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

Health, Education, and
Human Services Division

B-282888

July 20, 1999

The Honorable Dick Armey
Majority Leader
House of Representatives

The Honorable Dan Burton
Chairman, Committee on Government Reform
House of Representatives

The Honorable Fred Thompson
Chairman, Committee on Governmental Affairs
United States Senate

Subject: Observations on the Social Security Administration's Fiscal Year 2000 Performance Plan

As you requested, we have reviewed and evaluated the fiscal year 2000 performance plans for the 24 Chief Financial Officers (CFO) Act agencies that were submitted to Congress as required by the Government Performance and Results Act of 1993 (Results Act). Enclosure I to this letter provides our observations on the fiscal year 2000 performance plan for the Social Security Administration (SSA). Enclosure II lists management challenges we and SSA's Inspector General identified that face the agency and the applicable goals and measures in the fiscal year 2000 annual performance plan.

Our objectives were to (1) assess the usefulness of the agency's plan for decisionmaking and (2) identify the degree of improvement the agency's fiscal year 2000 performance plan represents over the fiscal year 1999 plan. Our observations were generally based on the requirements of the Results Act, guidance to agencies from the Office of Management and Budget (OMB) for developing the plan (OMB Circular A-11, Part 2), our previous reports and knowledge of SSA's operations and programs, and our observations on SSA's fiscal year 1999 performance plan. Our summary report on the CFO Act agencies' fiscal year 2000 plans contains a complete discussion of our objectives, scope, and methodology.¹

¹ Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans (GAO/GGD/AIMD-99-215, July 20, 1999).

B-282888

As agreed, unless you announce the contents of this letter earlier, we plan no further distribution until 30 days from the date of the letter. Please call me on (202) 512-7215 if you or your staff have any questions. Key contributors to this assignment were Roland Miller, III, and Daniel Bertoni.

A handwritten signature in black ink that reads "Cynthia M. Fagnoni". The signature is written in a cursive style with a large initial 'C'.

Cynthia M. Fagnoni
Director, Education, Workforce and
Income Security Issues

Enclosures - 2

Observations of the Social Security Administrations' Performance Plan for Fiscal Year 2000

The Social Security Administration's (SSA) fiscal year 2000 annual performance plan provides a clear picture of intended performance across the agency, a general discussion of strategies and resources the agency will use to achieve its goals, and general confidence that agency performance information will be credible. The following figure highlights the plan's major strengths and key weaknesses as SSA seeks to make additional improvements.

Figure 1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Annual Performance Plan

Major Strengths

- Contains results-oriented goals and quantifiable measures
- Contains intermediate outputs or outcomes linked to end outcomes
- Includes baseline and trend data
- Recognizes crosscutting agencies and organizations
- Shows how budgetary resources are related to performance goals
- Discusses strategies and resources for achieving intended performance

Key Weaknesses

- Information technology strategies, performance goals and resources not clearly identified or linked to SSA's five strategic goals
- Discussion of external environment lacks a clear strategy for mitigating or using identified conditions to accomplish SSA's strategic goals

SSA's fiscal year 2000 plan represents much improvement over the fiscal year 1999 plan in that it is well on its way to addressing all of the weaknesses that we identified in our assessment of the prior plan. The 1999 plan fell short of meeting the criteria set forth in the Results Act because, in several key areas, its performance goals were not measurable or the level of performance to be achieved was not adequately defined. For example, we noted that SSA's performance goals under its larger strategic goal to—"promote responsive social security programs and conduct effective policy development, research, and program evaluation"—were not clearly related to intended performance. Thus, for this goal and many others in the plan, it was difficult to see how SSA would measure intended progress or achievement.

SSA's fiscal year 1999 performance plan also lacked baseline information necessary to compare intended performance to prior years and did not clearly link performance goals with its budget program activities. Nor did it include sufficient goals and strategies for addressing longstanding problems in the mission-critical "high-risk" Supplemental Security Income program. The plan also did not acknowledge or include a discussion of SSA's efforts to coordinate its activities with other agencies having related strategic or performance goals. We also found that SSA had not adequately discussed how its strategies and resources would help achieve its goals. Thus, it was difficult to tell whether SSA adequately planned how it

would achieve the desired results or whether its performance goals were reasonable, given the level of resources available to the agency. Finally, we concluded that SSA's fiscal year 1999 plan provided insufficient information to assess whether agency performance data was credible or that SSA was taking necessary steps to ensure data integrity.

