

**GAO**

Fact Sheet for the Honorable  
Lawton Chiles, Chairman, Committee on  
Budget, United States Senate

March 1987

# ADP BUDGET

## SSA's Information Technology Systems Budget Requests and Obligations



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United States  
General Accounting Office  
Washington, D.C. 20548

Information Management and  
Technology Division

B-226427

March 10, 1987

The Honorable Lawton Chiles  
Chairman, Committee on Budget  
United States Senate

Dear Mr. Chairman:

This fact sheet is the first part of our response to your December 19, 1986, request for a review of the Social Security Administration's (SSA) automated data processing procurements and expenses related to the Systems Modernization Plan and SSA's estimates of future costs to complete the plan. The Systems Modernization Plan is funded under the Information Technology Systems (ITS) account. At the Committee's request, we are providing this fact sheet, which outlines the history of the ITS budget requests and obligations since fiscal year 1983. We will report on the procurements and expenses related to the Systems Modernization Plan and SSA estimates of future costs for the plan later this year.

The attached charts provide information we have developed to date about ITS budget activity for fiscal years 1983 through 1987. The charts describe the total funding available, by source; estimated and actual amounts of carryover funds; budgeted funding by category; budgeted versus actual expenditures in total and by category; obligations for projects included versus those not included in the budget submissions by year and by category; and total amounts for fiscal years 1983 through 1987. Each chart is accompanied by an explanation of the data shown.

The information presented in the attached charts indicates that SSA each year has obligated less funds than were approved in its annual ITS budget, (charts 1,3,4,5, and 6). Consequently, SSA has accumulated a considerable amount of carryover funds (chart 2). SSA is authorized to carry over unobligated funds from year to year based on a no-year authorization Congress has provided since fiscal year 1983. Generally, the lower amounts of obligations appear to have resulted from (1) project delays, cancellations, and scope reductions, and (2) actual project procurement cost being lower than anticipated. The information also indicates that SSA is obligating a considerable amount of its ITS budget funds for unbudgeted

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projects--projects not included in the President's Budget (charts 7, 8, and 9).

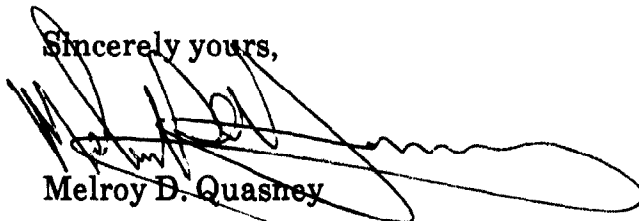
We have not yet determined the reasons for the various trends or the effects, if any, of the budget actions. We plan to provide this information in our second report later this year.

The attached charts were developed using records of final approved budgets from SSA's Office of Financial Resources and records of expenditures from SSA's Office of Systems Purchase Request Management Information System . The Office of Systems records were used because the Office of Financial Resources records do not segregate Systems Modernization Plan expenditures from other ITS categories. Office of Financial Resources records were used to reconcile total ITS expenditures and final budget requests. Fiscal year 1987 obligations were projected based on the Office of Systems obligation plan as of January 7, 1987. Further information on our scope and methodology is contained in the appendix.

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Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies of this report to the appropriate House and Senate Committees; the Secretary of Health and Human Services; the SSA Commissioner; the Administrator of General Services; the Director, Office of Management and Budget; and other interested parties upon request.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Melroy D. Quasney', written over a horizontal line.

Melroy D. Quasney  
Associate Director

## INTRODUCTION

Office of Management and Budget (OMB) Circular A-11 describes the budget justification and request process for executive agencies to follow. In early June of each year the Social Security Administration (SSA) submits an Information Technology Systems (ITS) budget request, within its administrative budget, for the fiscal year beginning in October of the following year to the Department of Health and Human Services' (HHS) Office of Management and Budget. HHS budget and information resources management personnel review the request in order to ensure budgetary and technical compliance with published automatic data processing (ADP) plans. The HHS-approved request is forwarded to OMB by September of the same year. OMB reviews the request and gives a final decision by December on the amount of funds to be requested by the President. SSA is then given the opportunity to make its final determinations on what information technology projects are to be included in the President's Budget justification support.

OMB Circular A-11 requires budget exhibits that identify what the funding in the President's Budget will support. The budget support for ITS requires details for ITS expenditures including:

--Capital investments, such as purchases of hardware, software, equipment, and facilities.

--Personnel costs for compensation to personnel whose principal duties are in ADP.

--Equipment rental, space, and other operating costs.

--Commercial services, including ADP equipment time, and leased telecommunications services.

In our review of the documents provided by SSA, we noted that SSA, in its submissions to OMB, included specific information only on capital investments. Ongoing costs of leases, maintenance, and some equipment purchases were also included, but in a single line item without required narrative justifications and acquisition plans. Personnel costs were not addressed.

## OBJECTIVES, SCOPE, AND METHODOLOGY

On December 19, 1986, the Chairman of the Senate Budget Committee requested that we review the Social Security Administration's ADP procurements and

expenses related to the Systems Modernization Plan (SMP) <sup>1/</sup> accomplishments and SSA's estimates of future costs to complete the SMP program. The Committee was concerned over increasing requests for the ITS budget--within which SMP is funded. The Committee also noted that while appropriations requests and carryover amounts have been on the rise, planned SMP projects have been revised, delayed, or terminated without apparent effect on budget requests. The Committee asked that we report on the results of our review by July 1, 1987.

As an interim product, the Committee requested that we analyze the ADP-related aspects of SSA's fiscal year 1988 budget justification and provide the results of our analysis prior to the fiscal year 1988 appropriations hearings, which are scheduled for March 11, 1987. On February 20, 1987, the Committee requested that prior to the March hearings we provide it with a history of the ITS budget requests and obligations since fiscal year 1983.

Our work to date has primarily been conducted at SSA's headquarters in Baltimore, Maryland. It has included reviews of budget requests for the annual President's Budget and reports of actual obligations for fiscal years 1983 to 1986. These documents were provided by SSA's Office of Financial Resources. We also reviewed information on obligations and the projected obligation plans for fiscal year 1987 as of January 7, 1987, provided by SSA's Office of Systems. In addition, we interviewed officials from the Offices of Financial Resources and Systems: (1) to understand the process followed in developing the requests for the President's Budget and accounting for obligations, and (2) to obtain the data we used to develop the charts.

