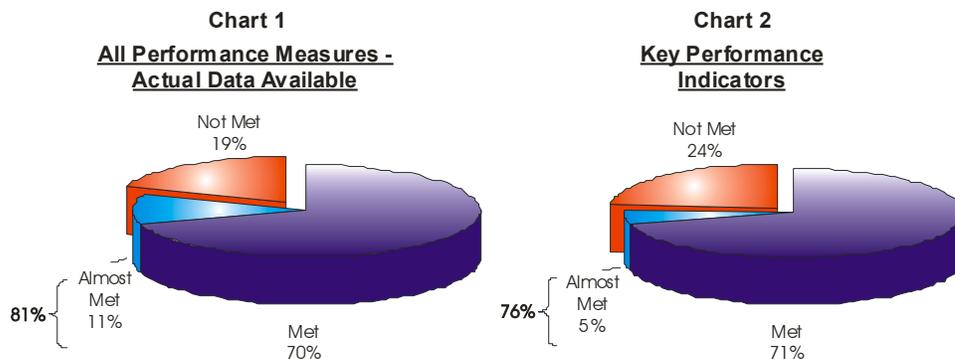


Performance Section

GPRA Performance Results

Summary of Achievement - FY 2004 Performance Goals

A summary of the Agency's achievements in the Government Performance and Results Act (GPRA) performance goals is highlighted in the following charts. Several performance measures do not have actual end-of-year data available. In these instances, the Agency has indicated when the final data will be available. The Agency has developed end-of-year estimates to report in the interim for these measures. Where end-of-year estimates are used, the FY 2004 PAR clearly indicates that they are "estimates" and that the actual performance data will be reported in the FY 2005 PAR. Chart 1 shows that for the 37 measures for which actual end-of-year data was available, SSA met 26 of the goals, or 70 percent, and almost met an additional 4 goals or 11 percent – for a total of 81 percent for these two categories. The Agency did not meet 7 of its goals, representing 19 percent of the performance measures where actual data was available. Looking at the Key Performance Indicators (KPI) in Chart 2, the Agency met 12 of its 17 goals, or 71 percent, and almost met one goal or 5 percent – for a total of 76 percent for these two categories. There were 4 KPIs that the Agency did not meet, representing 24 percent of the key performance indicators.



The performance data presented in this report are in accordance with the guidance provided by the Office of Management and Budget (OMB). The Data Quality discussion in the Performance Goals and Results section of "Management's Discussion and Analysis" (page 66) describes continuing efforts to strengthen the quality and timeliness of SSA's performance information to increase its value to SSA's management and interested parties. SSA's managers routinely use this performance data to improve the quality of program management and to demonstrate accountability in achieving program results. Some measures will not have FY 2004 final data in time for the publication of the FY 2004 Performance and Accountability Report (PAR). The results achieved for each FY 2004 goal are either discussed in this report or will be included in the FY 2005 PAR.

STATUS OF FY 2004 PERFORMANCE MEASURES BY GOAL AND OBJECTIVE

This table provides an overview of all performance measures and shows which goals were "met," or "not met." The table also indicates where the Agency almost met a goal (i.e., within 95 percent of the goal). The measures are organized under the objectives they support; each objective has one or more performance measures. A summary is included for each objective, which gives a comprehensive overview of the performance for the measures that support it. The sub-set of measures that have been selected as Agency Key Performance Indicators (KPI) are also identified. There is a page number reference for a detailed discussion of that performance measure.

Strategic Goal A: To deliver high quality, citizen-centered Service

<p>KPI — denotes that the measure is one of the Agency’s 17 Key Performance Indicators</p>	
<p style="text-align: center;">Target Measure:</p> <p> Met Almost met (i.e., within 95 percent of the goal) Not Met </p>	Performance Summary
Objective 1: Make the right decision in the disability process as early as possible	
<p>1.1 Number of initial disability claims processed by DDS (See p. 45)</p> <p>KPI Goal: 2,485,000 Actual: 2,574,848</p>	
<p>1.2 Number of SSA hearings processed (See p. 46)</p> <p>KPI Goal: 538,000 Actual: 497,379</p>	
<p>1.3 Average processing time for initial disability claims (See p. 47)</p> <p>KPI Goal: 97 days Actual: 95 days</p>	
<p>1.4 Average processing time for hearings (See p. 48)</p> <p>KPI Goal: 377 days Actual: 391 days</p>	
<p>1.5 Number of initial disability claims pending (See p. 49)</p> <p>KPI Goal: 582,000 Actual: 624,658</p>	
<p>1.6 Number of SSA hearings pending (See p. 50)</p> <p>KPI Goal: 586,000 Actual: 635,601</p>	
<p>1.7 Number of appellate actions processed (See p. 90)</p> <p>Goal: 996,500 Actual: 1,019,007</p>	
<p>1.8 DDS net accuracy rate (allowances and denials combined) (See p. 91)</p> <p>Goal: 97% Estimate: 96.5%</p>	
<p>1.9 Hearings decision accuracy rate (See p. 92)</p> <p>Goal: 90% Estimate: 90%</p>	
<p>1.10 Average processing time for decisions on appeals of hearings (See p. 93)</p> <p>Goal: 275 days Actual: 251</p>	
<p>Results for this Objective: SSA met or almost met seven of these goals. Detailed information on these successes can be found in the sections pertaining to each performance measure.</p> <p>SSA did not meet three of these goals. Two of the goals (1.2 and 1.6) that were not met are tied to SSA’s inability to hire Administrative Law Judges because of the <i>Azdell</i>* litigation. Plans for addressing Agency shortcomings in these areas can be found in the sections pertaining to each performance measure.</p>	

* In 1997, two applicants for ALJ positions filed an appeal with the Merit Systems Protection Board (MSPB). This case, *Azdell v. Office of Personnel Management (OPM)*, challenged the veterans preference formula that OPM was using to score the ALJ examination. In April 1999, the MSPB issued an initial decision finding that the scoring system did violate the Veterans Preference Act. Beginning in April 1999, SSA was no longer able to hire ALJs. This inability continued through various appeals and legal actions until September 2001, when the MSPB allowed SSA to hire 126 new ALJs in FY 2002.

Objective 2: Increase employment for people with disabilities			
2.1	Percent increase in the number of DI and SSI beneficiaries, with tickets assigned, who work (See p. 94)		Results for this Objective: SSA does not expect to meet the goal for measure 2.2. The Ticket-to-Work program will eventually have a significant effect on the attainment of this objective, but it may take several years to see the full effect. Additional plans for addressing Agency shortcomings in this area can be found in the section pertaining to the performance measure.
	Goal: 20% Estimate: 20%		
2.2	Percent increase in the number of SSI disabled beneficiaries earning at least \$100 per month (see p. 95)		
	Goal: 5% Estimate: -1.8%		

Objective 3: Improve Service with Technology			
3.1	Usage of electronic entitlement and supporting actions (See p. 52)		Results for this Objective: SSA met all of the goals associated with this objective. The Agency continues to promote efficient use of the Internet to conduct business through filing of applications and postentitlement actions. The Agency also continues to support the employer community in its efforts to convert to electronic filing of wage reports. Increased telephone network efficiency helped meet increased workload demands. Detailed information on Agency successes can be found in the sections pertaining to each performance measure.
KPI	Goal: 328,398 (50% growth over FY 2002 baseline) Actual: 611,266 (179.2% growth over FY 2002 baseline)		
3.2	Percent of employee reports (W-2s) filed electronically (See p. 53)		
KPI	Goal: 55% Actual: 60%		
3.3	Percent of people who do business with SSA rating the overall service as “excellent,” “very good,” or “good” (See p. 54)		
KPI	Goal: 83% Actual: 84.2%		
3.4	Retirement and Survivors Insurance (RSI) claims processed (See p. 96)		
	Goal: 3,285,000 Actual: 3,399,471		
3.5	800-number calls handled (See p. 97)		
	Goal: 52,000,000 Actual: 53,200,000		
3.6	Percent of callers who successfully access the 800-number within 5 minutes of their first call (See p. 98)		
	Goal: 94% Actual: 95.6%		
3.7	Percent of callers who get through to 800-number on first attempt (See p. 98)		
	Goal: 87% Actual: 94.2%		

Strategic Goal B: To ensure superior Stewardship of Social Security programs and resources

Objective 4: Prevent fraudulent and erroneous payments and improve debt management

4.1	SSI non-disability redeterminations (See p. 55)			<p>Results for this Objective: SSA met or almost met all the goals associated with this objective. The timely processing of redeterminations and CDRs, which are used to detect improper payments, contributed to the Agency's success in this area. Continued use of debt recovery tools allowed the Agency to collect substantial amounts of OASDI debt. Detailed information on Agency successes can be found in the sections pertaining to each performance measure.</p>
KPI	Goal: 2,210,000	Actual: 2,278,566		
4.2	Periodic Continuing Disability Reviews (CDR) processed (See p. 56)			
KPI	Goal: 1,537,000	Actual: 1,604,680		
4.3	Percent of outstanding OASDI debt in collection arrangement (See p. 57)			
KPI	Goal: 38%	Actual: 42.2%		
4.4	Percent of outstanding SSI debt in collection arrangement (See p. 100)			
	Goal: 55%	Actual: 53.5 (May – September)		
4.5	Percent of SSI payments free of preventable overpayments and underpayments (See p. 101)			
	Goal: 95.4% (Overpayments) 98.8% (Underpayments)	Estimate: 93.9% (Overpayments) 98.8% (Underpayments)		
4.6	Percent of OASDI payments free of overpayments and underpayments (See p. 102)			
	Goal: 99.8% (Overpayments) 99.8% (Underpayments)	Estimate: 99.8% (Overpayments) 99.8% (Underpayments)		

Objective 5: Strengthen the integrity of the SSN

5.1	SSN requests processed (See p. 104)			<p>Results for this Objective: SSA met both the goals associated with this objective. Detailed information on Agency successes can be found in the sections pertaining to each performance measure.</p>
	Goal: 17,500,000	Actual: 17,791,880		
5.2	Percent of SSNs issued that are free of critical error (See p. 105)			
	Goal: 99.8%	Estimate: 99.8%		

Objective 6: Increase the accuracy of earnings records			
6.1	Annual earnings items processed (See p. 106)		<p>Results for this Objective: SSA almost met one of the goals but did not meet the other two goals associated with this objective. The number of annual earnings items processed is dependent on the number of earnings items reported.</p> <p>The Agency's ability to reduce the size of the earnings suspense file was dependent upon computer program enhancements. Delays in implementing these enhancements contributed to the Agency not meeting this goal. Detailed information on how SSA plans to meet this goal can be found in the section pertaining to each performance measure.</p>
	<p>Goal: 262,500,000</p> <p>Actual: 251,853,503</p>		
6.2	Reduction in the size of the earnings suspense file (See p. 107)		
	<p>Goal: 27,600,000</p> <p>Actual: 7,896,263</p>		
6.3	Percent of incoming earnings items removed from the suspense file at the end of the annual earnings posting cycle (See p. 108)		
	<p>Goal: 5%</p> <p>Actual: 2.07%</p>		

Objective 7: Efficiently manage Agency finances and assets, and effectively link resources to performance outcomes

7.1	Disability Determination Service (DDS) cases processed per workyear (PPWY) (See p. 58)			Results for this Objective: The Agency met or almost met seven of the nine goals. There were notable successes. For example, all productivity targets were met. The Agency also maintained its record of zero outside infiltrations of its programmatic mainframes. Detailed information on Agency successes in this area can be found in the sections pertaining to each performance measure.
KPI	Goal: 272	Actual: 272.6		
7.2	“Get to green” on all five PMA initiatives (See p. 59)			
KPI	Goal: Achieve an overall status rating of “green” on four of five PMA initiatives	Actual: Achieved an overall status rating of “green” on three of five PMA initiatives		
7.3	Percent improvement in Agency productivity (See p. 109)			
	Goal: 2%	Actual: 2.2%		
7.4	Number of SSA hearings cases processed per workyear (PPWY) (See p. 110)			
	Goal: 105	Actual: 100.2		
7.5	Milestones to get to “green” in competitive sourcing (See p. 111)			
	Goal: Develop a “yellow” plan	Actual: “Yellow” plan completed		
7.6	Maintain zero outside infiltrations of SSA’s programmatic mainframes (See p. 112)			
	Goal: 0 infiltrations	Actual: 0 infiltrations		
7.7	Efforts to improve financial performance (See p. 113)			
	Goal: SUMS/MCAS Milestones	Actual: Not all milestones completed		
7.8	Receive an unqualified opinion on SSA’s financial statements from the auditors (See p. 115)			
	Goal: Receive an unqualified opinion	Actual: Received an unqualified opinion		
7.9	SSI Aged claims processed per workyear (PPWY) (See p. 115)			
	Goal: 530	Actual: 560		

Strategic Goal C: To achieve sustainable Solvency and ensure Social Security programs meet the needs of current and future generations

Objective 8: Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs

8.1	Provide support to the Administration and Congress in developing legislative proposals to achieve sustainable solvency for Social Security and implementing reform legislation (See p. 61)		Results for this Objective: SSA met the one goal that was measured. The Agency provided the Administration and Congress with a wide range of analyses on solvency issues and reform legislation.
KPI	Goal: Milestone		
8.2	Percent of adult Americans knowledgeable about Social Security programs and related issues, including long-range financing (See p. 116)	N/A	SSA will conduct an annual survey of the American public in late FY 2004, and the results will be available in early FY 2005. Findings will be used to establish a baseline of knowledge so that the Agency can develop an appropriate measure and goal.
	Goal: Not Established		

Strategic Goal D: To strategically manage and align Staff to support SSA's mission

Objective 9: Recruit, develop, and retain a high-performing workforce

9.1	Improve the new hire retention rate (See p. 64)		Results for this Objective: SSA met all the performance goals. The Agency exceeded the new hire retention rate and implemented its GS-15 performance plan. SSA substantially exceeded the goal for job enrichment opportunities and made 47.8 hours of training available to all employees.
KPI	Goal: 84.9%		
9.2	Milestones in developing new performance management systems (See p. 65)		Detailed information on Agency success in this area can be found in the sections pertaining to these performance measures.
KPI	Goal: Implement GS-15 Plan		
9.3	Number of job enrichment opportunities (includes Headquarters, component and regional development programs) (See p. 117)		
	Goal: 3% of workforce		
9.4	Make available the equivalent of 40 hours of training annually to all employees (See p. 118)		
	Goal: 40 hours		

Program Assessment Rating Tool (PART) Measures

Average processing time for initial disability claims (See p. 47)			<p>Results for the PART measures: SSA met or almost met all of the PART measures. There were notable successes in FY 2004. Detailed information on these successes can be found in the sections pertaining to each performance measure.</p> <p>The two hearing measures that were not fully met are tied to SSA's inability to hire Administrative Law Judges because of the <i>Azdell</i>* litigation. Additional plans for addressing Agency shortcomings in these areas can be found in the sections pertaining to each performance measure.</p>
Goal: 97 days	Actual: 95 days		
Average processing time for hearings (See p. 48)			
Goal: 377 days	Actual: 391 days		
Disability Determination Services (DDS) cases processed per workyear (PPWY) (See p. 58)			
Goal: 272	Actual: 272.6		
DDS net accuracy rate (allowances and denials combined) (See p. 91)			
Goal: 97%	Estimate: 96.4%		
Percent of SSI payments free of preventable overpayments and underpayments (See p. 101)			
Goal: 95.4% (Overpayments) 98.8% (Underpayments)	Estimate: 93.9% (Overpayments) 98.8% (Underpayments)		
Number of SSA hearings cases processed per workyear (PPWY) (See p. 110)			
Goal: 105	Actual: 100.2		
SSI Aged claims processed per workyear (PPWY) (see p. 115)			
Goal: 530	Actual: 560		
Percent of SSI Aged claims processed by the time the first payment is due or within 14 days of the effective filing date (See p. 120)			
Goal: 75%	Actual: 84.1%		

* In 1997, two applicants for ALJ positions filed an appeal with the Merit Systems Protection Board (MSPB). This case, *Azdell v. Office of Personnel Management (OPM)*, challenged the veterans preference formula that OPM was using to score the ALJ examination. In April 1999, the MSPB issued an initial decision finding that the scoring system did violate the Veterans Preference Act. Beginning in April 1999, SSA was no longer able to hire ALJs. This inability continued through various appeals and legal actions until September 2001, when the MSPB allowed SSA to hire 126 new ALJs in FY 2002.

Individual Performance Measure Results

This section reports SSA’s FY 2004 performance for each individual GPRA performance measure and PART measure. Additionally, this section reports final FY 2003 data for those performance measures that did not have final data when the FY 2003 Performance and Accountability Report (PAR) was issued. Performance measures are organized under the Strategic Goal and Strategic Objective that they support. For each GPRA performance measure, SSA includes the definition and data source and indicates whether the goal was met. If the goal was not met, an explanation is included explaining why and what actions the Agency will take toward improvement.

A discussion of SSA’s 17 Key Performance Indicators (KPIs) can be found in the “Performance Goals and Results” section (page 42), and therefore is not repeated in this section. Appropriate page references are made to the KPIs in the discussion of the other GPRA performance measures.

Strategic Goal A: To deliver high quality, citizen-centered Service

Strategic Objective 1: Make the right decision in the disability process as early as possible

The following lists six KPIs for this strategic objective. Below is the location of the text describing whether or not the goal has been met.

Key Performance Indicators	See page for detailed discussion
1.1 Number of initial disability claims processed by DDS	See page 45
1.2 Number of SSA hearings processed	See page 46
1.3 Average processing time for initial disability claims	See page 47
1.4 Average processing time for hearings	See page 48
1.5 Number of initial disability claims pending	See page 49
1.6 Number of SSA hearings pending	See page 50

The following describes the four non-KPI performance measures for Strategic Objective 1:

1.7 — Number of Appellate Actions Processed

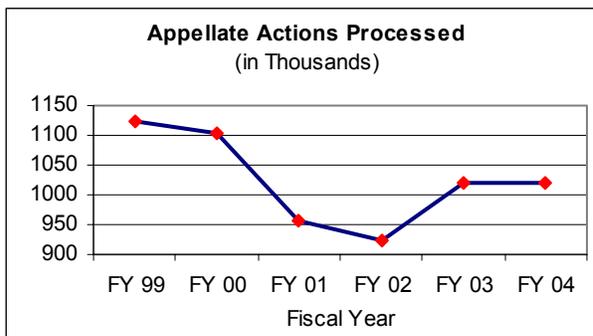
FY 2004 Goal: 996,500

Actual FY 2004 Performance: 1,019,007

SSA met its goal. At the beginning of the fiscal year, SSA focused its resources on the court level workloads to ensure that no backlogs existed in those areas. The Agency also continued to implement aspects of its new court case improvement plan to streamline the processing of this workload. Enhancements included improvements to tracking systems and the folder retrieval process. Once these mechanisms were in place, SSA shifted some resources back to the review level to increase the focus on processing of appeals. Increased overtime allocations allowed SSA to align resources better to meet the demands of both workloads. The Agency also implemented measures such as the establishment of a task force to locate missing folders needed to work many of its aged cases. Additional employees were hired to process cases at both the review and court levels.