Among improvements in the fiscal year 2000 plan is the addition of several key performance goals and an overall improvement in the quality and clarity of many other goals and measures necessary to determine intended performance and assess success.

For example, the plan now includes clearer linkages between SSA's broader strategic goal of "promoting responsive social security programs" and the annual performance goals and measures essential to achieving the goal's intended results. Throughout the document, the fiscal year 2000 plan also now includes clearer discussions of the linkages between SSA's mission, goals, and budget activities. It also provides baseline performance information dating back to fiscal year 1997, essential to making comparisons between prior and proposed levels of performance. In response to our prior findings, SSA has also included additional goals and measures to assess its strategy for addressing problems in the mission-critical SSI program. For example, the plan now includes a fiscal year 2000 goal to increase SSI debt collections by about 7 percent over fiscal year 1999 levels. Finally, the plan provides additional information for Congressional and other reviewers to assess whether SSA's performance data is credible.

SSA's Performance Plan Provides a Clear Picture of Intended Performance Across the Agency

SSA's fiscal year 2000 plan represents much improvement over the fiscal year 1999 plan in that it now provides a clear picture of intended performance across all of SSA's functional activities. In response to our findings, SSA has significantly revised its fiscal year 2000 plan and many goals and measures included in the prior plan have been replaced or adjusted to better reflect intended performance. For example, we had noted that the prior plan's goal for improving SSA's 800 number service did not adequately measure whether customers received the help they needed. In response, SSA added two additional performance goals to the fiscal year 2000 plan to better assess the accuracy of information provided to customers via the 800 number. In this and many other areas, the plan's performance goals are now measurable and better linked to SSA's strategic goals.

In response to weaknesses we identified with SSA's strategic goal to—"promote responsive social security programs and conduct effective policy development, research, and program evaluation"—SSA also significantly revised its goals and measures to link them more closely to performance. We had previously noted that SSA had developed measures for only two of nine performance goals in this area. Thus, without more specific measures, it was difficult to

see how SSA would achieve intended results. With the fiscal year 2000 plan, SSA relies heavily on output measures to gauge its progress in achieving its research and policy development goals. Such outputs for FY 2000 include completing 13 major studies and analyses of issues related to SSA's programs, and ensuring that critical information is available for use by decision-makers. For example, in fiscal year 2000, SSA plans to prepare analyses to assist policy-makers in developing proposals to address the solvency of its Old Age and Survivors and Disability Insurance (OASDI) programs. The plan also includes a fiscal year 2000 performance goal to prepare a report on the effects of 1996 welfare reform legislation on SSI children with disabilities.

In addition to output measures, SSA's plan notes that the agency will develop more outcome oriented "barometer" measures in fiscal year 2000 to serve as indicators of SSA's ultimate impact in providing an adequate base of economic security to those served (e.g. percent of recipients relying on Social Security for more than half of their retirement income, percent of beneficiaries below the Federal poverty level, etc). According to SSA, such measures will provide information about populations served and identify areas where programs may be strengthened. SSA has not yet determined the specific measures to be developed. However, if appropriate "barometer" measures are formulated, SSA's plan should ultimately provide an additional means for assessing the impact of SSA's policy and research agenda and overall program performance.

As a further improvement over the prior plan, SSA's plan now includes intermediate goals essential to monitoring progress toward intended results. For example, for its strategic objective to—"shape the disability program in a manner that increases self-sufficiency" the plan now includes a goal for transitioning Disability Insurance (DI) beneficiaries into trial work periods over time. SSA's fiscal year 2000 performance goal for return to work calls for a 10 percent increase over 1997 levels. To meet SSA's strategic objective to "provide the necessary tools and training to achieve a highly skilled and high-performing workforce", the plan also now includes intermediate goals regarding the number of staff who participate in management/leadership development programs, and explains SSA's rationale for establishing its goals at those levels. With these and many other performance goals presented throughout the plan, SSA has included baseline performance information from prior years, as well as performance projections through fiscal year 2000, to better convey the level of performance it expects to achieve.

