

GAO

Report to the Ranking Minority
Member, Committee on Governmental
Affairs, U.S. Senate

June 2001

SOCIAL SECURITY ADMINISTRATION

Status of Achieving Key Outcomes and Addressing Major Management Challenges



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Accountability * Integrity * Reliability

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Abbreviations

CDR	Continuing Disability Review
DI	Disability Insurance
ESF	Earnings Suspense File
GPRA	Government Performance and Results Act
HPI	Hearings Process Improvement
OASI	Old Age and Survivors Insurance
OIG	Office of Inspector General
OMB	Office of Management and Budget
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security number
WC	workers' compensation



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United States General Accounting Office
Washington, DC 20548

June 15, 2001

The Honorable Fred Thompson
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

Dear Senator Thompson:

As you requested, we reviewed the Social Security Administration's (SSA) fiscal year 2000 performance report and fiscal year 2002 performance plan required by the Government Performance and Results Act of 1993 (GPRA) to assess SSA's progress in achieving selected key outcomes that you identified as important mission areas for the agency.¹ We addressed the same outcomes in our June 2000 review of SSA's fiscal year 1999 performance report and fiscal year 2001 performance plan to provide a baseline by which to measure the agency's performance from year to year.² These five selected key outcomes are:

- Providing timely, accurate, and useful information and services to the public;
- Making disability determinations more timely and accurate;
- Reducing long-term disability benefits because people return to the workplace;
- Providing timely information to decisionmakers to address program policy issues such as long-term trust fund solvency; and
- Reducing fraud, waste, and error in the Supplemental Security Income (SSI) program.

As agreed, using the selected key outcomes for SSA as a framework, we (1) assessed the progress SSA has made in achieving these outcomes and its strategies for achieving them; and (2) compared SSA's fiscal year 2000 performance report and fiscal year 2002 performance plan with its prior-year performance report and plan for these outcomes. Additionally, we agreed to analyze how SSA has addressed its major management

¹Our report is one of a series on the 24 Chief Financial Officers Act agencies' fiscal year 2000 performance reports and fiscal year 2002 performance plans.

²*Observations on the Social Security Administration's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan* (GAO/HEHS-00-126R, June 30, 2000).

challenges, including the governmentwide high-risk areas of strategic human capital management and information security that we and SSA's Inspector General identified. Appendix I provides detailed information on how SSA addressed these challenges. Appendix II contains SSA's comments on a draft of our report.

Results in Brief

SSA reported generally making progress toward achieving its five key outcomes in fiscal year 2000, albeit to varying degrees. SSA's current strategies generally provide a clear picture of its future plans to achieve the five key outcomes, as outlined below.

Planned Outcome: Providing timely, accurate, and useful information and services to the public. SSA reported mixed success in meeting its intended goals related to this key outcome in fiscal year 2000. The pace of SSA's progress was unclear in some areas due to continued revisions³ to prior indicators and goals and SSA's inability to provide timely performance data. For example, SSA lowered and met its goal for the volume of 800-number calls processed, but did not report on its progress toward improving 800-number service accuracy because data were not yet available. SSA's strategies for meeting its fiscal year 2002 goals included training customer service staff in ways to improve accuracy on error-prone issues. However, SSA merged two accuracy indicators, without sufficient justification, in its fiscal year 2002 plan—payment accuracy for the Old Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs—which may affect SSA's ability to sufficiently monitor and manage performance.

Planned Outcome: Making disability determinations more timely and accurate. SSA reported mixed success in meeting its intended goals related to this key outcome in fiscal year 2000. Also, the pace of SSA's progress was unclear in some areas due to continued revisions to prior indicators and goals, and SSA's inability to provide timely performance data. SSA lowered the targets for about half of its goals and still did not meet several of them, including those for the volume and timeliness of

³Agencies are permitted to revise the performance targets in their performance plans—based upon congressional action, the occurrence of unanticipated exigencies, consideration of actual performance data from the prior year, and other reasons—under GPRA as implemented by OMB Circular No. A-11, Part 2: "Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports," July 19, 2000.

disability hearings. SSA's strategies for meeting its fiscal year 2002 goals in this area were generally clear, and included increasing the decision authority of its disability examiners and further revising its hearings processes.

Planned Outcome: Reducing long-term disability benefits because people return to the workplace. In fiscal year 2000, SSA reported that it made progress in this area and met most of its performance goals. However, SSA's measures were mainly output-oriented, and did not directly convey SSA's progress toward attaining this outcome. SSA's fiscal year 2002 strategies in this area are more results-oriented and include goals and measures that are more clearly linked to achieving its objectives. However, SSA has not yet developed performance goals for several indicators, including its key outcome goal for the number of disabled SSI beneficiaries no longer receiving cash benefits due to work.

Planned Outcome: Providing timely information to decisionmakers to address program policy issues such as long-term trust fund solvency. SSA reported that it made progress in this area and met most of its performance goals in fiscal year 2000. SSA's fiscal year 2002 strategies for this key outcome are also more results-oriented than in prior years. The plan also contains goals and measures that are more clearly linked to achieving its objectives and should help SSA better track customer satisfaction with its research products.

Planned Outcome: Reducing fraud, waste, and error in the SSI program. SSA reported mixed success in meeting its intended goals for this key outcome in fiscal year 2000. SSA's fiscal year 2002 strategies could also be improved by including additional indicators of its antifraud efforts, such as tracking the number of civil and monetary penalties levied. Furthermore, some recent plan revisions may impede SSA's ability to improve SSI program integrity—for example, none of the components of a new SSI debt-recovery indicator measures debt actually collected by SSA in a given year.

SSA's fiscal year 2000 performance report and fiscal year 2002 plan include improvements over their prior-year counterparts. For example, the fiscal year 2000 report used more graphics to present a clear picture of SSA's progress, while the fiscal year 2002 plan includes additional clarifying baseline data, definitions, and data sources useful for tracking performance. However, SSA's fiscal year 2000 report lacked data for about 18 percent of its key outcome goals and contained revisions or deletions of other measures, which affected our ability to assess agency performance.

Finally, SSA's fiscal year 2000 report did not sufficiently convey the agency's progress toward improving data credibility. Our prior work showed that data credibility issues created vulnerabilities for the performance measures for nearly all of SSA's key outcomes. Weaknesses in SSA's information system internal controls—which we have previously reported on—heighten the need for additional attention to this area.

SSA reported making progress in addressing the major management challenges identified by GAO, which generally encompass the agency's five key outcomes. SSA's current plan includes one goal and several performance indicators to address the governmentwide high-risk area of strategic human capital management. Several of these indicators respond to our prior recommendations that SSA take additional actions to ensure that it has sufficient staff with the proper skills to address burgeoning future workloads. Many of SSA's human capital-related performance measure goals have yet to be developed, however. SSA reported that its strategies in this area focus on better aligning how it manages human capital with its newly revised strategic plan to help meet its longer-term resource and workload challenges, as specified in its *2010 Service Vision*. For example, SSA's fiscal year 2002 strategies include leadership training opportunities to address expected management retirements, an area we have reported that SSA needed to address.⁴ SSA also reported that it is addressing governmentwide high-risk information security issues by developing strategies such as improving security awareness and training efforts, deploying new security technology, introducing new performance measures for information systems security to be reported to monitoring authorities, and taking actions to ensure that its assets are protected from physical and cyber threats.⁵ However, information infrastructure weaknesses persist, and SSA's fiscal year 2002 plan does not include specific goals, indicators, or performance measures related to this risk. SSA's performance report discussed progress in resolving the management challenges we identified as facing the agency: playing an active research and policy development role, improving the disability determination process and returning people to work, sustaining management and oversight of the high-risk SSI program, and better positioning itself for

⁴*Major Management Challenges and Program Risks: Social Security Administration* (GAO-01-261, Jan. 2001).

⁵In 1999, we named "strengthening controls to protect SSA information" as a SSA-specific challenge. To eliminate redundancy, we have included SSA's activities in regard to this issue under our governmentwide information security management challenge.

future service delivery challenges. SSA's fiscal year 2002 plan also includes specific goals, strategies, and measures for addressing these challenges. However, for some challenges—disability determinations, return-to-work, and SSI program management and oversight—additional actions and goals are needed.

We make recommendations in this report that SSA take steps to ensure that essential data and other key information are included in future performance reports and plans, as well as develop specific goals and measures to address continuing information security weaknesses. In commenting on our draft report, SSA generally agreed with our conclusions and recommendations. The agency also provided technical comments, which we incorporated where appropriate. SSA's comments are printed in appendix II.