In meeting this goal the Agency has enabled the public to receive more expeditious delivery of completed appeals. The Agency has also enhanced its image with the Federal courts by streamlining the processing of its court workloads. This goal is derived from budgeted dispositions which result from budgeted receipts. When incoming cases are lower than in previous years, as is the case this fiscal year, the goal also drops. SSA will continue to improve mechanisms already in place to ensure future *service* goals are met.

FY 1999:	1,124,442
FY 2000:	1,102,922
FY 2001:	957,858
FY 2002:	923,636
FY 2003:	1,019,815



Trend: In FYs 2001 and 2002, the number of appeals filed was lower than anticipated causing the Appeals Council to process more aged cases, which traditionally involve more complex issues and require more time to process. By screening incoming cases to identify those ready to process, the Appeals Council increased the number of appeals processed in FY 2003 to exceed the goal. The number of appellate actions processed this year is significantly above FYs 2001 and 2002 but slightly lower than where the Agency was in FY 2003.

Data Definition: SSA level reconsiderations, Appeals Council cases, new court cases and court remands are included in this count.

Data Source: Appeals Council Automated Processing System & SSA-Level Cost Accounting System.

1.8 — Disability Determination Services (DDS) Net Accuracy Rate (allowances and denials combined)

FY 2003 Goal: 97%

FY 2004 Goal: 97%

Actual FY 2003 Performance: 96.1%

SSA **almost met its goal**, but was just fractionally off the mark by 0.9 percent. SSA and the DDSs continue to focus on denial accuracy as a problematic area.

Estimated FY 2004 Performance: 96.5% *

SSA **expects to almost meet its goal based on available data through June 2004**. Historically this is a challenging goal. To date, the accuracy rate has improved over the actual FY 2003 rate of 96.1 percent despite the significant increase in the number of claims that were filed. This performance measure is heavily impacted by staffing issues (e.g., high attrition rates, high influx of inexperienced or newly trained examiners, hiring freezes due to funding restrictions, lengthy process involved in State hiring, etc.). SSA continues to work with the DDSs on a balanced approach to quality and productivity.

* The performance data shown for FY 2004 is an end-of-year estimate. Actual data will not be available until January 2005 and will be reported in the FY 2005 PAR.

Net accuracy is a true measure of the correctness of DDS decision making and therefore, provides the public with an accurate picture of the correctness of initial disability claims decisions. Processing disability claims timely and accurately is an Agency priority. SSA and DDS managers at all levels have placed a premium on productive and accurate claims processing. Effective management and service delivery by the dedicated DDS workforce result in efficient claims *service* that provides beneficiaries with replacement income and medical insurance.

FY 1999 – FY 2002: Not Available – This was a new measure for FY 2003.

Trend: Net accuracy is reported 4 months after performance to allow time for rebuttal of deficiencies. The 97 percent goal is very ambitious, particularly since allowance and denial accuracy rates are combined.

Data Definition: Net accuracy is an alternative method of reporting State agency accuracy based upon the “correctness” of the DDS disability determination. Net accuracy is based upon the net error rate that is defined as the number of corrected deficient cases with changed disability decisions, plus the number of deficient cases not corrected within 90 days from the end of the period covered by the report. Prior to 2003, SSA reported allowances and denials as separate numbers.

Data Source: Disability Quality Assurance Data Bases.

1.9 — Hearings Decision Accuracy Rate

FY 2003 Goal: 90%

FY 2004 Goal: 90%

Estimated FY 2003 Performance: 90%*

Estimated FY 2004 Performance: 90%*

SSA expects to meet its goal for the October 2002 through September 2004 report period based on past performance. Based on the attainment of prior goals for this performance measure, the Agency is confident that the goal will be met for the next report period. Administrative Law Judge (ALJ) participation in quality reviews of hearings decisions and involvement in the pre-effectuation reviews of allowances contributed to the goal being met.

The decision accuracy rate is a true measure of the correctness of decision making by ALJs and therefore, provides the public with an accurate picture of the correctness of hearing decisions. Processing the hearings workload accurately and timely is an Agency priority. SSA and the Office of Hearings and Appeals (OHA) are striving to meet the increasing workload demands so that the public continues to receive the *service* they deserve. SSA continues to develop a balanced approach to quality and productivity.

FY 1999 & 2000: 88%

FY 2001 & 2002: 90%

Trend: The hearings decision accuracy rate remained stable between FYs 2001 and 2002 and FYs 2003 and 2004, after an improvement from FYs 1999 and 2000.

Data Definition: The decisional accuracy rate is the percent of disability hearing decisions (both favorable and unfavorable) supported by “substantial evidence.” This is the standard used by the Federal courts to evaluate accuracy of decisions.

* The performance data shown for FYs 2003 and 2004 are estimates. Actual data will not be available until December 2005 and will be reported in the FY 2005 PAR. These are the ALJ Peer Reviews which are conducted every 2 years. After the reviews are completed, the analysis and accuracy rate is calculated by the Office of Quality Assurance.

Data Source: Biennial Disability Hearings Quality Review Process Peer Review Reports.

1.10 — Average Processing Time for Decisions on Appeals of Hearings (days)

FY 2004 Goal: 275 days

Actual FY 2004 Performance: 251 days

SSA met its goal. To meet this goal SSA continued to practice Differential Case Management, the process whereby incoming cases are reviewed to identify those claims that can be worked immediately. At the same time, SSA continued to focus on the processing of aged cases. The reduction of the processing time equates to improved service delivery in that claimants have a shorter waiting time for the processing of their appeals. The processing time goal was more challenging than in the prior year. This is because the Agency's aim has been to reduce the overall processing time for appeals and to provide better public service in this area. To ensure that future goals are met (and that further reduction in the overall production time is accomplished), SSA will process the remainder of its aged pending while continuing to streamline all other aspects of its operation.

Improving disability program *service* to the public, from initial filing to final administrative appeal, is one of SSA's highest priorities. The current process takes far too long, placing severe burdens on applicants and their families and an enormous drain on Agency resources. SSA is continuing to utilize all available resources to increase dispositions.

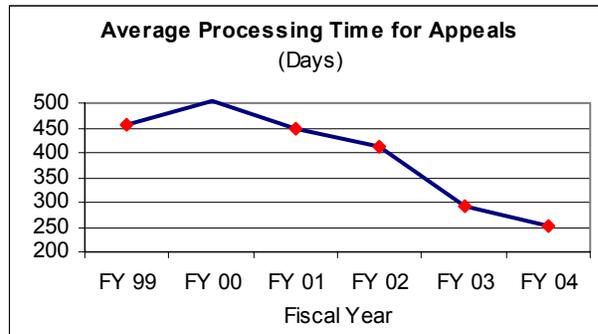
FY 1999: 458 days

FY 2000: 505 days

FY 2001: 447 days

FY 2002: 412 days

FY 2003: 294 days



Trend: During FYs 2001 and 2002, the number of appeals filed was lower than anticipated. In addition, a large number of incoming cases required pre-development (e.g., obtain claims files, furnish copies of exhibits to attorneys, etc.) before they were ready to process. Accordingly, the mix of new and aged cases being processed did not result in significant processing time decreases. Aged case task forces were utilized to process the oldest pending claims. In FYs 2003 and 2004, as the total number of pending aged cases declined, the overall processing time decreased correspondingly. The use of Differential Case Management and the continued focus on processing aged claims contributed to this success. FY 2004 performance is significantly better than in FYs 2001, 2002 and 2003.

Data Definition: This measure represents the 12-month average processing time for dispositions issued during the report period. Processing time begins with the date of the request and ends with the disposition date.

Data Source: Appeals Council Automated Processing System.

Strategic Objective 2: Increase employment for people with disabilities

The following describes the two non-KPI performance measures for Strategic Objective 2:

2.1 — Percent Increase in the Number of Disability Insurance (DI) and Supplemental Security Income (SSI) Beneficiaries, with Tickets Assigned, Who Work

FY 2003 Goal: Establish a baseline

FY 2004 Goal: 20% (3,271)

Actual FY 2003 Performance: 2,726 (Preliminary baseline)

Estimated FY 2004 Performance: 20% (3,271) *

SSA expects to meet its goal. SSA undertook broad actions to implement and promote the Ticket-to-Work Program, thereby increasing employment for people with disabilities. These actions include: (1) conducting outreach and marketing activities to educate the public about the Ticket program to facilitate entry into the workforce, (2) partnering with other public and private groups to remove employment barriers for people with disabilities, and (3) improving its process for making payment to Employment Networks on behalf of beneficiaries who are either working or participating in a plan to start work activity. The Agency also has cooperative agreements that provide work incentive planning and assistance and outreach to ticket holders in all 50 States. In addition, SSA has grants that provide a broad range of advocacy-related services to ticket holders; these services include providing information about vocational rehabilitation and other related employment services and advocacy that they may need to secure, maintain or regain gainful employment.

Many changes in law, medicine, technology and society have transpired since SSA's DI and SSI disability programs were established. The workplace has been made more accessible through advances in technology and legislation. Impairments that in the past may have been permanent or completely disabling can now be treated. These and other changes have altered the concept of disability. This measure supports the Agency's *service* goal by increasing employment for individuals with disabilities and by ensuring that all disabled recipients have the opportunity to learn and develop skills that help them return to work. SSA will continue to undertake comprehensive actions designed to educate employers and disability recipients about the benefits of the Ticket-to-Work program.

FY 1999 – FY 2002: Not Available – This was a new measure for FY 2003.

Trend: Trend information is not applicable until FY 2004 performance results are available.

Data Definition: In 2003, SSA established a preliminary baseline of 2,726 and an FY 2004 goal for this outcome measure. Actual performance levels are based on all recorded earnings information from various data sources for recipients who have assigned their tickets to Employment Networks (EN), i.e., signed an agreement with the EN for services. The data is provided on a calendar year basis.

Data Source: eWork CDR Database2, Disability Control File Verify Update Earnings Screen or Work and Earnings Reports field), Office of Child Support Enforcement, Master Earnings File, Office of Employment Support Programs, and project manager program data.

* The performance data shown for FY 2004 is an end-of-year estimate. Actual data will not be available until February 2005 and will be reported in the FY 2005 PAR.

2.2 — Percent Increase in the Number of Supplemental Security Income (SSI) Disabled Beneficiaries Earning at least \$100 per Month

FY 2003 Goal: 8% (269,109)

FY 2004 Goal: 5% (243,464)

Actual FY 2003 Performance: -6.9% (231,870)

Estimated FY 2004 Performance: -1.8% (228,510) *

SSA did not meet its goal in FY 2003 and estimates that it will not be met in FY 2004. While the Ticket-to-Work program should eventually have a significant effect on return-to-work among SSI recipients, it will take several years to see the full benefits and results of the program. Many policy changes and new structures are still in development phases. The Ticket-to-Work program will not be completely implemented until late in 2004.

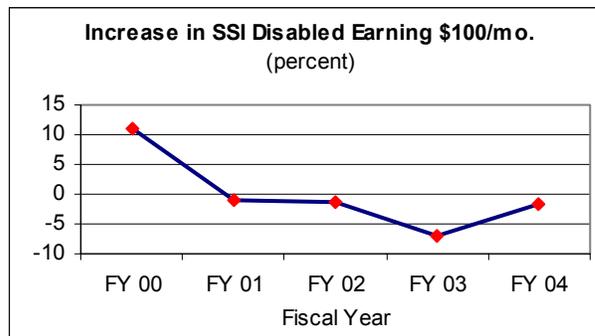
Helping individuals with disabilities gain employment is a *service* the Agency provides that helps the individual and the general public in many ways. SSA encourages individuals with disabilities to take advantage of various work incentives under the SSI program so that they may maximize their economic independence and self-sufficiency through work.

FY 1999: Not Available

FY 2000: 10.9% (255,129)

FY 2001: -1.1% (252,219)

FY 2002: -1.2% (249,175)



Trend: The number of SSI recipients earning at least \$100/month had been steadily decreasing from FY 2001 through FY 2003. Although the goal for FY 2004 was not met, there was an increase over FY 2003 in the number of SSI recipients earnings at least \$100/month. SSI recipients who do not have a strong employment history may find it more difficult to compete in the job market, and they may have less education than other job candidates. However, it is difficult to identify a specific trend because the actual performance is measured just once a year and does not reflect performance throughout the year.

Data Definition: The Agency’s goal is for annual increases in the number of working SSI disabled recipients earning at least \$100 per month. This measure is intended to reflect the impact of all work incentives for SSI disabled recipients. (The goal is based on the actual performance of the prior year.)

Note: Based upon an audit of this performance goal, we intend to change the calculation of the measure in FY 2005. The current calculation compares a snapshot of recipients working in September of each year. To make this calculation more representative of the yearly performance and less sensitive to aberrations, we intend to change the year-end calculation to compare an average of the fiscal year quarterly outcomes (December, March, June, and September).

Data Source: “SSI Disabled Recipients Who Work” report.

* This represents performance data through June 2004. Actual end-of-year data will not be available until late November 2004 and will be reported in the FY 2005 PAR.

Strategic Objective 3: Improve service with technology

The following lists three KPIs for this strategic objective. Below is the location of the text describing whether or not the goal has been met.

Key Performance Indicators		See page for detailed discussion
3.1	Usage of electronic entitlement and supporting actions	See page 52
3.2	Percent of employee reports (W-2s) filed electronically	See page 53
3.3	Percent of people who do business with SSA rating the overall service as “excellent,” “very good,” or “good”	See page 54

There are also four non-KPI performance measures for Strategic Objective 3:

3.4 — Retirement and Survivors Insurance (RSI) Claims Processed

FY 2004 Goal: 3,285,000

Actual FY 2004 Performance: 3,399,471

SSA met its goal. Each year, this goal is based on actuarial estimates, prior years’ claims receipts, legislative or policy changes and other factors. This forecasting has resulted in reliable estimates over the years which have enabled the Agency to meet the goal every year since FY 2000. Estimates notwithstanding, the actual number of RSI claims processed depends entirely on the number of people who decide to file for benefits.

SSA faces great challenges in providing the public the *service* they expect and deserve, particularly as the number of beneficiaries increases each year with the aging of the baby boomers. The number of retirement claims will grow significantly over the next decade. This is a highly visible workload and SSA processes as many claims as possible to meet the needs of the public. Improving technology also affects the way the Agency delivers service by phone and in-person. Increased use of the Internet and advances in electronic communication technology provide the public with greater access to services and allows SSA to more efficiently reach them.

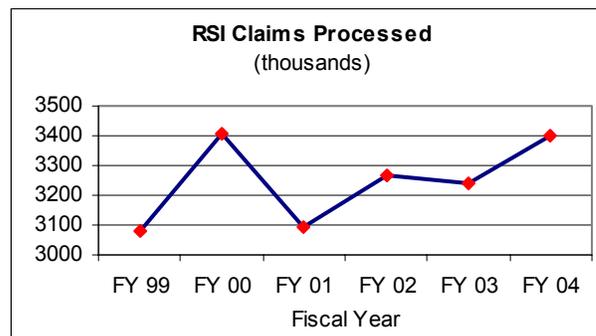
FY 1999: 3,076,937

FY 2000: 3,404,938

FY 2001: 3,092,743

FY 2002: 3,266,297

FY 2003: 3,238,871



Trend: The original FY 2001 objective was to process 3,191,000 RSI claims, but that number was later revised downwards to 3,125,000. Based on FY 2000 experience, the FY 2001 projection was too high. FY 2000 was the year that the annual earnings test was eliminated, and this caused a surge in applications that did not carry over to FY 2001. Even though the projection was lowered mid-FY 2001 to account for this, the Agency still processed about 32,000 fewer claims than projected. In FYs 2002 and 2003 the actuarial projections were 3,107,000 and

3,229,000 claims processed, respectively. In each of these years, the actual number of RSI claims processed exceeded the estimate. Agency performance this fiscal year is slightly above FYs 2001 and 2003 but slightly below FY 2002.

Data Definition: All retirement, survivors, and initial claims for Medicare processed by regional offices, field offices and Office of Central Operations (OCO). Includes totalization claims.

Data Source: Integrated Work Measurement System/District Office Workload Report cells 00112, 00212; Office of International Operations Ad hoc Report, Division of Direct Service Operations Teleclaims Report; Payment Service Center Internet Retirement Insurance Benefits; and Immediate Claims Taking.

3.5 — 800-number Calls Handled

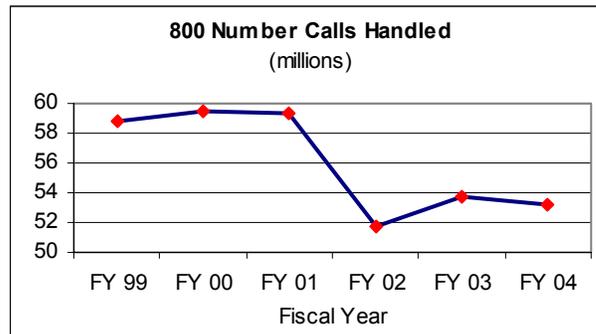
FY 2004 Goal: 52,000,000

Actual FY 2004 Performance: 53,200,000

SSA met its goal. Agency success in this area can be attributed to the efficient use of automated services and enhanced call center technology.

Improvement in telephone technology provides the public with easy and efficient access to SSA *services* without leaving their home or workplace.

FY 1999: 58,800,000
FY 2000: 59,500,000
FY 2001: 59,300,000
FY 2002: 51,800,000
FY 2003: 53,700,000



Trend: In FY 2001, the Agency did not achieve planned call center network efficiencies due to the delayed implementation of the new Call Center Network Solution which resulted in the goal not being met. In FY 2002 the number of incoming calls declined due to Internet usage. The National 800 Number Network handled 83 percent of calls received (as opposed to 79.3 percent in FY 2001). In FY 2003, the teleservice centers were asked to maximize teleservice center representative (TSR) staff resources by aiming for a 60 percent TSR logged-on time. This was not implemented until late in the fiscal year which caused the Agency to miss meeting the calls handled goal. In FY 2004, the TSR logged-on time goal was set at 60 percent for the full year. Agency performance this fiscal year is less than FY 2001, but slightly above FYs 2002 and 2003.

Data Definition: The number of calls (either live or automated service) handled by SSA’s 800 number.

Data Source: National 800 number network.

3.6 — Percent of Callers who Successfully Access the 800-number within 5 Minutes of their First Call

FY 2004 Goal: 94%

Actual FY 2004 Performance: 95.6%

SSA met its goal. Through the use of the Call Center Network Solution (CCNS), increased network efficiencies were realized in FY 2004. The CCNS allows the routing of calls to the next available agent at any site in the network. This enables the network to handle the optimum number of calls per agent which translates into improved service to the public.

