



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Congressional Response Report

The Social Security Administration's
Cost and Schedule Estimates for the
Disability Case Processing System

A-14-18-50742 | December 2019

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

December 2, 2019

The Honorable Tom Reed
Ranking Member, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives
Washington, DC 20515

Dear Mr. Reed:

In a February 13, 2015 letter, Sam Johnson, former Chairman, Subcommittee on Social Security, asked that we provide regular reports to keep the Subcommittee informed on the Social Security Administration's efforts related to its Disability Case Processing System project. Since we received the Chairman's 2015 letter, we have issued nine reports in response to his request. Attached is our 10th, and final, report related to his 2015 request. Our objectives were to determine the (1) extent to which participating State disability determination services used the Disability Case Processing System to process their workloads and (2) reasonableness of the Social Security Administration's cost and schedule estimates for its Disability Case Processing System. To ensure the Agency is aware of the information provided to your office, we are forwarding it a copy of this report.

If you have any questions concerning this matter, please call me or have your staff contact Walter Bayer, Congressional and Intragovernmental Liaison, at (202) 358-6319.

Sincerely,



Gail S. Ennis
Inspector General

Enclosure

cc:
Commissioner of Social Security

The Social Security Administration's Cost and Schedule Estimates for the Disability Case Processing System

A-14-18-50742



December 2019

Office of Audit Report Summary

Objectives

To determine the (1) extent to which participating disability determination services (DDS) used the Disability Case Processing System (DCPS) to process their workloads and (2) reasonableness of the Social Security Administration's (SSA) cost and schedule estimates for its DCPS.

Background

SSA is developing DCPS as a common case processing system for the DDSs. The Agency expects DCPS to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the growth rate of infrastructure costs.

SSA is using an incremental approach to develop and deploy DCPS. In December 2016, the Agency released its first working software to three DDSs, enabling them to process certain disability cases in the new system. Since then, the Agency has developed and implemented new releases that have provided additional functionality and has made the system available to users in 31 DDSs.

Results

In September 2019, SSA made DCPS available to 31 participating DDSs, that, on average, used DCPS to process approximately 7 percent of their workload. DDS Administrators reported gaps in functionality prevented them from increasing their use of DCPS. SSA's goal is for the DDSs to transition from their existing case processing systems 9 to 12 months after the DDS deploys DCPS or between July and October 2020, whichever is later. In March 2019, SSA reported to Congress that product development would be completed in September 2019, as scheduled on the DCPS Road Map. SSA plans to continue developing DCPS beyond November 2019, and it is unknown when DCPS will provide the functionality needed for a DDS to completely stop using its existing case processing system.

In September 2019, SSA estimated its DCPS costs through Fiscal Year 2022 would be approximately \$178 million. However, the Agency still needs to develop functionality and implement DCPS in the remaining 21 DDSs. We could not conclude that SSA's cost and schedule estimates for developing and implementing DCPS were reasonable because SSA had not determined when DDSs will have the functionality to process all their workloads in DCPS. Further, until DCPS has the functionality DDSs need to process all their workloads, the DDSs will need to continue using their existing systems, which—according to the Agency—cost approximately \$31 million annually to operate and maintain.

TABLE OF CONTENTS

Objectives	1
Background.....	1
Product Road Map	2
DCPS’ Actual and Estimated Costs.....	3
Federal Guidance	4
Scope and Methodology	4
Results of Review	5
DDS Use of DCPS	6
Deployment Planning.....	9
Estimating DCPS Costs and Delivering Functionality	9
Federal Guidance on Cost and Schedule Estimation	11
SSA’s Schedule-estimation Process for DCPS.....	11
Estimated Versus Actual Delivery of Functionality	12
Risks to the DCPS Project	14
Fiscal Functionality.....	15
Conclusions.....	16
Appendix A – Target Dates for Functionality	A-1
Appendix B – Scope and Methodology	B-1
Appendix C – Related Office of the Inspector General Reports	C-1
Appendix D – Questions Sent to Disability Determination Services Administrators	D-1
Appendix E –The Social Security Administration Letter to the Social Security Subcommittee.....	E-1
Appendix F – Disability Case Processing System Alternatives	F-1
Appendix G – Social Security Subcommittee Letter to the Social Security Administration	G-1
Appendix H – Agency Comments.....	H-1

ABBREVIATIONS

CDR	Continuing Disability Review
CIO	Chief Information Officer
DCPS	Disability Case Processing System
DDS	Disability Determination Services
FY	Fiscal Year
GAO	Government Accountability Office
IT	Information Technology
OIG	Office of the Inspector General
OMB	Office of Management and Budget
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code

OBJECTIVES

Our objectives were to determine the (1) extent to which participating State disability determination services (DDS) used the Disability Case Processing System (DCPS) to process their workloads and (2) reasonableness of the Social Security Administration's (SSA) cost and schedule estimates for its DCPS.

BACKGROUND

SSA partners with State DDSs to evaluate disability cases and make disability determinations.¹ In Fiscal Year (FY) 2019, the DDSs² processed approximately 4.2 million disability cases.³ Each DDS uses a customized system to process disability cases. To make disability determinations, DDSs review applications and supporting materials and may incur expenses to procure medical evidence, send claimants for consultative examinations, or consult with medical and psychological professionals. Therefore, DCPS must communicate with State-managed fiscal systems. According to the Agency, it costs approximately \$31 million, annually, to operate and maintain the customized systems. SSA states it is developing DCPS as a common case processing system to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the growth rate of infrastructure costs.

In December 2010, SSA awarded a contract to develop DCPS. In June 2014, a consulting firm contracted by SSA reported that, despite significant investment over several years, DCPS delivered limited functionality and faced schedule delays and increased stakeholder concerns. In May 2015, the Agency discontinued developing and using the DCPS Beta system. In October 2015, SSA re-started its development of DCPS. Although SSA used a traditional software development approach for the first version of DCPS, it adopted an Agile software development approach for the new version of DCPS.

SSA reported in September 2015 that, by December 2016, it would deliver the first viable release to the DDSs. That release was expected to support all case levels and claim types and allow a DDS to stop using its current system to intake new cases.

In a May 2016 letter to the Chairman of the Subcommittee on Social Security, Committee on Ways and Means, SSA changed its plans for DCPS functionality to support initial claims and reconsiderations—not all case levels and claim types as had been reported in September 2015 and projected costs from October 2015 to the release of the first product in December 2016 to be less than \$38 million. SSA elected to not include functionality to support continuing disability reviews (CDR) in the first release so it could provide the DDSs a product as soon as possible. SSA noted that CDRs occur after an initial claim, so there was no advantage to waiting for the

¹ *Social Security Act*, 42 U.S.C. §§ 421, 1383b (govinfo.gov 2017).

² This includes 52 State DDSs and 12 Federal assistance units within SSA.

³ Social Security Administration, *2019 DDS Workload Cumulative Data*, ssa.gov (last visited October 9, 2019).

CDR process to be complete before the first release. SSA planned to deliver CDR functionality in April 2017—4 months after the first release—at a projected total cost of less than \$48 million, including October 2015 to April 2017 costs.

In December 2016, the Agency released its first working software to three DDSs. This release enabled the DDSs to process only a limited number of disability cases,⁴ a significant departure from the statements in 2015 and May 2016 regarding what would be included in the first release. Since 2016, the Agency has developed and implemented new releases that have provided additional functionality.⁵

- As of September 2019, the Agency had made the system available to users in 31⁶ of the 52 DDSs.
- Between December 2016 and September 2019, participating DDSs processed 80,117 cases in DCPS.
- In September 2019, participating DDSs processed approximately 7 percent of their workloads in DCPS.⁷

Product Road Map

The Product Road Map represents SSA’s plans for delivering functionality in DCPS Program Increments (see Figure 1). The Road Map is updated regularly because of many factors, including current development progress, ability to estimate more accurately, and changing business priorities.

