Part I: Introduction to SSA's FY 2003 Annual Performance Plan

The Social Security Administration's (SSA) fifth Annual Performance Plan (APP) demonstrates our continuing commitment to managing for results and continuously improving our service to the American public. As the most successful domestic program in our nation's history, Social Security is fundamental to our economic security, and thus contributes to the basic well-being, health and quality of life of the American people.

In this FY 2003 Annual Performance Plan (APP), we tell the American people, Congress, our employees and the 180 million citizens we serve the results we will deliver in FY 2003. Our APP is integrated with the President's FY 2003 budget request for SSA by clearly defining performance commitments for FY 2003 that the President's budget supports, both in terms of quantifiable public service and program integrity workloads and selected outcomes.

This Annual Performance Plan is driven by Commissioner Barnhart's commitment to service, stewardship, and solvency; the five strategic goals in SSA's current strategic plan, "*Mastering the Challenge*"; and the President's government-wide management reforms.

SSA's Five Strategic Goals

These goals are derived from SSA's mission, which is "To promote the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs." They represent the concrete outcomes we aim to achieve through our programs and service delivery mechanisms. The five goals are:

A. Delivering citizen-centered world-class service
B. Ensuring the integrity of Social Security programs with zero tolerance for fraud and abuse
C. Strengthening public understanding of Social Security programs
D. Being an employer that values and invests in each employee
E. Promoting valued, strong, and responsive Social Security programs and conducting effective policy development, research, and program evaluation

The President's Management Agenda

The President's Management Agenda (PMA) includes five government-wide initiatives that are intended to work together as a mutually reinforcing set of reforms. A Management Scorecard is issued to each agency to measure progress on the reforms. We have incorporated these management reforms into our FY 2003 budget request and Performance Plan. The initiatives are:

1. Strategic Management of Human Capital
2. Competitive Sourcing
3. Improved Financial Performance
4. Expanded Electronic Government
5. Budget and Performance Integration

SSA's Next Agency Strategic Plan
The Government Performance and Results Act requires agencies to publish their next Agency Strategic Plan (ASP) by September 30, 2003. The new SSA management team intends to produce a new ASP this year.

Our next ASP will refine our plans to achieve improved service and greater stewardship and to work for program solvency. It will incorporate our strategies to achieve the objectives of the President's Management Agenda and the actions and investments necessary to respond to our recently initiated Service Delivery Assessment. Upon completion of this assessment, SSA will be able to relate the desired level of service to current service levels, determine the necessary actions to provide those service levels, and develop a timetable and budgets by which to pursue aggressive, but realistic efficiencies. It will also help us prepare to handle the significant workload growth we will experience this decade, as the baby boom generation reaches its peak years of disability risk and will begin to retire.

Part II: Overview of SSA's FY 2003 Annual Performance Plan

SSA's Strategic Goals, Objectives and Performance Measures

Our Agency Strategic Plan, "*Mastering the Challenge*" describes the dual requirements that SSA prepare itself for a vastly different future, and at the same time strive to improve its present performance and service. It sets the course for FY 2005 so that we can achieve concrete results, improve service to the public, strengthen program integrity, increase the public's knowledge of our programs, and enhance our policymaking capacity to support the national debate and discussion on the future of the programs we administer. It guides us as we invest in our most valuable asset, our employees, and to make continued investments in technology.

Each of our five broad Strategic Goals has one or more supporting Strategic Objectives that add specificity and define what each goal means. Whenever possible, objectives are expressed in quantitative terms and specify long-range performance levels.

SSA's five Strategic Goals and supporting Strategic Objectives are:

A. To deliver citizen-centered world-class service: This goal encompasses the full range of services that we provide the public in all of our programs, and through all modes of delivering that service -- telephone, in-person, the Internet, automated self-service, mail, and through third parties.

Objectives	
	1. By 2004 and beyond, have 9 out of 10 people who do business with SSA rate the overall service as "good," "very good," or "excellent," with most rating it as excellent
	2. By 2005, make 67 percent of the public's interactions with SSA, including citizen-initiated services, available either electronically via the Internet or through automated telephone service, and provide the public interacting with SSA on the Internet with the option of communicating with an SSA employee while online
	3. Increase electronic access to information needed to serve the public
	4. Maintain the accuracy, timeliness and efficiency of service to people applying for OASI and SSI aged benefits
	5. Improve the accuracy, timeliness and efficiency of service to people applying for DI and SSI disability benefits
	6. Improve the accuracy, timeliness and efficiency of service to people requesting hearings or appeals
	7. By 2007, increase by 100 percent from 1999 levels, the number of SSDI and SSI disability beneficiaries who achieve steady employment and no longer receive cash benefits
	8. Improve or maintain the accuracy, timeliness and efficiency of processing postentitlement actions
	9. Maintain through 2005 the accuracy, timeliness and efficiency of service to people applying for Social Security numbers and replacement cards

B. *To ensure the integrity of Social Security programs, with zero tolerance for fraud and abuse:* This goal addresses our responsibility to pay benefits accurately and be a good steward of the money entrusted to us. This responsibility entails establishing and maintaining records of individuals' earnings for use in determining entitlement to benefits; making accurate eligibility and entitlement decisions; preventing, detecting, and collecting overpayments; deterring, identifying and combating fraud; and ensuring efficient administrative operations.

