

# Performance Goals and Results

SSA's September 1997 strategic plan created an improved set of five strategic goals that encompass all of SSA's program activities, address the universe of competing needs of the wide variety of SSA stakeholders.

We track the performance of our programs using various traditional and new outcome measures to help us and others assess whether the Social Security programs and SSI are achieving their intended outcomes.

The performance measures (PM) that follow appear in SSA's GPRA Performance Report found on pages 60 through 69 of this report. They were selected from the 57 traditional outcome and milestone performance measures included in the GPRA Performance Report. They ensure that we continue to make progress towards the Agency's strategic objectives and are aligned under their respective strategic goals.

Discussion under the first goal provides progress in meeting FY 1998 milestones which measure our progress in revitalizing research and policy capacity and create an environment that fosters public discussion about program issues. Charts 1, 2, 3, 4, 7, 9, 10 and 11 provide progress against intermediate GPRA goals for long term performance objectives. Charts 5, 6, 8 and 12 display our progress in meeting GPRA goals for traditional workload measures.

***GOAL: To promote valued, strong and responsive social security programs and conduct effective policy development, research, and program evaluation***

The ultimate intent of this goal is for SSA to help create responsive programs — programs that provide value by meeting the needs of the varied constituents today and adapting to the changing needs of constituents tomorrow.

SSA is currently engaged in an effort to redefine the objectives under this goal to make them more outcome-oriented so that they may express more concretely the results we are striving to achieve. In the interim, our performance goals are based on the milestones and deliverables of the major initiatives that we are undertaking in support of this goal.

## ***SSA's Strategic Goals***

- > To promote valued, strong and responsive social security programs and conduct effective policy development, research, and program evaluation.***
- > To deliver customer-responsive, world-class service.***
- > To make SSA program management the best in business, with zero tolerance for fraud and abuse.***
- > To be an employer that values and invests in each employee.***
- > To strengthen public understanding of the social security programs.***

## **Establish an ongoing retirement policy research consortium**

SSA awarded the contract to establish an ongoing retirement policy research consortium on September 30, 1998 to Boston College and the University of Michigan. The 5-year program will provide \$1.25 million in funding to each university in the first year. The two universities have formed collaborative partnerships with other academic institutions and policy experts in the field of economics, sociology and public policy. The consortium will enable the Agency to encourage outside research on retirement issues, facilitate sharing of data with other researchers and help SSA acquire information on high priority research topics.

In addition to conducting research and evaluation, the consortium will:

- Disseminate information to the public, to policymakers and to the media;
- Train and educate scholars to encourage researchers to focus on retirement issues; and
- Provide expertise to SSA's in-house research program.

**Conduct planned research and policy evaluation necessary to assist the Administration and Congress in devising proposals to strengthen and enhance the Social Security program**

SSA conducted the following activities in FY 1998 to support this goal:

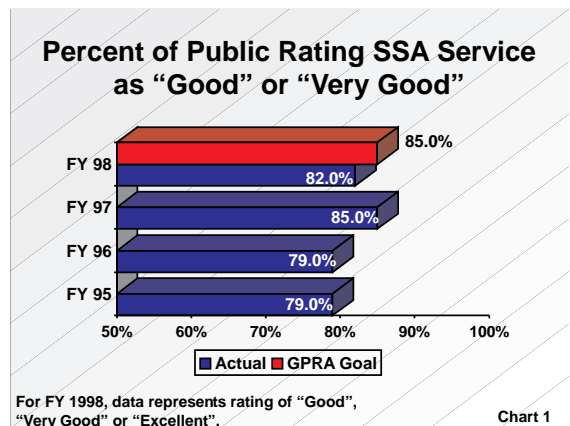
- We developed a preliminary version of a long-run microsimulation model for estimating the impact on various socioeconomic groups (e.g., income, marital status, gender, etc.) of making major changes to the Social Security system.
- We used a short-run microsimulation model to produce, for policymakers in SSA and the Congress, estimates of the distributional impacts of proposals to modify (1) Social Security's retirement earnings test and (2) the taxation of Social Security benefits.
- We produced data and analysis on the relationship between health and OASI/DI beneficiary status for policymakers in SSA and other parts of the executive branch. This work helps identify population subgroups that would be vulnerable if there were increases in the Social Security early and/or normal retirement age.
- We completed a study of redistribution under Social Security's DI Program. The paper describes the relationship between taxes paid and benefits received under the program by race, gender, and birth cohort.
- We completed research on the economic well being of Social Security beneficiaries, particularly women. We examined a change that may improve the circumstances of divorced women.