We used the President's Budget justification and OMB Circular A-11 exhibits to establish the baseline amounts for budgeted projects, and Office of Systems' Procurement Request Management Information System (PRMIS) listings to establish the actual obligations for each fiscal year. Since obligations for budgeted projects were considerably less than the total ITS budget (see chart 4), SSA was able to obligate funds for unbudgeted projects without exceeding its total budget authority. We compared projects and budgeted amounts in the final President's Budget justification and budget exhibits with the actual obligations in PRMIS, to identify projects that were over or under their budgeted amounts. Obligations in PRMIS that did not appear in the President's Budget were counted as unbudgeted obligations. There also were budgeted projects identified in the President's Budget and PRMIS as deferred from one year to the next. We considered these deferred projects as budgeted amounts for the year to which they were deferred.

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<sup>1/</sup>SSA developed the SMP in 1982 as a \$479 million, 5-year comprehensive project encompassing improvements in software, equipment, data communications and integrated data base technology.

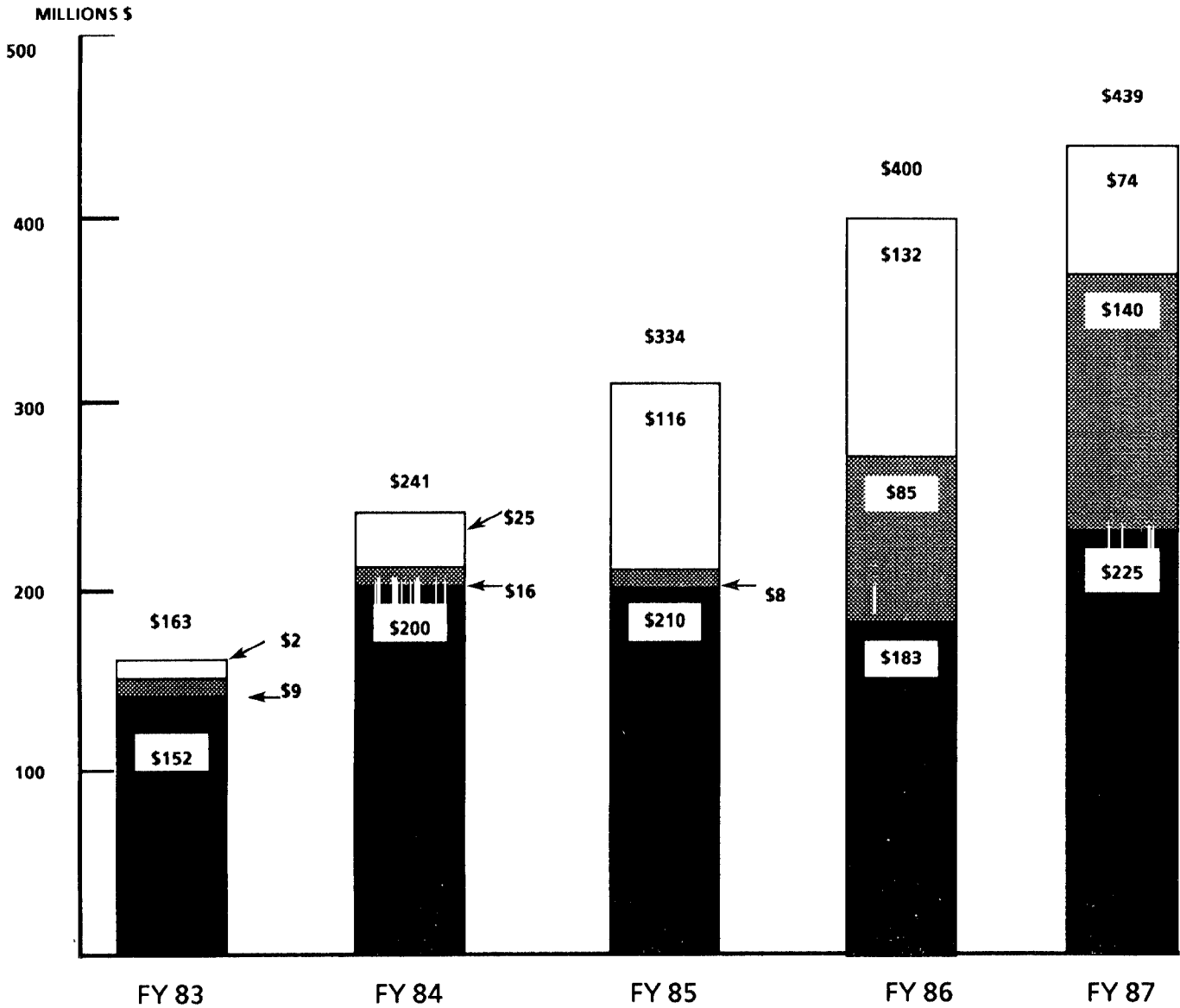
## APPENDIX

## APPENDIX

In addition, we conducted interviews at HHS' Office of Management and Budget and Division of Management Systems Planning and Evaluation to verify the budget review and finalization process. We interviewed OMB Health and Income Maintenance Division officials to verify the budget review process and identify the level of budget justification detail submitted to them by HHS and SSA.

In our work to date, we have not determined any reasons for the actions taken by SSA in developing budget requests and obligating funds, or the various trends or the effects, if any, of the budget actions. We plan to obtain information on these matters during the remainder of our review and include the information in our final report later this year. The following charts present the data we gathered during our review.

