



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

Health, Education and Human Services Division

B-280069

June 9, 1998

The Honorable Jim Bunning
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Subject: The Results Act: Observations on the Social Security Administration's Fiscal Year 1999 Performance Plan

Dear Mr. Chairman:

As you know, the Government Performance and Results Act of 1993, commonly referred to as the Results Act, seeks to improve federal programs and increase public confidence by requiring federal agencies to set goals, measure performance, and report on the degree to which their goals were met. In 1997, agencies developed their first strategic plans under the Results Act. These plans chart the agencies' mission and long-range goals over the next 5 years. Early this year, agencies released their performance plans, which describe in greater detail the results the agencies hope to accomplish during fiscal year 1999, given a proposed level of resources. Through this process, the Results Act establishes the first statutory link between agencies' budget requests and their performance planning efforts.

We reported our observations on the Social Security Administration's (SSA) draft strategic plan in July 1997 and on its formally issued plan in January 1998.¹ We have also reviewed SSA's fiscal year 1999 performance plan, which was submitted to the Congress in February 1998, and this letter summarizes our observations on the plan. To conduct our review, we collapsed the requirements of the Results Act into three core questions: (1) To what extent does the agency's performance plan provide a clear picture of intended

¹See Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998) and The Results Act: Observations on the Social Security Administration's June 1997 Draft Strategic Plan (GAO/HEHS-97-179R, July 22, 1997).

performance across the agency? (2) How well does the performance plan discuss the strategies and resources the agency will use to achieve its performance goals? (3) To what extent does the agency's performance plan provide confidence that its performance information will be credible? These questions are contained in our February 1998 congressional guide and our April 1998 evaluators' guide for assessing performance plans, which we used for our review.² These guides integrated criteria from the Results Act, its legislative history, Office of Management and Budget (OMB) guidance for developing performance plans (OMB Circular A-11, Part 2), our other work on the implementation of the act, and other sources.³ We used the criteria and questions contained in the guides to help us determine whether SSA's plan met the requirements of the act, to identify strengths and weaknesses in the plan, and to assess the plan's usefulness for executive branch and congressional decisionmakers. We performed our review of SSA's plan from February through April 1998 in accordance with generally accepted government auditing standards.

In summary, SSA's annual performance plan falls short of meeting the criteria set forth in the Results Act and the related guidance we used to assess the plan's quality and usefulness. First, we found that the plan provides only a partial picture of SSA's intended performance across the agency. The plan sets performance goals for each of its strategic goals, and many of its performance goals can be clearly related to the performance SSA is trying to assess. However, other goals are not measurable or quantifiable and do not define the level of performance to be achieved, thus making it difficult to see how SSA will assess its success. Also, SSA fails to show how its performance goals relate to the program activities in its budget structure, and SSA does not identify any crosscutting activities in which the agency shares similar performance goals with other agencies. Second, we found that SSA does not adequately discuss how the agency's strategies and resources will help achieve its goals. The plan outlines a series of brief descriptions of initiatives but fails to show how they will contribute to intended results, and it provides too little

²Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking (GAO/GGD/AIMD-10.1.18, Feb. 1998) and The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20, Apr. 1998).

³The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997) and Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

information on the resources needed to achieve these results. It is difficult to tell whether SSA has adequately planned how it will achieve the desired results or whether its performance goals are reasonable, given its resources. Finally, SSA does not provide sufficient confidence that its performance information will be credible. The plan briefly states only that the Office of the Inspector General (OIG) is responsible for reviewing the data systems underlying the performance measures. No further details are provided in the plan that would assure the reader that SSA is taking the steps necessary to ensure data integrity.

In the past, we found that SSA prepared a relatively strong strategic plan, yet it had some weaknesses similar to weaknesses we identified in its performance plan.⁴ For example, as in the performance plan, we found that the formally issued strategic plan did not provide a sufficient or uniform discussion on the processes, technologies, and resources that would be used to achieve the strategic goals. We also stated that SSA's strategic goal of effective policy development, research, and program evaluation and its supporting discussion were difficult to understand. We concluded previously that greater clarity on the results SSA hopes to achieve would be beneficial. Although SSA's strategic plan stated that the ultimate intent of this goal is to create responsive programs, the performance plan is not yet clear on what this means or how this will be achieved.

