THE SOCIAL SECURITY ADMINISTRATION'S MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES DURING FISCAL YEAR 2024

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

November 5, 2024

Martin O'Malley
Commissioner

Dear Mr. O'Malley:

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*.

Management and Performance Challenges

For Fiscal Year 2024, 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 interrelated, 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 2025, the Office of the Inspector General 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.

Sincerely,

Hannibal Ware
Acting Inspector General

Enclosure

The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2024

November 2024

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 and state disability determination services (DDS) hired more employees in Fiscal Year (FY) 2023 than in previous years, attrition and more limited hiring in FY 2024 have lessened the impact of the FY 2023 hiring. Per the Commissioner's testimony on March 21, 2024 before the Committee on Ways and Means and Subcommittee on Work and Welfare United States House of Representatives, SSA needs funding to restore staffing to FY 2023 levels to improve service delivery, including reducing National 800 Number wait times and disability claims processing delays. While additional employees should help improve service delivery, SSA needs to plan for multiple contingencies. SSA needs clearer human capital and operating plans that address its human capital risks, including limited staffing and increased attrition rates at both SSA and state DDSs, to ensure it has a clear vision on how it will improve service delays and backlogged workloads with its existing human capital.

Hiring and Retention

As of September 7, 2024, SSA had fewer employees than it did at the end of FY 2023 (see Figure 1).
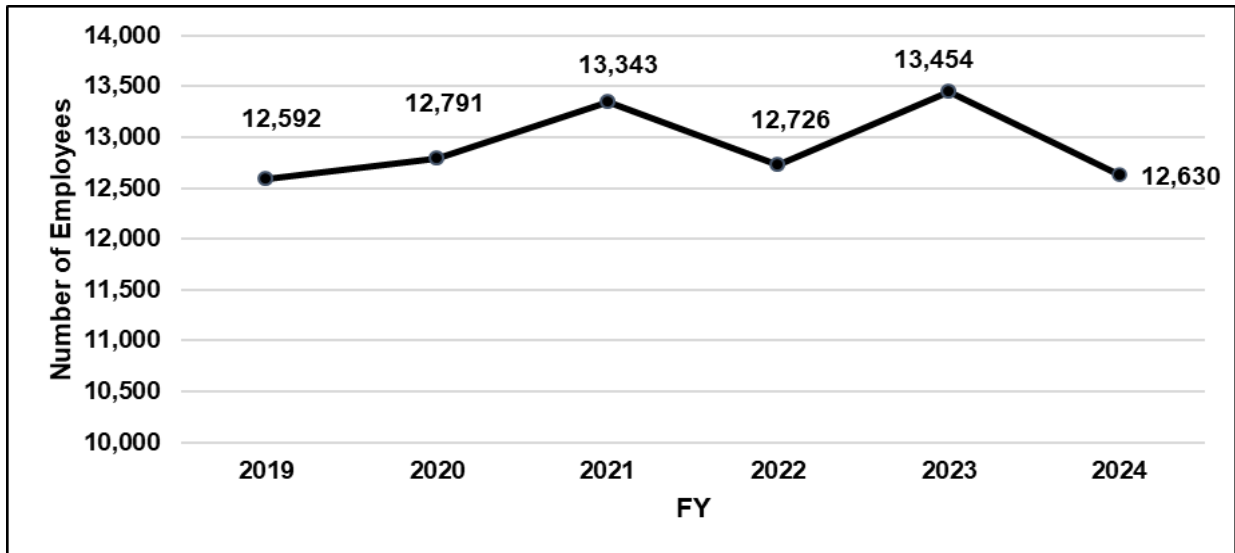
Figure 1: SSA Staffing
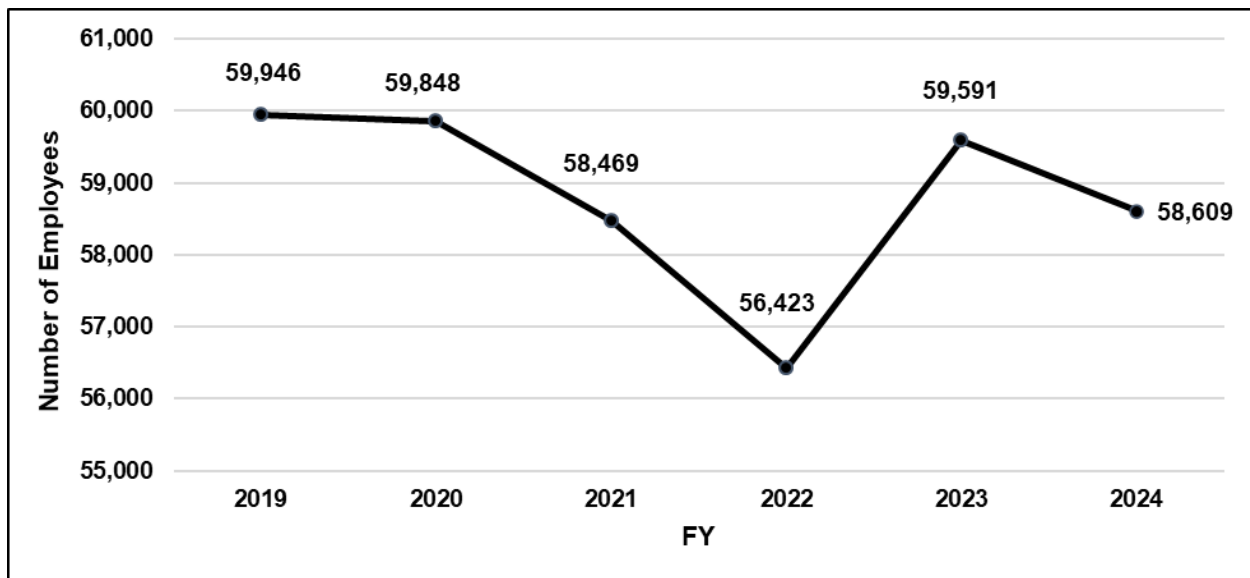
Note: Number of employees as reported by SSA. Staffing numbers include Office of the Inspector General employees, but do not include disability determination services (DDS) employees.

Similarly, as of September 30, 2024, state DDSs had fewer employees than they did at the end of FY 2023 (see Figure 2).

Figure 2: DDS Staffing

Note: Number of employees as reported by SSA.

