



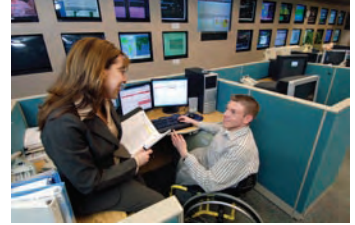
SOCIAL SECURITY ADMINISTRATION

FISCAL YEAR 2010 Budget
Budget Overview



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MICHAEL J. ASTRUE COMMISSIONER

A MESSAGE FROM THE COMMISSIONER

Americans are struggling through this difficult economic time. Even as we see glimmers of hope for recovery, this recession will continue to challenge us in a way unlike any we have encountered since the Great Depression. The combination of the recession and the baby-boomer retirement wave has drastically increased our workloads, which will continue to grow to unprecedented levels.

The Administration and Congress have made a commitment to handle the recession-related work that is flooding the agency. The FY 2009 Omnibus Appropriations Act and the American Recovery and Reinvestment Act (ARRA) provide additional resources for us to target our growing workloads in FY 2009. With these funds, we will hire over 6,000 new employees between March and the end of this fiscal year, replacing all staffing losses and adding critical new positions. We will assign the majority of these new employees to our front-line operations, where they will directly assist the American public. We are also making critical information technology (IT) investments and funding additional overtime to process our increasing workloads. These additional resources will improve service to the public.

For FY 2010, the President has proposed a significant investment in us—\$11.6 billion, a 10 percent increase over the FY 2009 enacted level. With this increase, we will timely process claims, maintain other core workloads, and invest in new technology. We will hire approximately 5,800 employees in FY 2010, replacing all staffing losses and filling 1,300 new positions, with the majority of the hires working in front-line positions. We will continue our efforts to reduce the hearings backlog and stay on track to eliminate the backlog by 2013. Finally, we will continue modernizing our IT, which will enable us to pursue 21st-century modes of service delivery. All of these investments are critical to ensuring that we are able to meet the dual challenges of processing our significant workloads and developing new operational models to meet the public's demand for our services into the future.

We have a proud history of outstanding public service. Our dedicated employees will continue to carry us through these difficult times. The road ahead will test us, but with the support of the Congress and all of our stakeholders, we will provide the level of service expected by Americans who count on us.



A handwritten signature in black ink, appearing to read "Michael J. Astrue". The signature is fluid and cursive.

Michael J Astrue
Commissioner

BUDGET HIGHLIGHTS

SERVING THE AMERICAN PEOPLE IS NOW MORE IMPORTANT THAN EVER

We are doing our part to help out in this time of economic distress. To assist those in need, we must process benefit claims accurately and efficiently.

REDUCING THE HEARINGS BACKLOG AND MODERNIZING THE DISABILITY PROCESS

Eliminating the hearings backlog remains our top priority. Despite the economic downturn, we are on track to eliminate the backlog by 2013. We will continue to enhance the disability process to improve our quality, timeliness, and efficiency. These enhancements will align our disability policy with modern medical technology and knowledge.

INVESTING FOR THE FUTURE

The FY 2010 budget includes significant investments for the future that will allow us to update and replace our IT infrastructure and invest in new projects to improve service to the public. At the same time, we will increase our program integrity efforts and continue to simplify our policies so that we can use technology even more effectively. Simplified policies will be easier for the public to understand.

OUR STRATEGIC PLAN



In September 2008, we released a new strategic plan for 2008 to 2013. In that plan, we lay out the incremental steps we must take to realize our vision for the future. We are an organization of great skill and accomplishment; we know what needs to be done and how to do it. Our strategic plan charts the course for maintaining a high level of performance and working toward long-term improvement of our service to the public.

Additionally, in the plan, we recognize that our employees and technology are absolutely critical to our success. If we have sufficient resources to invest in our employees and new technologies, we will achieve our ambitious goals.

The FY 2010 budget puts us on track to meet the challenges and achieve the goals outlined in our strategic plan.

To view the plan, visit www.socialsecurity.gov/asp.



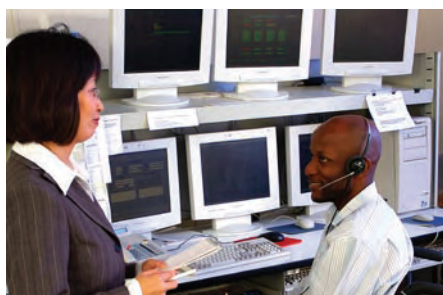
CHALLENGES WE FACE

We are confronting a myriad of challenges, and the recent economic downturn has only exacerbated the situation. Over our 74-year history, we have always been ready to meet the challenges of our enormous responsibility and with adequate funding, we will overcome our current challenges.

We have increased our productivity year after year. In fact, in each of the last 5 years, we have increased our productivity by an average of over 2 percent per year. However, rapidly growing workloads are offsetting these productivity increases. In addition, we maintain over 1,400 field and hearing offices and must cover significant fixed costs related to our nationwide presence. We must pay for the increasing cost of rent, guards, postage, and employee salaries and benefits. In FY 2010, we need a minimum administrative budget increase of over \$550 million just to cover these fixed cost increases. As a result, we require a substantial increase above that level to process our growing workloads, reduce backlogs, support and maintain our staff, and meet customer service expectations.