Preparing an annual performance plan is difficult. Translating the use of agency resources into concrete, measurable results will be a continual challenge, requiring both time and effort. We expect that future annual plans can build on this initial effort and will be even more useful to the Congress and the public.

BACKGROUND

SSA's three programs touch the lives of nearly every individual in the nation. The Old Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs, together commonly known as social security, provide benefits to retired and disabled workers and their dependents and survivors. The Supplemental Security Income (SSI) program provides means-tested assistance to the needy aged, blind, or disabled. With 1997 expenditures of about \$400 billion—constituting one-fourth of the federal budget—SSA's programs touch

⁴Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

nearly every American family. SSA serves the public through a nationwide network that includes 1,300 field offices, 132 hearings offices, and a national toll-free telephone number.

To administer these programs, SSA must perform the following essential tasks: issuing Social Security numbers to individuals, maintaining earnings records for workers by collecting wage reports from employers, using these records to determine the dollar amount of OASI and DI benefits, and processing benefit claims for all three programs. SSA must also determine applicants' continuing eligibility, maintain the beneficiary rolls, provide hearings and appeals for denied applicants, and disseminate information about the programs it administers.

Planning for the future is not new to SSA; SSA published its first strategic plan in 1988 and then significantly revised it in 1991. In 1994, the agency was selected by OMB as a pilot agency for implementing the Results Act's performance planning and reporting provision. The purpose of the pilot program was to help federal agencies gain experience in using the key provisions of the act and provide lessons for pilots and for other agencies before the act's governmentwide implementation in 1997.

SSA'S PERFORMANCE PLAN PROVIDES A PARTIAL PICTURE OF INTENDED PERFORMANCE ACROSS THE AGENCY

We found that SSA's performance plan provides only a partial picture of its intended performance across the agency. The plan establishes performance goals for all five of the agency's strategic goals; however, we found that the quality and clarity of the 67 performance goals vary widely. For many performance goals, we were able to clearly see how they will contribute to expected results; for others, it was more difficult. Because some goals are not measurable, it is unclear how SSA will determine whether it has achieved its goals. Moreover, the Results Act requires that the plan cover the program activities in the agency's budget request; however, SSA does not align its performance goals to its program activities or budget account structure. By not clearly demonstrating the relationship between its performance goals and the program activity structure of its budget presentation, the reader cannot determine how SSA will allocate its funding to meet its performance goals. In addition, although SSA's mission is unique, the agency shares similar performance goals with other agencies, yet its plan does not reflect any crosscutting activities.

Defining Expected Performance

Many of the performance goals in SSA's plan are measurable and linked to the agency's strategic goals and objectives; however, the plan could more consistently provide a succinct and concrete statement of expected performance for subsequent comparison with actual performance. We found that SSA's performance goals for its program management, customer service, and employee-related strategic goals are often clearly related to the performance SSA is trying to assess and thus indicate progress toward goal achievement. However, for SSA's two other two strategic goals—to "strengthen public understanding" and "promote valued, strong, and responsive social security programs and conduct effective policy development, research, and program evaluation"—the relationships are not as clear. For example, for the latter strategic goal, most of the performance goals had "N/A" (not applicable) as the measure for fiscal year 1999. As a result, this strategic goal has measures for only two of its nine performance goals.

In addition, SSA's performance plan would be more useful if the performance goals sufficiently covered key aspects of performance or captured important distinctions among programs. We stated in our review of SSA's strategic plan that its strategic goals are based on the premise that SSA's three programs—OASI, DI, and SSI—rely on a common set of services and business processes and thus appropriately represent agencywide priorities rather than program-specific concerns. We stated that this crosscutting focus was an essential element of the plan but that a programmatic focus was also necessary. This observation also applies to the performance plan. For example, the performance plan does not recognize that the SSI program, a means-tested program, is significantly different from OASI and DI. For the SSI program, SSA must collect and verify information on income, resources, and living arrangements to determine initial and continuing eligibility.

