Performance Goals and Results

In FY 2004, SSA made significant progress 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.

Performance Management: The Strategic Plan, 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 as a tool to help 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.

As the Agency met its day-to-day challenges, it also made considerable progress toward meeting its 5-year goals established in the strategic plan, achieving its strategic performance commitments for FY 2004, and preparing for the projected workload increases and employee retirements that will occur over the next decade.

Performance Measures: During FY 2004, SSA used 45 distinct GPRA performance measures to manage and track Agency progress. These measures were established in SSA's Revised Final FY 2004 APP. The performance measures focus on SSA's most critical challenges and areas in need of improvement. Of the 45 performance measures, 17 were selected as Key Performance Indicators (KPIs). SSA's 17 KPIs were chosen because the Agency believes they best tell the story of its efforts to address the most critical challenges. During FY 2004, SSA met or almost met 81 percent of the performance goals including 76 percent of the KPIs. The assessment category of almost met recognizes results that were very close (i.e., within 95 percent of the goal).

The focus of this section is on the KPIs. They are presented by strategic goal and summaries of each performance measure follow. Each performance measure is introduced by an overview of the goal, results for FY 2004 and prior years, and trend analysis. A list of all of the Agency's performance measures can be found in the "Performance" section of this publication beginning on page 82.

In addition, performance measures for the Office of Management and Budget's (OMB's) Program Assessment Rating Tool (PART) are listed on page 89. 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 SSA and 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 Strategic Plan can be found at http://www.socialsecurity.gov/strategicplan.html
SSA's FY 2005 APP/Revised Final FY 2004 APP can be found at http://www.socialsecurity.gov/performance/

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

President's Management Agenda (PMA): SSA made significant progress in FY 2004 in support of the 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. A detailed discussion of SSA's achievements can be found beginning on page 59.

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 President's FY 2004 Budget. The same two programs were reevaluated in the summer of 2003 and the results were published in the President's FY 2005 Budget. In 2004, OMB combined the SSI Aged, Blind and Disabled programs for the FY 2006 PART assessment and SSA completed an assessment of those programs. The results will be published in the President's FY 2006 Budget. Therefore, by the end of 2004, SSA has evaluated 75 percent of its programs. Refer to page 89 for PART performance measure results.

Financial and Performance Integration: SSA has worked diligently to emphasize the relationship between resources and results. The demonstrated progress in this area includes the Commissioner's multi-year Service Delivery Budget Plan, which provides a context for making decisions on needed improvements in service delivery, fiscal stewardship, and the requisite staffing to accomplish both. This budget plan was developed as a multi-year plan to demonstrate the resources required to keep up with core workloads, process special workloads, eliminate backlogs of disability claims, hearings and appeals, and other operational workloads, and to improve productivity and fiscal stewardship.

The Service Delivery Budget Plan aligns costs and workyears with overarching performance goals in the Agency's Strategic Plan. For example, the initial Service Delivery Budget Plan identified the resources required to eliminate backlogs by the end of FY 2008 and took into account savings for efficiencies that the Agency expects to achieve from process and technology changes. Each year through FY 2008, the Agency was able to show the costs of reducing backlogs or simply keeping up with workloads. Agency accounting and cost analysis systems, which track the fully loaded administrative costs of SSA programs by workload, as well as employee production rates, were invaluable tools in helping develop projections.

SSA is also improving its core budget formulation system, and developing an automated system that will build on the current financial performance and management information systems. It will enable the Agency to better project how resource changes affect various workloads, outputs and outcomes. For instance, in response to a Congressional inquiry, the Agency used unit cost information to show how many fewer disability claims would be processed if the President's FY 2004 budget were not fully funded. Further, SSA has demonstrated a macro budget formulation model which helps to estimate what level of performance to expect at different levels of funding and productivity.

The Agency budget clearly defines performance commitments, both in terms of the public service and program integrity workloads that the Agency will handle and the outcomes it expects to achieve. SSA plans and budgeted activities reflect evaluations and feedback from the Congress, the Social Security Advisory Board, the Government Accountability Office (GAO), and SSA's Office of the Inspector General (OIG). Accountability is clearly defined for major Agency initiatives and workloads, and productivity and/or process improvements are built in. Agency executives meet on a monthly basis to review and discuss performance measures; resource allocation decisions are made based on performance and projected workloads. Furthermore, results from the President's Program Assessment Rating Tool are integrated into the Agency's decision-making process, and are included in budget justification materials.

Major Management Challenges: The Agency also took action to address the Major Management Challenges identified by the GAO and SSA's OIG. The "Agency Challenges" section of this report, which begins on page 14, outlines these major challenges and the steps SSA has taken to address these issues.

Workloads: In FY 2004, as in prior years, the largest use of SSA's administrative resources went to processing its priority workloads. These workloads included:

- Paying benefits to more than 52 million people every month.

- Evaluating evidence, and making determinations of eligibility for benefits on more than 8 million new claims.

- Making decisions on over 1 million hearings and appellate actions.

- Issuing over 17 million new and replacement Social Security cards.

- Processing 252 million earnings items for crediting to workers' earnings records.

- Handling 53 million calls to SSA's 800-number.

- Issuing 140 million Social Security Statements.

- Processing over 1.6 million periodic continuing disability reviews (CDR).

- Processing over 2.2 million non-disability SSI redeterminations to ensure that SSI eligibility is still met.

FY 2004 Performance by Strategic Goal

This section presents a summary discussion of FY 2004 performance for each of SSA's four strategic goals including:

- The contribution of SSA's FY 2004 performance toward achieving Agency strategic goals and long-term key outcomes.

- The Key Performance Indictor (KPI) 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 President's Management Agenda (PMA). SSA's aim is to deliver quality service. The attributes of service that define quality include accuracy, productivity, cost, timeliness and service satisfaction.

A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes, and the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG) identified Major Management Challenges for this goal are discussed in more detail beginning on page 17.

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 pending workloads 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. A discussion of these initiatives can be found beginning on page 17.

1.1 — Key Performance Indicator: *Number of Initial Disability Claims Processed by Disability Determination Services (DDS)*

FY 2004 Goal: 2,485,000

Actual FY 2004 Performance: 2,574,848

SSA met its goal. Timely service to the public in processing disability claims continues to be a key Agency priority. In FY 2004, SSA redirected resources and reprioritized workloads to increase the emphasis on processing initial disability claims. This has allowed SSA to significantly exceed expectations for this goal in FY 2004. Such timely service benefits the public by providing replacement income and medical insurance.

Improving disability program *service* to the public, from initial filing to final administrative appeal, is one of SSA's highest priorities. The current process takes far too long, placing severe burdens on applicants and their families and an enormous drain on Agency resources. Attainment of this goal is also an indicator that enhancements to the disability claims process are allowing the DDSs to process claims more efficiently.

FY 1999: 2,012,047

FY 2000: 2,035,627

FY 2001: 2,166,623

FY 2002: 2,376,572

FY 2003: 2,526,020

Initial Disability Claims Processed
(in millions)
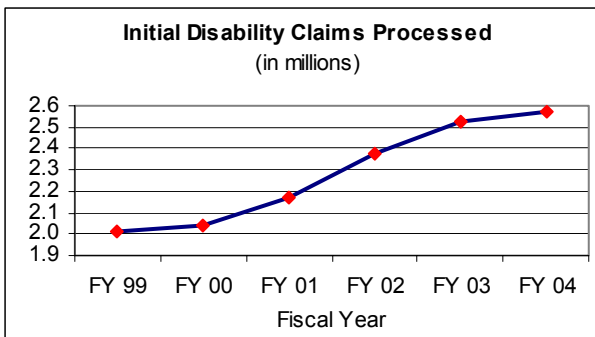
Trend: Disability initial claims filings have increased steadily over the last six years. The implementation of eDib will support this goal. The Agency projects that the number of claims processed will also increase, provided that the SSA appropriation is sufficient to meet the public demand for disability claims services.

