SOCIAL SECURITY
The Commissioner

May 6, 2024

The Honorable Patty Murray
Chair, Committee on Appropriations
U.S. Senate
Washington, DC 20510

Dear Committee Chair Murray:

We are pleased to share our fiscal year (FY) 2024 Operating Plan, as required by Section 516 of Division D of the Further Consolidated Appropriations Act, 2024 (Public Law 118-47).

Our Operating Plan provides proposed spending and expenditures for each of our accounts through the end of FY 2024 under the funding levels provided in the law. We include information regarding workload and performance measures and incorporate current workload projections. The General Statement provides highlights of our Operating Plan.

I am sending similar letters to the House Committee on Appropriations and the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies.

We are happy to work with your staff to answer any questions about our Operating Plan. If you have questions or need additional information, please call me or have your staff contact Beth Chaney, Associate Commissioner for Budget, at (410) 965-8628.

Sincerely,

Martin O'Malley
Commissioner

Enclosures

cc:
The Honorable Susan Collins
The Honorable Tammy Baldwin
The Honorable Shelley Moore Capito

SOCIAL SECURITY ADMINISTRATION - GENERAL STATEMENT

The Further Consolidated Appropriations Act, 2024 provides $14.227 billion in administrative funding to operate our agency in fiscal year (FY) 2024, including $1.851 billion for dedicated program integrity funding available through March 31, 2025.

We appreciate the $100 million increase over FY 2023 — $67 million for our program integrity efforts and $33 million for service to the public. While this is an increase over FY 2023, it will require us to make trade-offs to support our highest priority investments to improve customer service while also funding our fixed cost increases. The final FY 2024 appropriation is almost $1.3 billion less than requested in the FY 2024 President's Budget and does not cover the annual increase of over $600 million in our fixed costs. We will dedicate funding to provide some much-needed relief to our frontline operations with targeted end-of-year hiring and overtime to serve the public and address some of our backlogs. We are also directing hires to the State disability determination services (DDS). However, we estimate that we will again end the year with over 1 million pending initial disability claims. We will also hire staff for our National 800 Number to help reduce wait times for callers. While we added approximately 430 staff members to our phones last year, we have already lost over 400 employees this year.

We froze hiring and reduced information technology (IT) spending through March 22 while under multiple continuing resolutions. These adjustments negatively impacted the services we provide. The hiring freeze reversed the staffing gains we had made under our FY 2023 enacted budget after reaching a 25-year low in agency employees in FY 2022. Reducing backlogs and wait times requires staffing and IT improvements we can attain only with sustained, sufficient resources, as proposed in the FY 2025 President's Budget.

Of the 4,200 employees we expect to lose this year, we will be able to replace only about 1,600. We expect to end FY 2024 with approximately 2,600 fewer people than last year. The onboarding and training for these new employees takes time, and we expect more significant improvements in performance in FY 2025 from our investment in new staff this year. Our appropriation will provide for some additional overtime to help us process work in key areas.

Most of our IT spending in 2024 will focus on maintaining current systems. While we will be unable to undertake significant modernization efforts, we are supporting projects aligned with our highest priority initiatives. These projects include improving payroll information exchange capabilities, consolidating and retiring legacy mainframe systems through our Benefits Modernization initiative, ensuring the security of our online services through our Digital Identity product, enhancing our Disability Case Processing System to build on efficiencies in DDS claim processing, and reducing manual processes through tools such as the Intelligent Medical Language Analysis Generation or IMAGEN. Despite a challenging situation, we are doing everything we can to address problem areas and improve service. In early February, we launched SecurityStat, a discipline for harnessing data and IT across our agency to improve service delivery. We are engaging the agency's top leaders on a rotation of eight key challenges and instituting a two-week cadence of collaboration and decision-making across the organization. The four central tenets of SecurityStat are: timely, accurate information shared by all; rapid deployment of resources; effective tactics and strategies; and relentless follow-up and assessment. The customer service challenges that we face are cross-cutting and severe, and no single component can solve any of these problems by itself. In January, Commissioner O'Malley identified our top three service delivery challenges as issuing faster disability decisions; reducing call wait times; and resolving inequities in overpayments and underpayments.