**GOAL: To deliver customer-responsive, world-class service**

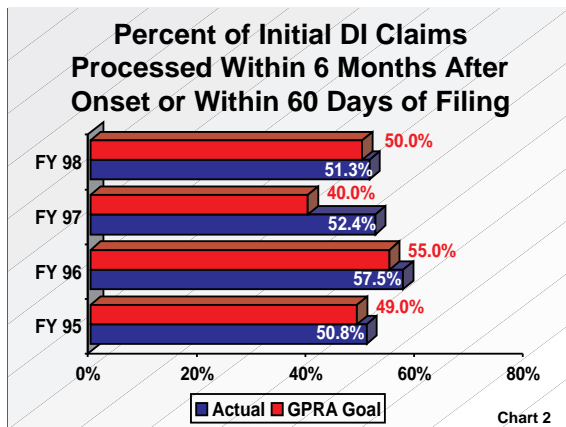
This is our traditional goal, the one that explicitly or implicitly has guided the actions of most SSA and DDS employees throughout our history. It reflects the millions of actions taken throughout the Agency that have made SSA "the government" to millions of individuals.

This goal is directed specifically toward the way we convey service to the people who conduct business with SSA. Through this goal, we are not just focusing on our customers but being responsive to the needs and desires of our customers. Historically, SSA learns about customer needs and satisfaction through a program of focus groups and surveys.

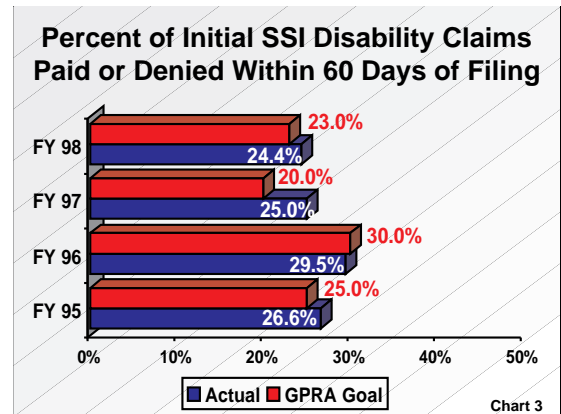
SSA has a long-standing reputation as the premier government agency when it comes to providing customer service. As we look to the future, SSA aims to provide not just the kind of service that customers expect from government, or even the best service that government has to offer, but the kind of service that every organization - public or private - would hope to emulate. As shown by the following chart, customers continue to give SSA's service high ratings. The results were taken from SSA's FY 1998 Annual Customer Satisfaction Survey.



The initial DI claims workload continues to present challenges for SSA as it remains one of the largest workload categories in SSA. Its demands on our resources are considerable as we progress with our disability process redesign. Overall, initial DI claims had shown a gradual decrease in their processing times from FY 1994 through FY 1996. However, in FYs 1997 and 1998, processing times increased. Processing times rose 8.6 days in FY 1997 over FY 1996 and 3.6 days in FY 1998 over FY 1997. In part, the increased processing time can be attributed to priority workloads stipulated by Congress. These workloads included non-citizen SSI cases, non-disability redeterminations, debt reduction and debt avoidance initiatives and increased volumes of CDRs.

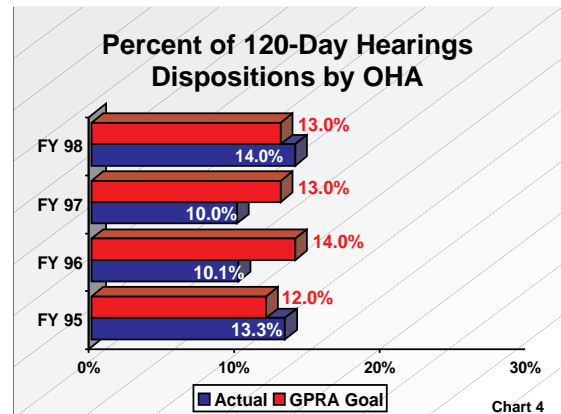


The Agency is diligently working to fully transform the disability process redesign from a vision into a reality. SSA has implemented phases to improve the disability process by reducing the paper involved, becoming more technologically advanced and initializing a more customer oriented system. It is hoped, that once SSA's business process is completely redesigned, the Agency will attain the goal of providing timely decisions on SSI disability claims. In FY 1998, there was a decrease of 0.6 percentage points in the percent of SSI blind/disabled claims paid within 60 days of filing date compared to FY 1997.



Hearing level dispositions issued within 120 days or less generally tend to be favorable decisions that can be issued on-the-record without a hearing or additional development of the record. Through several pre-hearing screening and adjudication initiatives (e.g., the Senior Attorney Program, Adjudication Officer Program and Screening Units), Office of Hearings and Appeals (OHA) has been able to identify and dispose of fully favorable cases earlier in the hearings process.

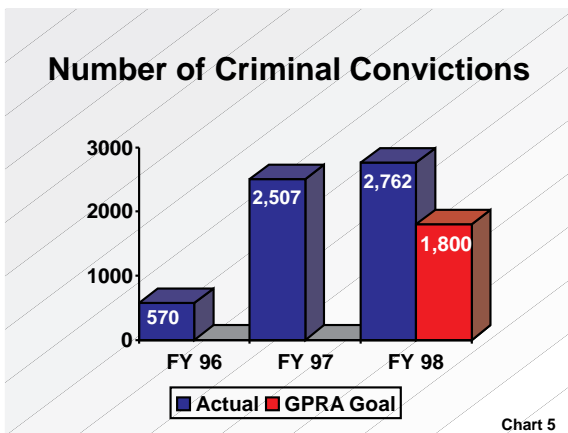
In September 1998, OHA disposed of 14 percent of the SSA cases within 120 days of filing, exceeding its goal of 13 percent. (Data through FY 1997 are for all cases; beginning in FY 1998, data are for SSA cases only, i.e., excluding Medicare cases.) We anticipate continuation of pre-hearing screening and adjudication programs that will enable OHA to continue to increase the number of cases processed within 120 days.