**SSA's AVAILABLE INFORMATION TECHNOLOGY SYSTEMS FUNDS**

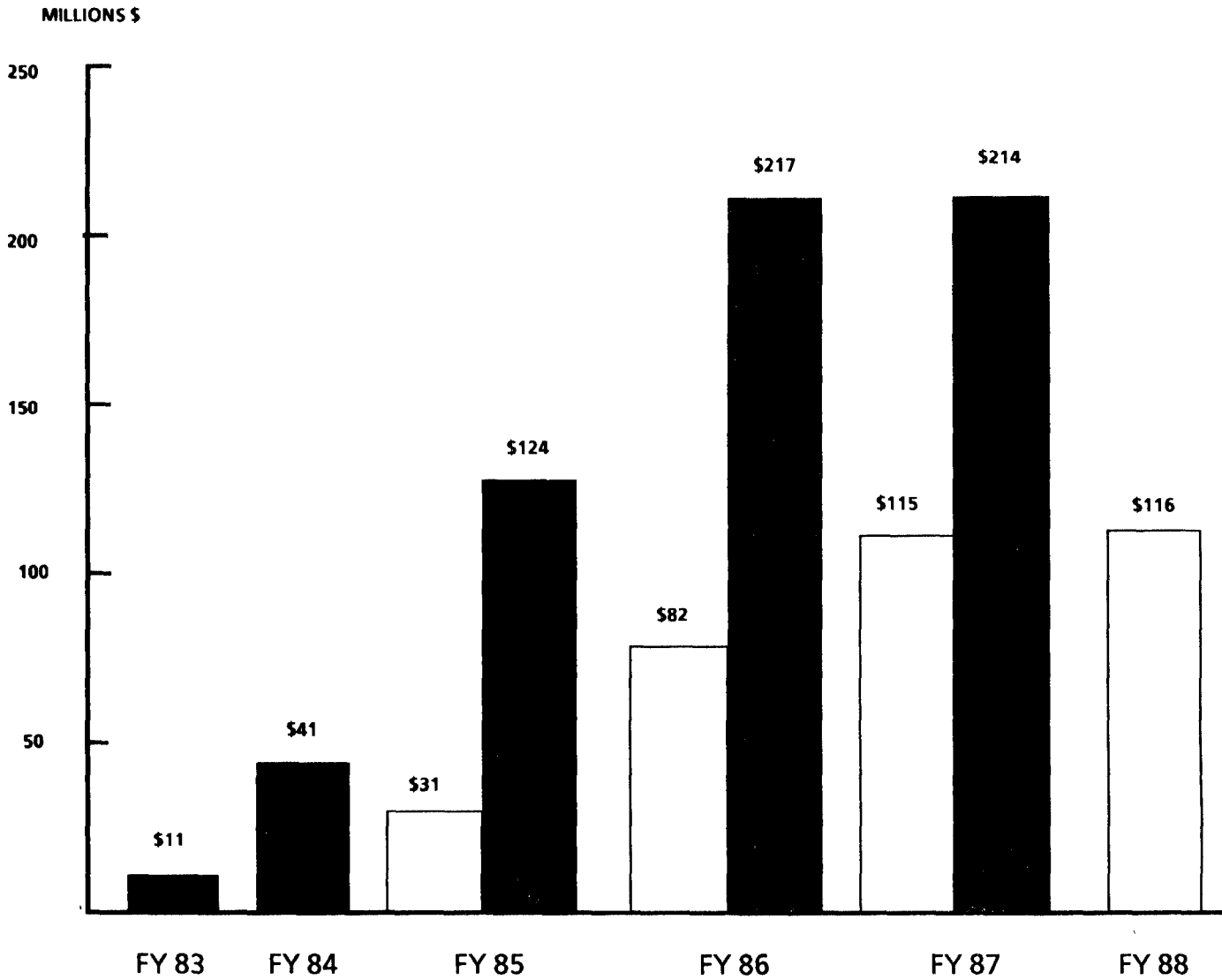


**UNBUDGETED CARRYOVER** - BEGINNING UNOBLIGATED BALANCE NOT ASSOCIATED WITH PROJECTS INCLUDED IN OMB A-11 BUDGET  
**BUDGETED CARRYOVER** - BEGINNING UNOBLIGATED BALANCE IDENTIFIED TO PROJECTS INCLUDED IN OMB A-11 BUDGET  
**APPROPRIATED** - NEW BUDGET AUTHORITY PROVIDED BY CONGRESS

This chart shows the total funds available in SSA's ITS account each year. Available funds include the amounts included in the President's Budget (requested appropriation and budgeted carryover) and unbudgeted carryover. The unbudgeted carryover are funds that were approved in prior year budgets but were not obligated. The data show the unobligated carryover grew each year (except in FY 87), while the President's Budget also grew each year.