Both attrition and more limited hiring resulted in SSA and DDSs having fewer employees in FY 2024 than they did in FY 2023. For example, 1 senior regional leader reported that, while she lost over 650 employees in FY 2023, she was only authorized to hire 259 employees in FY 2024. While the attrition rates for SSA and state DDSs have decreased in the last couple of FYs, the attrition rate for DDSs in FY 2024 remains relatively high at over 11 percent (see Figure 3).

Figure 3: SSA and DDS Annual Employee Attrition Rates
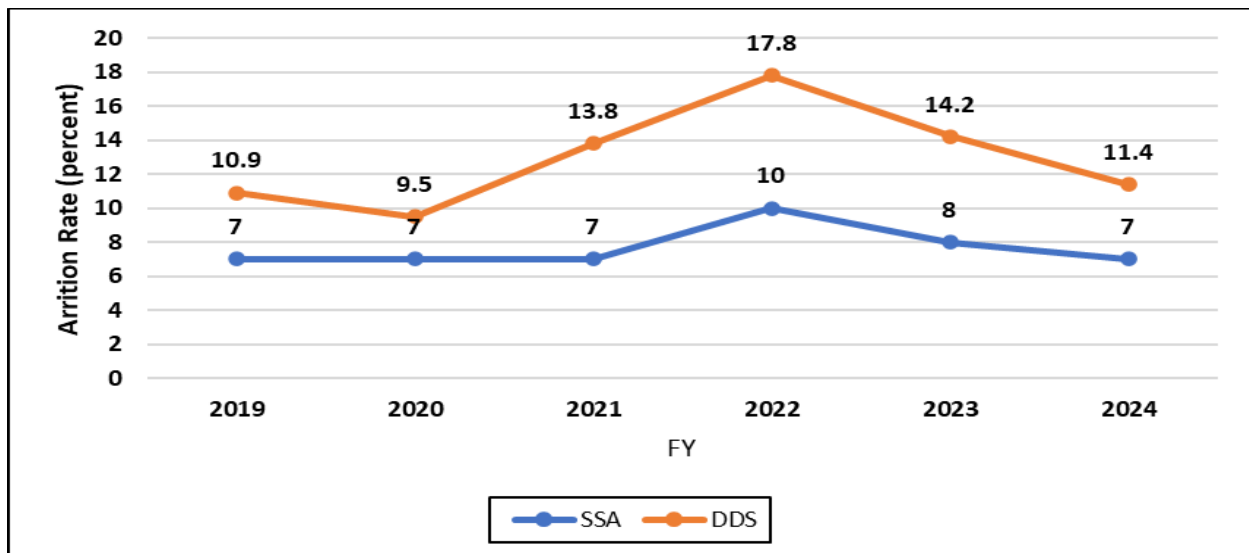
Note: Attrition rates are as reported by SSA.

One of SSA's biggest human capital challenges is state DDS staffing. While SSA helps fund DDSs, each state hires the employees who work at their respective DDSs. DDS disability examiners manage the disability determination process at DDSs; having fewer disability examiners diminishes the DDS' ability to process the disability determinations SSA needs to award or deny disability benefits. While attrition rates for disability examiners differ nationwide, all but the Denver region lost more disability examiners than they hired in FY 2024 (see Table 1).

Table 1: FY 2024 State Disability Examiner Losses and Additions by Region (as of week 52)

Region	Disability Examiners Losses	Disability Examiners Additions
Boston	31	26
New York	84	3
Philadelphia	86	45
Atlanta	288	149
Chicago	177	21
Dallas	198	118
Kansas City	33	10
Denver	23	28
San Francisco	148	53
Seattle	34	22
Total	**1,102**	**475**

Senior regional SSA leaders reported DDS employees often left DDSs to work for other Federal agencies that have similar work with higher pay and more telework available than the states offer them.

Human Capital Planning

In a September 2022 report on the *Social Security Administration's Human Capital Planning*, we concluded SSA's *Agency Strategic Plan* and *Annual Performance Plans* covering FYs 2018-2022 include limited discussions of the human-capital strategies needed to ensure it successfully meets its strategic goals and initiatives. A more recent analysis of the current *Agency Strategic Plan* similarly found limited discussions on SSA's human-capital strategies and their impact on meeting its mission. For example, while one of the three strategic goals in the *Agency Strategic Plan for FYs 2022-2026* focuses on building an inclusive, engaged, and empowered workforce, the *Plan* does not provide detail how it will achieve that goal and how any deviation from it will affect the strategic goals focused on customer service and program stewardship.

Our 2022 report also stated the human capital management strategies in SSA's FY 2018-2022 *Human Capital Operating Plan* aligned with some *Agency Strategic Plan* strategic objectives but not others. Our review of the FY *2023-2026 Human Capital Operating Plan* found that, while SSA had some worthwhile performance metrics, including increasing new-hire retention and

reducing its employee-separation rate, the metrics' targets and the strategies SSA plans to use to achieve them were modest at best.

SSA released its *Long-Term Human Capital Management Improvement Plan FY 2024-2034* in March 2024. The Plan outlines several new challenges, including high attrition outside of retirement, low employee morale, and increasing competition for talent. We are concerned that SSA describes these challenges as new when they have been present for a number of years, and the vast majority of the strategies in its draft plan are scheduled to be implemented in 3 to 10 years. While SSA has continually stated its staffing is a critical part of its ability to improve customer service and meet its mission, its plans need specificity and urgency and consideration of how it will make progress should its funding fall short of the staffing it envisions it will need.

Progress the Social Security Administration Has Made

Hiring and Retention

The March 2024 *Further Consolidated Appropriations Act of 2024* (Pub. L. No. 118-47) provided SSA's FY 2024 appropriations. After its passage, the Commissioner lifted an Agency-wide hiring freeze and authorized the hiring of 3,790 employees: 1,600 teleservice centers, 1,290 field offices, 600 state DDSs, and 300 hearing office hires. These new hires totaled less than half the of the 7,800 employees SSA hired in FY 2023.

SSA still has direct-hiring authority from the Office of Personnel Management for its frontline, direct-service positions, which it initially received in FY 2023. This authority allows SSA to hire, after public notice, any qualified applicant without regard to multiple-hiring rules and procedures. Senior human resource leadership noted direct-hiring authority continues to help the hiring process.

SSA has taken steps to supplement its self-paced 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 reported these sessions have led to higher levels of engagement and a better sense of inclusion among the new employees and believe this has helped lower the attrition rate with newer employees.