Issuing Faster Disability Decisions

We are prioritizing the reduction of our record backlogs in processing disability cases. Nationally, our customers are waiting nearly eight months for a decision on an initial disability claim and more than seven months for a reconsideration. Average wait times can be much longer in some States. Pending initial disability claims are currently over 1.2 million cases, and the percentage of these cases older than 180 days is increasing.

Low staffing and high turnover in the DDSs contribute to the long delays. In FY 2023, we hired about 2,500 DDS employees to begin to reverse staffing losses and increase processing capacity, ending the year with around 13,500 full-time employees, over 700 more people than in FY 2022. However, we will lose staff in FY 2024. While we are adding over 600 State DDS staff, losses will outpace gains, and we will end FY 2024 with approximately 900 fewer DDS staff than FY 2023, an 8 percent reduction. By deploying Federal staff to assist the DDSs in processing cases, using new technology tools, and other efforts, we estimate we will process over 326,000 more initial disability claims in FY 2024 than we did in FY 2023. Our goal is to process 92 percent of initial disability claims that started this fiscal year 180 days or older. Unfortunately, we expect that wait times will grow in FY 2024, as we are only able to provide limited overtime and targeted hiring late in the fiscal year with our appropriation. However, the results from the new hires and overtime will reflect in our FY 2025 performance. We remain committed to work towards achieving an average processing time for initial disability claims of 215 days and decide 92 percent of pending initial disability claims that begin the fiscal year 180 days old or older by the end of FY 2025. It will require a multi-year effort and an infusion of funding to restore our average initial disability claims wait times to acceptable levels.

We anticipate eliminating the hearings backlog and achieving a 270-day monthly average wait time. At the backlog's peak in FY 2017, there were over 1.1 million hearings pending. As of March 2024, we have reduced our pending number of hearings to below 300,000 — the lowest level in over 3 decades — and the average wait time for a hearing has dropped to 347 days from 633 days in September 2017. It is crucial that we maintain an adequately staffed and trained workforce to handle the anticipated appeals, as we clear the backlog of cases now pending in the DDSs.

Reducing National 800 Number Wait Times

Our National 800 Number is an essential service channel and the focus of one of our eight SecurityStats. Our goals are reducing customer wait times and improving the public's ability to reach us by phone, including by achieving a 12-minute average speed of answer by the end of FY 2025. Our outdated phone systems have frustrated the public and our telephone agents alike with busy signals and dropped calls. We are implementing new training to address a 22 percent attrition rate in our teleservice centers. We are utilizing new approaches to reduce unacceptably long wait times for our customers. We also implemented a new telephone system, the Next Generation Telephony Project, in FY 2024, which has helped us virtually eliminate busy signals. In FY 2024, we expect to reduce our average speed of answer from 36 minutes in FY 2023 to 32 minutes.

Resolving Inequities in Overpayments and Underpayments

For 88 years, our hard-working employees have strived to pay the right amount, to the right person, at the right time, and SSA issues correct payments in most cases. While our payment accuracy rates are high, we sometimes pay beneficiaries more or less than they are due, creating an overpayment or underpayment. The extensive scope and complexity of our programs is one of the underlying causes of payment error — thus our commitment to improve the integrity of our programs includes streamlining our policies and procedures, automating our business processes, and leveraging data through exchanges with other entities. Federal law requires that we make every effort to recover overpaid benefits, but doing so without regard to the larger purpose of the program may result in injustices to individuals — especially when the overpayment may be no fault of their own or they have limited funds to repay us. We are implementing meaningful reforms to shift the burden away from insisting that the claimant prove that they were not at fault. Moreover, we will improve equity in the means-tested Supplemental Security Income (SSI) program by increasing underpayment processing of our oldest and highest priority cases.