# SSA's INFORMATION TECHNOLOGY SYSTEMS CARRYOVER FUNDS

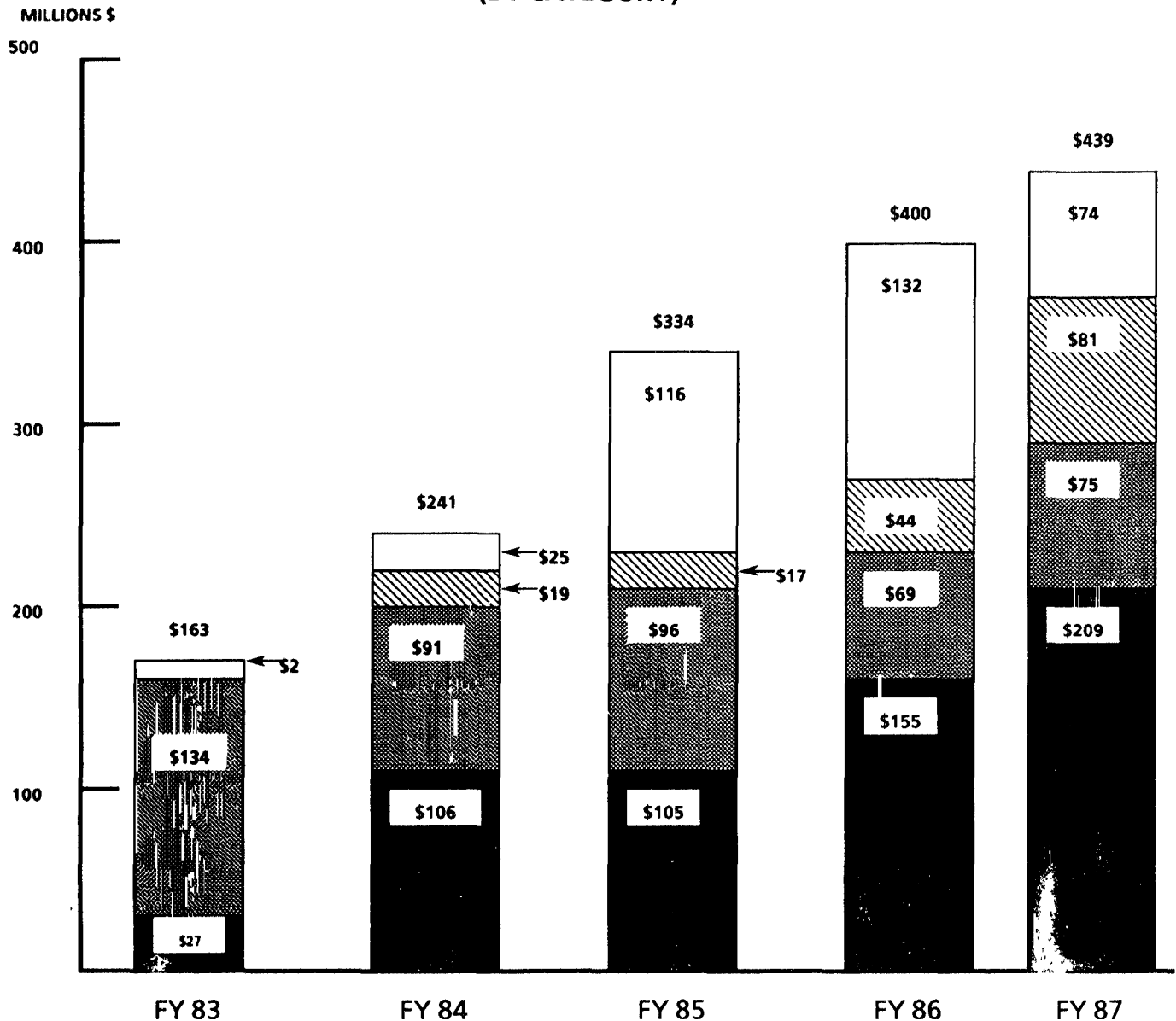



SSA ESTIMATED CARRYOVER - BEGINNING UNOBLIGATED BALANCE PROJECTED IN PRESIDENT'S BUDGET

SSA ACTUAL CARRYOVER - BEGINNING UNOBLIGATED BALANCE ACTUALLY AVAILABLE AT THE START OF THE FY

This chart shows a comparison of the carryover (unobligated balance) estimated by SSA for each FY, and the actual carryover available for the FY. The estimated carryover is prepared for the President's Budget 9 months before the start of the FY. The actual carryover is the balance of unobligated funds remaining at the end of the previous FY. The data show that SSA's estimates have been substantially less than the actual carryover for FY 85, 86, and 87.

