Performance Goals and Results

In FY 2003, SSA made major strides toward achieving the long-term goals in the Agency Strategic Plan (ASP) for 2003-2008. The Performance and Accountability Report (PAR) is the Agency's opportunity to describe that progress. The Agency's progress is presented in the context of the Government Performance and Results Act of 1993 (GPRA). The GPRA statute requires federal agencies to develop and institutionalize processes to plan for and measure mission performance.

Background: The ASP, Annual Performance Plan (APP) and PAR comprise the main elements of SSA's response to the GPRA requirements and support the Agency's budget request. Together, these elements create a recurring cycle of planning, program execution, measurement, and reporting. By forging a strong link between resources and performance, these plans and reports show what is being accomplished, reinforce accountability for the money that is being spent, and demonstrate the effectiveness of programs.

At SSA, Agency officials and staff use these plans and reports to manage and administer Social Security's programs. They are also used by the President and Congress when formulating programmatic and policy decisions and for oversight. The public uses these plans and reports to get information about the purpose and effectiveness of SSA's programs and activities.

The FY 2004 APP and Revised Final FY 2003 APP were published in May 2003. These Agency plans revised the strategic goals, objectives, and performance measures to correspond with SSA's new Strategic Plan. Beginning in FY 2003, SSA significantly reduced the number of indicators used to measure Agency performance and structured the performance indicators to be more outcome-oriented and more meaningful to external audiences than in prior years. The FY 2003 PAR is the Agency's first report on results achieved in the context of the long-term outcomes envisioned in SSA's new ASP.

As the Agency met its day-to-day challenges, it also made considerable progress toward meeting its 5 year ASP goals, achieving its strategic performance commitments for FY 2003, and preparing for the projected workload increases and employee retirements that will occur over the next decade.

During FY 2003, SSA used 45 distinct GPRA performance indicators to manage and track Agency progress. These measures were established in SSA's Revised Final FY 2003 APP and reflect the changes in the Agency's strategic goals and objectives articulated in SSA's new ASP. The number of performance measures was significantly reduced for FY 2003 and FY 2004 to focus on SSA's most critical challenges and areas in need of improvement. SSA's performance for all GPRA measures is reported in the "GPRA Performance Results/Individual Performance Indicator Results" section on page 72, or in this section in the discussion of the Key Performance Indicators (KPI). SSA's 17 KPIs were chosen because the Agency believes they best tell the story of its efforts to address the most critical challenges. They are a sub-set of the 45 performance indicators in SSA's APP.

For a limited number of performance indicators, where actual levels of FY 2002 full year performance data were not available in time for the publication of the FY 2002 PAR, actual performance for FY 2002 is being reported in the "GPRA Performance Results/Individual Performance Indicator Results" section, on page 93 of this document. In turn, where actual levels of FY 2003 full-year performance data were not available in time for this publication, actual performance for FY 2003 will be reported in the FY 2004 PAR.

In addition, the FY 2004 APP and Revised Final FY 2003 APP presented for the first time the Office of Management and Budget's (OMB's) Program Assessment Rating Tool (PART). SSA was asked to identify performance measures and targets for the Disability Income (DI) and Supplemental Security Income (SSI) Aged programs, the two programs evaluated by OMB in the spring of 2002 and summer of 2003. While some of the measures and targets identified in PART were GPRA measures, some of the measures and targets are new.

For your reference, electronic versions of the documents discussed can be viewed at the following Internet addresses:

SSA's 2003-2008 ASP can be found at http://www.socialsecurity.gov/strategicplan.html
SSA's FY 2004 APP/Revised Final FY 2003 APP can be found at http://www.socialsecurity.gov/performance/

For a paper copy of either SSA's ASP or APP write to:
Social Security Administration
Office of Strategic Management
4215 West High Rise
6401 Security Boulevard
Baltimore, MD 21235

President's Management Agenda: SSA made significant progress in FY 2003 in support of the President's Management Agenda (PMA) in the following areas: Expanded Electronic Government, Competitive Sourcing, Improved Financial Performance, Budget and Performance Integration, and Strategic Management of Human Capital. SSA incorporated the PMA initiatives into its strategies for achieving the Agency's mission and strategic goals. Multi-year plans for achieving the goals of all five PMA initiatives were developed. SSA made PMA achievement a KPI in the Performance and Accountability Report. SSA's FY 2003 goal was to receive a "green" for progress on all five PMA initiative plans. The Agency met this goal. For FY 2004, SSA's goal is to receive a "green" for status on four of five PMA initiatives. Refer to pages 24 and 25 for a discussion of SSA's FY 2003 PMA performance.

Program Assessment Rating Tool (PART): The PART is a diagnostic tool used to examine different aspects of program performance to identify the strengths and weaknesses of a given federal program. OMB selected the DI and SSI Aged programs during its initial assessment period in 2002, and the results were published in the FY 2004 President's budget. The same two programs were reevaluated in the summer of 2003 and the results will be published in the FY 2005 President's budget. These two programs account for 50 percent of SSA's programs to be evaluated using PART. The other two programs to be evaluated are the SSI Blind and Disabled (B&D) and the Old Age, Survivors Insurance (OASI program). Next summer (2004), SSA plans to evaluate the SSI B&D program as a part of the FY 2006 budget. Therefore, by the summer of 2004, SSA will have evaluated 75 percent of its programs. The findings from the evaluation of the SSI B&D program will be published in the FY 2006 President's budget. Plans are to evaluate the OASI program in the summer of 2005 as a part of the FY 2007 budget, at which point SSA will have evaluated 100 percent of its programs. Results will be published in the FY 2007 President's budget. Refer to page 91 for a complete narrative regarding the PART reviews and performance measure results.

Major Management Challenges: The Agency also took action to address the major management challenges identified by the General Accounting Office (GAO) and SSA's Office of the Inspector General (OIG). The "Agency Challenges" section of this report, which begins on page 14, outlines these major challenges. GAO has removed the SSI program and SSA's Office of Policy from its high-risk list of government programs considered especially vulnerable to waste, fraud or abuse. In doing so, GAO recognized SSA's efforts to improve the management of the program. This section of the PAR looks at SSA's actions around each of the currently identified major management challenges in the context of the Agency's performance on the 17 KPIs.

Workloads: In FY 2003, as in prior years, the largest use of SSA's administrative resources went to processing its substantial day-to-day workloads. These workloads included:

- Paying benefits to more than 51 million people every month;

- Evaluating evidence, and making determinations of eligibility for benefits on more than 5 million new claims;

- Making decisions on almost 1.6 million hearings and appellate actions;

- Issuing over 17.5 million new and replacement Social Security Number (SSN) cards;

- Processing 257 million earnings items for crediting to workers' earnings records;

- Handling 53.7 million calls to SSA's 800-number;

- Issuing 140.6 million Social Security Statements;

- Processing at least 1.37 million continuing disability reviews (CDR); and

- Processing 2.45 million non-disability SSI redeterminations to ensure that SSI eligibility is still met.

FY 2003 Performance by Strategic Goal

This section presents a summary discussion of FY 2003 performance for each of SSA's four strategic goals including:

- The contribution of SSA's FY 2003 performance toward achieving Agency strategic goals and long-term key outcomes;

- The strategies and activities SSA undertook during FY 2003 to accomplish the results;

- The impact of actual FY 2003 performance on expected FY 2004 strategies and performance; and

- The KPI/Workload Measure results and analysis.

Strategic Goal A: To deliver high-quality, citizen-centered service

SSA's *Service* goal encompasses the Agency's traditional and electronic services to applicants for benefits, beneficiaries and the general public, as well as services to and from States, other agencies, third parties, employers and other organizations, such as financial institutions and medical providers.

This goal supports the delivery of citizen-centered service and the expansion of the e-Government element of the PMA. SSA's aim is to deliver quality service. The attributes of service that define quality include accuracy, productivity, cost, timeliness and service satisfaction.

Following is a discussion of SSA's FY 2003 accomplishments and the progress SSA made in the context of its long-term key outcomes and GAO or OIG identified Major Management Challenges for this goal:

Strategic Objective 1: Make the right decision in the Disability Process as early as possible

SSA's key long-term outcomes are to significantly reduce the time it takes for a disability claimant to receive a final Agency decision and to eliminate backlogs for disability claims at the initial hearings and appeals levels.

SSA has engaged in a number of efforts to redesign and improve the disability determination process by testing several initiatives over the past several years. SSA carefully reviewed the results of these initiatives to identify the elements that show promise. Based on this review, SSA decided to:

- Encourage early and frequent contacts with claimants during the development process;

- Eliminate the claimant conference at the end of the process; and

- Temporarily extend the "elimination of the reconsideration step" feature in the ten prototype States that are currently participating in this project, while SSA develops an alternate approach.

SSA is also considering other initiatives to improve the disability process. In fact, in testimony before the House Ways and Means Committee on September 25, 2003, the Commissioner introduced her new approach for disability determination which includes the following:

- People who are obviously disabled will receive quick decisions;

- Adjudicative accountability will be reinforced at every step in the process;

- Processing time will be reduced by at least 25 percent;

- Decisional consistency and accuracy will be increased; and

- Barriers for those who can and want to work would be removed.

Additional information on the Commissioner's approach to improving the disability program may be found on SSA's website at: http://www.socialsecurity.gov/pressoffice/pr/DDPImprovement-pr.htm.