Objectives	1. Beginning 2002 and through 2005, maintain at 99.8 percent the overpayment and underpayment accuracy based on non-medical factors of eligibility of OASDI payment outlays
	2. By 2005, raise to 96 percent the overpayment accuracy based on non-medical factors of eligibility of SSI disabled and aged payment outlays
	3. To become current with DI and SSI CDR requirements by FY 2002, and remain current thereafter
	4. Maintain timeliness and improve accuracy and efficiency in posting earnings data to Agency records
	5. Through 2005, maintain a level of outstanding debt that is either in a repayment agreement, under appeal or newly detected
	6. Aggressively deter, identify and resolve fraud

C. *To strengthen public understanding of Social Security programs*: This goal addresses our responsibility to the American public to ensure they understand the benefits provided by our Social Security programs.

Objective	1. By 2005, 9 out of 10 Americans (adults age 18 and over) will be knowledgeable about Social Security programs in three important areas: basic program facts, value of Social Security programs, and financing Social Security programs

D. *To be an employer that values and invests in each employee:* This goal focuses on our most important asset - the employees of SSA. We will ensure that SSA continues to have the diverse, highly skilled, high performing, and highly motivated workforce that is necessary for us to provide world-class service now and in the future. This goal helps us strengthen our human capital investments and improve the way we manage and support our employees.

Objectives	1. To recruit, develop, and retain a diverse, well-qualified workforce with the capacity to perform effectively in a changing future environment
	2. To provide the necessary tools, training and continuous learning opportunities to maintain a highly skilled and high-performing workforce
	3. To provide a physical environment that promotes the health and well-being of every employee

E. To promote valued, strong, and responsive Social Security programs and conduct effective policy development, research, and program evaluation: This goal reflects our responsibility to address critical short and long-term Social Security and Supplemental Security Income issues and to assess program performance. We are working to provide information and policy options, as well as to improve program outcomes.

Objectives	1. Promote policy changes, based on research, evaluation and analysis, that shape the OASI and DI programs in a manner that takes account of future demographic and economic challenges, provides an adequate base of economic security for workers and their dependents, and protects vulnerable populations
	2. Promote policy changes, based on research, evaluation and analysis, that shape the SSI program in a manner that protects vulnerable populations, anticipates the evolving needs of SSI populations, and integrates SSI benefits with other benefit programs to provide a safety net for aged, blind, and disabled individuals
	3. Promote policy changes, based on research, evaluation and analysis, that shape the disability program in a manner that increases self-sufficiency and takes account of changing needs, based on medical, technological, demographic, job market, and societal trends
	4. Provide information for decisionmakers and others on the Social Security and Supplemental Security Income programs through objective and responsive research, evaluation, and policy development

NOTE: In the course of developing our FY 2003 Annual Performance Plan, we made adjustments to some of the Strategic Objectives in our Agency Strategic Plan. The adjusted objectives are shown above and in Appendix C on page 140.

Supporting Performance Measures:
Each Strategic Objective is supported by one or more Performance Indicators, which we use to measure our success relative to achieving our objectives. Most of our Performance Indicators are either outcomes or outputs, and all are measurable. Some Performance Indicators are appropriately expressed in terms of milestones or deliverables of activities.

We set annual performance targets for each Indicator. The FY 2003 targets are our commitments to achieve specific results in the year concomitant with the SSA funding in the President's budget. Appendix B, page 127, displays all our measurable targets.

In setting targets, we take into consideration what we know about desired service levels, actual performance to-date, what we need to do to move toward reaching our longer-term goals, and the resources we will have available to do the necessary work. We also consider the environmental and external factors that may affect our performance and the strategies needed to mitigate them.

NOTE: In the course of developing our FY 2003 Annual Performance Plan and FY 2003 performance targets, we made adjustments to some of our supporting performance measures and made these changes effective FY 2002. We identify the revised indicators and revised FY 2002 targets and the bases for the changes in Appendix C, page 140.

Achieving Performance Goals

In order to achieve our Strategic Goals and Objectives, we need to:

- Understand the environmental and external factors that will have an impact on our performance;
  - *(In Parts V and VI, we discuss the environmental and external factors that may affect achievement of each Strategic Objective and our strategies to mitigate them.)*
- Make the right decisions on information technology and other capital investments. These investments are key to realizing gains in efficiencies, enabling Internet-based and other service enhancements, and achieving improvements in data quality and management information;
- Implement innovative and effective human capital and management strategies. The service delivery assessment we are undertaking will help to guide our future actions to reach service delivery goals and reflect such plans in future budgets;
- Develop and implement sets of strategies and activities leading to the achievement of each strategic objective. Included in these strategies are 24 **Key Initiatives** supported in the SSA budget.
  - *(In Parts V and VI, we discuss our strategies for achievement of each Strategic Objective. Part V highlights 13 Key Strategic Objectives and 22 Key Performance Indicators that we believe are the most important gauges of our performance in FY 2003. We discuss our historical performance and means and strategies for achieving our FY 2003 targets. Part VI displays all our Strategic Objectives and Performance Indicators, and describes our means and strategies, historical performance, data sources and definitions.)*

