processed on average in 218 days in FY 2023—SSA did process 97 percent of the claims that began the year 180-days old or older. To help meet these goals, SSA stated it is reviewing its policies, workloads, and processes to identify opportunities to improve and enable efficient and effective operations. As part of these efforts, in February 2023, SSA released an online form that beneficiaries can use to complete and submit medical CDR forms electronically. As of September 2023, SSA had received more than 35,000 successful submissions through the new process.

SSA stated it works with external parties, particularly beneficiary advocates, to improve its ability to administer its disability programs. SSA leverages relationships with advocates and other external parties to gain perspective and help inform its decisionmaking. To this end, in FY 2023, SSA started a new series of quarterly meetings it calls *Roundtable Discussions with SSA and the Advocacy Community*. These meetings focus on important issues and Agency priorities, such as access to services, the customer experience, and initiatives to support Presidential Executive Orders.

Additionally, SSA continues to host national disability forums, which allow interested stakeholders to share their unique insights on disability-related topics with SSA. SSA stated this inclusive, collaborative approach helps it develop responsive, effective, and efficient policies to empower individuals with a disability, minimize financial hardship, and ensure proper use of the disability trust fund. From October 2022 through September 2023, SSA reported it hosted 46 advocate meetings to gather feedback and suggestions for improving services, including disability programs and 3 national disability forums about improving access to benefits for homeless individuals and issues related to childhood disability and SSI payments.

### ***Disability Determination Services' Operations***

SSA is working with DDSs to understand the underlying reasons for attrition, which is causing a loss of institutional knowledge and complicating knowledge transfer. To address hiring challenges, SSA developed a national workgroup, which made recommendations to improve hiring practices, including using different platforms, such as social media.

SSA and DDS leadership identified some best practices used during the pandemic that will remain in place. In addition to telehealth medical examinations and telework best practices, DDSs will continue to hold video meetings that SSA deployed in October 2020. One DDS stated, "Our use of [software for video meetings] has given us tools and flexibility to hold meetings and trainings with little advance notice required - a great way to get information out very quickly. In general, staff become more skilled with the technology available to us and I believe we will continue to use these tools - especially if we continue to work a hybrid schedule that includes some teleworking."

In its FY 2024 budget request, SSA is seeking additional funding for DDSs to address the large backlog of initial claims and additional claims expected in the future. The requested funding, if received, should allow DDSs to recruit and retain employees and process more claims.

### **What the Social Security Administration Needs to Do**

- Maintain its focus on reducing and eliminating the initial disability claims, reconsideration, and medical CDR backlogs.
- Complete development and implementation of the planned new system for processing work CDRs and ensure it includes enhanced automation and controls to increase accuracy and reduce the need for manual actions.
- Continue developing relationships with advocacy groups and other external stakeholders to obtain feedback it can use to inform decisions to improve its administration of disability programs.

- Continue partnering with DDSs to address staffing shortages caused by attrition and hiring challenges.
- Encourage all DDSs to share the best practices identified during the pandemic to improve disability operations nationwide.

### **Key Related Links**

- SSA, OIG Website – [Reports related to improving the administration of the disability programs](#)
- SSA, OIG Website – [The COVID-19 Pandemic's Effect on Disability Determination Services' Processing of Disability Claims](#)
- SSA, OIG Website – [Work Review Determinations for Disabled Beneficiaries](#)
- SSA Website – [Incentives to Help You Return to Work](#)
- SSA Website – [SSA's Agency Strategic Plan, FYs 2022-2026](#)
- SSA Website – [SSA's FYs 2022-2024 Annual Performance Plan and Report](#)
- SSA Website – [Testimony of SSA's Deputy Commissioner for Operations before the Ways and Means Committee, Subcommittee on Social Security](#)
- SSA Website – [Working While Disabled: How We Can Help](#)

# IMPROVE THE PREVENTION, DETECTION, AND RECOVERY OF IMPROPER PAYMENTS

SSA must be a responsible steward of the funds entrusted to its care by minimizing the risk of making improper payments and recovering overpayments when they occur.

## Why This is a Challenge

SSA is responsible for issuing over \$1 trillion in benefit payments, annually. Even the slightest error in the overall payment process can result in millions of dollars in improper payments. Improper payments can be overpayments, when SSA pays someone more than they are due, or underpayments, when SSA pays someone less than they are due. Per the most recent estimates available, SSA estimates it made approximately \$13.6 billion in improper payments in FY 2022: \$11.1 billion in overpayments and \$2.5 billion in underpayments.