In support of more stable staffing at DDSs, SSA has collaborated with DDS administrators nationwide to implement recruitment and retention strategies, including increasing the competitiveness of DDS pay, streamlining training, and reducing the time it takes to onboard new hires.

Human Capital Planning

SSA's developed its *Long-Term Human Capital Management Improvement Plan FY 2024-2034*, which recognizes the need to further develop information technology (IT) solutions and automation to enhance operational efficiency as part of its human capital strategy. The plan also calls for automated solutions that include (1) online form completion and (2) document submission for forms and evidence, which should free employees to focus on other workloads. While these strategies are important, many of the planned actions for increasing operational efficiencies have implementation dates that are multiple years away.

What the Social Security Administration Needs to Do

Develop and implement human capital and operating plans that address its human capital risks, including how it will better compete for the talent it needs, retain the employees it has, and eliminate service delays and backlogged workloads with various staffing levels.

Key Related Links

- SSA, OIG Website - Published Reports from the Office of Audit
  - *Controls over Employees' Premium Pay (152404)*
  - *The Social Security Administration's Human Capital Planning (A-02-19-50866)*
- SSA Website – FYs 2022-2026 Agency Strategic Plan
- SSA Website – FYs 2023-2025 Annual Performance Report
- SSA Website – FYs 2024-2026 Human Capital Operating Plan

Improve Service Delivery

SSA needs to enhance the customer experience via telephone and online services as well as updates to programs and policies.

Why This is a Challenge

SSA will need to continue increasing, improving, and ensuring the continuity of its telephone and online service methods to meet its customers' demand. SSA needs online services that reduce barriers and improve service delivery. SSA also needs to update its programs and policies, where possible, to eliminate the complexity and difficulty placed on customers who apply for benefits.

Telephone Service

When the Coronavirus pandemic began in 2019, SSA had separate telephone systems for its National 800 Number, field office, and Headquarters operations. To accommodate remote operations in response to the pandemic, SSA augmented its legacy telephone systems that modified functionality and capacity. SSA planned to replace the three legacy systems and improve its temporary system's stability by implementing the Next Generation Telephony Program (NGTP). In the first quarter of FY 2024, SSA implemented NGTP for its National 800 Number.

NGTP did not meet all of SSA's expectations or provide all required features and therefore customers could not determine estimated wait times or request call backs. These features, especially the ability to request a call back, places more strain on the teleservice centers' queues and aggravates customers who are on hold for longer periods of time. For example, average wait times on SSA's National 800 Number doubled from approximately 20 minutes in FY 2019 to about 40 minutes in the first quarter of FY 2024. During the fourth quarter of FY 2024, the Agency transitioned the National 800 Number from NGTP to Amazon Web Services, and, by the end of FY 2024, SSA's average answering time dropped to 27.7 minutes.

Online Services

SSA acknowledges technology advancements provide opportunities to do business differently and often more efficiently and conveniently. SSA is 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. As of FY 2024, SSA had registered more than 100 million users for *my* Social Security accounts. In FY 2024, SSA surpassed 441 million successfully completed online transactions in 1 year.

The 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 Telephone System. SSA's online services allows applicants to submit online Social Security number (SSN) card requests via its Internet Social Security Number Replacement Card (iSSNRC).

In FY 2024, SSA issued 37,820 iSSNRC name-change due to marriage replacement cards. However, iSSNRC name-change due to marriage was not available to customers in all states. SSA should continue expanding iSSNRC to non-participating states and continue incorporating the name change due to marriage initiative in iSSNRC, allowing eligible customers to request a replacement SSN card. SSA also needs to continue reducing or eliminating paper processes by automating workflows and updating policies to better connect employees with customers and their evidence by using digital services.

SSA also plans to enhance online appeals by creating a single-entry point for medical, non-medical, and online applications for Appeals Council review to make it easier for customers to file appeal requests. SSA is also 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, registration, and other related workloads.

Programs and Policies

SSA administers disability benefits through the Social Security Disability Insurance and Supplemental Security Income (SSI) programs. Under both programs, the Agency follows a five-step process to determine whether an adult has a qualifying disability. SSA disability policies and regulations can be burdensome, especially for individuals who face barriers to accessing services. For example, Agency policy used to require that people provide detailed information about 15 years of work history, which was difficult for individuals to remember and led to incomplete or inaccurate reporting. Effective June 22, 2024, SSA changed their reviews to only include 5 years of past work. The new rule makes it easier to people applying for benefits by focusing on their most recent relevant work activity while still providing enough information to allow SSA to make accurate determinations. SSA needs to continue advancing administrative actions to simplify the SSI program, improve case processing, and leverage partnerships to reduce burdens on their customers and improve customer service.

Progress the Social Security Administration Has Made

Telephone Service

Because of issues with NGTP, on August 22, 2024, SSA transitioned its National 800 Number from NGTP to Amazon Web Service, which allows for scheduled callbacks, provides estimated wait times, and enhances self-service. In FY 2025, depending on its budget, SSA plans to restore staffing levels in the National 800 Number call centers. The FY 2025 new hires are expected to help further improve wait times.

Online Service

In FY 2024, SSA expanded its online services to provide customers entitled to retirement and disability benefits, including those who are living abroad, with more options to update their addresses online. SSA also plans to expand online self-scheduling options, interviews for

replacement cards, post-entitlement actions, and make permanent an already-existing option for on-line video hearings.

In FY 2024, iSSNRC was available to 47 states and the District of Columbia. While most states provide no-change replacement SSN cards (in FY 2024, SSA issued 2,218,960 no-change replacement cards), not all provide replacement SSN cards for last-name change because of marriage. In FY 2024, SSA released name-change due to marriage in 12 new states via iSSNRC. However, the number of states participating in the name-change due to marriage remains less than half of the states participating in no-change replacements.

To implement AARPS, SSA plans to release two online portals in November 2024 for appointed representatives and the claimants they represent. These portals will allow appointed representatives to view a list of claimants they represent, fee payment history, claim status, and business information. In addition, claimants will have the ability to view their representative contact information. In FY 2025, SSA plans to explore offering the following online options: appointment of representative, fee agreement, revocations, and withdrawal with automatic updates to downstream SSA program applications without intervention from SSA technicians.