Strategic Goals will:

- Address four key issues facing the Agency that the Commissioner has designated as her priorities: solvency, service, stewardship, and staffing;
- Support the President's Management Agenda and move forward with improvements to meet its goals;
  - *(In Part IV, we discuss SSA's scorecard that will be used to track our performance. We also discuss our improvement plans.)*
- Address the Major Management Challenges, as designated by the General Accounting Office and SSA's Office of Inspector General, that face us. Many of these challenges focus on the same areas as the President's Management Agenda; and
  - *(We discuss how we are addressing these challenges in Part VII.)*
- Address service delivery issues raised by the Social Security Advisory Board and systems security recommendations of independent auditors.

Whether identified internally at SSA or externally by interested parties, common themes run through these high priority areas and challenges. The following chart displays this consistency.

Commissioner Priorities	Strategic Goals	President's Management Agenda	President's Budget	Major Management Challenges		Social Security Advisory Board
				OIG	GAO	
Solvency	Responsive Programs		Strengthening Social Security for the Long Term		Active Research and Policy Role	Solvency and Policy
Service	World Class Service	E-Government	Administering Benefits Improving Performance	Service Delivery Management of DI process	Service Delivery Improve DI claims process and Return To Work	Service to the Public
	Strengthen Public Understanding of Social Security					Increase Public Understanding
Stewardship	Program Integrity	Improved Financial Management	Stewardship Strengthening Management	Improper DI payments Systems Security and Controls SSN misuse and privacy Fraud Earnings reporting Representative payee process	SSI High-Risk Information Security	Disability Reform SSI Case Handling Quality SSN Misuse
		Competitive Sourcing				
		Budget/ Performance Integration		Performance, Management, and Data Reliability		
Staff	Valued Employees	Human Capital		Human Capital	Human Capital	Staffing -Hiring -Training -Management -Work Measurement

Part III: Our Programs, Organization and Budget

Our Programs

In 1937, the Social Security Act established a program to help protect aged Americans against the loss of income due to retirement. Protection for survivors of deceased workers was added in 1939, creating the Old Age and Survivors Insurance (OASI) program. Social Security was again expanded in 1956 to include the Disability Insurance (DI) program. SSA's responsibilities also include administration of the Supplemental Security Income (SSI) program added in 1972, and Special Benefits for Certain World War II Veterans (title VIII) added in 1999.

Old Age and Survivors Insurance (OASI) and Disability Insurance (DI) Programs

The combined Old Age and Survivors and Disability Insurance (OASDI) programs, commonly referred to as Social Security, provide a comprehensive package of protection against the loss of earnings due to retirement, disability and death. Monthly cash benefits are financed through payroll taxes paid by workers and their employers, and by self-employed people. Social Security is intended to replace a portion of these lost earnings, and people are encouraged to supplement Social Security with savings, pensions, investments and other insurance. Social Security benefits have significantly improved the economic well-being of the nation. In 1936, most of the nation's elderly lived in poverty. Over the past 30 years, poverty among the elderly has been reduced by 59 percent. Today, monthly benefits have significantly improved the quality of life of elderly Americans and millions more receiving survivors and disability benefits.

OASI: To qualify for OASI benefits, a worker born after 1928 must have paid Social Security taxes for at least 10 years (40 credits). People born before 1929 need fewer credits to qualify. Nine out of ten working Americans can count on benefits when they retire, with reduced benefits payable as early as age 62. Benefits are also paid to certain members of retired workers' families and survivors. About 98 percent of children under age 18 and spouses with children in their care under age 16 can count on benefits if a working parent dies. Ninety-one percent of people age 65 or over in calendar year 2000 were receiving benefits. For the fiscal year ending September 30, 2001, an average of 38.8 million Americans were receiving OASI benefits. In 2000, the family income of 16 percent of aged, unmarried beneficiaries fell below the poverty line. In 2000, only 3 percent of married couples had income below the poverty level.

DI: DI benefits provide a continuing income base for eligible workers who have qualifying disabilities, and for eligible members of their families. To qualify for DI benefits, an individual must have had a certain amount of recent and covered work. Three of four working Americans age 21-64 can count on receiving benefits if they become disabled. Workers are considered disabled if they have a medically determinable physical or mental impairment that prevents them from engaging in substantial gainful activity (SGA), i.e., earning $780 per month[1]. The condition must be expected to last for a continuous period of at least 12 months or to result in death. Once the benefits begin, they continue for as long as the worker is disabled and does not perform substantial gainful work. There are provisions that provide incentives and support to help disability beneficiaries return to work. DI cases are reviewed periodically to determine if the worker continues to be disabled. For the fiscal year ending September 30, 2001, an average of 6.7 million Americans were receiving DI benefits.

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[1] SGA is subject to change in future years and is higher for the blind

Supplemental Security Income (SSI) Program

SSI is a means-tested program designed to provide or supplement the income of aged, blind or disabled people with limited income and resources. SSI payments and related administrative expenses are financed from general tax revenues, not from Social Security trust funds. Qualified recipients receive monthly cash payments from SSA sufficient to raise their income to the level guaranteed by the Federal SSI program.