***GOAL: To make SSA program management the best in business, with zero tolerance for fraud and abuse***

This program-management goal reflects SSA's responsibility, from both a service and a business perspective, to pay benefits accurately and otherwise be a good steward of the money entrusted to our care. We are setting our standards very high to reflect our view that the public deserves the highest possible level of performance consistent with fiscal responsibility. Our assertion of zero tolerance for fraud and abuse means that we will increase our attention on deterring fraudulent activities and on bringing to justice those who practice them, whether members of the public or of our own employee population. (See page 9 and page 57 for FY 1998 fraud prevention initiatives and activities.)

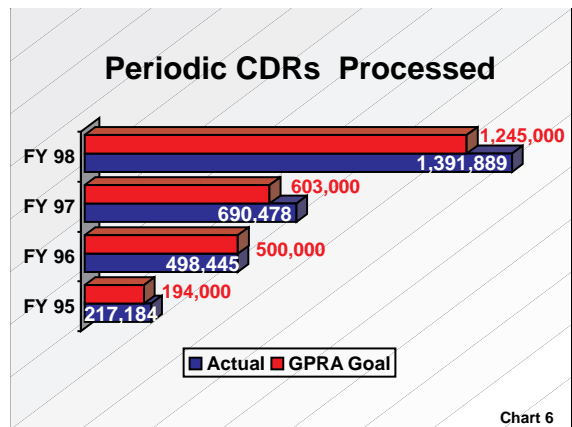
In FY 1998, as part of our fraud detection and prevention program for safeguarding SSA assets, we worked with our Office of Inspector General, the U.S. Attorney and other State and local agencies on cases involving fraud and abuse. The following chart shows the number of criminal convictions related to SSA's programs.



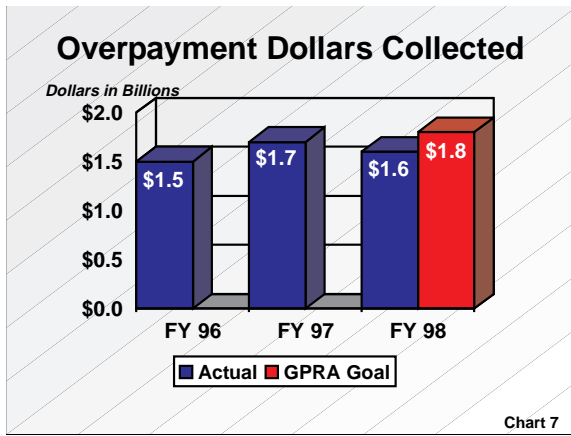
In the program management and stewardship area, SSA conducts periodic reviews, called continuing disability reviews (CDRs), to determine whether individuals receiving disability benefits have medically improved so that they are no longer considered disabled and no longer eligible for benefits. The CDR process allows SSA to ensure the integrity of payments to individuals in the DI and SSI programs by monitoring the disability status of beneficiaries.

SSA has developed a 7-year plan for conducting CDRs and expects to conduct approximately 5.8 and 3.6 million CDRs for DI (including SSI concurrent) and SSI beneficiaries, respectively, over the life of the plan. Estimates indicate about \$3 billion in SSI program savings and eliminates the SSI backlog as a result of CDRs conducted through 2002. The backlog for the DI program will be eliminated by the end of 2000.

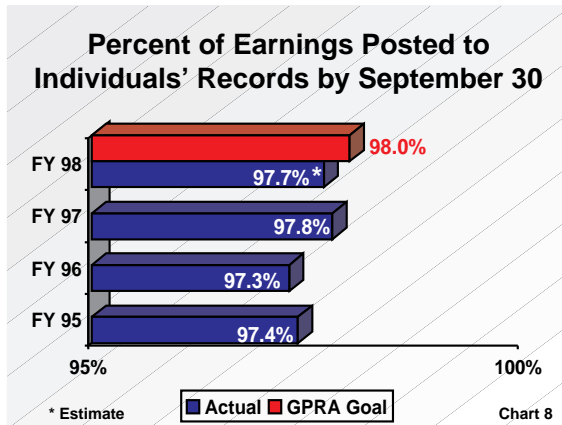
In FY 1998, SSA conducted over 101 percent more periodic CDRs than in FY 1997. During FY 1998, SSA was able to perform 1,391,889 periodic reviews and 19,614 medical reviews related to work issues. SSA expects to perform close to 1.6 million CDRs in FY 1999.