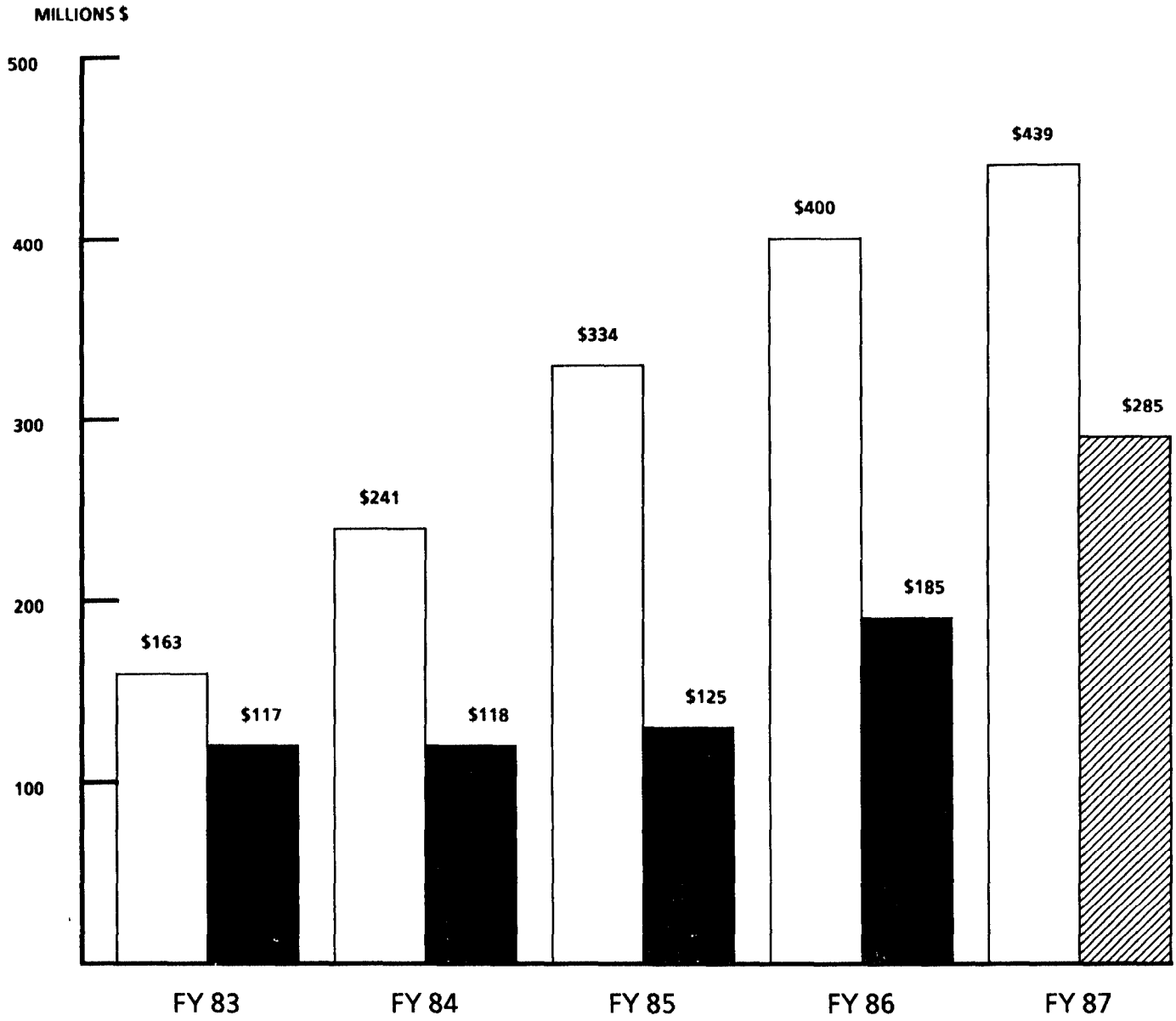
**SSA's AVAILABLE INFORMATION TECHNOLOGY SYSTEMS FUNDS (BY CATEGORY)**







**UNBUDGETED CARRYOVER : BEGINNING UNOBLIGATED BALANCE NOT ASSOCIATED WITH PROJECTS INCLUDED IN OMB A-11 BUDGET SUBMISSION**  
**TELEPHONE MAJOR PROCUREMENTS FOR TELEPHONE SYSTEMS**  
**OTHER : ONGOING OPERATING EXPENSES AND CAPITAL EXPENSE PROJECTS NOT SMP**  
**SMP SYSTEMS MODERNIZATION PLAN EXPENSES**

This chart shows the total funds available in SSA's ITS account at the beginning of each FY. It identifies these funds by the unbudgeted carryover and the budgeted categories (SMP, Other, and Telephone) in the President's Budget. The data show the funds available in the ITS account each year.

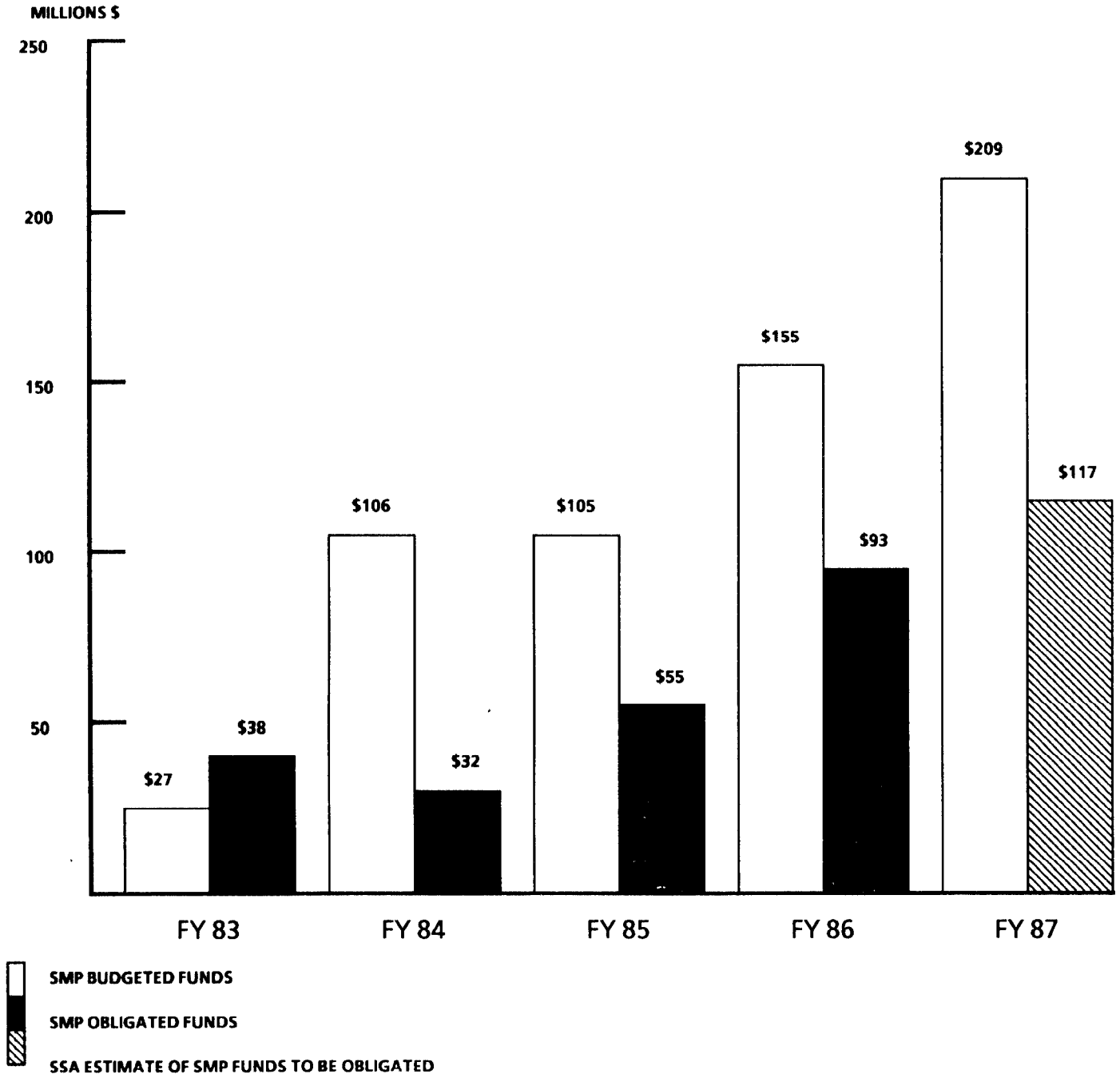
**SSA's INFORMATION TECHNOLOGY SYSTEMS AVAILABLE FUNDS VS. OBLIGATIONS**



 TOTAL AVAILABLE FUNDS. APPROPRIATIONS PLUS ACTUAL CARRYOVER OF UNOBLIGATED BALANCE FROM PREVIOUS FY  
 TOTAL OBLIGATED FUNDS  
 SSA ESTIMATE OF TOTAL OBLIGATIONS