Although SSA's systems automatically compute most benefit-payment amounts, some require manual employee actions. In these cases, employees must accurately input information and use correct benefit formulas to produce accurate results. In a FY 2022 [report](#), we concluded SSA could have avoided approximately 73,000 overpayments totaling more than \$368 million had it provided employees a comprehensive tool when they had to manually calculate benefits. Without adequate automation tools, employees can make errors.

In a July 2023 [report](#) on *Manual Processes for Resource-intensive Workloads*, we noted SSA's automation enhancements reduced the need for manual processing for some workloads from FYs 2019 to 2021. However, these initiatives, which aimed to improve the efficiency and effectiveness of SSA's operations, were not always immediately cost-effective.

## *Preventing Improper Payments*

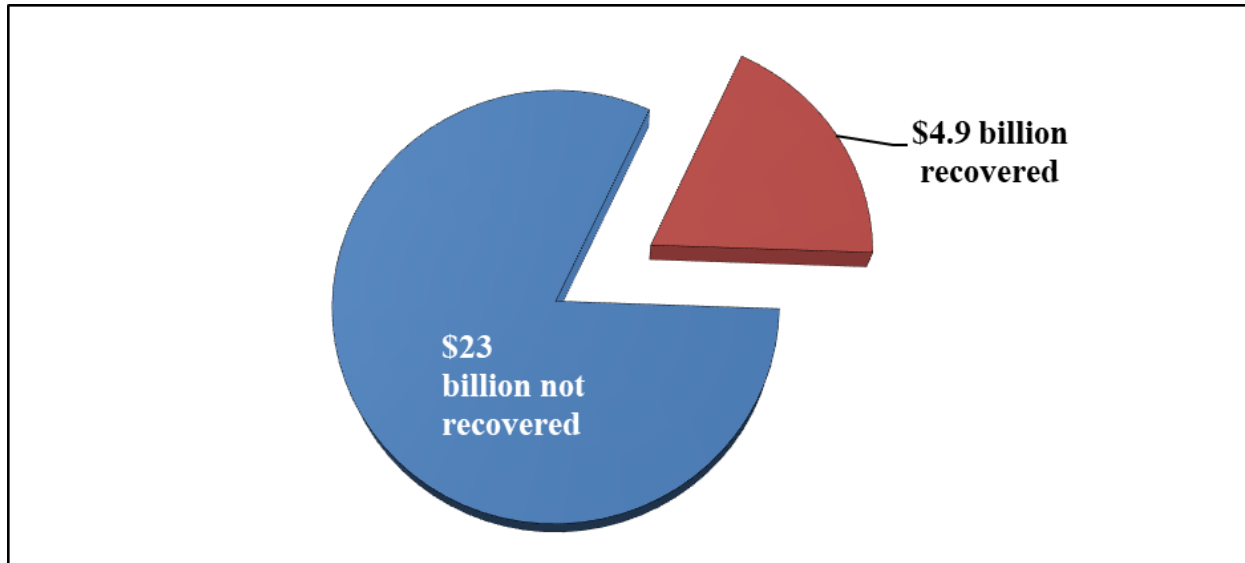
Preventing improper payments is more advantageous than recovering them after they are made because SSA does not have to expend additional resources to recover the overpayments or process additional payments to rectify underpayments. Wages and income, resources, and living arrangements are a few of the factors that may affect OASDI and/or SSI eligibility and payment amounts. Beneficiaries and recipients are required to report to SSA any change in circumstances that may affect their benefits; however, they do not always comply. Obtaining data that assist with making eligibility and payment determinations from external sources, such as other Federal agencies, state agencies, and financial institutions, is critical to preventing and detecting improper payments.

## *Recovery*

When SSA determines it has underpaid a beneficiary, it will pay the beneficiary the amount owed. Once SSA determines it has overpaid an individual, it attempts to recover the overpayment. However, because of a systems design limitation, SSA does not capture and track OASDI overpayments owed by beneficiaries that are scheduled for collection beyond the year 2049. The design limitation results in the record deleting the balance SSA must recover after 2049 and retains no record of the post-2049 remaining balance. If SSA does not resolve the issue by the end of 2029, it estimates more than 203,000 beneficiaries will have nearly \$2.5 billion in untracked overpayments.