Advances in telephone communication technology provide the public with greater access to *services* and allows SSA to more efficiently reach them. The satisfaction levels of the people who do business with SSA by phone continue to be very important.

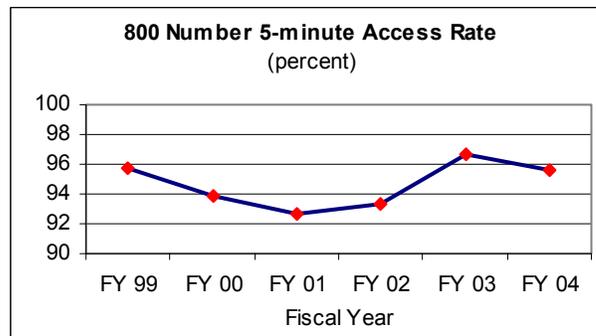
FY 1999: 95.8%

FY 2000: 92.9%

FY 2001: 92.7%

FY 2002: 93.3 %

FY 2003: 96.7%



Trend: The implementation of the CCNS in FY 2001 and the refinement of CCNS in FY 2002 made agent routed calls more efficient and resulted in fewer busy messages. In FYs 2003 and 2004, teleservice centers were asked to maximize teleservice center representative (TSR) staff resources by aiming for a 60 percent TSR logged-on time which contributed to the achievement of this goal. Performance for this fiscal year has surpassed previous years.

Data Definition: The percent of unique call attempts that successfully “connect” within 5 minutes of the first attempt within a 24-hour period. A successful “connection” occurs when a caller selects either an automated or a live agent and is connected with that option within 5 minutes of first dialing the 800-number.

Data Source: Automatic number identification records provided by WorldCom.

3.7 — Percent of Callers who get through to the 800-number on their First Attempt

FY 2004 Goal: 87%

Actual FY 2004 Performance: 94.2%

SSA met its goal. Through continued utilization of the Call Center Network Solution (CCNS) and new enhancements in automation, more callers were able to access SSA’s 800-number on their first attempt. The CCNS allows the routing of calls to the next available agent at any site of the network.

Enhancements in phone technology benefit the public since more calls can be handled. The calls to the 800-number are also answered in less time which makes it easier for the public to access SSA *services* without leaving their home or workplace.

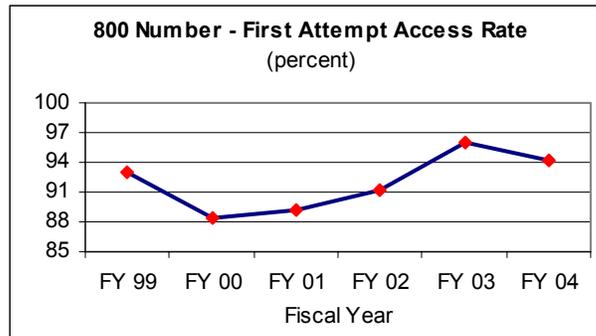
FY 1999: 92.9%

FY 2000: 88.4%

FY 2001: 89.2%

FY 2002: 91.3%

FY 2003: 95.9%



Trend: The implementation of CCNS in FY 2001 and the refinement of CCNS in FY 2002 made agent routed calls more efficient and resulted in fewer busy messages. In FYs 2003 and 2004, teleservice centers were asked to maximize teleservice center representative (TSR) staff resources by aiming for a 60 percent telephone logged-on time which contributed to the achievement of this goal. Performance for this fiscal year has surpassed previous years.

Data Definition: The percent is the number of individuals who reach the 800-number (either live or automated) service on their first attempt, divided by the number of unique telephone numbers dialed to the 800-number. An “attempt” is defined as the first attempted call of the day, or a subsequent attempt after a previously successful call.

Data Source: Automatic number identification records provided by WorldCom.

Strategic Goal B: To ensure superior Stewardship of Social Security programs and resources

Strategic Objective 4: Prevent fraudulent and erroneous payments and improve debt management

The following lists three KPIs for this strategic objective. Below is the location of the text describing whether or not the goal has been met.

Key Performance Indicators	See page for detailed discussion
4.1 SSI non-disability redeterminations	See page 55
4.2 Periodic Continuing Disability Reviews (CDR) processed	See page 56
4.3 Percent of outstanding OASDI debt in a collection arrangement	See page 57

There are also three non-KPI performance measures for Strategic Objective 4:

4.4 — Percent Outstanding Supplemental Security Income (SSI) Debt in a Collection Arrangement

FY 2004 Goal: 55%

Actual FY 2004 Performance: 53.5%* (May-September)

SSA almost met its goal. SSA's *stewardship* responsibilities require that the Agency recover as much debt as possible. The Agency continues to use aggressive debt collection tools to recover delinquent benefit overpayments from former recipients. SSA refers delinquent debts to the Treasury Offset Program to recover debts from Federal tax refunds and other Federal payments. In addition, SSA withholds SSI overpayments from the benefits of individuals who become entitled to Old Age, Survivors and Disability Insurance payments and refers debts to credit bureaus. SSA operating components now have access to a tool named "OP-WIZ" that organizes debt information more efficiently for individual case processing and better workload management. A project under development is the use of Administrative Wage Garnishment as a means to collect debts through a debtor's employer. Anticipated implementation is December 2004.

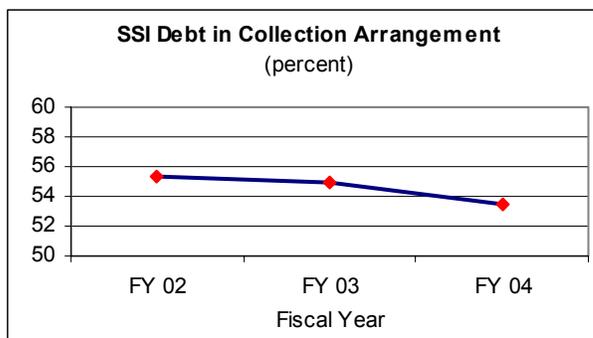
FY 1999 – FY 2001:

Not Available –

This was a new measure for FY 2002.

FY 2002: 55.4%

FY 2003: 55%



Trend: The FY 2004 goal was based on an analysis of past performance and was set at levels that would result in performance close to the goals. The Agency has not seen any significant changes in FYs 2003 or 2004 in regard to establishment or resolution of overpayments that would measurably affect the performance measure. Two factors may account for the small downward trend in FY 2004:

- The increased number of redeterminations processed earlier in the year than previous years that have resulted in overpayments.
- A systems problem that was causing this number to be incorrectly calculated. The problem was corrected in May but data prior to that could not be recalculated. As a result, the actual FY 2004 performance is only from May through September.

Data Definition: The percent of outstanding SSI debt that is scheduled for collection by benefit withholding or installment payment. The rate is expressed as the average for the year. Outstanding SSI debt is grouped into four main categories: newly established debt; debt that involves a current due process request such as waiver; debt that is in a collection arrangement; and debt that is not in a collection arrangement. The percent of debt in a collection arrangement is computed by dividing the dollars in that category by the total dollar amount of outstanding debt in all four categories.

Note: To improve this indicator, SSA will focus on the debt not in a collection arrangement by developing initiatives to either collect it or close-out the debt if it is unproductive.

Data Source: Supplemental Security Record.

* The Office of Quality Assurance (OQA) determined that the data reported from October 2003-April 2004 was incomplete. The data can not be accurately recalculated. The actual FY 2004 performance represents cumulative data from May 2004-September 2004 only.

4.5 — Percent of Supplemental Security Income (SSI) Payments Free of Preventable Overpayments and Underpayments

FY 2003 Goal: Overpayment accuracy: 95.4%
Underpayment accuracy: 98.8%

FY 2004 Goal: Overpayment accuracy: 95.4%
Underpayment accuracy: 98.8%

Actual FY 2003 Performance:
Overpayment accuracy: 93.9%
Underpayment accuracy: 98.8%

Estimated FY 2004 Performance:
Overpayment accuracy: 93.9%*
Underpayment accuracy: 98.8%*

SSA almost met its goal for FY 2003 by achieving an overpayment accuracy rate of 93.9 percent and an underpayment accuracy rate of 98.8 percent. These are ambitious goals, but SSA is committed to further improving payment accuracy. Each 1 percent increase in payment accuracy equates to \$350 million of error prevented.

Individuals who contribute through payroll deductions, self-employment taxes, or income taxes to fund the Social Security and SSI programs need to be confident their tax dollars are properly managed. Agency *stewardship* efforts are in place to guarantee SSI recipients that their benefits are accurate and received timely. The Agency has undertaken initiatives that have the most potential to improve program integrity in this area. In addition, SSA has implemented many of the measures outlined in the SSI Corrective Action Plan, but the full impact from those measures may not be realized for several years. In FY 2005, the Agency expects to implement additional initiatives, including SSA access to financial data of recipients and an automated telephone wage reporting system. SSA is also developing a legislative proposal that would simplify the SSI program. The Agency is also exploring other long-term initiatives to significantly improve the redetermination process which will enhance an already cost-effective method of reducing overpayments. In determining which changes to implement, SSA will continue to consider resource constraints and administrative costs.

Note: The FY 2003 final data for this measure was not available in time for publication of the FY 2003 Performance and Accountability Report (PAR). Therefore, FY 2003 results are included in the FY 2004 PAR.

SSA expects that the FY 2004 goal will almost be met based on past performance. The attainment of this goal is linked to two dependencies. The first is resources. The President's Budget request for SSA was not fully funded by the Congress and as a result substantial reductions had to be made in payment accuracy oriented workloads (specifically, 235,000 non-medical redeterminations and over 275,000 other limited issue alerts). Second is the time associated with implementation of the new error prevention initiatives which are now under development. Results from those efforts are expected to help the Agency meet long-term goals in this area, but were not realized in FY 2004.

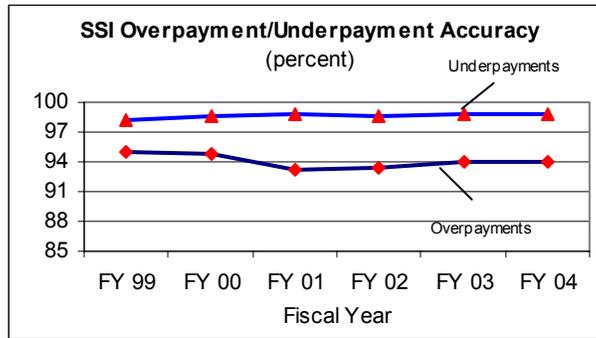
* The performance data shown for FY 2004 is an end-of-year estimate. Actual data will not be available until June 2005 and will be reported in the FY 2005 PAR.

FY 1999: Overpayment: 94.9%;
Underpayment: 98.3%

FY 2000: Overpayment: 94.7%;
Underpayment: 98.6%

FY 2001: Overpayment: 93.3%;
Underpayment: 98.8%

FY 2002: Overpayment: 93.4%;
Underpayment: 98.6%



Trend: The percent of SSI payments free of preventable overpayments and underpayments did not change in a statistically significant way from previous years.

Note: For FY 2003, statistical precision at the 95 percent confidence level is ± 1.1 for overpayments and ± 0.3 for underpayments.

Data Definition: The SSI payment accuracy rate free of preventable overpayments and underpayments is determined by an annual review of a statistically valid sample of the beneficiary rolls. The rate is computed by first subtracting the amount of “unpreventable” incorrect payments from the dollars overpaid or underpaid in a FY, and then dividing these dollars by the total dollars paid for the FY. This percentage is subtracted from 100 percent to attain the accuracy rate. The current measuring system captures the accuracy rate of the non-medical aspects of eligibility for SSI payment outlays.

Data Source: SSI Stewardship Report.

4.6 — Percent of Old Age, Survivors, and Disability Insurance (OASDI) Payments Free of Overpayments and Underpayments

FY 2003 Goal: Overpayment accuracy: 99.8%
Underpayment accuracy: 99.8%

FY 2004 Goal: Overpayment accuracy: 99.8%
Underpayment accuracy: 99.8%

Actual FY 2003 Performance:
Overpayment accuracy: 99.8%
Underpayment accuracy: 99.9%

Estimated FY 2004 Performance:
Overpayment accuracy: 99.8%*
Underpayment accuracy: 99.9%*

SSA met its goal. SSA implemented several initiatives that contributed to the goal being met. Improvements to the Continuing Disability Review (CDR) profiling process and procedures and the e-Work system improved the coordination between field offices, enabling earnings information to be recorded at the point of contact, thereby reducing the occurrence of overpayments.

* The performance data shown for FY 2004 is an end-of-year estimate. Actual data will not be available until June 2005 and will be reported in the FY 2005 PAR.

Individuals who contribute through payroll deductions, self-employment taxes, or income taxes to fund the Social Security and Supplemental Security Income (SSI) programs need to be confident their tax dollars are properly managed. Agency *stewardship* efforts are in place to guarantee beneficiaries that their benefits are accurate and received timely. SSA has undertaken initiatives that have the most potential to improve program integrity in this area.

Note: The FY 2003 final data for this measure was not available in time for publication of the FY 2003 Performance and Accountability Report (PAR). Therefore, FY 2003 results are included in the FY 2004 PAR.

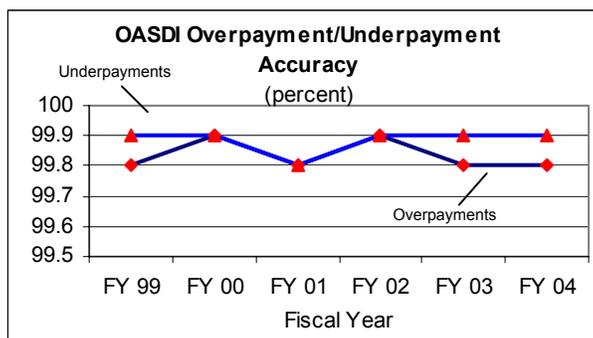
SSA expects that the FY 2004 goal will be met based on past performance. Accuracy in this program has been very high for many years and SSA's goal is to maintain that excellence. There is no reason to expect deterioration. New initiatives for posting earnings from the suspense file, and for improved tracking of work reports, to assure timelier processing of work-initiated CDRs, are expected to contribute to improved performance.

FY 1999: Overpayment: 99.8%;
Underpayment: 99.9%

FY 2000: Overpayment: 99.9%;
Underpayment: 99.9%

FY 2001: Overpayment: 99.8%;
Underpayment: 99.8%

FY 2002: Overpayment: 99.9%;
Underpayment: 99.9%



Trend: The Agency continues to maintain a high level of dollar accuracy of OASDI payment outlays.

Note: Overall, statistical precision at the 95 percent confidence level ranges from 99.60 percent to 99.99 percent for overpayments and 99.88 percent to 99.99 percent for underpayments.

Data Definition: The OASDI payment accuracy rate is determined by an annual review of a statistically valid sample of the beneficiary rolls. Separate rates are determined for the accuracy of payments with overpayment dollars and the accuracy of payments with underpayment dollars. The rates are computed by dividing these dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to attain the accuracy rate. Prior to FY 2001, the accuracy of only Old Age and Survivors Insurance (OASI) outlays was included. Effective FY 2001, the non-medical accuracy of Disability Insurance (DI) outlays was added to the measure.

Note: The Government Accountability Office (GAO) raised a concern that combining payment accuracy data from the OASI and the DI programs may affect SSA's ability to sufficiently monitor and manage performance. While the PAR combines data from these two programs, Stewardship Reports continue to include the accuracy of OASI and DI payment outlays separately.

Data Source: OASDI Stewardship Report.

Strategic Objective 5: Strengthen the integrity of the Social Security Number (SSN)

The following describes the two non-KPI performance measures for Strategic Objective 5:

5.1 — Social Security Numbers (SSNs) Processed

FY 2004 Goal: 17,500,000

Actual FY 2004 performance: 17,791,880

SSA met its goal. The number of SSNs processed is entirely dependent on the actual number of persons applying for original and duplicate social security cards. The FY 2004 goal was determined based on the number of SSNs that were processed in prior years.

The SSN has become a primary means of identification in both the public and private sectors. The processing of this large workload in a timely and efficient manner is needed for SSN applicants in many aspects of their financial lives, including securing a job, dealing with banks, and, most importantly, establishing a record of earnings to support future entitlement to benefits. Proper *stewardship* of the enumeration process is necessary for virtually the entire population in conducting day-to-day finance-related activities.

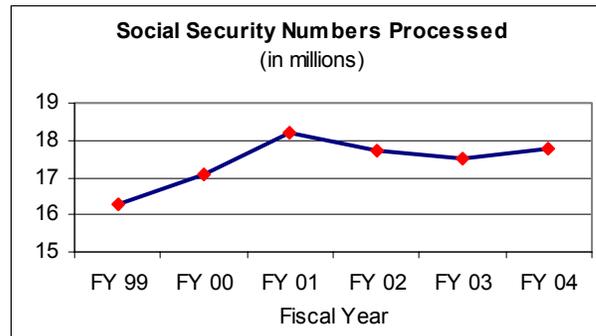
FY 1999: 16,322,588

FY 2000: 17,128,073

FY 2001: 18,179,115

FY 2002: 17,679,490

FY 2003: 17,523,560



Trend: FY 2001 volumes were impacted by Department of Motor Vehicle match agreements that the Agency entered into with the States which resulted in an increased amount of corrections to SSN records. The FY 2002 projection was set at 17,132,400 but the workload exceeded expectations by 3.2 percent, as 17,679,490 SSN requests were cleared. The Agency cannot control the number of people who apply for new or replacement SSN cards, so the goal may be over or under achieved depending on demand for this service. The projected clearances for FY 2003 were 16,000,000, which turned out to be unrealistically low; SSA actually processed 17,523,560 SSNs, a drop of less than 1 percent from the prior year, but 9.5 percent higher than projected.

Data Definition: Includes SSN issuance for duplicate or original numbers processed by regional offices, field offices and the Office of Central Operations (OCO), plus enumeration-at-birth (EAB) activity and the count of fraud investigations not resulting in issuance of a SSN and an EAB.

Data Source: Social Security's Monthly Tracking Report. Tracking Report sources are: Field Office Social Security Number Enumeration Report, EAB Year-To-Date processing statistics.

5.2 — Percent of Social Security Numbers (SSNs) Issued that are Free of Critical Error

FY 2003 Goal: 99.8%

FY 2004 Goal: 99.8%

Actual FY 2003 Performance: 99.7%

Estimated FY 2004 Performance: 99.8%*

SSA almost met its FY 2003 goal. The Enumeration Review is conducted on an ongoing basis to determine the accuracy of Social Security Number (SSN) issuances. The accuracy rate is based on a review to verify that the applicant has not been issued an SSN that belongs to someone else, or that multiple SSNs assigned to the same individual have been cross-referred. The data excludes SSNs assigned via the Enumeration-at-Birth process, the Enumeration-at-Entry process and major errors identified by the Office of Quality Assurance and Performance Assessment that do not result in SSN cards being issued erroneously.

