

EXECUTIVE SUMMARY OF AGENCY PERFORMANCE

INTRODUCTION

The Agency is facing significant challenges in maintaining the level of service the American public deserves. For more than half a century, Social Security has been paying benefits to workers and their families, but today the Agency faces some of its most daunting tests as the baby boomers age and approach their disability-prone years.

To meet those challenges, the Social Security Administration's (SSA) new Commissioner, Michael J. Astrue, redirected the Agency's priorities. Under the Commissioner's leadership, this Agency realized numerous accomplishments not only under the *Agency Strategic Plan* for FY 2006 – FY 2011, but also in furthering initiatives established by the new Commissioner. In addition, Mr. Astrue has established several new priorities to address challenges the Agency will be facing over the next several years. These priorities include reducing the hearings backlogs, improving the disability determination process, and increasing efficiency through technology.

This *Performance and Accountability Report* (PAR) reflects the goals of the *Agency Strategic Plan* for FY 2006 – FY 2011, which was developed before Commissioner Astrue became Commissioner, and focuses on SSA's many accomplishments and challenges from FY 2007. As this PAR reflects, the Agency met or exceeded most of its goals for this year. Indeed, with the establishment and implementation of the new Commissioner's priorities, the Agency has gone well beyond the accomplishments under the present strategic plan in order to serve the American people. Challenges nevertheless remain, especially in timely processing of disability claims and addressing record level backlogs at the claims hearings level.

The Agency therefore will not waver in developing and implementing forward-thinking and innovative initiatives to combat the growing challenges it faces. SSA is developing a new *Agency Strategic Plan* for FY 2008 – FY 2013. This strategic plan will be a comprehensive plan of fundamental business process reform to address the Agency's workload and management challenges.

AGENCY PROGRESS AND INITIATIVES

Today, approximately 163 million workers and over 54 million beneficiaries count on Social Security programs. The baby boomers – the largest generational constituency ever – are beginning to retire. The number of people SSA serves has increased by more than 12 percent during this decade.

In addition to the demands of the baby boomers, increases in the nation's population and expansions in program entitlements have contributed to the growth in Agency workloads. In 1978, SSA had over 85,600 employees to provide services; while in FY 2007 SSA had 62,000. Since 2001, SSA has improved productivity on average by about two percent. However even with these productivity enhancements and improved processes, the Agency is struggling to eliminate backlogs and keep up with these increasing workloads. Now more than ever the Agency needs to embrace new methods and technologies to combat the rising workloads and growing backlogs.

While addressing these core workloads, SSA also has had to take on complex new responsibilities in Medicare, immigration, homeland security, and other areas while facing overall Agency resource constraints. Since 2001, Congress has appropriated on average \$150 million less each year than the President has requested. As a result of reduced funding and increased workloads, the Agency has been struggling to balance its new responsibilities and its traditional work. The impact of this situation has adversely affected disability applicants who must wait anywhere

from 17 months to 3 years in some cases to receive a hearing decision. Despite daunting demographic changes and new Agency responsibilities, SSA is known for its can-do attitude and is respected for its management of programs that pay out over \$650 billion per year in benefit payments.

As the performance section reflects, SSA met or exceeded many of its goals for this year. In Fiscal Year 2007, the Agency:

- Served 163 million workers and over 54 million beneficiaries.
- Processed over 2.5 million initial disability claims.
- Decreased average processing time for initial disability cases from 88 days in 2006 to 83 days in 2007.
- Processed over 3 million retirement claims.
- Completed over one million non-disability redeterminations.

Although the Agency was able to meet or exceed some performance goals, other workloads suffered due to limited resources. SSA was unable to meet performance goals for the number of hearings pending, the number of hearings processed, and case production per workyear, among others.

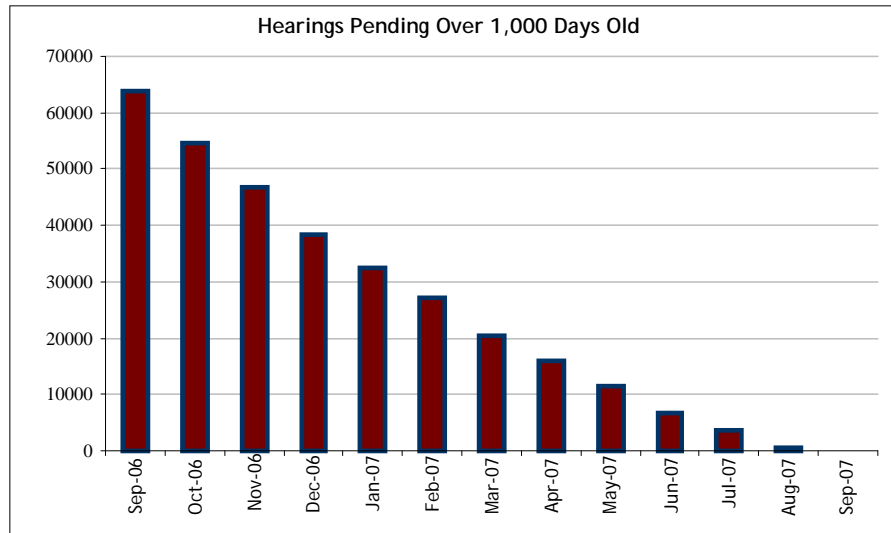
To enhance SSA's performance, a concerted and renewed effort has been made to improve the disability determination process. The Disability Service Improvement Initiative (DSI) was rolled out in 2006 with the expectation that the changes under this initiative would improve the accuracy, consistency, and timeliness of decision-making throughout the disability determination process. Ongoing analysis of this initiative has led SSA to propose the expansion of some aspects of DSI while continuing to modify and evaluate other aspects of the initiative.