Programs and Policies

On April 18, 2024, SSA published a final rule on *Intermediate Improvement to the Disability Adjudication Process: Including How We Consider Past Work*. Under the final rule, beginning in June 2024, when determining past relevant work, the Agency will review only 5 years of past work. Also, the Agency will no longer consider past work that started and stopped in fewer than 30 calendar days. The new rule makes it easier for people applying for benefits by focusing on their most current and relevant work activity while still providing enough information to continue making accurate determinations. Additionally, In September 2024, SSA reduced barriers to access the SSI program by expanding the definition of a public assistance household and removing food from In-Kind Support and Maintenance calculations.

What the Social Security Administration Needs to Do

- Continue developing and implementing strategies that will provide quality services to the public now and in the future.

- Monitor National 800 Number wait times and determine if more staff is needed to address wait times outside of SSA goals.

- Ensure online services, offered through *my* Social Security, continue to enhance the customer service experience.

- Ensure any electronic applications offered through *my* Social Security accounts include an effective authentication process.

Key Related Links

- SSA, OIG Website - Published Reports from the Office of Audit
  - *Representative Payee Reviews and Educational Visits (A-13-17-50195)*
  - *Representative Payees Not in the Electronic Representative Payee System (052401)*
  - *Discrepancies in the Electronic Representative Payee System (052402)*
  - *Disabled Beneficiaries Receiving Direct Payments Who Previously Had Representative Payees (052403)*
  - *Follow-up on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums (012310)*
  - *Security of the Business Services Online (022329)*
  - *Social Security Administration's Enterprise Risk Management (022323)*
  - *Oversight of Medical Examinations for Disability Claims (012313)*
  - *Office of Special Counsel Referral: Spouses Subject to Age Reduction and Government Pension Offset (OSC File No. DI-24-000154)-Initial Analysis (Memorandum) (052407)*
  - *Reducing Processing Centers' Pending Actions (022313)*
  - *Social Security Administration's Policies Related to Outside Employment (022314)*
  - *Customer Wait Times in the Social Security Administration's Field Offices and Card Centers (152307)*
  - *Follow-up: The Social Security Administration's Implementation of Mail Procedures (042312)*
- SSA Website - Agency Strategic Plan FYs 2022-2026
- SSA Website - Annual Performance Plan for FYs 2023-2025
- SSA Website – SSA's FY 2025 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 National 800 Number or posting millions of wage reports to individuals' records 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. In November 2023, the Commissioner restructured the Office of Systems as the Office of the Chief Information Officer to provide strategic vision, align IT initiatives with overall business goals, and drive innovation. Before the restructure, the Chief Information Officer role was under the Office of the Deputy Commissioner of Systems. Since November 2023, SSA has had five Chief Information Officers, which has created challenges in guiding the Agency through changing cyber-security requirements.

Information and Cyber-security

SSA continues expanding its online services and developing systems to improve customer service. SSA must have a robust information security program. However, based on the FY 2024 report on the *Federal Information Security Modernization Act of 2014* (Pub. L. No. 113-283), our contract auditor assessed SSA's Information Security program as "Not Effective." The contractor identified deficiencies that could limit SSA's ability to protect its information systems and data. Specifically, our contractor continued to assess SSA's management and monitoring of IT and supply chain risks lower. The contract auditor 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.

SSA faces the challenges of implementing newer cyber-security requirements and is still implementing the newest security domain—supply chain risk management. In March 2023, the White House issued the *National Cybersecurity Strategy*, which provides a framework to ". . . drive long-term efforts to defend the Federal enterprise and modernize Federal systems in accordance with zero trust principles that acknowledge threats must be countered both inside and outside traditional network boundaries." Zero trust is the term for an evolving set of cyber-security paradigms that move defenses from static, network-based perimeters to focus on users, assets, and resources. This strategy has set goals for the Government to build the collective defense of Federal agencies and modernize IT. In its FY 2024 *Federal Information Security Modernization Act* guidance, the Office of Management and Budget specified additional cyber-security areas, such as zero trust and Internet-of-Things security (Internet-of-Things devices include sensors, controllers, and smart devices).

Social Security Number Protection and Earnings Accuracy

The SSN was created to accomplish SSA's primary mission of identifying and accurately tracking numberholders' earnings over their lifetime 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 to only 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.

SSA maintains suspended earnings, in the Earnings Suspense File, because missing earnings can affect an individual's eligibility for, and/or the amount of, retirement, disability, or survivor's benefits. Retaining suspended earnings allows individuals who have legitimate earnings that are missing from their earnings record to obtain proper credit when they provide the Agency with additional information substantiating their earnings. SSA also employs software routines that match earnings to the correct individuals' record. As of September 2024, the Earnings Suspense File has accumulated more than $2.3 trillion in wages and over 415 million wage items for Tax Years 1937 through 2023.

Progress the Social Security Administration Has Made

Information Security

SSA's updated Cybersecurity Risk Management Strategy provides a comprehensive approach for framing, assessing, responding to, and monitoring risks associated with SSA information and information systems and applies to all SSA components. In FY 2024, SSA restructured the Office of Systems as the Office of the Chief Information Officer to provide strategic vision, align IT initiatives with overall business goals, and drive innovation. Additionally, SSA created the Cybersecurity Risk Management Program Management Office to enable senior executives to prioritize risk and to make risk-based decisions backed by quantitative and qualitative metrics to assure critical operations and service delivery, to prioritize investments, and to maximize the impact of each dollar spent on cybersecurity. The Program Management Office continued to complete foundational activities and has developed a Cybersecurity Risk Management Project Plan Roadmap that outlines foundational and key activities through FY 2024.

In FY 2024, SSA migrated its enterprise architecture inventory to a new tool but needs to refine and integrate it with hardware and software inventory processes. SSA identified and managed common IT controls that SSA's applications and systems can inherit. SSA also assessed and accepted the risks of some control deficiencies identified by the annual *Federal Information Security Modernization Act* audit. Overall, our contract auditor found SSA's information

security program ineffective for FY 2024 and noted improvements in several areas, including training and incident reporting.

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 use its SSN Verification Service to verify their employees' names and SSNs before they report wages to SSA. In FY 2024, employers used the SSN Verification Service more than 227 million times to verify SSNs.