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 SSA Hearings Processed*

FY 2004 Goal: 538,000 *

Actual FY 2004 Performance: 497,379

SSA did not meet its goal. Despite record Administrative Law Judge (ALJ) productivity, the goal was not met because SSA had fewer ALJs than in previous years due to a delay in hiring[*]. However, SSA recently graduated two classes of ALJs and is implementing eDib. SSA has developed the Case Processing and Management System (CPMS) for the Office of Hearings and Appeals (OHA), which replaces the existing Hearing Office Tracking Systems for non-Medicare cases. CPMS will benefit the public by providing OHA with a more efficient and effective case processing system. When fully implemented, it will improve development tools, case controls, scheduling techniques, and management of information, all of which will expedite the hearing process and ultimately, provide disability claimants with faster and higher quality service.

This indicator is one of several that relates to improving disability program *service* to the public, a high Agency priority. Even though SSA had fewer available judges in FY 2004, the number of hearings processed this year exceeded performance in FY 2002 by 42,661 and in FY 2003 by 3,456. OHA will continue to utilize all available resources to increase dispositions. These resources include an array of technologies, including video conferencing, which will make hearings more accessible to appellants and their representatives.

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[*] In 1997, two applicants for ALJ positions filed an appeal with the Merit Systems Protection Board (MSPB). This case, Azdell v. Office of Personnel Management (OPM), challenged the veterans preference formula that OPM was using to score the ALJ examination. In April 1999, the MSPB issued an initial decision finding that the scoring system did violate the Veterans Preference Act. Beginning in April 1999, SSA was no longer able to hire ALJs. This inability continued through various appeals and legal actions until September 2001, when the MSPB allowed SSA to hire 126 new ALJs in FY 2002.

FY 2001: 395,565

FY 2002: 454,718

FY 2003: 493,923

SSA Hearings Processed
(in thousands)
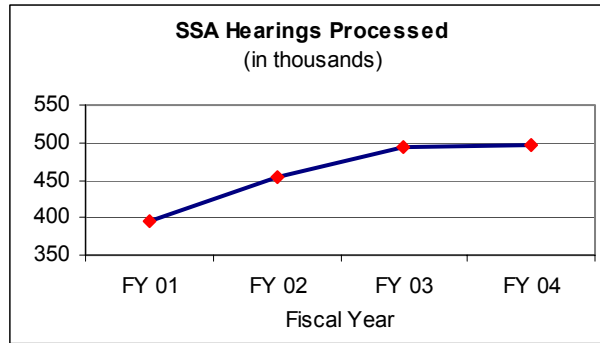
Trend: The number of hearings processed has continued to increase since FY 2001. OHA implemented changes to the hearings process, which began to positively impact the number of dispositions processed. In FYs 2003 and 2004, the overall ALJ productivity rate continued to increase to record levels, which has further contributed to the number of dispositions processed.

Data Definition: Beginning with FY 2001, SSA hearings processed by OHA (excluded Medicare hearings, which had been included in this KPI in prior years. Number of Medicare hearings are no longer reflected in the data, and have been removed from totals for FYs 2001-2003). The performance measure in effect in FYs 1999 and 2000 included all hearings and did not distinguish Medicare hearings from any other hearings.

Data Source: Case Processing and Management System (CPMS). Disability cases are tracked under CPMS while Medicare cases will continue to be tracked under OHA Hearing Office Tracking System.

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

FY 2004 Goal: 97 days

Actual 2004 Performance: 95 days

SSA met its goal. SSA's emphasis on reducing disability processing time is a key component of its service improvement initiative. Efforts to reduce initial disability claims processing time were aided by additional funding to the Disability Determination Services (DDSs). This increase in resources allowed the DDSs to process a higher than anticipated number of receipts in less time.

This indicator also relates to SSA's priority to improve disability program *service* to the public. In 2002, SSA announced plans to improve the disability process by moving to an electronic disability claims file. Beginning in 2004, Social Security offices and DDSs throughout the country began implementing various components of the electronic claim process. Attainment of this goal is an indicator that enhancements to the disability claims process are allowing the Agency to process claims more efficiently.

FY 1999: 105 days

FY 2000: 102 days

FY 2001: 106 day**s**

FY 2002: 104 days

FY 2003: 97 day**s**

Processing Time for Initial Disability Claims
(in days)
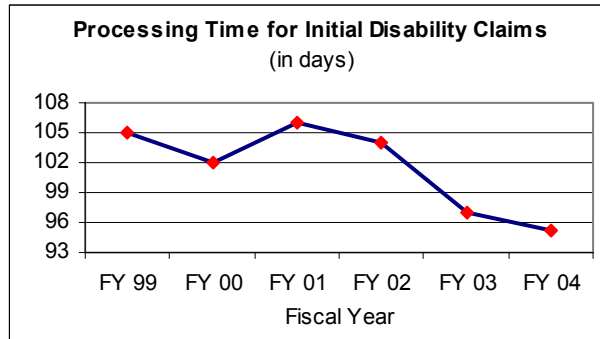
Trend: The processing time has been improving over the past 2 years in spite of increasing applicant levels. The Agency anticipates processing time to stabilize at current levels and eventually to improve after the national implementation of eDib.

Data Definition: This is the fiscal year average processing time for Title II (Social Security) and Title XVI (Supplemental Security Income) 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.

Note: The disability determination process is the same for both Title II and Title XVI disability claims.

Data Source: Title II Management Information Initial Claims Record (MIICR) Processing Time; Social Security Unified Measurement System (SUMS).

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

FY 2004 Goal: 377 days

Actual FY 2004 Performance: 391 days

SSA almost met its goal. As more initial disability claims are denied the number of hearings filed increases. The more successful the Agency is in reducing aged cases, the more processing times will increase. Increased processing time is also affected by the growing pending workload resulting from the Azdell litigation,[*] which severely restricted SSA's ability to place additional Administrative Law Judges (ALJs) in hearing offices. Additionally, previous projections were predicated on a number of initiatives that did not come to fruition. Initiatives include the Attorney Decision-Maker position which was not implemented and the delay in hiring ALJs. A final factor that contributed to the goal not being met was the training and learning curve issues associated with the implementation of the Case Processing and Management System.

This indicator is another that relates to improving disability program *service* to the public, one of the Agency's highest priorities. In addition to the eDib initiative, which will streamline the hearings process through technological improvements, SSA is taking other actions to improve processing time. The Office of Hearings and Appeals (OHA) has enhanced its early screening efforts by establishing a centralized screening effort in OHA Headquarters to supplement the Agency's short-term initiative involving ALJs screening for on-the-record (OTR) decisions. OTR cases are those cases that may be allowed without a hearing if certain criteria are met (age, educational background, medical evidence, and vocational background). OTR decisions can be requested by the

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[*] In 1997, two applicants for ALJ positions filed an appeal with the Merit Systems Protection Board (MSPB). This case, Azdell v. Office of Personnel Management (OPM), challenged the veterans preference formula that OPM was using to score the ALJ examination. In April 1999, the MSPB issued an initial decision finding that the scoring system did violate the Veterans Preference Act. Beginning in April 1999, SSA was no longer able to hire ALJs. This inability continued through various appeals and legal actions until September 2001, when the MSPB allowed SSA to hire 126 new ALJs in FY 2002.

claimant, their representative, or the Senior Attorney who reviews the folder before it is worked. Finally, SSA addressed the pending workload with the addition of support staff resources and 103 ALJs hired in FY 2004.