Background

GPRA is intended to shift the focus of government decision-making, management, and accountability from activities and processes to the results and outcomes achieved by federal programs. New and valuable information on the plans, goals, and strategies of federal agencies has been provided since federal agencies began implementing GPRA. Under GPRA, annual performance plans are to clearly inform the Congress and the public of (1) the annual performance goals for agencies' major programs and activities, (2) the measures that will be used to gauge performance, (3) the strategies and resources required to achieve the performance goals, and (4) the procedures that will be used to verify and validate performance information. These annual plans, issued soon after transmittal of the president's budget, provide a direct linkage between an agency's longer-term goals and mission and day-to-day activities.⁶ Annual performance reports are to subsequently report on the degree to which performance goals were met. The issuance of the agencies' performance reports, which were due by March 31, represents a new and potentially more substantive phase in the implementation of GPRA—the opportunity to assess federal agencies' actual performance for the prior fiscal year and to consider what steps are needed to improve performance and reduce costs in the future.⁷

⁶The fiscal year 2002 performance plan is the fourth of these annual plans under GPRA.

⁷The fiscal year 2000 performance report is the second of these annual reports under GPRA.

SSA oversees three major programs that provide benefits to more than 50 million recipients: OASI, DI, and SSI. SSA's fiscal year 1999 expenditures of more than \$400 billion constituted over one-fifth of all federal disbursements. This amount is expected to grow over the coming years as the baby-boom generation ages and the life expectancy of Americans continues to lengthen. SSA's disability caseloads are also expected to grow rapidly and become increasingly complex in the future as baby boomers reach their peak disability-prone years. For example, by 2010 SSA expects demand for DI services to increase by 54 percent over 1999 levels. However, even with its considerable workload, SSA is viewed as a leader in federal service delivery. Additionally, the agency produces timely and accurate financial statements and is considered a leader among government agencies for its accountability reporting.

We have reported that SSA continues to face substantial management challenges as it administers its programs. These include playing an active research, evaluation, and policy development role; improving its disability determination process and returning people to work; sustaining management and oversight of long-standing, high-risk SSI issues; better positioning itself for future service delivery challenges; and further strengthening its controls to protect SSA information.⁸ For example, we reported that SSA's disability determination process has long suffered from a set of serious problems that make it time-consuming, expensive, and complex. Ongoing challenges to making timely and accurate determinations can result in beneficiaries waiting more than 1 year for final disability decisions. Continuing inefficiencies also result in very few beneficiaries leaving the rolls to return to work. Also, we designated the SSI program high-risk in 1997 because of its susceptibility to waste, fraud, abuse, and mismanagement. The SSI program continues to face many long-standing problems, such as program abuses and mismanagement, substantial overpayments, and SSA's inability to recover outstanding debt. (See app. I for a detailed discussion of each of the management challenges.)

⁸*Major Management Challenges and Program Risks: Social Security Administration* (GAO-01-261, Jan. 2001).

Assessment of SSA's Progress and Strategies in Accomplishing Selected Key Outcomes

This section discusses our analysis of SSA's performance in achieving selected key outcomes and the strategies the agency has in place, particularly in terms of human capital and information technology, for accomplishing these outcomes.⁹ We have also provided information drawn from our prior work on the extent to which the agency provided assurance that the performance information it is reporting is credible.

Timely, Accurate, and Useful Information and Services to the Public

Among federal agencies, SSA is considered a leader in service delivery. The agency considers this one of its top priorities, and its current performance report and plan generally convey SSA's progress and strategies for providing accurate, timely, and useful services to the public. However, our review of SSA's performance report and plan identified continuing weaknesses that could hamper its ability to provide high-level service delivery as future workloads increase. This was especially problematic in regard to SSA's goals and measures for its 800-number services.

SSA's fiscal year 2000 annual performance report showed that it met approximately half of its 34 original and revised goals related to the key agency outcome of providing timely, accurate, and useful information and services to the public. For example, SSA met its original goals for key indicators such as the percentage of earnings posted correctly and the percentage of initial SSI aged claims processed within 14 days of filing. But SSA also met several goals by lowering target performance, including the volume of 800-number calls processed, and often cited insufficient budgetary resources as the reason for revising this and other targets. In addressing its unmet goals, SSA often cited methodological constraints in measuring performance through its customer surveys, as well as higher than expected workloads, as reasons for not attaining them. For seven other goals, including a key measure of the accuracy of services obtained via its 800-number, data were not yet available for us to assess performance. SSA noted that these data were received late and were not ready for inclusion in its fiscal year 2000 report.

⁹Key elements of modern human capital management include strategic human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing staff whose number, skills, and deployment meet agency needs; and creating results-oriented organizational cultures.

SSA's fiscal year 2002 plan increased the number of strategic objectives and indicators related to this key outcome. For example, SSA added a strategic objective to improve or maintain the accuracy, timeliness, and efficiency of services it provides to benefit recipients. To accomplish its objectives, SSA's strategies include increasing the number of interactive automated services for simple business transactions that do not require interaction with an SSA representative, as well as training customer service staff on ways to improve accuracy on a number of error-prone issues. However, SSA changed and deleted several customer service indicators essential to documenting progress and performance in this area. For example, SSA merged two accuracy indicators without sufficient justification—the dollar accuracy of OASI payment outlays and the dollar accuracy of DI payments outlays. Aggregating and reporting on these separate and distinct programs in a single indicator may affect SSA's ability to sufficiently monitor and manage payment accuracy and obscure SSA's actual performance in either program. SSA's fiscal year 2002 plan does not include an indicator to assess customer satisfaction with the clarity of the notices it sends to the public. In prior work and testimony we have stated that SSA's notices were difficult to understand, presented information in illogical order, and required complex analyses to reconstruct how SSA had made adjustments to benefit payments. Accordingly, we recommended that SSA develop a measure to hold itself accountable for the quality of its notices.¹⁰

Timeliness and Accuracy of Disability Determinations

Our current assessment of SSA's progress and strategies for addressing weaknesses in the disability determination process showed that significant challenges remain. We have previously reported that SSA's complex and costly disability claims process has been plagued by long-standing weaknesses resulting in lengthy processing times for claimants, many of whom must wait more than a year for a final decision. These long waits are due, in part, to complex and fragmented decision-making processes with many layers of review.

SSA's report showed that it revised more than half of its fiscal year 2000 goals for this outcome, and met fewer than half of those, including key goals for hearings volume and processing times. It also did not meet its

¹⁰*Social Security Administration: Longstanding Problems in SSA's Letters to the Public Need to Be Fixed* (GAO/HEHS-00-179, Sep. 26, 2000) and *Social Security Administration: Many Letters Difficult to Understand* (GAO/T-HEHS-94-126, Mar. 22, 1994).

goal for conducting periodic Continuing Disability Reviews (CDR) of a recipient's medical condition. Furthermore, SSA did not provide any explanation as to why this goal was not met. In regard to goals related to the accuracy of initial and appealed disability decisions, SSA was unable to report on its performance because data were not available in time for the fiscal year 2000 report.

SSA's fiscal year 2002 plan includes several additional performance indicators and strategies to address concerns raised during our review of its fiscal year 1999 report and fiscal year 2001 plan. We reported that none of its performance indicators measured timeliness from the customer's perspective—that is, the total time it takes a customer to receive a final decision, including decisions reached on appeal. SSA revised its strategic objective to increase the number of disability customers who receive services and payments on time. The new objective now contains performance indicators on the percentage of initial disability claims decisions issued within 120 days (the goal for this indicator is to be developed) and to implement electronic processing of disability claims by 2005. SSA has also added an objective to improve the accuracy, timeliness, and efficiency of its services to customers requesting hearings or appeals, which contains a performance indicator on the percent of hearings decisions issued within 180 days. Strategies in support of a more efficient disability process include testing the use of greater decision authority for disability examiners and implementing a Hearings Process Improvement (HPI) initiative to reduce cycle times for appealed cases. HPI includes additional training to shorten learning curves for newly promoted or hired employees. Despite these improvements, SSA's fiscal year 2002 plan still does not include an indicator that measures the entire cycle time from initial determination through appeal, and thus does not fully assess the agency's timeliness of disability determinations from the customer's perspective. SSA's fiscal year 2002 plan also does not include a goal for measuring the success of its efforts to achieve consistency between the initial and appellate levels. SSA will need to carefully monitor its progress in this difficult area.

Finally, we are concerned that SSA deleted two key output measures that it had previously included in its performance plans—disability claims pending and hearings claims pending. Our analysis showed that SSA generally did not meet its fiscal year targets various times since fiscal year 1997—for disability claims pending (in 1999 and 1998) and hearings pending (in 2000, 1999, and 1997). The deletion of measures for key pending workloads has resulted in the loss of performance indicators for assessing SSA's progress in meeting its goals for timely disability decisions

and providing world-class customer service. SSA provided no explanation in its plan as to why these indicators were deleted.