After several years of reporting on specific problems with the SSI program, we designated it as a high-risk program in February 1997 because of its susceptibility to waste, fraud, and abuse and insufficient management oversight. Yet, SSA's performance plan contains only two fiscal year 1999 goals specific to the SSI program: a goal related to the number of SSI aged claims processed and a goal to significantly increase the number of SSI nondisability redeterminations. In addition, the plan includes a fiscal year 1998 goal to complete a comprehensive action plan to improve the management of the program. While these goals are a step in the right direction, we believe that SSA needs to quickly complete its plan for improving the management of the

SSI program and develop a set of measures to evaluate and hold itself accountable for progress.

In keeping with the Results Act, we found some of SSA's performance goals related to its strategic goal "to be an employer that values and invests in each employee" to be good examples of objective, measurable, and quantifiable goals. For example, for the goal to "complete environmental indoor air quality surveys for SSA's facilities and complete corrective actions called for in the reports filed on those sites," the attendant measure for fiscal year 1999 is "surveys completed for 20 percent of facilities; 75 percent of corrective actions taken." Conversely, we found that the performance goals related to SSA's strategic goal "to promote valued, strong and responsive social security programs and conduct effective policy development, research, and program evaluation" were difficult to quantify and measure and often did not define the level of performance to be achieved. For example, the plan establishes a goal to "expand our income modeling capabilities to include all sources of retirement income." The accompanying target for fiscal year 1998 is "capabilities expanded" and the target for fiscal year 1999 is N/A. It is difficult to ascertain how SSA will measure whether the agency has expanded its income modeling capabilities as planned and how this expansion will contribute to the agency's strategic objective of building and strengthening SSA's capacity to undertake necessary research in fiscal year 1999 and beyond.

Similarly, SSA's goals to support the burgeoning national debate on Social Security solvency are not measurable and do not clearly define the level of performance to be achieved. SSA is in a unique position to inform policymakers and the public about long-term financing issues, yet we have reported that the agency has not undertaken the range of research, evaluation, and policy analysis needed to fully contribute to the debate. Under its strategic goal related to conducting effective policy development, research, and program evaluation, SSA set a strategic objective of "supporting the executive and legislative branches in a bipartisan effort to preserve Social Security for the long run" and a performance goal to conduct research and policy evaluation necessary to assist the administration and the Congress in devising proposals to strengthen and enhance the Social Security program. The measures for this performance goal for fiscal years 1998 and 1999 are "research and evaluation continued." It is unclear by these measures how SSA, the Congress, or the public will know how well it has assisted administration and congressional decisionmaking or how SSA will hold itself accountable for meeting this performance goal.

We recognize that it is difficult to develop performance measures for goals related to policy analysis, research, and evaluation. In addition, the broad strategic goal cited above is new for SSA. However, SSA could take a variety of approaches to developing more useful measures, such as developing more specific output and intermediate outcome measures or using a set or range of measures for each performance goal. For example, if SSA thought it was not realistic at this time to assess the effectiveness of its research and policy analysis, it could develop a set of measures to assess factors such as quality, timeliness, and customer satisfaction.

We also found that several of SSA's performance goals are stated so broadly that interim measures are needed to illustrate the steps the agency is taking to achieve them. For example, under its strategic goal to provide customer-responsive, world-class service, SSA has a performance goal to "complete development of SSA standards for client authentication and establish a leadership role in government-wide authentication policy." The measure for fiscal year 1999 is "standards developed; leadership role established." The two aspects are not necessarily interdependent and could be expressed as two separate goals. In addition, SSA does not state how it intends to measure the establishment of a leadership role, which could evolve over time. In addition, for three other performance goals, related to SSA's customer service strategic goal, SSA's measure is "accomplished by or before September 2000." In these cases, it is difficult to see how the agency will assess its progress at the end of fiscal year 1999, which ends September 30, 1999.