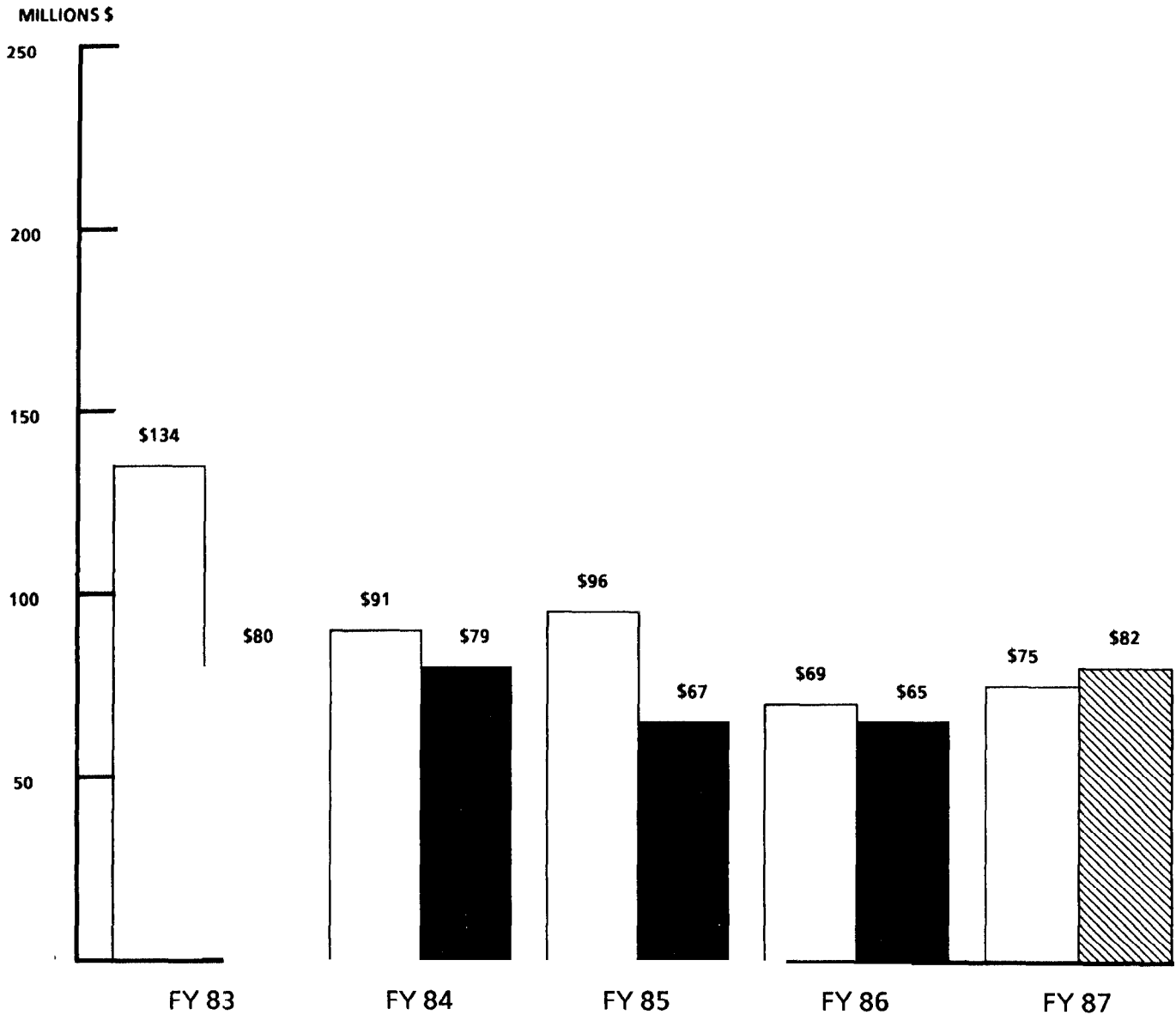
This chart shows the total ITS funds (approved in the President's Budget plus unbudgeted carryover) available at the beginning of the FY and the amount of funds obligated by the end of the FY. These data indicate actual obligations were considerably less than the funds available, a condition that appears to have contributed to the growth of the unbudgeted carryover.

## CHART 5 SSA's SYSTEMS MODERNIZATION PLAN BUDGETED FUNDS VS. OBLIGATIONS



This chart provides a breakdown of the information shown in chart 4. It shows budgeted and obligated funds for the SMP category. The data show that SMP obligations have been consistently below expected (budgeted) amounts for FY 1984, 1985, and 1986. Obligations for FY 1983 exceeded budget amounts because SSA used other ITS budgeted funds for SMP projects. Estimated obligations for FY 1987 that are based on SSA's Office of Systems plans as of January 7, 1987, remain well below the budgeted amounts.