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-2, *Wage and Tax Statement*, 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 – Published Reports from the Office of Audit
  - *The Social Security Administration's Information Security Program Practices for Fiscal Year 2024 (142401)*
  - *Security Assessment and Authorization Process (A-14-21-51093)*
  - *Security of Common Control Providers (142319)*
  - *Security of the Business Services Online (022329)*
- National Institute of Standards and Technology Website - Securing Web Transactions: TLS Server Certificate Management
- National Institute of Standards and Technology Website - Zero Trust Architecture
- White House Website - National Cybersecurity Strategy

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 and Investment Management

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 has 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 developed and implemented policies, controls, and practices to manage its Agile projects, SSA's Agile guidance lacks a comprehensive structure and needs improvement in certain areas. Our August 2022 audit, *Agile Software Development at the Social Security Administration,* found a major IT project did not apply some key Agile practices or lacked effective Agile controls. For example, SSA did not properly prioritize development tasks and could not effectively track progress or accurately forecast for this IT project. Numerous completed quality control checklists did not identify the issues our audit found. In addition, although SSA significantly improved the Agile training program, the Agile teams for the IT project teams were not following key Agile practices. 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.

In addition, our contract auditor found SSA did not have a comprehensive plan for modernizing its legacy systems. It neither assessed the risk imposed by these legacy systems nor maintained sufficient inventory and costs information for its legacy systems critical for making strategic and investment decisions. Finally, SSA is still developing its enterprise architecture that should guide its modernization strategy.

Federal laws and guidance require that agencies properly manage IT Investments and facilitate the rapid adoption of changing technologies in a way that enhances information security, privacy, and management of information resources. However, recent audits have identified various issues. SSA did not maintain an Information Resources Management Strategic Plan and review that Plan annually with the Agency Performance Plan. In addition, the Agency paused a major IT investment after 6 years without delivering any software to production for users, stating the investment was no longer considered a priority. SSA did not have a plan to resume the IT project, and, if the project is not to be completed in the future, the expended $69 million will be largely wasted. As stated above, SSA lacked critical management information for its legacy systems for making strategic and investment decisions. Finally, SSA has not reviewed its investments according to its policy to confirm delivery of planned benefits within estimated costs and provide valuable feedback to its capital planning and investment control process for continuous improvement.

Artificial Intelligence

Artificial Intelligence (AI) is recognized as a pivotal technology that can benefit nearly every Federal agency. SSA has been expanding its use of AI technologies to bridge the gap on creating customer experience improvements even as it faces staffing shortages and budget uncertainty. However, using AI 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 has become 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. SSA is working to ensure its next *Digital Modernization Strategy*, reflects the Agency's strategic direction for FYs 2024 through 2027.

In addition, SSA adopted an Agile scaling framework that defines roles and establishes recommended practices. The Agency further established and provided a training program based on Agile roles, developed and documented standards for its Agile project management tool, and leveraged 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 the Agency does not release any personally identifiable information, personal

health information, or other sensitive or non-public information using these tools. Individuals with a justified need may request access to third-party generative AI products.

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 – Published Reports from the Office of Audit
  - *Legacy Systems Modernization and Movement to Cloud Services (142312)*
  - *Security Assessment and Authorization Process (A-14-21-51093)*
  - *Development and Implementation of the Debt Management Product (142313)*
  - *Security of the Business Services Online (022329)*

- SSA Website – SSA's IT Modernization Plan, 2020 Update

Improve the Administration of Disability Programs

SSA needs to address concerns related to the timely and accurate processing of disability-related workloads, particularly initial disability claims, reconsiderations, and hearings. Also, 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 process initial disability claims, reconsiderations, and hearing requests quickly and accurately. Processing times and the pending levels for initial claims and reconsiderations have generally increased, which has resulted in disability claimants waiting longer for determinations and decisions. State DDSs have faced significant challenges in attracting, hiring, training, and retaining staff. This has lengthened wait times for disability claims processing. In addition, challenges in evaluating work and earnings for disability claimants and beneficiaries may result in inaccurate determinations and improper payments.

Disability Workloads

Pending initial disability claims and reconsiderations continued to increase from FY 2023. At the end of FY 2023, there were over 1.1 million initial claims pending and almost 290,000 reconsiderations pending. As of the end of September 2024, pending initial disability claims had increased to approximately 1.18 million, and pending reconsiderations had increased to over 331,000. Average processing times also increased over the same period, from 218 to 231 days for initial claims and from 213 to 231 days for reconsiderations.

From the end of FY 2023 to the end of FY 2024, SSA reduced the number of pending hearings by 19 percent from about 322,000 to about 262,000. Over the same period, the average processing time for hearings decreased from 450 to 342 days, as noted in Figure 4. Despite these reductions, processing time remains higher than recent years, and SSA still has not achieved its processing time goal of 270 days.

Figure 4: Average Hearings Processing Times
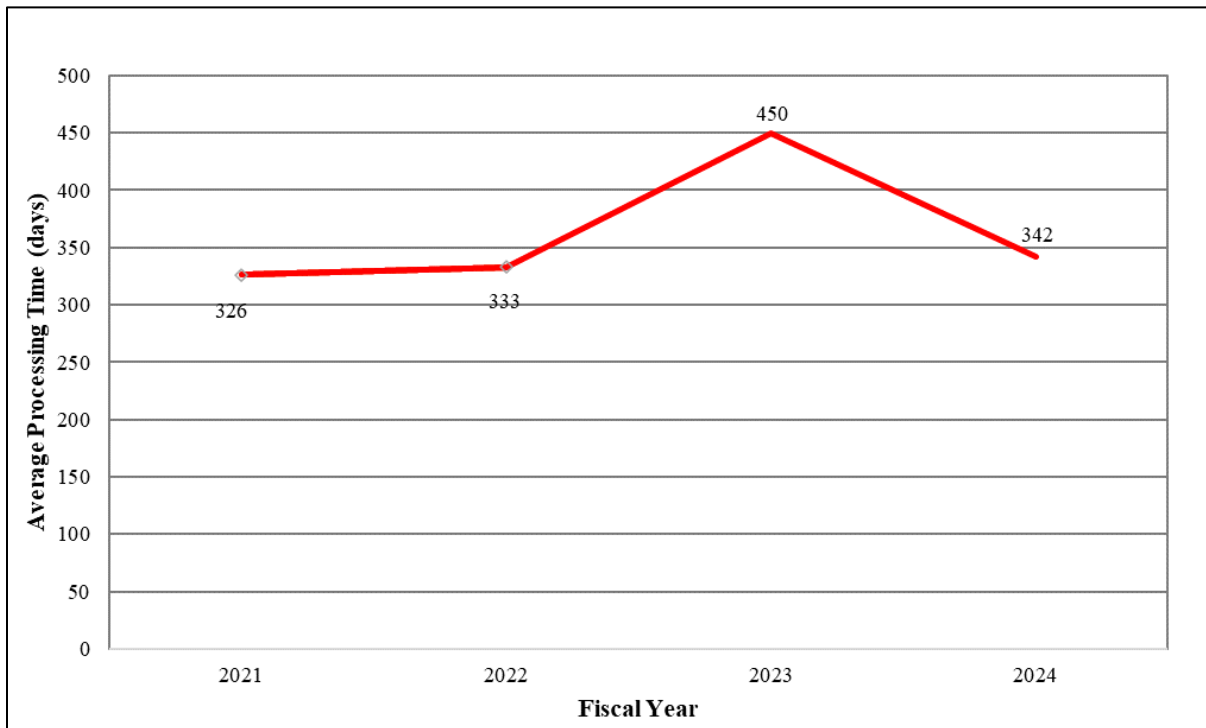
Disability and Work