Long-Term Disability Benefits and Return-to-Work

Our prior reports and testimonies have shown that SSA has had only limited success in helping recipients with disabilities return to the workforce, despite numerous technological and medical advances that have made such transitions possible.¹¹ While SSA indicates progress has been made in this area, significant challenges remain.

In fiscal year 2000, SSA reported that it had met nearly all of its original performance goals in this area. However, these measures were mainly output-oriented, and did not directly convey SSA's progress toward meeting the intended outcome. One key goal in this area—to increase the number of SSI disabled beneficiaries aged 18 to 64 who are working but still receiving benefits—was revised downward and was met. For another goal—to increase the number of DI adult worker beneficiaries who begin a trial work period—data to allow us to assess SSA's performance were unavailable. Finally, the fiscal year 2000 performance report stated that SSA fully met its goal for developing a measure for DI beneficiaries who return to work. However, SSA's fiscal year 2000 report showed that the indicator was developed but specific numeric goals for evaluating performance were still pending.

In June 2000, we reported that many of SSA's fiscal year 2001 performance measures were not sufficiently results-oriented, making it difficult to track progress. SSA's fiscal year 2002 performance plan shows that SSA has begun to incorporate more outcome-oriented performance indicators to support their efforts in this area. Two new indicators, in particular, should help SSA gauge progress: the percentage increase in the number of DI beneficiaries whose benefits are suspended/terminated due to employment, and the percentage increase in the number of disabled SSI beneficiaries no longer receiving cash benefits. However, SSA has not yet set specific performance targets nor explained when they will be developed. Finally, SSA has not yet assigned measurable goals for several of its research-oriented performance indicators, such as the preparation of a research design to develop techniques for validating medical listings.

¹¹See reports including *SSA Disability: Other Programs May Provide Lessons for Improving Return-to-Work Efforts* (GAO/T-HEHS-00-151, July 13, 2000) and *SSA Disability Redesign: Actions Needed to Enhance Future Progress* (GAO/HEHS-99-25, Mar. 12, 1999).

Despite its recent actions, SSA faces continued challenges in developing baseline data to measure progress in the return-to-work area. We are concerned about SSA's plans related to this outcome because in prior work we have noted that SSA's data systems could not distinguish between beneficiaries who no longer receive benefits due to medical improvements and those who lose benefits because they are working. We also remain concerned that SSA has yet to address our prior recommendation that it develop a comprehensive return-to-work strategy that focuses on identifying and enhancing beneficiaries' work capacities.¹² The absence of such a strategy and accompanying performance plan goals may hinder SSA's future efforts to make significant strides in the return-to-work area.

Information for
Decisionmakers to
Address Program Policy
Issues Such as Long-Term
Trust Fund Solvency

In numerous reports and testimonies, we have reported that SSA has not always been sufficiently active in research that would support policy decision-making.¹³ However, in recent years SSA has taken actions to strengthen its research and policy development role. SSA's fiscal year 2000 performance report and fiscal year 2002 performance plan demonstrate good progress in achieving this outcome.

SSA reported that it met nearly all of its fiscal year 2000 goals to provide timely information to decision-makers necessary to address program policy issues such as long-term trust fund solvency. Performance indicators in this area included preparing numerous studies and analyses to support key SSA program challenges. SSA's fiscal year 2002 plan included reasonable strategies to achieve its goals, including partnering with other federal agencies, such as the Department of Health and Human Services, to coordinate program research directed toward mutual populations. To help gauge the effectiveness of its research activities, SSA's current plan also includes indicators related to updating and analyzing newly developed "barometer" measures, which indicate how Social Security benefits, in combination with other related factors, affect the economic well-being of the public. In accordance with our prior report findings, SSA's plan also contains revised customer-oriented indicators to gauge satisfaction with the quality, accuracy, and timeliness of its research

¹²SSA Disability: Return-to-Work Strategies From Other Systems May Improve Federal Programs (GAO/HEHS-96-133, July 11, 1996), pp. 49-50.

¹³Our work is summarized in *Social Security Administration: Effective Leadership Needed to Meet Daunting Challenges* (GAO/T-OGC-96-7, July 25, 1996), pp. 6-7.

products. However, SSA's future efforts to analyze policy options and consider proposals for change may be hampered because it no longer has an indicator in its fiscal year 2002 plan to maintain a Social Security and SSI research and policy agenda. (This indicator last appeared in SSA's fiscal year 2000 plan and report.) These efforts merit attention given the increasing number of proposals to reform the Social Security system and the President's creation of a Social Security commission to make recommendations to modernize and restore fiscal soundness to Social Security.

Fraud, Waste, and Error in the SSI Program

In 1997, we designated the SSI program high risk due to its susceptibility to fraud, waste, abuse, and mismanagement, and because of SSA's difficulties in recovering outstanding SSI debt.¹⁴ Outstanding SSI debt and newly detected overpayments for fiscal year 1999 totaled more than \$3.8 billion. In recent years, SSA has taken numerous actions in coordination with the Congress to strengthen SSI program integrity. However, our review of SSA's actual and planned performance found that sustained attention is needed to ensure SSA's progress toward meeting its SSI program strategic goal.

SSA reported that it met the target goal for over half of its fiscal year 2000 performance indicators to reduce fraud, waste, and error in the SSI program. SSA increased and met its targets for three performance goals in this area, and attributed those increases to additional Office of Inspector General (OIG) resources and higher-than-anticipated returns from investigative and debt collection activities. SSA's strategies related to this key outcome include an initiative to prevent, detect, and resolve SSI overpayments through improved automation of work processes and targeting the most error-prone SSI policy areas. SSA also plans to combat fraud through continued development and enhancement of debt recovery tools. Despite SSA's success in several areas, we are concerned that recent revisions to SSA's fiscal year 2002 objectives and indicators may negatively affect SSA's improvement in its stewardship of the SSI program. For example, none of the components of a new debt-related indicator measures debt actually collected. In fiscal year 2001 SSA had included a strategic objective to increase SSI debt collections by 7 percent annually through 2002. SSA's fiscal year 2001 goal was \$732.7 million. The newly developed fiscal year 2002 objective states that, through 2005, SSA will

¹⁴*High-Risk Series: An Overview* (GAO/HR-97-1, Feb. 1997), pp. 68, 70, 101-102.

maintain a level of outstanding debt that is in a “repayment agreement, under appeal, or newly detected.” SSA’s fiscal year 2002 plan states that the goal for this indicator is to be developed, pending preparation of baseline data, based on the three categories noted above. We are concerned that none of the categories involves actual debt collected by SSA in a given fiscal year. While SSA’s fiscal year 2002 plan acknowledged that its stewardship responsibilities require that it recover as much debt as possible, it did not explain how the new indicator would help SSA better monitor its debt collection activities. Our prior work has shown that a significant amount of overpayments detected by SSA will likely never be recovered. While SSA’s proposed measures have some value, eliminating the goal of increasing annual SSI debt collections may be imprudent. This is particularly true since SSA—in accordance with our prior recommendations—pursued and obtained authority under the Foster Care Independence Act of 1999 to use additional debt collection tools to recover SSI overpayments.¹⁵ Since SSA has claimed that improved overpayment recoveries would result from the act, it should maintain a debt collection performance measure to gauge its progress in this area.

Also in regard to this key outcome, SSA’s fiscal year 2002 plan shows that the agency deleted without explanation a strategic objective “To position the Agency’s resources and processes to meet emerging workloads.” (In fiscal year 2000 SSA reported that the goals and indicators for this objective were to be developed, but no goals and indicators were listed in its fiscal year 2001 plan.) Finally, SSA also has not implemented the plan improvements that we proposed last year, such as more clearly linking its goals and measures for CDRs, investigations, and convictions to the SSI program. Nor has it developed additional indicators of its antifraud efforts, such as tracking the number of civil and monetary penalties levied. If implemented, these improvements should further facilitate SSA’s efforts to make progress in improving SSI program integrity. However, the current plan makes no reference to SSA’s activities in these areas.

¹⁵*Supplemental Security Income: Action Needed on Long-Standing Problems Affecting Program Integrity* (GAO/HEHS-98-158, Sep. 14, 1998), p. 31.