Appeals Council — The primary tool used by SSA's Appeals Council (AC) to improve case processing has been Differential Case Management, a process where all incoming cases are reviewed and placed on different processing tracks according to the factors present in each particular case. The Office of Hearings and Appeals (OHA) also added case tracking improvements, including bar coding at the Mega-Site Folder Storage Facility, for more rapid retrieval of files needed for case processing. As a result, requests for review of pending status have declined and the average fiscal year (FY) processing time for appeals declined by more than 100 days from the prior year. As the AC continues to process the remainder of its aged cases, processing time is expected to decline further.

Accelerated Electronic Disability (AeDib) — In FY 2003 a significant portion of SSA's systems resources was dedicated to the AeDib project, which will eventually replace the current paper disability claims folder with an electronic folder. This will eliminate the need to create, mail and store paper disability files, and will allow staff to process claims by quickly accessing and retrieving information. Initial rollout of AeDib is set to begin in January 2004, with full implementation to be completed within 18 months.

Additional activities that support AeDib are:

- The use of scan-to-print technology to support the creation of electronic records (implemented in FY 2003);

- Expansion of the Electronic Disability Collection System to capture disability claims interview information (implemented in FY 2003);

- Expansion of Internet services for people who want to file for disability benefits (implemented in FY 2003);

- Development of a Case Processing and Management System to interface with the electronic folder (implementation expected in FY 2004);

- Implementation of digital recording of hearings, which will become part of the electronic folder (implementation expected in FY 2004);

- Migration of Disability Determination Services (DDSs) to an Information Technology (IT) platform that will allow them to interface with the electronic folders (ongoing implementation); and

- Development of electronic processes to speed the request and retrieval of evidence from medical and educational sources (implemented in FY 2003).

Office of Hearings and Appeals (OHA) Technology — During FY 2003, OHA distributed speech recognition software to decision writers and Administrative Law Judges (ALJs) for producing decisions, instructions and other case-related documents. This software reduces the processing time for cases where the decision was dictated on tape.
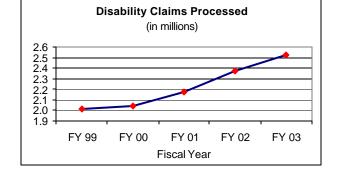
Also during FY 2003, SSA finalized plans to implement digital recording in OHA hearing offices, replacing outdated analog cassette recordings. The digital recordings will ultimately become part of electronic folders, eliminating the storage of cassette tapes and all but eliminating the remand of cases due to lost or inaudible tapes. This will free up resources to work on pending cases.

1.1 — Key Performance Indicator: *Initial Disability Claims Processed*

FY 2003 Goal: 2,498,000

Actual FY 2003 Performance: 2,526,020

SSA met its goal. In FY 2003, the DDSs placed increased emphasis on initial claims. Additional funding was provided to maintain the FY 2002 pending level and position the DDSs to eliminate initial claims backlogs in future years. The DDSs also diligently managed medical costs and increased productivity to ensure maximum results.

Disability Claims Processed
(in millions)

| **FY 1999:** 2,012,047 | **FY 2000:** 2,035,627 |
| **FY 2001:** 2,166,623 | **FY 2002:** 2,376,572 |

Trend: The number of claims processed continues to increase each year.

Data Definition: DDS count of initial disability claims processed, including disabled dependents.
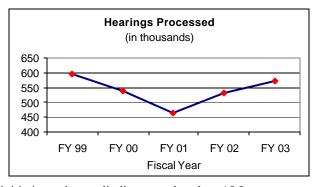
Data Source: National Disability Determination Services System.

1.2 — Key Performance Indicator: *Number of Hearings Processed*

FY 2003 Goal: 602,000

Actual FY 2003 Performance: 571,928

SSA did not meet its goal. SSA came very close to achieving the challenging goal that was set for this year, processing more than 39,000 more hearings than last year. A number of issues played a part in the Agency narrowly missing this goal. First, SSA continued to be unable to hire ALJs because of the *Azdell* litigation. Hiring additional adjudicators is critical in helping the Agency make decisions at the hearings level. Second, an initiative to have adjudicators other than ALJs process fully favorable on-the-record decisions was not implemented. This initiative, called the Senior Attorney Program, should be in place for next year. SSA had record-breaking productivity of 2.26 cases per ALJ per day. We will strive to maintain this level of ALJ productivity in order to meet the FY 2004 target.

Hearings Processed
(in thousands)

| **FY 1999:** 596,999 | **FY 2000:** 539,426 |
| **FY 2001:** 465,228 | **FY 2002:** 532,106 |

Trend: The number of hearings processed by SSA has risen by over 100,000 over the past 2 years.

Data Definition: All hearings processed by OHA, which includes hearing requests from all programs.

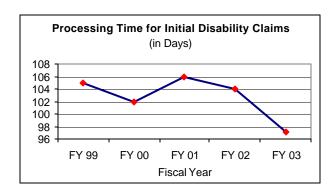*Data Source:* OHA Hearing Office Tracking System.

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1.3 — Key Performance Indicator: *Average Processing Time for Initial Disability Claims (Days)*

FY 2003 Goal: 104 days

Processing Time for Initial Disability Claims
(in Days)

Actual 2003 Performance: 97 days

SSA met its goal. The Agency provided additional funding to the DDSs to focus on processing initial disability claims. Receipt levels remained high providing a pool of quick turn-around cases that examiners could process while developing the more complex claims.

FY 1999: 105 days   **FY 2000:** 102 days
FY 2001: 106 days   **FY 2002:** 104 days

Trend: Processing time shows improvement over the past 2 years, taking approximately 7 fewer days to complete actions on disability claims.

Data Definition: This is the fiscal year average processing time for DI and SSI claims combined. Processing time is measured from the application date (or protective filing date) to either the date of the denial notice or the date the system completes processing of an award.
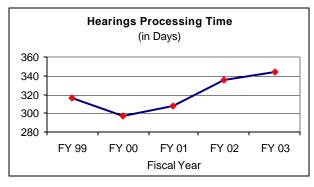
Data Source: Title II MIICR Processing Time and Title XVI SSICR Processing Time Systems.

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1.4 — Key Performance Indicator: *Average Processing Time for Hearings (Days)*

FY 2003 Goal: 352 days

Hearings Processing Time
(in Days)

Actual FY 2003 Performance: 344 days

SSA met its goal. Despite meeting SSA's FY 2003 goal, hearing processing time continues to edge higher. The number of Medicare hearings receipts has been lower than anticipated. Certain types of Medicare cases are much faster and easier to process. Therefore, having fewer Medicare hearings contributed to an increasing average processing time and a lower number of hearings processed per workyear (PPWY). In FY 2004, SSA expects to begin hiring ALJs and support staff, which should help meet the target. The full benefit of this additional staff should be seen in FY 2005 when the new ALJs are fully productive. This year, the Agency's efforts resulted in record-breaking productivity of 2.26 cases per ALJ per day, which helped SSA meet the processing time goal.

FY 1999: 316 days   **FY 2000:** 297 days
FY 2001: 308 days   **FY 2002:** 336 days

Trend: SSA expects a steady rise in the number of cases pending in FY 2004. This, combined with SSA's past inability to hire ALJs because of the *Azdell* litigation, will likely cause the average processing time to continue to increase over the next year. The process for hiring ALJs takes a minimum of 3 months. To staff some of the Agency's most critical needs, SSA plans to hire a limited number of ALJs in FY 2004 from the existing Office of Personnel Management (OPM) register which has not been open to new applicants since 1999. The Agency will then hire a substantial number of ALJs in FY 2005 once the OPM register is updated.

Data Definition: Beginning FY 2000, this indicator was redefined, from the one included in the FY 1999 APP, to represent the average elapsed time (from the hearing request date until the date of the notice of the decision) of all hearing-level cases processed during all months of the fiscal year. The FY 1999 APP measure reflected the average elapsed time of hearing-level cases processed only in the last month of the FY (September).
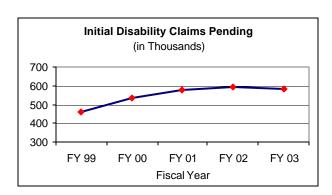
Data Source: Hearing Office Tracking System (HOTS).

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1.5 — Key Performance Indicator: *Number of Initial Disability Claims Pending*

FY 2003 Goal: 593,000

Actual FY 2003 Performance: 581,929

SSA met its goal. The number of initial claims pending had escalated from FY 1998 to FY 2002 due to increasing receipt of cases and the focus on ensuring the medical CDR workload is current. In FY 2003, the DDSs placed increased emphasis on initial claims. Additional funding was provided to maintain the FY 2002 pending level and position the DDSs to eliminate initial claims backlogs in future years. The DDSs also diligently managed medical costs and increased productivity to ensure maximum results.

Initial Disability Claims Pending
(in Thousands)

FY 1999: 457,823   **FY 2000:** 535,407
FY 2001: 578,524   **FY 2002:** 592,692

Trend: Pending cases decreased slightly this year in contrast to a rising trend in 1999-2002.

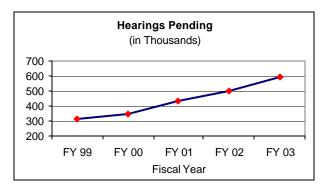*Data Definition:* DDS count of initial disability claims pending, including disabled dependents.

Data Source: National Disability Determination Services System.