We recently changed our policy to give beneficiaries an additional 2 years — up to 60 months — to repay an overpayment. To qualify, Social Security beneficiaries need to only provide a verbal summary of their income, resources, and expenses. However, SSI recipients do not need to provide this summary. Additionally, instead of initially withholding 100 percent of a Social Security benefit to recover an overpayment, we are changing the default overpayment withholding rate to 10 percent (or $10, whichever is greater) of a person's total monthly benefit. For many Social Security beneficiaries with an overpayment, this change significantly reduces the financial hardship they may face. We are also making it easier for our customers to request a waiver or payment.

Other Policy Changes

Other examples of our compassionate, common-sense changes include reducing burden in applying for and maintaining eligibility for SSI benefits, especially individuals facing barriers to accessing our services. Specifically, we published three rules to simplify our In-Kind Support and Maintenance (ISM) policy, including omitting food as a source of ISM, expanding the rental subsidy exception policy nationwide, and expanding the definition of a Public Assistance Household. Together, our new rules are easier to understand and use by applicants, recipients, and agency employees; improve payment accuracy; reduce month-to-month and geographic variability in payment amounts; and reduce administrative burden for applicants, recipients, and SSA. In addition, we reduced from 15 to 5 the number of years of past relevant work that SSA considers when making disability decisions, which will reduce the burden on claimants and staff while still providing enough information to make accurate decisions.

Our appropriations and authorizing language prescribe the amount of dedicated program integrity (PI) funding for the costs associated with certain workloads such as medical continuing disability reviews (CDRs), work-related CDRs, and SSI redeterminations of eligibility. We conduct CDRs to ensure beneficiaries continue to meet medical and earnings eligibility criteria. If a CDR establishes that a claimant no longer meets our eligibility requirements, they have due process rights of appeal. We are realigning our accounting for PI to ensure that we are funding the full costs of our PI activities with dedicated funding provided for that purpose. To this end, we will fund all CDR workloads using our dedicated PI funding, including CDR appeals such as reconsiderations, hearings, and Appeals Council reviews. This long-considered update will align all charges for the CDR workload with dedicated PI funding and will be consistent with our Annual Report on Medical CDRs to Congress. For FY 2024, we expect to complete 375,000 full medical CDRs and 2.5 million SSI redeterminations.

Our IT development and modernization efforts help us provide more efficient, accessible, and convenient services to the public. However, current funding levels in FY 2024 provide only enough resources to focus on maintenance and operation of our existing systems and fund our infrastructure and cybersecurity initiatives. We must delay many significant modernization efforts beyond FY 2024, stalling progress we have made. Limited funding significantly curtails our ability to deliver products in support of M-23-22, *Delivering a Digital-First Public Experience*.

We are committed to ensuring equity across our programs, improving our customers' experience, supporting our dedicated workforce, and safeguarding our benefit programs. We are making improvements wherever we can through compassionate, data-driven policy simplifications, technological improvements that speed up our processes for customers and our employees, and common-sense changes such as making complicated notices easier to understand. However, we need more funding to get to where we need to be. Receiving the full FY 2025 President's Budget is critical to funding our new FY 2024 hires, rebuilding our workforce, reducing our backlogs, and improving wait times for the millions of people who depend on us.

Social Security Administration (SSA) Fiscal Year (FY) 2024 Operating Plan

Appropriated FY 2024 Funds and Carryover/Transfers of Unobligated Prior-Year Funds

($ in millions)