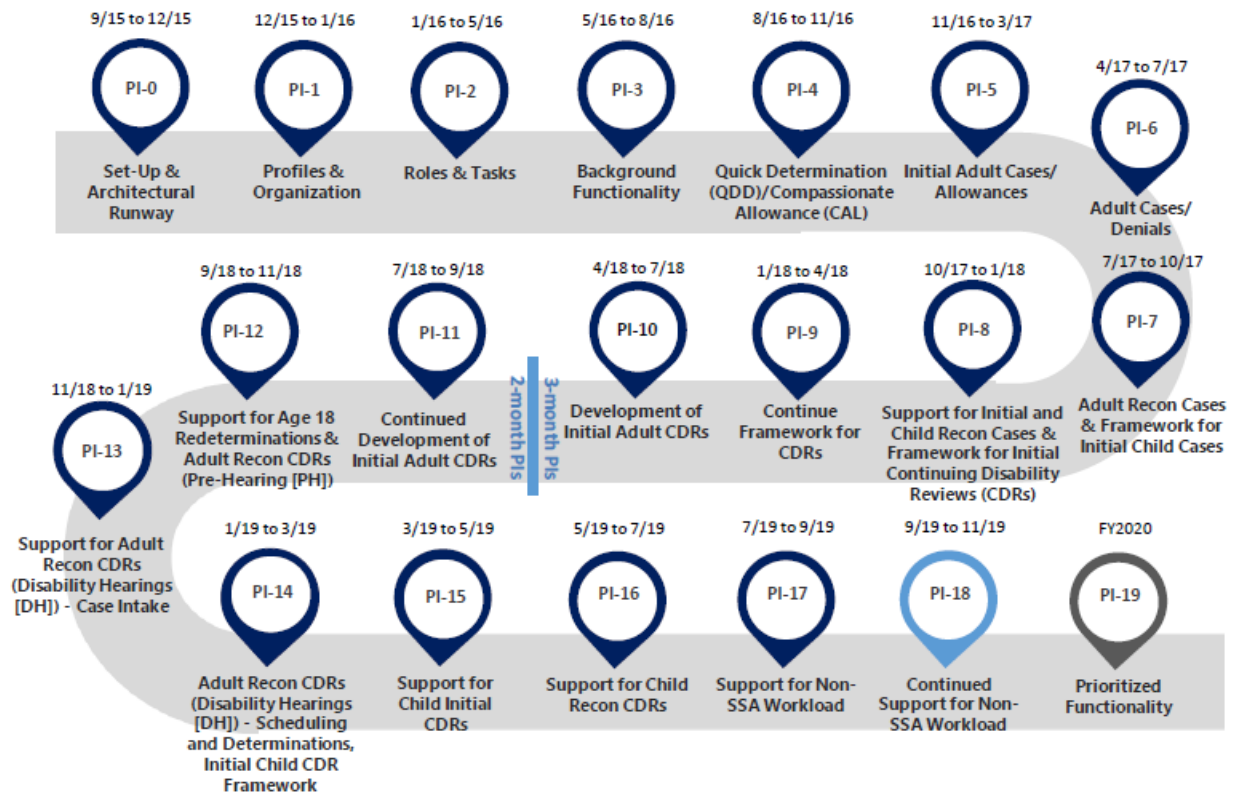
⁴ SSA reports workload data in its weekly State Agency Operations Report. Detailed instructions for workload reporting are in the Management Information Manual for the DDS Work Measurement System. SSA, *POMS*, DI 39563.800, (August 22, 1996). According to the *Management Information Manual*, the Disability Operational Data Store generates a State Agency Operations Report for each DDS, State, and region as well as the nation. It counts cases that are receipted, cleared, and pending for Title II only, Title XVI only, and concurrent and the various levels that apply (initial, reconsideration, CDR cases, etc.). SSA, *Management Information Manual – MIM IV*, Chapter 1500, section 1501.01, p. 4 (September 5, 2019). The Office of Disability Determinations reports on case counts per SSA policy. Therefore, we used case counts when calculating the number of cases processed in DCPS.

⁵ See Appendix A for the functionality SSA has completed for DCPS and estimated dates for planned future functionality.

⁶ As of September 2019, 29 of the 31 DDSs were using DCPS to process cases. Nevada and Indiana were not yet processing cases in DCPS.

⁷ We calculated the percentage using cumulative workload data from SSA’s Office of Disability Determinations Website and MicroStrategy Business Intelligence data.

Figure 1: DCPS Product Road Map as of September 2019⁸



Source: SSA, Audit Liaison Staff

DCPS' Actual and Estimated Costs

SSA prepares periodic DCPS cost reports and updates its cost estimates as the project progresses. Costs include contractor expenses, SSA employee payroll, and travel expenses incurred for developing and deploying the system. In September 2019, SSA projected total DCPS costs would be approximately \$178 million: \$101 million in actual costs incurred in FYs 2015 through 2018 and future costs of approximately \$77 million in FYs 2019 through 2022 (see Table 1). The \$178 million includes SSA's actual and estimated costs to develop DCPS through FY 2020 and to operate and maintain DCPS in FYs 2021 and 2022 (see Table 3).

⁸ The Quick Disability Determination and Compassionate Allowance initiatives allow expedited decisions for claimants who have the most severe disabilities. SSA, *POMS*, DI 23022.010, A (April 6, 2018). SSA is required to periodically perform CDRs to determine whether disabled beneficiaries remain medically eligible for benefits. SSA, *POMS*, DI 13004.005, A (September 22, 2016).

**Table 1: DCPS Actual and Estimated Costs for FYs 2015 Through 2022
(as of September 2019)**

Cost Category	Actual Costs (FYs 2015 to 2018)	Estimated Costs (FYs 2019 to 2022)	Total Costs (FYs 2015 to 2022)	Percent
Contractor⁹	\$68,574,938	\$57,408,947	\$125,983,885	71
SSA Labor	31,771,967	18,646,680	50,418,647	28
Travel	719,188	550,000	1,269,188	1
Total	\$101,066,093	\$76,605,627	\$177,671,720	100

Source: OIG summary of data from SSA¹⁰

Federal Guidance

While some industry resources exist, there are no Federal requirements or guidance specific to evaluating Agile software development projects. In April 2017, the Government Accountability Office (GAO) announced it was developing a best practices guide for Agile software development. In September 2019, GAO informed us that it expects to issue an exposure draft in June 2020.

Also, in its Information Technology (IT) Budget - Capital Planning Guidance in FYs 2018 and 2019, the Office of Management and Budget (OMB) referenced forthcoming Agile development guidance;¹¹ however, that guidance has not been released.

Scope and Methodology

In February 2015, Chairman Johnson, Subcommittee on Social Security, Committee on Ways and Means,¹² asked that we provide regular reports to keep the Subcommittee informed of SSA’s DCPS-related efforts.

⁹ Contractor costs include the contractor resources needed to develop functionality and implement DCPS in the DDSs.

¹⁰ We obtained costs from SSA’s DCPS cost updates to calculate totals and percentages.

¹¹ OMB, *FY 2018 IT Budget - Capital Planning Guidance*, section 11, p. 22 (2016). OMB, *FY 2019 IT Budget - Capital Planning Guidance*, Appendix B, p. 93 (2017).

¹² In January 2019, Representative John Larson became the Chair of the Subcommittee on Social Security, Committee on Ways and Means.

In September 2016, we evaluated the costs SSA reported it incurred in developing DCPS through September 2015 and concluded they were reasonably accurate.¹³ Our current review examined the Agency's future estimates for DCPS. To accomplish our objective, we evaluated DCPS program costs and cost estimates for FYs 2015 through 2022. In addition, we analyzed and compared the data SSA used to develop its cost estimates with actual costs. We limited our testing to contractor and labor costs, as they accounted for 99 percent of the total DCPS cost. We also reviewed SSA's completion dates and estimates for significant functionality based on key measures and deployment dates and estimates. In addition, we interviewed staff using DCPS in the Maine, Ohio, and Virginia DDSs and observed the system's functionality. We also solicited feedback from all 52 DDSs on DCPS.¹⁴ See Appendix B for information about our scope and methodology and Appendix C for information about our other related reports.

RESULTS OF REVIEW

In September 2019, SSA made DCPS available to 31 participating DDSs that, on average, used DCPS to process approximately 7 percent of their workload.¹⁵ DDS administrators reported gaps in functionality prevented them from using the system to process more cases. SSA's goal is for the DDSs to transition from their existing case processing systems 9 to 12 months after the DDS deploys DCPS, or between July and October 2020, whichever is later. In March 2019, SSA reported to Congress that product development would be completed in September 2019, as scheduled on the DCPS Road Map.¹⁶ However, the Agency will continue developing DCPS beyond November 2019 (see Figure 1) and we could not determine, based on SSA's Agile practices, when the Agency will provide the functionality in DCPS that DDSs need to completely stop using their existing case processing systems.

As of September 2019, SSA estimated its DCPS costs through FY 2022 would be approximately \$178 million. However, the Agency still needs to develop functionality and implement DCPS at the remaining 21 DDSs. We could not conclude that SSA's cost and schedule estimates for developing and implementing DCPS were reasonable because SSA had not determined when DCPS will have the functionality DDSs need to process all their workloads.

¹³ SSA, *OIG, Costs Incurred in Developing the Disability Case Processing System, A-14-16-50099*, (September 2016). Our report discussed issues with SSA's processes for capturing and reporting contractor and labor costs that we concluded would likely not materially affect the Agency's cost figures but warranted SSA's attention.

¹⁴ We solicited feedback from all 52 DDSs and received responses from 40.