FY 1999: 316 days

FY 2000: 297 days

FY 2001: 308 days

FY 2002: 336 days

FY 2003: 344 days

Hearings Processing Time
(in days)
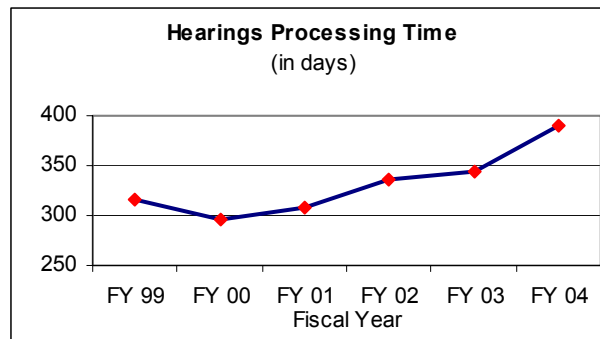
Trend: Average processing time will likely continue to increase because of the focus on working down pending and aged cases. Because of the delay in hiring ALJs, and their 9 month learning curve, the full benefit of their productivity will not begin to improve processing time until FY 2006.

Data Definition: Beginning FY 2000, this indicator was redefined to represent the average elapsed time from the hearing request date until the date of the notice of the decision, of all hearings level cases processed during all months of the fiscal year.

Data Source: Case Processing and Management System (CPMS). Disability cases are tracked under CPMS while Medicare cases will continue to be tracked under OHA's Hearing Office Tracking System.

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

FY 2004 Goal: 582,000

Actual FY 2004 Performance: 624,658

SSA did not meet its goal. In FY 2004, the Disability Determination Services (DDSs) were budgeted to process fewer initial claims than in FY 2003. The number of initial claims exceeded the budgeted amount of 113,000, which had an adverse effect on the pending workload, increasing it by 45,000. Without this increase, the Agency would have met the goal. In addition, high rates of disability examiner attrition and fewer examiners in relationship to the total staff contributed to the goal not being met.

This measure supports SSA's high priority on improving disability *service* to the public. Specifically, future service improvement is connected to SSA's eDib initiative which was announced in 2002. The purpose of eDib is to make the disability process more efficient and responsive by reducing delays inherent in mailing, locating and organizing paper folders, with an electronic folder that can be accessed by all case processing components involved in adjudicating and reviewing disability claims. Beginning in 2004, Social Security offices and DDSs throughout the country began implementing various components of the electronic claim process.

FY 1999: 457,823

FY 2000: 535,407

FY 2001: 578,524

FY 2002: 592,692

FY 2003: 581,929

Initial Disability Claims Pending
(in thousands)

Fiscal Year	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
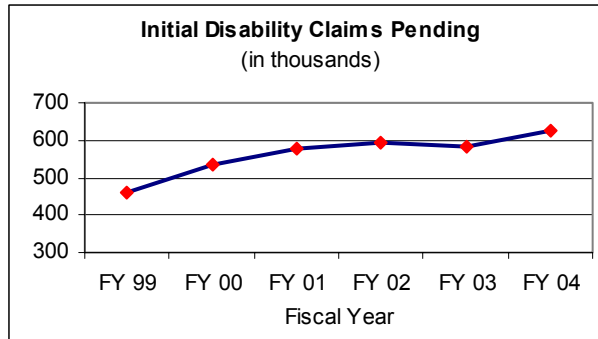
Trend: In FYs 2001- 2003 the DDSs were able to minimize increases or show small decreases in the number of initial claims pending, despite higher than estimated claim receipt levels. These results were due to budget decisions to add funds to the DDSs and reduce the number of Continuing Disability Reviews (CDRs) processed in an effort to control the initial claims workload. In FY 2004, the DDSs were budgeted to process 32,000 fewer initial claims than in FY 2003. The number of initial claims received in FY 2004 was higher than what was received in FY 2003, which caused the pending claims workload to increase. Without appropriate funding, the trend will continue in the short term. As eDib matures, the trend will start to show a reduction in this workload.

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

Data Source: National Disability Determination Services System.

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

FY 2004 Goal: 586,000

Actual FY 2004 Performance: 635,601

SSA did not meet its goal. There is a direct correlation between the number of initial disability claims filed and the number of hearings requests that are received. As more initial disability claims are denied the number of hearings filed increases. The pending workload was adversely affected by continued high receipt levels while operating with 30 fewer Administrative Law Judges (ALJs) than last year. The decision not to implement the Attorney Decision-Maker position, and the training and learning curve issues associated with the national implementation of the new Case Processing and Management System also contributed to not meeting this goal.

This indicator, like several of the other disability indicators, relates to SSA's priority to improve disability program *service* to the public. Because the current process takes far too long, applicants and their families are subject to unacceptable economic burdens. The Office of Hearings and Appeals (OHA) will continue to utilize all available resources to increase dispositions and reduce the pending workload. In order to make immediate service and efficiency improvements, the Agency is in the process of expanding video teleconference (VTC) hearings and marketing this new technology. With VTC, the claimant would not have to travel a long distance, the hearing could be held sooner, and the result would be a more timely decision. ALJs could be more productive with less time required for travel to remote sites. VTC also facilitates workload transfers and significantly broadens the pool of experts available for testimony at hearings. By the end of FY 2006, SSA plans to have a VTC system in every OHA hearing office and permanent remote site. In FY 2004, 127 VTC systems were installed. Of note is that the overall average processing time for VTC hearings in FY 2004 was 105 days less than those not using this technology.

SSA Hearings Pending
(in thousands)

FY 2001: 392,387

FY 2002: 463,052

FY 2003: 556,369
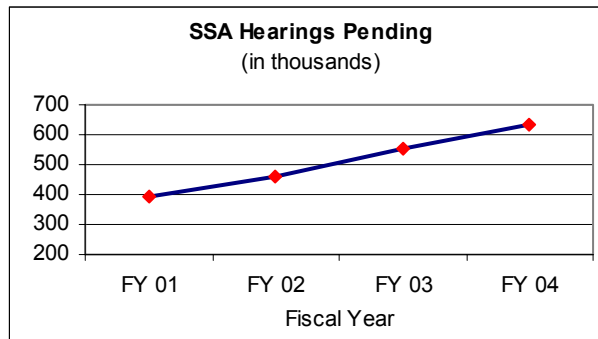
Trend: From FY 2001 through FY 2003, hearing receipts continued to increase. During this same time, the number of ALJs continued to decline due to the hiring restrictions resulting from the Azdell litigation and attrition. In FY 2002, OHA hired 126 ALJs, but this was not sufficient to make up for ongoing losses. Despite record ALJ productivity in FY 2003, the overall net reduction in ALJs continued to negatively affect OHA's ability to keep pace with receipts. In FY 2004, 103 ALJs were hired during a year of continued high receipt levels. Despite high productivity, the 5-year trend of receipts outpacing dispositions continued through FY 2004.

Data Definition: Beginning with FY 2001, SSA hearings pending (excludes Medicare hearings pending, which had been included in this KPI in prior years. Number of Medicare hearings pending are no longer reflected in the data, and have been removed from totals for FYs 2001-2003). The performance measure in effect in FYs 1999 and 2000 included all hearings and did not distinguish Medicare hearings from any other hearings.

Data Source: Case Processing and Management System (CPMS). Disability cases are tracked under CPMS while Medicare cases will continue to be tracked under OHA's Hearing Office Tracking System.

Strategic Objective 2: Increase employment for people with disabilities

SSA's key long-term outcome is to increase by 50 percent, from 2001 levels, the number of people with disabilities who achieve employment. 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.

A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes, and the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG) identified Major Management Challenges for this strategic objective can be found beginning on page 19.

Strategic Objective 3: Improve service with technology

SSA's key long-term outcome is to substantially increase the use of electronic services. A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes, and the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG) identified Major Management Challenges for this strategic objective can be found beginning on page 23.

3.1 — Key Performance Indicator: *Usage of Electronic Entitlement and Supporting Actions*

FY 2004 Goal: 328,398 (50% growth over FY 2002 baseline)

Actual FY 2004 Performance: 611,266 (179.2% growth over FY 2002 baseline)

SSA met its goal. In FY 2004, this performance indicator was revised to measure broader performance than in previous years. This goal includes eight Internet applications (listed in the data definition section below) and targets an increase of 50 percent over the FY 2002 baseline. Based on FY 2003 actual usage of these Internet applications, SSA anticipated exceeding this goal. In addition, several Internet enhancements in FY 2004 also attributed to increased usage. The enhancements included:
- PIN/Password expansion to provide passwords on request.
- Authentication tolerance changes for Internet Medicare Replacement Card and Proof of Income Letter requests.
- Addition of knowledge-based change of address application.