The Results Act guidance expects that agencies will develop performance goals for addressing mission-critical management problems or issues. In reviewing SSA's prior plan, we concluded that SSA could have done more to meet the Act's expectations in this regard. We were particularly concerned about the lack of specific goals and strategies for the "high-risk" SSI program that our prior work had shown to be in need of increased management attention. In fact, we reported that the fiscal year 1999 plan included only two goals specific to the SSI program. SSA's performance plan now includes revised strategic goals, objectives and

performance measures for the SSI program that address both program management problems and the need to combat fraud and abuse. The plan also includes a summary table linking SSA's strategic objectives, performance indicators and fiscal year 2000 goals. The table shows that four of SSA's five strategic objectives now include SSI specific performance goals. SSA has also added clarifying text to the plan that better explains how each SSI goal links to accomplishing the plan's strategic objectives.

Finally, SSA's plan has been further improved in that it provides key information on crosscutting activities and actions taken to coordinate SSA's activities with other agencies having related goals. SSA's prior plan did not identify any such relationships or activities. The current plan recognizes the importance of inter-agency coordination to address both SSA's internal performance goals, such as improving payment accuracy, as well as broader national concerns, such as helping more disabled individuals return to work. Accordingly, the plan now discusses major partnerships and coordination with other agencies to address identified goals. For example, under its goal "to make SSA program management the best-in business, with zero tolerance for fraud and abuse", SSA lists 14 crosscutting areas of coordination, including providing data to the Health Care Financing Administration (HCFA) to help it determine Medicaid eligibility and obtaining nursing home admissions information from HCFA to better control SSI overpayments. To address broader national issues such as helping disabled individuals become self-sufficient, the plan also discusses SSA's role on the National Task Force on Employment of Adults with Disabilities, and its cooperation with the Department of Labor to coordinate national policies to bring adults with disabilities to gainful employment.

SSA's Performance Plan Provides a General Discussion of the Strategies and Resources the Agency Will Use to Achieve Its Goals

SSA's current plan represents much improvement over the prior plan as it relates to providing a specific discussion of strategies and resources the agency will use to achieve its performance goals. SSA's fiscal year 1999 plan provided a series of brief descriptions of new or ongoing initiatives for achieving its intended performance goals. However, in several cases, SSA did not clearly demonstrate how its strategies and resources would specifically contribute to results.

Consistent with Results Act criteria, the current plan provides clearer linkages between SSA's mission, strategic goals, and program activities in its budget.

SSA's fiscal year 1999 performance plan noted that the agency's Limitation on Administrative Expenses (LAE) account supported most of the measures in the plan. However, beyond that acknowledgement, SSA provided few details as to how budget resources would actually be

allocated to support its performance goals. Thus, it was difficult to determine whether SSA had adequately planned how it would achieve desired results or whether performance goals were reasonable, given its resources. The fiscal year 2000 performance plan now includes a more detailed discussion of SSA's budget account structure and links specific funding amounts to the plan's annual performance goals. As a means of communicating its efforts to link budget resources to stated goals, the plan now includes a matrix of SSA's fiscal year 2000 administrative budget accounts, by related strategic goal. For example, the matrix shows that SSA has determined that it will require \$38 million to meet its strategic goal of "promoting responsive programs" and that this amount will come out of SSA's LAE and Extramural Research accounts. While it is not apparent from the matrix that the specific planned initiatives have actually been budgeted, the matrix does provide additional information to reviewers that SSA has assessed the costs of all activities included under its strategic goals.

In its fiscal year 2000 plan, SSA has also added clarifying text to its strategic objectives and performance goals to better illustrate how they will contribute to broader strategic goals. The plan also includes a "context" section under each goal that discusses SSA's rationale for selecting the objectives and goals presented in the plan. In addition, the means and strategies section under each strategic goal has been expanded to include a discussion of "key" initiatives necessary to achieve results. SSA has also included a discussion of major environmental factors that could significantly affect performance and its ability to achieve its strategic goals. However, this discussion includes only some of the external factors outlined in SSA's September 1997 Agency Strategic Plan. The current plan also does not discuss the specific strategies SSA will rely on to mitigate or use identified conditions to accomplish its performance goals. We view the absence of such a discussion as a weakness in the current plan.

