Internal Report: Social Security's $300M IT Project Doesn't Work

By Administrator
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WASHINGTON (AP) — After spending nearly $300 million on a new computer system to handle disability claims, the Social Security Administration still can't get it to work. And officials can't say when it will.

Six years ago, Social Security embarked on an aggressive plan to replace outdated computer systems overwhelmed by a growing flood of disability claims. But the project has been racked by delays and mismanagement, according to an internal report commissioned by the agency.   Today, the project is still in the testing phase, and the agency can't say when it will be operational or how much it will cost.   In the meantime, people filing for disability claims face long delays at nearly every step of the process — delays that were supposed to be reduced by the new processing system.

"The program has invested $288 million over six years, delivered limited functionality and faced schedule delays as well as increasing stakeholder concerns," said a report by McKinsey & Co., a management consulting firm.

As a result, agency leaders have decided to "reset" the program in an effort to save it, the report said. As part of that effort, Social Security brought in the outside consultants from McKinsey to figure out what went wrong.

They found a massive technology initiative with no one in charge — no single person responsible for completing the project. They issued their report in June, though it was not publicly released.

As part of McKinsey's recommendations, acting Social Security Commissioner Carolyn Colvin appointed Terrie Gruber to oversee the project last month. Gruber had been an assistant deputy commissioner.

"We asked for this, this independent look, and we weren't afraid to hear what the results are," Gruber said in an interview Wednesday. "We are absolutely committed to deliver this initiative and by implementing the recommendations we obtained independently, we think we have a very good prospect on doing just that."

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The revelations come at an awkward time for Colvin. President Barack Obama nominated Colvin to a full six-year term in June, and she now faces confirmation by the Senate. Colvin was deputy commissioner for 3½ years before becoming acting commissioner in February 2013.

The Senate Finance Committee has scheduled a confirmation hearing for Colvin for July 31.

The House Oversight Committee is also looking into the computer program, and whether Social Security officials tried to bury the McKinsey report. In a letter to Colvin on Wednesday, committee leaders requested all documents and communications about the computer project since March 1.

The letter was signed by Rep. Darrell Issa, R-Calif., chairman of the Oversight Committee, and Reps. Jim Jordan, R-Ohio, and James Lankford, R-Okla. They called the project "an IT boondoggle."

The troubled computer project is known as the Disability Case Processing System, or DCPS. It was supposed to replace 54 separate, antiquated computer systems used by state Social Security offices to process disability claims. As envisioned, workers across the country would be able to use the system to process claims and track them as benefits are awarded or denied and claims are appealed.

But as of April, the system couldn't even process all new claims, let alone accurately track them as they wound their way through the system, the report said. In all, more than 380 problems were still outstanding, and users hadn't even started testing the ability of the system to handle applications from children.

"The DCPS project is adrift, the scope of the project is ambiguous, the project has been poorly executed, and the project's development lacks leadership," the three lawmakers said in their letter to Colvin.

Maryland-based Lockheed Martin was selected in 2011 as the prime contractor on the project.

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At the time, the company valued the contract at up to $200 million, according to a press release.

McKinsey's report does not specifically fault Lockheed but raises the possibility of changing vendors and says Social Security officials need to better manage the project.

Gruber said Social Security will continue to work with Lockheed "to make sure that we are successful in the delivery of this program."

Steve Field, a spokesman for Lockheed Martin, would only say that the company is committed to delivering the program.

Nearly 11 million disabled workers, spouses and children get Social Security disability benefits. That's a 45 percent increase from a decade ago. The average monthly benefit for a disabled worker is $1,146.

The report comes as the disability program edges toward the brink of insolvency. The trust fund that supports Social Security's disability program is projected to run out of money in 2016. At that point, the system will collect only enough money in payroll taxes to pay 80 percent of benefits, triggering an automatic 20 percent cut in benefits.

Congress could redirect money from Social Security's much bigger retirement program to shore up the disability program, as it did in 1994. But that would worsen the finances of the retirement program, which is facing its own long-term financial problems.

Social Security disability claims are first processed through a network of field offices and state agencies called Disability Determination Services. There are 54 of these offices, and they all use different computer systems, Gruber said.

If your claim is rejected, you can ask the state agency to reconsider. If your claim is rejected again, you can appeal to an administrative law judge, who is employed by the Social Security

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It takes more than 100 days, on average, to processing initial applications, according to agency data. The average processing time for a hearing before an administrative law judge is more than 400 days.

The new processing system is supposed to help alleviate some of these delays.