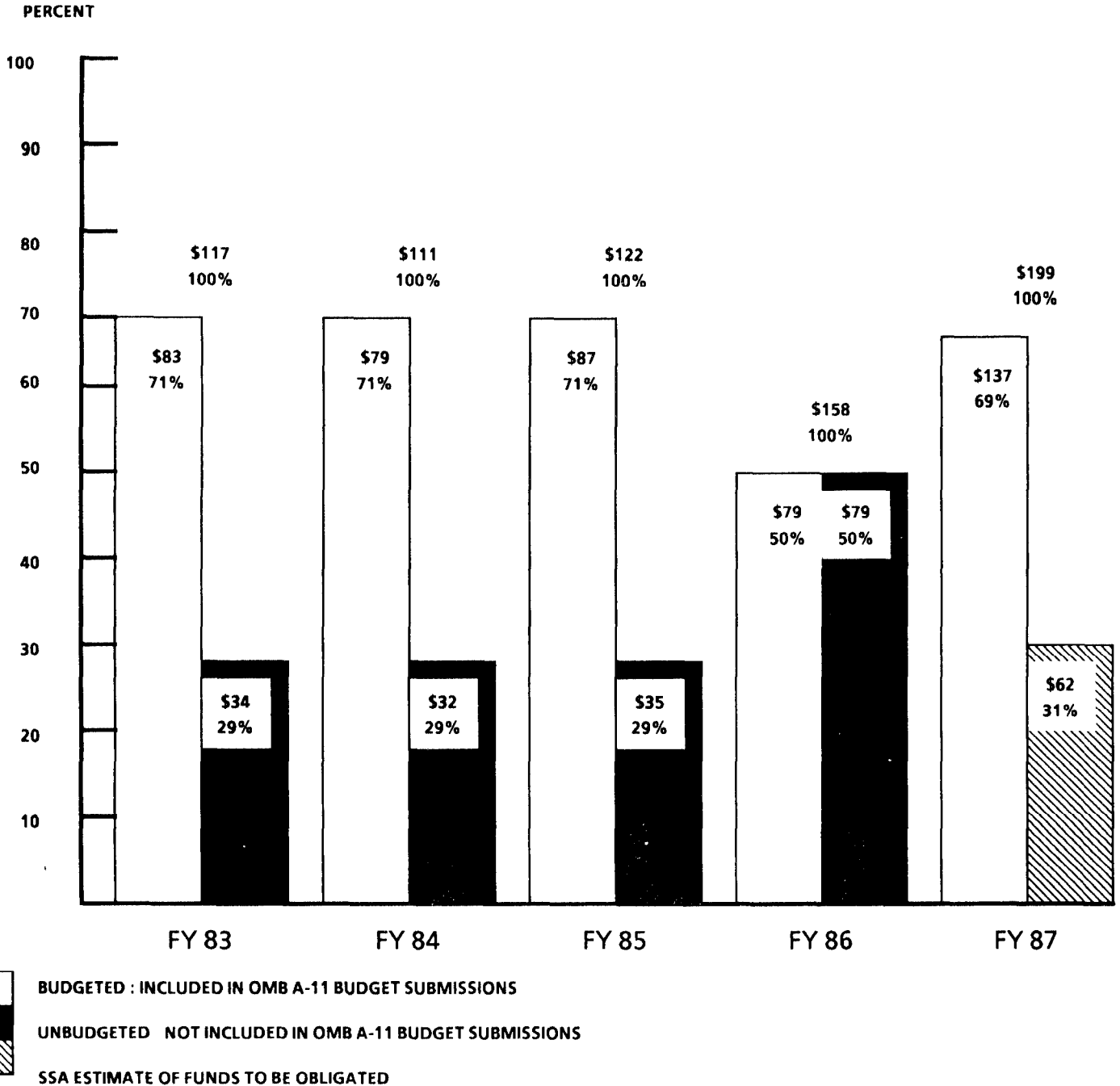
SSA'S OTHER BUDGETED FUNDS VS. OBLIGATIONS



 OTHER BUDGETED FUNDS  
 OTHER OBLIGATED FUNDS  
 SSA ESTIMATE OF OTHER FUNDS TO BE OBLIGATED

This chart shows another breakdown of the information on chart 4. It shows the budgeted and obligated funds for the "Other" category. The Other category includes all projects not identified as part of SMP by SSA's Office of Systems. These include projects for capital expenditures, and equipment lease and maintenance. Unlike SMP (chart 5), SSA's yearly obligations in the Other category were close to the budgeted amounts. While the Other obligations for FY 1987 are estimated to exceed the budgeted funds, the overall ITS obligations remain below the amount available (see chart 4).

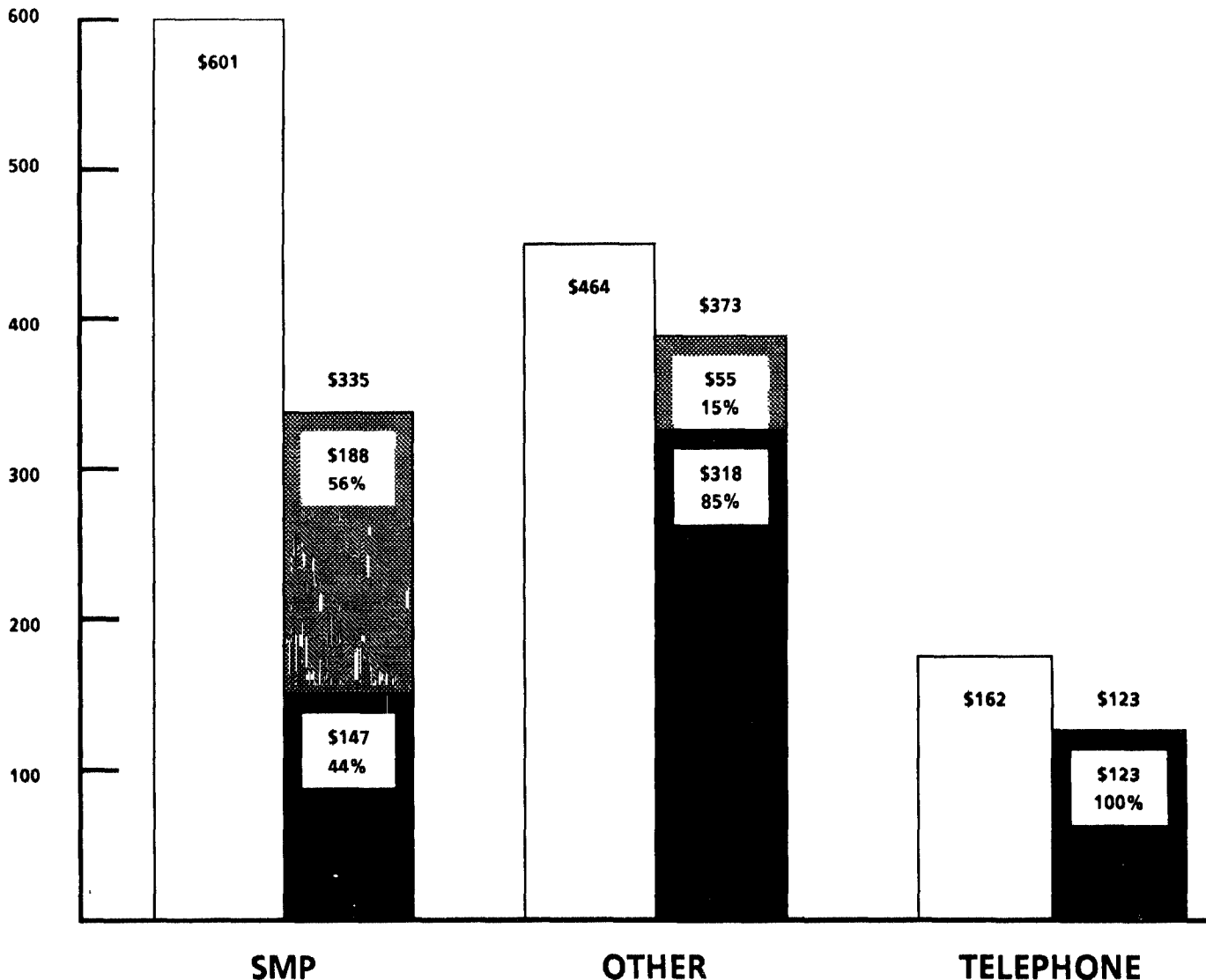
**SSA's OBLIGATION OF INFORMATION TECHNOLOGY SYSTEMS FUNDS**




This chart shows the funds SSA obligated for projects included in the budget submission and projects not included in the budget submission. The data indicate that in each year since FY 1983, there have been significant obligations on unbudgeted requirements.