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1.6 — Key Performance Indicator: *Number of Hearings Pending*

FY 2003 Goal: 587,000

Actual FY 2003 Performance: 591,562

SSA did not meet its goal. While the Medicare hearings receipts have been lower this year, the total hearings receipts have been significantly higher than last year as a result of increased DDS processing of claims. Through August, OHA had received almost 62,000 more hearing requests than at the same time last year. This year, SSA continued to be unable to hire

Hearings Pending
(in Thousands)

ALJs because of the *Azdell* litigation. ALJs are critical in helping the Agency make decisions on hearings. Additionally, an initiative to have adjudicators other than ALJs process fully favorable on-the-record decisions was not implemented. This initiative, called the Senior Attorney Program, should be in place for next year. SSA had record-breaking productivity of 2.26 cases per ALJ per day. The Agency will strive to maintain this level of ALJ productivity, which should help SSA meet the FY 2004 target.

FY 1999: 311,958 **FY 2000:** 346,756
FY 2001: 435,904 **FY 2002:** 500,757

Trend: The level of hearings pending has continued to increase over the past 4 years. SSA is working hard to address this negative trend.

Data Definition: All hearings pending in the OHA, including hearing requests from all programs. The FY 2003 target for the number of hearings pending includes both SSA and Medicare cases. The Administration's plan is to transfer the Medicare hearings function to the Department of Health and Human Services starting with FY 2005. The FY 2003 target, excluding Medicare hearings, is 532,000.

Data Source: OHA Hearings Office Tracking System (HOTS).

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Strategic Objective 2: Increase employment for people with disabilities

SSA's key long-term outcome is to increase the number of people with disabilities who achieve employment by 50 percent from 2001 levels. SSA continues to improve Agency programs and resources and to develop a nationwide infrastructure that will help beneficiaries with disabilities achieve self-sufficiency through employment, including:

- Expanding the Ticket-to-Work Program. The Ticket-to-Work Program offers SSA disability beneficiaries greater choice in obtaining the services they need to help them go to work and attain their employment goals. In November 2002, SSA began Phase 2 of the program, sending tickets to approximately 2.5 million beneficiaries in 20 States and the District of Columbia. This rollout was concluded in September 2003. Phase 3 will begin in November 2003.

- Recruiting more Employment Networks (EN) to provide employment, vocational rehabilitation or other support services necessary to help SSA's beneficiaries achieve their vocational goals. To date, SSA has awarded over 800 EN contracts nationwide.

- Providing training about employment support programs and related systems enhancements for field office staff so they may better help SSA's beneficiaries with their vocational goals. A new position called the Area Work

Incentive Coordinator (AWIC) was created in 2003 to support this objective. SSA's 58 AWICs will provide and/or oversee training on SSA's employment support programs for all direct service personnel. The AWICs will also coordinate with the 1335 Work Incentives Liaisons in local offices, Public Affairs Specialists, the Plan for Achieving Self-Support Cadre members and other personnel to facilitate outreach activities, provide improved services and information on SSA's employment support programs to beneficiaries with disabilities who want to start or keep working.

- Continuing to fund, train and manage two grant programs with community-based organizations. These programs provide work incentives planning and assistance to beneficiaries with disabilities, conduct outreach efforts, provide information and advice about receiving vocational rehabilitation and employment services, and provide advocacy services that beneficiaries with disabilities may need to secure or regain employment. Over 70,000 beneficiaries have been served by these programs.

- Initiating a free, national referral service for employers to assist them in hiring qualified workers with disabilities from the Ticket-to-Work Program. This specialized unit of the Department of Labor's Employer Assistance Referral Network is the Ticket-to-Hire Program, which began in October 2002. It seeks to help disabled beneficiaries connect with employer networks, State Vocational Rehabilitation agencies and other employment support groups.

Strategic Objective 3: Improve service with technology

SSA's key long-term outcome is to substantially increase the use of electronic services.

Electronic Access to Service — During FY 2003, SSA focused attention on providing citizens with better access to SSA, improving service and meeting increasing demands for electronic services. During FY 2003, citizens have accessed SSA's informational e-Services 29,628,663 times. Although visits to the website are leveling off, other services, such as Frequently Asked Questions (FAQ), continue to grow. The volume of FAQs viewed in FY 2003 increased by 71 percent over last year. SSA's redesigned website, www.socialsecurity.gov, made it easier for the public to find the information needed and to conduct business. During the most recent SSA public survey, 71 percent of those surveyed rated the site as excellent, very good, or good. Results of an online survey, presented at the completion of several of SSA's Internet applications, showed that 96 percent of users felt the applications were easy to use and would recommend them to others.

While SSA is committed to ensuring privacy and security in the Internet environment, the Agency continues to review the limitations to online transactions. SSA also continues to work with the General Services Administration's (GSA's) e-Authentication initiative to explore other authentication methods, including third party processes. Additionally, SSA has started the steps necessary to implement knowledge-based authentication to augment current Personal Identification Number (PIN)/Password protected e-Services.

Use of e-Service — Much research and analysis has been done to determine ways SSA can increase use of e-Service through changes or enhancements to Agency applications. SSA's citizen-centered approach to providing e-Government services includes thoroughly understanding the wants and needs of the public. SSA conducted research and collaborated with other agencies to determine trends in e-Service usage to better align the Agency's strategic planning efforts. All new applications and the enhancements to existing ones are now tested in SSA's Usability Center to ensure ease of use for citizens.

People must also know that SSA's services exist before they can take advantage of them. SSA's Office of Communications began a national marketing plan in April 2003, to announce the change in the Internet address, the redesigned website, and the availability of online services, including the retirement application. The purpose of the marketing plan is to increase the use of SSA's on-line services. Regional offices have encouraged third parties, such as large employers and the medical community, to help promote e-Service usage throughout their communities.

Measurement of Overall Service Satisfaction — SSA continues to monitor the satisfaction of those who call or visit the Agency. SSA's Office of Quality Assurance and Performance Assessment captures public satisfaction shortly after service contacts , either by telephone or in-person, take place. Refer to the associated KPI on page 40 for more details.

Telephone Service — SSA's national 800-number network provides toll-free telephone access to SSA services, including equal accessibility to citizens with hearing impairments. People in the United States, Puerto Rico, Guam and the Virgin Islands have greater access to filing applications for benefits, reporting changes that impact the accurate payment of benefits and obtaining information and other services. Agent service is available Monday-Friday from 7 a.m. to 7 p.m.; automated services are available 24-hours a day, 7 days a week. Increased network efficiency and additional automated telephone options will further improve the Agency's service to the public.

Electronic Service to Employers — SSA's FY 2003 accomplishments include:

- New services for employers were implemented in January 2003. These included the ability to view error information and notices on-line, the ability to request an extension for filing a resubmission, and electronic notification of errors via e-mail.

- SSA worked closely with software vendors to provide guidance on the best method to incorporate electronic filing functionality into their commercial off-the-shelf business and tax software products.

- SSA developed a document entitled "Business Services Online Connection Specifications for Software Developers" to provide the software development community the programming requirements for incorporating SSA's business services online into their software.

- Through participation in the Internal Revenue Service's (IRS) nationwide Tax Forums, SSA is able to annually reach approximately 10,000 tax accountants who represent small businesses. These forums provide the opportunity to disseminate electronic filing marketing material and answer questions from the accounting community.

- SSA's Regional Offices contact organizations and their local chapters to offer electronic filing outreach activities.

- Publications such as the IRS/SSA Report (*http://www.socialsecurity.gov/employer/pub.htm*) encourages electronic filing and promotes the benefits associated with electronic filing.

3.1 — Key Performance Indicator: *Percent of Retirement Claims Initiated via the Internet*
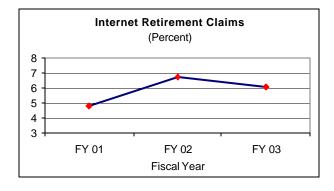
FY 2003 Goal: **7.1% (conservative)**
                      7.4% (mid-range)
                      8.1% (optimistic)

Actual FY 2003 Performance: 6.1%

SSA did not meet its goal. When the Internet retirement claims goal was set, SSA expected to be able to make improvements in FY 2003 to the Internet retirement application to make it more user-friendly. Additionally, the Agency's planned media campaign was not implemented due to across-the-board budget

Internet Retirement Claims
(Percent)

reductions. SSA has taken actions to achieve the performance target in FY 2004 through an aggressive campaign to market the new website to the public and promote electronic filing of retirement claims. The Agency plans to use a broader performance goal for FY 2004 that incorporates seven Internet applications, and projects a growth in usage of 50 percent for those applications over the FY 2002 base. Based on a composite of SSA's FY 2003 performance for these seven applications, it is expected that SSA will meet and exceed the FY 2004 goal.

FY 1999: Not Available   **FY 2000:** Not Available
FY 2001: 4.8%   **FY 2002:** 6.7%

Trend: After experiencing significant growth last year, the number of Internet Retirement Claims fell somewhat this past year. Depending on the availability of resources, SSA will conduct a media campaign to encourage on-line filing.

Data Definition: SSA's FY 2003 goal is stated as a range of percentages of retirement claims initiated via the Internet. This range is more appropriate than a specific target since the workload is still new and SSA has a limited baseline to detect trends. The range represents a conservative (5 percent growth rate), mid-range (a 10 percent growth rate), and optimistic (a 20 percent growth rate).

Data Source: Executive and Management Information System (EMIS), Title II Internet claims report provides the universe of retirement claims received and those initiated via the Internet.