In FY 1998, SSA implemented three improvements to our debt collection program. These were two new collection tools authorized by the Domestic Employment Reform Act of 1994 and the expansion of the tax refund offset program to include delinquent SSI debtors. Nevertheless, as shown in the chart at the top of page 17, total overpayment dollars collected decreased in FY 1998. We believe this net decrease in collections is due to improvements in the administration of the annual earnings test. These improvements prevented our most easily collected overpayments, OASI retirement checks, from ever occurring. Pages 58 and 59 contain additional debt management information.



During FY 1998, SSA continued its efforts to improve accuracy and processing times for both wages and self-employment income. Employers and payroll processors were approached through outreach initiatives including instructional videos and special publications to enhance wage report accuracy. The IRS/SSA wage reconciliation process continued to be performed on a current basis and additional wages were posted as a result.



SSA is working with the Departments of Treasury and Labor to reduce the tax and wage reporting burden on employers while improving the effectiveness of each Agency's operations. The objective is to simplify laws and procedures, provide enhanced assistance and services to employers for easier filing and enable employers to electronically file a single return that can be used by SSA, IRS and State tax and unemployment insurance agencies. SSA is working to increase the number of annual wage reports filed electronically. Reports filed electronically tend to be more accurate and can be processed more efficiently and cost effectively than paper or magnetic media reports.

### **GOAL: To be an employer that values and invests in each employee**

SSA's greatest strength lies in the attitudes, skills, and drive of its employees. This goal recognizes that the employees of SSA and the DDSs are key to achieving our goals and objectives. It also reflects SSA's conviction that employees deserve a professional environment in which their dedication to the SSA mission and to their own goals can flourish together.

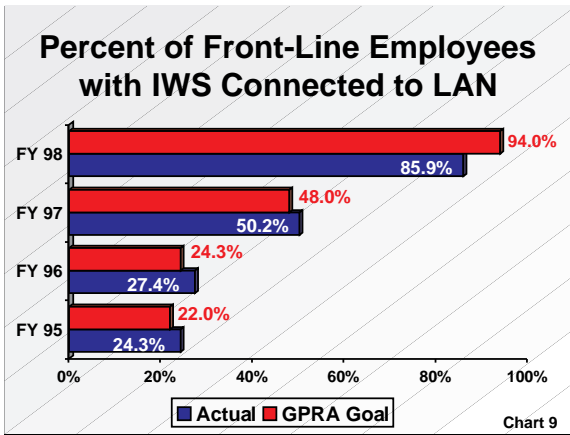
The focus of this goal is to ensure that all SSA and DDS employees, individually and collectively, understand and value the culture of the organization — a culture rooted in our traditional customer-service values while embracing the concepts of modern management.

While the SSA workforce is SSA's most valuable asset, technology runs parallel in importance because it is essential to the effectiveness of that workforce, as indispensable to the success of the SSA business approach. SSA must meet growth in both customer expectations and workloads and improve or maintain service while satisfying staffing and streamlining goals. To accomplish this, SSA must use enabling technology to support improved or dramatically altered processes which simplify, speed up and eliminate tasks and free employee time for the more complex activities which are not susceptible to simplification or automation.

The Intelligent Workstation/Local Area Network (IWS/LAN) is the linchpin for both SSA's customer service program and its entire business approach. It will facilitate many of the planned productivity improvements and enable full reengineering of the disability process including processing time reductions and other improvements projected in the redesign.

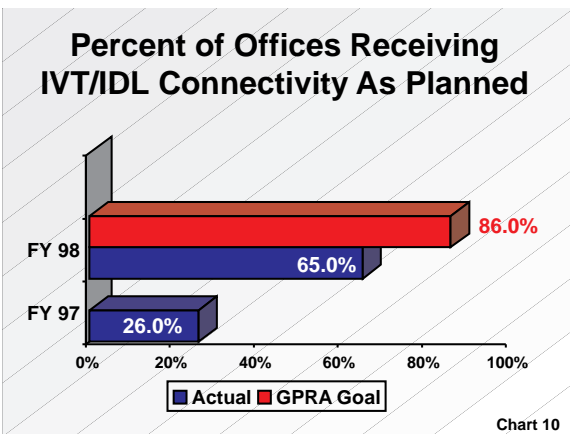
During FY 1998, SSA made significant progress toward its long range goal of providing all front line employees with IWS/LANs. However, due in part to start up problems in some offices' IWS/LAN installations, SSA did not meet its FY 1998 goal of providing 94 percent of front line employees with IWS/LAN workstations. SSA

fully expects to achieve its end-of-year FY 1999 goal of 100 percent.



To meet the training needs of SSA's more than 65,000 employees, SSA is utilizing a process called Interactive Video Training/Interactive Distance Learning (IVT/IDL). IVT/IDL connectivity allows employees in all areas of the country as well as headquarters to participate in this unique training experience. Through IVT/IDL, we are able to reach thousands of employees at the same time at a minimal cost.

During FY 1998, we fell short of meeting our connectivity goal. This was largely due to technical problems associated with the launching of a new satellite and its subsequent loss after launch making it necessary for satellite dishes at hundreds of sites already installed to be repositioned to another satellite.