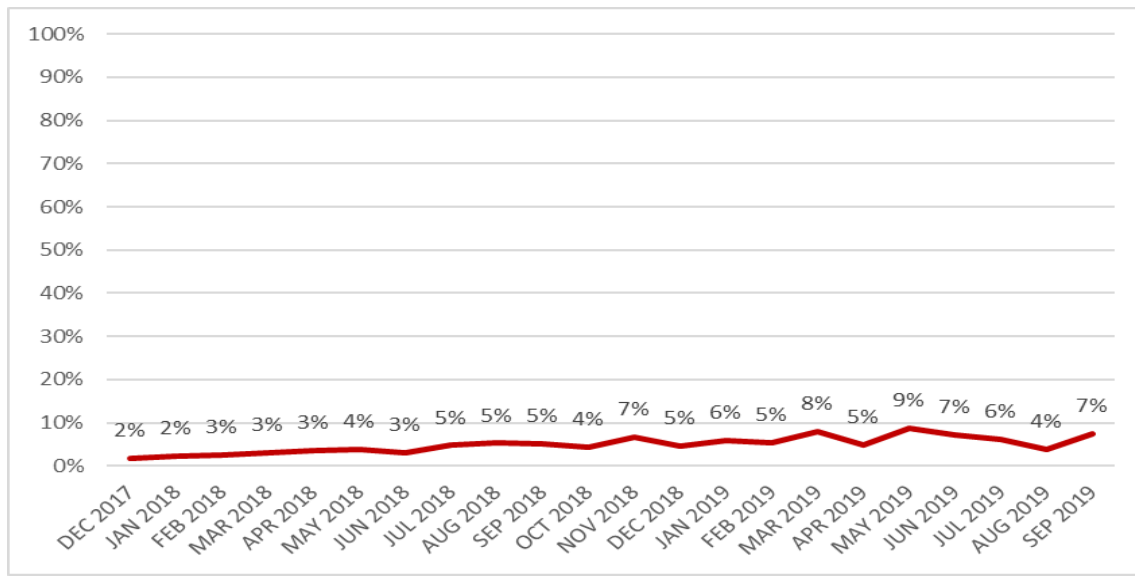
¹⁵ As of September 2019, 29 of the 31 DDSs were using DCPS to process cases. Nevada and Indiana were not processing cases in DCPS.

¹⁶ Social Security Administration, *FY 2020 Congressional Justification*, ssa.gov, p. 146 (last visited August 1, 2019). DCPS Product Road Map shown on page 146 with January 2019 date.

DDS Use of DCPS

On average, in September 2019, participating DDSs used DCPS to process 7 percent of their workload (see Figure 2).

Figure 2: Average Percent of Cases Participating DDSs Completed in DCPS—December 2017 to September 2019



Source: OIG analysis¹⁷

While the Delaware, Maine, Rhode Island, South Dakota, and Wyoming DDSs processed over 50 percent of their workload in DCPS, other DDSs processed a much lower amount of their workload in DCPS (see Table 2).¹⁸

¹⁷ We calculated the percentages using cumulative workload data from SSA’s Office of Disability Determinations Website and MicroStrategy Business Intelligence data. Data for the Indiana DDS did not appear on the MicroStrategy report as of September 2019, thus it was not included in our analysis.

¹⁸ In July and August 2019, the Maine and Wyoming DDSs, respectively, notified the vendor that they would not renew annual contracts for their existing systems. The contracts, therefore, terminated on September 30, 2019. As of October 1, 2019, in the Maine and Wyoming DDSs, all claims were being receipted into DCPS. For the limited claims DCPS could not process because functionality was not available, the Agency was providing processing support.

Table 2: Average Percent of Cases Completed in DCPS in September 2019

Count	DDS	Percent of Workload Processed in DCPS in September 2019	Implemented DCPS
1	Delaware	84	Before December 2017
2	Iowa	22	Before December 2017
3	Maine	86	Before December 2017
4	Nebraska	16	Before December 2017
5	Ohio	14	Before December 2017
6	Rhode Island	78	Before December 2017
7	South Dakota	79	Before December 2017
8	Virginia	5	Before December 2017
9	Washington	6	Before December 2017
10	Washington, DC	9	Before December 2017
11	Missouri	6	September 2018
12	Vermont	8	September 2018
13	Louisiana	0.69	November 2018
14	Wyoming	95	November 2018
15	Kansas	4	January 2019
16	Mississippi	9	January 2019
17	New Jersey	11	January 2019
18	Arizona	1	March 2019
19	Montana	41	March 2019
20	New Hampshire	0.64	March 2019
21	New Mexico	1.8	March 2019
22	Alabama	0.26	June 2019
23	North Dakota	0.55	June 2019
24	Connecticut	0.26	July 2019
25	North Carolina	0.12	July 2019
26	Oregon	0.03	July 2019
27	Wisconsin	0.06	July 2019
28	Idaho	0.06	July 2019
29	Nevada	0	July 2019
30	Georgia	0.01	September 2019
31	Indiana	0	September 2019

Source: OIG analysis¹⁹

DDS Administrators reported gaps in functionality prevented them from increasing their use of the system. We observed DCPS system functionality at three DDSs to understand the advantages and limitations in the system affecting the DDS' ability to increase usage.

In September 2019, the Ohio and Virginia DDSs processed 14 and 5 percent, respectively, of their workloads in DCPS (see Table 2). Both DDSs reported no problems with DCPS' interactions with State-managed fiscal systems. They also benefited from using DCPS and would like to use the system more; however, additional functionality was needed. The DDSs stated DCPS needed more support for remaining claim types, support for decentralized States, improvements to case and workload management for examiners and supervisors, and improved internal quality assurance parameters.

The Maine DDS processed 86 percent of its September 2019 workload in DCPS. According to Maine DDS staff, DCPS is easy to use and can handle almost all their work without manual workarounds. The only cases the Maine DDS did not process in DCPS were those cases that DCPS did not support, such as cases for blind individuals, cases requiring non-English correspondence, and paper cases. The Maine DDS did not have problems with the fiscal system.

We asked all 52 DDS Administrators for feedback about the system and received responses from 26 DDSs that had not implemented DCPS and 14 DDSs that had.²⁰

- DDSs that were not using DCPS were concerned about whether DCPS' inefficiencies will affect customer service and whether DCPS will adequately interface with the State's financial systems. DDSs also mentioned a concern that there was no date as to when full functionality will be available and that they would need to run dual case processing systems for an indefinite amount of time. Nine of the 26 DDSs reported they did not have a target date for implementation.
- DDSs that were using DCPS described the system as intuitive, modern, easy to learn and use, and streamlined. Ten DDSs stated they could not increase their system use to at least 50 percent of their workload because additional functionality was needed. In addition, eight DDSs do not know when they could retire their existing case processing systems because it would depend on when SSA delivers in DCPS the full functionality the DDSs need. Twelve of the 14 DDSs that responded would like to see SSA postpone rolling out DCPS to additional DDSs to instead focus on system support and functionality that will allow current DDSs to use the system more.

DDSs remained optimistic about DCPS but were concerned with the slow progress and lack of a detailed timeline for when DCPS will be fully functional.

¹⁹ We calculated the percentages using cumulative workload data from SSA's Office of Disability Determinations website and MicroStrategy Business Intelligence data.

²⁰ See Appendix D for the list of questions we sent DDS Administrators.

Deployment Planning

In November 2017, the Agency postponed rolling DCPS out to additional DDSs and re-prioritized its resources for system development to reduce workarounds in the system and increase usability. In September 2018, SSA resumed rolling out DCPS to additional DDSs and, as of September 2019, 31 DDSs had deployed DCPS.²¹ As of September 2019, SSA planned to deploy DCPS to another five DDSs by the end of December 2019.

The resources needed to deploy DCPS to a new DDS can vary considerably depending on each State's requirements. In some instances, SSA developed a simple payment file that mirrored the payment file the existing system produced. However, in another instance, SSA had to add functionality to fully communicate with the State financial system, which required a significant amount of resources. As of September 2019, SSA had not determined all the unique requirements for each State's fiscal system or the resources that would be needed to deploy DCPS to the remaining DDSs.

DDS Administrators wanted SSA to focus on increasing system functionality before it deploys the system to more DDSs to increase the number of cases their DDSs may process in DCPS. Administrators for three DDSs that were using DCPS stated the following.

- “It is not an effective use of time or money for DDS’ to be dabbling in two different case processing systems at the same time. We cannot and will not eliminate our current Legacy system until we can efficiently process cases in DCPS. The ‘ramp-up’ process requires continual re-training, revising, meetings, work-arounds, etc., etc. due to the nature of its fluidity.”
- “Increasing/improving functionality will allow current sites to move a greater percentage of their workload through DCPS at a faster rate. Splitting time between development and adding new sites has resulted in decreased deliverables over the last several releases.”
- “. . . focusing attention on system support and functionality may create an environment in which existing production sites may be able to ramp up more quickly and get closer toward transitioning entirely to DCPS. A focus on this may make rollout and ramp up in subsequent sites a much more efficient and quicker process.”