We formulated this budget considering the following challenges:

- Increasing demand for service due to the aging of the population and the economic downturn;
- Unacceptable hearings backlog level;
- Complex and outdated disability process;
- Geographic, generational, population and cultural shifts;
- Complex and cumbersome retirement process;
- Increasing improper payments;
- Aging computer systems;
- Threats to computer systems and personal information;
- Loss of expertise as our employee retirements accelerate;
- Limited public understanding of the role of Social Security benefits;
- Increasing non-traditional workloads (e.g., immigration, Medicare Prescription Drugs);
- Increasing enumeration workloads; and Rising infrastructure costs



FY 2010 BUDGET REQUEST

FY 2010 PRESIDENT'S BUDGET (PB) – RESOURCES

	FY 2009 Enacted	FY 2010 PB
BUDGET AUTHORITY (in millions)		
Limitation on Administrative Expenses (LAE) ¹	\$10,454	\$11,451
Research and Demonstrations	\$35	\$49
Office of the Inspector General (OIG) ¹	\$98	\$103
Total Budget Request ²	\$10,587	\$11,603
Other Appropriated Funds (in millions)		
MIPPA – Low-Income Subsidy (LIS) ³	\$8	\$17
Recovery Act (ARRA) – Workload Processing	\$175	\$325
Recovery Act – Recovery Payment Admin	\$60	\$10
Recovery Act – NCC Replacement	\$0	\$20
Recovery Act – OIG Oversight	<u>\$0.5</u>	<u>\$0.5</u>
Total Planned Obligations	\$244	\$373
Total Budgetary Resources ²	\$10,830	\$11,975
WORKYEARS ⁴		
Full-Time Equivalents	63,469	65,114
Overtime	2,755	3,432
Lump Sum	<u>299</u>	<u>299</u>
Total SSA	66,523	68,845
Disability Determination Services (DDS)	<u>14,369</u>	<u>15,128</u>
Total SSA/DDS	80,892	83,973
OIG	614	611
Total SSA/DDS/OIG	81,506	84,584

¹ This amount does not reflect a transfer of \$1,378,700 from the LAE account to the OIG account in FY 2009.

² Totals may not add due to rounding.

³ The Medicare Improvements for Patients and Providers Act (MIPPA) (P.L. 110-275) provides \$24,800,000 for activities related to the implementation of changes to the Low-Income Subsidy program.

⁴ Includes workyears funded by LAE, ARRA, and LIS, and includes reimbursable workyears.

FY 2010 PRESIDENT'S BUDGET – KEY PERFORMANCE TARGETS

	FY 2009 Enacted	FY 2010 PB
Selected Workload Measures		
Retirement and Survivors Claims Processed (thousands) ^{1, 2}	4,543	4,565
Initial Disability Claims Processed (thousands) ¹	2,637	2,851
SSA Hearings Processed (thousands) ¹	647	726
Periodic Continuing Disability Reviews (CDRs) Processed (thousands)	1,079	794
Periodic Medical CDRs (included above, thousands)	329	329
SSI Non-Disability Redeterminations Processed (thousands)	1,711	2,322
800-Number Transactions Handled (millions)	60	61
Social Security Cards Issued (millions)	18	18
Annual Earnings Items Processed (millions)	271	271
Social Security Statements Issued (millions)	151	153
Selected Outcome Measures		
Initial Disability Claims Pending (thousands) ¹	833	964
SSA Hearings Pending (thousands) ¹	755	727
Average Processing Time for Initial Disability Claims (days)	129	156
Average Processing Time for Hearings Decisions (days)	516	508
Disability Determination Services Production per Workyear	265	268
Office of Disability Adjudication and Review Production per Workyear	107	109
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	900	2,100

¹We will achieve these FY 2009 and FY 2010 measures through the combination of our annual LAE appropriations and our funds from the American Recovery and Reinvestment Act (ARRA).

²Includes Medicare-only claims.

OUR PROGRAMS

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

OLD-AGE AND SURVIVORS INSURANCE (OASI) – Created in 1935, the OASI program pays retirement and survivors benefits to qualified workers and their families. In FY 2010, we will pay benefits to more than 42.8 million beneficiaries, including 90 percent of the population aged 65 and over.

DISABILITY INSURANCE (DI) – Adopted in 1956, the DI program provides benefits for disabled workers and their families. In FY 2010, we will pay benefits to approximately 9.8 million disabled workers and their family members.

SUPPLEMENTAL SECURITY INCOME (SSI) – The SSI program, established in 1972, provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In 2010, we will pay benefits to approximately 7.5 million SSI recipients.

We are requesting \$11.45 billion for our FY 2010 limitation on administrative expenses account. Funding at that level, along with ARRA resources, will cover our day-to-day operating costs while allowing us to process additional work. It also will allow us to make key investments to reduce the hearings backlog, modernize our IT infrastructure, and improve our service delivery to the public.