This is a highly visible workload since the SSN has become a primary means of identification in both the public and private sectors. As use of the SSN has grown, so has identity fraud. When SSN requests are processed, the Agency must ensure that SSNs are assigned appropriately. Proper *stewardship* of the enumeration process protects the public from incidents of identity fraud.

Note: The FY 2003 final data for this measure was not available in time for publication of the FY 2003 Performance and Accountability Report (PAR). Therefore, FY 2003 results are included in the FY 2004 PAR.

SSA expects that the FY 2004 goal will be met as the result of systems enhancements. Enhancements to the enumeration system were implemented in FY 2004. One of these enhancements detects situations where a parent applies for SSNs for an unusually large number of children. In these situations an enumeration alert is generated which requires the Agency to investigate the SSN request before a number can be issued. Another enhancement that was implemented prevents the incorrect issuance of a second SSN. The Agency also provided employees with extensive training on documentation and general reminders on enumeration policies during FY 2004

With an actual SSN accuracy rate of 99.7% for FY 2003, we feel very confident that building on that accuracy, the systems enhancements and training will enable the Agency to meet the goal of 99.8% in FY 2004.

FY 1999 – FY 2002: Not Available – This was a new measure for FY 2003.

Trend: In FY 2003, 99.7 percent of SSNs were accurately issued by SSA. The Agency continues its efforts to improve the quality of the enumeration process by continuing to focus on deficiencies identified in quality reviews and enumeration studies and by providing refresher training.

Data Definition: The rate is based on an annual review of SSN applications to verify that: 1) the applicant did not receive a SSN that belonged to someone else; 2) if the applicant had more than one SSN, the numbers were cross-referenced; and 3) the applicant was entitled to receive a SSN based on supporting documentation, i.e., the field office verified appropriate documentation—United States Citizenship and Immigration Services, formerly Immigration and Naturalization Services, document for foreign born and birth certificate for U.S. born, and made a correct judgment of entitlement to a SSN.

Data Source: Enumeration Process Quality Review.

* The performance data shown for FY 2004 is an end-of-year estimate. Actual data will not be available until September 2005 and will be reported in the FY 2005 PAR.

Strategic Objective 6: Increase the accuracy of earnings records

The following describes the three non-KPI performance measures for Strategic Objective 6:

6.1 — Annual Earnings Items Processed

FY 2004 Goal: 262,500,000

Actual FY 2004 Performance: 251,853,503

SSA almost met its goal. The number of annual earnings items processed depends on the number of earnings items reported. That number has decreased since 2000. SSA's original projection of annual earnings items that would be received in FY 2004 was too high. In August, the Agency's Office of the Actuary lowered the projection for receipt of tax year 2003 W-2's by 5 million.

The trend over the past 4 years has shown a decrease in the number of W-2's reported to SSA. When the level of receipts is low, the number of items processed will also be low. To do a better job to estimate the goal, the Agency will consider lowering the goal to equate with the history of processed W-2's over the past 4 years.

By increasing the accuracy of earnings records, SSA is ensuring that recipients receive the full Social Security benefits to which they are entitled. Proper *stewardship* of the earnings accuracy process leads to increased public confidence in the reliability of the Social Security system. To augment existing strategies, SSA has launched an earnings improvement effort to increase the use of electronic filing by employers.

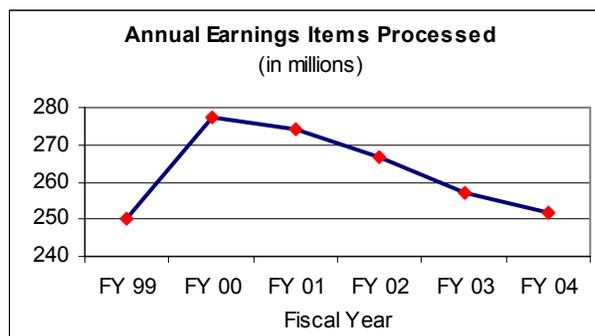
FY 1999: 249,867,974

FY 2000: 277,145,696

FY 2001: 274,427,394

FY 2002: 266,777,009

FY 2003: 257,188,087



Trend: The annual estimate for the processing goal can be affected by fluctuations in the business cycle, in the rate of reporting error, changes in reporting requirements, etc. The economy began to slow in 2001 accounting for the drop in total items processed in FYs 2002 and 2003. There is also a trend toward receiving and processing this workload earlier in the year. This is influenced by the positive increase in the percent of W2s filed electronically. Also, for the past 3 years SSA has opened the processing systems for both electronic and paper filers earlier each year.

Data Definition: Annual earnings items reflect the total number of paper annual wage items processed through the balancing operation, plus the total number of electronic magnetic media and self-employment items posted in a fiscal year. This includes delinquent reports and adjustments processed.

Data Source: Earnings Posted Overall Cross Total/Year-to-Date System (EPOXY). This data resides in the SSA Management Information Systems (SSAMIS) Integrated Work Measurement System (IWMS) cells 188 and 189, Office of Earnings Operations.

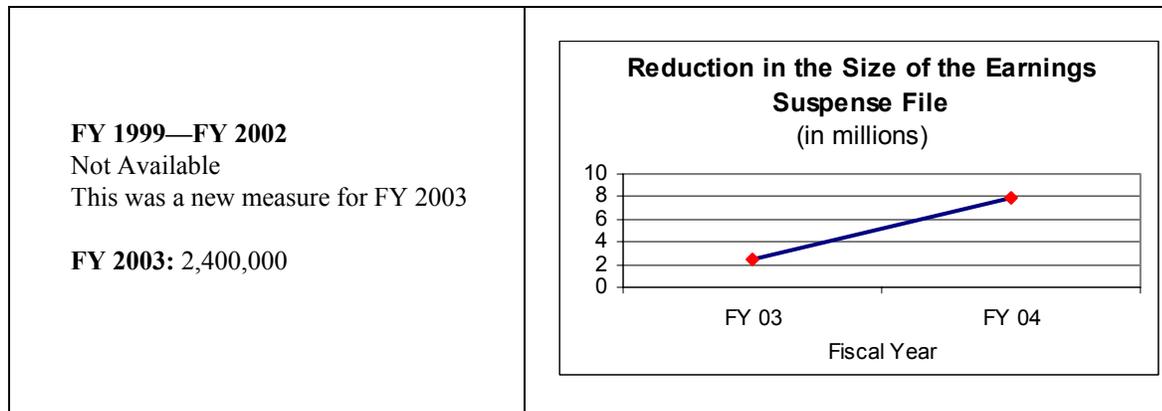
6.2 — Reduction in the Size of the Earnings Suspense File (ESF)

FY 2004 Goal: 27,600,000

Actual FY 2004 Performance: 7,896,263

SSA did not meet its goal. In FY 2004, for tax years 1937 through 2000, there was a 329 percent increase in the total number of earnings items removed from the Earnings Suspense File (ESF) and posted to individual earnings records. Removing items from the ESF and posting them to the correct individual earnings records improves the overall accuracy of earnings records. The earnings posted to individual earnings records are used to determine insured status for Old Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income benefits. Earnings are a primary element used to determine the amount of monthly benefits payable to OASDI beneficiaries.

The principal reason the goal was not met was underestimating the time to design and fully implement a new series of very complex matching software routines. The complex software is necessary to prevent posting ESF items to the wrong earnings records. Before additional items can be electronically removed from the ESF, further program design, development and/or validation must be completed. The Agency continues to pursue activities to increase the accuracy of individual earnings records. Removing items from the ESF and more effectively managing the ESF is an essential feature to attain SSA's *stewardship* goal of improving earnings record accuracy to increase public confidence in the reliability of the Social Security system.



Trend: This was a new measure for FY 2003. For FY 2003, 2,400,000 items were removed from the ESF and, in FY 2004, 7,896,263 additional items were removed from the ESF.

Data Definition: The number of items removed from the Earnings Suspense File (ESF) for tax years prior to 2001 will be determined by comparing the ESF as it existed at the end of FY 2003 with the ESF as it will exist at the end of FY 2004. A combination of data elements on the ESF is used as a “key” to determine if an item has been removed.

Data Source: Office of Quality Assurance records of items removed from suspense and posted to the correct earnings records.

6.3 — The Percent of Incoming Earnings Items Removed from the Suspense File at the end of the Annual Earnings Posting Cycle

FY 2003 Goal: 2%

FY 2004 Goal: 5%

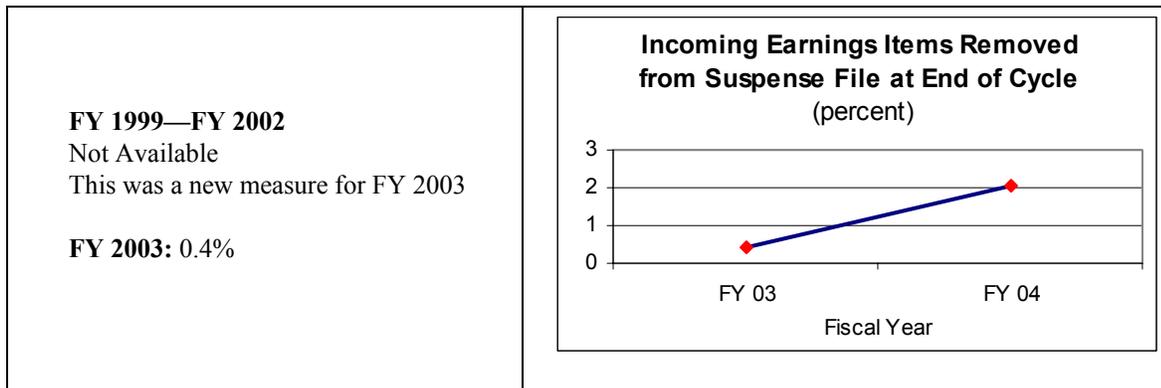
Actual FY 2003 Performance: 0.4%

Actual FY 2004 Performance: 2.07%

SSA did not meet its goal for FYs 2003 and 2004. The FY 2004 goal of 5 percent represents the cumulative effect of FY 2003 and FY 2004 efforts. SSA’s new matching routines to remove items from the Earnings Suspense File (ESF) posted over 2 percent of the 9.8 million items added to the ESF for tax year 2000 to individual earnings records. This 2 percent is in addition to the 30 plus previously developed software routines to match earnings reports to the correct earnings records.

Removing items from the ESF and more effectively managing the ESF is an essential feature to attain SSA’s *stewardship* goal of improving earnings record accuracy to increase public confidence in the reliability of the Social Security system. The earnings posted to individual earnings records are used to determine insured status for Old Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income benefits. Earnings are a primary element used to determine the amount of monthly benefits payable to OASDI beneficiaries.

The principal reason the goal was not met was underestimating the time and complexity involved to design and fully implement a new series of matching software routines. The Agency is expanding its software design to improve on the 2 percent for tax years after 2000. The new software routines will also be used to remove ESF items for tax years 1937 and later.



Trend: This was a new measure for FY 2003. In FY 2003, 0.4% of the incoming earnings items were removed from the ESF at the end of the annual posting cycle and, for FY 2004 (through September 2004), 2.07% of the incoming earnings items were removed from the ESF.

Data Definition: Earnings that remain in suspense after the annual posting cycle are earnings that are not matched to an earnings record after all routine matching operations are complete. The FY 2004, 5-percent reduction goal will be achieved by using new matching routines currently being developed by the Office of Quality Assurance (OQA) that use earnings records as the basis for the match to the employer/self-employment report. The OQA process is used after all other matching attempts fail. The percentage is determined by comparing the number of items added to suspense during a full posting cycle to the number later removed in the new process. The first earnings cycle to which the indicator will be applied will be for tax year 2000. The FY 2004 goal of 5 percent represents the cumulative effect of FY 2003 and FY 2004 efforts.

Data Source: Items in the Suspense File at the end of the full CY 2000 cycle compared to items removed by the new process.

Strategic Objective 7: Efficiently manage Agency finances and assets, and effectively link resources to performance outcomes

The following lists two KPIs for this strategic objective. Below is the location of the text describing whether or not the goal has been met.

Key Performance Indicators		See page for detailed discussion
7.1	Disability Determination Service (DDS) cases processed per workyear (PPWY)	See page 58
7.2	“Get to green” on all five PMA initiatives	See page 59

The following describes the seven non-KPI performance measures for Strategic Objective 7:

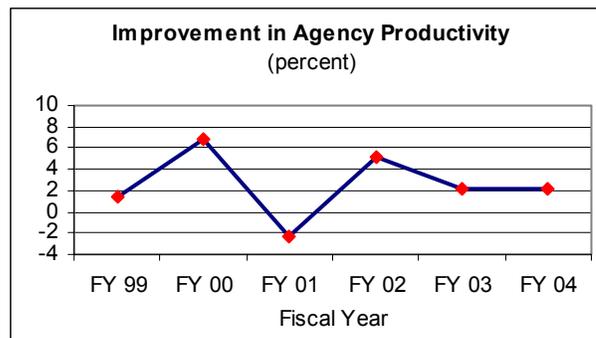
7.3 — Percent Improvement in Agency Productivity

FY 2004 Goal: 2%

Actual FY 2004 Performance: 2.2%

SSA met its goal. Consistent with the Agency’s Strategic Plan, SSA’s Service Delivery Budget Plan includes a commitment to achieve an average annual productivity improvement of 2 percent through FY 2008. SSA met its goal in FY 2004 with a productivity improvement of 2.2 percent. This increase is due primarily to the Agency’s ongoing efforts to streamline its business processes and automate its workloads. This performance measure is directly linked to the Agency’s *stewardship* goal. As workloads increase, the public benefits when SSA can process more work, while improving processing time and maintaining accuracy.

FY 1999: 1.4%
FY 2000: 6.8%
FY 2001: -2.3%
FY 2002: 5.1%
FY 2003: 2.1%



Trend: SSA expects to continue to improve productivity by 2 percent per year on average through FY 2008. Continued improvement in actual performance, along with numerous initiatives the Agency is pursuing, lends credence to achieving this goal.

Data Definition: The percent change in productivity is measured by comparing the total number of SSA and DDS workyears that would have been expended to process current year SSA-level workloads at the prior year’s rates of production to the actual SSA and DDS workyear totals expended.

Data Source: Agency Cost Accounting System.

7.4 — Number of SSA Hearings Cases Processed per Workyear (PPWY)

FY 2004 Goal: 105

Actual FY 2004 Performance: 100.2

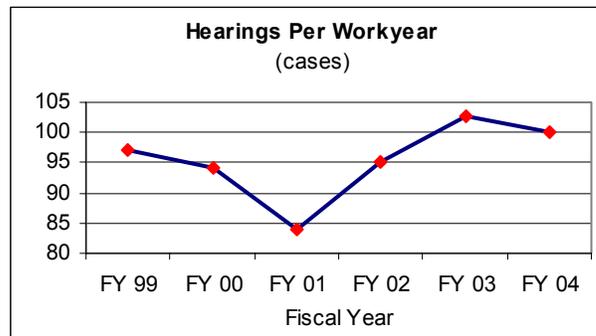
SSA almost met its goal. Despite record Administrative Law Judge (ALJ) productivity, several factors contributed to this being a challenging goal in FY 2004. As the average age of the pending workload increased, the PPWY declined. In addition, a delay in ALJ hiring, and the decision not to implement the Attorney Decision Maker position made it very difficult to achieve the target PPWY. In addition, the learning curve associated with the new Case Processing and Management System adversely affected meeting this goal.

The Medicare Modernization Act includes a provision stating that responsibility for conducting Medicare hearings must be transferred from SSA to the Department of Health and Human Services (HHS) between July 1 and October 1, 2005. Although the Agency continued to process Medicare hearings in FY 2004, they were excluded from the performance data associated with this measure. However, ALJ resources continue to be used to process this workload, which decreases the number of ALJs available to process SSA hearings. SSA is currently reimbursed for processing Medicare hearings under an annual reimbursable agreement with HHS.

This indicator relates to SSA's priority to improve disability program *service* to the public. The current process is lengthy, applicants and their families are subject to unacceptable economic burdens, and the Agency experiences an unnecessary drain on its resources. Not meeting the goal means SSA is falling short of claimants' expectations for a fair and timely hearing.

In order to make immediate service and efficiency improvements, the Agency is in the process of expanding video teleconference (VTC) hearings and marketing this new technology. With VTC, the claimant would not have to travel a long distance, the hearing could be held sooner, and the result would be a more timely decision. ALJs could be more productive with less time required for travel to remote sites. VTC also facilitates workload transfers and significantly broadens the pool of experts available for testimony at hearings. By the end of FY 2006, SSA plans to have a VTC system in every OHA hearing office and permanent remote site. In FY 2004 127 VTC systems were installed. Of note is that the overall average processing time for VTC hearings in FY 2004 was 105 days less than those not using this technology. SSA also expects to improve productivity by fully implementing the electronic disability process.

FY 1999:	97
FY 2000:	94
FY 2001:	84
FY 2002:	95
FY 2003:	102.7



Trend: End of year PPWY has increased each year since FY 2001. The increase in PPWY over the past few years is primarily due to the fact that individual ALJ productivity rose to unprecedented levels. Although the number of

ALJs declined, those that were still on duty were more experienced. Performance this fiscal year is significantly above FYs 2001 and 2002 and slightly lower than FY 2003.

Data Definition: This indicator represents the average number of SSA hearing cases processed per “direct” workyear expended. A direct workyear represents actual time spent processing cases. It does not include time spent on training, ALJ travel, leave, holiday etc.

Data Source: OHA Monthly Activity Reports, the Hearing Office Tracking System, the Case Processing and Management System, Payroll Analysis Recap Report, Time and Attendance Management Information System, OHA Bi-weekly Staffing Report, and the Travel Report.

7.5 — Milestones in Effort to Get to “Green” in Competitive Sourcing

FY 2004 Goal: Milestone - Develop a “yellow” plan for Competitive Sourcing

Actual FY 2004 Performance: Completed a “yellow” plan for Competitive Sourcing

SSA met its goal. SSA has developed a “yellow” plan that was approved by the Office of Management and Budget (OMB). Development of the “yellow” plan identifies activities that the Agency will potentially study. Competition of these activities ensures that the most cost-effective service provider is used.

This performance measure is directly linked to the Agency’s *stewardship* goal. The competitive sourcing initiative requires the Agency to compare government and private organizations to see which can do commercial functions within the Agency more efficiently. The attainment of this goal indicates that the Agency effectively manages resources. The public benefits through cost reductions and service improvements realized through the competitive sourcing process. Through competitive sourcing, the Social Security Administration can achieve improvements that make it a more efficient organization.

FY 1999 – FY 2003: Not Available – This is a new measure for FY 2004.

Trend: Over the past 2 years, the Social Security Administration has built a competitive sourcing infrastructure capable of providing better service to the public. Since 2001, the Agency has competed or converted 125 positions through four competitions and two direct conversions: Systems Software Validation (retained in-house), Headquarters Parking and Badging (awarded to private sector), Dallas Mail Room Express Study (awarded to private sector), Systems Help Desk (retained in-house), Performance Audits (direct conversion) and Magnetic Media Support (direct conversion). Through these activities the Agency has saved money and improved service. There are now 645 positions under study or in the preliminary planning phase. The positions include facilities maintenance, mailroom operations, and data center operations.