Outcome goals provide a better basis for SSA, the Congress, and the public to determine whether the agency is achieving the intended effects or results with the resources that it is provided. While SSA's performance plan includes a number of customer service goals that can measure intermediate outcomes, SSA has missed the opportunity to make its measures more meaningful and more outcome-oriented. For example, under its strategic goal "to be an employer that values and invests in each employee," SSA plans to measure the percentage of front-line employees connected to Intelligent Workstation and Local Area Network (IWS/LAN). SSA could better monitor the benefits of this billion dollar investment by establishing performance goals to assess its effect on agency productivity and mission performance. Also, under its customer service goal, SSA plans to track both the percentage of callers who successfully access the 800 number within 5 minutes of their first call and the percentage who get through on their first attempt. Both of these goals monitor callers' access to the system only, not how long callers waited on hold or whether they received the help they needed—a more important indicator of success.

SSA also missed the opportunity to measure outcomes from its effort to overhaul its time-consuming and administratively complex disability claims process. The agency is presently taking steps to reduce the inconsistency of eligibility decisions for disability benefits between the initial and appeal levels; this effort is called process unification. We have previously recommended that SSA establish a performance goal for measuring the effectiveness of its process unification efforts.⁵ However, the fiscal year 1999 performance plan does not contain such a goal but, rather, continues to measure performance in the disability area using the agency's traditional fragmented, or nonunified approach. Relatedly, SSA states in the performance plan that it will, in fiscal year 1998, establish an ongoing measure for the accuracy of Office of Hearings and Appeals decisions. This would be at least one step toward more consistent treatment of the initial and appeals level decisions. However, the plan does not contain any reference to implementing this measure in fiscal year 1999.

SSA's performance plan would be more useful if it included baseline or actual data from previous years so that comparisons might be made between the proposed level of performance against its actual performance. As a result, SSA shows where it hopes to be in the near future but does not show where it has been in the past—making it difficult to determine whether the targeted performance is reasonable.

Connecting Mission, Goals, and Activities

SSA's performance goals are generally linked to the agency's mission and strategic goals but are not linked to the program activities in its budget request. SSA's mission statement and strategic goals are unchanged from the agency's September 1997 strategic plan, and all five of SSA's strategic goals have annual performance goals associated with them. The Results Act expects that agencies' plans will provide a means of showing how budgetary resources will be used to achieve goals, yet SSA fails to fully identify the program activities in its budget or to link them with expected performance. SSA states that its performance plan is not aligned by program activity because its operation is customer-focused and its programs are integrated at the customer level.

We believe that although SSA's program activities are not mission- or goal-oriented, SSA could have done more to meet the act's expectations. SSA has program activities in the president's budget that generally correspond to its

⁵Social Security Disability: SSA Must Hold Itself Accountable for Continued Improvement in Decision-making (GAO/HEHS-97-102, Aug. 12, 1997).

benefit programs. The Results Act allows SSA to aggregate, disaggregate, or consolidate program activities in preparing its performance plan, but the act requires that "any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency." The agency could have (1) organized the plan so that the performance goals linked with program activities or (2) provided a table or matrix to clarify the relationship of its goals to program activities. For example, SSA has budget program activities for the SSI program and has stated a strategic objective to support the program, but the plan does not align these program activities with any performance goals, nor does it have a performance goal for this particular objective. This is especially important for the SSI program because we have stated on several occasions that more management attention is needed for this program and it remains on our high-risk list.⁶ In addition, SSA has a program activity related to the OIG, yet the performance plan does not unambiguously relate any goals to this program activity. The role of the OIG in fighting fraud is discussed under SSA's program management goal of being best in business, and one could surmise that the antifraud performance goals relate to OIG activities, but this is not explicit. Overall, because of SSA's failure to link performance goals with program activities, it is not possible to see how the agency plans to allocate budget resources in order to achieve performance.

Recognizing Crosscutting Efforts

SSA's performance plan would be improved if it recognized the need to coordinate with other agencies having related strategic or performance goals and discussed such coordination. SSA states in its plan that the unique nature of its mission and programs does not create any substantial crosscutting activities with other federal agencies but that SSA is active in a variety of data exchanges with other agencies. However, as illustrated in the federal partnership section of the appendix in its September 1997 strategic plan, SSA has various levels of involvement with many federal agencies. For example, under its disability programs, SSA is responsible not only for providing benefits but also for helping people move off the rolls by obtaining employment. This latter responsibility is similar to those of the departments of Labor and Education. In fact, the Department of Education, in its fiscal year 1999 performance plan, set a number of performance goals related to increasing the employment and earnings of disabled individuals under its Vocational

⁶See High-Risk Series: An Overview (GAO/HR-97-1, Feb. 1997) and our ongoing work.