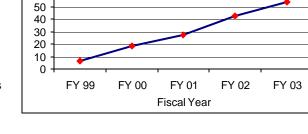## 3.2 — Key Performance Indicator: *Percent of Employee Reports (W-2s) Filed Electronically*

FY 2003 Goal: 48.0%

Actual FY 2003 Performance: 53.4%

SSA met its goal. SSA has worked with the employer, payroll and software communities to encourage electronic filing during the past several years with continued success. The systems architecture is in place and the Agency has worked hard to acquaint employers and software developers with electronic filing through outreach activities. SSA will continue to market the electronic wage reporting message extensively.

Electronic Wage Reports (W-2s)
(Percent)

FY 1999: 6.6%   **FY 2000:** 18.4%
FY 2001: 27.0%   **FY 2002:** 42.5%

Trend: This is an extremely positive upward trend, exceeding SSA's goal.

Data Definition: This percent is the number of W-2s filed electronically and processed to completion for a tax year, divided by the total number of W-2s for that tax year processed to completion by the end of the processing year (mid-January).
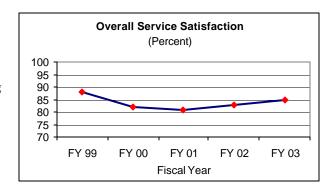
Data Source: Earnings Management Information Operational Data Store (EMODS) reports.

FY 2003 Goal: 83%

Actual FY 2003 Performance: 85%

Overall Service Satisfaction
(Percent)

SSA met its goal. The overall public satisfaction rating increased in FY 2003. Since people who do business with SSA primarily choose to use the telephone, satisfaction with telephone service is a key factor in the overall rating. Perceptions of access by telephone, i.e., ease of "getting through" has been a consistent determinate of overall satisfaction for those calling SSA's 800 number and field offices. In FY 2003, the high degree of satisfaction with 800 number service was influenced by a greatly improved telephone access rating, contributing to a significant increase in satisfaction with SSA service overall.

FY 1999: 88%	**FY 2000:** 82%
FY 2001: 81%	**FY 2002:** 83%

Trend: FY 2003 was the second year in a row that the public's perception of SSA's service reflected a statistically significant improvement.

Data Definition: This is the percent of people who call or visit SSA surveyed by SSA's Office of Quality Assurance and Performance Assessment who rate overall service as "good," "very good," or "excellent" on a 6-point scale, ranging from "excellent" to "very poor," divided by the total number of respondents to that question.

Data Source: For FY 1999 and earlier, the SSA Annual Satisfaction Survey. For FY 2000 and beyond, the Service Satisfaction Surveys that captures satisfaction shortly after service contacts (either by telephone or in-person) take place.

Strategic Goal B: To ensure superior Stewardship of Social Security programs and resources

Ensuring program stewardship is an inherent aspect of the Agency's responsibility to provide good service to the public. The people of America who fund the Social Security programs through payroll tax contributions and the SSI program through income tax payments expect and deserve well-managed programs. Taxpayers must be confident that their tax dollars are properly spent. Beneficiaries must know that their benefits are correctly paid.

Good stewardship also demands the effective and efficient use of the resources SSA receives to administer the programs. This goal addresses three PMA areas that are aimed at sound financial management: Competitive Sourcing, Improved Financial Performance, and Budget and Performance Integration.

Finally, good stewardship encompasses the responsibility to ensure the security of SSA's information systems and the integrity and privacy of the information that SSA maintains.

The following describes SSA's FY 2003 performance in the context of the Agency's key long-term outcomes, the PMA initiatives and the GAO and OIG major management challenges.

SSA's key long-term goal is to increase SSI payment accuracy to 96 percent (free of preventable error) and to 95 percent (free of error). In FY 2003, SSA continued to build on SSI program management improvements. SSA improved its systems control by automating the "netting" of additional amounts due for some months against excess payments made for other months. The Agency's two performance indicators related to SSI accuracy are discussed beginning on page 79. Other FY 2003 activities that helped improve the integrity of the SSI program were:

- Aggressively using new debt collection tools, i.e., reporting errors to credit bureaus, referring debtors to the Treasury Offset Program, recovering tens of millions of dollars through recovery of SSI overpayments from OASDI benefits (cross-program recovery);

- Referring cases to the Agency's OIG for prosecution or administrative sanctions;

- Piloting electronic verification of vital events, e.g., electronic death verification;

- Conducting a monthly wage reporting pilot;

- Exploring the feasibility of electronic verification of bank accounts;

- Publishing a Notice of Proposed Rulemaking for "administrative wage garnishment"; and

- Increasing the number of high-error profile non-disability redeterminations.

Fraud Risk and Improper Payments — SSA's key long-term goals include:

- Maintaining the OASDI payment accuracy goal of 99.8 percent. Based on the most recent actual data, SSA exceeded its accuracy target with an actual accuracy rate of 99.9 percent in FY 2002:

- SSA completed the backlog of DI and SSI Continuing Disability Reviews (CDR) in FY 2002. In FY 2003, the special CDR funding lapsed and SSA made some difficult spending decisions, placing the focus on initial disability claims rather than CDRs.   The result was that the Agency remained current with DI CDRs, because they are more cost effective to process, but not with SSI CDRs of which approximately 121,000 were not processed in FY 2003. SSA anticipates that the backlog from FY 2003 will be fully eliminated in FY 2005, provided that the Agency receives adequate funding;

- Completing work on special disability cases (refer to page 21 for more details);

- Reducing the backlog of workers' compensation cases (refer to page 21 for more details).

Cooperative Disability Investigations (CDI) — The CDI program is a joint effort by the OIG and SSA to improve Agency stewardship responsibilities in the Social Security disability program, with a zero tolerance for fraud and abuse. The CDI units are comprised of an OIG team leader and staff from SSA field offices, DDSs and local law enforcement agencies. At the end of FY 2003, SSA had 17 CDI units in full operation, with one more unit preparing to start operation.

The units provide investigative support to select DDSs during the initial and continuing disability review process. They help combat fraud by investigating questionable statements and activities of claimants, medical providers, attorneys, interpreters, or other service providers who may be involved in the facilitation or promotion of disability fraud. The investigative evidence is provided to the DDSs to make timely and accurate disability determinations. The evidence is also used by the OIG in determining whether criminal prosecution is warranted.

Overall productivity and program savings from the CDI units continues to increase every year. In FY 1998, when the program began, it accounted for $2.8 million in cumulative savings for SSA. Through September 2003, cumulative SSA program savings had increased to over $278 million, with an additional $152 million in projected

savings for non-SSA programs. In addition to these savings, the public's awareness of the CDI program is expected to be a deterrent to fraud and provide intangible benefits.

Integrity of the Representative Payee Process —

- *Selection of Representative Payees —* During FY 2003, SSA explored ways to strengthen the representative payee selection process including:

  - SSA wrote a statement of work to secure a contract to conduct focus groups and do criminal background checks on officers and employees of fee-for-service (FFS) payee organizations. The Agency has since decided to do the focus groups in-house, and the contract for criminal checks is pending.
  - SSA awarded a contract in September 2002 for credit and financial background checks on FFS organizations. As a result, the Agency will get background checks for 850 FFS organizations that currently serve as payees and expects to get background checks for the approximately 60 new organizational payees who apply each year.

- *Representative Payee System (RPS) Enhancements and Matching Activities:*

  - SSA has approved plans to improve the Representative Payee System (RPS). The Representative Payee Accountability Improvement Project will include more effective tracking of payee accountings.
  - SSA performed a second match of the Death Master File against RPS in 2003 and found 2,888 cases where there was incorrect or outdated information on one of the databases. These cases were distributed to SSA's field offices for corrective action.
  - Since July 2001, SSA has been imaging paper Representative Payee Reports. The electronic storage and retrieval of these paper accounting documents is a significant improvement over the manual retrieval process. SSA continues to keep the paper forms in case they are needed for payee misuse or fraud investigations.
  - In November 2001, SSA implemented changes to the RPS to prevent the appointment of individuals as payee who themselves have a payee. In addition, SSA performed two match operations to identify existing cases where a current payee has a payee for their own benefits. These cases were distributed to SSA's field offices for corrective action. A final match operation was conducted in August 2003.
  - The I-623 Proof of Concept pilot was launched in March 2003. The pilot, limited to 38 organizational representative payees, will test the feasibility of on-line representative payee accounting forms.
  - SSA performed a match of fugitive felon data against the RPS in 2003 and found 500 cases needing payee suitability investigation. SSA also issued instructions that require adjudicators to review the RPS whenever they receive a new fugitive felon alert.

- *Bonding and Licensing of Representative Payees —* SSA is developing a "notice of proposed rule-making" that sets $3,000 as the minimum bond required for fee-for-service organizations serving five beneficiaries, and an additional minimum coverage of $600 for each additional beneficiary above five. The Agency specified that if an organization is not bonded then it must be licensed (for the appropriate type of service provided) in each State in which it serves as representative payee.

- *Expanded Site Review Monitoring Program —* SSA initiated an expanded site review monitoring program for:

  - All payees receiving a fee for their services;
  - All organizational payees serving over 100 beneficiaries; and
  - All individual payees serving 20 or more beneficiaries.

This program, now in its 3rd year, has resulted in improved payee performance. SSA conducted 1,391 of these reviews through June 2003. These visits:

  - Improve communication between SSA and the payees;
  - Provide an opportunity to remind payees of their duties and responsibilities; and
  - Discover problems and make sure they are corrected.