Estimating DCPS Costs and Delivering Functionality

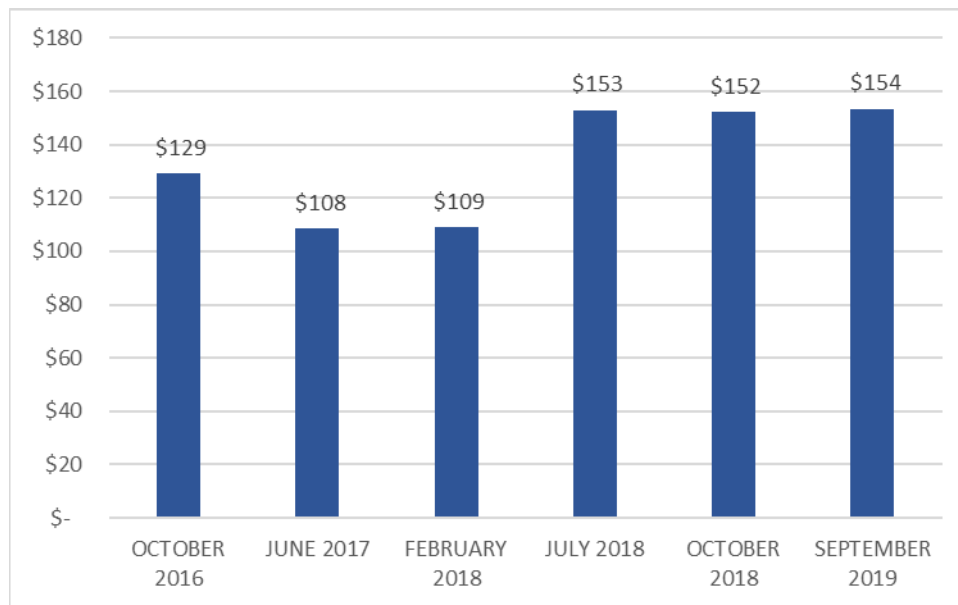
SSA's schedule estimates are based on the fixed resources it has budgeted for DCPS. During planning for each Agile sprint, SSA estimates how much work can be done with the resources available. Functionality not completed in one sprint shifts to a future sprint.

²¹ As of September 2019, 29 of the 31 DDSs were using DCPS to process cases. Nevada and Indiana were not yet processing cases in DCPS.

As of October 2016, SSA estimated DCPS development/deployment costs for FYs 2016 through 2019 would be \$129 million. Also, SSA estimated lower total projected development and deployment costs for the DCPS program in June 2017 and February 2018. Later, in July 2018, recognizing that more resources would be needed to develop and deploy the system, SSA increased its cost estimates for FYs 2019 and 2020.

In July 2019, SSA delivered functionality in DCPS to process initial claims, reconsiderations, and CDRs for approximately \$118 million. This cost estimate far exceeded the Agency’s initial estimate of \$48 million from May 2016. As of September 2019, SSA anticipated DCPS development and deployment costs through the end of FY 2020 would be approximately \$154 million (see Figure 3).

Figure 3: DCPS Total Projected Development and Deployment Costs (in Millions)²²



Source: OIG developed using data from SSA’s DCPS cost updates.

The Agency develops the DCPS cost estimates from its budgeted costs; therefore, SSA had planned to spend \$23 million in FY 2017, less than the \$29 million it spent in FY 2016. In FY 2018, SSA’s costs increased to approximately \$37 million, and it projected a greater increase to \$39 million for FY 2019 (see Table 3).

²² We did not include future operations and maintenance costs in DCPS total projected development and deployment costs.

Table 3: Actual and Projected Development and Deployment DCPS Costs by FY as of September 2019

DCPS Cost Items	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Contractor	\$17,116,177	\$15,046,485	\$27,827,742	\$30,337,721	\$19,214,592	\$109,542,717
SSA Payroll	\$11,653,006	\$8,183,202	\$8,566,346	\$8,702,041	\$5,944,639	\$43,049,234
Travel	\$232,970	\$83,521	\$268,743	\$200,000	\$150,000	\$935,234
Total	\$29,002,154	\$23,313,208	\$36,662,831	\$39,239,762	\$25,309,231	\$153,527,186

Source: OIG developed from SSA’s September 2019 DCPS cost update.

Federal Guidance on Cost and Schedule Estimation

OMB developed a guide for Federal agencies on managing projects, risk management, and cost estimating to improve the accuracy of cost, schedule, and performance.²³ The guide states credible cost estimates are vital for sound management decision-making and for a program to succeed.²⁴

Agencies should also define and document the ground rules and assumptions, including technical, economic, schedule, business, and other factors. These assumptions need to be realistic and continuously updated as the scope of the project becomes better defined.²⁵

SSA’s Schedule-estimation Process for DCPS

The Agile approach differs in several ways from the traditional waterfall development method.²⁶ For example, Agile calls for brief development sprints, with rounds of design, testing, and feedback, to deliver incremental product updates. The traditional waterfall model is sequential and flows through the development phases of requirements, design, implementation, verification, and maintenance. With the waterfall method, at some point, a project is considered delivered and complete. With the Agile model, development is ongoing, as tests and adjustments continue after the software is in use. In a waterfall software development approach, organizations identify all user requirements before they begin developing the software. In contrast, organizations that use Agile generally start by delivering minimal functionality in the first release (referred to as a

²³ OMB, *Capital Programming Guide V 3.0 Supplement to Office of Management and Budget Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets*, Introduction, p. 1 (2019).

²⁴ OMB, *Capital Programming Guide V 3.0 Supplement to Office of Management and Budget Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets*, Appendix 8, p. 69 (2019).

²⁵ OMB, *Capital Programming Guide V 3.0 Supplement to Office of Management and Budget Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets*, Appendix 8, p. 70 (2019).

²⁶ GAO, *Effective Practices and Federal Challenges in Applying Agile Methods*, GAO-12-681, pp. 4-7 (2012).

minimum viable product) and continually develop the system and incrementally deliver additional functionality through subsequent releases.²⁷ Thus, in Agile, teams value responding to change over following a set plan.²⁸ Changing requirements are normal, even late in development. However, the team should have measurable and realistic goals. OMB requires that agencies institute performance measures and management processes to monitor and compare actual performance to planned results. Each methodology should have a set of measures that are consistent, appropriate, and tailored to that methodology.²⁹ SSA uses the Agile measures, backlog and Road Map to demonstrate progress with requirements and schedule.

The Agile process used by SSA forecasts detailed deliverables 6 months into the future and includes flexibility to respond to user needs. With its latest Road Map, SSA planned to continue developing DCPS through November 2019 (see Figure 1). However, the Agency does not expect to complete development by that time.

With Agile software development, functional, as well as non-functional, requirements are expressed as user stories. During sprint planning and grooming, teams collaborate and assign points to a user story based on the story's complexity and level of effort required. Sometimes functional requirements are completed in more than one user story. These user stories are grouped together as features or capabilities. User stories the Agency has not developed are considered a backlog. Agile teams should continually update the backlog of user stories to incorporate new requirements or eliminate requirements that are no longer required. However, SSA informed us that—because of resource constraints—it did not always delete from the backlog user stories that were no longer required. As a result, the backlog may not provide accurate, valid, and consistent information on the user stories the Agency still needs to develop.

SSA uses the backlog and product Road Map to track DCPS' progress with requirements and schedule during the project. The DCPS Road Map displays the schedule of high-level functional requirements from the backlog the Agency planned for upcoming releases.

Estimated Versus Actual Delivery of Functionality

In a letter to Chairman Johnson in May 2016—7 months after the Agency began developing DCPS—SSA stated, “This first release will support initial claims and reconsiderations We are scheduled to deliver CDRs [4] months after the first release, in April of 2017”³⁰ SSA did not meet its initial goals. Although the Agency deployed the first release in December 2016, the release did not include all the functionality SSA originally planned. Rather, the release enabled three participating DDSs to process adult initial disability claims involving only physical allegations that met the criteria for fully favorable decisions under the Quick Disability

²⁷ Christopher Wright, *Agile Audit of Agile Projects*, accaglobal.com (last visited February 20, 2019).

²⁸ Agile Alliance, *Manifesto for Agile Software Development*, agilemanifesto.org (last visited April 24, 2019).

²⁹ OMB, *FY 2020 IT Budget - Capital Planning Guidance*, section 11.1, p. 38 (2018).

³⁰ See Appendix E for SSA's letter.

Determinations and Compassionate Allowances programs. This approach allowed the DDSs to test cases that were not complex before they moved to the larger, more complex workloads.

Throughout the project, SSA experienced slower than expected development that resulted in delays to delivering functionality (see Table 4). After each Program Increment, SSA updates the Road Map to reflect functionality delivered in the latest release, functionality delayed to the next release, and planned items for future releases.