Adults age 65 and older can receive SSI. Adults and children can receive SSI payments because of disability or blindness. The definition of disability for adults to qualify for the SSI program, as well as in continuing disability review procedures, are the same as those used in the DI program. There is a separate definition of disability for children seeking SSI benefits. There are general provisions to encourage working and special work incentives to those beneficiaries who have disabilities or are blind.

The Federal benefit rate and eligibility requirements are uniform nationwide. However, those with other income receive less since benefits may be reduced by the income they receive from other sources. SSI recipients with no other income receive the full SSI Federal benefit, which is 73.6 percent of the federal poverty level for an individual and 82 percent for a couple. The portion of the poverty gap not filled by Federal SSI may be filled by State SSI supplementation payments. Also, SSI recipients may be eligible for food stamps, Medicaid and social services. For the fiscal year ending September 30, 2001, an average of 6.4 million people were receiving SSI benefits.

Special Benefits for Certain World War II Veterans

Title VIII of the Social Security Act, enacted December 14, 1999 as part of the Foster Care Independence Act of 1999, provides a monthly cash payment to certain World War II veterans. They must be eligible for SSI in both December 1999 and the month in which they file an application for these special benefits, and reside outside of the 50 States, the District of Columbia and the Northern Mariana Islands. Payments began in May 2000. For the fiscal year ending September 30, 2001, about 2000 veterans were receiving these benefits.

Support to Other Programs

In addition to its basic programs, we provide a significant measure of service delivery support to other programs, particularly Black Lung, Medicare, Medicaid, Food Stamps and Railroad Retirement. We have integrated Medicare and Medicaid services into our Social Security and SSI processes under the terms of agreements with the Centers for Medicare and Medicaid Services (CMS) and the States.

Our Organization

The Social Security Administration's organization features centralized management of the Social Security and Supplemental Security Income programs and a decentralized nationwide network of 10 Regional Offices overseeing 1,337 Field Offices, 36 Teleservice Centers (800-Number), and 6 Program Service Centers. In addition, we have 138 Hearing Offices and 10 Office of Hearings and Appeals (OHA) Regional Offices overseen by the Office of Hearings and Appeals headquarters.

Our organizational structure is designed to provide timely, accurate and responsive service to the American public. All components within SSA's Central Office provide critical support to our field structure, including uniform policy development, procedures, information technology, administrative functions and much more. By integrating support services for all of the programs we administer, we enhance efficiency, avoid duplication of effort and increase opportunities to provide one-stop service to the public.

The Field Offices are located in cities and rural communities across the country, and are the primary points for face-to-face contact with the public. The Field Office is a place where an individual can apply for a Social Security number, check on his or her earnings record, apply for Social Security and SSI benefits, enroll for medical insurance (Medicare), appeal unfavorable decisions, report changes in their circumstances, and transact other program business. The Teleservice Centers offer a variety of services via our national toll-free telephone number (1-800-772-1213). Most business, such as filing claims and reporting changes to beneficiary records can be handled by calling our 800-number; and we are expanding the range of services available via Internet. The Hearing Offices and Appeals Council adjudicate requests for appeals of agency decisions. Our Program Service Centers and Data Operations Center process claims (including Internet applications), postentitlement actions, and workloads that cannot be processed in our field offices, as well as take 800-number calls. Our Office of Central Operations processes foreign claims and activities, disability actions, and earnings issues.

SSA employed approximately 64,800 employees as of May 2001. Of these, 54,300 - amounting to over 80 percent - provide direct public service in our field offices, teleservice centers, processing centers, and hearing offices. The public is most aware of our 33,700 front-line employees working in field offices and teleservice centers. They include about 16,800 Claims Representatives (CRs) and 5,000 Service Representatives (SRs) in field offices, about 4,000 Telephone Service Representatives (TSRs) in teleservice centers, plus other types of front-line employees. Although our total employee count has been reduced dramatically over the last 15 years, the number of front-line employees has increased from 24 percent to approximately 40 percent of total SSA employees. Our large State Disability Determination Services (DDS) workforce, of which approximately 90 percent are direct service employees, is supported administratively by SSA's central and regional components, and in our plans and budgets. They along with SSA's front-line employees provide the foundation for the service we deliver every day. In the future, we anticipate significant numbers of employees will provide service to the public over the Internet. SSA's remaining employees perform equally important functions in developing our systems, developing/implementing policy, supporting our workforce, providing our workspaces, managing our financial well-being and much more. Each and every employee has an important role to play in the success of our Social Security programs.

Our Budget Structure

Our budget has two distinct parts – the program budget and the administrative budget. The program budget covers the benefits we pay to individuals, while the administrative budget covers the costs of administering our programs and serving the American people. The program budget is considered part of the entitlement

portion of the Federal budget. Eight separate accounts comprise our overall budget. These accounts are categorized by the type of appropriation from which they are funded:

Account	Type of Appropriation
Old-Age and Survivors Insurance Trust Fund	Permanent
Disability Insurance Trust Fund	Permanent
Supplemental Security Income	Annual
Special Benefits for Certain WW II Veterans	Permanent
Special Benefits for Disabled Coal Miners	Annual
Payments to Social Security Trust Funds	Permanent/Annual
Office of the Inspector General	Annual
Limitation on Administrative Expenses	Annual

Our permanent appropriations provide the funding needed to pay all entitled Social Security beneficiaries automatically; the amount spent each year is not determined through the annual appropriations process. Social Security retirement, survivors and disability insurance benefit outlays increase automatically as additional persons meet eligibility requirements and as benefit levels increase based on cost-of-living adjustments.