Comparison of SSA's Fiscal Year 2000 Performance Report and Fiscal Year 2002 Performance Plan With the Prior Year Report and Plan for Selected Key Outcomes

For the selected five key outcomes, this section describes major improvements or remaining weaknesses in SSA's fiscal year 2000 performance report in comparison with its fiscal year 1999 report, and fiscal year 2002 performance plan in comparison with its fiscal year 2001 plan. It also discusses the degree to which the agency's fiscal year 2000 report and fiscal year 2002 plan address concerns and recommendations by the Congress, GAO, SSA's OIG, and others.

Comparison of Performance Reports for Fiscal Years 1999 and 2000

Overall, SSA's fiscal year 2000 performance report contains several improvements over the 1999 report, but some weaknesses remain. Improvements are primarily related to a clearer presentation of goal attainment for its indicators. For example, the fiscal year 2000 report provides additional graphics, headings, and markers to show the reader whether targets were met, not met, or exceeded. However, future performance reports would be more useful in tracking SSA's progress on key outcomes if trend data also included the prior years' performance goals, instead of just their actual performance. Also, SSA's fiscal year 2000 report discussed our prior reviews of its performance plans and report, a feature absent from its fiscal year 1999 report.¹⁶ However, there was no reference to any specific actions taken by SSA in response to the identified problems and deficiencies. SSA's fiscal year 2000 and fiscal year 1999 report were comparable in their discussion of actions taken by SSA's OIG in assuring the reliability of SSA's measures and data systems. This section in the fiscal year 2000 report identified several deficiencies and outlined specific actions taken by SSA to address two OIG-identified deficiencies, including measuring the accuracy of Social Security card processing and the timeliness of earnings posted to beneficiaries' records.

Despite these improvements, we identified weaknesses in SSA's fiscal year 2000 performance report which cut across most of its five key outcomes

¹⁶See *Observations on the Social Security Administration's Fiscal Year 2000 Performance Plan* (GAO/HEHS-99-162R, July 30, 1999) and *Observations on the Social Security Administration's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan* (GAO/HEHS-00-126R, June 30, 2000).

and include the practice of revising some goals,¹⁷ the need to continue efforts to improve data credibility, and the unavailability of data for certain goals that may hinder SSA's ability to manage its performance. Regarding the issue of data unavailability, in some instances we were unable to determine—without revisiting SSA's prior year's plan and report—whether SSA was regularly meeting its intended goals.¹⁸ This was especially true for indicators for which performance data were not available at the time of our prior years' reviews. To illustrate, our current review found that for a key indicator—accuracy of initial disability determinations—SSA has reported performance data as being unavailable at the time of publication for the last 2 years. Thus, our annual reviews and reports have omitted a discussion of SSA's progress toward attainment of this goal. However, by examining performance data later included in SSA's annual performance plans, we found that SSA did not meet its performance target for this goal in fiscal years 1998 and 1999. This omission had the effect of disguising SSA's actual performance over the last 2 years and may hinder SSA's attempts to assess future progress toward attaining key outcomes. Also, we noted in our review of SSA's 1999 report that SSA's OIG noted that SSA has not verified the reliability of most of its performance data. We also reported that SSA did not identify the sources of performance data and generally did not discuss its reliability and shortcomings. While SSA's fiscal year 2000 report included references to sources of performance data, it did not discuss its methodologies for verifying performance data or any shortcomings in these data, which may hinder SSA's ability to measure progress toward the five key outcomes.

Comparison of Performance Plans for Fiscal Years 2001 and 2002

Overall, SSA's fiscal year 2001 and fiscal year 2002 plans are comparable in their presentation of goals and objectives related to the five key outcomes. Both years' plans sufficiently discussed SSA's budgetary resources related to the strategic goals, external environmental factors influencing SSA's strategies, the means and strategies related to achieving performance objectives, and definitions of goal indicators. In fiscal year 2002, SSA also added baseline data, definitions, and data sources for its major budgeted

¹⁷SSA revised 17 (about 25 percent) of the performance goals in its fiscal year 2000 performance report related to the five key outcomes; these revisions generally made performance targets easier to meet.

¹⁸SSA was unable to provide data for 12 (about 18 percent) of the performance goals in its fiscal year 2000 performance report related to the five key outcomes.

workloads, such as Social Security number (SSN) requests processed. This should help provide a basis for better tracking SSA's progress in processing these workloads. SSA also added an appendix that illustrates planned program evaluations for its strategic goals, the lack of which we cited as a deficiency in our prior work. Also in fiscal year 2002, SSA added another appendix that depicts the fiscal year 1997 and fiscal year 2000 strategic plan objectives for each of its strategic goals. SSA officials stated that this information is intended to convey the evolution of its strategic objectives since 1997, the year of its first strategic plan. However, SSA could improve the usefulness of this information for tracking progress if it provided a full record of the revisions it made to its strategic objectives in the years between 1997 and 2000. Currently, the changes between 1997 and 2000 are not depicted and it is difficult to determine the relationship between SSA's original and fiscal year 2000 objectives.

Regarding specific key outcomes, SSA's enhancements over the prior year's plan largely pertained to the disability determination and return-to-work key outcomes. For example, as we noted previously, SSA revised its strategic objectives related to increasing the number of disability customers who receive services and payments on time, and added a new objective and supporting indicators to improve the accuracy, timeliness, and efficiency of its services to customers. Regarding fraud, waste, and error in the SSI program, in 2000 we reported that the agency's overpayment goals combine new and old debt and underpayments, which may allow above-average performance in one area to mask lagging performance in the other area. SSA's fiscal year 2002 plan continued use of these same measures.

SSA's Efforts to Address Its Major Management Challenges Identified by GAO

GAO has identified two governmentwide high-risk areas: strategic human capital management and information security. Regarding human capital issues at SSA, we have reported that demand for SSA's services will grow rapidly as the baby-boom generation ages and enters disability-prone years. At the same time, SSA will be faced with significant workforce challenges as more than half of its 63,000 employees become eligible for retirement. We have noted that this convergence of events will require SSA to plan more strategically and make prudent technology and workforce investments to ensure a sufficient level of staff with the proper skills in the

future. We have also recommended that SSA develop a service delivery plan to guide its efforts that incorporates the key elements noted above.¹⁹

In the area of information security, we have reported that SSA must address weaknesses in its information systems internal controls to ensure that automated agency data are both reliable and credible. Specifically, we reported that such weaknesses have exposed SSA and its computer systems to external and internal intrusion, thus subjecting automated data to potential unauthorized access and modification.²⁰

Our review showed that SSA's performance plan has a strategic goal and measures related to human capital management. It also discusses specific recruitment, training, and staff development strategies SSA intends to pursue to acquire the workforce it needs for the future. SSA reported that its strategies in this area focus on better aligning how it manages human capital with its newly revised strategic plan to help meet its longer-term resource and workload challenges, as specified in its *2010 Service Vision*. For example, SSA's initiatives include conducting leadership training and career development programs that are based on competencies needed for employees to perform well and developing an integrated automated system to support its human resource workloads. However, many of SSA's performance goals in this area have yet to be developed, including specific goals and measures for implementing its workforce transition plan to guide future human capital decisions. With respect to information security, SSA's performance plan does not have specific goals and measures related to this challenge, but discusses its current processes and strategies for controlling and protecting information. These include improving security awareness and training efforts, deploying new security technology, introducing new performance measures for information systems security to be reported to monitoring authorities, and taking actions to ensure that its assets are protected from physical and cyber threats. However, information infrastructure weaknesses persist, and SSA's fiscal year 2002 plan does not include specific goals, indicators, or performance measures related to this risk.

¹⁹*SSA Customer Service: Broad Service Delivery Plan Needed to Address Future Challenges* (GAO/T-HEHS/AIMD-00-75, Feb. 10, 2000), p. 1.

²⁰*Major Management Challenges and Program Risks: Social Security Administration* (GAO-01-261, Jan. 2001).

In addition to these governmentwide challenges, GAO has identified five major management challenges facing SSA that generally encompass the five key outcomes discussed in this report: playing an active research and policy development role, improving the disability determination process and returning people to work, sustaining management and oversight of the high-risk SSI program, better positioning itself for future service delivery challenges, and further strengthening controls to protect SSA information. SSA's performance report conveyed the agency's progress in meeting four of these challenges, but did not include specific goals and measures related to strengthening controls to protect its information. However, SSA discussed strategies related to this challenge. Additionally, for some challenges—disability determinations, return-to-work, and SSI program management and oversight—further actions and goals are needed. Appendix I provides detailed information on how SSA addressed its management challenges as well as those high-risk areas identified by SSA's OIG.