When a claimant applies for disability benefits, an SSA field office determines whether the claimant meets such non-disability criteria as age and number of work credits. Our September 2024 review of *Earnings Evaluations for Disability Claimants* found SSA did not have sufficient controls to ensure it made accurate earnings evaluations at the initial and reconsideration levels of the application process for disability claimants. In our report, we estimated during Calendar Years 2018 through 2021, SSA did not develop work activity as required by policy for more than 809,000 beneficiaries. The identified errors occurred because SSA's controls did not identify lack of policy compliance or the need for work development until after employees completed their earnings evaluations.

If a disabled beneficiary works and SSA determines the beneficiary's work activity is substantial gainful activity (SGA), it may suspend or terminate benefits. A work-related overpayment may occur if disability beneficiaries fail to report their work or earnings to SSA timely or at all and/or SSA fails to act on work or earnings reports appropriately or timely.

In October 2023, the Government Accountability Office noted that overpayments may cause financial hardship for those who are liable and work-related overpayments may discourage disability beneficiaries from participating in return-to-work programs. Additionally, in 2024 SSA reported the *Work Overpayments Among New Social Security Disability Insurance Beneficiaries* study had found that 3.1 percent of those awarded Disability Insurance benefits in Calendar Year 2008 were overpaid at some point in the 10 years after their award. The average total overpayment was $13,556.

Disability Determination Services' Operations

Once a field office determines whether a claimant meets the non-disability criteria, such as age and the number of work credits, it 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.

SSA is facing a problem with its disability program, as DDSs experience challenges with recruitment, training, and retention to maintain staffing levels. In FY 2022, the overall DDS staff attrition rate was about 18 percent, and the attrition rate for disability examiners was about 25 percent. These were the highest rates DDSs had experienced in over 20 years. Since FY 2022, SSA's overall DDS staff and disability examiner attrition rates have decreased. Specifically, as of September 2024, the overall DDS staff attrition rate decreased to 11.4 percent and the disability examiner attrition rate decreased to 16.3 percent. However, staffing levels remain low even though attrition rates are decreasing.

Progress the Social Security Administration Has Made

Disability Workloads

In its *FYs 2023-2025 Annual Performance Plan and Report*, SSA included "Improve Initial Disability Claims" as an Agency Priority Goal. This Goal included targets to reduce average processing time for initial disability claims to 215 days and to decide 92 percent of pending initial disability claims that began the year 180-days-old or older by September 30, 2025. While its average processing time goal is not on target, as of July 2024, SSA had processed approximately 91 percent of its projected initial claims workload and exceeded its goals for processing reconsiderations. In addition, SSA exceeded its FY 2024 goal for processing full medical continuing disability reviews. SSA stated it is reviewing its policies, workloads, and processes to identify opportunities to improve and enable efficient and effective operations.

SSA works with external parties, particularly the advocacy community, to improve its disability programs. SSA leverages relationships with advocates and other external parties to gain perspective and help inform its decision making. To this end, from October 2023 through September 2024, SSA hosted quarterly *Roundtable Discussions with SSA and the Advocacy Community*. These meetings focused on important issues and such Agency priorities as improving services, including ideas for improving the disability program. Additionally, in March 2024, SSA began the series *Monthly Collaboration Session with Commissioner O'Malley and the Advocacy Community*. The meetings focus on agency priorities, policy changes, challenges, and recommended solutions to improve equity and access to SSA's programs.

Additionally, through its National Disability Forum, SSA allows 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 2023 through September 2024, SSA hosted four advocate meetings to gather feedback and suggestions on such topics as disabled youth transitioning to adulthood, AI's possible effects on the landscape of Social Security, and removing barriers to accessing services in tribal communities.

SSA's Action Plan 2024 included a course of action to "Improve and Implement Disability Insurance Benefits Systems, Communications, Processes, and Policies to Enhance the Customer and Employee Disability Experience." To do so, SSA restored collateral estoppel, a pre-2018 policy that allows its employees to apply a prior disability determination if it was for the period covered by the new application. This change will help reduce duplication of effort and processing times. Additionally, SSA made sub-regulatory policy revisions and implemented associated systems changes to: (1) create efficiencies in the appointment processes, (2) reduce confusion for SSA employees and the public, and (3) result in administrative savings.

Disability and Work

As stated above, SSA has simplified the earnings evaluation process for disability claims. Beginning June 22, 2024, SSA reduced the required detailed work history period from 15 to 5 years. In February 2024, SSA issued a proposed rule to implement a payroll information exchange so beneficiaries may authorize SSA to obtain their wage and employment information directly from participating payroll data suppliers monthly. The exchange would reduce some beneficiaries' reporting responsibilities and, in turn, allow SSA to identify overpayments more quickly and reduce the quantity and size of overpayments to disability beneficiaries. The public comment period for this proposed rule closed on April 15, 2024. SSA is still reviewing and considering all public comments as it drafts the final rule.

Additionally, in October 2023, SSA implemented an Assistance Requests Dashboard to provide oversight of electronic requests for assistance between SSA components. In most cases, assistance requests are for evidence needed to make a disability determination. For example, work development, such as date last worked and SGA determination in prior work, is one of five common reasons the DDS sends an assistance request. Thus, the timely processing of assistance requests is critical for SSA to keep its overall disability processing time down and will, ultimately, result in better service to the public.

Disability Determination Services' Operations

Challenges with hiring, training, and retaining staff have limited DDS' capacity to improve their disability workload performance. 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 is enhancing its Strategic Workforce Planning to ensure it effectively hires, develops, and retains a talented and diverse workforce. Specifically, SSA plans to collaborate with Federal and state stakeholders to improve DDS retention and aid in recruiting qualified employees.