In addition, SSA conducts random reviews of 30 percent of payees subject to the triennial review process. From March 2001 through June 2003, a total of 480 of these reviews were conducted.
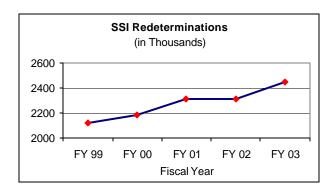
Improve Debt Management — SSA's key outcomes are to increase the percent of outstanding debt that is in a collection arrangement and to increase collections. The strategy for improving the management of debt includes a number of debt collection initiatives which are detailed in the "Agency Challenges" section on page 22.

4.1 — Key Performance Indicator: *SSI Non-Disability Redeterminations*

FY 2003 Goal: 2,455,000

Actual FY 2003 Performance: 2,449,674

SSA did not meet its goal. SSA narrowly missed processing the targeted number of non-disability redeterminations in FY 2003. Contractor delays in releasing approximately 100,000 mailings to SSI recipients in August, left the Agency with little time to compensate for the error. Nevertheless, SSA came within 0.2 percent of meeting the ambitious goal. This year, the Agency did process over 138,000 more non-disability redeterminations than in FY 2002. SSA had taken action earlier in the year to increase the number of cases to be worked, to ensure the Agency would meet the targeted number. Barring contractor error, the number would have been more than adequate to meet SSA's purposes. Based on this year's experience, SSA plans an even larger number of releases in FY 2004 to ensure that the Agency meets its goal.

SSI Redeterminations
(in Thousands)

[Line chart showing SSI Redeterminations from FY 99 to FY 03, with values rising from approximately 2120 in FY 99, 2180 in FY 00, 2310 in FY 01, 2310 in FY 02, to 2450 in FY 03. Y-axis ranges from 2000 to 2600. X-axis labeled "Fiscal Year".]

FY 1999: 2,122,279 **FY 2000:** 2,182,027
FY 2001: 2,315,856 **FY 2002:** 2,311,499

Trend: SSA had a 6 percent growth in the number of non-disability redeterminations the Agency processed in FY 2003. The number of redeterminations to be completed is determined by the level of funding SSA receives to address the workload. The goal was missed by such a small percentage in 2003 that it does not represent a change in the trend. SSA fully expects to meet its goal this fiscal year.

Data Definition: All actions involving the redetermination of eligibility of SSI beneficiaries resulting from diary actions (scheduled) and initiated as a result of events reported by beneficiaries. The number of non-disability redeterminations completed includes those cases released to the Regions, as well as to the Wilkes-Barre Data Operations Center (WBDOC).
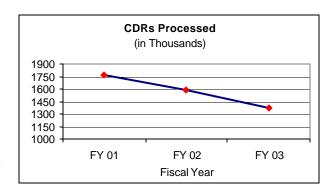
Data Source: Redeterminations Service Delivery Objective (RZ SDO) Report for PEODS.

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4.2 — Key Performance Indicator: *Continuing Disability Reviews (CDRs) Processed*

FY 2003 Goal: 1,129,000

CDRs Processed
(in Thousands)

Actual FY 2003 Performance: 1,371,255

SSA met its goal. Through FY 2002, SSA worked steadily toward the objective of becoming current with CDRs. SSA met that objective by the end of FY 2002. This effort was helped considerably by the special funding provided by Congress from FYs 1996-2002. In addition, SSA made improvements in the CDR profiling process, resulting in an increased number of CDRs processed by mailers rather than by more expensive full medical reviews. In FY 2003, the special CDR funding lapsed and due to the across-the-board resource reduction, SSA was forced to make some difficult spending decisions, placing the focus on initial disability claims rather than on CDRs. As a result, although SSA remained current with its OASDI CDRs, approximately 130,000 SSI CDRs were not released for processing in FY 2003. After the Agency developed its budget for FY 2003, operational components proceeded accordingly to meet this year's targeted goal. This included processing full medical review CDRs and mailers by both the Wilkes-Barre Data Operations Center (WBDOC) and the Program Service Centers (PSCs).

FY 1999: 1,703,414   **FY 2000:** 1,836,510
FY 2001: 1,762,517   **FY 2002:** 1,586,091

Trend: With special funding from Congress, SSA successfully completed its 7-year plan to eliminate the CDR backlog last year. This year, without special funding from Congress, the Agency achieved its new targeted number of CDRs.

Data Definition: Count combines periodic reviews and other CDRs processed by the DDSs, and mailers not requiring medical reviews.
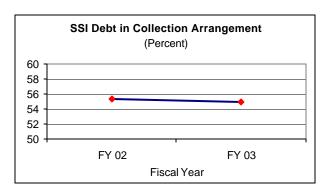
Data Source: Disability Operational Data Store (DIODS) and CDR Tracking File.

4.3 — Key Performance Indicator: *Percent Outstanding SSI Debt in a Collection Arrangement*

FY 2003 Goal: 55%

SSI Debt in Collection Arrangement
(Percent)

Actual FY 2003 Performance: 55.0%

SSA met its goal. While SSA's objective in managing the SSI program is to achieve the highest accuracy rate possible, it is inevitable that some debt will be created because of the dynamics of the program. SSA's stewardship responsibilities require that the Agency recover as much of this debt as possible. In FY 2003, SSA's recovery of a substantial amount of SSI debt was due to effective use of available debt recovery tools.

In FY 2004, the Agency's objective is to increase the percent of outstanding debt that is in a collection arrangement. In order to accomplish this objective, SSA will continue to use the aggressive debt collection tools available:

mandatory cross-program recovery, Treasury Offset Program for collection by administrative offset from other federal payments and tax refunds, and reporting delinquent SSI debtors to credit bureaus.

FY 1999: Not Available   **FY 2000:** Not Available
FY 2001: Not Available   **FY 2002:** 55.4%

Trend: Trend data is not available as this is a new indicator beginning in FY 2003.

Data Definition: This new measure for FY 2003 is the percent of outstanding SSI debt that is scheduled for collection by benefit withholding or installment payment. The rate is expressed as the average for the year. Outstanding SSI debt is grouped into four main categories: newly established debt; debt that involves a current due process request such as waiver; debt that is in a collection arrangement; and debt that is not in a collection arrangement. The percent of debt in a collection arrangement is computed by dividing the dollars in that category by the total dollar amount of outstanding debt in all four categories.
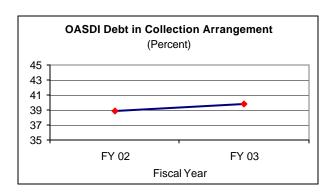
Data Source: Supplemental Security Record (SSR).

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4.4 — Key Performance Indicator: *Percent Outstanding OASDI Debt in a Collection Arrangement*

FY 2003 Goal: 38%

Actual FY 2003 Performance: 39.8%

SSA met its goal. While SSA's objective in managing the OASDI program is to achieve the highest accuracy rate possible, it is inevitable that some debt will be created because of the dynamics of the program. SSA's stewardship responsibilities require that the Agency recover as much of this debt as possible. In FY 2003, SSA's recovery of a substantial amount of OASDI debt was due to effective use of available debt recovery tools.

OASDI Debt in Collection Arrangement
(Percent)

In FY 2004, SSA plans to move toward a more ambitious goal. The Agency's objective is to increase the percent of outstanding debt that is in a collection arrangement. In order to accomplish this objective, SSA will continue to use the aggressive debt collection tools available: Treasury Offset Program for collection by administrative offset from other federal payments and tax refunds, and reporting delinquent debtors to credit bureaus.

FY 1999: Not Available   **FY 2000:** Not Available
FY 2001: Not Available   **FY 2002:** 38.9%

Trend: Trend data is not available as this is a new indicator beginning in FY 2003.

Data Definition: This is the percent of outstanding OASDI debt that is scheduled for collection by benefit withholding or installment payment. The rate is expressed as the average for the year. Outstanding OASDI debt is grouped into four main categories: newly established debt; debt that involves a current "due process" request, such as waiver; debt that is in a collection arrangement; and debt that is not in a collection arrangement. The percent of debt in a collection arrangement is computed by dividing the dollars in that category by the total dollar amount of outstanding debt in all four categories.

Data Source: The Recovery of Overpayments, Accounting and Reporting (ROAR) system.

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Strategic Objective 5: Strengthen the integrity of the Social Security Number (SSN)

SSA's key long-term goal is to ensure that SSNs are only issued based on verified documents.

Enumeration at Entry — In June 2003, SSA completed implementation of the Enumeration-at-Entry Process designed to issue SSN cards based on data collected by the Bureau of Citizenship and Immigration Services (BCIS) as part of the immigration process.

Publication of Regulation — SSA expedited publication of a regulation which will:

- Reduce the age requiring a mandatory in-person interview for an original Social Security Number (SSN) from age 18 to age 12;

- Eliminate the waiver of evidence of identity for children under the age of 7 applying for an original SSN card; and

- Clarify Agency rules regarding when SSA assigns an SSN to an alien legally in the U.S., but without authorization to work.

Review of SSN Verification Processes — During FY 2003, SSA conducted a comprehensive review of its SSN verification processes. A team of technical experts reviewed SSN disclosure policy and various systems routines, and is making recommendations for ways to enhance verification services.

Strategic Objective 6: Increase the accuracy of earnings records

SSA's key long-term goal is to remove earnings items from the suspense file and post them to the correct earnings record.

Implementation of the Social Security Number Verification Service (SSNVS) Pilot —

- SSA annually processes 250 million W-2 forms. Ten percent of all W-2s have names and/or Social Security Numbers (SSNs) that do not match SSA's Numident files. Without a correct name and SSN, SSA is unable to post the earnings from the W-2 form to the proper earnings record.

