

The National Council of Social Security Management Associations, Inc.
GREYSTONE GROUP WASHINGTON REPORT
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Overview

On Wednesday, May 9, 2012, the U.S. House Committee on Ways and Means Subcommittee on Social Security held a hearing titled, “The State of Social Security’s Information Technology.” The hearing focused on the state of SSA’s IT system and the challenges it faces, IT modernization efforts to date and the return on these investments, IT management structure, and the effectiveness of SSA’s IT strategic planning for IT investment and measures to track progress.

Five witnesses were asked to testify on a single panel. The written testimony of each of the witnesses can be viewed by either clicking on the respective links below, or by holding down the “control key” and clicking on the links:

Panel 1

G. Kelly Croft

Deputy Commissioner of Systems and Chief Information Officer, Social Security Administration

[Testimony](#)

Valerie C. Melvin, Director

Information Management and Technology Resources Issues, Government Accountability Office

[Testimony](#)

Larry Freed

President and Chief Executive Officer, ForeSee Results, Inc.

[Testimony](#)

William Scherlis, Ph.D.

Professor, School of Computer Science, Carnegie Mellon University

[Testimony](#)

Max Richtman

President and CEO, National Committee to Preserve Social Security and Medicare

[Testimony](#)

The following Members of Congress attended the hearing:

Chairman Sam Johnson (R-3rd-TX)

Representative Kevin Brady (R-8th-TX)

Representative Rick Berg (R-At Large-ND)

Representative Kenny Marchant (R-24th-TX)

Representative Geoff Davis (R-4th-KY)

Ranking Member Xavier Becerra (D-31st-CA)

Hearing Background Provided by the Subcommittee

Information technology (IT) is critical to SSA's ability to serve the public. According to SSA, in FY 2011, the agency's IT system supported the payment of more than \$770 billion in benefits to 60 million people and the maintenance of hundreds of millions of Social Security numbers and related earnings records for nearly every American. SSA's computers also house the electronic medical records of millions who have filed disability claims and exchange over a billion data files annually among the SSA, Federal, State, and local government agencies and businesses in order to administer Social Security benefits and other programs.

As of January 2011, SSA had 22 internet-based electronic services available to the public. In FY 2011, Social Security processed 15 million personalized online transactions, including 41 percent of retirement claims and 33 percent of disability claims. Based on the American Customer Satisfaction Index scores, SSA has the three highest-rated online services in all of the federal government. According to SSA, IT investments have helped increase the agency's productivity by four percent in each of the last five years.

To deliver services, Social Security relies on a complex and large IT system, including sensitive databases, hundreds of software applications, large computer platforms and thousands of networked computers, printers, phones and other devices. The information technology is used by nearly 80,000 employees at SSA and the state Disability Determination Services.

Until January 2009, SSA ran its nationwide computer operations from its 30-year old National Computer Center (NCC). Since then, a second state-of-the-art support center now runs approximately 35 percent of all workloads. In February 2009, the *American Recovery and Reinvestment Act of 2009* provided \$500 million for SSA to cover the cost of building a replacement facility for the NCC and part of the cost of equipping it. After a land acquisition and contractor bidding process that took longer than was initially projected in 2009, the current projected date for complete commissioning of the new facility is February 2015, slightly over one year behind the original schedule. However, the project is currently projected to come in significantly under budget, due to a lower-than-expected construction contract.

Since 2007, reports by various oversight and advisory groups, including the National Research Council, the Government Accountability Office (GAO), the SSA Office of the Inspector General and the bipartisan Social Security Advisory Board have called for SSA to establish a strategic vision for its information technology investments and develop a long-term plan to improve customer service. The Future Systems Technology Advisory Panel, a panel of public and private sector industry experts established by Commissioner Astrue in 2008 to provide independent systems technology advice, also recommended developing a "comprehensive, agency-wide strategic systems development roadmap." In April 2011, Chairman Johnson requested a report from the GAO to examine the current state of SSA's modernization efforts and the agency's plans for the future, which was released at the hearing.

In announcing the hearing, Social Security Subcommittee Chairman Sam Johnson (R-3rd-TX) said, **"Americans of all ages are increasingly using technology for their everyday needs – from paying their bills to buying their groceries. Rapid technological innovation defines the times we live in. Social**

Security’s ability to serve an increasingly tech-savvy public depends on its ability to develop a modernized long-term service delivery plan with the right investments of today.”