Table 4: DCPS Product Road Map Features Summary³¹

DCPS Product Road Map Features	Delivery Goal as of May 2016	Actual Delivery
Quick Disability Determination/ Compassionate Allowance	December 2016	December 2016
Adult Initial Claims and Reconsiderations	December 2016	October 2017
Child Initial Claims and Reconsiderations	December 2016	January 2018
Adult CDRs	April 2017	May 2019
Child CDRs	April 2017	July 2019

In some instances, SSA revised its targets for delivering functionality in DCPS more than once, resulting in delays.³² In May 2016, SSA planned to release functionality to process the following.

- Initial claims and reconsiderations in December 2016. The Agency later extended that target to June 2017 then October 2017. SSA delivered this functionality in January 2018.
- Initial CDRs in DCPS in April 2017. The Agency later extended that target to January 2018, then July 2018. SSA delivered this functionality in September 2018.
- Adult reconsideration CDRs in DCPS in April 2017. In July 2017, SSA extended the target to April 2018. In May 2018, the Agency changed the target to October 2018. SSA delivered the adult reconsideration CDRs pre-hearing, disability hearing, and age 18 redeterminations to the participating DDSs in November 2018, January 2019, and May 2019, respectively.

³¹ See Appendix A for more information on the extended targets for functionality.

³² In April 2017, we reported SSA was planning to deliver the functionality needed to process all initial disability claims, reconsiderations, and CDRs by January 2018. SSA, OIG, *Progress in Developing the Disability Case Processing System as of March 2017, A-14-17-50079*, p. 9, (April 2017). In March 2018, we reported SSA expected that development would continue beyond October 2018. In November 2017, the Agency discontinued rolling out DCPS to additional DDSs and re-prioritized its resources to focus on development. SSA, OIG, *Progress in Developing the Disability Case Processing System as of February 2018, A-14-17-50291*, p. 9 (March 2018). See Appendix A for the complete list of revised target dates and when functionality was delivered.

- Initial and reconsideration child CDRs in DCPS in April 2017. In May 2018, SSA changed the target to January 2019. SSA delivered initial child CDRs in May 2019 and reconsideration child CDRs in July 2019.

Slower than expected development and delays in delivering functionality increased development costs. In addition, the 28 revisions to delivery targets for functionality raised concerns as to when the Agency will complete development. In March 2019, SSA reported to Congress that product development would be completed in September 2019, as scheduled on the DCPS Road Map.³³ However, the Agency still has to complete functionality, such as non-English correspondence, internal quality assurance, and centralized receipt/assign of cases for decentralized DDSs, as well as delivering fiscal functionality to all remaining DDSs.³⁴

Risks to the DCPS Project

To provide visibility into the performance of IT investments, OMB deployed the IT Dashboard which displays Federal agencies' cost, schedule, and performance data for major Federal IT investments. The IT Dashboard calculates cost and schedule ratings by determining cost and schedule variances based on agency-submitted data, such as planned versus actual costs or planned versus actual completion dates.³⁵ The IT Dashboard's Chief Information Officer (CIO) rating is determined by each agency's CIO, who assesses his/her agency's IT investments against pre-established evaluation factors and then assigns a rating of 1 (high risk) to 5 (low risk).³⁶

As of September 2019, the IT Dashboard reported DCPS is on budget and on schedule. In addition, SSA's CIO rated the DCPS project as a low risk.³⁷ The Agency submitted data for cost and schedule variances, as well as the CIO's rating, that accurately reflected the DCPS status at the time, through the next two Agile releases. However, the information does not clearly portray the total functionality, schedule, or costs that will be needed to complete development. OMB requires that agencies provide, at a minimum, five performance metrics for major IT investments that monitor the investment performance fully.³⁸ As of September 2019, SSA met two of the six established performance metrics.³⁹

³³ SSA, *FY 2020 Congressional Justification*, ssa.gov, p. 146 (last visited August 1, 2019).

³⁴ DDSs reported needing more functionality to increase DCPS usage significantly.

³⁵ OMB, *IT Dashboard*, itdashboard.gov, (last visited October 10, 2019).

³⁶ A CIO's evaluation could be informed by the following factors: risk management, requirements management, contractor oversight, historical performance, human capital, and other factors the CIO deems important to forecasting future success. OMB, *FY 2020 IT Budget – Capital Planning Guidance*, section 8, p. 31 (2018). The Agency provided the project manager's completed questionnaire used to determine the CIO's rating.

³⁷ OMB, *IT Dashboard*, itdashboard.gov, (last visited October 10, 2019).

³⁸ OMB, *FY 2020 IT Budget – Capital Planning Guidance*, section 12, p. 53 (2018).

³⁹ SSA did not meet three of the metrics that are reported monthly and one metric that is reported annually, but met one metric that is reported semi-annually and one metric that is reported annually.

As risk management is a significant factor in the CIO's evaluation of the DCPS program, SSA developed a Risk Management Plan to reduce the effects of uncertainties on DCPS' success.⁴⁰ The Agency maintains a Risk Register to identify, assess, and track the risks associated with DCPS and updates the status of those risks at least monthly.

Fiscal Functionality

SSA recognized fiscal functionality as the largest and most difficult hurdle for DCPS.⁴¹ The Agency identified the complex and unique State-managed fiscal systems as high risks for DCPS that either will, or are very likely to, occur. In the prior DCPS Beta system, the Agency acknowledged the complex State-specific requirements, including fiscal functionality, contributed to system cost and schedule overruns.⁴²

SSA was mitigating this risk by delivering DCPS in a phased approach for each State to address its fiscal needs. According to SSA's monthly risk register as of September 2019, 19⁴³ of the 29⁴⁴ DDSs that used DCPS could pay for expenses related to medical evidence and had successfully paid for consultative examinations. As SSA rolls DCPS out to more States, it plans to phase the rollout for each State to meet the DDS' fiscal needs, based on whatever caseload the DDS deems acceptable. For example, the newly added DDSs can choose what types of cases they prefer to process, such as only Quick Disability Determinations and Compassionate Allowances.

⁴⁰ OMB, *Capital Programming Guide V 3.0 Supplement to Office of Management and Budget Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets*, Appendix 5, p. 60 (2019).

⁴¹ DCPS' fiscal interface does not accommodate all States' requirements, which may affect the project as more DDSs implement DCPS.

⁴² We reported on DCPS project risks in our prior report, SSA, OIG, *Progress in Developing the Disability Case Processing System as of February 2018, A-14-17-50291*, p. 8 (March 2018).

⁴³ This includes: Arizona, Delaware, Iowa, Kansas, Maine, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, Ohio, Rhode Island, South Dakota, Vermont, Virginia, Washington, Washington, D.C., and Wyoming.

⁴⁴ As of September 2019, 29 of the 31 DDSs were using DCPS to process cases. Nevada and Indiana were not yet processing cases in DCPS.

CONCLUSIONS

In September 2019, SSA made DCPS available to 31 participating DDSs, that, on average, used DCPS to process approximately 7 percent of their workload. While 5 DDSs used DCPS to process over 50 percent of their workload, most of the DDS administrators from whom we received feedback reported that gaps in functionality prevented them from increasing their use of the system. In March 2019, SSA reported to Congress that product development would be completed in September 2019, as scheduled on the DCPS Road Map. However, SSA planned to continue developing DCPS beyond November 2019. As of September 2019, SSA estimated its DCPS costs through FY 2022 would be approximately \$178 million. Since the Agency still needed to develop additional functionality and implement DCPS in the remaining 21 DDSs, it is likely the costs will continue to increase.

SSA has a goal for transitioning DDSs to DCPS but had not determined when DCPS will have the functionality the DDSs need to process all their workloads and be able to stop using and maintaining their existing systems. Therefore, we were unable to conclude that SSA's cost and schedule estimates for developing and implementing DCPS were reasonable. Further, until SSA completes DCPS development and implementation, the DDSs will need to continue using their existing systems, which—according to the Agency—cost approximately \$31 million annually to operate and maintain.

In response to our draft report, the Agency stated that, “. . . only a very limited number of claim-types cannot be processed in [DCPS], and those claim-types are being addressed in regularly scheduled product increments. Additionally, the increase in [DCPS] user sites commensurately has increased user input.” For the Agency's comments, see Appendix H.



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – TARGET DATES FOR FUNCTIONALITY

In its September 28, 2015 testimony to Congress, the Social Security Administration (SSA) originally planned to have full functionality for the Disability Case Processing System (DCPS) for at least two disability determination services (DDS) by December 2016. Full functionality meant the DDSs could handle all case levels and all claims types and completely stop using their current system to intake new cases. On May 17, 2016, SSA informed Congress that DCPS would be able to support initial claims and reconsiderations by December 2016, and DCPS could process continuing disability reviews (CDR) by April 2017 (see Appendix E). However, the Agency could not meet the May 2016 goals and needed to extend most of the functionality to later dates. See Table A–1 for the revised target dates and actual dates for delivered functionality.