Data Definition: OMB revised its government-wide instructions regarding development of competitive sourcing plans. The instructions call for the development of plans to meet the standards for a “yellow” and “green” status on the President’s Management Agenda initiative. SSA’s plan was developed in accordance with these instructions and has been approved by OMB. Achieving “yellow” required the Agency to:

- Develop an approved plan to compete commercial activities.
- Complete one standard competition or publicly announce standard competitions that exceed the number of positions identified for competition in the Agency’s plan.
- Complete 75 percent of the streamlined competitions attempted in the previous two quarters within a 90-day timeframe.
- Cancel less than 20 percent of the standard and streamlined competitions publicly announced in the previous 2 quarters.

SSA has developed a multi-year competitive sourcing plan which was submitted to OMB in September 2004 that will enable the Agency to act strategically and tailor public-private competitions to its mission and workforce needs. Achieving “green” would require the Agency to:

- Develop an OMB approved “green” competition plan that addresses all functions coded ‘commercial suitable for competition’;
- Publicly announce standard completions in accordance with the Agency’s approved “green” plan;
- Complete at least 10 competitions from the January 2001 starting point;
- Compete 90 percent of all standard competitions in a 90-day timeframe; and
- Cancel fewer than 10 percent of publicly announced standard and streamlined competitions from the previous year.

Data Source: Total commercial positions: OMB-approved Competitive Sourcing Plan based on the Year 2003 FAIR inventory; Commercial positions studied that were identified in the OMB-approved Competitive Sourcing Plan.

7.6 — Maintain Zero Outside Infiltrations of SSA’s Programmatic Mainframes

FY 2004 Goal: 0 infiltrations

Actual FY 2004 Performance: 0 infiltrations

SSA met its goal. Good *stewardship* goes beyond good money management. It includes ensuring the security of SSA’s information systems and the integrity and privacy of the personal information that SSA maintains. It is also an obligation to provide safe and secure environments in which employees can work and the public can transact business.

SSA has reviewed and implemented industry "best practices" where applicable to ensure that information security corresponds to the critical importance and sensitive nature of information processed and maintained. SSA employs an Intrusion Protection Team and Agency-wide Security Response Team to support this goal.

The two teams have routine contact with the Federal Computer Incident Response Center to exchange up-to-date information on threats and countermeasures. In FY 2004, the Agency continued to improve internal responses to impending threats by developing a plan outlining a comprehensive approach for the protection of cyber systems, physical security and continuity of operations. Several incidents in FY 2004 had major impact on various business organizations, but have not had any measurable impact on SSA due to the Agency's preparedness management and proactive approach to Enterprise Information Technology Security.

FY 1999 – FY 2003: 0 infiltrations

Trend: SSA has never had an outside infiltration of its programmatic mainframes.

Data Definition: An infiltration is an unauthorized access that requires a cleanup or restoration of backup files to a state prior to the infiltration. This measure is a count of the number of times that an infiltration of mainframes is detected.

Data Source: Count of the times that infiltration of mainframes is detected, obtained from Change Asset and Problem Reporting System.

7.7 — Efforts to Improve Financial Performance

FY 2004 Goal: Social Security Unified Measurement System (SUMS) and Managerial Cost Accountability System (MCAS) Milestones

SUMS

1. SUMS Continuing Disability Review Operational Data Store (CDR ODS): The CDR ODS, a relational database to house data for managing the disability postentitlement workloads, will be created and populated with current year data. In addition, updated protocols will be implemented and access to the database will be provided for ad hoc querying. This is the first release of the CDR ODS project. It will provide the basis for workload control listings and management information reports in subsequent releases to achieve our long-range goal of establishing a sole source for Agency information to manage these workloads.
2. SUMS Standards: Standards will be established which will apply to all SUMS projects to enhance data integrity, provide consistent development guidelines and promote efficiency by enabling subsequent SUMS projects to take advantage of earlier work. FY 2004 standards include establishment of a model for SUMS counts within the Data Warehouse, data retention policy, data access standards, and designation of common reference tables.
3. MI Central: A web portal will be established for delivery of all standard SUMS MI reports, and workload control listings. The portal will utilize standard formats and provide a common “look and feel” for the various applications. Users will be able to save reports to a file and to store report parameters (“favorites”). All reports and listings will be in compliance with Section 508. SSI Processing Time and customer service record reports will be available in FY 2004. Additional reports will be added as development is completed.
4. Customer Service Record: The Customer Service Record project provides a unified view of available programmatic data for a caller/visitor via the Customer Service Query. Enhancements to this query will be provided, gathering data from additional sources. Web-based management information reports will be provided which will provide information about the numbers of visitors, reasons for visits and waiting time.

MCAS

1. Cost Analysis System (CAS) Renovation: Office of Earnings Operations Work Counts Release 8 of the CAS Renovation project, under the umbrella MCAS project, will substantially automate the processes currently used to compute basic workload count and work time by workload information for the Office of Earnings Operations and in entering that data in SSA’s CAS. This project will reduce the time and effort required to produce data and will enhance the accuracy and integrity of SSA’s managerial cost accounting processes.
2. MCAS Report Requirements: Determine MCAS reporting requirements. This project will use a combination of prototyping, demonstration, and interactive requirements development to determine executive and management requirements for MCAS data, reports and information delivery mechanisms.
3. Work Measurement Transition: Convert SSA Management Information System to modern technology. The purpose of this project is to transition a key legacy management information system that provides crucial data to the CAS and many other users to a modern and efficient systems architecture that makes data more accessible to end users throughout SSA.
4. MCAS Release 1: Convert SSA’s CAS to a relational data base. The purpose of this project is to transition CAS to a modern and efficient systems architecture that makes data more accessible to end users throughout SSA. This critical financial management information system provides crucial reports and data to many SSA users. Actual system use is expected to begin at the start of FY 2005.

Actual FY 2004 Performance: SSA did not meet all the SUMS/MCAS milestones.

SSA did not meet its goal due to the delay in implementing one SUMS milestone and two MCAS milestones. The SUMS/MCAS initiatives address improvements to the Agency’s management information system. These projects have a direct link to the Agency’s *stewardship* goal since they are key enablers in monitoring and reporting on Agency progress in achieving its goals and objectives and tracking resources.

The objective of the SUMS project is to create a unified measurement system for all SSA operational components that counts and measures all work in a consistent manner, regardless of where the work is processed. SUMS provides the detailed information that managers need to monitor service, forecast workloads, and make informed decisions on how best to manage work and resources.

MCAS focuses on critical performance and financial information needed by managers and employees and promotes performance accountability for the programs that SSA administers.

Each of the projects associated with the SUMS/MCAS milestones for FY 2004 are discussed below.

SUMS:

1. **SUMS Continuing Disability Review Operational Data Store (CDR ODS):** Implementation was deferred until January 2005. This was done to make modifications so that the data sources for the CDR ODS can be provided.
2. **SUMS Standards:** The SUMS standards are in place and available from the SUMS documentation website. This is an iterative project that will continue to build on the current information throughout the fiscal year.
3. **MI Central:** This application is in use for Agency employees and is used to obtain SSI processing time and customer service visitor reports. MI Central improves management control of Agency workloads, which results in better service to the public.
4. **Customer Service Record:** The enhancements to the Customer Service Query have been implemented. The Customer Service Query provides a consolidated view of 15 SSA databases. This enables employees to view all pertinent activities for members of the public on a single display, which promotes more efficient handling of their business with SSA.

MCAS:

1. **Cost Analysis System (CAS) Renovation Project:** Completion of the work, validation and acceptance for Release 8 of the CAS Renovation Project was achieved by SSA in February 2004. This provides more automated generation of Office of Earnings Operations (OEO) workload count information and a more automated propagation of OEO data into CAS input and update processes.
2. **MCAS Report Requirements:** In April 2004, after several months of intensive interviews and fact-gathering sessions to define SSA-wide business requirements for management information, a contractor has documented and delivered a comprehensive report to SSA executives. The prototype methodology presented in the final report will be the basis for designing and developing future MCAS data, reports and information delivery systems.
3. **Work Measurement Transition:** This is a multi-release project. The Agency has completed two of the systems releases but the final release is not scheduled for completion until September 2005.
4. **MCAS Release 1:** As a result of a study conducted by the Office of Systems and its contractors, the Agency expects to substantially complete the original effort to replace the current cost accounting system with a greatly improved system incorporating new, improved and far more user-supportive and responsive architecture during FY 2005. As a result of the study, the new system will also be more closely aligned with SSA budgetary information and systems requirements currently being developed.

FY 1999 – FY 2003: Not available – This is a new performance measure for FY 2004.

Trend: This is a milestone performance measure and trend data is not applicable.

Data Definition: This is a milestone measure and data is defined by the milestone goals.

Data Source: SSA's Office of Finance, Assessment and Management.

7.8 — Receive an Unqualified Opinion on SSA’s Financial Statements from the Auditors

FY 2004 Goal: Receive an unqualified opinion

Actual FY 2004 Performance: Received an unqualified opinion

SSA met its goal. Good *stewardship* goes beyond good money management. The Agency is committed to providing data that is complete and reliable to those who use it for decision-making. In accordance with the Chief Financial Officer’s Act of 1990, SSA’s financial statements were independently audited by PricewaterhouseCoopers LLP (PwC). The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. In their audit, PwC found that SSA's financial statements as contained in the FY 2004 Performance and Accountability Report were presented fairly in all material respects and were in conformity with accounting principles generally accepted in the United States of America.

FY 1999 – FY 2003: SSA received an unqualified audit opinion every year.

Trend: SSA has received an unqualified opinion every year since 1994.

Data Definition: An unqualified opinion on the financial statements is provided when an independent auditor determines that the financial statements are presented fairly; and, in all material respects, in conformity with accounting principles generally accepted in the United States.

Data Source: Auditors’ working papers.

7.9 — SSI Aged Claims Processed per Workyear (PPWY)

FY 2004 Goal: 530

FY 2004 Performance Discussion: 560

SSA met its goal. SSA’s performance indicates that sufficient resources were allocated to the processing of SSI Aged claims, taking care to process them as expeditiously as possible. This goal is directly linked to the Agency’s *stewardship* goal since it focuses on productivity. SSA will continue to give this small but financially vulnerable population the best service possible.

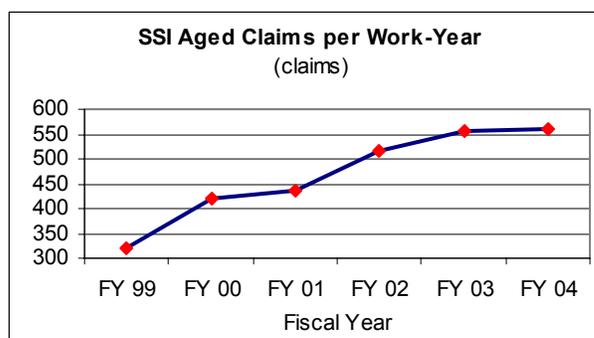
FY 1999: 322

FY 2000: 421

FY 2001: 436

FY 2002: 515

FY 2003: 556



Trend: End of year PPWY has increased each year since FY 2001. Performance can fluctuate from month to month and it does not take many cases to change the productivity rate. Furthermore, the Agency does not control

the number of applicants for this program. Performance this fiscal year is significantly higher than FYs 2001 and 2002 and slightly lower than FY 2003.

Data Definition: The number of SSI Aged Claims processed per workyear (i.e., total SSI Aged claims processed divided by the total workyears expended by field offices on this workload). A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.).

Data Source: Agency Cost Accounting System.

Strategic Goal C: To achieve sustainable Solvency and ensure Social Security programs meet the needs of current and future generations

Strategic Objective 8: Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs

The following is the one KPI for this strategic objective. Below is the location of the text describing whether or not the goal has been met.

Key Performance Indicators		See page for detailed discussion
8.1	Provide support to the Administration and Congress in developing legislative proposals to achieve sustainable solvency for Social Security and implementing reform legislation	See page 61

There is also one non-KPI performance measure for Strategic Objective 8:

8.2 — Percent of Adult Americans Knowledgeable about Social Security Programs and Related Issues, Including Long-range Financing

FY 2004 Goal: Not Established – SSA conducted its first annual public understanding survey to determine the public’s knowledge of Social Security programs and related issues in September 2004. Results will be available in early FY 2005. SSA will use the findings to establish a baseline of knowledge so that the Agency can develop an appropriate measure and goal.

Actual FY 2004 performance: Not Measured

FY 1999 – FY 2003: Not Available – This was a new measure for FY 2003, but a baseline is still in the development stages.

Trend: Not Available – This was a new measure for FY 2003, but a baseline is still in the development stages.

Data Definition: The public’s knowledge of Social Security programs and related issues as determined by an annual Public Understanding Measurement System (PUMS) survey.

Data Source: The FY 2004 PUMS survey was conducted in September 2004.

Strategic Goal D: To strategically manage and align Staff to support SSA's mission

Strategic Objective 9: Recruit, develop and retain a high-performing workforce

The following lists the two KPIs for this strategic objective. Below is the location of the text describing whether or not the goal has been met.

Key Performance Indicators	See page for detailed discussion
9.1 Improve the new hire retention rate	See page 64
9.2 Milestone in developing new performance management systems	See page 65

There are also two non-KPI performance measures for Strategic Objective 9:

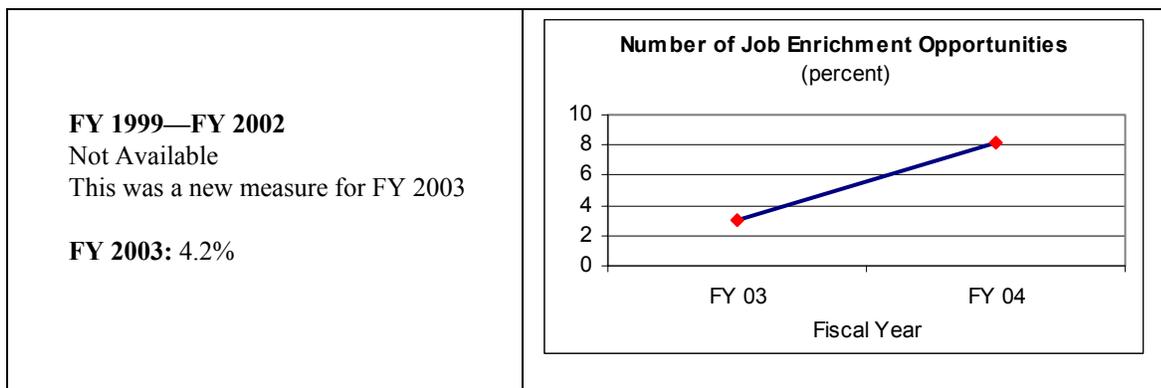
9.3 — Number of Job Enrichment Opportunities (includes Headquarters, component and regional development programs)

FY 2004 Goal: 3% of workforce

Actual FY 2004 Performance: 8.2% of workforce

SSA met its goal. Job enrichment opportunities ensure that SSA employees are prepared to deliver quality service to the public. These experiences build workforce development and knowledge management systems that are supported in the President's Management Agenda (PMA) and linked to the Agency's succession planning activities and Human Capital Plan. In addition to the national and regional development programs, non-formal component/regional job enrichment activities of 5-days or more, details and other job-related training were included as job enrichment opportunities.

The Agency had 2,726 employees representing 4.2 percent of the workforce participating in developmental or job enrichment experiences in FY 2003. In FY 2004, 5,325 employees representing 8.2 percent of the workforce participated in a developmental or job enrichment experience. Activities that support the *staff* goal also support the goals of *service*, *stewardship* and *solvency* in that SSA employees serve as key enablers to achieving all Agency goals.



Trend: This performance measure was established in FY 2003 so no goals or historical trend data is available for FYs 1999 - 2002. The original FY 2003 performance measure consisted of “formal national, component or regional career development programs of 1-2 weeks in duration.” In April 2003, the performance measure was redefined to include “any job enrichment opportunity of 5 days duration or more.” The mid-year redefinition caused a spike in May and resulted in the performance goal being exceeded. Performance this fiscal year is significantly above FY 2003. The FY 2004 goal of 3 percent was achieved in February 2004.

Data Definition: Percent of the Agency workforce participating in one of the formal national development programs or experiences (short-term formal career development training), a component program, or a regional-level program and any job enrichment experience (temporary promotion, detail, internal/external training, Individual Development Plan, etc.) of 5-days duration or more.

Data Source: Office of Training records.

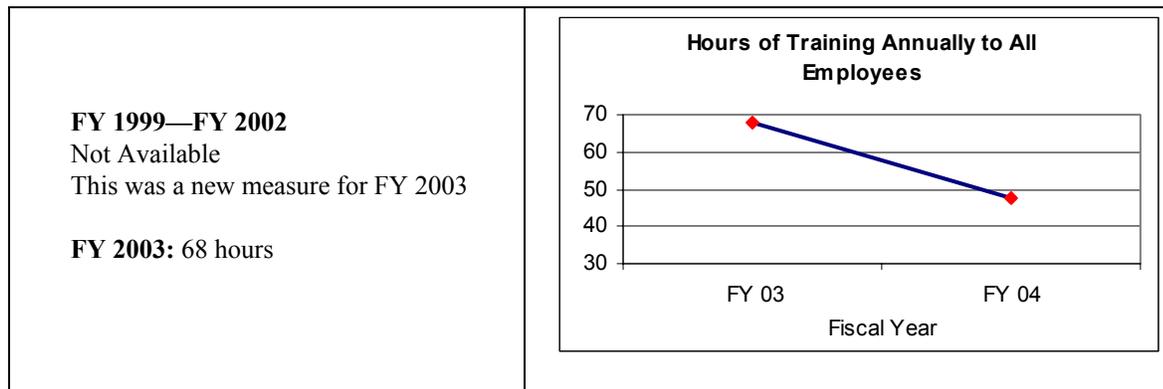
9.4 — Make available the Equivalent of 40 Hours of Training Annually to All Employees

FY 2004 Goal: Average of 40 hours of training per employee

Actual FY 2004 Performance: Average of 47.8 hours of training per employee

SSA met its goal. SSA exceeded its goal because several unanticipated general interest Interactive Video Training broadcasts were made available to all employees on topics such as Continuity of Agency Operations, Medicare Prescription Drug Improvement Act, and Rapid Growth of Internet Use By the Public.

Activities associated with the *staff* goal focus on enhancing workforce attributes, improving communications, and furthering an expansive approach to providing service to the public. In addition, the activities are designed to ensure increased stewardship of Social Security programs and resources, support reforms leading to sustainable solvency, and progress toward more responsive retirement and disability programs.