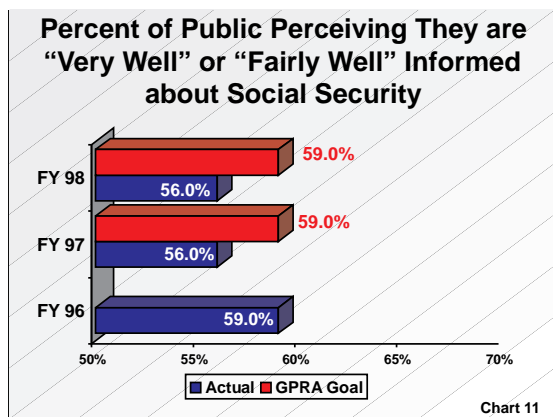
**GOAL: To strengthen public understanding of the social security programs**

One of SSA's basic responsibilities to the public is to ensure that they understand the benefits available under the Social Security programs to the individual and to the population as a whole. This enables people to make reasonable and responsible choices as they plan for their own future and as they help the nation's leaders make decisions about the future of society.

SSA publishes pamphlets, newsletters, booklets and other informational materials about its programs, policies and procedures so that the public can be fully informed about its Social Security programs. SSA also produces information in audio, video and computer media. SSA publishes about 50 consumer pamphlets, booklets and fact sheets to inform the public about Social Security programs and policies.

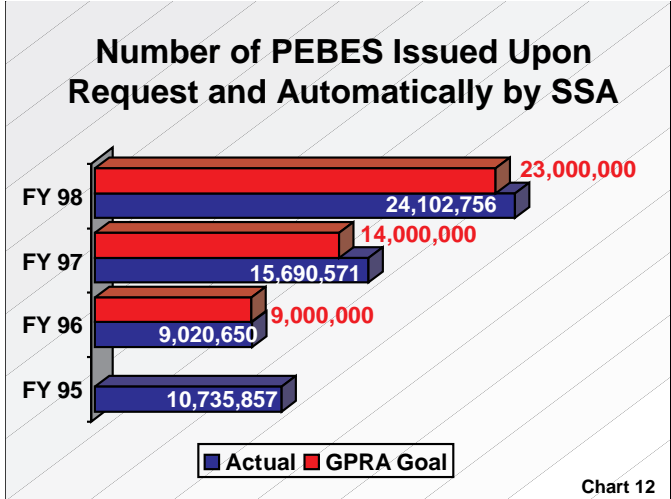
SSA also produces about 20 administrative publications, many of which are included as stuffers with notices sent to Social Security beneficiaries. Annually, SSA produces more than 95 million of these 70 or so publications.

As shown in the following chart, for the second year in a row, results of the American Council on Life Insurance Survey show that 56 percent of those surveyed responded they were "very well" or "fairly well" informed about Social Security.



As a service to the public, SSA provides earnings histories and estimates of benefit amounts upon request. Starting in FY 1995, under legislative mandate, SSA began sending SSA-Initiated Personal Earnings and Benefit Estimate Statement (SIPEBES) to more segments of the working population. Current law requires SSA to issue one-time PEBES to approximately 15 million individuals who turn age 60 during FY 1996-1999. SSA has accelerated the mailings and is far exceeding the legislative mandate.

PEBES are a way to increase the public's knowledge of the Social Security program by keeping wage earners up-to-date on their estimated future benefits. They also serve as a useful financial planning tool.