Improving SSA *service* through technology provides the public with easy and efficient access to SSA services without leaving their home or workplace, ultimately saving time and resources. This performance indicator also contributes to increased Agency productivity and, thereby, improves service and preserves trust fund and general revenue monies. SSA will continue to make enhancements to these applications and expand promotion efforts that will further increase the usage of the Internet.

FY 1999 – FY 2003: Not Available – This is a new measure for FY 2004.

Trend: This performance indicator was established in FY 2004. Considering the number of changes that impact usage, it is difficult to determine the nature of the trend. SSA will continue to monitor changes in usage patterns and establish new goals for FY 2005 accordingly.

Data Definition: In setting this new measure, SSA recognizes the need for one that is overarching and takes into account additional electronic services in its Title II suite, and shows the increased usage of these electronic services. The new indicator consists of an aggregate measure of representative electronic transactions the public performs with SSA. The following are included in this indicator:
- Internet Social Security Benefit Application includes:
    - Retirement Application (effective 11/00).
    - Spouse Application (effective 3/01).
    - Disability Application (effective 1/02).
- Proof of Income Letter (formerly known as Benefit Verification Statement) (effective 3/99).
- Internet Medicare Replacement Card (effective 7/00).
- Internet Change of Address includes:
    - Password Based Change of Address (effective 4/01).
    - Knowledge Based Change of Address (effective 2/04).
- Internet Change of Direct Deposit (effective 8/01).

Beginning in FY 2004, the growth percentage goal compares the aggregate count of these transactions in the fiscal year to those in the FY 2002 baseline of 218,932 transactions. For FY 2004, the Agency's targeted aggregate count is 328,398.

Data Source: Executive and Management Information System, Title II Internet Claims Report, Electronic Service Delivery Report.

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

FY 2004 Goal: 55%

Actual FY 2004 Performance: 60%

SSA met its goal. SSA has made significant improvements in its earnings process and service to employers, which includes automating the reporting of wages by employers. Electronic Wage Reporting simplifies the wage reporting process for businesses by allowing them to submit employee wage reports (Forms W-2) online. The service also includes the AccuWage tool for businesses that improves reporting accuracy and reduces the volume of error correction and necessary follow-up contacts. In tax year 2002, 53.4 percent of all employee wage items were submitted electronically. Through June 2004, 58 percent of all employee wage items have been submitted electronically.

The use of W-2 Online also contributed to attainment of this goal. W-2 Online is a service that meets the needs of small businesses by providing online entry and printing of W-2 wage and tax statement forms for distribution to employees. The Internet-based system also sends the wage and tax information to SSA, saving both time and money.

This performance indicator supports SSA's strategies and activities to improve *service* through technology. SSA's vision is to provide, within the next 5 years, cost-effective E-Government services to citizens, businesses and other government agencies.

Opportunities still exist to make improvements in the electronic wage reporting program. Over the next 2 years, SSA will eliminate the use of diskette, tape, and paper reporting to increase electronic reporting. SSA plans to accommodate more electronic business via the Internet, improve earnings products and services for employers and employees, and improve the way earnings are established, corrected and adjusted.

FY 1999: 6.6%

FY 2000: 18.4%

FY 2001: 27.0%

FY 2002: 42.5%

FY 2003: 53.4%

Electronic Wage Reports (W-2s)
(percent)
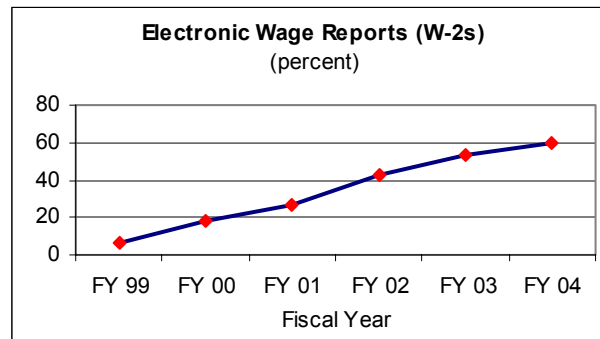
Trend: The Employer Services Online (ESO) Operation helped publicize Internet features and promote e-filing in FY 2001. FY 2002 was the first year the Agency mandated use of new Magnetic Media Reporting and Electronic Filing which provided employers with tools to file electronically. FY 2003 was the first full year SSA offered W2-Online filing. SSA's performance this fiscal year has surpassed previous years due to increased W2-Online use and the conversion of tape, cartridge, and diskette filers to electronic filers.

Data Definition: 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 reports.

FY 2004 Goal: 83%

Actual FY 2004 Performance: 84.2%

SSA met its goal. Since the people who do business with Social Security 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" have been a consistent determinate of overall satisfaction for those calling SSA's 800-number and field offices. In FY 2004, 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.

Improved productivity is essential to meeting the information technology challenges ahead. The Social Security Advisory Board has noted that the combination of dramatic workload growth and SSA's employee retirement wave "will place extraordinary pressures on the Agency to meet the public's need for service." In the face of these challenges, technology is essential to achieving efficiency and enabling employees to deliver the kind of *service* that every claimant, beneficiary and citizen needs and deserves.
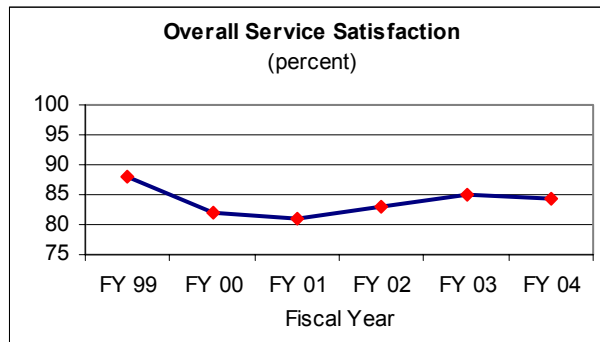
FY 1999: 88%	
FY 2000: 82%	
FY 2001: 81%	
FY 2002: 83%	
FY 2003: 85%	

Overall Service Satisfaction (percent)

Trend: FY 2004 was the third year in a row that the public's perception of SSA's service reflected a statistically significant improvement.

Data Definition: Percent of respondents surveyed administered by SSA's Office of Quality Assurance and Performance Assessment. Respondents are asked to 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 answer that question.

Data Source: Interaction Tracking System 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 and self-employment 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 of the President's Management Agenda (PMA) initiatives that are aimed at sound financial management: Competitive Sourcing, Improved Financial Performance, and Budget and Performance Integration. In addition, 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. SSA's commitment to strengthen the integrity of the SSN is also a stewardship initiative that will bring major improvement to the enumeration and verification process. SSA has already taken many steps to strengthen the Agency's capability to prevent those with criminal intent from getting SSN cards.

Strategic Objective 4: Prevent fraudulent and erroneous payments and improve debt management

SSA's key long-term goal is to increase Supplemental Security Income (SSI) payment accuracy to 96 percent (free of preventable error) and to 95 percent (free of error). In FY 2004, SSA continued to build on SSI program management improvements. A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes, and the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG) identified Major Management Challenges for this strategic objective can be found beginning on page 27.

4.1 — Key Performance Indicator: *Supplemental Security Income (SSI) Non-Disability Redeterminations*

FY 2004 Goal: 2,210,000

Actual FY 2004 Performance: 2,278,566

SSA met its goal. The goal for this performance indicator is routinely met or almost met (within 95 percent of the goal) every fiscal year because the Agency is adept at linking resources to the workloads as soon as the budget is released. The Agency originally set the FY 2004 goal at 2,455,000. However, due to budget constraints SSA had to cut back in areas where spending could be controlled, which included reducing this goal to 2,210,000.