Rehabilitation State Grant program. SSA's state disability determination services refer disabled SSI and DI recipients to this same program for vocational rehabilitation services. SSA's two performance goals related to helping disabled beneficiaries return to work are clearly related to Education's performance goals and vocational rehabilitation services. The plan would be more useful if it described the extent to which SSA relies on the resources or activities of another agency to achieve its goals and objectives, explained this relationship, and discussed any coordination.

SSA'S PERFORMANCE PLAN DOES NOT ADEQUATELY DISCUSS HOW THE AGENCY'S STRATEGIES AND RESOURCES WILL HELP ACHIEVE ITS GOALS

We found that SSA's performance plan discussed some strategies and resources but does not adequately discuss how the agency's strategies and resources will help achieve its performance goals. Specifically, SSA's short descriptions do not provide sufficient details about the strategies it will use to achieve intended results. We also found that SSA did not fully discuss how its human, financial, and capital resources will help achieve its goals. These limited discussions do not ensure that the agency has adequately planned how it will achieve the desired results or that its performance goals are reasonable, given its resources. We identified similar weaknesses in SSA's strategic plan issued September 30, 1997, especially in its descriptions of the operational processes, staff skills, technologies, and human capital needed to achieve the strategic goals.

Connecting Strategies to Results

SSA provides a series of brief descriptions of new or ongoing initiatives for achieving its intended performance goals for fiscal year 1999; however, in several cases it fails to show clearly how those strategies and initiatives will specifically contribute to intended results. For example, in key agency plans such as its strategic plan and business plan, SSA notes that its strategic goals are essentially unachievable unless the agency invests wisely in supporting information technology, such as the IWS/LAN. However in the performance plan, SSA only mentions that information technology investments will be used to improve performance and contribute toward SSA's goals of achieving a highly skilled workforce and making program management the best in business.

Also, for its goal of strengthening public understanding of the social security programs, SSA has established a strategic objective that by 2005 9 out of 10 Americans will be knowledgeable about social security programs in "five

important areas," yet it is difficult to see how SSA will achieve this goal.⁷ Two of its three performance goals in this section relate to the distribution of SSA's Personal Earnings and Benefit Estimate Statements (PEBES) as part of its educational campaign. However, it is not clear in the performance plan how PEBES will accomplish that objective. Specifically, the performance plan fails to explain what PEBES is and how the information contained in the statements will increase the public's knowledge about SSA. Moreover, we previously reported that in order for the statements to be useful to the public, they must be improved.⁸ We found that the statements fail to communicate clearly the complex information readers need to understand SSA's programs and benefits.

In the few instances in which SSA's performance goals anticipate significant improvements from 1998 to 1999, the plan provides insufficient information about how the agency will achieve these changes.⁹ SSA has a goal to improve processing times for disability hearings—from 398 days in fiscal year 1997 to 284 days by the end of fiscal year 1999. At the same time, it also anticipates continued increases in the number of disability claims processed. However, the plan does not adequately explain how SSA hopes to achieve this ambitious goal. It mentions "efforts to improve the disability process" but does not provide any useful discussion of SSA's major initiative to completely redesign its disability claims process, nor is it clear whether expected changes resulting from this effort were factored into the performance measures. Yet the plan does not explain other contributing factors.

As required by the Results Act, SSA's strategic plan described key external factors that could affect its goals and objectives. While the plan is not required to do so by the Results Act, we believe that SSA's performance plan would have been more useful had it included a discussion on the effect these external

⁷While SSA's strategic plan outlines the five areas—(1) basic program facts, (2) financial value of programs to individuals, (3) economic and social impact of the programs, (4) how the programs are financed today, and (5) financing issues and options—the performance plan fails to list or discuss them.

⁸SSA Benefit Statements: Well Received by the Public, but Difficult to Comprehend (GAO/HEHS-97-19, Dec. 5, 1996).