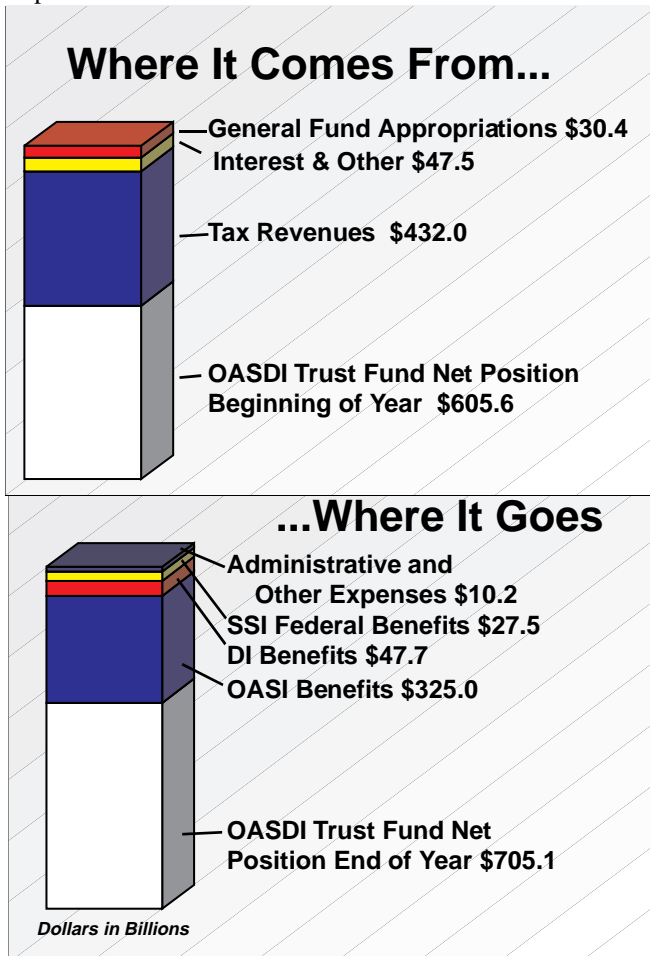


# Highlights of SSA's Financial Position

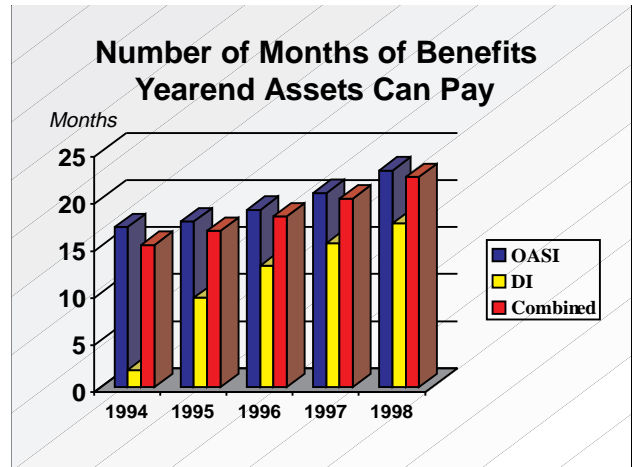
## Overview of Financial Data

SSA's financial statements and footnotes, appearing on pages 27 through 39, received an unqualified audit opinion for the fifth consecutive year. Investments continue to be our largest asset and comprise almost 98 percent of SSA's total assets. These investments are commonly known as the Social Security Trust Funds. By statute, we invest those funds not needed to pay current benefits in interest bearing Treasury securities. The majority of our liabilities, nearly 80 percent, consist of benefits that have accrued as of the end of the fiscal year but have not been paid. By statute, OASI and DI program benefits for the month of September are not paid until October 3.

The charts below summarize the activity on SSA's Statement of Net Cost and Statement of Changes in Net Position by showing the funds that SSA was provided in FY 1998 and how these funds were used. Most resources available to SSA were used to finance current OASDI benefits and to accumulate reserves to pay future benefits. When funds are needed to pay administrative expenses or benefit entitlements, investments are redeemed to supply cash to cover the outlays. Less than one percent of the resources available to SSA are used to pay administrative expenses.

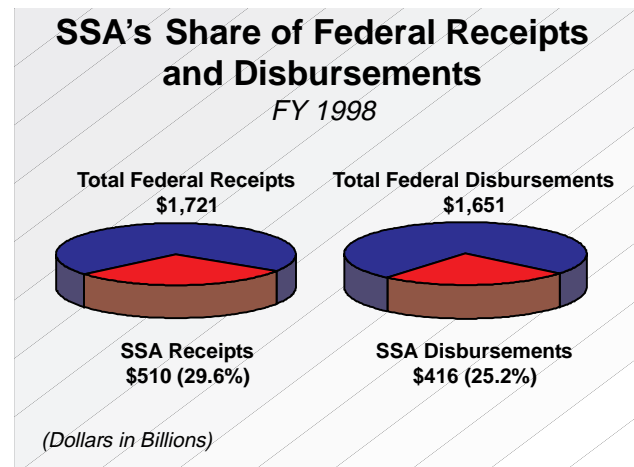


The Social Security Trust Funds are deemed to be adequately financed on a pay-as-you-go basis if the asset level at the end of a fiscal year is sufficient to cover at least 1 year's worth of benefit payments in the absence of other income such as payroll taxes. The following table shows that the number of months of benefits that combined yearend OASDI assets can pay has grown from 15 months at the end of FY 1994 to 22 months at the end of FY 1998, a 47 percent increase.



## SSA's Share of Federal Operations

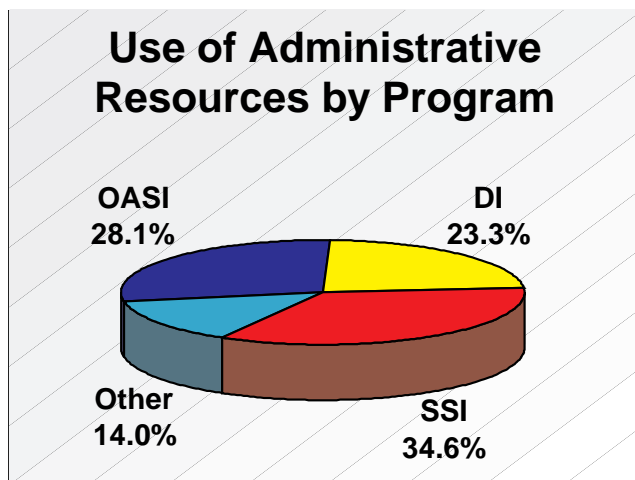
The programs administered by SSA constitute a large share of the total receipts and disbursements of the Federal Government as shown in the following chart. Our programs accounted for 25.2 percent of the \$1.6 trillion FY 1998 Federal disbursements and 29.6 percent of the \$1.7 trillion Federal receipts. In fact, our disbursements accounted for 5.5 percent of the nation's estimated FY 1998 \$7.5 trillion total gross domestic product.