In reviewing SSA's fiscal year 1999 plan, we noted that SSA's strategic and business plans had identified information technology investments, such as the Intelligent Workstation and Local Area Network (IWS/LAN), as key to the success of "all" of SSA's strategic goals. However, the plan did not make it clear how SSA's information technology investment strategy would contribute to intended results. The plan also contained only one information technology goal; to measure the percentage of front-line employees connected to SSA's Intelligent Workstation and Local Area Network. SSA's current plan provides a series of brief descriptions of key technology initiatives, but still does not clearly link SSA's IWS/LAN initiative to any goals necessary to determine its impact on workload productivity, processing times, or decisional accuracy rates. Considering that prior plans have stated that SSA's strategic goals are essentially unachievable unless SSA invests wisely in information technology, such as IWS/LAN, additional outcome-oriented goals should be developed. We consider the absence of more specific goals and strategies a weakness of the plan.

Finally, SSA's fiscal year 2000 performance plan now includes a discussion of the capital resources necessary to support SSA's performance goals. For example, the plan includes a

section on capital investments (primarily technology) that cut across each strategic goal. This section also notes that SSA's fiscal year 2000 information technology systems budget includes funds for the acquisition and maintenance of automated data processing and telecommunications hardware and software, as well as related contractual services. It also briefly discusses SSA's Capital Planning and Investment Control Process, which provides oversight of major information technology investments. The plan notes that major investments are being assessed at key points to ensure they are well founded, are redirected or terminated when necessary, are achieved within the approved cost schedule, and provide expected benefits. However, the plan does not list any specific budgeted amounts for these activities or describe the level of information technology resources SSA needs to support its five strategic goals.

In regard to human capital needs, SSA's plan contains a discussion of the human resource challenges confronting SSA over the next several years as its aging workforce begins to retire. It also includes proposed strategies and performance goals for maintaining a highly skilled workforce. However, SSA does not specifically link those strategies and performance goals to the level of budget resources necessary to achieve them.

SSA's Performance Plan Provides General Confidence That Agency Performance Information Will Be Credible

SSA's fiscal year 2000 performance plan represents much improvement over the prior plan in that it describes key strategies for verifying and validating performance measures, and as such, provides general confidence that the agency's performance information will be credible. For example, SSA's plan discusses (1) the establishment of a Management Information Integrity Monitoring team; (2) Office of Quality Assessment reviews; and (3) the Office of Inspector General's role in validating management information. However, SSA could have strengthened its plan by including a discussion of systems reviews that are routinely performed by independent contractors and its annual financial statement audit that encompasses certain audit procedures over the agency's key performance measures. Such discussions could be similar to those included in SSA's Accountability Report for Fiscal Year 1998. The plan would have been further strengthened by including a discussion of data limitations, if any, to assessing performance. If no data limitations exist, then SSA should also include such a statement in the plan.

Previous audits of SSA's financial statements show that SSA should be able to generate reliable data to support its performance plan and to produce credible performance reports. SSA has been a leader in financial management, receiving unqualified opinions on its financial statements for the past five years. However, SSA's ability to produce credible performance data could be hampered by deficiencies in the design and operation of its information systems' internal controls. SSA's fiscal year 1998 financial statement audit

noted continuing deficiencies in these internal controls. While the audit acknowledged SSA's progress in resolving identified deficiencies, it emphasized the importance of continuing corrective action. These weaknesses have exposed the agency and its computer systems to external and internal intrusion, thus subjecting performance data to potential unauthorized access and modification.

Other Observations on SSA's Implementation of Performance-Based Management

In developing its fiscal year 2000 plan, SSA has clearly attempted to address the weaknesses identified in our review of its prior plan and meet the criteria of the Results Act and related guidance. Thus in most areas, SSA's plan includes sufficient goals, objectives, and specific strategies to achieve its intended goals. However, key to the success of SSA's planned initiatives and performance plan goals will be ensuring that activities requiring coordination and/or cooperation among SSA's individual functional components receive adequate management attention and priority during implementation.

SSA's plan includes 71 performance goals, and many of these goals may require revisions to operational policies and procedures, automated systems modifications and/or reprogramming, as well as training for personnel responsible for implementation.