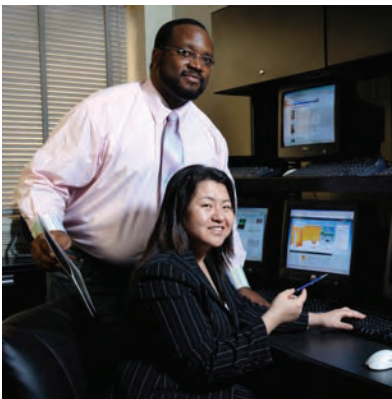
Our ongoing workloads include:

→ **Claims**

We take claims, evaluate evidence, and determine benefit eligibility and amounts. In FY 2010, we will process about 4.6 million retirement, survivor, and Medicare claims; approximately 2.9 million Social Security and SSI disability claims; and 328,000 SSI aged claims.

→ **Appeals**

We have three levels of appeals for claimants to dispute our decisions: first, a reconsideration, a complete review of the claim by someone who did not take part in the initial decision; second, a hearing before an administrative law judge (ALJ); and third, an appeal to the Appeals Council. In FY 2010, we will process over 1 million reconsiderations, 726,000 hearings, and 128,000 Appeals Council appeals.



→ **Program Integrity**

We are stewards of the trust funds. We meet our stewardship responsibilities primarily through non-medical and medical continuing eligibility reviews. By conducting these reviews, we save significant program dollars by avoiding improper payments to beneficiaries. In FY 2010, we will perform 2.3 million SSI redeterminations and 329,000 periodic medical continuing disability reviews.

→ **Social Security Numbers (SSNs)**

We process applications for and assign SSNs to every American and to qualifying foreign workers. Each year, we process millions of actions to keep our number holders' records current and accurate. In FY 2010, we will process requests for over 18 million new and replacement Social Security cards.

→ **Earnings Records**

We receive regular updates on the earnings of the working population from employer and government sources and post those reported earnings to the workers' records. We link earnings records to SSNs and resolve any discrepancies. In FY 2010, we will post 271 million earnings items to workers' records.

→ **Social Security Statements**

We mail annual statements to workers and former workers aged 25 and older. These statements provide updates of the earnings on which workers have paid Social Security taxes and summaries of the estimated benefits the workers and their families may receive as a result of those earnings. In FY 2010, we will mail 153 million of these statements.

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

We process millions of actions for beneficiaries after they have been approved. These services include issuing emergency payments, recomputing payment amounts, and processing address and other status changes. In FY 2010, we will perform more than 100 million of these actions.

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

We collaborate with the Department of Homeland Security (DHS) in administering E-Verify. We assist DHS in verifying the employment eligibility of newly-hired employees by electronically checking employee names, SSNs, dates of birth, and U.S. citizenship status. We also resolve discrepancies with the employee when we are unable to electronically verify that information. We expect E-Verify to process about 15 million queries in FY 2010.

→ **Medicare and Medicaid Administration Assistance**

For over four decades, we have assisted the Centers for Medicare and Medicaid Services (CMS) in administering the Medicare Hospital Insurance and Supplementary Medical Insurance programs. Over the years, we have received additional Medicare-related responsibilities. For example, in addition to determining Medicare eligibility, in FY 2010, we will process 1.5 million Medicare subsidy applications.

SSA'S RESEARCH BUDGET

The FY 2010 funding request for research is \$49 million, an increase of \$14 million from the FY 2009 level of \$35 million. The research budget supports projects that are integral to improving the disability process; that provide opportunities for disability beneficiaries to achieve economic independence through work; and that provide analytical and data resources for use in preparing and reviewing program reform proposals. The research budget also supports the development of a new occupational information system that will replace the Dictionary of Occupational Titles (DOT) that we presently use in determining disability. As a part of this initiative, we will develop a long-term research strategy, obtain and classify current occupational information critical for evaluating disabilities, and consult with an external Occupational Information Development Advisory Panel for guidance.

We have designed our disability research and demonstration projects to assist beneficiaries' return to work and to strengthen our disability programs and initiatives. We are promoting financial literacy through education designed to encourage savings and effective retirement planning. Additionally, as the debate continues on how best to strengthen and reform Social Security, we will provide any technical assistance that policymakers and the public may need to assess the implications of the proposals under consideration.