Trend: This performance measure was established in FY 2003 so no goals or historical trend data is available for FYs 1999 - 2002. The original FY 2003 performance measurement consisted of “Training available through the many venues available” (e.g., Interactive Video Training (IVT), On-Line University, traditional government-sponsored training courses and/or training conferences and seminars). The inclusiveness of the data definition resulted in substantially exceeding the goal for FY 2003. In February 2004, the performance measure was redefined to measure only “general training offered by IVT and On-Line University.” As a result, performance this fiscal year is lower than FY 2003.

Data Definition: Success is defined as having demonstrated that SSA made available on average the equivalent of 40 hours of training per employee annually through the interactive video teletraining and the online university.

Data Source: Office of Training records and the Human Resources Management Information System.

Program Assessment Rating Tool (PART) Measures

The PART is a diagnostic tool designed by the Office of Management and Budget (OMB) to examine different aspects of program performance to identify the strengths and weaknesses of a given Federal program. The Disability Insurance (DI) and Supplemental Security Income (SSI) Aged programs were selected for the initial assessment period and the results were published in the President's FY 2004 Budget. The same two programs were reevaluated in the summer of 2003 and the results were published in the President's FY 2005 Budget. In the summer of 2004, the entire SSI program (disabled, blind and aged) was assessed. Results will be published in the President's FY 2006 Budget.

OMB's findings from the initial assessment of the DI and SSI Aged program are consistent with the areas SSA has identified that require attention:

DI Program

- Improve the disability claims process by fully implementing technology to eliminate the need to store, locate, and mail millions of paper files and finalize proposals to redesign the disability process.
- Better connect DI beneficiaries with expanding employment opportunities for individuals with disabilities.
- Better match DI administrative resources with performance benchmarks.

SSI Aged Program

- Address payment accuracy issues by aggressively pursuing strategies outlined in SSA's Corrective Action Plan, such as simplifying income reporting requirements.
- Better match SSI administrative resources with performance benchmarks.

SSA's Strategic Plan, Annual Performance Plan (APP), and budget request all address OMB's findings from the assessment. In addition, the performance measures and targets below were provided by SSA and used by OMB and SSA to evaluate the effectiveness of the DI and SSI Aged programs. It should be noted that of the eight PART measures, seven were also Government Performance and Results Act (GPRA) measures in the FY 2005 APP and Revised Final FY 2004 APP. For the joint PART/GPRA measures, see the pages listed below for a more detailed discussion.

DI and SSI PART Measures Which Are Also GPRA Measures	See page
Average processing time for initial disability claims (DI & SSI PARTs)	See page 47
Average processing time for hearings (DI PART)	See page 48
Disability Determination Services (DDS) cases processed per workyear (PPWY) (DI PART)	See page 58
DDS net accuracy rate (allowances and denials combined) (DI & SSI PARTs)	See page 91
Percent of SSI payments free of preventable overpayments and underpayments (SSI PART)	See page 101
Number of SSA hearings cases processed per workyear (PPWY) (DI & SSI PARTs)	See page 110
SSI aged claims processed per workyear (PPWY) (SSI PART)	See page 115

The following describes the non-GPRA PART performance measure:

PART Measure – 1: Percent of Supplemental Security Income (SSI) Aged Claims Processed by the Time the First Payment is Due or within 14 Days of the Effective Filing Date

FY 2004 Goal: 75%

Actual FY 2004 Performance: 84.1%

SSA met its goal. The goal was raised from 70 percent to 75 percent this year because SSA has demonstrated increased performance over the past few years. Individuals with low income and financial assets are recipients of SSI Aged benefits. SSA has provided and will continue to provide sufficient resources through this program to ensure that the needs of this segment of the population are met and that the claims are processed as expeditiously as possible. SSA’s performance reflects a national commitment to make timely and accurate payments to SSI Aged recipients.

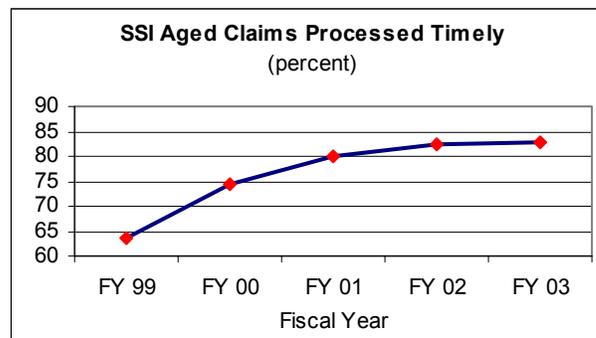
FY 1999: 63.5%

FY 2000: 74.4%

FY 2001: 79.9%

FY 2002: 82.6%

FY 2003: 83.0%



Trend: SSA has steadily improved the timeliness of SSI Aged claims processing.

Data Definition: This rate reflects the number of SSI Aged applications completed through the SSA operational system (i.e., award or denial notices are triggered) before the first regular continuing payment is due or not more than 14 days from the effective filing date, if later, divided by the total number of SSI Aged applications processed. The first regular continuing payment due date is based on the first day of the month that all eligibility factors are met and payment is due. This definition came into effect beginning FY 2001.

Data Source: The SSI Operational Data Store System.

FY 2003 Performance Measures

The following FY 2003 Performance Measure is no longer an external GPRA measure as of FY 2004. However, SSA will continue to monitor this measure internally. The FY 2003 final data for this measure was not available in time for publication of the FY 2003 Performance and Accountability Report (PAR). Therefore, FY 2003 results are included in the FY 2004 PAR.

FY 2003 Performance Indicator: — Supplemental Security Income (SSI) Overpayment and Underpayment Accuracy Rate (including both preventable and unpreventable error)*

FY 2003 Goal: Overpayment accuracy: 93%
Underpayment accuracy: 98.8%

Actual FY 2003 Performance:
Overpayment accuracy: 93.4%
Underpayment accuracy: 98.7%

SSA almost met its goal by achieving an overpayment accuracy rate of 93.4 percent and an underpayment accuracy rate of 98.7 percent. Although SSA's accuracy rate improved slightly over FY 2002, the Agency did not meet the FY 2003 overpayment goal. Each 1 percent increase in payment accuracy equates to \$350 million of error prevented.

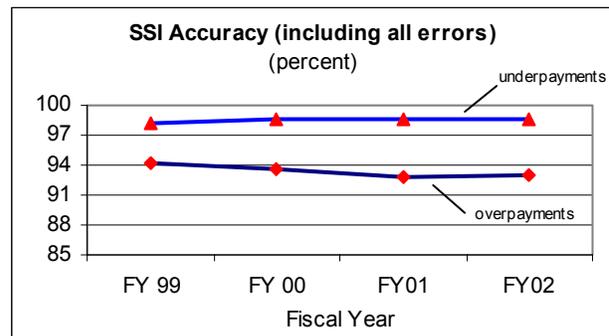
Individuals who contribute through payroll deductions, self-employment taxes, or income taxes to fund the Social Security and SSI programs need to be confident their tax dollars are properly managed. Agency *stewardship* efforts are in place to guarantee beneficiaries that their benefits are accurate and received timely. SSA has undertaken initiatives that have the most potential to improve program integrity in this area.

FY 1999:
Overpayment: 94.3%; Underpayment: 98.3%

FY 2000:
Overpayment: 93.6%; Underpayment: 98.6%

FY 2001:
Overpayment: 92.8%; Underpayment: 98.6%

FY 2002:
Overpayment: 93.0%; Underpayment: 98.6%



Trend: The percent of SSI payments free of preventable and unpreventable overpayments and underpayments did not change in a statistically significant way from previous years.

Note: For FY 2003, statistical precision at the 95 percent confidence level is +/-1.2 percent for overpayments and +/-0.3 percent for underpayments.

* Unpreventable deficiencies result from a recipient's change in circumstances that affect payment and/or eligibility, and the Agency is precluded, by the timing of the change or a legal requirement, from stopping or adjusting the affected scheduled payment(s). A payment error is the result of a deficiency in the case; e.g., an incorrect income amount posted to the Supplemental Security Record because of an incorrect report by the recipient. For more than the past decade, wages and financial accounts have been the two leading causes of overpayment deficiency dollars.

Data Definition: The SSI payment accuracy, including both preventable and unpreventable errors, is determined by an annual review of a statistically valid sample of the recipient rolls. The overpayment accuracy rates and underpayment accuracy rates are determined separately. The overpayment accuracy rate is computed by first subtracting the total amount of overpaid dollars from the total dollars paid for a fiscal year, and then dividing these dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to attain the accuracy rate. The underpayment accuracy rate is computed by first subtracting the total amount of underpaid dollars from the total dollars paid for a fiscal year, and then dividing these dollars by the total dollars paid for the fiscal year. This percentage is subtracted from 100 percent to attain the accuracy rate. The current measuring system captures the accuracy rate of the non-medical aspects of eligibility for SSI payment outlays.

Data Source: SSI Stewardship report.

Outcome Indicators

Since its inception, Social Security has been an important source of economic security and financial stability for the American people. The programs administered by the Social Security Administration (SSA) for nearly 70 years touch the lives of virtually every American. The Old Age, Survivors, and Disability Insurance (OASDI) programs are earnings-based and provide income support to individuals who experience the onset of unexpected disability or the untimely loss of a spouse or parent, and those who have made the transition from work to retirement. The Supplemental Security Income (SSI) program is a needs-based program that provides financial support to the aged and disabled who are unable to meet their basic needs. SSA's programs, however, are not the only factors that affect the economic status of the aged, disabled, and survivor populations. Personal choices, social attitudes, and the economic climate also play important roles.

Today, 47 million people, or approximately 1 out of every 6 Americans, receive Social Security benefits. A majority of beneficiaries aged 65 and older receive more than half of their income from Social Security and a growing proportion receive all or almost all of their income from Social Security. Reliance on Social Security benefits also is increasing among beneficiaries aged 18-64. Among SSI beneficiaries, those 18-64 are more reliant on benefits than those 65 and older. Over 40 percent of adult SSI beneficiaries have no other source of income.

Beneficiaries are becoming more reliant on Social Security benefits, as personal savings and participation in defined benefit private pension plans are declining. However, participation in defined contribution plans is growing. Between 1998 and 2001 there was considerable growth in family financial assets among married persons, but asset growth was minimal for unmarried persons, and assets declined for unmarried persons approaching retirement (those aged 55-64).

The dramatic increase in the number of women who are participating in the labor force over the past 50 years has had a discernable impact on the Social Security program. The percentages of women who are insured for DI benefits and who receive OASDI benefits on their own account have been increasing each year. Women continue to have higher replacement rates than men because they have lower earnings, but the margin of difference has been narrowing.

No single indicator can capture the effectiveness of a social insurance program. Therefore, SSA has developed a number of outcomes for the OASDI and SSI programs. Each outcome contains multiple data indicators that reflect the different bases and objectives of each program. These indicators measure how well the Agency's programs provide for the economic security of its beneficiary populations. They should be considered both within the context of each other and in relation to external economic, social and other factors. SSA has committed to identify and define quantitative measures to assess the outcomes of the Agency's programs.

Beginning this year, we have added the following indicators: (1) Percentage of SSI Beneficiaries 18 or Older at or below 70 Percent of the Poverty Threshold, by Age; and (2) Ratio of SSI Benefits to Beneficiaries' Total Income, by Age.

These measures help us to understand the effect that SSA programs, individual work choices, and other factors have on income security. The items listed below are among the most important issues presented in this report.

I. Program Coverage and Eligibility

- Labor force participation is the foundation of economic security for most.
- Labor force participation of people 65 and over has increased in recent years.
- Coverage for disability is lower for women than for men.
- Almost one-third of women receive benefits only as wives or widows.
- Another 30 percent of women are entitled to a worker benefit but also receive a supplement because their spouse benefit is higher than their worker benefit.

II. Benefit Adequacy and Equity

- Poverty rates vary greatly across age groups.
- Children in Social Security beneficiary families and adult beneficiaries between ages 18 and 64 are more likely to be poor than are beneficiaries 65 and older.
- The current Social Security benefit formula provides higher replacement rates to low earners but higher benefits to those with higher incomes.
- SSI beneficiaries 18-64 are more likely to have incomes at or below 70 percent of the poverty threshold than beneficiaries 65 and older.

III. Reliance on Social Security and SSI Benefits

- About half of beneficiary families receive 50 percent or more of their income from Social Security.
- Reliance on Social Security is higher for older and lower income beneficiaries.
- Reliance on SSI benefits is greater for beneficiaries 18-64 than it is for beneficiaries 65 and older.

IV. Return-to-Work Opportunities Among Persons with Disabilities

- About 14 percent of DI beneficiaries and 6 percent of SSI disabled beneficiaries work.
- Less than 1 percent of DI and SSI disabled beneficiaries worked enough to lose benefits.

V. Private Provision for Retirement

- Less than half of today's workers have pension coverage.
- Increasingly, these plans are defined contribution plans, which provide the potential of higher returns together with individual risk.
- Levels of financial assets and net worth have been growing but indicate that many people, particularly those who are unmarried, have little private savings to supplement Social Security.

I. Measures of Program Coverage and Eligibility

OASDI benefits are based on lifetime labor force participation. The outcome indicators in this section show the extent to which individuals have worked in covered employment and meet the work requirements to be insured for old-age or disability benefits, and for women, the extent to which they receive benefits based on their own work record or the work record of a spouse.

Table IA. Labor Force Participation Rates

		Percentage of Men		
Year	25-54	55-64	65 or older	
1998	91.8	68.1	16.5	
1999	91.7	67.9	16.9	
2000	91.6	67.3	17.7	
2001	91.3	68.3	17.7	
2002	91.0	69.2	17.9	
2003	90.6	68.7	18.6	
		Percentage of Women		
Year	25-54	55-64	65 or older	
1998	76.5	51.2	8.6	
1999	76.8	51.5	8.9	
2000	76.7	51.9	9.4	
2001	76.4	53.2	9.6	
2002	75.9	55.2	9.8	
2003	75.6	56.6	10.6	

Source: U.S. Department of Labor

Labor force participation rates vary greatly by age and sex and have been changing over time, especially for women. The labor force participation rate for men aged 25 to 54 has been declining gradually since 1998. This trend is consistent with that of the past half century – participation among this group declined from 97.4 percent in 1955 to 90.6 percent in 2003. However, the trends for men aged 55 to 64 and those aged 65 and over have been quite different. Although participation for these groups declined significantly between the 1950s and the 1980s, it has stabilized among men aged 55-64, and has been increasing gradually among men aged 65 and over (Table IA). Labor force participation among women aged 25 to 54 and 55 to 64 has increased dramatically over the past 50 years. However, the rate among the former group appears to have leveled off, and has actually declined slightly (from 76.8 percent in 1999 to 75.6 percent in 2003). Participation among women 65 and over had been generally stable for many years but has increased from 8.6 percent in 1998 to 10.6 percent in 2003.

Many factors influence the rate of employment among persons aged 55 and older, including the rate of economic growth, eligibility for Social Security benefits, personal savings and both the prevalence and design of employer-sponsored pension plans. For example, Congress legislated changes in the Social Security earnings test in 1996, and again in 2000, that made it more desirable for persons aged 66 and older to continue working. Also, the trend away from defined-benefit private pension plans, which often include early-retirement subsidies, toward age-neutral defined-contribution plans, may have had a similar effect.

Table IB. Average Percentage of Quarters of Coverage of New Retired-Worker Beneficiaries

Year	Total	Men	Women
1999	73.9	81.4	64.5
2000	74.5	82.6	65.0
2001	75.7	83.8	65.9
2002	76.2	84.3	66.6
2003	76.5	84.6	67.4

Source: 1% Continuous Work History Sample supplemented with information from the Master Earnings File for persons retiring in 1999-2003.

Table IC. Average Number of Years with Zero Earnings of New Retired-Worker Beneficiaries

Year	Total	Men	Women
1999	9.5	6.1	13.7
2000	9.2	6.2	13.8
2001	9.4	6.0	13.5
2002	9.1	5.9	12.9
2003	9.1	6.0	12.7

Source: 1% Continuous Work History Sample supplemented with information from the Master Earnings File for persons retiring in 1999-2003.

Forty quarters of coverage are required to establish eligibility for retirement benefits. Newly retired male workers typically have earned more quarters of credit for Social Security coverage than newly retired female workers and have experienced fewer years with no earnings. Men retiring in 2003, on average, had covered earnings in about 85 percent of the quarters from age 22 to the year before first collecting retired-worker benefits, compared with 67 percent for women (Table IB). And men had, on average, 6 years with no earnings from age 22 to retirement compared with almost 13 years for women (Table IC).

The average percentage of quarters of coverage earned in Table IB is the number of quarters actually earned divided by the total number of quarters from age 22 to the year before first collecting retired-worker benefits. Years of zero earnings shown in Table IC are measured from age 22 to the last year before first collecting retired-worker benefits. This calculation does not subtract out the lowest 5 years as is done in the benefit calculation. The figures for 1999-2000 in Tables IB and IC have been modified slightly to reflect earnings posted since issuance of the last Outcome Indicators report.

Table ID. Percentage of Population Aged 62 or Older Eligible for OASDI Benefits

Year	Total	Men	Women
1999	94.1	93.6	94.5
2000	93.9	93.3	94.4
2001	94.2	93.6	94.5
2002	94.6	94.3	94.9
2003	94.7	94.8	94.5

Source: Estimate of SSA Office of the Chief Actuary, December 1999 - December 2003.

Table IE. Percentage Who Meet Work Requirements to Be Insured for Disability Benefits

Year	Percentage of Men			
	Total	20-49	50-61	62-NRA
1999	83.3	83.4	83.7	78.3
2000	83.5	83.6	84.0	77.9
2001	83.4	83.4	84.2	79.0
2002	83.5	83.5	83.8	79.9
2003	83.1	82.6	85.4	79.4

Source: Estimate of the SSA Office of the Chief Actuary, December 1999 - December 2003

Note: NRA = normal retirement age.

Year	Percentage of Women			
	Total	20-49	50-61	62-NRA
1999	71.3	72.8	68.7	57.6
2000	71.9	73.3	69.6	58.4
2001	72.4	73.7	70.5	59.5
2002	72.4	73.9	69.8	60.4
2003	73.9	74.9	73.1	62.4

Source: Estimate of the SSA Office of the Chief Actuary, December 1999 - December 2003

Note: NRA = normal retirement age.

Almost 95 percent of individuals aged 62 or older were eligible (either insured for benefits or could receive benefits based on the work record of an insured worker) for OASDI benefits in 2003 (Table ID). Eighty-three percent of men and 74 percent of women aged 20 to the normal retirement age were insured for disability (Table IE). Although fewer women were insured for disability benefits than men, the percentage insured is gradually increasing. Between 1999 and 2003, the proportion of women insured for disability benefits increased by 2.6 percentage points, while the proportion of men insured remained about the same.

Eligibility for OASDI benefits, as shown in Table ID, is based on a person's own work record or that of an insured worker. Persons not eligible for Social Security include those without enough work credits and those who work in non-Social Security-covered employment, such as some State and local governments. The normal retirement age (NRA) is the age at which a worker is entitled to an unreduced retirement benefit. For workers born after 1937, the NRA is increased gradually until it reaches age 67 for workers born on January 1, 1960 or later. Percentages for 2003 in Tables ID and IE reflect revised total population estimates.