A very brief sketch of each SSA budget account follows:
- *Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Fund:* These accounts receive revenues from Social Security contributions and disburse benefit payments (entitlements) upon retirement, disability or death to insured workers and their families. Social Security benefit payments make up the overwhelming bulk of SSA's overall budget. These accounts are permanent appropriations.

- *Supplemental Security Income (SSI):* This annual appropriation provides for means-tested Federal payments for aged, blind and disabled persons, vocational rehabilitation services, research funding, and reimbursing the Social Security trust funds for the SSI program's share of SSA's administrative expenses.

- *Special Benefits for Certain World War II Veterans:* This permanent appropriation provides a monthly cash payment to certain World War II veterans who were eligible for SSI as of December 14, 1999, but who reside outside of the United States.

- *Special Benefits for Disabled Coal Miners (Black Lung):* This annual appropriation pays cash benefits to certain coal miners disabled due to coal workers' pneumoconiosis (black lung) and to their widows and certain other dependents.

- *Payments to Social Security Trust Funds (PTF):* This account provides general fund payments to the Social Security trust funds intended to reimburse the trust funds for certain benefits or administrative expenditures (e.g., special payments for certain uninsured persons and costs associated with pension reform) that are chargeable to Federal funds.

- *Office of the Inspector General (OIG):* This annual appropriation funds the administrative expenses of the Inspector General. Financing is provided from both the Social Security trust funds and general revenues because OIG monitors the Social Security, SSI, and Black Lung programs.

- *Limitation on Administrative Expenses (LAE):* This is SSA's basic administrative account and is an annual appropriation financed from the Social Security and Medicare trust funds. The trust funds initially fund the administrative expenses of the SSI program but are subsequently reimbursed from the

SSI account. In addition, fees paid by States for administration by SSA of their State SSI supplementation payments are used to offset the administrative cost of this service. The following table displays the LAE account by funding source (using FY 2001 actual data for illustrative purposes):

Funding Source	Budget Authority in Millions	Percent of Total
Old-Age and Survivors Insurance Trust Fund	$1,865	26.2%
Disability Insurance Trust Fund	$1,513	21.2%
Hospital Insurance Trust Fund	$ 581	8.2%
Supplementary Medical Insurance Trust Fund	$ 513	7.2%
Payment to Social Security Trust Funds for Administrative Expenses of the Supplemental Security Income Program	$2,559	35.9%
State Supplementation User Fee	$ 91	1.3%
Special Benefits for Certain WWII Veterans	$ 2	.03%

- *The LAE account pays for:*
    - Salaries and benefits of SSA Federal employees (excluding OIG);
    - Space, equipment, supplies, travel, printing and other non-payroll expenses;
    - Systems and telecommunications activities; and
    - Expenses of the State Disability Determination Services (DDS), which make disability determinations on behalf of SSA.

Alignment of our Budget with our Annual Performance Plan (APP)

We have aligned our Strategic Goals and the performance measures in our APP with our major functional responsibilities (enumeration, earnings, claims, postentitlement, and informing the public) rather than by program accounts (e.g., Old Age and Survivor or Disability). We have done this because our programs and employees serve many of the same people, and rely on a common set of functional responsibilities or business processes. Our organizational structure is such that direct service and support employees provide services linked to these functional responsibilities or business processes, as opposed to a specific program. To highlight, here are just a few examples:

- Many of our SSI applicants are also OASI or DI applicants;
- While there are a few legislative differences in the disability criteria for the DI and SSI programs, the processes we use to determine eligibility for DI and SSI disability benefits vary only slightly;
- Much of our research and policy development in the area of disability supports both the DI and SSI programs; and
- We maintain earnings records and issue Social Security numbers in support of the OASI, DI and Medicare programs.

The strategic goals "To deliver citizen-centered world-class service" and "To ensure the integrity of Social Security programs with zero tolerance for fraud and abuse" support the core business of our Agency. Appendix A, page 125 illustrates selected output indicators for the major ongoing SSA workloads funded in our FY 2003 budget and anticipated in our performance plans in support of these strategic goals.

The following chart links funding amounts within the Social Security Administration's LAE, research and OIG budget accounts to our four functional strategic goals. As the fifth goal, "Valued employees", supports accomplishment of all our basic functions, resources related to it are allocated across the other four goals.

FY 2003 Current Law Administrative Budget by Strategic Goal (dollars in millions)						
Budget Accounts	World-Class Service	Program Integrity	Public Understanding	Responsive Programs	Total	Valued Employees
Limitation on Administrative Expenses	$6,147	$1,679	$81	$30	$7,937	$112[2]
Extramural Research				$30[3]	$30	N/A
Office of Inspector General		$83			$83	N/A
Total	$6,147[4]	$1,762[5]	$81[6]	$60[7]	$8,050[8]	$112

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[2] Costs allocated to the Valued Employee goal fund SSA's Office of Human Resources and certain other physical security and environmental health costs, including guard services for SSA headquarters.