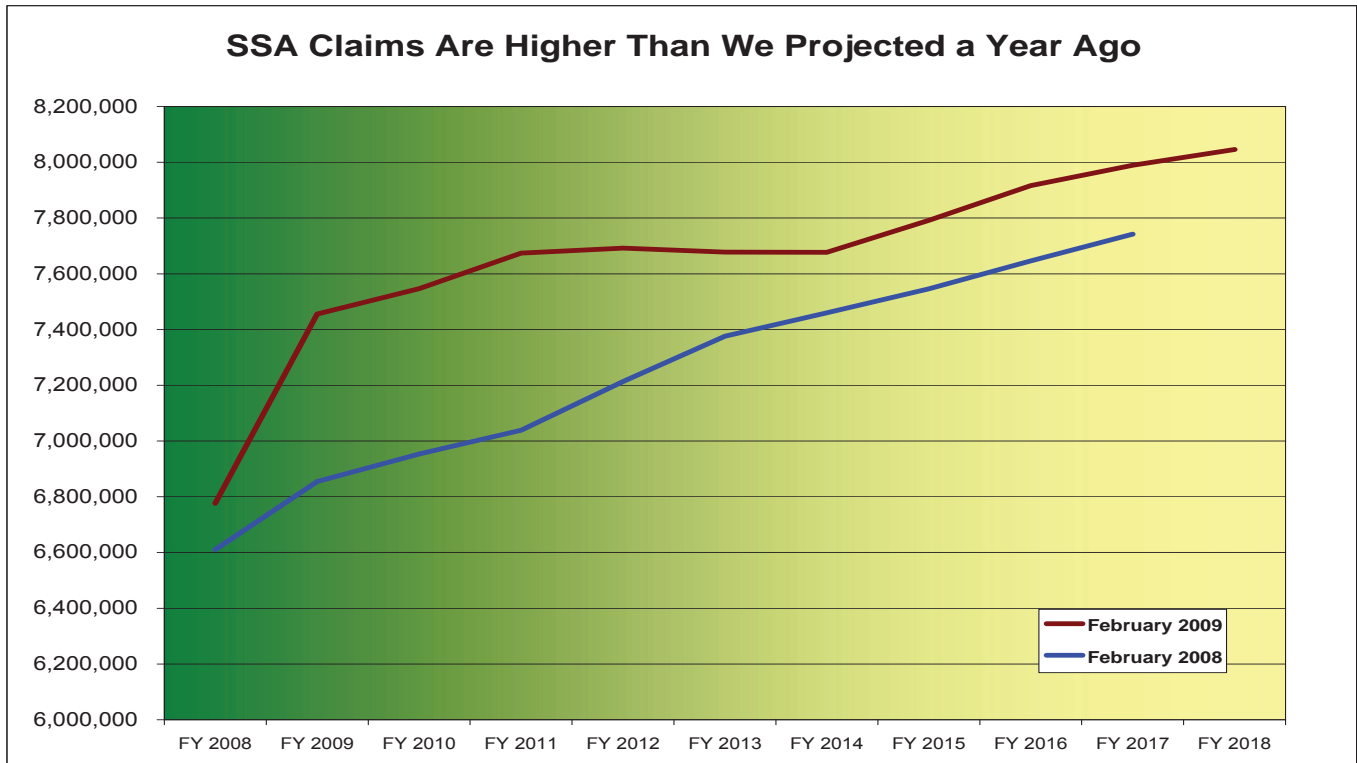
OFFICE OF THE INSPECTOR GENERAL (OIG)

The FY 2010 President's Budget for the OIG is \$103 million, an increase of more than \$4 million above the FY 2009 appropriation. The OIG's mission is to promote economy, efficiency, and effectiveness in the administration of the Social Security programs and operations and to prevent and detect fraud, waste, abuse, and mismanagement in such programs and operations. To that end, the OIG provides an invaluable service by conducting a comprehensive program of audits, evaluations, and investigations, and then recommending changes to improve our programs and operations.

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

OUR SERVICE TO THE AMERICAN PEOPLE IS NOW MORE IMPORTANT THAN EVER

During this time of economic turmoil, more people are turning to us than ever before. We are experiencing an unprecedented rise in our initial claims receipts, and we know that we must process this work as quickly and accurately as possible so that we can get benefits flowing to the American people. As shown in the chart below, we now expect 220,000 more retirement claims and 340,000 more disability claims in FY 2010 than we projected a year ago.



We are playing a key role in recovery activities. Processing the additional work resulting from the economic downturn will remain one of our top priorities in FY 2010, just as it is in FY 2009. A significant portion of our FY 2010 funding increase is intended to continue building the capacity to tackle our rapidly growing workloads. We will hire 5,800 employees in FY 2010, including replacing all losses and filling 1,300 new positions—which will make a real difference in the following workloads:

- **Initial Claims:** In FY 2010, we will maintain staffing levels that will be in place at the end of FY 2009 in our field offices, teleservice centers, and processing centers, and we will add an additional 600 new workers in the DDSs. We will process an additional 20,000 retirement claims and 200,000 initial disability claims over the FY 2009 level. We will expand the use of Federal employees in adjudicating more initial disability claims, supplementing the work of the DDSs. This additional capacity will allow us to address backlogs regardless of where they develop.
- **Hearings and Appeals:** In FY 2010, we will maintain the staffing levels that we reached at the end of FY 2009 and add about 700 new employees. These hires will help us process nearly 80,000 additional hearing requests in FY 2010 and will ensure that the hard-earned progress we have made toward eliminating the hearings backlog is not lost because of the economic downturn.

Our FY 2010 funding, along with the additional resources included in ARRA, will help us improve the service we provide to the American people at a time when they need us most.

SSA AND RECOVERY ACT FUNDING



ECONOMIC RECOVERY PAYMENTS

As part of the ARRA, Social Security beneficiaries will receive a one-time economic recovery payment of \$250. These payments will give seniors and disabled Americans an infusion of funds to help them deal with these difficult economic times. We will distribute the payments to almost 55 million beneficiaries by late May, earlier than ARRA's deadline. We have already notified all eligible beneficiaries of the upcoming payment and are ready to answer questions. We received \$90 million to cover the administrative cost associated with issuing these payments.

ADDITIONAL WORKLOAD PROCESSING

We also received \$500 million in special funding to process the additional work we are receiving as a result of the economic downturn.

We are using this funding in the following ways:

- Hiring 300 additional staff in the DDS, 1,500 additional staff in field offices, and 585 additional staff in hearing offices;
- Supporting IT enhancements necessary to increase processing capacity; and
- Meeting our performance targets in FY 2009.