Conclusions

SSA faces many challenges, especially in regard to ensuring a sufficient and skilled future workforce, improving SSI program integrity, and addressing longstanding problems with its disability programs. The agency's strategic planning framework, which includes its recent annual performance reports and plans, shows that SSA has generally taken actions to address its most pressing challenges. However, weaknesses remain and future strains on SSA's programs, driven to a great extent by the aging of the American population, require SSA to continuously improve its planned and actual performance to ensure progress toward achieving its key outcomes.

Specifically, we found that additional actions are needed to ensure that SSA's data systems and internal reporting structures support the provision of program performance data in time for inclusion in its performance reports. In fiscal year 2000, SSA was unable to provide data for approximately 18 percent of its performance goals related to the five key outcomes, which diminished our ability to gauge progress in several areas. SSA also has not sufficiently addressed our existing concerns, as well as the OIG's, regarding the security and credibility of its performance data. The absence of specific goals and measures to address these weaknesses in SSA's systems may compromise the future integrity of its performance data. We are also concerned that SSA's actions to revise a number of key performance goals and measures—sometimes with little or no justification—may impede its ultimate goal of improving program performance. We are particularly concerned about the efficacy of SSA's

newly revised measures for DI and OASI program payment accuracy and SSI debt collections. Finally, SSA's deletion of key performance goals and measures—such as disability claims and hearings pending—without a sufficient rationale for doing so may further affect performance. We view these goals as essential to assessing SSA's success in managing its disability determination process.

Recommendations for Executive Action

To further improve SSA's future performance reports and plans, we recommend that the Commissioner of Social Security take the following actions:

- Ensure that all key performance data necessary to measure SSA's progress toward achieving its strategic goals are included in its annual performance report.
- Develop specific goals and measures to address information security and remaining information systems weaknesses that may affect the reliability and credibility of SSA's performance data.
- Include in SSA's performance plan an explanation of the agency's rationale for revising and/or deleting prior performance goals and measures, as well as a discussion of how new goals or measures will better support SSA's strategic goals.

Agency Comments and Our Response

On June 8, 2001, we obtained written comments on our draft report from the Acting Commissioner of Social Security. The Acting Commissioner generally agreed with our assessment of SSA's progress in addressing its key outcomes and major management challenges, as well as our recommendations for further improving future performance reports and plans. SSA also noted that, in response to our findings, specific measures for disability claims pending and hearings pending would be included in future performance plans. SSA's comments are printed in appendix II.

SSA also provided technical comments on our draft report. SSA disagreed with our assertion that the use of a combined OASI/DI nonmedical payment accuracy measure would hinder its ability to monitor and manage performance for both programs. We continue to believe that using a combined payment accuracy measure for these separate and distinct programs could ultimately mask problems in the DI program if they were offset by increased efficiencies in the much larger OASI program. SSA also took issue with our characterization of its lack of a comprehensive return-to-work strategy for beneficiaries with disabilities. We recognize

SSA's activities in this area, such as implementing the Ticket to Work and Work Incentives Improvement Act of 1999. However, fundamental weaknesses remain in SSA's approach, including an eligibility assessment process that encourages applicants to focus on their incapacities, and return-to-work assistance that occurs only after an often-lengthy eligibility process.²¹ We incorporated SSA's other technical comments where appropriate.

Scope and Methodology

Our evaluation was generally based on the requirements of GPRA, the Reports Consolidation Act of 2000, guidance to agencies from the Office of Management and Budget (OMB) for developing performance plans and reports (OMB Circular A-11, Part 2), previous reports and evaluations by us and others, our knowledge of SSA's operations and programs, GAO's identification of best practices concerning performance planning and reporting, and our observations on SSA's other GPRA-related efforts. We also discussed our review with officials from SSA's Office of Strategic Management and with its Office of Inspector General. The agency outcomes that were used as the basis for our review were identified by the Ranking Minority Member of the Senate Committee on Governmental Affairs as important mission areas for the agency and generally reflect the outcomes for all of SSA's programs or activities. The major management challenges confronting SSA, including the governmentwide high-risk areas of strategic human capital management and information security, were identified by GAO in our January 2001 performance and accountability series and high-risk update, and were identified by SSA's Office of Inspector General in December 2000. We did not independently verify the information contained in the performance report and plan, although we did draw from other GAO work in assessing the validity, reliability, and timeliness of SSA's performance data. We conducted our review from April 2000 through June 2000 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to appropriate congressional committees; the Acting Commissioner of Social Security;

²¹*SSA Disability: Other Programs May Provide Lessons for Improving Return-to-Work Efforts* (GAO-01-153, Jan. 12, 2001).

and the Director, Office of Management and Budget. Copies will also be made available to others upon request.

If you or your staff has any questions, please call me at (202) 512-7215. Key contributors to this report are listed in appendix III.

Sincerely yours,

A handwritten signature in black ink that reads "Barbara D. Bovbjerg". The signature is written in a cursive style with a large, looped initial "B".

Barbara D. Bovbjerg
Director, Education, Workforce, and
Income Security Issues

Appendix I: Observations on the Social Security Administration's Efforts to Address Its Major Management Challenges

The following table identifies the major management challenges confronting the Social Security Administration (SSA), which include the governmentwide high-risk areas of strategic human capital management and information security. The first column describes the challenges that we and/or SSA's Office of Inspector General (OIG) have identified. The second column discusses SSA's progress in resolving its challenges as discussed in its fiscal year 2000 performance report. The third column discusses the extent to which SSA's fiscal year 2002 performance plan includes performance goals and measures to address these challenges. We found that SSA's performance report discussed the agency's progress in resolving all of its challenges, with the exception of identity theft and representative payees. Of the 11 major management challenges identified by both us and the OIG, SSA's performance plan had (1) goals and measures that were directly related to five of the challenges; (2) goals and measures that were indirectly applicable to two of the challenges, and (3) no goals and measures related to four of the challenges, but discussed strategies to address them.

Table 1: Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in the fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
GAO-designated governmentwide high risk		
<p><u>Strategic Human Capital Management:</u> GAO has identified shortcomings at multiple agencies involving key elements of modern strategic human capital management, including strategic human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing staffs whose size, skills, and deployment meet agency needs; and creating results-oriented organizational cultures.</p> <p>SSA faces human capital management challenges due to an increasing demand for services, the imminent retirement of a large portion of its workforce, changing customer expectations, and mixed success in past technology investments. These conditions challenge SSA's ability to meet service delivery demands, such as</p>	<p>SSA's progress related to the strategic human capital management challenge is presented under its strategic goal "to be an employer that values and invests in each employee." SSA reported that the focus of this goal is to ensure that SSA continues to have the highly skilled, high-performing, and motivated workforce that is critical to the achievement of its mission.</p> <p>SSA's human capital strategic goal contained strategic objectives, which addressed (1) providing workforce tools and training, such as access to interactive video training and management development programs; (2) creating a physical environment that promotes the health and well-being of employees; (3) promoting an agency culture that successfully incorporates SSA's values; and (4) creating a skilled workforce to serve SSA's diverse customers in the 21st century.</p> <p>Of the 16 performance goals that SSA used to measure its fiscal year 2000 performance in this area, 10 were met, 4 were not, and data were</p>	<p>SSA's 2002 performance plan contains revisions to several of its human capital strategic objectives, performance indicators, and goals.</p> <p>For example, SSA revised one of its workforce-related strategic objectives to specifically address the need "to recruit, develop, and retain a well-qualified and satisfied workforce to perform effectively in a changing future environment." In this revision, SSA acknowledged a "retirement wave" that will result in more than 3,000 employees per year leaving SSA between 2006 and 2012 and the growth in workloads attributable to aging baby boomers. Two of the three indicators listed under this objective have goals that are yet to be developed; SSA plans to develop initial baseline information to set these goals. Under the "valued employees" strategic goal, SSA has not yet developed fiscal year 2002 goals for 5 of its 10 performance indicators.</p> <p>The fiscal year 2002 plan also contains</p>