Opening Statements

The opening statements of Chairman Johnson and Ranking Member Becerra can be accessed by either clicking on the respective links below, or by holding down the “control key” and clicking on the links:

Subcommittee on Social Security Chairman Sam Johnson (R-3rd-TX)

<http://waysandmeans.house.gov/News/DocumentSingle.aspx?DocumentID=294718>

Subcommittee on Social Security Ranking Member Xavier Becerra (D-31st-CA)

<http://democrats.waysandmeans.house.gov/press/PRArticle.aspx?NewsID=12134>

Panel Opening Statements

Following opening statements from Chairman Johnson and Ranking Member Becerra, the panel presented their oral remarks. The first to present was G. Kelly Croft, Deputy Commissioner of Systems and Chief Information Officer, Social Security Administration. Mr. Croft began his statement by noting SSA’s internet applications are highly rated and thoughtfully designed, and allow the agency to maintain high service levels even with rising workloads. SSA recently began providing Social Security statements online and over 150,000 people have already successfully used the service. He also noted that SSA’s most significant security risk was the ability to quickly recover IT services, with little data disruption, at the Maryland data center. Mr. Croft assured the Subcommittee that this concern is no longer an issue as SSA has now tested for fast and accurate recovery at the Maryland data center, and the agency is comfortable with the results they received.

Mr. Croft also stated that SSA currently has a number of IT projects that are critical to improving the agency’s efficiency and quality of service. He provided two examples, which are a new case processing system for state Disability Determination Services and a new visitor intake system for the Field Offices.

Mr. Croft added that the most important project over the next couple of years will be the transitioning of data from SSA’s aging Maryland data center to the agency’s new facility. Currently, the design phase for the new facility is underway.

Mr. Croft noted that when it comes to IT projects, SSA always has far more needs and ideas than resources, so the agency is required to prioritize what is worked on. SSA is always in a state of IT modernization, and given the agency’s IT size, “We always will be,” added Mr. Croft. In closing, he stated that SSA currently has over 600 software applications, which combined generate over 160 million computer transactions a day. Managing such a large IT operation does require planning. Given this, SSA routinely creates multi-year plans and updates the agency’s strategic plan and architectural roadmap.

Next to present an opening statement was Valerie C. Melvin, Director, Information Management and Technology Resources Issues, Government Accountability Office. Ms. Melvin began by noting that as SSA’s systems have aged and workloads increased, SSA has stayed committed to spending the money to update the agency’s IT systems and Infrastructure in an effort to continue providing fast and

efficient service to the general public. She stated that at the Subcommittee's request, GAO recently completed a study of SSA's IT modernization efforts. GAO's study of SSA's modernization efforts examined three areas; SSA's progress in modernizing IT; the effectiveness of its modernization plans and strategies; and whether the CIO realignment allows modernization to be effectively overseen and managed. To summarize GAO's findings, Ms. Melvin outlined that GAO found SSA has spent about \$5 billion since 2001 on many modernization projects that have impacted all of the agency's many program areas. However, SSA's efforts have not been guided by a strategic plan, and such a plan is crucial to successful modernization outcomes. Specifically, Ms. Melvin noted that SSA has not developed quantifiable performance measures, or conducted post-implementation reviews of its completed modernization projects, which makes it difficult to measure its modernization progress.

Also of note, at the time of the study, SSA lacked an approved IT strategic plan that detailed how IT modernization would support overall agency goals. Melvin did indicate that SSA recently released a strategic plan, but GAO has not had a chance to fully examine it. Ms. Melvin also noted SSA's CIO realignment was undertaken without adequate planning, and lacked clear direction in areas such as staff responsibilities and overall fit with agency-wide goals and guidance. In closing, until SSA has a strategic IT plan in place, the agency risks investing in infrastructure and software that will not ultimately benefit the agency and in turn the general public, stated Ms. Melvin.

Next to present an opening statement was Larry Freed, President and Chief Executive Officer, ForeSee Results, Inc. Mr. Freed explained that ForeSee is a customer analytics company that helps to measure the experience of using certain websites, and ultimately assist companies in pinpointing where they should be spending their IT money. Since 2001 ForeSee has measured citizen satisfaction of more than 300 government websites. Overall, based on ForeSee's surveys, noted Mr. Freed, we have found that citizens are very happy with federal government websites. Satisfaction is also a large determiner of individuals returning to the website to use its services, versus using call centers or branches, which ultimately end up being more expensive for the agency, added Mr. Freed. Additionally, ForeSee's surveys point to the fact that individuals find dealing with an agency/government website to be far more satisfactory than handling their business with government in other manners.

Mr. Freed stated that SSA's nine websites and various applications, which his company has monitored for eight years, generally rate from 69 percent satisfaction up to 92 percent satisfaction. Some of SSA's websites even had higher ratings than Amazon.com, which is generally one of the best e-retailers around.