Table A–1: Revised Target Dates for DCPS Functionality

DCPS Product Road Map Features	Initial Goal	Revised Target(s)	Actual Delivery Date
Quick Disability Determination/Compassionate Allowance	December 2016	Not applicable	December 2016
Initial Adult - Allowance	December 2016	March and April 2017	April 2017
Initial Adult – Denial	December 2016	June and July 2017	July 2017
Adult Reconsideration	December 2016	June and October 2017	October 2017
Initial Child	December 2016	October 2017 and January 2018	January 2018
Disabled Child Reconsideration	December 2016	January 2018	January 2018
Initial Adult CDR	April 2017	January, July, and September 2018	September 2018
Reconsideration Adult CDR (Pre-hearing)	April 2017	April, October, and November 2018	November 2018
Reconsideration Adult CDR (Disability Hearing)	April 2017	April and October 2018, January 2019	January 2019
Age 18 Redetermination	April 2017	January and July 2018, March and May 2019	May 2019
Child Initial CDR	April 2017	January, March, and May 2019	May 2019
Reconsideration Child CDR	April 2017	January, May, and July 2019	July 2019

Appendix B – SCOPE AND METHODOLOGY

Our objectives were to determine the (1) extent to which participating State disability determination services (DDS) used the Disability Case Processing System (DCPS) to process their workloads and (2) reasonableness of the Social Security Administration’s (SSA) cost and schedule estimates for its DCPS.

To accomplish our objectives, we

- interviewed SSA personnel to understand the key processes and controls the Agency uses to develop its cost estimates for DCPS;
- interviewed DCPS users at the Ohio, Maine, and Virginia DDSs and observed DCPS functionality at each location;
- requested feedback from DDS administrators who had implemented DCPS and those administrators that had not yet implemented DCPS (see Appendix D);¹
- reviewed Office of Management and Budget, Government Accountability Office, and other relevant resources on Agile cost estimation;
- reviewed DCPS program costs and determined how the Agency’s cost estimates have changed;
- analyzed and compared the data SSA used to develop its cost estimates to actual costs;
- reviewed SSA’s completion dates and estimates for significant functionality based on key measures;
- reviewed SSA’s deployment dates and estimates;
- reviewed SSA’s monthly updates to its DCPS Risk Register; and
- attended various DCPS-related briefings.

We conducted our review from August 2018 through September 2019 in Baltimore, Maryland; Columbus, Ohio; Augusta, Maine; and Roanoke, Virginia. The principal entity reviewed was SSA’s DCPS Chief Program Office. We determined the data used for this audit were sufficiently reliable to meet our objectives. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ We received responses in June 2019 from 14 of the 21 DDSs that had implemented DCPS (67 percent) and from 26 of the 31 DDSs that had not implemented DCPS (84 percent). We had an overall response rate of 77 percent.

Appendix C – RELATED OFFICE OF THE INSPECTOR GENERAL REPORTS

This report is one in a series of reports that examined the Social Security Administration’s (SSA) progress in developing and implementing the Disability Case Processing System (DCPS).¹

Congressional Response Report: Use of the Disability Case Processing System as of May 2018 ([A-14-18-50631](#)), July 2018

In December 2017, the 10 participating disability determination services (DDS) completed 797 cases in DCPS (about 2 percent of their workload). In May 2018, they completed 1,543 cases (about 4 percent of their workload). Of the users who responded to our survey, 58 percent were satisfied with DCPS. In general, users liked the modern interface, DCPS’ ease of use, and their ability to work on multiple cases simultaneously. Administrators and users also indicated they would like more functionality.

Congressional Response Report: Progress in Developing the Disability Case Processing System as of February 2018 ([A-14-17-50291](#)), March 2018

In November 2017, after releasing DCPS to the Washington, D.C. DDS, SSA postponed rolling out DCPS to additional DDSs and re-prioritized its resources to focus on development. The Agency’s new strategy concentrated on increasing the number of DCPS users at participating DDSs and the number of cases they process in the system. On January 27, 2018, SSA deployed another major release into production. The Agency reported this release added functionality to support most adult and child initial claims and reconsiderations. As of February 28, 2018, 10 DDSs had processed 6,477 disability cases using DCPS.

Congressional Response Report: Contractor’s Market Research and Analysis for the Disability Case Processing System ([A-14-18-50506](#)), February 2018

SSA hired a contractor to conduct market research and analyze options to the current DCPS that could fulfill the Agency’s requirements. The contractor reported, “The modernized system is needed by SSA Business in January 2018” and determined that DCPS was the only alternative that could meet that requirement. While we acknowledged the Agency’s efforts in obtaining the analysis, a number of factors—including Federal procurement requirements, the date by which SSA told the contractor it needed a new solution, and the short timeframe the Agency gave the contractor to conduct its analysis—limited the contractor’s analysis.

¹ This report is the 10th in a series of reports we issued pursuant to the February 13, 2015 letter from Sam Johnson, Chairman, Subcommittee on Social Security, requesting regular reports to keep the Subcommittee informed on SSA’s efforts related to DCPS. This appendix lists the nine previous reports we issued related to former Chairman Johnson’s request and one report we issued before his formal request.

Congressional Response Report: Progress in Developing the Disability Case Processing System as of August 2017 ([A-14-17-50221](#)), September 2017

As of August 2017, SSA had planned to deliver functionality to support initial and reconsideration cases by January 2018 and all remaining workloads—including continuing disability reviews and DDS disability hearings—by April 2018. However, given the uncertainty regarding the future growth of the backlog and SSA’s ongoing development velocity, we were unable to conclude whether the Agency’s release goals were reasonable.

Congressional Response Report: Progress in Developing the Disability Case Processing System as of March 2017 ([A-14-17-50079](#)), April 2017

SSA’s ability to meet its delivery goals will depend on the backlog’s future growth and velocity with which the Agency completes the user stories. We reported the Agency should continue reviewing its delivery targets to ensure they are feasible, considering the resources committed to the project and the Agency’s development experience to-date. In addition, SSA identified—and was taking steps to address—some security concerns with the system.

Congressional Response Report: Progress in Developing the Disability Case Processing System as of November 2016 ([A-14-17-50174](#)), December 2016

In May 2016, SSA estimated DCPS’ first release would be available in December 2016 and would support initial claims and reconsiderations. However, SSA changed the scope of the release and planned for it to include only the functionality needed to support a limited number of cases. We concluded SSA would need to make further investments in the product before it could support initial claims and reconsiderations.

Congressional Response Report: Costs Incurred in Developing the Disability Case Processing System ([A-14-16-50099](#)), September 2016

SSA’s reported costs of \$356 million for the DCPS project for the 8-year period ended September 30, 2015 were reasonably accurate. We noted issues with SSA’s processes for capturing and reporting contractor and labor costs. While we did not consider these issues to be of sufficient significance to materially affect the overall DCPS cost figure, we believed they warranted SSA’s attention.

Congressional Response Report: The Social Security Administration’s Analysis of Alternatives for the Disability Case Processing System ([A-14-16-50078](#)), May 2016

We concluded SSA did not sufficiently evaluate all alternatives for DCPS—for example, phasing an existing system into all DDSs or procuring and modernizing one of the vendor-supported existing systems. Without a comprehensive analysis of alternatives, the Agency could not be assured the chosen path would be the best path to simplify system support and maintenance and reduce infrastructure costs—key objectives for the DCPS project. We could not conclude the Agency’s chosen path forward was most likely to result in the timely delivery of a cost-effective solution that met users’ needs.

Observations and Recommendations for the Disability Case Processing System (Limited Distribution) ([A-14-15-50008](#)), May 2015

All three DDS administrators we interviewed identified issues with the DCPS application and development process but expressed their continued support of DCPS and optimism about the project. We made several recommendations for SSA to consider as it continued developing DCPS.

Congressional Response Report: The Social Security Administration's Disability Case Processing System ([A-14-15-15016](#)), November 2014

SSA had taken steps to help get the project on track. However, we concluded SSA should suspend development of certain custom-built components of DCPS until it completed its evaluations and determined whether off-the-shelf or modernized SSA-owned software were viable alternatives.

Appendix D– QUESTIONS SENT TO DISABILITY DETERMINATION SERVICES ADMINISTRATORS

In June 2019, we requested feedback from all 52 disability determination services (DDS) administrators about the Disability Case Processing System (DCPS). The questions we asked were different for DDSs that used DCPS and those that did not.

Questions for DDSs Currently Using DCPS to Process Disability Cases

1. What benefits have you seen from using DCPS?
2. What types of cases and/or claims are you able to process completely in DCPS from receipt, through fiscal, determination, and clearance/closure? If you are not able to process completely, please explain what you are able to process in DCPS?
3. Could you increase usage of your current version of DCPS to process at least 50 percent of your workload in DCPS? If not, what functionality or other enhancement would allow you to increase usage of DCPS?
4. Has DCPS improved the quality and timeliness of disability determinations at your DDS?
5. Do the number of workarounds in DCPS hinder your ability to efficiently process cases?
6. When do you foresee being able to turn off your legacy case processing system?
7. In your opinion, should SSA focus its attention on system support and functionality prior to adding more States?
8. In your opinion, was there enough time to fully test the system, including the fiscal interface, before it went into production?