Appendix I: Observations on the Social Security Administration's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in the fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p>faster and more accurate benefit claims determinations and an increased emphasis on returning the disabled to work. The aging of the baby-boom generation has further heightened this challenge. In prior work we have recommended that SSA develop a more detailed service delivery plan that would provide a blueprint for assessing a proper staff and skill mix for operating in the future.</p>	<p>not available for 2. SSA did not meet a key goal to implement competency-based models in the recruitment and training areas.</p>	<p>information on SSA's program evaluations and key initiatives in support of its "values and invests in each employee" strategic goal. For example, in 2002 SSA estimates it will complete program evaluation studies on its organizational culture and retirement/attrition patterns. Key SSA initiatives include developing a workforce transition plan, conducting leadership training and career development programs, and developing an integrated human resources system to support various human capital-related strategic objectives. The plan also contains a table that shows its "values and invests in each employee" strategic goal supporting all three of SSA's major programs—Old Age and Survivor Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI).</p>
GAO-designated governmentwide high risk		
<p>Information Security: Our January 2001 high-risk update noted that agencies' and governmentwide efforts to strengthen information security have gained momentum and expanded. Nevertheless, recent audits continue to show that federal computer systems are riddled with weaknesses that make them highly vulnerable to computer-based attacks and place a broad range of critical operations at risk of fraud, misuse, and disruption.</p>	<p>SSA's fiscal year 2000 report did not contain any specific performance indicators and goals related to information security. Nonetheless, references to information security were included in sections of SSA's performance report.</p>	<p>SSA's fiscal year 2002 plan does not contain any specific goals, objectives, and performance indicators directly related to information security. SSA's discussion of information security issues is primarily included in the management challenge section of SSA's performance plan.</p>
<p>SSA needs to further strengthen its controls to protect its information. Weaknesses remaining in SSA's information systems' internal controls affect data reliability and credibility. SSA's systems environment remains threatened by security and integrity exposures affecting key elements of its systems and networks. These exposures occurred due to continuing weaknesses in several components of SSA's overall information protection control structure. These weaknesses have exposed SSA and its computer systems to external and internal intrusion, thus subjecting automated</p>	<p>While SSA has made progress in addressing information protection issues raised in prior years, weaknesses in its security infrastructure persist. For example, PricewaterhouseCoopers' (PwC) fiscal year 2000 report on SSA's information systems noted that SSA made significant progress to correct a fiscal year 1999 reportable condition that "SSA needs to complete and fully test its plan for maintaining continuity of operations." However, PwC also noted that weaknesses remain in SSA's systems and recommended that SSA further strengthen its agency-wide security framework. Until this is corrected, a weakened or incomplete information protection control structure will continue to impair SSA's ability to mitigate the risk of unauthorized access, modification, or disclosure of sensitive SSA information. Areas where weaknesses remained included (1) controls designed to limit or detect access to computer programs, data, and other computing resources at nonheadquarters sites; (2) policies and rules governing the operation of devices that control external access to the SSA network; and (3) the technical configuration of a contractor-controlled area of SSA's network.</p>	<p>SSA's fiscal year 2002 plan states that SSA remains committed to addressing security and integrity issues with a goal to further improve its overall information protection control structure, and discusses several activities in this area. These include deploying new security technology, integrating security into the business process, and introducing new performance measures for information systems security to be reported to monitoring authorities. Further, the agency has initiated several steps to improve security awareness and training efforts. SSA has also undertaken an initiative intended to ensure its assets are protected from physical and cyber threats.</p> <p>SSA's plan discusses the importance of investing in new technology—including on-line electronic services—to meet customer expectations, growing workloads, and its long-range service vision. SSA's plan also includes performance indicators and goals</p>

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Major management challenge	Progress in resolving major management challenge as discussed in the fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p>data to potential unauthorized access and modification.</p> <p>(SSA's OIG also identified this as a management challenge under its "Critical Information Infrastructure" and "Systems Security and Controls" designations.)</p>		<p>for increased on-line services. Our work has shown that SSA has been cautious in pursuing its on-line initiatives, largely because of privacy and security concerns. Because these services will potentially involve exchanging data supplied by both SSA and the customer, it is extremely important for the agency to ensure that its on-line applications are secure and to protect the privacy of the public.</p>
GAO-designated major management challenge		
<p><u>Play an Active Research, Evaluation, and Policy Development Role:</u> As the nation's expert on Social Security issues, SSA is uniquely positioned to assess the programmatic impacts of economic and demographic trends and identify areas where policy changes are needed to ensure that recipients' needs are met efficiently and cost effectively. However, we have testified and reported that SSA has not always been sufficiently active in using its research, evaluation, and policy components to identify areas where legislative or other changes are needed and to assist policymakers in developing options for change. Thus, SSA has missed opportunities to provide information to the Congress and others essential to addressing crucial policy issues.</p>	<p>SSA's progress related to this challenge is presented under its strategic goal, "to promote valued, strong and responsive Social Security programs and conduct effective policy development, research, and program evaluation." This goal contains strategic objectives such as providing information for decisionmakers and others on Social Security and SSI through objective and responsive research, evaluation, and policy development.</p> <p>SSA reported that it met nearly all of its fiscal year 2000 goals for the key outcome of providing timely information to decisionmakers necessary to address program policy issues such as long-term trust fund solvency.</p>	<p>See our discussion in this report under the key outcome to provide timely information for decisionmakers to address program policy changes for our assessment of applicable SSA goals and measures.</p> <p>SSA's plans to address this challenge are presented under the strategic goal "to promote valued, strong and responsive Social Security programs and conduct effective policy development, research, and program evaluation." Overall, SSA's actions should help to enhance its ability to conduct timely research, to provide information to decisionmakers, and to develop options for legislative change.</p> <p>Also, the "management challenges" section of SSA's 2002 plan states that it plans to play a critical, active role in the Social Security reform policy debate by providing information about overall program characteristics and the implications of proposed changes. SSA listed planned outreach activities, such as holding congressional briefings and conducting analyses of Social Security reform proposals.</p>
GAO- and IG-designated major management challenge		
<p><u>Improve SSA's Disability Determination Process and Return People to Work:</u> Our prior work has shown that SSA's disability determination process has long suffered from a set of serious problems. The process is time-consuming, expensive, fragmented, and complex. Ongoing weakness in making timely and accurate determinations result in</p>	<p>SSA's progress related to this challenge is presented under its customer service, policy research, and program management strategic goals.</p> <p>Overall, SSA continued to have difficulties in its disability determination process in fiscal year 2000. SSA reported that it met fewer than half of its 10 performance goals related to making disability determinations more timely and accurate. Its report showed that data were</p>	<p>See our discussion in this report under the key outcomes pertaining to disability determinations and return-to-work for our assessment of applicable SSA goals and measures.</p> <p>SSA's plans to address this challenge are included under its customer service, policy research, and program management strategic goals. For 2002, SSA revised its strategic objective to increase the number of</p>

Appendix I: Observations on the Social Security Administration's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in the fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p>beneficiaries often waiting more than 1 year for final disability decisions. Continued inefficiency results in very few beneficiaries leaving the rolls to return to work. The costs of administering the DI and SSI programs reflect the demanding nature of these processes. In fiscal year 1999, SSA spent almost \$4.1 billion or 59 percent of its administrative budget on these programs, while beneficiaries of these programs comprise less than 20 percent of SSA's total number of beneficiaries. We have also reported on SSA's longstanding difficulties in providing accurate and consistent decisions about a claimant's eligibility for disability benefits.</p> <p>(SSA's OIG refers to this challenge under its Disability Redesign designation.)</p>	<p>unavailable for two indicators the accuracy of Disability Determination Service and Office of Hearings and Appeals decisions. SSA also did not provide a reason for falling short of its goal for Continuing Disability Reviews processed.</p> <p>In fiscal year 2000, SSA improved its performance for the key outcome to reduce long-term disability benefits because people return to the workplace. SSA reported that it met nearly all of its original goals in this area. However, most of these goals were output-oriented and did not directly support the key outcome.</p>	<p>disability customers who receive timely services and payments.</p> <p>However, SSA's 2002 plan addresses several—but not all—of the disability determination measurement weaknesses we identified in its past plans. The extent of SSA's progress will depend on its ability to successfully implement supporting technology, which has been challenging for SSA in the past. SSA's performance indicators include installation of software and infrastructure for electronic processing of disability claims. The goals for these indicators generally are not measurable, however. Despite these improvements, SSA's plan still lacks an overall measure of timeliness of the entire disability determination process—which does not fully assess timeliness from the customer's perspective.</p> <p>Regarding the return-to-work area, SSA still has progress to make. SSA's plan contains two new indicators which should help SSA measure its long-term success in reducing benefits because people return to work: (1) the percent increase in the number of DI beneficiaries whose benefits are suspended/terminated due to substantial gainful activity, and (2) the percent increase in the number of SSI disabled beneficiaries who no longer receive cash benefits due to work. SSA's plan did not contain performance targets or explain the lack of targets for these indicators.</p>
GAO- and IG-designated major management challenge		
<p><u>Sustain Management and Oversight of Long-Standing, High-Risk SSI Issues:</u> We designated the SSI program high-risk in 1997 due to its susceptibility to waste, fraud, abuse, and mismanagement. The SSI program continues to face many long-standing problems, such as program abuses and mismanagement, substantial overpayments, and SSA's inability to recover outstanding debt.</p> <p>(SSA OIG's "Fraud Risk")</p>	<p>SSA's progress related to this challenge is addressed under its strategic goal to make "SSA program management the best-in-business, with zero tolerance for fraud, waste, and abuse."</p> <p>SSA reported that it met its target goals for over half of its indicators in this area in fiscal year 2000. SSA increased and met its targets for three of four goals, and attributed its increased production to additional OIG resources and higher-than-anticipated return on investigative and debt collection activities.</p> <p>SSA's fiscal year 2000 performance report is</p>	<p>See our discussion in this report under the key outcome to reduce fraud, waste and error in the SSI program for our assessment of applicable SSA goals and measures.</p> <p>SSA's plans in this area are included under its strategic goal "to ensure the integrity of Social Security programs, with zero tolerance for fraud and abuse."</p> <p>SSA's plan reaffirms its commitment to improve SSI program integrity and highlights its key goals related to improving SSI management. However, SSA's 2002 plan</p>