- SSA provides tools to employers to help them ensure that they have the correct name and SSN to use on their employees' W-2s. We allow employers to call our toll free Employer Reporting Service Center and the SSA 800# to verify up to five names and SSNs. Employers may also mail a paper listing of up to 50 names and SSNs to their local Field Office or the Wilkes-Barre Data Operations Center. They may also send a tape or diskette to the Office of Central Operations to verify up to 250,000 names and SSNs.

- SSA is now piloting the use of the Internet for Employers to verify the accuracy of the names and SSNs of their employees. The pilot is named the Social Security Number Verification Service (SSNVS). In the first year of the pilot, April 2002 thru March 2003, six employers used SSNVS 500 times to verify 50,000 names and SSNs. The pilot was expanded in April 2003. As of September 30, 2003, 53 employers have used the SSNVS system over 11,000 times to verify over 2 million SSNs.

Strategic Objective 7: Efficiently manage Agency finances and assets, and effectively link resources to performance outcomes

SSA has set a goal of achieving an average of at least 2 percent per year improvement in productivity. Advances in automation are key to SSA's productivity improvement; however process changes have also made positive contributions. In FY 2002, SSA achieved a 5 percent productivity improvement over the prior year, enabling the Agency to process thousands more claims than expected. The Agency continued to improve its productivity at a rate of 2.1 percent this year. It is critical that the Agency improve productivity in the disability process. Therefore, SSA has included DDS productivity as a KPI. Additional information on SSA's overall productivity measure can be found on page 85. Some major initiatives to improve Agency productivity include:

- AeDib will capture and store all essential material from the disability folder electronically, allowing all components in the disability claims process immediate access to the file. The file will contain more data and reduce the need for re-contacting the claimant. SSA expects that in the long term, folder handling and mail time will be eliminated with the electronic folder.

- The following details ongoing projects that use technology to improve SSA's wage reporting system, the claims process and the postentitlement (PE) reporting process:

    − SSA implemented full Internet wage reporting capability, including completion of W-2 forms, a variety of responsive help desk services, a facility for employers to download wage reporting software and online error notice capability. The Agency's ability to receive electronically filed wage reports through the Internet provides the business community with an easy-to-use, cost-effective filing process and helps SSA lower costs, capture data quicker and transmit information to the IRS faster.
    − SSA continues to expand its Internet service to provide public access to several claims and PE options. The Title II Redesign project improves the claims application and PE processes by providing a single system for handling all initial claims and client-initiated PE actions in an online, interactive mode.
    − The SSI system is being enhanced to further improve productivity by reducing internal work hand-offs and multiple contacts with recipients. The upcoming release will automate windfall offset, create a database to control SSI alerts, integrate the modernized SSI claims system with other SSA systems and automate several other SSI actions not currently supported by automation.

- Improved automation in OHA:

    − Implementation plans for digital recording of hearings that reduces the volume of remands caused by the loss of audio cassettes or faulty recordings are already in place;
    − Speech recognition software that saves time in drafting decisions has been deployed to hearing offices;
    − Video teleconferencing that allows ALJs to conduct hearings with claimants who are located a distance from the hearings office is being expanded; and
    − Bar coding for case tracking in the Office of Appellate Operations' Megasite has been implemented and has reduced processing time for coding and filing cases.

- Expansion of the e-Government Internet initiative increases opportunities for the public to conduct business with SSA electronically and provides access to several claims and PE options.

Systems Security — SSA continues to have a strong and effective information technology (IT) security program. The Agency has consistently received high ratings from Congressional subcommittees and strives to continuously improve the IT enterprise security program to ensure protection of the public trust. During the course of the past year, the Agency has taken steps to ensure that information security is receiving top management attention. Performance measures on information security and critical infrastructure protection have been added to all senior executives' performance plans. Information security has been made a routine agenda item for the executive staff and has been incorporated into other processes that receive executive level attention. Most importantly, significant

progress was made in FY 2003 by SSA's integration of the Security Architecture into the Enterprise Information Technology Architecture.

President's Management Agenda — Following are SSA's FY 2003 activities and accomplishments that will help the Agency reach its long term 2008 goal of getting to green for "Status" on all five PMA initiatives. Currently the Agency is at "green" for Status on one PMA initiative - Improved Financial Performance - while the Agency is at green for "Progress" on each of the five initiatives:

- **Expanded Electronic Government** — SSA is a strong contributor to both Agency and government-wide e-Government initiatives. Additionally, SSA is a managing partner for the e-Vital project. Refer to page 19 for more details on the Agency's work with respect to e-Government.

- **Competitive Sourcing** — Competitive sourcing is a process by which government positions identified as commercial in nature are competed with the private sector. The competitor, whether the government or private sector, that provides the best price or the best value for the government wins the competition. The long term goal of competitive sourcing is to enhance government efficiency. SSA has developed an Agency-wide Competitive Sourcing Human Resource Plan providing basic policy on dealing with employees affected by competitions. Some of SSA's FY 2003 accomplishments include:

  - SSA achieved "green" for "Progress" on its June 2003 OMB rating;
  - To date, 49 positions have been competed with the private sector or converted to private sector ;
  - SSA's Office of Systems won a streamlined competition with the private sector on June 26, 2003. This streamlined competition included 36 positions;
  - SSA completed the Performance Work Statements (PWS) for two direct conversions and is working on solicitations for early FY 2004. A PWS explains the work that is required to be performed;
  - Standard competitions are progressing on target with award decisions expected in spring 2004;
  - Preplanning strategy is in progress for additional competitions; and
  - SSA's 2003 Federal Activities Inventory Reform (FAIR) Act Inventory was completed and submitted to OMB.

- **Improved Financial Performance** — During FY 2003, SSA's status for the PMA Improved Financial Performance was upgraded to "green" and remains "green" on "Progress" because the Agency submitted timely and accurate financial information, has made progress on the Social Security Unified Measurement System and the Managerial Cost Accountability System (SUMS/MCAS) and its financial accounting system, and continues to make progress on its SSI Corrective Action Plan. SSA's key long-term goals are to increase the percent of outstanding debt that is in a collection arrangement, annually receive an "unqualified opinion" on the Agency's financial statements with no material weaknesses reported by auditors, implement core functionalities of a comprehensive cost accountability system and a unified measurement system, and increase overall Agency productivity by at least 2 percent annually on average. Specifically, in FY 2003:

  - SSA received an unqualified opinion on its financial statements for the tenth consecutive year and accelerated the release of its FY 2002 PAR to mid-November, achieving the FY 2004 government standard 2 years ahead of time.
  - Beginning with the second quarter FY 2003, SSA submitted its quarterly unaudited financial statements to OMB 21 days after the end of the quarter, meeting the FY 2004 OMB requirement one year ahead of time.
  - SSA completed design and development, and started unit testing a new financial accounting system which was implemented in October 2003.
  - SSA met its FY 2003 milestones for SUMS and MCAS (refer to page 87 for details). Release 7 of the Cost Analysis System Renovation project was completed in May 2003, and the planning document for work time measurement and allocation efforts has been completed.
  - Due to SSA's progress in implementing an SSI Corrective Action Plan that focuses on preventing payment error caused by unreported wages and assets, GAO removed the SSI program from its "high-risk" list. The Agency implemented an SSI monthly wage reporting pilot as part of the corrective action plan.
  - SSA demonstrated the ability to provide integrated financial and performance information that was used to support day-to-day operations.

- **Budget and Performance Integration Including the Program Assessment Rating Tool (PART)** — SSA's budget clearly defined performance commitments, both in terms of quantifiable public service and program integrity workloads that SSA will handle, and the key outcomes it will achieve. Consistent with SSA's Strategic Plan and Service Delivery Plans, the over-arching goal is to eliminate backlogs and process special workloads. SSA's plans and budgeted activities reflect evaluations and feedback from the PART, Congress, the Social Security Advisory Board, the GAO, and the OIG. Accountability is clearly defined for major Agency initiatives and workloads, and productivity/process improvements are built in. Furthermore, in FY 2003, SSA continued the ongoing development of a new budget formulation system that will have capabilities to formulate and execute budgets based on fully loaded unit costs.

- **Strategic Management of Human Capital** — SSA's human capital strategies link to Agency mission and goals through the Future Workforce Transition Plan and the Agency Performance Plan. These strategies are supported through Agency budget commitments. SSA strategically plans and deploys its workforce, taking into consideration the use of competitive sourcing and e-Gov initiatives that ensure optimal citizen-centered service at the lowest cost. The Agency is also executing development programs and leadership succession in addition to identifying mission-critical competencies for hiring and training, and implementing strategies to enhance retention, sustain learning, and improve productivity. SSA's human capital planning is guided by measurable outcomes. Refer to page 52 for more details on the Agency's performance with respect to these outcomes.
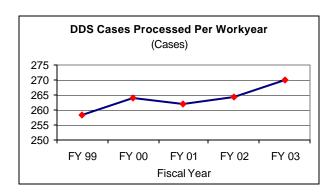
7.1 — Key Performance Indicator: *Disability Determination Service (DDS) Cases Processed Per Workyear (PPWY)*

FY 2003 Goal: 264 cases per workyear

Actual FY 2003 Performance: 270.4 cases per workyear

SSA met its goal. The DDSs diligently managed medical costs and increased productivity to ensure that the maximum number of cases could be processed.