Redeterminations, required by law, are periodic reviews of non-medical factors of SSI eligibility and are the most powerful tool SSA has to detect and prevent SSI overpayments. They are a direct link to the *stewardship* goal because they ensure that Americans receive the benefits they are due, and ultimately assure taxpayers that general revenue funds are spent correctly. In FY 2003, redeterminations produced $2.7 billion in overpayments collected or prevented and an additional $1.53 billion in underpayments paid or prevented.

FY 1999: 2,122,279	
FY 2000: 2,182,027	
FY 2001: 2,315,856	
FY 2002: 2,311,499	
FY 2003: 2,449,674	

SSI non-Disability Redeterminations
(in thousands)
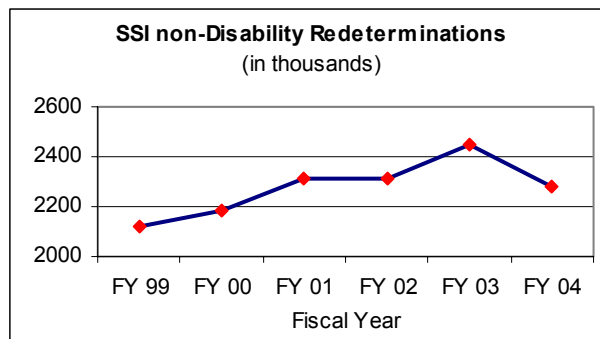
Trend: SSA exceeded the number of projected clearances in FYs 2001 and 2002 because the Agency did not experience budget shortfalls. The FY 2003 goal was set at 2,455,000. Because the Agency was in danger of processing fewer than the projected number of redeterminations in FY 2003, action was taken mid-year to increase the number of redeterminations released for processing. However, due to a contractor delay in the release of 100,000 mailings, the goal was not met.

Data Definition: All actions involving the eligibility redeterminations of SSI beneficiaries resulting from diary actions (scheduled) and those initiated as a result of events reported by beneficiaries (unscheduled). The number of non-disability redeterminations completed includes those cases released to the Regions, as well as to the Wilkes-Barre Data Operations Center.

Data Source: Redeterminations Service Delivery Objective Report for Post-eligibility Operational Datastore.

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

FY 2004 Goal: 1,537,000

Actual FY 2004 Performance: 1,604,680

SSA met its goal. Improvements in the CDR profiling process resulted in an increased number of CDRs processed by mailer rather than by more expansive full medical reviews. CDR mailers are released in August, October, February, and June. The attainment of this goal was also linked to resources. Although the FY 2004 goal was met, reduced appropriations and higher initial disability claims receipts resulted in the Agency not being able to process as many CDRs as planned.

The Agency has made tremendous progress in its efforts to improve the CDR process. Currently, several feasibility studies are underway; and, if they are productive, SSA plans to implement related projects in FY 2005. One example is studying a mailer process for SSI cases that could be implemented in FY 2005. Additionally, there are several other initiatives underway, including a Failure to Cooperate Pilot, which is designed to increase processing efficiency without sacrificing effectiveness.

CDRs are a direct link to the *stewardship* goal because they help ensure the integrity of the disability program through which SSA determines whether beneficiaries will continue to be entitled to benefits based on their medical conditions. They ensure that Americans receive the benefits they are due, and ultimately assure taxpayers that trust fund money and general revenue funds are spent correctly. SSA has generated government-wide savings of approximately $10 for each $1 spent on such activities.
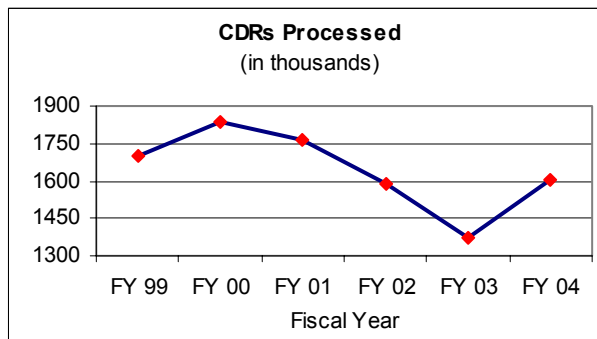
FY 1999: 1,703,414

FY 2000: 1,836,510

FY 2001: 1,762,517

FY 2002: 1,586,091

FY 2003: 1,371,255

CDRs Processed
(in thousands)

Trend: With special funding from Congress, SSA successfully completed its 7-year plan to eliminate the CDR pending workload last year. SSA did not receive any special funding from Congress to complete this workload in FY 2004. Yet, knowing the importance of completing CDRs to maintain the integrity of the disability rolls, the Agency increased the goal from 1,203,000 in FY 2003 to 1,537,000 in FY 2004. Performance this fiscal year is significantly below FYs 2000 and 2001, slightly below FY 2002, but slightly above where the Agency was in FY 2003.

Data Definition: Count includes periodic reviews and other CDRs processed by the DDSs and mailers not requiring medical reviews.

Data Source: Disability Operational Data Store and CDR Tracking File.

4.3 — Key Performance Indicator: *Percent of Outstanding Old Age, Survivors, and Disability Insurance (OASDI) Debt in a Collection Arrangement*

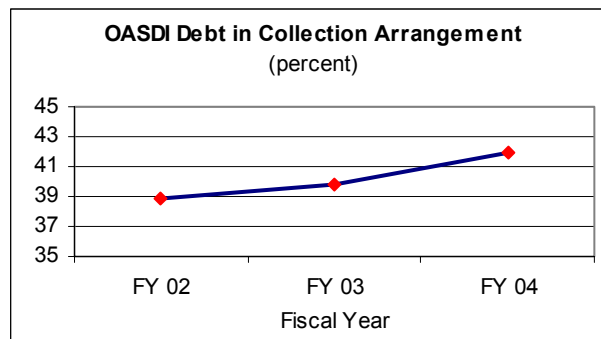**FY 2004 Goal: 38%**

Actual FY 2004 Performance: 42.2%

SSA met its goal. SSA's *stewardship* responsibilities require that the Agency recover as much debt as possible. The Agency continues to use aggressive debt collection tools to recover delinquent benefit overpayments from former beneficiaries. SSA refers delinquent debts to the Treasury Offset Program to recover debts from Federal tax refunds and other Federal payments. In addition, SSA withholds Supplemental Security Income (SSI) overpayments from the benefits of individuals who become entitled to OASDI payments and refers debts to credit bureaus. SSA operating components now have access to a tool named "OP-WIZ" that organizes debt information more efficiently for individual case processing and better workload management. A project under development is the use of Administrative Wage Garnishment as a means to collect debts through a debtor's employer. Anticipated implementation is December 2004.

FY 1999 – FY 2001:
Not Available –
This was a new measure for FY 2002.

FY 2002: 38.9%

FY 2003: 39.8%

OASDI Debt in Collection Arrangement
(percent)

Fiscal Year	FY 02	FY 03	FY 04
percent	~39	~40	~42

Trend: The FY 2003 goal was based on an analysis of past performance and was set at levels that would result in performance close to the goals. The Agency has not seen any significant changes in FYs 2003 or 2004 in regard to establishment or resolution of overpayments that would affect the performance measure. Performance for this fiscal year is above FYs 2002 and 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.

Note: To improve this indicator, SSA will focus on the debt not in a collection arrangement by developing initiatives to collect it or eliminate it if it is unproductive.

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

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. A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes, and the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG) identified Major Management Challenges for this strategic objective can be found beginning on page 31.

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. A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes, and the GAO and OIG identified Major Management Challenges for this strategic objective can be found beginning on page 33.

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. A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes, and the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG) identified Major Management Challenges for this strategic objective can be found beginning on page 34.