The quick disability determination (QDD) process from DSI has been successful, and the Agency is rolling it out nationally. QDD uses automated tools to screen cases and allows SSA to fast-track cases that are most likely to be allowed. To date, 97 percent of cases in the Boston Region, processed under QDD, were decided within 21 days with an average decision time of 11 days. Eighty-five percent of these cases were allowed at the initial review. On September 6, 2007, the Agency issued a final rule to rollout QDD nationwide.

On the other hand, the Agency's experience over the past year demonstrates the administrative costs of two DSI components, the Federal Reviewing Official and the Office of Medical and Vocational Expertise, are far greater over the foreseeable future than anticipated. The Agency does not yet have sufficient results to fully evaluate the potential improvements in program efficacy that are the goals of the Federal Reviewing Official and the Office of Medical and Vocational Expertise. Therefore, the Agency has proposed to suspend those processes so that the Agency may redirect resources to address the backlog of hearings requests. SSA will, however, continue to collect data from these processes to assess future alternatives.

A key feature of the Federal Reviewing Official process is to provide a better developed and organized file for hearing level review. SSA has determined that this process would be better applied to initial determinations rather than later in the disability process. As a result, the Agency is developing an electronic case analysis tool, or e-CAT, to guide disability examiners through all aspects of their case determinations.

Improvements in the disability determination process include improvements to the hearings process. Disability hearings have been a growing workload for SSA. Eliminating the hearings backlog is a moral imperative for the Agency. SSA does not anticipate eliminating this backlog until 2013; however, great progress on reducing this workload has already been made. At the beginning of FY 2007 (October 1, 2006), more than 63,000 cases were over 1000 days old. In response to Commissioner Astrue's pledge to Congress and the American public, the Agency concentrated on eliminating pending hearings that would have been 1000 days old by the end of the year. SSA has accomplished this challenging goal and is continuing its efforts to eliminate the remaining backlogs.



There are four areas which hold the most promise for eliminating the remaining hearings backlog:

1. Accelerating the review of cases likely or certain to be approved;
2. Improving hearing procedures;
3. Increasing adjudicatory capacity to schedule and hold more hearings; and
4. Increasing efficiency through automation and improved business processes.

The success of these initiatives depends on timely and adequate Agency funding. Properly funded, these initiatives will reduce the amount of time members of the public wait for a hearing decision and will lead to a reduction in the number of cases pending in SSA offices. While SSA focuses on the hearings backlog, its capacity for handling and meeting its other workloads and responsibilities must not be weakened.

SSA has had to scale back the Agency’s program integrity workloads due to budget constraints over the last several years. SSA’s FY 2008 budget request, however, included dedicated program integrity workload funding. Program integrity workloads are important because they ensure that people who have been approved for benefits continue to be eligible for these benefits and are being paid the correct amount. These workloads are important to the Agency’s stewardship efforts that protect the integrity of the Social Security Trust Funds and ensure the taxpayer’s money is properly used.

Two of the most cost effective program integrity workloads are Continuing Disability Reviews (CDRs) and Supplemental Security Income (SSI) redeterminations. CDRs are periodic reevaluations of medical eligibility for SSI and disability benefits. CDRs are estimated to save \$10 for every \$1 spent. SSI redeterminations are periodic reviews of non-medical SSI eligibility requirements. Both CDRs and SSI redeterminations are extremely cost-effective. The Agency’s Cooperative Disability Investigation (CDI) project continues to be one of the most successful program integrity initiatives implemented. CDI teams are charged with obtaining sufficient evidence to identify and resolve issues of fraud and abuse related to all disability claims and benefits.

SSA is recognized by the government sector and private sector as an information technology leader. Increased investment in information technology is imperative if the Agency is going to survive escalating workloads and insufficient resources. Improving automation initiatives is the Agency’s primary course for continuing and improving service while enhancing productivity. Transforming the information technology environment will be costly, but the price of not investing in these changes will be more costly to the Agency and the public it serves. Seeing increasing public demand for services available via the Internet, SSA developed the Internet Social Security Benefit Application (ISBA). This online service allows the public to apply for retirement, spouses, and disability benefits via the internet. SSA is planning several enhancements to the ISBA applications. Enhancements include

usability improvements, additional automated customer support, and the ability for third parties to begin the filing process and protect claimants' filing dates.

A number of other electronic initiatives are being developed. SSA is modernizing and streamlining core business processes such as assigning Social Security numbers, reporting earnings, and applying for benefits by updating the older software applications for higher performance and availability. Other initiatives include an enhanced online retirement estimator, electronic representative payee accounting, electronic verification of vital events, and third party bulk claims filing.

CONCLUSION

SSA is striving toward closing the gap between reduced budget appropriations and increasing workloads. SSA is also working more efficiently, increasing productivity, and improving workload processes. As an Agency, SSA takes pride in making efficient use of its administrative resources. The Agency's administrative expenses are less than 2% of its operating budget. SSA's cost-conscious attitude is also reflected in its performance goal of annual productivity improvements, its program management initiatives in furtherance of the President's Management Agenda, and its dedication to maintaining program integrity.

The Agency has worked effectively and efficiently to meet most of its performance targets in Fiscal Year 2007, despite the budget shortfalls and diminishing resources. Fiscal Year 2008 will be another tight year for the Agency. However, the Agency is exploring new strategies and technologies to address workload and management challenges to provide the service the American public deserves and ensure the integrity of Social Security programs. Nevertheless, sufficient resources will be absolutely critical to the Agency's success future.