[3] Excludes $15.5 million for trust fund financed demonstration projects authorized by Section 234 of the Social Security Act.

[4] Funds, day-to-day work generated by service requests from the public and implementation of SSA's Ticket-to-Work and Self- Sufficiency Program.

[5] Funds full range of SSA and OIG activities to ensure the integrity of records and payments, and to protect the trust funds and general funds.

[6] Funds issuance of Social Security statements and distribution of public educational products.

[7] Funds, salaries and expenses to support responsive policy solutions and demonstration projects authorized by Section 234 of the Social Security Act.

[8] Current law amounts above do not reflect the Administration's proposal to charge the full cost of accruing Federal employee retirement and annuitant health benefits to agency accounts. Including the impact of the proposed change increases the Limitation on Administrative Expenses account to $8,283 million and the OIG request to $87 million.

Selected Budgeted Workloads in Support of Strategic Goals

The selected budgeted workloads, shown in the tables below, are major categories of our work that provide service and/or ensure the integrity of our programs. These substantial day-to-day base workloads are the largest factor driving overall SSA administrative resource needs. The charts display the estimated administrative costs allocated to process workloads in support of our strategic goals, and the amount of work we can accomplish in each category (output measures) with the budget requested for FY 2003.

Strategic Goal: To deliver citizen-centered world-class service

Workload	Dollar Amount (millions)	Output Measure
RSI Claims Processed	$719	3,109,200
Initial Disability Claims Processed	$2,137	2,200,900
Initial Disability Claims Pending	N/A	783,000
SSI Aged Claims Processed	$62	157,100
Hearings Processed	$1,200	544,100
Hearings Pending	N/A	587,000
Other Appellate Actions[9]	$573	978,700
SSN Requests	$298	17,012,400
800# Calls Handled	$391 (non add)	63,300,000
Other Postentitlement Workloads[10]	$1,158	N/A
Total	**$6,147**	**N/A**

Strategic Goal: To ensure the integrity of Social Security programs, with zero tolerance for fraud and abuse

Workload	Dollar Amount (millions)	Output Measure
Continuing Disability Reviews (CDRs)	$655	1,380,000
SSI Non-Disability Redeterminations	$411	2,455,000
Annual Earnings Items Processed	$129	272,500,000
Representative Payee Actions	$157	6,551,400
Overpayment Actions	$230	2,433,500
OIG Activities	$83	N/A
Other Postentitlement Workloads[11]	$97	N/A
Total	**$1,762**	**N/A**

Note: Historical workload volume data and our FY 2003 workload estimates are located in Appendix A, page 125.

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[9] Includes reconsiderations, reviews before the Appeals Council, court cases and remands.

[10] Includes SSA actions devoted to maintaining the RSI, DI, SSI and Black Lung benefit rolls after final development and determination of an initial claim. Examples of workloads processed include changes of address, status changes due to marriage, death, etc., benefit recomputations and check non-receipt claims.

[11] Includes annual reports of earnings and school attendance reports.

Part IV: The President's Management Agenda

The President's Management Agenda includes five government-wide initiatives that are intended to work together as a mutually reinforcing set of reforms to help government achieve better results. They are:

1. Strategic Management of Human Capital;
2. Competitive Sourcing;
3. Improved Financial Performance;
4. Expanded Electronic Government; and
5. Budget and Performance Integration.

To ensure accountability for performance and results, the Administration is using an Executive Branch Management Scorecard. The Scorecard is being used to track how well departments and agencies are executing the management initiatives, and to evaluate performance at a given point in time against the overall standards for success. The scorecard uses a simple "traffic light' grading system: green for success, yellow for mixed results, and red for unsatisfactory. Scores are based on five standards for success and provide a baseline for achieving improvement.

SSA's Scorecard

SSA received one of the best evaluations overall on the Federal Government's management scorecard as compared with other Departments and major Agencies.

While we are pleased with our evaluation relative to other agencies, we recognize that SSA has much room for improvement. Following is the President's Management Scorecard for SSA, excerpted from the President's FY 2003 budget chapter on the Social Security Administration. It reflects SSA's baseline of performance as of the end of FY 2001.

Strategic Management of Human Capital (yellow) — "SSA has reduced its supervisor to employee ratio from 1:8 in 1990 to its current level of 1:14, which is one of the lowest percentages of the 23 largest federal agencies. In addition, from 1990 to 2001, SSA increased the number of front-line workers by over 5,000 while its workforce shrank two percent. However, given the expected future workloads and the state of customer service, there is a compelling argument for additional redeployment of staff to front-line positions."

Competitive Sourcing (red) — "While SSA identifies 19 percent of its workforce as performing commercial tasks, there remain significant additional positions to be classified as commercial. SSA will implement a management plan for increasing competitive sourcing that identifies by function and location the competitions or direct conversions to be conducted as well as a time line for when and how they will take place. The management and competition plan will describe the strategies used to ensure that at least 5 percent of commercial positions will be competed or directly converted in 2002, and that SSA will compete or directly convert at least 15 percent of the commercial positions by 2003 to meet the Administration's two-year goal in a broader effort to eventually compete at least 50 percent of all commercial activities."