7.1 — Key Performance Indicator: *Disability Determination Service (DDS) Cases Processed Per Workyear (PPWY)*

FY 2004 Goal: 272 cases per workyear

Actual FY 2004 Performance: 272.6 cases per workyear

SSA met its goal. The Disability Determination Services (DDSs) experienced significant increases in the number of disability claims that were filed in FY 2004. The Agency provided additional funding to the DDSs to focus on

processing initial disability claims. In addition, Social Security offices and DDSs throughout the country began implementing various components of the electronic claim process, which provided both training and learning curve challenges. The Agency met the goal despite the increased workload and processing delays that were encountered during the implementation of the electronic disability process. Attainment of this goal is an indicator that enhancements to the disability claims process are allowing the Agency to process claims more efficiently.

This key performance indicator is directly linked to the Agency's *stewardship* goal since it focuses on Agency productivity. The attainment of this goal indicates that the Agency effectively manages resources and that the outcomes can be directly linked to Agency performance.
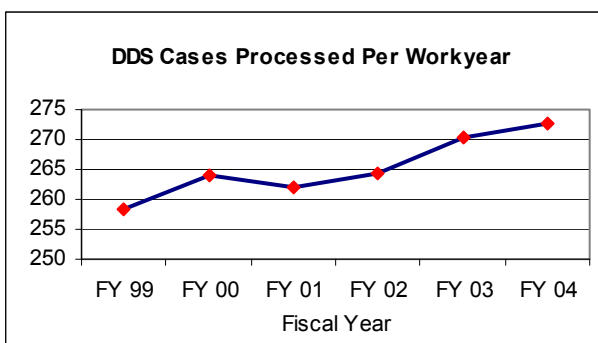
FY 1999: 259

FY 2000: 264

FY 2001: 262

FY 2002: 265

FY 2003: 270

DDS Cases Processed Per Workyear

Trend: Performance this fiscal year is slightly above FY 2003 and significantly above FY 2001 and 2002. PPWY has increased each year since FY 2001. SSA expects the PPWY trend to continue to increase, provided the SSA appropriation is sufficient to fully fund DDS workloads. Eventually the national implementation of the eDib initiative will also help to improve performance.

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, including doctors under contract to the DDS.

Data Source: National Disability Determination Services System.

7.2 — Key Performance Indicator: *"Get to green" on all five President's Management Agenda (PMA) Initiatives*

FY 2004 Goal: **Achieve an overall status rating of "green" on four of five PMA initiatives.**

Actual FY 2004 Performance: **Achieved an overall status rating of "green" on three of five PMA initiatives.**

SSA did not meet its goal. The President's Management Agenda (PMA) is a bold strategy to improve management and performance of the Federal government helping to assure the public that Federal programs are well run and results-oriented. Each agency's efforts to implement the PMA initiatives are tracked by the Office of Management and Budget, using a scorecard that employs a simple "traffic light" grading system. As good stewards for the individuals who are contributing to and/or benefiting from the Social Security and SSI programs, the Agency is committed to get to "green" on all of the PMA initiatives. SSA's results can be easily seen at http://www.whitehouse.gov/omb/budintegration/scorecards/agency_scorecards.html.

The September FYs 2003 and 2004 ratings for Status and Progress on the five PMA plans were:

PMA Plan	September 2003		September 2004	
	Status	Progress	Status	Progress
Expanded Electronic Government	Yellow	Green	Yellow	Yellow
Competitive Sourcing	Red	Green	Yellow	Green
Improved Financial Performance	Green	Green	Green	Green
Budget and Performance Integration	Yellow	Green	Green	Green
Strategic Management of Human Capital	Yellow	Green	Green	Green

The Agency worked on many fronts to make progress in FY 2004 on the Expanded Electronic Government initiative. SSA will continue to work to meet all standards for achieving "green" in overall status. The Agency made substantial progress on the Competitive Sourcing initiative. SSA has developed a multi-year competitive sourcing plan that establishes the framework for achieving "green" status.

FY 1999 – FY 2003: Not Available – This is a new measure for FY 2004.

Trend: In FY 2003, SSA was at "green" for "status" on only one PMA item – Improved Financial Performance. At present, the Agency has achieved "green" for "status" on two additional PMA initiatives – Budget and Performance Integration and Strategic Management of Human Capital. In addition, SSA has achieved "yellow" for "status" on Expanded Electronic Government and Competitive Sourcing.

Data Definition: Receiving a "green" score on the PMA initiative for status.

Data Source: Office of Management and Budget's PMA initiative scorecard for SSA.

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. Without reforms, Social Security is projected to be financially unsustainable over the long term. When the first baby boomers reach retirement age in 4 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 outlays 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 2078) are expected to fall short of the amount needed to adequately finance all scheduled benefits through 2078. SSA will continue to educate the public on the solvency issue and possible solutions.

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 Government Accountability Office (GAO) to add modernizing all Federal disability programs to its high-risk list. SSA must respond to these developments. A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes for this goal are discussed in more detail beginning on page 38.

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

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 and the public on the Internet. The annual conference of SSA's Retirement Research Consortium focused on 'The Future of Social Security'. All of the sessions at the conference concerned issues relating to Social Security reform. In addition, Agency officials have made and will continue to make presentations concerning the solvency issue.

Members of the Office of Legislation and Congressional Affairs, the Office of Policy, and 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 and the Office of Policy have developed estimates of the financial effects of several legislative reform proposals and also given Congressional testimony pertaining to these proposals.

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 2004 Goal: Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms.

Actual FY 2004 Performance: Conducted analysis for the Administration and Congress on key issues related to implementing 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. Social Security *solvency* will ensure economic security for generations to come.

FY 1999 – FY 2002: Not Available – This was a new measure for FY 2003.
FY 2003: Conducted analyses related to Social Security reforms.

Trend: This indicator was first employed in FY 2003. SSA has met its goal for this key performance indicator in both FY 2003 and FY 2004.

Data Definition: Completed reports and analyses on present law provisions, as well as on proposed and pending legislation and other proposals for ensuring the solvency of the system.

Data Source: SSA's Office of Policy records.

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

SSA's s*taff* goal differs from the other three strategic goals. It is actually considered an enabling goal since its corresponding performance measures support SSA in carrying out its mission. The activities focus on enhancing workforce assets, improving communications, and furthering an expansive approach to providing service to the

public, ensuring stewardship of Social Security programs and resources while supporting reforms to ensure sustainable solvency and more responsive retirement and disability programs.

A discussion of SSA's FY 2004 accomplishments and the progress SSA made in the context of its long-term key outcomes, and the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG) identified Major Management Challenges for this goal are discussed in more detail beginning on page 40.

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

This goal addresses the President's Management Agenda (PMA) Human Capital initiative and a similar GAO and 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 towards 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 —The Agency's Strategic Plan for 2003-2008 outlines how SSA 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.

The Agency's 2004 Retirement Wave Report states that projected retirements for employees on duty as of October 1, 2003 will cumulatively reach 20 percent of SSA's current workforce by 2008. By 2013, 41 percent of current employees are projected to retire. To help Agency managers respond to this challenge, a Future Workforce Transition Plan (FWTP) was developed. SSA's Annual Performance Plan and budget request contain commitments to implement the human capital activities detailed in the FWTP. The Agency also developed a Human Capital Plan (HCP) that builds upon successful workforce planning strategies that are outlined in the FWTP. The HCP outlines five key activities for success in achieving measurable human capital results. They are: Strategic Alignment, Workforce Planning, Workforce Development and Knowledge Management, Performance Culture, and Leadership. Results are assessed through both overall Agency measures and specific human capital measures.

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 allows SSA to identify current and future human capital needs to enable the Agency to recruit necessary replacements and be responsive to the needs of the public. SSA continues to focus on direct service positions. In FY 2004, the Agency met its long-term goal of reallocating 5 percent of headquarters positions to direct service.