Appendix I: Observations on the Social Security Administration's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in the fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p>designation addresses this issue.)</p>	<p>incorporated in its accountability report for that year. In the latter, SSA highlights management improvement actions that SSA plans to take to improve its oversight and stewardship of the SSI program. SSA also stated that it implemented actions to maintain its focus on improving the accuracy of the SSI program, such as training initiatives and the preparation of new procedures to help strengthen SSI program management.</p>	<p>also deleted without explanation a strategic objective to position the agency's resources and processes to meet emerging workloads.</p>
GAO- and IG-designated major management challenge		
<p><u>Better Position SSA for Future Service Delivery Challenges:</u> SSA faces significant challenges that could hamper its ability to deliver high-level service over the next decade and beyond. SSA expects to experience a significant increase in the demand for services as the baby-boom generation ages. In addition, the imminent retirement of a large portion of SSA's own workforce over the next decade and changing customer expectations for the types of services delivered will further strain agency operations. For example, over 80 percent of SSA's upper-level managers and executives (GS-14, GS-15, and Senior Executive Service level) will be eligible to retire by 2010.</p>	<p>SSA's progress related to this challenge is contained under its strategic goals "to deliver customer-responsive, world-class service" and "to strengthen public understanding of Social Security programs."</p> <p>SSA reported that it met about half of its fiscal year 2000 goals related to this area. For example, SSA met its original goals for key indicators such as the percentage of earnings posted correctly and the percentage of initial SSI aged claims processed within 14 days of filing. For four other indicators, SSA met its revised goals by lowering target performance (SSA frequently cited insufficient budgetary resources as the reason for its actions). For the 11 goals it did not meet, SSA often cited measurement constraints as well as high workloads as reasons. For seven indicators, data were not yet available for us to assess performance.</p>	<p>See our discussion in this report under the key outcome to provide timely, accurate, and useful information and services to the public for our assessment of applicable SSA goals and measures.</p> <p>SSA's plans to address this challenge are included under its strategic goals "to deliver customer-responsive, world-class service" and "to strengthen public understanding of the Social Security programs."</p> <p>SSA's 2002 plan also includes several key initiatives to better position the agency for future service delivery challenges, such as improving weaknesses in its 800-Number service and obtaining feedback from customers (SSA's "Talking and Listening to Customers" pilot project). However, the plan does not contain specific indicators to measure SSA's progress in this important area. SSA's plan also notes that the agency plans to rely upon investments in information technology to attain its long-range service vision—for example, its <i>2010 Service Vision</i>. SSA reported that it is currently developing technology strategies and process change plans to help improve service delivery.</p>

(SSA's OIG refers to these challenges under its "Service to the Public" designation.)

Appendix I: Observations on the Social Security Administration's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in the fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
GAO- and IG-designated major management challenge		
<p><u>Further Strengthen Controls to Protect SSA Information:</u> See discussion under information security governmentwide high-risk area.</p>	<p>See discussion under information security governmentwide high-risk area.</p>	<p>See discussion under information security governmentwide high-risk area.</p>
<p>(SSA's OIG also identified this as a management challenge under its "Critical Information Infrastructure" and "Systems Security and Controls" designations.)</p>		
OIG-designated major management challenge		
<p><u>Earnings Suspense File:</u> The Earnings Suspense File (ESF) continues to grow each year. Since the ESF consists mainly of wage items that could not be matched to individuals' records, there is concern about whether eligible individuals will receive the full amount due them in their retirement years. Another concern is the additional cost required to match data to individual records. The ESF is also indicative of a nationwide problem of potential fraud and misuse.</p>	<p>SSA's progress in this area was reported under its strategic goal to "make SSA program management the best-in-business, with zero tolerance for fraud and abuse."</p> <p>SSA's fiscal year 2000 report indicates that SSA made mixed progress on its performance indicators related to the ESF in fiscal year 2000. SSA did not meet its goal to post 98 percent of wage items to individuals' records by September 30 (it posted 97.6 percent), although it did meet its goal of posting 99 percent of earnings correctly.</p>	<p>SSA's plans to address this issue are included under its strategic goal "to ensure the integrity of Social Security programs, with zero tolerance for fraud and abuse."</p> <p>SSA's 2002 plan contains several specific numeric goals related to the ESF: to post 98 percent of wage items to individuals' records by September 30; to post 99 percent of earnings correctly; and to have 30 percent of employee reports (for example, W-2s) filed electronically. SSA's plan also contains a specific initiative to reduce the size and growth of the ESF.</p> <p>In its plan, SSA reported that the OIG has acknowledged improvements over the years in the timeliness and accuracy of posting wages to individuals' records. However, the OIG remains concerned about the volume of wages posted to the ESF because SSA is not able to match the report to valid names and Social Security number (SSN).</p>

Appendix I: Observations on the Social Security Administration's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in the fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
OIG-designated major management challenge		
<p><u>Enumeration:</u> Enumeration is the process of assigning SSNs to workers and beneficiaries. It also entails issuing replacement cards to people with existing SSNs and verifying SSNs for employers and other federal agencies. The importance of SSNs in today's society and the advances in technology increase the risk of fraudulent attempts to attain SSNs. SSA must employ effective front-end controls in the enumeration process to prevent fraud and identity theft. OIG commends many of SSA's initiatives to address these vulnerabilities. However, OIG continues to believe further action and review are necessary.</p>	<p>SSA's progress in this area was reported under its strategic goals "to provide timely, accurate, and useful information and services to the public" and "to make SSA program management the best-in-business, with zero tolerance for fraud and abuse."</p> <p>SSA's fiscal year 2000 report noted that it met two of its three performance indicators related to enumeration. However, we were unable to assess SSA's accuracy indicator—to issue 99.8 percent of SSNs accurately—because data were not yet available, according to SSA.</p>	<p>SSA's plans to address this issue are included in its strategic goal "to ensure the integrity of Social Security programs, with zero tolerance for fraud and abuse."</p> <p>SSA's plan contains one performance indicator and accompanying goal related to enumeration—to issue 99.8 percent of SSNs accurately. In SSA's 2002 plan, this indicator appears under a new SSA customer service strategic objective namely, to maintain the accuracy, timeliness, and efficiency of services to customers applying for SSNs and replacement cards through 2005.</p>
OIG-designated major management challenge		
<p><u>Identity Theft:</u> Over the years, the SSN has been adopted for numerous other purposes so that today it is the single most widely used identifier for federal and state governments as well as the private sector. The misuse of SSNs to commit crimes is a fast-growing area of concern, particularly in the area of identity theft. SSA's OIG expects the number of allegations through the Fraud Hotline to continue to grow unless action is taken to regulate the uses of SSNs.</p>	<p>SSA's fiscal year 2000 report did not contain any specific goals or measures in this area. Therefore, we were unable to assess SSA's progress in addressing this management challenge.</p>	<p>SSA's 2002 plan does not contain any specific goals or measures in this area.</p> <p>However, the management challenges section of SSA's fiscal year 2002 plan states that its OIG credited SSA with recognizing the need to reduce its vulnerability to identity fraud. However, SSA reported that the OIG stated these initiatives focused on fraud detection, not fraud prevention. SSA's 2002 plan indicates that its initiatives related to the enumeration risk area (see above) also applied to the identity theft risk.</p>

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Major management challenge	Progress in resolving major management challenge as discussed in the fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
OIG-designated major management challenge		
<p><u>Representative Payees</u>: SSA has the authority to appoint representative payees for beneficiaries who are judged incapable of managing or directing the management of their benefits. Due to the risk of representative payees misusing the funds and the vulnerability of beneficiaries, it is imperative that SSA have appropriate safeguards to ensure representative payees meet their responsibilities. OIG audits have identified numerous weaknesses in the selection, monitoring, and accountability of representative payees.</p>	<p>SSA's fiscal year 2000 report did not specifically address this challenge.</p> <p>SSA's report contained one indicator that is indirectly related to this area—representative payee actions processed. This indicator appeared under its strategic goal "to make SSA program management the best-in-business, with zero tolerance for fraud and abuse." The goal for this indicator was to process 6,990,600 such actions; in 2000 SSA reported that it processed 6,151,264. SSA acknowledged that it has little control over the environmental factors affecting these actions, and reported that it may need to modify this measure.</p>	<p>SSA's fiscal year 2002 plan contains one indicator under its anti-fraud strategic goal—representative payee actions processed—which is indirectly related to this challenge.</p> <p>SSA plans to process 6,882,000 such actions in fiscal year 2002. Also, the plan contains an initiative to make improvements to the representative payment program through various projects, such as, a custody verification demonstration project for parent payees and ongoing integrity reviews of the program. Also, in fiscal years 2001 and 2002, SSA plans to conduct activities including site visits and random reviews of fee-for-service and volume payees and developing additional beneficiary educational materials.</p>

Appendix II: Comments From the Social Security Administration

Note: GAO's comments supplementing those in the report text appear at the end of this appendix.