Questions for DDSs Not Using DCPS to Process Disability Cases

1. Do you have any concerns about implementing DCPS?
2. Are you currently scheduled to implement DCPS? If yes, when? If no, why not?
3. Do you receive regular updates to keep you informed and aware of development progress?
4. Has SSA identified and assessed your State's fiscal needs for DCPS?

Appendix E – THE SOCIAL SECURITY ADMINISTRATION LETTER TO THE SOCIAL SECURITY SUBCOMMITTEE



SOCIAL SECURITY
Deputy Commissioner for Systems

May 17, 2016

The Honorable Sam Johnson
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In a letter dated May 10, 2016, SSA Inspector General Pat O'Carroll provided you his view on aspects of our Disability Case Processing System (DCPS) project. The OIG raised concerns around cost, scope, and approach. We respectfully disagree with several of these opinions and would like to share an alternative perspective.

The DCPS project goal is to deploy a single application to support uniform and high-quality disability determinations in each state. As you know, by law, the DDSs make initial decisions on eligibility for disability benefits. DDSs are funded by SSA and staffed by State employees.

As you know, in February 2013, Carolyn Colvin assumed the Acting Commissioner position at the Social Security Administration and immediately convened an independent third party review of the DCPS program. The SSA quickly acted upon the recommendations from that review and reorganized the project into a stand-alone Program Office with the full authority to address issues. In addition, they started two parallel initiatives: an attempt to salvage our investment to date, and a study of alternatives to deliver the project more efficiently and at a lower cost as recommended by the independent third party and the DCPS Steering Committee.

I started in January of 2015 and by May 2015 I instigated an outside review by the United States Digital Services (USDS) of the software developed to date. After that review, we concluded that the current software approach would not likely produce a product that could be deployed. In addition, we concluded a buy versus build proof of concept and concluded that we could build for less time and effort and produce a better product. As a

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

result, we shut down the project from May to September and started a new, agile, development project starting on October 1, 2015 that we call DCPS2.

Since October 2015, we have cut costs and currently run at a rate that will have us expending around \$30 million in this fiscal year. We are currently at a run rate of around \$28 million per year, down from an estimate of \$42 million per year when we started in October. Further, this run rate is down from a \$59 million per year rate prior to the October 2015 reset. We project costs from October 2015 to the release of our first product in December of 2016 to be less than \$38 million for the five quarters.

This first release will support initial claims and reconsiderations. We elected to drop the final case type, Continuing Disability Reviews (CDRs) from the first release in order to get a product in the hands of our customers as soon as possible. Note that CDRs occur usually nine-to-twelve months after an initial claim; so there was no advantage to waiting for the CDR process to be complete before our release. We are scheduled to deliver CDRs four months after the first release, in April of 2017 at a projected cost of less than \$48 million, which includes the sixth quarter – October 2015 to April 2017. We are currently tracking on schedule and have recently completed a major milestone, called the through-line, on time and on budget in March of this year. Because of this record, we are confident of delivery of all three case types on time and on budget.

The major reason that the previous attempt failed was that they addressed site-specific functionality from the wrong angle. Consider the most glaring issue: we have to connect to fifty-four different fiscal systems to make payments to vendors through the financial systems provide by each State. Each of the fifty-four connections is a simple problem to solve. If, however, you try to write one set of code that attempts to adjust automatically to each connection type the problem complexity grows exponentially.

We are taking the simple approach and have budgeted time and effort to build fifty-four simple connectors. In fact, we believe that around twenty connectors will cover all fifty-four Disability Determination Services (DDSs). While we appreciate the OIG's concern that the DDSs may not adopt the new system, we are actively engaged with these "customers" of ours. The DDSs are deeply involved in the agile development project and they see the progress after every two-week "sprint". When we asked for volunteers to deploy the first release of the DCPS2 product, hoping for two volunteers, we received requests from six states and elected to take on three beta test sites; one representative of each of the legacy systems. We believe that there is just no evidence of a problem here.

It is true that we do not plan to mandate the use of DCPS2. There is some question over whether we have the authority to mandate use and certainly mandating the use would

create political friction. So far, we have evidence that by building a modern system, with the support and cooperation of the DDSs, where they are intimately involved in the Agile development process, the result will be a system that the states want to deploy as soon as possible. Creating one system will also naturally simplify workload sharing among offices and will serve as an important benefit for sites to begin using DCPS2.

It is true that Agile practices are new to the Agency. It is not true that using Agile introduces risk to the project. Our experience is the opposite. By engaging directly with the DDSs and developing incrementally with their continuous input greatly reduces the risk that we will build it and they will not come.

We would also disagree with the notion that we did not properly evaluate alternatives to this new development program. We solicited inputs from the market and selected a commercial off-the-shelf (COTS) product for review. This was not a cursory review.

We spent \$ 2.4 million to implement a working prototype and let the DDSs evaluate the result. They believed that the effort to extend the COTS product for each DDS would produce a stilted result. Worse, the cost would be \$150 to \$225 million to implement COTS, plus roughly seventy million dollars to add on several DCPS-specific business functions; and the result would take up to four years. We did not believe that our effort, sized as described above and delivered in fourteen months, could be construed as anything but the best option.

Finally, we intend to treat DCPS2 as a product in every way. We will not stop development after April but will continue to add capabilities as if we were a commercial entity. We will cut our run rate well below what we are paying for support of the DDSs current legacy systems as we move forward.

There are many opportunities to add functionality that will significantly reduce the time and effort required for the DDSs to determine disability and process cases. There are clear opportunities to add intelligence that will improve the determination process. There are opportunities to add sophisticated models that might detect fraud. We will continuously improve the DCPS2 product as long as we have a backlog of ideas that justify the costs of ongoing Agile development.

Looking back, I believe that we made several hard decisions over the last year but that the result will be a first rate determination system that will significantly improve the service we provide to the public. This opinion is supported by the Office of Management and Budget (OMB), who just approved a transition of DCPS from red to yellow on their

public dashboard. It is also supported by our independent assessors who reported in March that,

“Over the last 18 months, the DCPS program has gradually transitioned itself toward becoming a more modern, Agile technology endeavor, completely re-imagining how large technology programs are delivered in the federal Government (e.g. use of Agile, cloud, modern technologies)”.

Based on these assessments by outsiders and by our customers, we would respectfully disagree with the OIG assessment that suggests that DCPS2 will fail.

Yours,

A handwritten signature in black ink, appearing to read 'RW Klopp', with a stylized flourish at the end.

Robert Klopp

cc: David Mader, Controller, Office of Management and Budget
Carolyn W. Colvin, Acting Commissioner, Social Security Administration
Patrick P. O'Carroll, Jr., Inspector General

Appendix F – DISABILITY CASE PROCESSING SYSTEM ALTERNATIVES

According to the Office of Management and Budget, agencies must ensure decisions to improve, enhance, or modernize existing information technology investments, or to develop new information technology investments, are made only after conducting an alternatives analysis that includes both government-provided and commercially available options, and the option representing the best value to the Government has been selected.¹

After having spent longer than 8 years and over \$350 million on the initial development of the Disability Case Processing System (DCPS), Congress wanted to ensure the Social Security Administration’s (SSA) decision to continue internal development of DCPS was in the taxpayers’ best interest. Therefore, in March 2017, then Chairman Johnson, Subcommittee on Social Security, Committee on Ways and Means, and Chairman Hatch of the Senate Finance Committee requested that SSA “. . . obtain an independent evaluation to determine whether to continue internal development of [DCPS] or if there is a viable alternative private sector solution.”²

In response to the congressional request, SSA hired a not-for-profit, federally funded, research and development center to conduct market research and analyze options that could fulfill the Agency’s requirements for disability case processing.³ The contractor evaluated three alternatives: SSA’s custom-built DCPS; a commercial off-the-shelf case management system; and a modernized version of the vendor-owned existing systems used by the majority of disability determination services (DDS). The contractor reported that DCPS had the highest overall match with the requirements and evaluation criteria and had a lower cost. However, a number of factors limited the contractor’s analysis.⁴

The *Consolidated Appropriations Act of 2018* discussed SSA’s efforts to modernize the case processing systems used by State DDSs, including DCPS.⁵ The Act directed SSA to take the necessary actions to permit States to select from all available options in modernizing their case processing systems, as long as the selected option has similar or better functionality as DCPS

¹ Office of Management and Budget, *Managing Information as a Strategic Resource, Circular A-130*, p. 13 (July 28, 2016).

² See Appendix G for the Social Security Subcommittee’s letter to SSA.

³ Contract No. TIRNO-99-D-00005/SS00-17-30196, Award amount \$237,535. Task order award date – April 20, 2017.

⁴ We reported on the limitations of the contractor’s analysis in our prior report, SSA, OIG, *Contractor’s Market Research and Analysis for the Disability Case Processing System, A-14-18-50506*, (February 2018).