The following is a breakdown of the different SSA sites that Mr. Freed mentioned his company has been monitoring, and the satisfactory ratings for each:

- 1) Social Security's iClaims, which they have been monitoring since 2004, received a score of 92
- 2) Retirement Estimator, which they have tracked since July of 2008, received a score of 90
- 3) Help with Medicare Prescription Drug Plan Costs, which they have monitored since June of 2005, currently has a score of 89
- 4) Electronic Access to Application, which Mr. Freed's company started measuring in May of 2012, received a score of 88
- 5) Unit Disability Report, which has been measured since 2006, has a score of 83

- 6) Business Services Online has a score of 83
- 7) SSA iAppeals has a score of 71, indicating there is room for improvement
- 8) FAQ's, has a score of 70
- 9) SSA's main website had a satisfaction score of 69

Following Mr. Freed, William Scherlis, Professor, School of Computer Science, Carnegie Mellon University, presented his opening statement. He noted that SSA cannot achieve its goal without effective IT, supportive IT leadership, and most importantly, support from the top of the agency as a whole. Large organizations such as SSA are often plagued by the problems of legacy systems, added Mr. Scherlis. Additionally, the pace of innovation can also be an impediment to large organizations and with technology changing so rapidly, the quantitative aspect of analysis can be very difficult.

In closing, Mr. Scherlis, suggested six IT actions for SSA. First, there must be full commitment from top leadership to motivate change on the basis of need and opportunity. Second, understand both the architecture and the full slate of capabilities. Third, decide what is needed through a cohesive agency vision. Fourth, identify potential changes over the next five to ten years -- anticipate; be proactive rather than reactive when it comes to IT. Fifth, put all your quantitative results together to create a master plan that addresses the overall structure and architecture of the system, as well as roadmaps to get to your goals. Sixth, create a decision and business model that accounts for cost and risk for the agency IT.

Max Richtman, President and CEO, National Committee to Preserve Social Security and Medicare, presented the final opening statement. Richtman stated that SSA needs to invest in IT to make sure the agency can continue to provide excellent service to the general public through new service delivery options. Currently, Mr. Richtman noted, SSA has 1,300 Field Offices and an 800 number, all of which are experiencing large volumes of work. In all of 2011, SSA Field Offices saw 45 million individuals, and an additional 63 million were served over the phone. Workloads of this magnitude cannot be accomplished without adequate IT technology, stated Mr. Richtman.

In 2011, 41 percent of SSA's retirement applications and 33 percent of disability applications were filed online, noted Mr. Richtman. Given all this, Richtman emphasized IT systems will not replace SSA's traditional model of service delivery. Local offices and the toll-free phone service will continue to be critical for many Americans. This ultimately leads us to SSA's administrative budget. In FY 2013, SSA has requested a total of \$11.760 billion to cover operations. This request is only moderately higher than what Congress appropriated for the current fiscal year. Richtman urged that the request of \$11.760 billion be fully funded by Congress.

Additionally, in FY 2011, SSA lost 4,000 employees, and projects to lose another 3,000 in FY 2012. These loses should be stopped, added Mr. Richtman, and again "we call on Congress to fully fund the agency's FY 2013 administrative funding request."

In closing Richtman noted there is concern the Treasury Department's rule that SSA pay benefits by direct deposit by March of 2013, will unduly affect about 4 million beneficiaries.

Question and Answer

Following the oral statements by the witnesses the question and answer session between members of the Subcommittee and the witnesses began. The following details a few key exchanges during this session.

Chairman Johnson (R-3rd-TX) asked Ms. Melvin from GAO why SSA spent more on IT maintenance in FY 2012 than it did on IT as a whole in 2004. Ms. Melvin responded GAO thinks there are a number of factors such as infrastructure investment, and maintenance of the agency's legacy systems and additional services. Also, maintenance has grown because of the increase in the number of individuals using SSA's online resources. Ms. Melvin also noted this question is a perfect example of why it is important to have an overall IT strategic plan, so costs of things like maintenance are monitored, and can be put into context as it relates to overall agency spending and goals.

Chairman Johnson also asked Mr. Croft if SSA is facing "technical debt" which could one day become a time bomb for the agency. Mr. Croft responded that he does not believe the agency is facing "technical debt" and the increase in maintenance costs largely has been due to additional capacity and services. Chairman Johnson then followed up by asking Croft if he believes SSA will reverse the trend of increased spending on the IT maintenance. Mr. Croft responded IT maintenance is such a broad category and he feels SSA's software costs are essentially steady, but the agency is constantly updating and maintaining its hardware. In comparison, added Mr. Croft, SSA is doing well when compared with other organizations that are similar to the agency.