Improved Financial Management (yellow) — "In 2001, SSA received an unqualified audit opinion on its financial statements, and its accounting and internal control systems met federal standards. However, SSA does not have fully integrated financial and operating management systems, which support day-to-day decisionmaking. SSA is on track to integrate its financial and performance management systems, and we will continue to integrate them through implementation of a new cost accounting system in 2002.

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Another key performance area is reducing erroneous payments. The problem plagues the Agency's Supplemental Security Income (SSI) program, which remains a high-risk program due to improper payments. In recent years, SSA has increased its funding for initiatives focused on identifying erroneous payments. The 2003 Budget will enable SSA to increase SSI non-disability redeterminations by 9 percent and achieve a payment accuracy rate of 94.7 percent."

Expanded Electronic Government (e-gov) (yellow) — "SSA has a broad strategic goal of attaining a paperless environment by 2010. SSA has taken constructive steps in the last two years by rapidly expanding online customer service options. These include retirement claims, Medicare replacement cards, online "account" status, access to change one's address and telephone number, and direct deposit. Despite these new services, SSA remains a paper-driven agency that still relies on moving claims folders from one site to the next for processing. To address this issue, SSA will give high priority to e-Government projects that will result in large productivity increases by improving the business process. One example is the "e-dib" project, a paperless process centered on employees sharing an electronic folder in a secure environment to review disability beneficiaries' files.

SSA's capital planning process has improved markedly over the last two years. However, SSA will improve its risk management assessment, set performance goals associated with specific information technology (IT) projects, and develop a cost-tracking system that consolidates cost information for IT projects."

Budget/Performance Integration (red) — "SSA has a wide range of performance measures for the various activities the Agency conducts. However, SSA needs to strengthen the linkage between performance and funding. Currently, SSA's budget relates funding to outputs, by calculating the workforce it needs to process all of the work it expects to receive at given production rates, taking account of planned efficiencies and other changes. Only in a few activities (Continuing Disability Reviews and SSI Redeterminations) does SSA have costs specifically aligned with outcome measures. SSA will improve its ability to present a performance budget that permits direct comparisons between incremental budgeted amounts and outcomes in specific activities."

Our Improvement Plans

In support of the President's Management Agenda, over the next several years we will continue to build an SSA that is:
• Citizen-centered — building on our excellent record of public service;
• Results-oriented — not activity focused; and
• Market-based — increasing emphasis on innovation and competition.

Following is a narrative for each Presidential Initiative that explains what we have already accomplished and where we are going from here.

Presidential Initiative: Strategic Management of Human Capital
One of the cornerstones of our Agency is our commitment to quality front-line service to the public. Despite a dramatic reduction in our overall staffing level since 1985, we have increased our front-line claims representative positions to 16,800, the highest number in the history of SSA. We also have 5,000 service representatives in field offices and 4,000 telephone representatives in our teleservice centers.

Our Agency faces explosive workload growth as the baby boom generation ages, becomes more prone to disabilities, and retires. At the same time, we face our own internal retirement wave, with the projected loss of more than 38,000 SSA employees to retirement and other attrition throughout this and the next decade.

Although we continually strive to enhance productivity through automation and other service enhancements, maintaining an adequate workforce is critical.

We will continually assess Agency workloads and other responsibilities to be sure critical staffing needs are met, with replacement of front-line service positions the top staffing priority.

To mitigate the impact of the retirement wave, our 5-year Future Workforce Transition Plan is helping us progress from the workforce we have today to the workforce needed for the future. We are developing new strategies to 1) replenish our workforce, 2) broaden the capabilities of our current employees, 3)continue our strong management and executive development programs, and 4)improve workforce retention.

Related Goals:
- Increase the retention rate of new hires. See Part VI, page 96
- Continue to implement the SSA Future Workforce Plan. See Part V, page 58and VI, page 97

Presidential Initiative: Competitive Sourcing
The President's commitment is to increase the proportion of commercial positions listed in Agency Federal Activities Inventory Reform Act (FAIR Act) inventories subject to competition with the private sector. Agencies are developing plans to compete 5 percent of these positions by FY 2002 and another 10 percent by the end of FY 2003.

We submitted our commercial inventory to OMB on June 29, 2001, consistent with the FAIR Act and OMB guidance. The inventory included approximately 11,900 positions classified as commercial in nature, or 19 percent of the total full-time and part-time positions at SSA.

To meet the President's FY 2002 and FY 2003 goals, we would need to offer for private sector competition about 600 positions in FY 2002 and another 1,200 in FY 2003, for a total of over 1,800 over the 2 year period. We plan to meet these goals by reviewing activities in our 2001 FAIR Act inventory, and moving forward with those that are appropriate for private sector competition.

Our Commitments:
- FY 2002: Compete 5 percent of SSA positions appropriate for public-private competition or direct conversion to the private sector.
- FY 2003: Compete an additional 10 percent of SSA positions appropriate for public-private competition or direct conversion to the private sector.