According to SSA, in FY 2023, it recovered over \$4.9 billion in overpayments at an average administrative cost of \$0.08 for every dollar collected. Still, at the end of the FY, SSA had a \$23 billion uncollected overpayment balance (see Figure 4).

**Figure 4: FY 2023 Overpayment Recovery**



## **Progress the Social Security Administration Has Made**

### ***Preventing Improper Payments***

In FY 2019, SSA established the Improper Payment Prevention Team to address improper payments; and it has developed strategies to determine the underlying causes of payment errors, developed corrective action plans, and determined cost-effective actions. In FY 2023, SSA continued monitoring the progress of mitigation strategies and corrective actions.

As noted in our May 2023 [report](#) on SSA's compliance with the *Payment Integrity Information Act of 2019*, financial accounts are a leading cause of overpayments in the SSI program. To address this, in June 2011, SSA implemented the Access to Financial Institutions (AFI) program. AFI verifies alleged bank account balances with financial institutions and searches for undisclosed accounts at geographically relevant locations based on the individual's address. SSA uses AFI when it processes initial SSI applications and periodic eligibility redeterminations. Between FYs 2011 and 2021, overpayments related to financial accounts averaged approximately \$1.2 billion. Since overpayments related to financial accounts were still occurring despite the AFI program, we recommended, and SSA agreed, to conduct a study to expand AFI searches between the initial SSI application and subsequent eligibility redeterminations.

Wage discrepancies and substantial gainful activity were a leading cause of SSI and OASDI improper payments, respectively. In FY 2019, SSA awarded a contract to build an information exchange to obtain monthly earnings data from third-party payroll data providers. In FY 2023, SSA continued working toward implementing the payroll exchange, but it was not implemented as of the end of year. SSA is several years from determining whether the commercial payroll exchange effectively reduces improper payments that are caused by wage and substantial gainful activity reporting discrepancies.

## ***Recovery***

The Agency needs to use available data to better identify changes that affect beneficiaries' benefit payments and expand efforts to collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when beneficiaries self-report information.

### **What the Social Security Administration 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 beneficiaries or recipients' self-report information.
- Address the root causes of improper payments to prevent their occurrence.

### **Key Related Links**

- SSA, OIG Website – [Reports related to improving the prevention, detection, and recovery of improper payments](#)
- Federal Payment Accuracy Website – [PaymentAccuracy.gov](#)
- SSA Website – [Pay an Overpayment](#)



## Appendix A – OFFICE OF THE INSPECTOR GENERAL REPORTS ISSUED IN FISCAL YEAR 2023 ADDRESSING MANAGEMENT CHALLENGES

Report	Number	Report Issued	Related Management Challenge(s)					
			Human Capital	Service Delivery	Secure Information	Modernize IT	Disability	Improper Payments
<i>Allegations of Representative Payees' Misuse of Benefits</i>	A-09-19-50797	September 29, 2023						✓
<i>Government Pension Data for the Windfall Elimination Provision and Government Pension Offset Determinations</i>	A-13-20-50970	September 28, 2023						✓
<i>Mobile Phone Security</i>	142314	September 28, 2023			✓			
<i>Manually Processed Old-Age, Survivors and Disability Insurance Benefit Termination Actions</i>	A-07-21-51043	September 27, 2023						✓
<i>Whistleblower Protection for Contractors</i>	152306	September 27, 2023		✓				
<i>Windfall Offset Determinations</i>	A-09-18-50697	September 27, 2023						✓
<i>Digital Identity in my Social Security</i>	142307	September 26, 2023			✓			
<i>Follow-up Review of Self-employment Earnings Removed from the Master Earnings File</i>	A-06-21-51020	September 26, 2023						✓
<i>Security of the Web Identification, Authentication, and Access Control Systems</i>	142311	September 26, 2023			✓	✓		
<i>Ransomware Prevention and Response</i>	142309	September 25, 2023			✓	✓		
<i>Security of the Earnings Record Maintenance System – Cloud</i>	142310	September 25, 2023			✓	✓		
<i>Statutory Benefit Continuation for Disability Beneficiaries</i>	A-07-21-51105	September 25, 2023					✓	