Table IF. Type of OASDI Benefit Received by Women Aged 65 (Percentage Distribution)

Year	Total	Worker Only	Dually Entitled	Wife or Widow Only
1999	100.0	36.2	28.6	35.3
2000	100.0	36.4	28.9	34.7
2001	100.0	36.8	29.2	34.0
2002	100.0	37.2	29.4	33.3
2003	100.0	37.8	29.6	32.6

Source: Master Beneficiary Record (MBR), December 1999 - December 2003

Social Security provides benefits not only to workers but also to spouses and survivors. More women receive OASDI benefits based on their own work record only than as a spouse only. In 2003, about 38 percent of the female beneficiaries aged 65 or older were receiving only retired-worker benefits and 33 percent were receiving only a wife or widow benefit. Almost 30 percent were dually entitled to their worker benefit and a higher spouse benefit (Table IF). The proportion of aged women who were receiving only retired-worker benefits or who were dually entitled has increased by 2.6 percentage points between 1999 and 2003.

II. Measures of Benefit Adequacy and Equity

Social Security benefits and Supplemental Security Income both play an important role in the economic security of beneficiaries. Adequacy and equity are measured in terms of the size of benefits in relation to prior earnings, poverty levels, and how benefit dollars are distributed.

Table IIA.1. Earnings Replacement Rates of Retired Workers at First Benefit Receipt, by Sex

Year	Total	Male	Female
1999	42.8	37.0	52.0
2000	42.9	37.5	52.4
2001	42.6	36.7	51.8
2002	42.1	36.5	50.8
2003	41.1	35.7	50.0

Source: 1% Continuous Work History Sample supplemented with information from the Master Earnings File for persons retiring in 1999-2003.

Table IIA.2. Earnings Replacement Rates of Retired Workers at First Benefit Receipt, by AIME Quintile

Year	Lowest	Second	Third	Fourth	Highest
1999	72.5	51.6	41.5	35.9	31.2
2000	71.6	52.2	41.5	36.8	31.5
2001	70.9	51.8	41.5	36.8	31.5
2002	70.1	50.8	40.5	35.0	30.2
2003	69.4	50.0	39.7	34.5	29.7

Source: 1% Continuous Work History Sample supplemented with information from the Master Earnings File for persons retiring in 1999-2003.

Because of Social Security's progressive benefit formula, low-wage workers experience higher replacement rates in retirement than other workers. Replacement rates measure the adequacy of OASDI benefits in retirement relative to prior earnings. The measure of replacement rates used in Tables IIA.1 and IIA.2 is the ratio of the retired worker's benefit based on his or her own earnings to his or her average indexed monthly earnings (AIME). The median replacement rate in 2003 was about 41 percent (Table IIA.1). Because women tend to have lower earnings than men, their median replacement rate is higher than that of men. In 2003, it was 50 percent for women compared with almost 36 percent for men. Median replacement rates ranged from 69 percent for those in the lowest earnings group to about 30 percent for those in the highest earnings group (Table IIA.2).

It is noteworthy that earnings replacement rates for men and women, and for all earnings groups, have declined over the past 3 years. This trend is due to a legislated increase in the normal retirement age, which began with persons who attained age 62 in 2000. The trend may suggest that many retirees are choosing lower benefit rates over extended participation in the labor force.

Tables IIA.1 and IIA.2 include all retirees becoming entitled to retired-worker benefits in that year, except those who had a prior entitlement to disability benefits. The replacement rates are calculated as the median of the ratio of the retired worker's benefit based on his or her own earnings (i.e., excluding any dual entitlement) to his or her own average indexed monthly earnings (AIME). The AIME is the measure of prior earnings upon which the Social Security benefit is calculated. It is calculated from the worker's highest 35 years of earnings, which have been

adjusted for changes in the average wage index to the year of attainment of age 62. AIME quintile limits for 2003 used in Table IIA.2 are: \$924 (lowest), \$1,772 (second), \$2,755 (third), \$3,986 (fourth). Quintiles are five groups of equal size.

Table IIB. OASDI Beneficiaries in Poverty

Year	Percentage in Poverty			Number in Poverty (millions)		
	Under 18	18-64	65 or older	Under 18	18-64	65 or older
1998	24.9	18.3	8.5	1.3	1.5	2.5
1999	20.2	16.6	8.1	1.0	1.4	2.4
2000	18.6	16.3	8.5	0.9	1.4	2.5
2001	20.0	17.2	8.4	1.0	1.5	2.6
2002	22.5	17.9	8.7	1.2	1.6	2.6

Source: Current Population Survey (CPS), 1998 - 2002.

Measures of poverty provide a broader assessment of the adequacy of income of those who receive OASDI benefits and SSI benefits, including other sources of income of beneficiaries and income of other family members. In 2002, the most recent year for which data are available, 8.7 percent of OASDI beneficiaries aged 65 or older (2.6 million individuals) were below poverty, slightly more than in 1998 (Table IIB). The poverty rates for beneficiaries aged 18-64 and those under age 18 declined considerably between 1998 and 2000, but increased both in 2001 and 2002. Nonetheless, the poverty rates for both groups were lower in 2002 than they were in 1998. Although the poverty rate is much lower for aged beneficiaries than for younger beneficiaries, more aged beneficiaries are poor than are working aged beneficiaries or children living in families receiving OASDI benefits.

In Table IIB, beneficiaries aged 18-64 and 65 or older are individuals who report receiving Social Security. Beneficiaries under age 18 are children in families who report receiving Social Security. Poverty is based on family money income, which does not include non-money transfers such as food stamps.

Table IIC. SSI as a Percentage of the Poverty Threshold for Persons under 65 in States with "Broad Coverage" State Supplement Groups

Federal Benefit with State Supplement	1999	2000	2001	2002	2003
California	94	93	93	96	95
Massachusetts	84	84	84	86	85
Michigan	71	71	71	72	72
New Jersey	74	73	73	74	73
New York	81	80	80	81	80
Pennsylvania	73	72	73	73	73
Federal Benefit only	69	69	69	70	69

Source: Supplemental Security Record (SSR) and data from States, 1999 - 2003.

SSI beneficiaries under age 65 residing in States with only a federal benefit received payments that raised them to 69 percent of the poverty level in 2003, a decrease of one percentage point from the prior year. Those living in States that supplemented SSI payments were raised to levels ranging from 72 percent of the poverty threshold in Michigan to 95 percent in California (Table IIC). The combined benefit rate in several of these States also declined by one percentage point.

Table IIC reflects federal SSI plus federally administered State supplements for one person. A broad coverage group includes persons with the most common type of living arrangement within each State, which varies from State to State. Individuals in such living arrangements receive an SSI federally administered State supplement together with the federal payment that moves them closer to the poverty threshold than the federal payment alone.

Table IID. Percentage of SSI Beneficiaries 18 or Older with Income at or Below 70 Percent of the Poverty Threshold

Year	Total	18-64	65 or older
2002	16.4	18.7	9.4

Source: CPS, 2002.

Table IID compares income of SSI beneficiaries to 70 percent of the poverty threshold. Age is not a factor in determining the federal benefit rate for SSI beneficiaries, but the poverty threshold for persons under age 65 is higher than it is for persons 65 and over. Therefore, the percentage of SSI beneficiaries 18-64 with income at or below 70 percent of the poverty threshold was higher than it was for beneficiaries 65 and over (Table IID). The federal benefit rate in 2002 amounted to 70 percent of the poverty threshold for persons 18-64 and 76 percent for persons 65 or older. Nonetheless, about 16 percent of beneficiaries had income below 70 percent of poverty, primarily due to differences in marital status, family composition and living arrangements. For example, the federal benefit rate for a single individual, aged 18-64 and living in his own household, would be 70 percent of the poverty threshold; however, the benefit rate would be higher or lower if the individual was married or living in the household of another.

Table IIE. Percentage of OASDI Dollars Paid, by Income Quintiles and Age

Year	65 or older					
	Total	Lowest	Second	Third	Fourth	Highest
1998	100	16	20	20	21	23
1999	100	16	20	21	21	23
2000	100	16	19	21	21	24
2001	100	16	19	20	21	23
2002	100	16	20	20	21	23

Source: CPS, 1998-2002

Table IIE. Percentage of OASDI Dollars Paid, by Income Quintiles and Age (Continued)

Year	18-64					
	Total	Lowest	Second	Third	Fourth	Highest
1998	100	15	20	21	21	23
1999	100	16	20	21	21	22
2000	100	16	19	20	22	23
2001	100	15	19	21	21	23
2002	100	15	20	21	22	22

Source: CPS, 1998 – 2002.

Although low-income workers receive proportionately higher OASDI benefits relative to past earnings, high-earning workers receive higher OASDI benefits in absolute terms. As shown in table IIA.2, the replacement rate for the lowest quintile in 2002 was 69 percent; however, individuals in this quintile aged 65 or older received only 16 percent of OASDI dollars paid in 2002 (Table IIE). Conversely, individuals in the highest quintile had a replacement rate of about 30 percent, but they received 23 percent of OASDI dollars paid.

The family income quintile limits for 2002 for those aged 65 or older are \$13,500 (lowest), \$21,760 (second), \$32,848 (third), \$54,538 (fourth). The family income limits for those 18-64 are \$12,048 (lowest), \$21,744 (second), \$35,457 (third), \$58,000 (fourth).

III. Measures of Reliance on Social Security Programs

OASDI was designed to provide a partial replacement of income lost because of retirement, disability or death of a worker. The outcome indicators in this section show both the extent to which individuals have other sources of the income they need to ensure economic security and the comparative role that OASDI and other sources play in economic security.

Table IIIA. Ratio of Family OASDI Income to Beneficiaries' Total Family Income, by Age

Year	50% or More of Total Income		90% or More of Total Income		100% of Total Income	
	18-64	65 or older	18-64	65 or older	18-64	65 or older
1998	43	55	20	22	13	12
1999	42	55	19	21	12	12
2000	43	55	20	23	14	13
2001	44	56	22	25	15	14
2002	47	57	23	25	16	15

Source: CPS, 1998-2002

Table IIIB. Ratio of Family OASDI Income to Beneficiaries' Total Family Income, by Family Money Income Quintile and Age

Year	65 or older				
	Lowest	Second	Third	Fourth	Highest
1998	88	75	59	40	22
1999	88	74	59	41	20
2000	89	75	59	41	21
2001	89	77	60	41	21
2002	90	78	62	42	22

Table IIIB. Ratio of Family OASDI Income to Beneficiaries' Total Family Income, by Family Money Income Quintile and Age

Year	18-64				
	Lowest	Second	Third	Fourth	Highest
1998	82	67	47	30	17
1999	83	67	46	29	16
2000	84	67	46	31	17
2001	86	69	47	31	18
2002	86	70	51	32	17

Source: CPS, 1998-2002

Based on survey reports of income, 57 percent of beneficiaries aged 65 or older and 47 percent of beneficiaries aged 18 to 64 rely on OASDI for half or more of their family income, and 15 to 16 percent of both age groups rely on OASDI for all of their income (Table IIIA). OASDI provides 90 percent of the family income of beneficiaries 65 or older in the lowest income quintile compared with 22 percent for those in the highest income quintile (Table IIIB). Reliance on Social Security appears to be increasing both for beneficiaries aged 18-64 and those 65 and over, as well as for beneficiaries in the four lowest income quintiles. For beneficiaries in the highest income quintile, reliance on Social Security was about the same in 2002 as it was in 1998.

Another published SSA data series presents somewhat different figures for those 65 or older than those in Tables IIIA and IIIB. The other series counts individuals and married couples based on their own benefits as a percentage of their own income to measure reliance on Social Security of the aged whether they live with other family or not. In contrast, the method used in Tables IIIA and IIIB counts individuals based on their family benefits as a percentage of their family income because this is most appropriate for those aged 18-64. The most recent numbers (2002) from the other series that correspond to those in table IIIA are 66 percent (50 percent or more of total income), 34 percent (90 percent or more) and 22 percent (100 percent). The family income quintile limits are the same in Table IIIB as in Table IIE.

Table IIIC. Ratio of SSI Benefits to Beneficiaries' Total Income, by Age

Year	50% or More of Total Income			90% or More of Total Income			100% of Total Income		
	18 or older	18-64	65 or older	18 or older	18-64	65 or older	18 or older	18-64	65 or older
2002	60	65	46	47	50	38	42	44	35

Source: CPS, 2002.

SSI beneficiaries rely heavily on benefit payments to meet their basic needs. About 60 percent receive more than half of their total income from SSI and 42 percent have no other income (Table IIIC). Beneficiaries 18-64 are more reliant on SSI benefits than those 65 and over because the latter group is more likely to receive Social Security as well.

IV. Measures of Return-to-Work Among Persons with Disabilities

Since their inception, the Disability Insurance (DI) and SSI programs have emphasized the importance of beneficiaries returning to work when possible. However, moving DI and SSI beneficiaries into employment has proven to be a substantial challenge.

Table IVA. Work Among DI Beneficiaries

Year	Working and Receiving Benefits		Benefits Suspended Due to Work Above SGA		Benefits Terminated Due to Work Above SGA	
	Number	Percent	Number	Percent	Number	Percent
1998	574,000	14.1	N/A	N/A	N/A	N/A
1999	612,000	14.5	10,000	0.2	N/A	N/A
2000	659,000	15.1	10,700	0.2	N/A	N/A
2001	662,000	14.6	12,100	0.2	29,000	0.6
2002	659,000	13.8	10,300	0.2	29,200	0.5
2003	NA	NA	9,000	0.2	27,900	0.5

Source: Data for working and receiving benefits are from the MBR matched to the Detailed Earnings Record, 1998 – 2002. Data for benefits suspended or terminated because of work above SGA after a trial work period are from MBR, 1999 - 2003.

DI beneficiaries are entitled to receive full benefits throughout a 9-month trial work period (TWP) during which they may work and have earnings above a level which constitutes substantial gainful activity (SGA)—\$800 per month in 2003. If, after completing the TWP, a beneficiary continues to have a disabling impairment and has earnings above SGA, his or her benefits are suspended. The beneficiary is also entitled to a 36-month extended period of eligibility (EPE). During the EPE, if earnings fall below the SGA level, benefit payments resume without the beneficiary's having to file a new application. After completing the EPE, if earnings continue to be above the SGA level, benefits are terminated.

In 2002 (the most recent year for which complete data are available), 13.8 percent of DI worker beneficiaries were working, with median earnings of \$2,956. The percentage of beneficiaries working declined by 1.3 percentage points between 2000 and 2002, but median earnings remained constant. In 2003, only 0.2 percent (9,000) of all DI beneficiaries had their benefits suspended after completing a TWP because they had earnings above the SGA level. Also in 2003, 0.48 percent of DI beneficiaries (27,900) had their benefits terminated because their earnings exceeded the SGA level (Table IVA). The figure on benefit terminations includes beneficiaries who completed the EPE in 2003 as well as beneficiaries who did not report that they were working, and whose earnings were not detected by SSA until after they completed the EPE.

Table IVB. Work Among Disabled SSI Beneficiaries Aged 18-64 (as a Percentage of All Disabled SSI Beneficiaries)

Year	Working Above SGA	Working At or Below SGA	Total Working
1999	0.7	6.3	7.0
2000	0.7	6.4	7.1
2001	0.6	6.1	6.7
2002	0.4	6.0	6.4
2003	0.4	5.6	6.1

Source: SSR, December 1999 - December 2003.

Table IVC. Disabled SSI Beneficiaries Aged 18 to 64 Whose Benefits Ceased Because of Work

Year	Number	Percentage of All SSI Beneficiaries	Percentage of All SSI Beneficiaries Who Work
1999	15,700	0.4	4.8
2000	16,100	0.4	4.7
2001	15,800	0.4	4.8
2002	15,300	0.4	4.7
2003	12,800	0.3	4.1

Source: SSR, December 1999 – December 2003.

About 6 percent of the disabled SSI beneficiaries aged 18 to 64 worked, with most working at or below SGA (Table IVB). Through section 1619(a) of the Social Security Act, SSI recipients who earn more than SGA can continue to receive cash benefits. Average monthly earnings in 2003 were \$302 (\$1,059 for those working above SGA and \$245 for those working at or below SGA). Of those who worked, about 4 percent (12,800) stopped receiving cash SSI benefits because of their earnings. That group constituted less than half a percent of all SSI beneficiaries (Table IVC).

The proportion of SSI beneficiaries who work has declined in each of the past 3 years. Previous research has demonstrated a strong inverse correlation between the work patterns of SSI beneficiaries and the overall rate of unemployment. The unemployment rate increased from 4.0 percent in 2000 to 4.7 percent in 2001, to 5.8 percent in

2002, and to 6.0 percent in 2003. The decline in the proportion of working DI beneficiaries noted above suggests that this finding may also apply to that population.

Table IVB does not include 69,000 persons whose earnings preclude a cash payment. They remain SSI beneficiaries for Medicaid purposes. This number declined from 82,000 in 2002. Table IVC shows the number of persons whose benefits (cash, Medicaid, or both) ceased during the quarter ending December 31. These data are reported quarterly. Quarterly numbers cannot be added together because doing so would over-count people who start and stop work more than once during a year.

V. Measures of Private Provision for Retirement

OASDI was intended to be a floor of protection in retirement that would be supplemented by employer-sponsored pensions and individual savings. Adequacy of income in retirement is highly dependent on having sources of income other than OASDI.

Table VA. Percentage Participating in an Employer-Sponsored Pension Plan

Year	Total Population				Working Population			
	Total	25-39	40-54	55-64	Total	25-39	40-54	55-64
1998	42	40	48	33	51	46	57	51
1999	43	40	48	34	52	46	57	53
2000	43	41	48	35	52	47	58	53
2001	41	39	46	35	50	45	55	52
2002	39	36	45	34	48	43	53	51

Source: CPS March Supplement 1999-2003.

In 2002, almost half of the working population had coverage in an employer-sponsored pension plan (Table VA). Plan participation was highest--53 percent--among workers aged 40 to 54. Plan participation was substantially lower for the total population than for the working population (39 percent compared with 48 percent). Historical data show that pension coverage leveled off in the 1970s at roughly half the work force covered and has remained at that level since that time. However, plan participation between 2000 and 2002 declined by 4 percentage points among both the total population and the working population. Also, pension plan participation is shifting from largely defined benefit plans toward defined contribution plans. The percentage of workers who participate in defined benefit plans has declined by about one-third over the past decade due to changes in the law and the labor market. While there has been an increase in defined contribution coverage, fewer employees have chosen to participate.

Table VA includes private pensions, federal employee pensions, military retirement, and State and local pensions. It does not include individual retirement accounts or Keoughs.