Although some of our pending levels will increase in FY 2009—in particular we will see a significant increase in the pending level of initial disability claims—the new hires will help us improve the overall level of service. If we did not have the resources to hire these new front-line workers, the service levels would be far worse.

NEW NATIONAL COMPUTER CENTER

We also received a critical \$500 million to replace our National Computer Center (NCC). The NCC houses computer operations that are essential to promptly and accurately pay benefits to many Americans and stores data necessary to provide service to all Americans. The current NCC is over 30 years old, and it will not be capable of supporting the growing demands of our computer systems and computer-based services into the future. With these recovery funds, we are moving quickly to design and build a new data center.

INITIAL DISABILITY BACKLOG STRATEGY

The additional initial disability claims resulting from the economic downturn will strain our existing system. Our initial claims pending level will rise dramatically, in a relatively short period of time. In response, we are developing a comprehensive strategy to process these claims accurately and efficiently. With this strategy, we will aggressively process these additional initial claims without sacrificing other important disability workloads, such as continuing disability reviews and reconsiderations. Our goal is to return the initial disability claims pending level to its pre-surge level by the end of FY 2013.

SSA AND THE STATE DDS: A UNIQUE FEDERAL-STATE PARTNERSHIP

We have a unique relationship with the 50 states and U.S. territories because they play an integral role in our disability determination process.

Recently though, this relationship has been challenged by the economic downturn. The recession has caused massive deficits in many states, and many states have taken drastic actions, including lay offs, furloughs, and hiring freezes in an attempt to balance their budgets. In many cases, states have applied these same restrictions to the DDSs even though we fully fund DDS operations. We are working with governors and legislatures to exempt the DDSs from these restrictions, to ensure that our efforts to process economy-driven work are not derailed by state budget crises. Despite these efforts, DDS employees are still being furloughed and laid off.

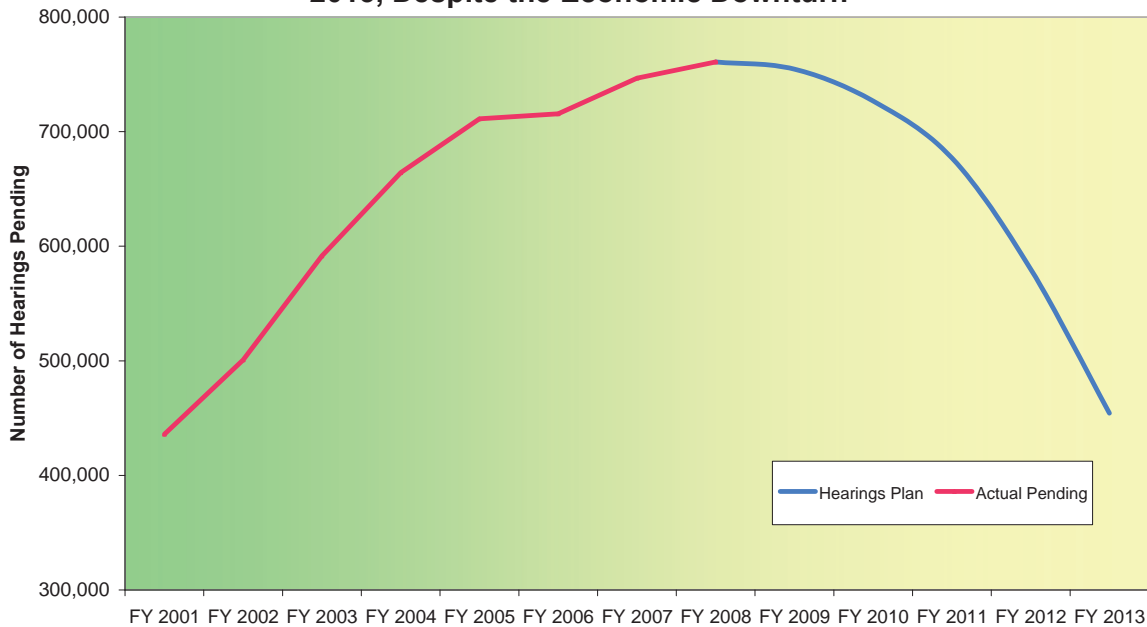
The strategy will include hiring additional staff in the DDSs and expanding flexible Federal units to assist the state agencies. We are also exploring potential automation initiatives and program efficiencies to help us process some claims faster. We will provide a more detailed plan this summer.

REDUCING THE HEARINGS BACKLOG AND MODERNIZING THE DISABILITY PROCESS

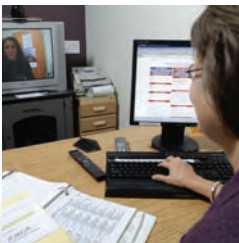
REDUCING THE HEARINGS BACKLOG

Although processing the additional work generated by the economic downturn has become one of our top priorities, we are still committed to eliminating the hearings backlog that plagues the agency. In fact, we believe that reducing this backlog is even more critical now to keep the cases moving so that hearings offices will be able to process the impending fallout from the surge of initial disability claims. With this budget, as shown in the chart below, we remain on track to eliminate the backlog in 2013.