Budget Authority:	FY 2024 President's Budget	FY 2024 Available Funding	
Payments to the Social Security Trust Funds (PTF)			
Pension Reform	5.0	5.0	
Unegotiated Checks	5.0	5.0	
Total Appropriation (P.L. 118-47)	10.0	10.0	
Supplemental Security Income (SSI)			
FY 2024 Benefit Payments, Total	56,328.0	56,328.0	
- FY 2024 First Quarter Advance (P.L. 117-328)	15,800.0	15,800.0	
- FY 2024 Appropriation	40,528.0	40,528.0	
Administrative Expenses, Total	4,961.9	4,609.0	
- Administrative Expenses (Regular)	3,467.1	3,279.7	
- Program Integrity (Base)	257.0	214.0	
- Additional Program Integrity	1,237.8	1,115.3	
Beneficiary Services	137.0	137.0	
Research and Demonstration (R&D) Projects (FY 2024 / FY 2025 / FY 2026)	91.0	91.0	
Total Appropriations (P.L. 117-328 and P.L. 118-47)	61,517.9	61,165.0	
Carryover of Unobligated FY 2023 Balances and Recoveries:			
- Benefits	1,255.0	3,639.4	
- Administrative Expenses	2,260.0	0.0	1/
- Beneficiary Services	82.5	112.3	
- R&D (No-Year)	10.0	13.7	
- R&D (FY 2022 / FY 2023 / FY 2024)	0.0	0.6	
- R&D (FY 2023 / FY 2024 / FY 2025)	23.2	35.8	
Total, Carryover of Unobligated FY 2023 Balances and Actual Recoveries 2/	3,630.7	3,801.8	
Total SSI Funds Available for FY 2024	65,148.6	64,966.9	

1/ SSI Adminstrative Expenses carryover of unobligated FY 2023 balances were reclassified to SSI Federal Benefit Payments.

2/ The total does not include $0.5 million in carryover in the FY 2024 President's Budget and $5.9 million in carryover in FY 2024 available funding for State supplementary payments, which is not part of the annual appropriation.

Note: Numbers may not add due to rounding.

Limitation on Administrative Expenses (LAE)	FY 2024 President's Budget	FY 2024 Available Funding	
Regular LAE	13,465.2	12,222.3	2/
Program Integrity (Base) (through March 31, 2025)	287.0	273.0	
Additional Program Integrity (through March 31, 2025)	1,583.0	1,578.0	
SSA Advisory Board	3.0	2.7	
SSI User Fees	150.0	150.0	
Non-Attorney Certification User Fee	1.0	1.0	
Total Appropriated (P.L. 118-47)	15,489.2	14,227.0	
Other Available Funds:			
Carryover/Recoveries from Unobligated Information Technology Systems Balances (No-Year)	150.0	250.0	
Carryover/Recoveries of Unobligated Other Balances (No-Year)	0.0	65.2	3/
Hearing Backlog within Office of Hearings Operations			
FY 2023 / FY 2024 Carryover of Unobligated Balances (P.L. 117-328)	10.0	16.5	
Additional Program Integrity - FY 2023 / FY 2024 (P.L. 117-328) (through March 31, 2024)			
Carryover/Recoveries from Unobligated Additional Program Integrity Balances	114.2	103.7	
Medicare Access and CHIP Reauthorization Act (MACRA) (P.L. 114-10)			
Carryover/Recoveries from Unobligated MACRA Balances (No-Year)	26.0	26.0	
Medicare Improvement for Patients and Providers Act (MIPPA) (P.L. 110-275):			
Carryover/Recoveries from Unobligated MIPPA Balances (No-Year) - Low Income Subsidy	11.3	11.3	
Postal Service Reform Act (P.L. 117-108)			
Carryover/Recoveries from Unobligated Balances (No-Year)	16.0	14.9	
Technology Modernization Fund			
Carryover/Anticipated Collections from Unobligated Balances (No-Year)	8.0	12.9	
Office of the Inspector General, SSA			
Federal Funds	33.4	31.4	
Trust Funds	85.0	81.2	
Total Appropriated (P.L. 118-47)	118.4	112.7	
IT Modernization (P.L. 118-47) (No-Year)	2.0	2.0	
Total OIG Funds	120.4	114.7	

Estimated Outlays:	FY 2024 President's Budget	FY 2024 Current Estimate
PTF	10.0	10.0
LAE	15,445.0	14,337.0
SSI	62,543.3	61,891.1
OIG	120.0	115.0

2/ Includes $135.0 million for operation and maintenance of specific facilities delegated to SSA by the General Services Administration.