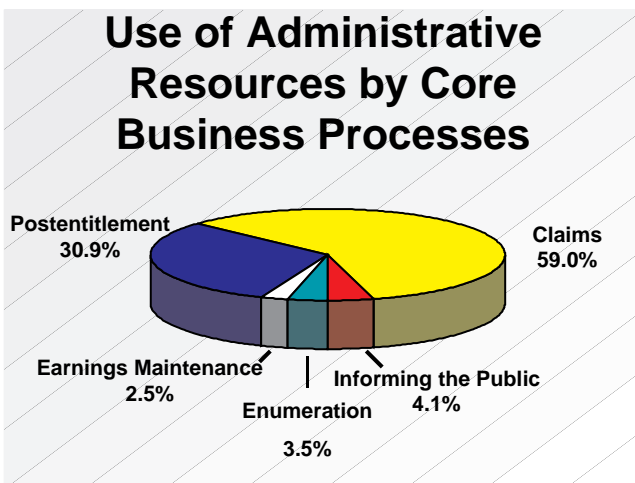


**Use of Administrative Resources**

SSA's total FY 1998 administrative budget was \$6.6 billion. The chart below displays the use of administrative resources in terms of the programs SSA administers or supports. Although the DI and SSI programs comprise less than 20 percent of the total benefit payments made by SSA, they consume over 55 percent of annual administrative resources. Claims for DI and SSI benefits are processed through State DDSs where a decision is rendered on whether the claimant is disabled. In addition, the Agency is required to perform continuing disability reviews on many individuals receiving DI and SSI payments to ensure continued entitlement to benefits.



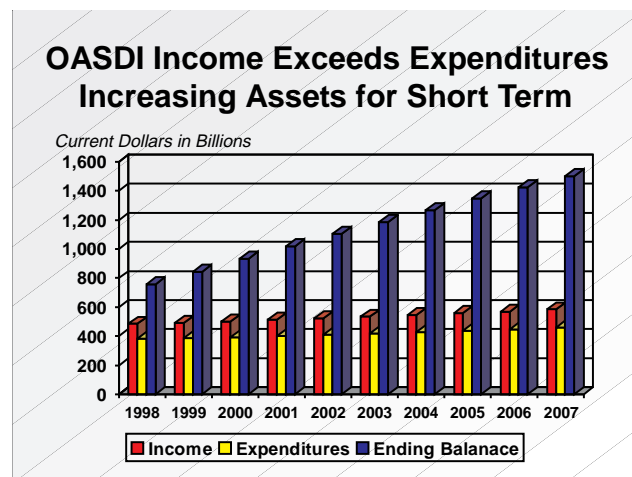
The Agency's administrative resources can also be discussed in terms of the work functions being performed in support of our programs. The chart below shows the percentage of resources consumed by SSA's five core business processes.



**Short Term Impact on SSA's Financial Position**

The OASI and DI Trust Funds are deemed adequately financed for the short term when actuarial estimates of assets meet or exceed outlay estimates in each year of the next decade. Estimates in the 1998 Trustees Report indicate that the OASI and DI Trust Funds are adequately financed over the next 10 years, having sufficient assets to pay full benefits until 2034 and 2019, respectively. The table below shows that while the OASDI expenditures and income are expected to increase by 20 and 21 percent, respectively over the ten-year period, Trust Fund assets are expected to grow by 98 percent.

Pages 7 and 8 provide a discussion of the long term solvency of the OASDI Trust Fund. Pages 50 through 54 discuss additional prospective information related to the adequacy of the trust fund assets, future contributions and expenditures.



**Limitation on Financial Statements**

The financial statements beginning on page 27 have been prepared to report the financial position and results of operations of SSA, pursuant to the requirements of the Chief Financial Officers (CFO) Act of 1990.

While the statements have been prepared from the books and records of SSA in accordance with formats prescribed by OMB, the statements are different from the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation and that the payment of all liabilities other than for contracts can be abrogated by the sovereign entity.

# Systems and Controls

## FMFIA Assurance Statement Fiscal Year 1998

*On the basis of SSA's comprehensive management control program, I am pleased to certify, with reasonable assurance that SSA's systems of accounting and internal controls are in compliance with the internal control objectives in OMB's Bulletin Number 98-08. I also believe these same systems of accounting and internal controls provide reasonable assurance that the Agency is in compliance with the provisions of the Federal Managers' Financial Integrity Act.*

  
Commissioner of Social Security

SSA continually evaluates the efficiency of its operations by using information obtained from reviews that are conducted to ensure its systems and controls comply with the standards established by the Federal Managers' Financial Integrity Act, the Paperwork Reduction Act, the Computer Security Act and OMB Circulars A-123, A-127 and A-130. During the year, SSA conducts reviews of management and security controls in both SSA's administrative and programmatic processes and in accounting controls in financial management systems. These reviews include evaluation of such business processes as enumeration, earnings, claims, postentitlement, debt management and SSA's financial management systems.