⁹With the exception of its basic workload, or output, measures, such as number of claims processed, many of SSA's quantifiable measures show little or no change from 1998 to 1999. However, the plan does anticipate improvements in the number of continuing disability reviews it conducts and certain measures related to disability claims and appeal processing times.

factors may have on its performance goals and how SSA plans to cope with these effects. For example, SSA could have more clearly discussed how it incorporated forecasted changes in demographics and customer preferences when the agency developed its performance goals and measures.

Connecting Resources to Strategies

SSA's performance plan does not adequately discuss the human, financial, and capital resources it will use to achieve the intended performance. Most of the goals are not related to any specific dollar amount, and there is little discussion of the human, information, or capital resources needed to achieve its performance goals.

The performance plan briefly explains that SSA's Limitation on Administrative Expenses (LAE) account supports most of the measures included in the annual performance plan, given approval of the president's fiscal year 1999 request and the passage of proposed legislation. The LAE request for nearly \$6.5 billion includes funds for personnel costs and operating expenses such as equipment, space and building services; processing retirement, disability, and survivors claims; operating a nationwide 800 number service; and other operating expenses. The plan further states that the fiscal year 1999 LAE request includes \$355 million for additional continuing disability reviews and \$50 million for a new proposal to conduct nondisability redeterminations under the SSI program. However, beyond these few examples, the plan does not provide any more detail on the resources needed to achieve its goals or on how SSA's \$6.5 billion LAE budget will be distributed.

As stated earlier, SSA does not articulate the human resources needed to achieve its program goals. Specifically, for its performance goal of "number of Personal Earnings and Benefit Estimate Statements issued upon request and automatically by SSA," SSA states that it is continuing to accelerate mailings to younger workers prior to its mandated requirement in fiscal year 2000, which according to SSA, will be a massive workload. Yet SSA does not explain what resources are needed to meet this workload now or in the future.

The plan does include a limited description of major capital investments made through the Automation Investment Fund. According to SSA, this fund has enabled the agency to invest for efficiencies needed in the near term in order to be the best in business and to support its strategic objective to provide the necessary tools and training to achieve a highly skilled workforce. However, the implementation of a capital planning and investment control process was not mentioned.

The completion of its year 2000 initiatives is critical to SSA's mission and to preventing benefits disruption caused by computer software problems. The performance plan discusses SSA's year 2000 initiatives and states that, as we recommended, SSA is preparing a year 2000 contingency plan that addresses how core business processes will be supported if planned conversion activities experience unforeseen disruptions. However, the performance plan does not contain any performance goals related to its actions to prepare for 2000.

The plan's lack of detail on the financial, capital, human, and information resources needed makes it difficult to understand how SSA plans to deploy its resources to achieve its performance goals. SSA's fiscal year 2000 performance plan would be improved if it provided such details.

SSA'S PERFORMANCE PLAN DOES NOT PROVIDE SUFFICIENT CONFIDENCE THAT THE AGENCY'S PERFORMANCE INFORMATION WILL BE CREDIBLE

SSA's performance plan does not adequately describe credible procedures for verifying and validating performance information. The plan states only that (1) SSA uses its annual Accountability Report to report on SSA's key goals, performance measures, and the agency's progress in meeting its Results Act goals and (2) the OIG is responsible for reviewing the data systems underlying the Accountability Report. SSA missed the opportunity to provide further information on the steps the agency is already taking to monitor the quality of its performance data. The plan does not discuss the OIG's recently initiated reviews of SSA's processes for reporting performance and its plans for future reviews. Nor does it mention any other routine or special steps the agency has taken to monitor and ensure the integrity of its performance data. For example, the plan could discuss internal reviews, program evaluations, internal controls, or other measures the agency takes to ensure high-quality performance data.

Furthermore, although not required by the Results Act, SSA's performance plan would provide more confidence in the data if SSA not only fully discussed its ongoing efforts but also addressed problems that have been identified in the past and steps it is taking to ameliorate them. The plan states that data included in its output-based performance measures come from SSA's management information and workload measurement systems; however, concerns have been raised within the agency about the accuracy of this

information.¹⁰ While these concerns are not discussed in the plan, SSA has taken a number of steps to address them, including increasing the automation of data collection and establishing a new Management Information Integrity Monitoring team to serve as a clearinghouse for alleged inappropriate practices related to management information.