Because of SSA's continued efforts to work with DDSs and regional teams to improve recruitment and retention of DDS employees, such as centralized training resources and best practices for morale or retention, the Agency has seen noticeable reductions in its attrition rates in FY 2024 compared to FY 2023. In its FY 2025 budget request, SSA is seeking additional funding for DDSs to address initial claims wait times and reduce the claims backlog. 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 initial disability claims and reconsideration pending levels.
- 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 simplifying and establishing controls for work and earnings determinations for disability claimants and beneficiaries.
- Continue partnering with DDSs to address staff shortages caused by attrition and hiring challenges.
- Encourage all DDSs to share best practices identified to improve disability operations nationwide.

Key Related Links

- SSA, OIG Website–Published Reports from the Office of Audit
  - *Earnings Evaluations for Disability Claimants (A-07-21-51017)*
  - *Supplemental Security Income Ineligibility Determinations and Payment Suspensions Based on Failure to Provide Information (A-02-22-51135)*
  - *Disability Waiting Period Exclusions (072304)*
  - *The Social Security Administration's Processing of Priority Cases (A-04-21-51033)*
  - *Oversight of Medical Examinations for Disability Claims (012313)*
- SSA Website – SSA's Agency Strategic Plan, FYs 2022-2026
- SSA Website – SSA's FYs 2023-2025 Annual Performance Plan and Report
- SSA Website – SSA's 2024 Action Plan
- SSA Website – FY 2025 President's Budget Overview
- SSA Website – Working While Disabled: How We Can Help
- GAO Website - Disability Insurance: SSA Faces Ongoing Challenges with Overpayments | U.S. GAO

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

In our July 2024 report, *Preventing, Detecting and Recovering Improper Payments*, we stated that SSA is responsible for issuing over $1 trillion in Old-Age, Survivors, and Disability Insurance (OASDI) benefits and Supplemental Security Income 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. From FYs 2015 through 2022, SSA paid almost $8.6 trillion in benefits and made approximately $71.8 billion (0.84 percent) in improper payments, most of which were overpayments (see Figure 5).

Figure 5: SSA Program Improper Payments, FYs 2015 through 2022
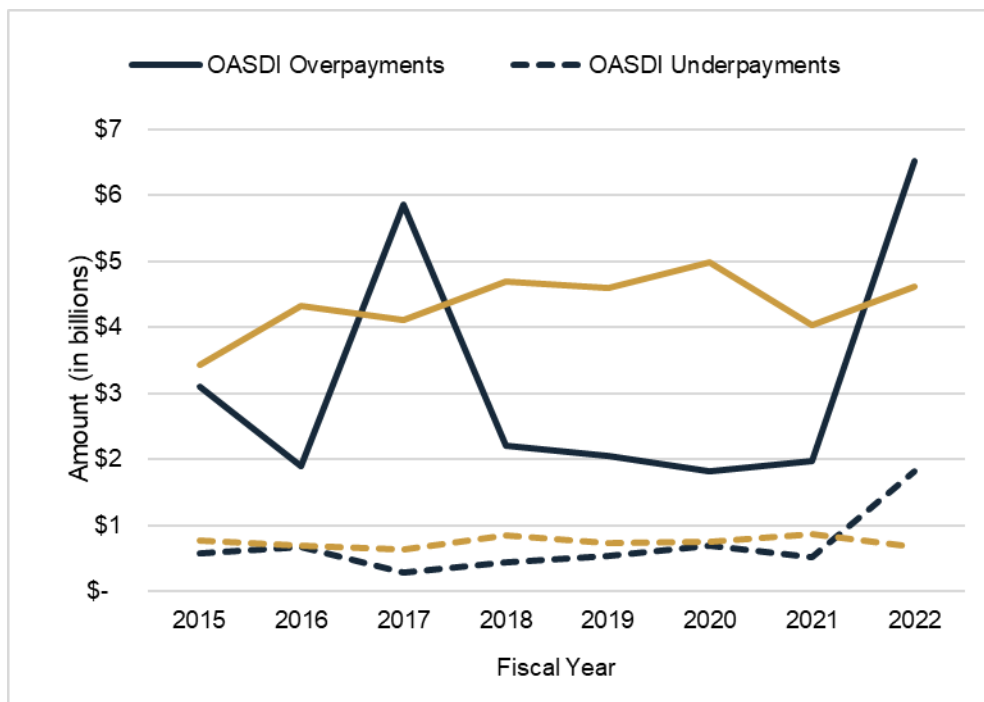
Causes of Improper Payments

SGA, computations, and errors involving relationship and dependency were the leading causes of OASDI overpayments whereas financial accounts and wages were leading causes of SSI improper payments. Beneficiaries and recipients are required to report to SSA any change in circumstances (wages and financial accounts) that may affect their benefits; however, they do not always comply. In its *Fiscal Year 2023 Title XVI Payment Accuracy Report,* SSA noted its

reliance on individuals' self-reporting information to SSA underscores the need for the Agency to develop alternate sources of collecting the information.

Additionally, although SSA's systems automatically process many transactions, there are still workloads that require employees' manual actions, which could contain errors that could lead to improper payments. For example, in our April 2024 report *Impact of Undetected Marriages on Social Security Administration Payments*, we estimated SSA improperly paid approximately 16,631 SSI recipients and OASDI beneficiaries $240.9 million when there was a name change because of marriage. On average, SSA overpaid these individuals $13,458 over 30.6 months since the date of a name change. When a person changes their name, SSA systems do not automatically determine whether they are receiving benefits. SSA does not know about a marriage until an individual reports it. Once SSA is informed an OASDI beneficiary or SSI recipient has married, employees must take manual actions to update the payment records. Yet, SSA did not always do this, which led to overpayments.

Preventing improper payments is more cost-effective than recovering them after they are madebecause SSA does not have to expend additional resources to recover the overpayments or process additional payments to rectify underpayments. 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.

Progress the Social Security Administration Has Made

SSA notes in its *Agency Strategic Plan for FYs 2022-2026* that it continues to address the root causes of improper payments and improve payment accuracy (including over- and underpayments). Additionally, SSA has developed a vision for addressing improper payments (see Figure 6).