3/ Includes authority from prior years estimated to be carried over for the following purposes: $62.3 million for operation and maintenance of specific facilities delegated to SSA by the General Services Administration, $2.8 million for the renovation and modernization of the Arthur J. Altmeyer Building, and $196.5 thousand for construction.

Note: Numbers may not add due to rounding.

Fiscal Year (FY) 2024 Congressional Operating Plan Performance Table

Social Security Administration Workload and Outcome Measures	FY 2023 Enacted	FY 2023 Actual	FY 2024 Enacted
Retirement and Survivor Claims			
Retirement and Survivor Claims Completed (thousands)[1]	6,524	6,693	6,654
Disability Claims			
Initial Disability Claims Receipts (thousands)	2,202	2,185	2,254
Initial Disability Claims Completed (thousands)	1,972	1,974	2,300
Initial Disability Claims Pending (thousands)	1,163	1,128	1,061
Average Processing Time for Initial Disability Claims (days)	220	218	230
Disability Reconsiderations			
Disability Reconsiderations Receipts (thousands)	544	546	626
Disability Reconsiderations Completed (thousands)[2]	518	483	488
Disability Reconsiderations Pending (thousands)	259	290	421
Average Processing Time for Disability Reconsiderations (days)	224	213	230
Hearings			
Hearings Receipts (thousands)	364	356	375
Hearings Completed (thousands)	364	378	415
Hearings Pending (thousands)	344	322	282
Annual Average Processing Time for Hearings Decisions (days)[3]	475	450	345
National 800 Number			
National 800 Number Calls Handled (millions)[4]	29	30	31
Average Speed of Answer (ASA) (minutes)	35	36	32
Agent Busy Rate (percent)	15%	8%	2%
Program Integrity			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)[5]	1,650	1,611	1,475
Full Medical CDRs (included above, thousands)[5]	550	550	375
SSI Non-Medical Redeterminations Completed (thousands)	2,517	2,516	2,489
Selected Other Agency Workload Measures			
Social Security Numbers (SSN) Completed (millions)	18	18	19
Annual Earnings Items Completed (millions)	299	304	312
Social Security Statements Issued (millions)[6]	15	15	11
Selected Production Workload Measures			
Disability Determination Services Production per Workyear[7]	241	240	247
Disability Determination Services Accuracy Rate	97%	97%	97%
Office of Hearings Operations Production per Workyear	68	69	77

[1/] Includes Medicare.

[2/] Projected disability reconsiderations completed are lower than the FY 2024 estimate in the FY 2025 President's Budget because of lower than anticipated actuals to date in FY 2024.

[3/] Average processing time for hearings is an annual figure. Projections for the end of year monthly (September) processing time for hearings is 270 days for FY 2024.

[4/] National 800 Number call volumes include those handled by automation. For FY 2024 we project about 4 million automated calls handled.

[5/] FY 2023 actual data are for the fiscal year beginning 10/1/2022 and ending 9/29/2023, as opposed to the typical 52 week management information year.

[6/] The *Social Security Statements* Issued measure includes paper *Statements* only. It does not include electronic statements issued. In FY 2023, *my* Social Security users accessed their *Social Security Statements* 32.6 million times. Consistent with FY 2023, in FY 2024, we will send paper *Statements* to people aged 60 and older who are not receiving Social Security benefits and who are not registered for a *my* Social Security account, at a cost of approximately $8 million.

[7/] DDS Production Per Workyear (PPWY) for FY 2023 Actual and FY 2024 Enacted include cases completed via federal assistance. The DDS PPWYs excluding cases completed via federal assistance for FY 2023 Actual and FY 2024 Enacted are 226 and 230, respectively.