Finally, the plan does not mention weaknesses identified in a recent independent audit. This audit included a review of the controls over the automated and manual processes for certain performance measures identified as key by SSA, four of which were included in the performance plan. The review assessed whether the data used in preparing these key measures existed and were complete. It also looked at systems and data integral to approximately 20 additional measures in the performance plan. This audit identified vulnerabilities that expose SSA and its systems to both internal and external intrusion; subject sensitive information such as Social Security numbers and benefit-related data to unauthorized access, modification, and disclosure; and increase the risk of fraud. The plan would be more credible if it identified these systems vulnerabilities and SSA's plans to address them.

AGENCY COMMENTS

We provided a draft of our observations on the performance plan to SSA for review and comment. SSA provided written comments, which are included as enclosure I. While SSA agreed with some of our observations, it disagreed with others. On the positive side, the agency stated that our draft provided many useful suggestions and will be a valuable resource to the agency in developing future annual performance plans. Also, SSA agreed with our observation that providing additional information on crosscutting activities would improve the plan and stated that it will include appropriate examples in its next plan. In addition, regarding our observation that some performance goals were not measurable or quantifiable, SSA expects its next performance plan to improve considerably in this area.

SSA, however, took issue with our observations in three substantive areas. First, SSA commented that it believes it has met the technical requirements of the Results Act but that this was not evident in our draft because our

¹⁰The plan cites one exception: the measure of "percent of public who perceive they are 'very well informed' or 'fairly well informed' about Social Security" comes from an external source, the American Council of Life Insurance. The plan did not address the reliability of these data.

interpretation of the appropriate contents for a performance plan significantly expands on the statute and the OMB guidance. SSA is correct that we applied criteria that go beyond the basic requirements of the Results Act and OMB guidance, and we have added language to clarify this point.

Second, SSA took exception to our observation that the plan lacks sufficient detail regarding the strategies and resources it will use to achieve the performance goals. SSA believes its performance plan, when supplemented by the agency budget justification, meets the more detailed needs of the Congress and, as a stand-alone document, is intended to meet the more general information needs of the public. While the budget justification does provide additional information, the performance plan does not contain any crossreferences to the justification document to help the reader locate the relevant information. In addition, the budget justification is not organized or presented in a way that fully clarifies the strategies the agency will employ and the human, capital, and financial resources it will need to accomplish its goals. Consequently, we continue to believe that the performance plan, even when combined with the budget justification, does not assure the reader that SSA has adequately planned how it will achieve the desired results or that its performance goals are reasonable, given its resources.

Finally, SSA states that it disagrees with our observation that the plan does not provide sufficient confidence that its performance information will be credible. In its comments, SSA states that it has a high degree of confidence in the reliability and validity of the data that the agency presents to the Congress and the public. The comments reiterated that the OIG directly and indirectly monitors the accuracy of the agency's information. The comments also stated that the agency itself monitors the accuracy of its data; however, neither this fact nor the steps the agency is taking were mentioned in the performance plan. We believe this is key because the Results Act states that agencies must describe the means they will use to verify and validate performance information, and the legislative history further underscores the importance of ensuring the credibility of this information. SSA needs to go beyond simply stating that the agency has a high degree of confidence in the reliability and validity of its data by describing the steps the agency is taking to ensure that the information is credible.

We are providing copies of this letter to the members of the Congress who requested our review of SSA's and other agencies' annual performance plans: the Speaker of the House; the House Majority Leader; and the Chairmen of the

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House Committees on Appropriations, the Budget, and Government Reform and Oversight. We are also sending copies to the House Minority Leader and Ranking Minority Members of these committees. In addition, copies are being sent to the Director of the Office of Management and Budget and the Commissioner of SSA.

Please contact me at (202) 512-7215 or Kay E. Brown, Assistant Director, at (202) 512-3674 if you or your staff have any questions concerning this letter. Major contributors to this letter are listed in enclosure II.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Barbara D. Bovbjerg". The signature is written in a cursive, flowing style.