Such activities are likely to require close coordination among SSA's various agency components and management personnel. Although, SSA's plan designates lead SSA officials (primarily the Deputy Commissioner responsible for a particular workload, such as human resources) to oversee and sponsor key implementation activities, it is unclear from the plan how SSA intends to ensure the necessary coordination or that planned initiatives receive adequate priority across each of SSA's components.

Agency Comments

On April 23, 1999, we obtained comments from agency officials, including the Commissioner of Social Security, on a draft of our analysis of SSA's fiscal year 2000 annual performance plan. These officials generally agreed with our conclusions and recommendations for improvement. They also noted that SSA intends to continue to utilize GAO's feedback to improve the agency's ability to manage for results and enhance the usefulness of its planning documents. SSA disagreed with our conclusion that its performance information remained vulnerable to potential unauthorized access and manipulation. The agency also noted that its systems have undergone tests to ensure that intrusions should not occur. We agree that progress has been made in the area of internal controls. However, vulnerabilities remain and further actions are needed to ensure the integrity of SSA's performance data.

Management Challenges

The following table summarizes SSA’s challenges identified in previous GAO work¹, as well as problem areas identified by the OIG:

Table II.1: Management Challenges in SSA’s Fiscal Year 2000 Performance Plan

GAO identified management challenge	Applicable references in the fiscal year 2000 annual performance plan
<p>Ensuring the long-term solvency of the Social Security System</p> <p>SSA’s OIG has also identified “solvency” issues as a significant management problem facing the agency</p>	<p>Under its strategic goal to—“promote responsive social security programs and conduct effective policy development, research, and program evaluation”—SSA’s plan includes a FY 2000 goal to prepare analyses on the distributional and fiscal effects of solvency proposals developed by the Administration, Congress and others.</p>
<p>Addressing long-standing SSI program problems such as program abuses and mismanagement, increasing SSI overpayments, and SSA’s inability to recover outstanding debt.</p> <p>The OIG has also identified SSI fraud as a significant management challenge</p>	<p>SSI performance goals and measures have been included under four of the plan’s five strategic goals. These goals address program management and integrity and include:</p> <ul style="list-style-type: none"> --conducting research and policy analyses necessary to re-examine and refocus the policies that guide the SSI program; --Improving dollar accuracy of SSI payments; --conducting SSI continuing disability reviews; --increasing SSI dollar amounts reported from investigative activities; and --recovering more SSI debt
<p>Redesigning SSA’s disability claims processes and focusing on return to work</p> <p>SSA’s OIG has also designated disability process redesign as a significant management problem for SSA</p>	<p>SSA’s performance plan does not include any specific objectives, goals, or strategies for its disability redesign efforts.</p> <p>SSA’s performance plan includes a fiscal year 2000 goal to increase the number of DI/SSI recipients transitioning into the workforce by 10 percent over fiscal year 1997 levels..</p>
<p>Implementation of new technology required to address future workload demands.</p>	<p>None. SSA’s plan includes a discussion of the importance of information technology (IT) investments to the success of “all” of SSA’s strategic goals. Implementation of the IWS/LAN is also listed as a key initiative. However, the plan lacks more specific IT goals, strategies, and measures.</p>

¹ Performance and Accountability Series: Major Management Challenges and Program Risks: Social Security Administration, (GAO/OCG-99-20, Jan.1999).

Enclosure II
Management Challenges

GAO identified management challenge	Applicable references in the fiscal year 2000 annual performance plan
<p>As noted throughout this table, SSA's OIG has developed a listing of the most significant management problems facing the agency. Those not noted above are listed below:</p> <ul style="list-style-type: none">• Systems Security and Controls• Year 2000 Computer Compliance• Program Complexity• Government Performance and Results Act Commitments• Employee Performance & Productivity• Annual Wage Reporting• Service to the public	<ul style="list-style-type: none">• No systems security goals• No Year 2000 strategic or performance goals. However, the plan notes that SSA's mission- critical systems were Y2K compliant as of 12/31/98. It also notes SSA will publish its Y2K day one strategy by the end of April 1999.• No goals for program policy complexity• FY 2000 GPRA goals listed throughout plan• No employee performance and productivity goals (e.g. numeric rating system)• No annual wage reporting goals• SSA has a strategic goal and several annual performance goals related to improving service to the public. These include improving (1) overall customer service ratings, (2) timeliness and accuracy of 800 number services, and (3) office waiting times.

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