Figure 6: SSA's Vision of the Future State of the Payment Experience
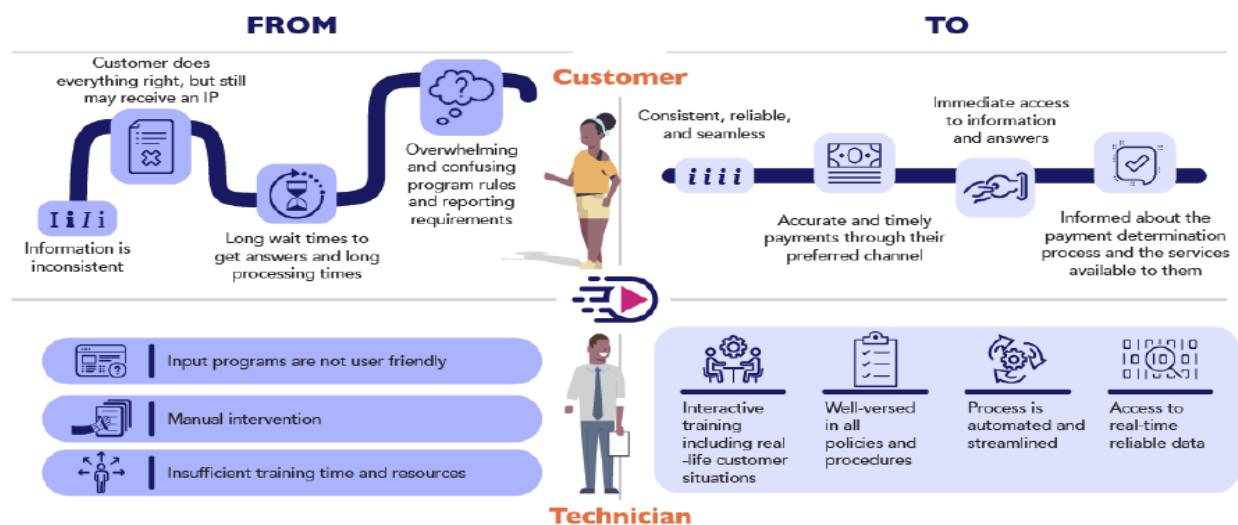
Note: IP = improper payment in Figure 2. Source: SSA, Improper Payment, Package of Reduction Initiatives, FY 2024, 2nd Quarter, last updated May 15, 2024

In March 2024, SSA cut back on some of its efforts to recover overpayments in order to improve its service to millions of people who depend on its programs and avoid unintentional harm. Specifically, in March 20, 2024 testimony before the Senate Special Committee on Aging, the Commissioner announced the Agency would:

1. Cease the practice of withholding 100 percent of an overpaid individual's monthly Social Security benefit by default if they fail to respond to the Agency's request for repayment. Instead SSA is now using a default withholding rate of 10 percent of monthly benefits—similar to the rate for recovery in the SSI program.

2. Reframe its guidance and procedures so the burden of proof shifts from the claimant in determining whether there is evidence the claimant was at fault in causing the overpayment.

3. Change Agency policy so it will lower repayment request plans of up to 60 months without documentation. To qualify, Social Security beneficiaries would only need to provide a verbal summary of their income, resources, and expenses. This change extended this easier repayment option from 36 to 60 months.

4. Simplify how overpaid beneficiaries request a waiver of repayment in the event they believe the overpayment is not their fault and they do not have the ability to repay or they believe paying back the Agency is unfair for some other reason.

In FY 2024, SSA continued monitoring the progress of mitigation strategies and corrective actions to address improper payments. For example, to address improper payments due to wages and SGA, in FY 2019, SSA awarded a contract to build an information exchange to obtain monthly earnings data from third-party payroll data providers. In February 2024, SSA published a notice in the Federal Register to inform the public of Proposed Rules for using electronic payroll data to improve program administration. SSA expects to publish its final rule covering its use of electronic payroll data in early 2025, meaning implementation would take place sometime in Spring 2025.

As noted in our May 2024 report *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019*, we concluded SSA did not comply with one reporting requirement because it did not demonstrate improvements to payment integrity when the improper and unknown payment rates for the OASDI and SSI programs increased from FY 2021 to FY 2022.

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.

- Continue to address the root causes of improper payments to prevent their occurrence.

Key Related Links

- SSA, OIG Website –Published Reports from the Office of Audit

  - *The Social Security Administration's Information Security Program Practices for Fiscal Year 2024 (142401)*

  - *Match of National Missing and Unidentified Persons System Information Against Social Security Administration Records (062402)*

  - *Unclaimed Social Security Administration Assets Held by States and the District of Columbia (062329)*

  - *Supplemental Security Income Recipients Who Under-report Financial Account Balances (A-02-21-51028)*

  - *Discrepancies in the Electronic Representative Payee System (052402)*

  - *Disabled Beneficiaries Receiving Direct Payments Who Previously Had Representative Payees (052403)*

  - *Follow-up on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums (012310)*

- *Follow-up Review of Numident Death Information Not Included on the Death Master File (062301)*
- *Cross-referred Social Security Numbers (062308)*
- *Challenges in Recovering Supplemental Security Income Overpayments (A-07-21-51018)*
- *Preventing, Detecting, and Recovering Improper Payments (072401)*
- *Office of Special Counsel Referral: Spouses Subject to Age Reduction and Government Pension Offset (OSC File No. DI-24-000154)-Initial Analysis (Memorandum) (052407)*
- *Widow(er)s at or Beyond Full Retirement Age (Memorandum) (032316)*
- *Match of State Department Death Information Against Social Security Administration Records (062313)*
- *Disability Payments to Beneficiaries or Recipients Receiving Illinois or Texas Workers' Compensation Benefits (A-06-20-50922)*
- *Using Medicare Claim Data to Identify Deceased Beneficiaries Aged 80 to 89 (Memorandum) (042301)*
- *Impact of Undetected Marriages on Social Security Administration Payments (012317)*
- *The Social Security Administration's Enforcement of the Earnings Test (A-08-21-50149)*
- *Match of Puerto Rico Death Information Against Social Security Administration Records (022332)*
- *Auxiliary Beneficiaries Who Do Not Have Their Own, or Have an Incorrect, Social Security Numbers (012312)*

- SSA Website – [Repay overpaid Social Security benefits](#)
- SSA Website - Overpayments Fact Sheet - [Overpayments (ssa.gov)](#)
- Federal Payment Accuracy Website – [PaymentAccuracy.gov](#)