Barbara D. Bovbjerg,
Associate Director, Income Security Issues

Enclosures - 2

COMMENTS FROM THE SOCIAL SECURITY ADMINISTRATION**SOCIAL SECURITY**

Office of the Commissioner

April 24, 1998

Mr. James F. Hinchman
Acting Comptroller General
441 G Street NW
Washington, D.C. 20548
Attention: Cynthia Fagnoni

Dear Mr. Hinchman:

Thank you for the opportunity to comment on the General Accounting Office (GAO) draft report, "Observations on the Social Security Administration's Annual Performance Plan."

The draft report provides many useful suggestions and will be a valuable resource to us in developing future annual performance plans. While we agree that there is room for improvement, we take issue with your assertion that our plan "...falls short of meeting the criteria set forth in the Results Act and related guidance." We believe our current plan meets all the technical requirements of the Government Performance and Results Act of 1993 (GPRA) (Public Law 103-62). This is not made evident in the draft report because the GAO interpretation of the appropriate content for a performance plan significantly expands on the criteria defined in the statute, as well as guidance set out in the Office of Management and Budget (OMB) Circular A-11.

Your draft report also states that some of our goals are "...not measurable or quantifiable..." Because the timing for the first performance plan followed so closely on the release of the new strategic plan, we were unable to make statements of expected performance in some areas as definitively as we would have liked. As many of the specifics on how we will be implementing the strategic plan will be worked out over the next year, particularly in the new areas such as the "responsive programs" goal, we expect our next performance plan will be considerably improved in this respect.

With regard to your observation that we did not identify any crosscutting activities where we share similar performance goals with other agencies, we concur that improvement is desirable and will include appropriate examples in our next plan.

One of your major concerns relates to the lack of specificity regarding the relationship of the programmatic and operational goals in our performance plan to the resources and strategies we will employ to achieve them. The performance plan serves as a

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link between long-term agency strategy and near-term agency budget requests. It is intended, when supplemented with the agency budget justification, to meet the more detailed information needs of Congress and, as a stand-alone document, to meet the more general information needs of the public. For example, the plan has a number of measures relating to the disability and appeals process and briefly references initiatives that support these measures. SSA's budget justification provides detailed descriptions of these initiatives, including a timetable for disability redesign.

Your final major concern about our plan was that we did not address the credibility of our performance information. We disagree that this is an area that needs to be addressed in our performance plan. We have a high degree of confidence in the reliability and validity of the data that we present to the Congress and the public. On an ongoing basis, we, and our Inspector General, monitor both directly and indirectly, the accuracy of our information. While we take steps, as needed, to ameliorate any problems that we discover in the accuracy of our information, we do not believe that the nature of problems in this area warrant discussion in our performance plan.

Thank you for the opportunity to comment on your draft report.

Sincerely,



Kenneth S. Apfel
Commissioner
of Social Security

ENCLOSURE II

ENCLOSURE II

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RELATED GAO PRODUCTS

Supplemental Security Income: Organizational Culture and Management Inattention Place Program at Continued Risk (GAO/T-HEHS-98-146, Apr. 21, 1998).

The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20, Apr. 1998).

SSA's Management Challenges: Strong Leadership Needed to Turn Plans Into Timely, Meaningful Action (GAO/T-HEHS-98-113, Mar. 12, 1998).

Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking (GAO/GGD/AIMD-10.1.18, Feb. 1998).

Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

Social Security Disability: SSA Must Hold Itself Accountable for Continued Improvement in Decision-making (GAO/HEHS-97-102, Aug. 12, 1997).

The Results Act: Observations on the Social Security Administration's June 1997 Draft Strategic Plan (GAO/HEHS-97-179R, July 22, 1997).

Social Security Administration: Significant Challenges Await New Commissioner (GAO/HEHS-97-53, Feb. 20, 1997).

High-Risk Series: An Overview (GAO/HR-97-1, Feb. 1997).

SSA Benefit Statements: Well Received by the Public but Difficult to Comprehend (GAO/HEHS-97-19, Dec. 5, 1996).

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