Report	Number	Report Issued	Related Management Challenge(s)					
			Human Capital	Service Delivery	Secure Information	Modernize IT	Disability	Improper Payments
<i>Summary of the Audit of the Social Security Administration's Information Security Program and Practices for Fiscal Year 2023</i>	142306	September 25, 2023			✓			
<i>The Social Security Administration's Determinations of Supplemental Security Income Recipients' Trusts</i>	A-02-21-51026	September 22, 2023						✓
<i>Workers' Compensation Lump-sum Settlements</i>	012308	September 22, 2023					✓	✓
<i>Dedicated Accounts for Supplemental Security Income Recipients</i>	A-04-21-51031	September 20, 2023		✓				✓
<i>Processing Non-citizens' Original Social Security Numbers Electronically Through Enumeration Programs</i>	A-08-22-51136	September 20, 2023		✓	✓			
<i>State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund</i>	A-02-19-50867	September 18, 2023					✓	✓
<i>The Social Security Administration's Controls over the Modernized Development Worksheets</i>	A-02-22-51157	September 18, 2023		✓				✓
<i>Benefits Paid to Spouses Who Do Not Have a Child In-care (Memorandum)</i>	032313	September 8, 2023						✓
<i>The Social Security Administration's Hearings Backlog and Average Processing Time</i>	A-05-22-51159	September 7, 2023		✓			✓	
<i>The Social Security Administration's Determinations of Supplemental Security Income Recipients' Real Properties</i>	022328	September 1, 2023						✓

Report	Number	Report Issued	Related Management Challenge(s)					
			Human Capital	Service Delivery	Secure Information	Modernize IT	Disability	Improper Payments
<i>Controls over the Social Security Administration's National 800-number Service During the COVID-19 Pandemic</i>	A-02-21-51079	August 29, 2023		✓				
<i>Match of Oregon Death Information Against Social Security Administration Records</i>	062307	August 24, 2023						✓
<i>Funds Dedicated to Address Program Integrity and Hearings Backlog Workloads</i>	A-15-19-50885	August 14, 2023		✓				
<i>Administrative Law Judge Trends</i>	012319	August 11, 2023					✓	
<i>Match of Alaska Death Information Against Social Security Administration Records (Memorandum)</i>	062314	August 9, 2023						✓
<i>Numberholders Age 100 or Older Who Did Not Have Death Information on the Numident</i>	A-06-21-51022	July 31, 2023			✓			
<i>Manual Processes for Resource-intensive Workloads</i>	A-07-19-50882	July 21, 2023		✓		✓		✓
<i>Beneficiaries with Medical Improvement Not Expected Who Died During the 5-month Disability Insurance Waiting Period</i>	062322	July 19, 2023					✓	
<i>Summary of Direct Payments to Claimant Representatives</i>	062318	July 18, 2023						
<i>The Social Security Administration's Oversight of Beneficiaries Who Receive Benefits Under the Direct Express® Debit Card Program</i>	A-04-20-50977	June 22, 2023		✓				
<i>The COVID-19 Pandemic's Effect on Disability Determination Services' Processing of Disability Claims</i>	A-01-20-50963	June 22, 2023					✓	

Report	Number	Report Issued	Related Management Challenge(s)					
			Human Capital	Service Delivery	Secure Information	Modernize IT	Disability	Improper Payments
<i>The Social Security Administration's Telephone Service Disruptions</i>	A-05-22-51149	June 15, 2023		✓				
<i>Edit Routines Used to Reinstate Wage Items from the Earnings Suspense File</i>	A-03-21-51013	June 12, 2023			✓			
<i>Processing New Waiver Requests After a Previous Request Was Denied</i>	A-08-21-51100	May 24, 2023						✓
<i>Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022</i>	A-15-22-51183	May 5, 2023						✓
<i>Office of the Inspector General Audit Recommendations that had not been implemented as of March 1, 2023</i>	002304	March 30, 2023						
<i>Status of the Social Security Administration's Charge Card Programs Recommendations for Fiscal Year 2022</i>	032312	January 31, 2023						
<i>The Social Security Administration's Financial Reporting for Fiscal Year 2022</i>	A-15-21-51122	November 10, 2022						



**Mission:**

The Social Security Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations.

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Social Security-related scams and Social Security fraud, waste, abuse, and mismanagement, at [oig.ssa.gov/report](https://oig.ssa.gov/report).

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