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



We are devoting more resources to reducing the hearings backlog in both FY 2009 and FY 2010 to ensure that we continue to make progress. We will be:

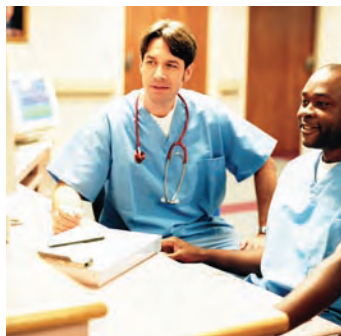


- Hiring 157 ALJs in FY 2009 and 208 ALJs in FY 2010 to reach a total of between 1,400 and 1,450 ALJs by the end of FY 2010. We also plan to add support staff in FY 2010 to maintain our ALJ to support staff ratio;
- Continuing to increase productivity in the hearing process;
- Opening 13 new hearing offices;
- Opening more National Hearing Centers;
- Implementing standardized business processes that will ensure consistency and improve processing times;
- Expanding Quick Disability Determinations by increasing the percentage and types of claims processed;
- Increasing the number of conditions under the new Compassionate Allowance initiative, allowing us to quickly identify individuals who we believe are clearly disabled; and
- Continuing to explore potential electronic initiatives that can reduce the time necessary to prepare a case for hearing.

MODERNIZING THE DISABILITY PROCESS

We administer the Nation's two primary Federal disability programs: Disability Insurance and Supplemental Security Income. Over the last 5 years, our disability workloads have grown significantly, and this trend will accelerate as baby boomers reach their most disability-prone years.

Despite the challenges of the economic downturn and the hearings backlog, we must modernize the disability process to avoid future backlogs and provide applicants with speedy decisions. Technology alone cannot improve the disability process. We must align our disability policy and medical guidance at the core of the program with current medical technology and knowledge. A modernized disability process will improve service and fulfill our obligation to provide a fair process to the American people. The following initiatives form the core of our disability modernization program in FY 2010:



Improve Occupational Information for Making Disability Determinations

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



We awarded contracts in 2008 to help us evaluate and update occupational information. In December 2008, we established the Occupational Information Development Advisory Panel to advise us on creating an occupational information system tailored to our disability policy. The panel had its first meeting in February 2009 and has three more meetings scheduled for this year.

In FY 2010, we will begin identifying the physical and mental abilities and skill levels required by current occupations, developing the means of gathering occupational information, and researching assessment of residual functional capacity.

Update Medical Listings

We use the Listing of Impairments to evaluate impairments considered severe enough to prevent a claimant from working. The listings are a critical factor in our disability determination process; however, we have not updated some of them in years. We are working to expand the listings to include rare disease and obviously disabling conditions. We are also working to update all of our existing listings by the end of FY 2010. We have developed a long-term schedule to ensure that in the future we update all listings, as needed, but at least every 5-7 years.

INVESTING FOR THE FUTURE

INVESTING IN AN INFORMATION TECHNOLOGY FOUNDATION FOR THE FUTURE

IT plays a critical role in our day-to-day operations. Our computers maintain demographic, wage, and benefit information on almost every American. We process an average of over 75 million business transactions per day, and we expect our storage capacity needs to nearly quadruple in the next 5 years. The data in our computer systems are critical national economic and information resources and are essential to providing services to the millions of Americans who count on us every day.

HEALTH INFORMATION TECHNOLOGY (HIT)

We are a leader in HIT, and our efforts with this initiative have significant potential to improve our disability process. By mapping our disability listings to standard industry data and implementing the nationwide health information network, we can provide better service to the public by creating a more modern and streamlined electronic process.

This budget recognizes the importance of building a strong IT foundation for our future. The FY 2010 investments will allow us to conduct business in a 21st century web-enabled environment. We will be able to provide a stable, easy-to-use, convenient, and secure suite of online services that will be available to the American public 24 hours a day, 7 days a week. The Internet has changed technology so rapidly that the significant investments included in this budget are essential to keep pace with public service expectations. Improved online services are also important to accommodate our growing workloads.

The following are key IT investments that we plan to make in FY 2010:

IT INFRASTRUCTURE IMPROVEMENTS

We developed our IT infrastructure—the technological foundation for service delivery—primarily in the 1980s, when we provided service to the public via the local field office staff. At that time, the Internet had not been introduced, and we maintained most of our records in paper folders. Today, aging baby boomers and the corresponding higher workloads, disability backlogs, and new non-traditional work are stretching our staff and our IT infrastructure to the limit. To address these demands, we must leverage 21st century technology to provide alternative channels of service. Before we can leverage the full potential of the Internet, however, we must modernize our underlying IT infrastructure so that we can provide a stable, secure, system with continuous availability. Without these important investments now, we will not keep up with the rapidly changing technology and significant workload increases.

To address these significant IT challenges we must:

- Leverage technology to modernize our business processes by using Web technology, simplifying business rules, building intelligence throughout applications to support the agency's decision makers, and focusing on data quality and integration;
- Improve our telephone and video infrastructure, expand our data center capacity, and ensure we have the necessary redundancy in our systems to provide 24/7 availability of our services;
- Convert software applications to newer programming languages to realize benefits of Internet technology; and
- Transition to modern database architecture that will provide more flexible access to data and ensure long-term data quality, accuracy, validity, and security.