SOCIAL SECURITY
Office of the Commissioner
June 8, 2001

Ms. Barbara D. Bovbjerg
Director, Education, Workforce, and
Income Security Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Ms. Bovbjerg:

Thank you for the opportunity to comment on "Social Security Administration: Status of Achieving Key Outcomes and Addressing Major Management Challenges," which is a draft report of your review of our Fiscal Year (FY) 2000 Performance Report and FY 2002 Performance Plan.

The draft report presents your assessment of SSA's performance in five key outcome areas as such performance is described in SSA's FY 2000 Annual Performance Report (APR) and FY 2002 Annual Performance Plan (APP), and of how SSA is addressing its major management challenges. We believe that your conclusions regarding our actual performance and our plans to continue to address these key areas are generally fair and reflective of the information provided in our performance report and plan.

We would summarize your assessment of SSA's Government Performance and Results Act (GPRA) performance measures for FY 2000 and FY 2002, our FY 2000 APR, and our FY 2002 APP as follows:

- SSA generally is making progress toward achieving its five key outcomes and our strategies provide a clear picture of our plans to achieve the five key outcomes you identified for review. For each of the five outcome areas, SSA's measures have evolved and, for FY 2002, they are generally concrete and more results-oriented and will help assess actual performance relative to expected performance.
- Both the FY 2002 APP and FY 2000 APR show improvements over prior year counterparts in terms of clear presentation of progress in meeting goals. Ability to assess SSA's progress is, however, somewhat limited by the unavailability of actual performance data for several measures in the FY 2000 APR.
- SSA's FY 2002 APP contains enhancements over its FY 2001 plan with expanded data for major budgeted workloads, discussion of planned program evaluations, and evolved performance measures.

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- SSA's FY 2002 APP and FY 2000 APR discuss SSA's efforts to address its major management challenges and present, in some but not all cases, specific measures and goals related to those challenges.

We generally agree with these conclusions and we thank the GAO for recognizing our progress in implementing GPRA, striving for and accomplishing continuing improvement, and in addressing designated major management challenges.

Our comments on your specific recommendations for SSA actions are as follows:

Recommendation 1

SSA should ensure that all key performance data necessary to measure SSA's progress toward achieving its strategic goals are included in its APR.

SSA Comment

The unavailability of data in our FY 2000 APR for some of our performance measures for FY 2000 was a function of the timing of the release of that report in combination with our Accountability Report in December 2000. In accordance with OMB guidance for the preparation of APRs, our practice has been to state in the APR that actual, full-year performance information for the report year is not available, and that it will be included as a discrete section in the subsequent year's APR. We included FY 1999 data that were not available at the time the FY 1999 APR was prepared in a discrete section of the FY 2000 APR. Data unavailable for the FY 2000 APR will be included the FY 2001 APR.

We are currently looking at possible ways to optimally balance currency and completeness of performance data reporting. SSA's intent is to present a complete and timely picture of its past performance and future remediations to Congress and the public.

Recommendation 2

SSA should develop specific goals and measures to address information security and remaining information systems weaknesses that may affect the reliability and credibility of SSA's performance data.

SSA Comment

Our continuing efforts to improve SSA's information systems security, which you acknowledge in your draft report, underscore our commitment in this critical area. In addition to building upon our already solid base of systems security, we are developing security standards for all of our systems platforms. We also are looking at this area in terms of requirements of the Government Information Security Reform Act (GISRA) and will develop measures under the GISRA framework.

Recommendation 3

SSA should include in its performance plan an explanation of the rationale for revising and/or deleting prior performance goals and measures, as well as a discussion of how new goals or measures will better support SSA's strategic goals.

SSA Comment

We agree that the rationale for changes in performance goals and measures should be thoroughly explained in our APP, and that is our practice.

Your comment refers to two specific changes that are effective FY 2002. First, you question the replacement of the prior APP measure "Dollar accuracy of OASI payment outlays" with "Dollar accuracy of OASDI payment outlays." You also cite the deletion of two budgeted workload measures – disability claims pending and hearings pending, and state that SSA did not provide a rationale for eliminating these measures from its APP.

Regarding the first change, we would like to clarify that SSA did not combine prior APP measures for OASI and DI payment accuracy. The DI accuracy measures, which measure the quality of *medical* decisions in DI cases, continue to be retained by the Agency and are found under the World-Class Service goal of our FY 2002 APP. The OASDI measure is of *non-medical* payment accuracy, and it has evolved to be more comprehensive and meaningful than the previous plans' OASI payment accuracy measure, as is stated on page 103 of our FY 2002 APP. The new measure gives a more complete picture of how well we manage trust fund monies.

Also, in addition to this more comprehensive measure, SSA's stewardship reports continue to include the accuracy of OASI payment outlays and DI payment outlays, separately and combined. Therefore, SSA continues to have data available to monitor and manage performance in both the OASI and DI programs. For SSA's monitoring and management purposes, there is no danger that the accuracy of each of these programs will be obscured by the GPRA reporting of the combined goal.

We suggest that the report be revised to reflect SSA's current measurement in this area.

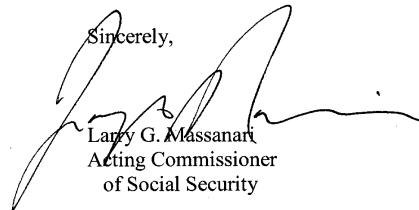
Regarding the second change, it is correct that budget output measures for disability claims and hearings pendencies were not displayed in the FY 2002 APP; neither were they displayed in SSA's 2001 plan. The budget output measures related to disability claims and hearings pendencies supplement, but do not substitute for, the GPRA performance measures of disability claims processing times and hearings processing times presented in both SSA's performance plans and performance reports. Inclusion or exclusion of the budget output measures in question in the FY 2001 and FY 2002 plans has not affected nor will it affect SSA performance as asserted by GAO. However, given your identification of disability claims pendencies and hearings pendencies as budget output measures that you view as essential to assessing SSA's success in managing the disability determination process, we will include them with the selected budget output measures displayed in future SSA performance plans.

See comment 1.

We continue to appreciate the ongoing, constructive dialogue we have established with GAO in this area. As you acknowledge throughout your report, SSA has benefited from your ongoing support in identifying areas that might benefit from improvement. It is our intention to continue to improve the usefulness of our GPRA vehicles by providing a clear and credible picture of SSA's intended and actual performance in mission-critical areas.

In addition to our comments above, we have enclosed technical comments that we believe will improve the accuracy of your report. If you have any questions, please have your staff contact Dan Sweeney at (410) 965-1957.

Sincerely,



Larry G. Massanari
Acting Commissioner
of Social Security

Enclosure

The following is GAO's comment on the Social Security Administration's letter dated June 8, 2001.

GAO Comment

1. Our draft report does not state that separate OASI and DI payment accuracy measures appear in SSA's prior annual performance plan (APP). Our concern is that the current plan includes a consolidated measure of OASI/DI nonmedical payment accuracy, making it difficult for SSA to monitor and manage performance in either program. Thus, SSA should revise its GPRA reporting of these data.

Appendix III: GAO Contacts and Staff Acknowledgments

GAO Contact

Daniel Bertoni, (202) 512-5988

Staff Acknowledgments

In addition to the contact named above, Shirley L. Abel, Michael A. Alexander, Carol A. Langelier, Valerie C. Melvin, R. Elizabeth O'Toole, and Anthony J. Wysocki made key contributions to this report.

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