⁵ Congressional Record, *Explanatory Statement Submitted by Mr. Frelinghuysen, Chairman of the House Committee on Appropriations, Regarding the House Amendment to Senate Amendment on H.R. 1625*, vol. 164, Issue 50, p. H2707 (March 22, 2018).

without imposing costs that are higher than using DCPS.⁶ The agreement requested a detailed analysis in the Fiscal Year (FY) 2020 Congressional Justification on SSA's actions to implement this request. The analysis was to include a detailed description of any challenges or legal barriers to implementing any option to modernize the disability case processing system.⁷

In July 2018, SSA hired the same research and development center to update its market research and analysis to assist the Agency in carrying out its responsibilities as set forth in this Act's Explanatory Statement.⁸ In FY 2019, the contractor provided the results of its updated analysis of disability case processing products in the commercial marketplace in comparison to DCPS. SSA used the results of the contractor's analysis to provide an update to Congress in the FY 2020 Congressional Justification. SSA reported that of the options analyzed, the contractor concluded DCPS had the lowest cost and lowest overall level of risk. Similar to the results in the contractor's July 2017 report, the updated analysis report estimated that legally mandated procurement processes to secure a commercial product would take approximately 1 to 2 years to complete. Further, in addition to the time needed for the procurement process, at least 2 additional years would be needed for necessary product development.⁹ In contrast, SSA reported that DCPS product development, as scheduled on the DCPS Road Map, would be complete in September 2019.¹⁰

In August 2016, the vendor that supported the software used by most of the DDSs announced plans to modernize its existing systems over a 24-month period.¹¹ For SSA to determine that a custom-built DCPS is the most cost-effective option, it would need to identify all the user stories associated with the functionality DDSs need to fully process all their workloads and the level of effort required to develop and deliver that functionality. Because the Agency has not quantified work remaining to complete DCPS, it is unknown (1) when SSA will deliver full functionality through DCPS, (2) when legacy systems can be retired, and (3) the resources needed to complete this effort. Therefore, SSA is unable to determine whether the custom-built DCPS is the most cost-effective option.

⁶ Congressional Record, *Explanatory Statement Submitted by Mr. Frelinghuysen, Chairman of the House Committee on Appropriations, Regarding the House Amendment to Senate Amendment on H.R. 1625*, vol. 164, Issue 50, p. H2707 (March 22, 2018).

⁷ Congressional Record, *Explanatory Statement Submitted by Mr. Frelinghuysen, Chairman of the House Committee on Appropriations, Regarding the House Amendment to Senate Amendment on H.R. 1625*, vol. 164, Issue 50, p. H2707 (March 22, 2018).

⁸ Contract No. TIRNO-99-D-00005/28321318FDX030419, Award amount \$1,053,489. Contract award date – July 25, 2018.

⁹ SSA, *FY 2020 Congressional Justification*, pp. 143 and 144 (March 2019).

¹⁰ SSA, *FY 2020 Congressional Justification*, p. 146 (March 2019).

¹¹ The DDSs that use the vendor's existing systems processed 82 percent of the total disability determination workload in FY 2018.

Appendix G – SOCIAL SECURITY SUBCOMMITTEE LETTER TO THE SOCIAL SECURITY ADMINISTRATION

Congress of the United States
Washington, DC 20515

March 10, 2017

Nancy Berryhill
Acting Commissioner
Social Security Administration
6401 Security Boulevard
Baltimore, MD 21235

Dear Acting Commissioner Berryhill:

We ask that you obtain an independent evaluation to determine whether to continue internal development of a Disability Case Processing System (DCPS) or if there is a viable alternative private sector solution.

As you know, the Social Security Administration (SSA) has been working to develop DCPS for almost a decade. Later this spring, a decision will be made on whether to continue internal development of DCPS, or if there is a viable private sector solution. When this decision is made, it should be based on an independent evaluation of all available options.

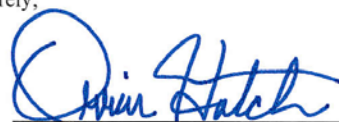
As Acting Commissioner, you are entrusted with taxpayers' hard earned dollars. In order to meet that trust, you need to have the best, most impartial analysis available when deciding on the right direction to take. An analysis cannot be impartial if it is undertaken by SSA employees that have been working to develop DCPS. Additionally, after having spent more than 8 years and over \$350 million on the initial development of DCPS, Congress needs to be confident that the SSA's decision was made impartially, and based on the best interest of hardworking taxpayers. An independent analysis is necessary to ensure this confidence.

Thank you for your attention to this matter and we look forward to receiving a response by no later than March 24. If you have any questions concerning this request, please contact Amy Shuart, the Social Security Subcommittee Staff Director, at (202) 225-9263, or Jeff Wrase, the Senate Finance Committee Chief Economist, at (202) 224-4515.

Sincerely,



Sam Johnson
Chairman
Subcommittee on Social Security
Committee on Ways and Means



Orrin G. Hatch
Chairman
Senate Finance Committee

PRINTED ON RECYCLED PAPER

Appendix H– AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: November 21, 2019

Refer To:

To: Gail S. Ennis
Inspector General

Stephanie Hall

From: Stephanie Hall
Chief of Staff

Subject: Office of the Inspector General Congressional Response Report, "The Social Security Administration's Cost and Schedule Estimates for the Disability Case Processing System" (A-14-18-50742) -- INFORMATION

Thank you for the opportunity to review the draft report. The Social Security Administration (agency) successfully has continued development and deployment of the Disability Case Processing System (DCPS2). DCPS2 is part of an enterprise-wide integration of electronic case processing systems across SSA offices and components, as well as State Disability Determination Services (DDS). The enterprise-wide integration of disability determination systems and processes will seamlessly move determinations from intake through appeals to the Office of Hearings Operations and the Appeals Council.

The agency also continues to ensure that taxpayer dollars are being used effectively, including consistently engaging independent research organizations to evaluate DCPS2 and products in the commercial market place.¹ Most recently, in FY 2019, an independent research center provided

¹ The agency has adhered to guidance from Congress, the Office of Management and Budget, and the SSA Office of the Inspector General in obtaining impartial analyses. See, e.g., Draft report at Appendix G.

an updated market research and analysis of DCPS2 in comparison to commercial case processing products. Of the options analyzed, DCPS2 merited the highest overall scores for functional, programmatic, and security evaluation criteria. DCPS2 also has the lowest lifecycle cost and the lowest overall level of risk.

For DCPS2, the agency utilizes best practices in Agile product development and site deployment. These modern development methodologies are dependent upon user input for product development. The agency adjusts the product roadmap to address emerging priorities. Currently, only a very limited number of claim-types cannot be processed in DCPS2, and those claim-types are being addressed in regularly scheduled product increments. Additionally, the increase in DCPS2 user sites commensurately has increased user input.

As of September 2019, DCPS2 was deployed to 31 of the 52 DDS sites. Two DDS sites solely use DCPS2 for processing disability claims determinations and are no longer processing claims in legacy systems or contracting for legacy systems. Moving forward, the agency's goal is that DDS sites transition from their legacy system 9-12 months after October 1, 2019, or 9-12 months after the DDS site rolls-on to DCPS2, whichever date is later. DCPS2 prioritized functionality is consistent in enabling this transition goal. In regular increments, DCPS2 also will continue to deploy to additional DDS sites, while prioritized functionality appropriately continues, in accordance with the product roadmap and deployment plan.

Additionally, regarding the production numbers cited in the draft report, the agency did not quantify the *case* counts or *case* percentages in DCPS2 production.² For clarity and specificity, production data for DCPS2 consistently (internally and externally) has been reported utilizing *claim* data. Nevertheless, the draft report cited that in September 2019, a DDS site utilized DCPS2 for 95 percent of disability determination production,³ while other DDS sites were cited at the 86, 84, 79, and 78 percentiles in DCPS2 workload production.⁴ These cited percentages firmly demonstrate DCPS2 capabilities in actual use in the workplace.

Thank you, again, for the opportunity to review the draft report. Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

² Draft report at pp.2, 5, 8, and 16; Figure 2 on p.6; and Table 2 on p.7.

³ Draft report at Table 2 on p.7, demonstrating that the Wyoming DDS site processed 95 percent of its workload in DCPS2.

⁴ Draft report at Table 2 on p.7, citing the DDS sites for Maine, Delaware, South Dakota, and Rhode Island, respectively.

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

CONNECT WITH US

The OIG Website (<https://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, "[Beyond The Numbers](#)" where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <https://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <https://oig.ssa.gov/e-updates>.

REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

Website: <https://oig.ssa.gov/report-fraud-waste-or-abuse>

Mail: Social Security Fraud Hotline
P.O. Box 17785
Baltimore, Maryland 21235

FAX: 410-597-0118

Telephone: 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

TTY: 1-866-501-2101 for the deaf or hard of hearing