In addition, our IT systems must be positioned to better respond to changing needs, such as the demands caused by the economic downturn as well as sophisticated cyber attacks by individuals seeking to infiltrate our data and our network. This is critically important since our systems contain financial and identity information for all Americans.

INVESTMENTS FOR CURRENT AND FUTURE IT PROJECTS

In addition to infrastructure upgrades, we will invest in IT projects, such as those listed below, that will result in productivity and business process improvements.

- **A Common Disability Case Processing System** will allow us to move from 54 separate State DDS systems to a common, uniform system for the entire nation. Maintenance of these individual systems, including even simple updates, is costly and takes a major logistical effort. It can take up to a year to modify all of the DDSs' systems. Having a common system will ultimately simplify the process of maintaining the DDS systems and will better support our efforts to improve disability case processing, processing times, and the accuracy of disability decisions.
- **Disability Direct** will automate the processing of online disability claims. It will streamline the collection of information in the online disability claim and appeals process, which will improve our labor-intensive disability workload. This streamlined process will provide more time for employees to handle other workloads. It will also fulfill the public's expectation for convenient, effective, and secure electronic service delivery options.
- **Quick, Simple, and Safe SSNs** will provide better, faster, and more secure SSN processing. We are developing an electronic process that will include an online application allowing people to apply—in a secure manner—for simple replacement Social Security cards through our website. This Internet application will reduce the amount of traffic in our field offices freeing up front-line personnel to handle more complex workloads. We plan to implement signature proxy alternatives to the pen-and-ink or “wet” paper-based signatures currently required. We also plan to expand Enumeration at Entry, which helps the Government reduce fraud and improve efficiency. Under this process, the Department of Homeland Security and the Department of State assist us in enumerating immigrants. The Department of State collects enumeration data as part of its immigration process. When the immigrant enters the United States, the Department of Homeland Security notifies us, and we issue an SSN card.
- **Telephone Service Automation**, including Voice Over Internet Protocol telephone networks, will enable us to improve our field office telephone service and support our website visitors. We will implement technologies to enable our website visitors to interact using “click-to-talk” with a telephone agent, providing the public with more service choices and added convenience. We are also working to expand our Field Office Automation and Forward-on-Busy projects, currently in 179 field offices, to additional field offices over the next three years.
- **Ready Retirement** focuses on public education, simplified enrollment, and streamlined adjudication. In 2008, we introduced a new dynamic Internet application—iClaim—for retirement, spouses, and disability benefits. That program streamlines the application process by relying on information that we have in our records. In FY 2009 and FY 2010, we will expand the online filing option to include Medicare claims and other enhancements. All of our work in this area is also helping us to simplify our programs by making it easier for claimants to apply for benefits.
- **Innovative Service in Field Offices through Technology** will upgrade our field office reception areas and pilot the use of new technologies. In FY 2009, we are piloting self-help computers in our reception areas to provide immediate access to our online services. Also, in over 30 field offices, we are piloting video service delivery, which will provide additional flexibility for our busiest offices. Available employees in other offices will be able to serve visitors remotely. In addition, video service delivery will allow for direct connection with many third-party remote sites.

SIMPLIFYING PROGRAM RULES

Over the years, the complexity and amount of our core workloads have increased by legislative and societal changes. The increased complexity of our program rules has created public confusion. The Social Security programs help many persons who are most in need of assistance. Yet, it is sometimes those most vulnerable who lack the resources needed to navigate our rules. Certain features of our programs that once served a purpose are now outdated, but remain part of the law. The interaction of Social Security benefits with other programs also creates complexity and confusion. We must simplify our programs in order to sustain and improve the quality of our service.

One example of a paper process that could be modified is the practice of having applicants sign paper release forms allowing us to access their medical, school, and vocational rehabilitation records. All other aspects of the disability application process are electronic. This form is the last remaining vestige of a paperbound disability process. We will explore options and develop legislative proposals to streamline the process of obtaining consent to access medical records. This modification will enable us to reduce the burden on all parties involved and provide more timely decisions to disabled individuals while respecting the confidentiality of their personal information.

HUMAN CAPITAL

We are the face of the Federal Government in communities across the country and one of the finest public service organizations in government, with a diverse workforce and workplace second to none. Social Security and State DDS employees are key to ensuring we are positioned to deliver quality public service. Our employees display imagination, professionalism, a “can-do” spirit, and unwavering dedication to their work.

We have faced human capital challenges in recent years as the size of our workforce has declined despite an increasing number of beneficiaries and new statutorily-mandated workloads. We are also experiencing an internal retirement wave, with 50 percent of our total workforce and 66 percent of our supervisors eligible to retire by the end of 2018, creating a significant loss of institutional knowledge. While our planned FY 2010 hiring is vital to processing our significant workloads, we are also focusing on succession planning efforts through learning processes and programs that will allow us to transfer agency knowledge, prepare our future leaders, and enable all of our employees to reach their full potential.