The Agency has separate review programs for management controls in its administrative and programmatic processes and controls in its financial management systems. For management controls, the Agency requires that a minimum of 10 percent of field offices be reviewed each fiscal year. The field offices to be reviewed are selected by considering performance measures in selected critical processes and using the experience and judgment of the Regional Security Staffs. In July 1998, SSA hired a contractor to review its management control program from top to bottom and to make recommendations on how to improve the process

and its management controls. The contractor is required to visit the central office and at least 5 Regional Offices and 42 Field Offices in the first year.

The Agency prepares and annually updates a 5-year review plan for its financial management systems so that each financial management system is reviewed within a 5-year period by both the SSA system manager and by an independent contractor. The system manager conducts a desk evaluation of the system, while the contractor is required to conduct a detailed review, including transaction testing, of the system.

During FY 1998, SSA conducted reviews of 1,142 management control areas in 152 field offices and staff components. In addition, SSA's systems managers conducted four limited reviews of financial management systems, while an independent CPA firm conducted detailed financial systems reviews of the following systems: Debt Management, Recovery of Overpayments, Accounting and Reporting and Property Accounting.

During the last two years, OIG contracted for the audit of SSA's financial statements. The contractor's audit report for the audit of the FY 1997 financial statements and internal controls identified five reportable conditions. The FY 1998 audit concluded that two of the previous reportable conditions were no longer reportable conditions. The reportable conditions for FY 1998 were:

1. SSA can further strengthen controls to protect its information;
2. SSA needs to accelerate efforts to improve and fully test its plan for maintaining continuity of operations; and
3. SSA can improve controls over separation of duties.

We have closed or completed corrective actions on a majority of the recommendations made during the FY 1997 audit. We continue to work on those that remain. A synopsis of the current status follows:

**Finding 1. Protection of Information:** The auditors provided recommendations on how the Agency could better protect its data in both a mainframe and distributive environment. We agreed with nearly all of these recommendations and have closed or completed most of them. The audit report for FY 1998 noted significant progress in this area, particularly in the mainframe environment, but recommends more attention to the distributive environment. We will continue to work with the auditors to further improve this area.

Finding 2. Continuity of Operations: The recommendations in this area focused primarily on an updated contingency plan, covering both data center activities and activities performed by users of specific applications, to recover critical operations should interruptions occur; testing critical systems more frequently; and, testing combinations of multiple critical workloads simultaneously. The audit report for FY 1998 mentioned noteworthy progress in this area and also recognized SSA's plans to periodically analyze our operations, assign priorities to business functions and test recovery and backup for the high priority functions.

Finding 3. Software Development and Change Control: In the FY 1997 audit report, the auditors indicated that control and security measures for application system changes could be improved. As a result of our progress in this area, this issue is no longer considered a reportable condition in FY 1998.

Finding 4. Management Control Over Separation of Duties: There were three areas where the auditors felt we had inadequate separation of duties: field offices, systems operations and security administration. We generally agreed that we could improve in the areas of systems operations and security administration and have addressed most of these associated recommendations so far. We disagreed with some recommendations pertaining to the field offices. The auditors reconsidered these recommendations and provided revised recommendations in its FY 1998 audit report which emphasizes the use of performance measures to identify high-risk transactions for analysis and, when warranted, additional preventive controls. These new recommendations appear to be much less labor intensive. We will continue to work with the auditors to improve this area.

Finding 5. Quality Control: The auditors felt that SSA had made progress in this area and this finding was no longer included as a reportable condition.

Agency managers and staff analyze the deficiencies found through its reviews and GAO and OIG audits or other studies and using those reports and other information available to them as a result of normal operations determine whether the weaknesses should be classified as material as defined in OMB Circular A-123. This designation requires a judgment by Agency managers as to the relative risk and significance of the deficiencies. The matter is then referred to SSA's Executive Internal Control Council, whose membership includes the Principal Deputy Commissioner, the Inspector General, CFO and the Deputy Commissioners, for Agency-level approval. The Commissioner then makes the final decision as to whether the weakness is significant enough to be reported outside the Agency (i.e., included in the annual Accountability Report to the President and Congress).

The Agency has considered all the reports and other information available and has no new material weaknesses to report at this time.

SSA is making good progress with efforts to correct the remaining FMFIA title XVI weakness by September 30, 2000. During FY 1998, the Agency worked on a process to automatically transfer existing debts on closed records to new Supplemental Security records. This new process will ensure that outstanding debts will be pursued for recovery. SSA also continued efforts to develop a new accounting system to account for and report debt detections and clearances. The new accounting system will include new data input screens and transaction-based processing. We expect to have the FMFIA material weakness corrected by September 30, 2000.