SSA is committed to the advancement of electronic Government, working as a partner agency with the Office of Personnel Management (OPM) on the Recruitment One-Stop, Enterprise Human Resources Integration and
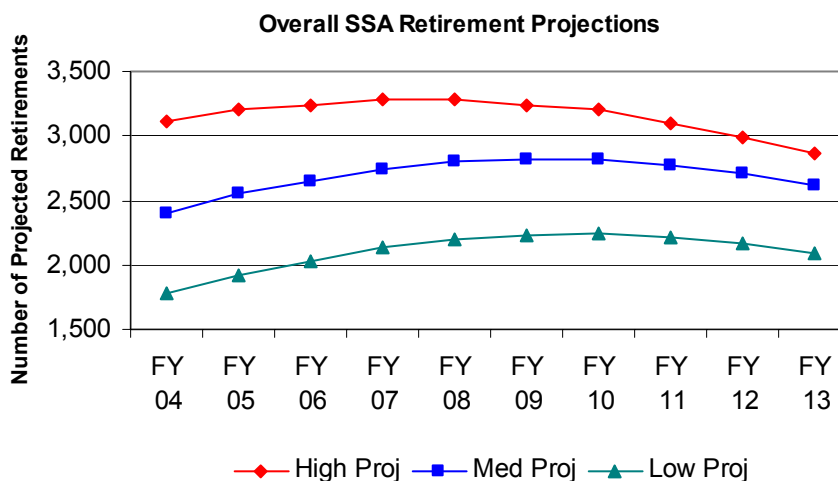
e-Payroll initiatives. SSA is also working with OPM in the analysis of the USA Staffing web-based product to improve and simplify the vacancy announcement process. SSA supports the competitive sourcing initiative and has developed a Competitive Sourcing Human Resource Plan that addresses the human resources aspects of competitive sourcing.

Agency leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance — SSA offers an array of training opportunities for employees throughout the organization. All new supervisors complete a 2-week course that focuses on leadership roles such as teambuilding, providing feedback, mentoring, valuing diversity and motivating others. There is also training that teaches the "nuts and bolts" of supervision – managing time and leave, labor management procedures, and other critical administrative procedures. In addition, courses on leadership competencies are offered through classroom training, online resources, and IVT broadcasts, support managers at all levels in honing their skills. To ensure that the Agency's financial resources used to oversee projects are carefully managed and that contractors provide correct and complete services to/for the Agency, a course referred to as "Promoting Project Excellence" was developed for Agency employees. To date, the Agency has trained 517 people.

SSA continues the aggressive use of national, component and regional-level development programs to ensure the continuity of leadership at SSA. Programs include the Leadership Development Program (GS-9 through GS-12 employees), Advanced Leadership Development Program (GS-13 and GS-14 employees), the SES Candidate Development Program (GS-15 employees), and the Presidential Management Fellows Program, as well as regional and component level programs. These programs are designed to build leadership competencies, and are structured and managed to link performance with results and provide a firm understanding of the Agency's four strategic goals. The Agency significantly increased participants in its national career development programs between 2001 and 2004 to 259 employees. In FY 2004, SSA substantially exceeded its goal of 3 percent by providing over 8 percent of the workforce with job enrichment and developmental opportunities.

Agency leaders recognize that it is essential that the workforce receive quality training to perform their jobs so that SSA employees are equipped to qualify for advancement opportunities in the Agency. To meet this challenge, SSA has made effective use of limited resources and proven technologies in order to provide a variety of classroom and online training opportunities. SSA continues to build upon its nationwide expansion of an interactive video training (IVT) network that is capable of delivering training to SSA employees in over 1,500 downlink sites. IVT provides training for a fraction of the cost of other training alternatives and provides timely training for the Agency's public contact employees. Additionally, through Internet technology, SSA employees are able to take training through their desktop computer or from other locations via the Agency's website. This capability will be enhanced when the Agency migrates to OPM's online training system (GoLearn) in 2005.

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 individual/team/unit performance to organizational goals and desired results — SSA has one of the most diverse workforces in the Federal government, including approximately 71 percent women, 28 percent African-Americans, 12 percent Hispanics, 4 percent Asians, 1 percent American Indians and 8 percent people with disabilities. The Agency's success in achieving diversity in the workforce is validated by the Partnership for Public Service, a non-profit organization whose mission is to make the government an employer of choice for talented, dedicated individuals. In their *Best Places to Work in the Federal Government* report, SSA ranked second among minorities as a desirable place to work.

As more of the SSA workforce retires, the Agency is continuing efforts to replace highly-valued and experienced staff with new people committed to public service. Recently, the Agency developed a national recruitment guide for managers and human resource personnel – a comprehensive list of over 2,000 Internet links to university/college career centers. SSA continually fine tunes its recruitment program and targets specific occupations, as needs dictate. For example, SSA developed a new recruitment outreach program to attract veterans, actuaries, special agents and auditors to the workforce. In an effort to attract and hire more people with disabilities, the Agency is developing a new recruitment outreach program. In addition, SSA is working closely with internal advisory groups to develop new strategies and recruitment products to support this important initiative.

At SSA, employee performance is rewarded commensurate to contribution to the Agency's mission. The connection between SSA's mission and performance expectations is communicated to all employees upon distribution of their performance plan and during performance reviews. Performance results are tracked and recognition is given for accomplishment, in the form of both monetary and non-monetary awards. The Agency makes distinctions among employees and differentiates levels of performance and magnitude of contribution by the type and/or value of award given.

SSA has closed most mission-critical skills, knowledge and competency gaps/deficiencies, and has made meaningful progress toward closing all — The Agency provides ongoing technical training, and by the end of this fiscal year, 85 percent of the entry-level training for public contact employees will be competency based. The training is designed to build job-specific competencies, such as knowledge, behaviors, skills, abilities, attributes, or traits associated with high or superior performance on the job. In addition, a Competency Assessment Process was developed to assess external applicants for the Claims Representative position on seven critical competencies. The Competency Assessment Process was piloted in FY 2003, the results are being evaluated and a final report will be issued in March 2005. The technical competencies required for the Claims Representative and Service Representative positions have also been incorporated into revised technical training courses for public contact employees.

SSA's human capital decisions are guided by a data–driven, results-oriented planning and accountability system —The Retirement Wave report and the HCP identify the Agency's human capital needs, while the FWTP tracks progress on human capital action items. Documented programs are guided via the SSA Succession Plan which includes a retirement wave analysis, the FWTP, recruitment strategies, learning and diversity programs, and the numerous developmental programs in place 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 shared with Agency leadership.

9.1 — Key Performance Indicator: *Improve the New Hire Retention Rate*

FY 2004 Goal: 84.9%

**Actual FY 2004 Performance: 89.9%**

SSA met its goal. The FY 2004 performance was based on retention of employees hired in FY 2002. SSA met the goal due to its targeted recruitment programs and enhanced job applicant interview processes. The Agency also offered extensive developmental training and mentoring for new hires. The economy and other external factors may have also had an impact on employee retention.

Activities associated with the *staff* goal focus on enhancing workforce attributes, improving communications, and furthering an expansive approach to providing service to the public. In addition, the activities are designed to ensure increased stewardship of Social Security programs and resources, support reforms leading to sustainable solvency, and progress toward more responsive retirement and disability programs.

FY 1999 – FY 2001:
Not Available –
This was a new measure for FY 2002.

FY 2002: 84.3%

FY 2003: 86.4%

Improvement in the New Hire Retention Rate
(percent)
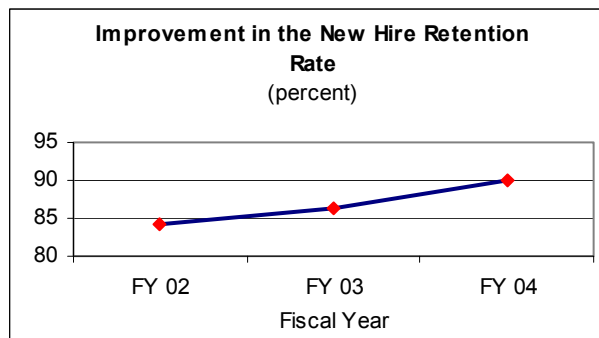
Trend: The trend for FY 2002 through FY 2004 has been positive. A minimal level of attrition is expected and healthy for any organization. Employee retention in the mid to upper 80 percent range is optimal. Retention can be impacted by internal factors, such as hiring, training, mentoring and the work environment; and by external factors such as the economy and employees' personal circumstances.