**SSA's TOTAL BUDGETED FUNDS VS. OBLIGATED  
FY 1983-1987 ( BUDGETED/UNBUDGETED )**

MILLIONS \$

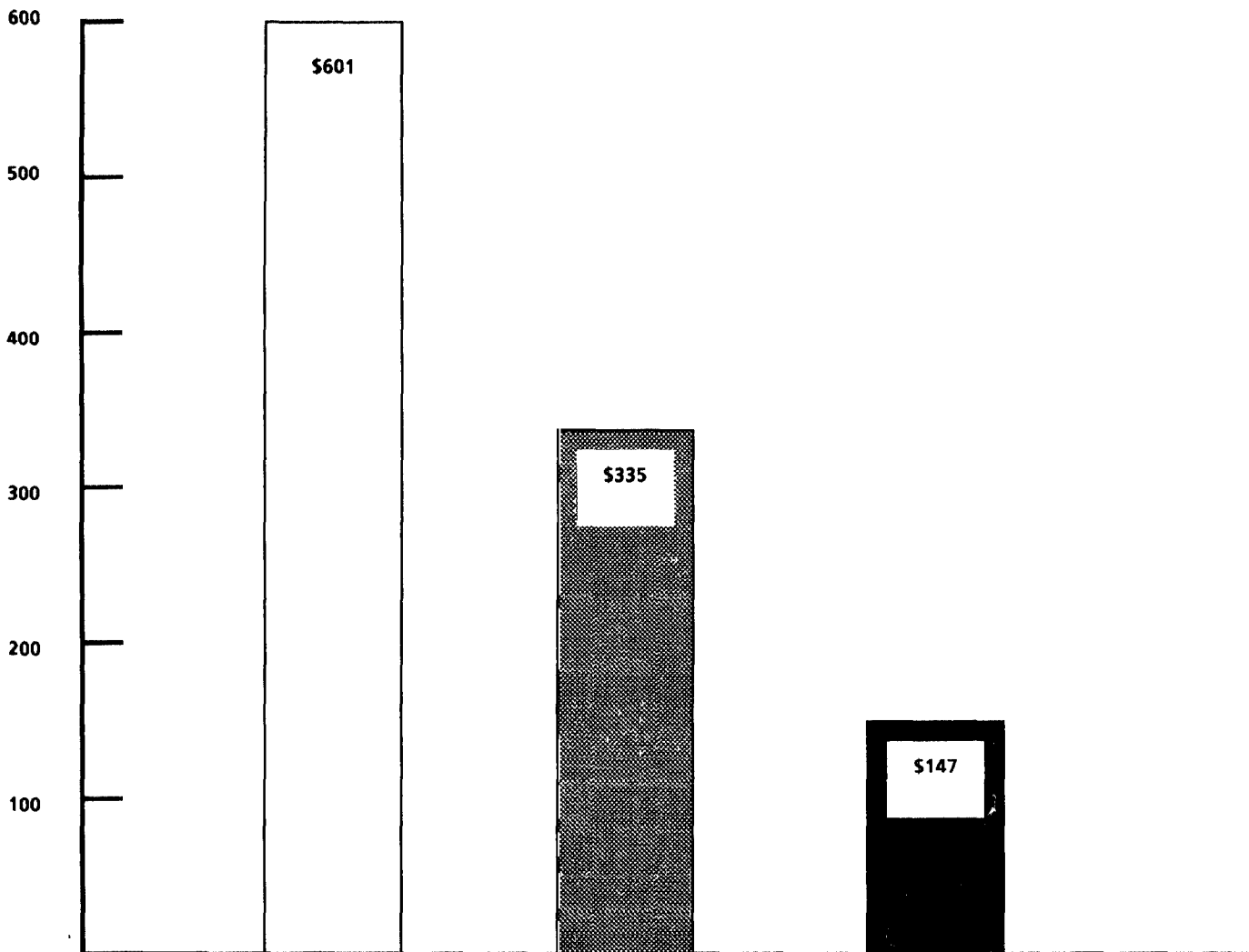



**TOTAL BUDGETED FUNDS: INCLUDED IN OMB A-11 BUDGET SUBMISSIONS**  
**UNBUDGETED FUNDS: NOT INCLUDED IN OMB A-11 BUDGET SUBMISSIONS**  
**BUDGETED FUNDS: INCLUDED IN OMB A-11 BUDGET SUBMISSIONS**

This chart shows the total funds budgeted for FY 1983 through 1987 by category (SMP, Other, and Telephone) and the amounts SSA obligated for budgeted and unbudgeted projects. The data show that for SMP, SSA has obligated a large percentage of funds for unbudgeted projects.

# SYSTEMS MODERNIZATION PLAN TOTAL BUDGETED FUNDS VS. OBLIGATED FY 1983-1987

MILLIONS \$



 TOTAL SMP BUDGETED FUNDS  
TOTAL SMP OBLIGATED FUNDS  
TOTAL SMP OBLIGATED FUNDS INCLUDED IN OMB A-11 BUDGET SUBMISSIONS

This chart shows total funds budgeted for the SMP for FY 1983 through 1987 and the amount SSA obligated. The data show that SSA has obligated 56 percent of its budgeted SMP funds. The data also show that less than half of the funds that were obligated were identified in the OMB A-11 submissions as being for SMP.

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