HEALTH INFORMATION TECHNOLOGY

We are currently conducting two pilots to test how we can use health information technology (HIT) to make our disability process more timely, efficient, and accurate. In FY 2008, we began working with Beth Israel Deaconess Medical Center in Boston. Currently, when a claimant treated at Beth Israel files a disability application, the Medical Evidence Gathering and Analysis through Health Information Technology system automatically sends an electronic request for his or her medical records. Almost immediately, the hospital electronically transmits the medical records to us. We receive these records in seconds and minutes, rather than the usual weeks and months.

We are also a leader in the development and use of the Nationwide Health Information Network (NHIN), the nation’s electronic network of health information. We took part in the first exchange of data across the NHIN when the health care provider, MedVirginia, transmitted records to us that were necessary to adjudicate a disability claim. This initiative will revolutionize the way we process disability claims by allowing us to automatically request and receive the medical records needed to make disability determinations. Yet, we realize that this is a time of great change in the HIT area, and thus, we remain committed to participating in the standards and certification process to protecting the privacy of these records.

WAGE REPORTING

The FY 2010 President's Budget proposes to restructure the Federal wage reporting process to increase the frequency that employers report wages to us. Currently, employers report wages to the Federal Government once a year. However, from 1939 through 1977, we received wage reports quarterly.

Increasing the timeliness of wage reporting would enhance tax administration, improve program integrity for a range of programs, and facilitate implementation of automatic workplace pensions. The Administration will work with the states so that we do not impose any additional burdens on employers. We will lead an interagency workgroup to determine the best approach to restructuring wage reporting.

PROGRAM INTEGRITY

The FY 2010 President's Budget includes a significant increase in funding for program integrity to advance the Administration's initiative to make government more effective and efficient. The additional funding in FY 2010 is part of a multi-year, government-wide effort, and it will allow SSA to focus more closely on workloads or processes that are most vulnerable to improper payments. As the size of our programs continues to grow, the dollar value of improper payments will become even more significant. This investment will reverse the trend of declining program integrity efforts in recent years.

Program integrity reviews ensure that American's tax dollars are spent properly and that beneficiaries continue to be eligible for benefits and are being paid the right amount. The FY 2010 budget includes resources for two types of program integrity efforts: continuing disability reviews (CDRs) and SSI redeterminations, which are periodic reviews of non-medical factors of SSI eligibility, such as income and resources.

CDRs are periodic reevaluations to determine if disability beneficiaries are still disabled. We estimate that every dollar spent on CDRs yields at least \$10 in lifetime program savings. We estimate that SSI redeterminations yield \$7 in savings for every \$1 spent above the base level. This estimate is based on the 2010 request and includes savings accruing to Medicaid. Both CDRs and redeterminations are extremely cost-effective.

In addition, if found to be as cost-effective as redeterminations, up to \$34 million may be used to expand asset verification initiatives such as the Access to Financial Institutions project, which automates verification of SSI recipients' assets held in banks.

GREEN INITIATIVES

We have a responsibility to the public to conduct business in an efficient, economical, and environmentally sound manner. "Going green" benefits the environment and saves taxpayer dollars by minimizing waste and reducing energy consumption. For years, we have implemented projects benefiting the environment: we recycle; purchase environmentally friendly products; use efficient lighting, electronics, and appliances; and power our vehicles with alternative fuels. We have always been mindful that resource waste is a waste of taxpayers' dollars.

As outlined in Executive Order 13423, we will continue our tradition of "going green" by expanding on projects that: reduce petroleum consumption; increase usage of alternative fuels; reduce greenhouse gas emissions; reduce water consumption; increase our procurement of biobased or environmentally sound products; reduce use of chemicals and toxic materials; ensure our computers and monitors have Energy Star® features; and reuse, donate, sell, or recycle all of our electronic products using environmentally sound management practices. We will also build or renovate our facilities in accordance with environmentally sustainable strategies. Using these "Green" solutions in our daily operations is a sound environmental and stewardship decision that we will continue to embrace. The agency will lead by example in advancing these energy and environmental practices.

CONCLUSION

The economic downturn, combined with the retirement of the baby boomers, and the fraying of our physical and technological infrastructure have diminished our ability to deal with our rising workloads and backlogs. The additional funding Congress provided in FY 2009 will make a positive impact on Americans. We are ahead of schedule to issue economic recovery payments to nearly 55 million beneficiaries. We are also on course to replace our aging National Computer Center and to hire over 6,000 employees who will increase our capacity to process our growing workloads.

Looking forward, we need sustained, adequate, and timely funding. We cannot process all of our current workloads in one year. It will take a multi-year effort to handle the surge in claims and reduce the backlogs. With the President's FY 2010 budget, we will process significantly more claims in FY 2010, continue to drive down the hearings backlog, and modernize our IT infrastructure to provide better and more efficient service. We will also increase our program integrity efforts that will ensure that tax dollars are well spent.

Without the full President's Budget, we will lose ground on our progress in FY 2009, and we will be unable to continue building the foundation to handle both the additional work created by the economic downturn and the long-term challenges presented by the aging of the baby boomers.

We are acutely aware that the American public is depending on us. Social Security, one of the most important and successful domestic programs that our country has ever established, is indispensable to the disabled, seniors, and their dependents. Through the programs we administer, we pay nearly \$60 billion in benefits each month and are an integral part of the American economy. With the continued support of the Congress, we are confident that we can successfully meet our immediate challenges and improve service for the years ahead.



SOCIAL SECURITY ADMINISTRATION

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