FY 1999: 259   **FY 2000:** 264
FY 2001: 262   **FY 2002:** 265

DDS Cases Processed Per Workyear
(Cases)

Trend: Since FY 2001, there has been a steady increase in the cases processed per workyear, and SSA expects this trend to continue. The expected net long-term effect of AeDib is an increase in the DDS PPWY, which is already built into the DDS budget.

Data Definition: This indicator represents the average number of DDS cases processed per workyear expended for all work. A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.). It is inclusive of everyone on the DDS payroll plus doctors under contract to the DDS.

Data Source: National Disability Determinations Service System.

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7.2 — Key Performance Indicator: *"Get to green" on all PMA Initiatives*

FY 2003 Goal: 100% of initiative plans receive "green" for progress.

Actual FY 2003 Performance: Received a "green" for progress on 100% of PMA initiative plans.

SSA met the goal. The June FY 2002 and 2003 ratings for Status and Progress on the five PMA plans are:

PMA Plan	June 2002		June 2003	
	Progress	**Status**	**Progress**	**Status**
Expanded Electronic Government	Yellow	Yellow	Green	Yellow
Competitive Sourcing	Yellow	Red	Green	Red
Improved Financial Performance	Green	Yellow	Green	Green
Budget and Performance Integration	Green	Yellow	Green	Yellow
Strategic Management of Human Capital	Green	Yellow	Green	Yellow

Trend: For the first time this year, SSA is "green" on all five PMA plans for "Progress". In FY 2002, SSA was at "green" on three PMA plans for "Progress" (Expanded Electronic Government, Improved Financial Performance and Strategic Management of Human Capital) and "yellow" on two (Competitive Sourcing and Budget and Performance Integration). SSA's goal for next year is to receive an overall rating of "green" on four of five PMA initiatives on Status. At present, the Agency is at "green" for Status on one PMA initiative - Improved Financial Performance.

Data Definition: Receiving a "green" for "Progress" on PMA initiative improvement plans for FY 2003 and "green" for "Status" for FY 2004.

Data Source: OMB PMA initiative improvement plan rating and overall PMA score.

Strategic Goal C: To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations

This goal addresses SSA's responsibility to continually assess the retirement and disability programs in the context of societal trends and support reforms to ensure the solvency of the programs for today's and tomorrow's beneficiaries. The Americans with Disabilities Act and medical and technological advances are removing barriers to work and changing the assumptions about what people with disabilities can do and want to do. This and other related concerns led the GAO to add modernizing all federal disability programs to its high-risk list. SSA must respond to these developments.

Without reforms, Social Security is not projected to be financially sustainable over the long term. When the first baby boomers reach retirement age in 5 years, the number of retirees will grow rapidly. Life-expectancy is also increasing and births are expected to be below population replacement rates. As a result, the ratio of workers paying taxes to the people drawing benefits is projected to decline from 3.3 to 1 today to 2.2 to 1 by 2030. Social Security's outgo will begin to exceed its tax income in 2018, and the Social Security trust funds will be exhausted by 2042. Projected assets (including current Trust Fund holdings and future tax income through 2077) are expected to fall short of the amount needed to adequately finance all scheduled benefits through 2077 by $3.5 trillion in present value terms. SSA will continue to educate the public on the solvency issue and possible solutions. The following describes SSA's FY 2003 performance in the context of this key outcome:

Strategic Objective 8: Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs

Ultimately, the achievement of SSA's long-term financial goal, sustainable solvency, requires an act of Congress and a Presidential signature. The Agency has completed a wide variety of policy analyses on solvency issues and is publishing a number of these, as well as making them available to policymakers on the Internet. SSA's annual Retirement Research Consortium focused on "Securing Retirement Income for Tomorrow's Retirees" and devoted substantial time to Social Security reform issues. In addition, Agency officials have made and will continue to make presentations concerning the solvency issue.

In addition, members of the Office of Legislation and Congressional Affairs and of the Office of the Chief Actuary have worked with members of the Congress and their staff evaluating their legislative proposals to reform the Social Security program. Also, the Office of the Chief Actuary has developed estimates of the financial effects of several legislative reform proposals.

Public Understanding Measurement — In FY 2003, a new survey of public knowledge was conducted. This survey included additional questions about the public's knowledge of long-range financing issues. Survey findings will help establish baseline data upon which future outcome measures and targets will be established.

8.1 — Key Performance Indicator: *Provide Support to the Administration and Congress in Developing Legislative Proposals to Achieve Sustainable Solvency for Social Security and Implementing Reform Legislation*

FY 2003 Goal: Conduct analysis on key issues related to implementing Social Security reforms.

Actual FY 2003 Performance: Conducted analysis and made recommendations related to Social Security reforms.

SSA met its goal. SSA provided senior Agency officials and high-level policymakers with a wide variety of policy analyses on solvency issues and evaluated several congressional and other reform proposals.

Trend: Trend data is not available as this is a new indicator beginning in FY 2003.

Data Definition: Conduct analysis on key issues related to implementing Social Security reforms.

Data Source: SSA Office of Policy records.

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Strategic Goal D: To strategically manage and align Staff to support SSA's mission

Strategic Objective 9: Recruit, develop and retain a high-performing workforce

This goal addresses the PMA Human Capital initiative and a similar GAO and the OIG identified Major Management Challenge regarding "Human Capital". There are six critical success factors that comprise the Human Capital Standards for success. Following is a summary of SSA's progress against those standards:

SSA's human capital strategy is aligned with the Agency's mission, goals and organizational objectives, and integrated into its strategic plan, performance plans and budgets — SSA's Strategic Plan for 2003-2008 outlines how the Agency will manage and align staff to support its mission. It contains human capital milestones regarding recruitment, retention, employee development and the creation of a satisfying work environment. SSA's Future Workforce Transition Plan (FWTP) flows from the Strategic Plan and is updated quarterly. SSA's Annual Performance Plan and budget request contain commitments to implement the human capital activities detailed in the FWTP. All commitments for FY 2003 have been met. These include implementing a new Senior Executive Services (SES) performance management system and developing a new system for non-bargaining GS-15 employees that went into effect October 2003. They also include redirecting resources to direct service, developing a Competitive Sourcing Human Resources Plan, piloting a competency-based structured interview process for external hiring, broadening SSA's National Recruitment Campaign, simplifying hiring practices through Recruitment One-Stop, redesigning entry-level training for mission critical claims representative and service representative positions, and other initiatives described below. Finally, SSA's Human Capital Assessment and Accountability Report, released in March 2003, documents Agency successes in the area of human capital management, and enables SSA to identify additional action items for further improvement.

SSA is citizen-centered, de-layered and mission-focused, and leverages e-Government and competitive sourcing — SSA developed a plan for updating retirement projections based on recent data and trends. This plan enables SSA to identify current and future human capital needs to enable the Agency to recruit necessary replacements and be responsive to the needs of citizens. SSA continues to work toward increasing the percentage of direct service employees. In FY 2003, 70 administrative positions were redirected to the front lines. SSA is making expanded use of e-Government initiatives, such as Recruitment One-Stop and e-Learning, and is moving quickly toward e-Payroll.

Agency leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance — SSA continues the aggressive use of national, component and regional-level development programs to ensure the continuity of leadership at SSA. SSA's Leadership Development (GS-9 through GS-12 employees), Advanced Leadership Development (GS-13 and GS-14 employees) and SES Candidate Development Programs (GS-15 employees) are recognized as among the best in government. The programs are designed to build leadership competencies, and they are structured and managed to link performance to results and provide a firm understanding of the Agency's four strategic goals. SSA's leaders promote cultural values by integrating the principles of integrity, pride and cooperation into the new hire orientation program and entry-level training packages. These national programs are supplemented by component-level and regional-level programs. The Agency strives to provide these job enrichment and developmental opportunities to 3 percent of its workforce annually.

In FY 2003, the Commissioner played a highly visible role in promoting learning across the Agency. She held a series of candid, interactive meetings with all supervisors, managers and executives in Headquarters and regional offices, discussing leadership principles, management philosophy and the Agency's four major performance areas – Service, Stewardship, Staffing and Solvency. This learning environment is further fostered by the Agency's efforts

to make available the equivalent of 40 hours of training to its workforce through its OnLine University and Interactive Video Teletraining broadcasts.

SSA has a diverse, results-oriented, high performing workforce, and has a performance management system that effectively differentiates between high and low performance and links to organizational goals and desired results — SSA continues to maintain a diverse, productive workforce. In FY 2002, 72.4 percent of SSA's new hires, both permanent and temporary, were minorities and women. This trend continued in FY 2003 where 83.6 percent were minorities and women. In FY 2002, SSA's productivity rate increased by 5.1 percent. This increase significantly exceeded the Agency's established goal of a 2 percent productivity increase. In FY 2003, SSA continued to improve its performance with an increase in productivity of 2.1 percent. On October 1, 2002, SSA implemented a new 5-tier SES performance appraisal system. A similar system has been developed for non-bargaining GS-15s and was implemented on October 1, 2003. SSA also substantially exceeded its goals to provide the equivalent of 40 hours of training to the Agency's workforce and to provide job enrichment opportunities to 3 percent of its employees.

One of SSA's goals is to increase the number of new hires who stay with SSA. Retaining good employees, results in a more productive workforce and a savings of training dollars. For that reason, SSA has chosen the "Percent Improvement in the New Hire Retention Rate" as a KPI for FY 2003.