Ranking Member Becerra (D-31st-CA) asked Mr. Freed if SSA could shut down to reconfigure its systems. Mr. Freed stated that he does not believe SSA could shut down. Ultimately it is not so much about reconfiguring the SSA system, it is about maintaining good IT architecture and improving the user interface to make it easier and more efficient for individuals to use, added Mr. Freed.

Ranking Member Becerra also asked how much SSA devotes to IT modernization from operating expenses. Ms. Melvin did not have an exact number, but said she would find it, and provide it to the Subcommittee. The rough estimate that she mentioned was around 5 percent – but again, this was not exact and she will provide a more exact number for the record.

Congressman Berg (R-At Large-ND) asked the panel what would be the next steps in SSA's creation of a long-term IT plan. Ms. Melvin answered that to start, SSA must have a baseline of where the agency's current IT is, and feed that into a system that ultimately will get the agency to its goals. Not only that, SSA, in combination with a strategic plan, needs a completed enterprise architecture that allows the agency to examine and document the current state of technology. What GAO found, noted Ms. Melvin, is that SSA struggled when it came to expressing a vision for what the agency wanted to achieve in the past two years. SSA needs to create a longer-term vision, which can be tied to the agency strategic plan. Mr. Scherlis added a future vision, that anticipates changes, should look out at least 5-10 years. He also emphasized another important part is people. It is crucially important the IT people remain engaged and continually refreshed, stated Mr. Scherlis.

Representative Brady (R-8th-TX) asked about the roll-out of SSA's mobile applications. Mr. Croft responded that SSA is on schedule to roll out a mobile application this year, which will deal with SSI wage reporting.

Representative Marchant (R-24th-TX) inquired about reassuring constituents their SSA information is being protected. Mr. Croft responded that SSA is typically not overly boastful of its security, but the agency does everything it can to protect sensitive information.

During the second round of questioning, Chairman Johnson asked the panel why it has taken so long for SSA to refresh its outdated programming language. Mr. Scherlis answered that given the complexity, size and sensitivity of the data that SSA is dealing with, it will take a number of years to "unroll" the language. Additionally, it is equally, if not more, important to have a "Master Plan" on how to move forward to do this. Mr. Croft added that he cannot provide Chairman Johnson with a timetable of when all of SSA's language will be updated, as the agency only updates language as new business processes and systems are brought onboard. Chairman Johnson responded SSA is moving at a "snails' pace," adding it must be because of something happening at the agency they are "keeping from the Subcommittee."

Chairman Johnson also asked Mr. Croft if SSA now has an IT strategic plan in place, and if the agency is following it. Mr. Croft responded that as of last week, SSA has released an IT strategic plan, and the agency is currently following it.

Ranking Member Becerra noted SSA received higher satisfactory ratings on its internet service than the agency's phone service. "Given this, will we ever reach a day where face-to-face (service) will not be needed for Social Security?" asked Ranking Member Becerra. Mr. Croft responded that he did not see that in the foreseeable future. He also noted that in many of SSA's surveys, SSA phone and office employees receive very high ratings when it comes to courtesy as well as their business knowledge.

Also attending the hearing was Representative Geoff Davis (R-4th-KY), Chairman of the House Ways and Means Subcommittee on Human Resources. Representative Davis asked the panel what issues SSA is facing as far as data exchanges. Mr. Croft responded that when it comes to data exchange(s), the one thing that would be most helpful would be if exchanged data between organizations had a uniform structure/format. Mr. Croft added that if the data exchanges themselves were uniform, that would be hugely helpful.

If you are interested in watching the video of the Subcommittee hearing, you can access the archived webcast by clicking on the link below, or holding down the "control key" and clicking on the link: http://waysandmeans.granicus.com/MediaPlayer.php?view_id=2&clip_id=307

Addendum – Joint House Ways and Means Hearing on Identity Theft and Tax Fraud

Also of interest was the May 8, 2012 joint hearing before the House Ways and Means Oversight and Social Security Subcommittees. The hearing focused on Identity Theft and Tax Fraud.

Much of the hearing was spent addressing identity theft and tax fraud from the perspective of the Internal Revenue Service. We attended the hearing but will not prepare a report of the proceedings. Perhaps of interest to NCSSMA members though was one particularly alarming statistic raised during the hearing: Over the next five years, the Treasury Inspector General for Tax Administration estimates that “scammers” masquerading as other people to steal tax refunds, could get away with some \$26 billion.

There was some very general discussion during this hearing related to limiting access to SSA’s Death Master File. A number of legislators have been working with identity-fraud victims to try and limit or prohibit access to the Death Master File. The most restrictive proposals are meeting resistance from credit reporting companies, pension funds, and life insurers that use the data to prevent fraud and administer benefits. This hearing did not reveal anything new regarding the Death Master File, but this is an issue that will continue to generate interest and legislative proposals.

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