Presidential Initiative: Improve Financial Performance
We have an established track record of sound financial management at SSA. For the past seven years, our financial statements have received an unqualified or "clean" opinion on our financial statement audits. SSA is on track to integrating its financial and performance management systems, and will continue to integrate them through implementation of a new cost accounting system in FY 2002.

A major aspect of this Presidential initiative is for agencies to ensure that federal financial systems produce accurate and timely information to support operating, budget and policy decisions and that financial systems remain compliant with federal regulations. Agencies should also expand the use of web-based technologies. SSA is in the process of replacing its accounting system with a JFMIP certified web-based system and is currently testing the new system to ensure its compatibility in the SSA environment. The system is scheduled to be in production as the Agency's system of record at the start of FY 2004.

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Another key performance area is reducing erroneous payments. This FY 2003 Annual Performance Plan (APP) and our FY 2003 budget submission continue our established practice of including the accuracy of benefits paid, both actual performance data and future performance goals. The APP also describes our initiatives and strategies for achieving our performance targets.

SSA's efforts to improve payment accuracy encompass a broad range of activities designed to identify and prevent erroneous payments, and to aggressively seek recovery of identified overpayments. These efforts include significant budget investments in continuing disability reviews (CDRs) and SSI non-disability redeterminations, as well as continued emphasis on the use of computer matches to identify and eliminate overpayments.

In recent years, we have increased funding for initiatives focused on identifying erroneous payments. Our FY 2003 budget request includes funding to conduct almost 2.5 million SSI non-disability redeterminations, an increase of 200,000 from the level budgeted for FY 2002, and to process nearly 1.4 million CDRs on time. These tools save the taxpayer billions of program dollars.

Related Goals:
- Percent of OASDI payment outlays "free" of overpayments and underpayments (based on non-medical factors of eligibility). *See Part V, page 43*
- Percent of employer reports (W- 2s) filed electronically. *See Part V, page 50.*
- SSI overpayment and underpayment accuracy rate based on non-medical factors of eligibility. *See Part V, page 45-46.*

Presidential Initiative: Expanding Electronic Government
We recognize that demand for the convenience of electronic information and services is growing rapidly. The President's budget points to SSA as an example of an agency that has expanded electronic government through rapidly expanding online public service options.

We will pursue an aggressive education program to help the public understand and encourage their use of the many Internet and automated telephone service options that SSA already has put in place.

We will also continue to expand electronic service delivery channels, placing high priority on projects that allow applicants to submit a claim electronically without having to visit a field office, and on e-government projects to improve efficiency. The President's budget will allow the Agency to maintain its existing technology infrastructure and increase services available via the Internet or through automated telephone service to our FY 2003 goal of 40 percent. Based on a thorough assessment of the types of services it is feasible to provide electronically, our goal increases to 67 percent by FY 2005. Further expansion will depend upon whether potential applications are practical and reasonable, given the nature of our work.

We are striving to provide the public with an electronic business environment that improves the effectiveness and efficiency of our service delivery. We will continue to prioritize and manage our e-government projects effectively by:
- Advancing an e-government strategy that includes specific outcomes;
- Maximizing the use of electronic means to deliver services and benefits, while promoting security and privacy;
- Creating a citizen-centered web presence and building e-government infrastructures at SSA and across other agencies, including e-procurement and e-grants;
- Participating in the establishment of a government-wide single point of vendor registration;
- Improving our IT capital planning process;

- Identifying existing IT investments that can be redirected or restructured so that more of our programs will make the Government Paperwork Elimination Act (GPEA) deadline of October 2003;
- Periodically evaluating our electronic service delivery strategy keeping GPEA guidance in mind, including conducting risk analyses and developing support for electronic signature; and
- Proposing e-government investments in the FY 2003 budget request that are compliant with the Clinger-Cohen Act.

For a more detailed description of our e-government initiatives, see Part VII - under the Major Management Challenge for Service Delivery, page 104.

Related Goal:
- Percent of the public's interactions with SSA, including citizen-initiated services, available either electronically via the Internet or through automated telephone service. *See Part V, page 33.*

Commitments:
- By the end of FY 2003, we will have in operation a paperless, remote requisitioning process for 100% of SSA's headquarters offices.
- By the end of FY 2002, we will have completed market research for a fully automated grants award system and will have made the purchase decision on such a system. Based on our research, we will know whether the available state-of-the-art automated grants systems meet our needs.
- Our FY 2003 E-grants commitment will be based on whether or not we purchase an automated grants system.

Presidential Initiative: Budget and Performance Integration
We are committed to continually improving budget and performance integration, building on a strong record of working with the Appropriations committees to agree on concrete performance commitments funded by our administrative budget. This APP redesign is a key component of that commitment.

SSA already is a model for relating work outputs (e.g., claims) to its budget. We will work to incrementally improve our ability to relate marginal budget changes to more of the key expected performance outcomes.

As reflected in the President's management scorecard for SSA, only in a few activities (continuing disability reviews and SSI non-disability redeterminations) does SSA have costs specifically aligned with outcome measures. We will improve our ability to present a performance budget that permits direct comparisons between budgeted amounts and outcomes in specific activities.