SSA has closed most mission-critical skills, knowledge and competency gaps/deficiencies, and has made meaningful progress toward closing all — SSA successfully hired 100 percent of replacements due to retirement and other losses in FY 2003. A Competency Assessment Process (CAP) was developed to assess external applicants for the claims representative position on seven critical competencies. The CAP was piloted in FY 2003. The pilot results are now being evaluated. In addition, the technical competencies required for the claims representative and service representative positions have been identified and incorporated into revised technical training courses. The New Hire Attrition and Retention Study, which was finalized in FY 2003, examined attrition in specific mission-critical occupations. Analysis of the study results has yielded numerous action items to improve future retention rates. Continuation of leadership development programs will ensure there is no leadership gap at SSA.
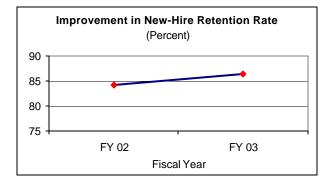
SSA's human capital decisions are guided by data–driven, results-oriented planning and accountability systems — This document, the PAR, tracks human capital goals, and the FWTP tracks progress on human capital action items. Documented programs are tracked via the SSA Succession Plan, which describes the key elements in succession planning (including a retirement wave analysis, the FWTP, recruitment strategies, learning and diversity programs, and the numerous developmental programs in force throughout the country). In addition, programs and initiatives are outlined in the Annual Performance Plan and the FWTP. Finally, reviews of the personnel functions in the regional and headquarters servicing personnel offices are regularly conducted and results are shared with Agency leadership.

9.1 — Key Performance Indicator: *Percent Improvement in the New Hire Retention Rate*

FY 2003 Goal: 84.6%

Actual FY 2003 Performance: 86.4%

SSA met its goal. SSA surpassed this goal by continuing to improve the Agency's processes for interviewing job applicants and by increasing the focus on early development of new hires, including mentoring.

Improvement in New-Hire Retention Rate
(Percent)

FY 1999:	Not Available	FY 2000:	Not Available
FY 2001:	Not Available	FY 2002:	84.3%

Trend: Trend data is not available as this is a new indicator beginning in FY 2003.

Data Definition: The FY 2003 new hire retention rate will be determined by the percentage of FY 2001 new hires that remain with SSA during FY 2001 and 2002. The FY 2004 new hire rate will be determined by the percentage of FY 2002 new hires that remain with SSA during FYs 2002 and 2003.

Data Source: The Human Resource Management Information System.
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Data Quality

General Discussion: SSA is committed to providing clear and reliable data to those who use it for managing, decisionmaking and oversight of SSA's programs and management. SSA also ensures that, to the greatest extent possible, the data is quantifiable and verifiable by putting in place internal management controls and by being responsive to the insights provided by SSA's Office of the Inspector General (OIG), the General Accounting Office (GAO), and others.

SSA Data Integrity Systems and Controls: Performance data for most of the quantifiable measures in SSA's Annual Performance Plan (APP) are generated by SSA's automated management information and workload measurement systems as a by-product of the Agency's routine operations. Public satisfaction data is produced from statistically valid surveys. The performance data for SSA's accuracy measures comes from workload samples designed to achieve very high levels (95 percent confidence) of statistical validity. Additionally, SSA's Office of Quality Assurance and Performance Assessment (OQA) has recently begun using a stratified sample of recently completed actions to determine the accuracy of service transactions. The actions will be considered accurate if the field office employee who processed the transaction correctly followed the appropriate Program Operations Manual System (POMS) instructions in completing the transaction. The mechanism and frequency of reporting for this new system have not yet been decided. OQA also performs quality assurance payment (Stewardship) reviews of a random sample of SSA's ongoing Title II Social Security (Old-Age, Survivors and Disability Insurance) and SSI (Title XVI) payment rolls to measure the overall accuracy of the payment outlays. Payment reviews to assess the overall accuracy of payment outlays are conducted throughout the fiscal year and generally require that each selected case be redeveloped. The final payment reviews for a given fiscal year are initiated just after the close of each fiscal year. The payment review process, including data validation, generally takes 8 to 9 months after the close of the fiscal year to complete, so the accuracy data is not available until the end of June of the year following each fiscal year. As such, this information is generally reported in the subsequent year's Performance and Accountability Report (PAR). For example, in this FY 2003 PAR, SSA will be reporting on FY 2002 accuracy data. FY 2003 accuracy data will be reported in next year's PAR. Service transaction reviews are also conducted throughout the fiscal year, but the accuracy data will be available much sooner than the payment review (Stewardship) data since redevelopment will not be required. Assessment results are entered into a database, validated, analyzed and reported out.

Performance Report: This FY 2003 PAR displays the data definitions and data sources for each of the Agency's performance measures. SSA also includes margin of error information for the OASDI and SSI accuracy measures. Where applicable, the Agency identifies data weaknesses and the efforts underway to address such weaknesses. When performance goals cannot be defined in an objective/quantifiable form, SSA has established descriptive statements that define achievement.

OIG Reviews: SSA's OIG annually audits a number of SSA's performance measures and corresponding performance data. The objective of the audits is to ensure that the performance measures provide a meaningful indicator of whether the programs are achieving their stated objectives and that the processes they were designed to measure are operating in an effective and/or efficient manner. The audits also determine the reliability of the performance data. The OIG audits identify vulnerabilities in SSA's systems, and makes recommendations to correct those weaknesses to help SSA ensure that Agency systems are secure and not vulnerable to manipulation by intruders. Additionally, the OIG plays a key role in ensuring that performance measures are:

- Objective (i.e., measurable, reliable, and verifiable with quantifiable goals);
- Understandable (i.e., well-defined and clearly stated); and
- Outcome based (i.e., measure the intended results, effects, or impact on the program and its goals).

The OIG also evaluates the processes and systems used to measure progress to ensure that they provide reasonable and accurate assessments of performance.

In April 2003, the OIG issued the report, "Assessment of the Social Security Administration's Performance Measures". In the report, OIG reviewed 84 performance measures (in 11 key program and activity areas) that were included in SSA's Revised Final FY 2002 Annual Performance Plan, and reported that "SSA has made great strides in meeting GPRA's objectives and has shown continued refinement of its performance indicators from year to year".

The Report concluded that SSA's key programs and activities were covered by performance measures that were objective in all 11 key areas, understandable in 10 or 11 key areas, and partially outcome-based in 10 key areas and fully outcome-based in 1 key area. The Report also encouraged SSA to develop additional outcome-based measures when such measures will provide a better indicator of the Agency's ability to meet its goals.

In the OIG's Draft Semiannual Report to Congress for October 1, 2002 through March 31, 2003, it made several data quality recommendations:

1. Provide an adequate audit trail for the data used to measure the timely processing of disability claims. (SSA agreed with the recommendation and is developing a system to accomplish it.)
2. Develop performance measures to track progress in reducing the earnings suspense file. (SSA agreed with the recommendation and is developing a system to accomplish it.)

SSA takes appropriate action to correct any performance measure deficiencies reported by the OIG. These actions may include changes in performance measures, improvements to data collection systems, and disclosure of data limitations and weaknesses. SSA agreed with and incorporated many of the OIG's recommendations in its recently released FY 2004 APP and its revised final FY 2003 APP. For example, SSA now has measures for nearly all OIG-identified major management challenges. Additionally, the Agency has included two new performance measures that address the earnings suspense file issues and is committed to more outcome oriented measures for the 800-number network by 2005. SSA has also included productivity measures for disability claims and hearings, plus a 2 percent productivity measure for the Agency as a whole. The Agency enjoys its collaborative relationship with the OIG and assists them in developing audit plans that are mutually beneficial.

GAO Reviews: The GAO reviews SSA's APPs and PARs on a yearly basis. In January 2003, the GAO issued the report, "Major Management Challenges and Program Risks, Social Security Administration". The purpose of this report was to maintain congressional focus and a continuing agency focus on addressing the GAO-identified major management challenges:

1. Continue to strengthen the integrity of the SSI program;
2. Improve SSA's programs that provide support for individuals with disabilities;
3. Better position SSA for future service delivery challenges; and
4. Strengthen controls to protect the personal information SSA develops and maintains.

GAO has not identified any concerns about performance measures or data quality in the last several years. SSA is committed to being responsive to any future concerns GAO brings to the Agency's attention.

SSA has implemented many of the OIG and the GAO recommendations and the Agency is involved in ongoing discussions with them. The Commissioner and Agency leadership are committed to reducing the number of audit recommendations over 2 years old. As of December 31, 2001, SSA had 86 recommendations over 2 years old. Through the development of new guidelines for closing recommendations and ongoing executive emphasis to focus on the implementation of significant recommendations, the number of these aged recommendations has been significantly reduced. By August 2003, only 38 recommendations remained from the original aged group. This greater focus applies equally to audit recommendations received during the current Administration, so that relatively few now reach an aged status. For example, of 220 recommendations proposed by the OIG or the GAO during FY 2001, only 17 remain open at this writing (August 2003). SSA will continue to focus leadership attention and track progress on audit recommendation.

Audit of the Social Security Administration's FY 2002 Financial Statements: In accordance with the Chief Financial Officer's Act of 1990, SSA's financial statements were independently audited by PricewaterhouseCoopers LLP (PwC). The objective of this audit was to determine whether the financial statements present fairly, in all material respects, the financial position of SSA. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. PwC reported that SSA's assertion that its systems of accounting and internal control are in compliance with the statutory internal control objectives is fairly stated in all material respects. Additionally, PwC reported that they had "obtained an understanding of the components of internal controls relating to the existence and completeness assertions, as required by OMB Bulletin No. 01-02," with respect to SSA's Key Performance Indicators included in the FY 2002 PAR.