Data Definition: The new hire retention rate is calculated by comparing the number of employees hired in a fiscal year to the number of employees who separate in the fiscal year in which they were hired or in the subsequent fiscal year. FY 2004 performance was determined by the percentage of FY 2002 new hires remaining with SSA during FY 2002 and FY 2003. SSA excludes wage grade positions from this performance indicator because they were not included in the original baseline calculation.

Data Source: The Human Resource Management Information System.

9.2 — Key Performance Indicator: *Milestones in Developing New Performance Management Systems*

FY 2004 Goal: Implement new system for GS-15 employees

Actual FY 2004 Performance: Implemented a new system for GS-15 employees

SSA met its goal. The five-tier performance management system for GS-15 employees was implemented on October 1, 2003. The new approach provides a direct correlation between the employee's contributions and the Agency mission, goals and objectives, enabling management to differentiate among levels of performance.

Activities that support the *staff* goal also support the goals of *service*, *stewardship* and *solvency* in that SSA employees serve as key enablers to achieving all Agency goals.

FY 1999 – FY 2002: Not Available – This was a new measure for FY 2003.
FY 2003: Implemented a new SES system.

Trend: The FY 2003 performance measure was the implementation of a new Senior Executive Service (SES) performance management system. The SES system was implemented on October 1, 2002.

Data Definition: Development and implementation of a multi-tiered performance management system that relates the employee contributions to Agency mission, goals and objectives, and that enables management to differentiate among levels of performance.

Data Source: Office of Human Resources records.

Data Quality

General Discussion: SSA is committed to providing clear and reliable data for managerial decision-making and overseeing SSA's programs and management. SSA also strives to ensure that, the data is quantifiable and verifiable. In place are internal management controls that are responsive to the insights and directives provided by SSA's Office of the Inspector General (OIG) and the Government Accountability Office (GAO). These controls, which include ongoing data quality reviews, as well as reviews at all levels of management, audit trails, restricted access to sensitive data and separation of responsibilities, are designed to safeguard the integrity and quality of SSA's vast data resources. The controls allow assurances that data contained in the FY 2004 Performance and Accountability Report contain no material inadequacies, and further allow the Commissioner to certify that, with reasonable assurance, SSA is in compliance with the provisions of the Federal Managers' Financial Integrity Act of 1982.

SSA Data Integrity Systems and Controls: Performance data for the Annual Performance Plan's quantifiable measures, including the budgeted output measures, are generated by automated management information and workload measurement systems, as a by-product of routine operations. The performance data for several accuracy and public satisfaction indicators comes from surveys and workload samples designed to achieve very high levels (usually 95 percent confidence level) of statistical validity.

The Office of Quality Assurance and Performance Assessment (OQA) performs stewardship reviews that have been the mainstay reports on the quality of the Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) program for many years. The reviews will continue to be the primary measure of quality for Agency performance and provide the basis for reports to Congress and other monitoring authorities. The reviews provide an overall accuracy measurement of payments to all Social Security recipients, based on monthly sample selections from Social Security records consisting of recipients currently receiving benefits. For each sampled case, the recipient or representative payee is interviewed, contacts are made as needed, and all non-medical factors of eligibility are redeveloped as of the current sample month.

OQA has initiated a new evaluation process to provide more current and useable quality feedback on recently processed OASDI/SSI cases and SSI redeterminations. The new process, Targeted Assessment Reviews (TAR), focuses on field office/program service center quality and relies on the case processing procedures as defined by the Program Operations Manual System (POMS) instructions. When POMS instructions are not followed and further development of the case is needed, OQA makes a personal contact with the claimant or representative payee to bring the issue in question into compliance with POMS and to determine whether there is any payment effect. If an error is apparent from the material in the field office file and does not require any further development, the OQA reviewer cites an error and determines the payment impact. Quality feedback is provided to the office that processed the case. The TAR sample reviews total about 20,000 cases annually (10,000 each for the OASDI and SSI programs). These reviews produce national and regional data on the quality of approximately 5 million OASDI claims and 4.2 million SSI claims, redeterminations and limited issues processed each year.

In addition, based on the findings of TAR, targeted reviews focus on specific problems that are identified at the national or regional level. Targeted samples are not limited to POMS compliance standards, depending on the nature of the issue.   Currently, problem areas identified during the review drive the selection of topics for these targeted reviews of 8,000 cases annually (4,000 each for the OASDI and SSI programs) which are distributed in proportion to the size of each region.

Field assistance visits to field offices comprise a third element of the new TAR. In conjunction with the Regional Commissioners, Regional Offices of Quality Assurance and Performance Assessment staff conduct field assistance visits to identify where work process improvements can be made.

Under the new TAR, reports are provided every 6 months, covering a rolling 12 month review period.   The first reports covered all cases reviewed from May 2003 through September 2003 and was issued in August 2004. A subsequent report will include all cases reviewed from May 2003 through March 2004.

Performance Report: The annual Performance and Accountability Report is used to report Agency progress in meeting the Government Performance and Results Act (GPRA) goals. The FY 2004 Performance and Accountability Report describes the Agency's comprehensive review of management and security controls for: (1) administrative and programmatic processes; and (2) accounting controls in financial management systems.

This FY 2004 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.

Roles of the Government Accountability Office (GAO) and SSA's Office of the Inspector General (OIG): The GAO and OIG play key roles in auditing performance measure data systems to determine if they are reliable, and that data are useful and relevant to policy decision-making. 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:

- Continue to strengthen the integrity of the SSI program.
- Improve SSA's programs that provide support for individuals with disabilities.
- Better position SSA for future service delivery challenges.
- 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's OIG annually audits a number of SSA's performance measures and corresponding performance data. In FY 2004 OIG initiated a review of 16 performance measures reported in the Agency's FY 2003 Performance and Accountability Report. OIG's contractor, PricewaterhouseCoopers LLP (PwC), performed the work under the direction and oversight of OIG. PwC's objectives were to:

- Test critical controls over the data generation and calculation processes for the specific performance measure.
- Assess the overall adequacy, accuracy, reasonableness, completeness, and consistency of the performance measure and supporting data.
- Determine if each performance measure provides meaningful measurement of the program and the achievement of its stated objectives.

The OIG made recommendations on specific performance measures. Key audit recommendations included:

- Document the policies and procedures used to prepare and disclose the results of the performance measure.
- Ensure that the performance measure titles, definitions, and goals are explicit and consistent.
- Maintain a complete and independent audit trail including the computer files used to perform the calculations.
- Improve and maintain documentation that describes how and/or why the performance measure goals were established.
- Include time spent by contractors in the calculation of the indicator.
- Completely and accurately calculate the actual results of the performance indicators in accordance with the original goal.
- Articulate, enhance, and disclose the discussion of the linkage of the performance measures to the Agency's strategic goals and objectives.
- Ensure that access to data used to calculate indicator results is appropriately restricted.

SSA has already implemented or agreed to implement a majority of the audit recommendations. There were some to which SSA did not agree, and for those, a rationale was provided.

Over the years SSA has implemented most of the OIG and GAO recommendations, and conducts ongoing discussions with them concerning the recommendations that were not implemented. Each fiscal year since FY 2000 new audit recommendations have increased, causing an ongoing executive emphasis that focuses on the implementation of significant recommendations and reducing aged recommendations. SSA has significantly reduced the number of aged recommendations 2 years and older, and continues to focus leadership attention and track progress on all recommendations until they are implemented or otherwise properly closed.

Audit of the Social Security Administration's FY 2003 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. The PwC audit report is at page 167 of the FY 2003 Performance and Accountability Report.