Table VB. Median Family Financial Assets and Total Net Worth (in 2001 dollars)

		Financial Assets					
		Married			Nonmarried		
Year	Total	25-54	55-64	65 or older	25-54	55-64	65 or older
1998	21,404	23,908	64,104	68,776	5,204	19,014	17,167
2001	25,600	34,000	81,000	80,000	7,600	17,300	18,000

		Net Worth					
		Married			Nonmarried		
Year	Total	25-54	55-64	65 or older	25-54	55-64	65 or older
1998	85,671	88,952	220,886	236,423	18,775	77,685	95,178
2001	97,500	112,000	266,900	274,900	21,000	80,540	91,600

Source: Survey of Consumer Finances, 1998-2001.

Assets can provide income in retirement, such as interest, dividends, and periodic withdrawals. Assets such as a home provide income until the value is recovered when sold. Income from assets comes largely from financial assets, but the most important component of most people's assets is the value of their home. Measures of both financial assets and net worth, which includes the value of the principal residence and other property and businesses, are shown here. In 2001, median family financial assets for married couples aged 65 or older were \$80,000 and median net worth was \$274,900. Non-married individuals aged 65 or older had median financial assets of \$18,000 and a median net worth of \$91,600 (Table VB). As these figures indicate, asset amounts vary greatly by marital status and age with some groups having very little accumulated in old age. Both financial assets and net worth increased considerably from 1998 to 2001 for all age groups of married couples, and generally increased less or declined for non-married persons. Financial assets declined for non-married individuals aged 55-64 and net worth declined for non-married individuals aged 65 and over.

Financial assets in Table VB include transaction accounts, certificates of deposit, bonds, stocks, mutual funds, tax-deferred retirement accounts (IRAs, Keoghs, and certain employer-sponsored accounts from which withdrawals can be made), the cash value of life insurance, and other assets such as personal annuities, trusts, and royalties. Net worth, in addition to financial assets, includes the equity in homes, nonresidential property, businesses, vehicles, and other tangible items. Asset levels vary greatly, depending on the survey and the definition used. For example, the Survey of Income and Program Participation does not include tax-deferred retirement accounts or the cash value of life insurance in assets. SSA sponsored a study of these differences and is sponsoring follow-up work to implement recommendations for improvements to wealth measures.

Program Evaluation

SSA continuously builds on its body of program data, research and analyses, identifying strengths and weaknesses in its programs and processes. The Agency uses this knowledge to help it initiate ways to meet the major challenges it faces and improve the day-to-day administration of its programs. SSA evaluates the potential impact of proposals for change and the actual effects of change after implementation.

The annual Agency coordinated evaluation plan cuts across SSA's strategic goals, objectives and business processes. It helps the Agency ensure that there are no duplications, overlaps or gaps in its evaluation program. Many of SSA's evaluations are completed on an annual basis, others are one-time efforts.

Following are brief summaries of the evaluations completed during FY 2004, organized by the strategic goals from SSA's Agency Strategic Plan (ASP). Copies of the complete results can be obtained by writing to:

Social Security Administration
Office of Strategic Management
4215 West High Rise
6401 Security Boulevard
Baltimore, MD 21235

Strategic Goal: To deliver high quality, citizen-centered Service

Findings from the Social Security Number Verification Service (SSNVS) User Survey

The SSNVS is designed to provide the business community with an Internet-based online or overnight SSN verification service to allow employers to verify the names and SSNs of employees after hiring, but before submitting W-2s in the annual wage reporting process. SSA's only prior verification services for employers were limited to telephone requests for the verification of five or fewer employees, or the submission of larger employee verification requests on magnetic media or on paper.

In April 2002, SSA began testing SSNVS with a group of nine volunteer employers. Of the nine employers who volunteered to participate in the first phase of the pilot, six used SSNVS during the pilot test. All of the users rated their overall satisfaction as very good or excellent. In fact, after several experiences with SSNVS, all users rated their satisfaction with the service as very good or good.

In July 2002 the final results of the survey were published. One hundred percent of the users rated SSNVS as good, very good or excellent both at the initial contact and the follow-up contact. All who had prior experience with other SSN verification services rated SSNVS as much better or better than the other services used.

In March 2003, a second phase of the pilot began and eventually involved 74 employers. SSA conducted surveys with the expanded group of SSNVS users to get their opinions on the service. All users rated SSNVS as good, very good or excellent. The vast majority of users suggest that the system would be used by many employers because it is convenient and it saves them a great deal of time.

Service Satisfaction Survey Results - Combined Rates for Fiscal Year (FY) 2004 Performance

The Service Satisfaction Surveys measure how many people who do business with SSA rate that service as very good or good. Performance indicator satisfaction ratings are derived from SSA's annual surveys of 800 number callers, field office callers and office visitors, including both field office and hearing office visitors, completed during FY 2004. A preliminary analysis conducted before the close of FY 2004 shows that the overall service satisfaction rate was 84 percent very good or good. This exceeds the Agency's goal of 83 percent.

Field office visitors were the most satisfied of those doing business with SSA. Their 89 percent very good or good rating of overall service was significantly higher than all other groups. However, since the volume of telephone contacts far outweighs the volume of office visits, the combined rating for all contacts was most strongly influenced by the satisfaction of those who handled their business by telephone.

Access (i.e., difficulties in getting through on the telephone or waiting in the office) continues to be the lowest rated aspect of service for all forms of contact. On the other hand, once customers get through, they are pleased with the service they receive.

Survey of Internet Social Security Benefit Application (ISBA) Users

In the fall of 2002 SSA surveyed benefit applicants who had used Internet Social Security Benefit Application. The survey considered the entire ISBA process from completing the online application through submission and adjudication of the claim, and the final report was completed in April 2004. Over 1,700 ISBA users were interviewed by telephone, including all types of benefit applicants—retirement, spouse and disability. Respondents were almost universally satisfied. Over half rated their experience excellent; nearly all rated the experience good or better.

Medicare, payments after stopping work due to disability, and choosing when payments would begin (month of election) were the three application sections that caused the most confusion for respondents. Over half of the applicants chose to take their paperwork into their local field office. Those respondents wanted to talk to an SSA employee, did not want to mail original documents, or simply found the field office close and convenient.

Many respondents had valuable suggestions for improving the online form, including:

- Providing a more immediate way to correct mistakes or, at least, provide more prominent instructions on how to change responses;
- Providing more information on what is needed to complete ISBA before a person commits to using it;
- Offering more links to information on specific topics;
- Helping users avoid being inadvertently “kicked out,” losing information keyed; and
- Providing explicit confirmation that the user’s information had been successfully submitted to SSA.

Beginning March 2004, SSA implemented an *online* satisfaction survey of ISBA, using the American Customer Satisfaction Index (ACSI). This gives the Agency nearly real-time data and provides detailed information on satisfaction for individuals who have not completed the application as well as those who have. Data shows that overall satisfaction is high for ISBA for individuals who have completed the application. The ACSI data shows that there is a low satisfaction level for disability filers using SBA.

Results of the surveys, and respondents’ suggestions for improvement, have provided the data necessary to make recommendations for improvements in the Retirement application online filing process while allowing the agency to adjust the number of workyears it devotes to the disability application process.

Report on Benefits Planning, Assistance and Outreach (BPAO) Survey

The Ticket to Work and Work Incentives Improvement Act of 1999 was drafted to help disabled beneficiaries return to the workforce. Under it, SSA awarded 116 cooperative agreements to a variety of community organizations to establish projects to help the disabled to make informed choices about work. These Benefits Planning, Assistance and Outreach (BPAO) projects conduct outreach programs at health fairs and clinics to locate beneficiaries who might be eligible for their services. Counselors help beneficiaries evaluate the potential effect of work on their benefits and overall financial well-being, helping them develop long-term plans to manage their work activities and benefits while they attempt to return to work.

Professional telephone interviewers from a private research firm under contract with SSA surveyed nearly 1,800 individuals who had received BPAO services between October 2001 and August 2002. The results of the survey were issued early in FY 2004. Overall, the survey found that participants had a very positive view of the BPAO program, giving a satisfaction rating of 89 percent excellent, very good or good. Benefits specialists received high ratings for the quality of service they provided when counseling program participants. Respondents’ recollection of work activity indicated that benefits counseling had helped. Before counseling, 28 percent of respondents said they were working. After counseling, 47 percent of the respondents reported they were working.

Library Bookmark Pilot

The Library Bookmark Pilot is designed to increase awareness and use of Social Security online services by disseminating bookmarks that contain Social Security’s new website address, www.socialsecurity.gov, to over 900 libraries in Pennsylvania, Maryland, Delaware and the District of Columbia. As part of the evaluation of the Library Bookmark Pilot, the SSA staff developed an online marketing survey to gather information about the public’s use of Social Security’s website. The online survey went live on December 31, 2003 and as of January 31, 2004 956 responses to the online marketing survey were received. Of the respondents, 3 percent indicated the respondent

came to SSA's website after having acquired a bookmark at a library. As part of the pilot, library seminars on Social Security online services began in January 2004.

Strategic Goal: To ensure superior Stewardship of Social Security programs and resources

Survey of Social Security Check Recipients

SSA conducted a survey in the fall of 2002 with 729 title II and 643 title XVI paper check recipients. The survey addressed issues related to satisfaction with the receipt and negotiation of paper checks, and ownership and use of financial accounts. It also solicited reasons for nonparticipation in direct deposit.

Among the findings were that reasons for direct deposit nonparticipation varied somewhat by program, but the primary reason for both was that it was "important to me to see the paper check." This accounted for 52 percent of title II and 34 percent of title XVI responses. The next most frequently cited reasons were, "don't want bank account," and, "Can't afford bank account." Overall, the survey found that paper check recipients in both programs have little motivation to switch to direct deposit. Equally important, the survey found that dealing with financial accounts and institutions is not a barrier that has to be surmounted for the majority of respondents.

In September 2004 the Treasury Department launched GO Direct, a program directed specifically toward Social Security and SSI beneficiaries and recipients, to encourage the use of direct deposit. The Treasury currently issues more than 13 million benefit checks each month. If these were converted to direct deposit, it would save the federal government about \$100 million each year. It costs around 62 cents more to issue a paper check than it does a payment by direct deposit. While SSA was unable to be a full partner in the GO Direct campaign because of other workforce commitments, it serves in an advisory capacity and fully supports the campaign. In addition to the savings accrued to the Treasury Department, it has been shown that beneficiaries are 30 times less likely to have a payment receipt problem with direct deposit than with a check. By the end of FY 2004, direct deposit rates for beneficiaries residing in the United States were at 78 percent. International direct deposit initiatives have also been highly successful with participation at 76 percent as of July 2004.

Retirement, Survivor, Disability Insurance (RSDI) Stewardship Review

The RSDI (or OASDI) payment accuracy (stewardship) review is based on a monthly sample of Social Security (Title II) cases randomly selected from the RSDI payment rolls, consisting of all beneficiaries in current payment status. The sampled cases (1,000 Retirement or Survivor Insurance cases and 500 Disability Insurance cases per year) are reviewed for non-medical factors of eligibility and, in each case, the beneficiary or representative payee is interviewed, collateral contacts are made, as needed, and all factors of eligibility are redeveloped as of the current sample month. The stewardship data are reported on a fiscal year basis (targeted for June 30 of the year following the year of review) and provide an overall accuracy measurement of payments to all beneficiaries currently on the RSDI payment rolls. Accuracy rates (percent of dollars paid that are free of overpayments and the percent free of underpayments) are reported for an overall RSDI accuracy rate as well as separate accuracy rates for RSI and DI cases. The Stewardship review findings provide the basis for reports to Congress and other monitoring authorities. In addition, the Social Security Annual Performance Plan includes the RSDI stewardship payment accuracy measure as one of the strategic objectives to which the Agency is committed.

Overall, the FY 2003 accuracy rate was 99.76 percent for overpayments and 99.90 percent for underpayments. Comparable accuracy rates for FY 2002 were 99.87 percent for overpayments and 99.92 percent for underpayments. The changes in payment accuracy from FYs 2002 to 2003 are not statistically significant.

Errors related to improper imposition of workers compensation offset provisions continued to be the leading cause of underpayment error. SSA has been proactive in its efforts to prevent and correct workers compensation payment problems. Through FY 2003, staff had reworked more than 312,000 workers compensation cases where workers compensation offset had been removed. In FY 2004 Title II redesign features provided automated tools to assist in the cleanup efforts. The Title II Release 3 software implemented in June 2004 included additional aids for processing workers compensation cases.

SSI Stewardship Review

The SSI payment accuracy (stewardship) review is based on a monthly sample of SSI (Title XVI) cases randomly selected from the SSI payment rolls, consisting of all recipients in current payment status. The sampled cases are reviewed for non-medical factors of eligibility and, in each case, the recipient or representative payee is interviewed (usually during in-home visits), collateral contacts are made, as needed, and all factors of eligibility are redeveloped as of the sample month. The stewardship data are reported on a fiscal year basis (targeted for June 30 of the year following the year of review) and provide an overall accuracy measurement of the payments to all recipients currently on the SSI payment rolls. The Agency prepares two accuracy rates – percent of dollars paid that are free of overpayments and the percent free of underpayments – that are reported, one excludes preventable overpayments/underpayments and one includes preventable overpayments/underpayments. The stewardship review findings provide the basis for reports to Congress and other monitoring authorities. In addition, the Social Security Annual Performance Plan includes the SSI stewardship payment accuracy measure as one of the strategic objectives to which the Agency is committed.

SSA reviewed 5,079 cases for the review, from an SSI population of about 6.9 million individuals. In FY 2003 there were a projected \$2.2 billion in overpayments in the universe of \$35.7 billion in payments. Excluding unpreventable overpayments, the FY 2003 accuracy rate is 93.9 percent. The comparable rate for FY 2002 was 93.4 percent. The difference is not statistically significant. Excluding unpreventable errors, the FY 2003 payment accuracy for underpayments is 98.8 percent. The comparable rate for FY 2002 was 98.6 percent. The difference also is not statistically significant.

As in earlier years, financial accounts and wage errors are the two major error categories, representing approximately two-fifths of the deficiency dollars. In an effort to reduce financial account deficiencies, the SSA continues to pursue an interface that would match financial institutions' accounts with SSI recipients' records. To address the perennial issue of wage deficiencies, a pilot to evaluate the potential of recipient monthly wage reporting by telephone was completed.

Between May and December 2003, a total of 1,341 volunteers participated in the SSI Monthly Wage Reporting Pilot by making one or more wage reports using a new automated telephone system. There were 688 SSI recipients, 636 deamors and 17 participants who were both recipients and deamors (disabled adults who were the parents of disabled children). These individuals had the option of speaking their reports or keying them in using a touch-tone keypad. The greatest hurdle was leading potential participants through a two-step password registration process, which half who attempted were unable to negotiate. The 1,341 who were successful required a good deal of assistance from their local field office. In the future SSA plans to offer knowledge-based authentication as an alternative to password authentication.

The pilot found that 15 percent of the volunteers reported for only 1 or 2 months, while 83 percent of the remaining pilot participants reported every month without interruption. The dollar accuracy of reported wages was 92.2 percent. (In contrast, the dollar accuracy of the wage estimates on the Supplemental Security Record (SSR) before the reports was 75.5 percent.) In addition, 68 percent of the wage reports were exactly the same as the verified amount (in contrast, only 9 percent of the wage estimates on the SSR before the report was made were exactly the same as the verified amount), 14 percent of the reports would have resulted in the generation of an alert to be resolved by field office wage development (in contrast, 50 percent of the estimates on the SSR, before the report was made, would have resulted in the generation of the alert). The pilot findings were about the same for SSI recipients and deamors.

Based on the pilot results, SSA estimates that approximately \$200 in annual SSI overpayments would be prevented for every person who would reports wages monthly. It is also estimated that approximately \$400 in annual SSI underpayments would be prevented for every person who reports wages monthly. If 10,000 people participated, \$2 million in overpayments and \$4 million in underpayments would be prevented. The error prevention should exceed the \$2 to \$3 million a year it would cost to offer SSI monthly wage reporting to the general SSI population.

Strategic Goal: To achieve Solvency and ensure Social Security programs meet the needs of current and future generations

Public Understanding Measurement System Survey (PUMS)

In the last quarter of FY 2004, SSA conducted a new survey of public knowledge to help the Agency understand what the public knows about important Social Security issues. The findings from this PUMS survey help us to better understand the public's knowledge of Social Security programs and related issues, and to gauge the public's awareness and use of the Social Security Statement.

Annual Report of the Supplemental Security Income Program

In the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), the Congress required the Commissioner of Social Security to report annually to the President and to the Congress on the status of the Supplemental Security Income (SSI) program. A required element of these reports is to provide projections of program participation and costs through at least 25 years. The FY 2004 report is the eighth of such reports, and following are its major findings.

By 2028, the end of the 25-year projection period, the Federal SSI recipient population is estimated to reach 8.5 million. The projected growth in the SSI program over the 25-year period is largely due to the overall growth in the U.S. population. The rate of participation is projected to vary somewhat by age group, with the overall participation of the 65 or older age groups projected to decline and the participation of the under 65 age groups projected to increase slightly. Expressed as a percentage of the total U.S. population, the number of Federal SSI recipients remained essentially level at 2.2 percent in 2003, and is projected to increase gradually to 2.4 percent of the population by 2028. Federal expenditures for SSI payments in calendar year 2004 are estimated to increase by \$1.7 billion to \$34.7 billion, an increase of 5.2 percent from 2003 levels.

In constant 2004 dollars, Federal expenditures for SSI payments are projected to increase to \$43.8 billion in 2028, a real increase of 1.0 percent per year. When compared to the Gross Domestic Product (GDP), Federal SSI expenditures are projected to decline over time, from the current level of 0.30 percent of GDP in 2003 to 0.24 percent of GDP by 2028.

These findings are used by both the Legislative and Executive branches of Government to assess the solvency of the SSI program, as well as to propose and enact legislation with regard to the program's future and its relation to the American economy.

The 2004 Annual Report of the Board of Trustees of the Federal OASI and DI Trust Funds

The Board of Trustees reports each year on the current and projected financial condition of the Social Security program, which is financed through two separate trust funds. The Old-Age and Survivors Insurance (OASI) Trust Fund pays monthly benefits to retired workers and their families and to survivors of deceased workers. The Disability Insurance (DI) Trust Fund pays monthly benefits to disabled workers and their families.

The report on the current financial status of the funds includes an accounting of the actual income and expenditures for the last year. The projections for future years reflect the Trustees' considered judgment about all the demographic, economic, and program factors that affect income and expenditures. Projections are presented separately for the next 10 years (the short range) and for the next 75 years (the long range). All projections are based on current Social Security law and do not anticipate any future changes that Congress might make.

The OASI and DI Trust Funds, individually and combined, are adequately financed over the next 10 years under the intermediate assumptions. The combined assets of the OASI and DI Trust Funds are projected to increase from \$1,531 billion at the beginning of 2004, or 306 percent of annual expenditures, to \$3,584 billion at the beginning of 2013, or 442 percent of annual expenditures in that year. Combined assets were projected in last year's report to rise to 309 percent of annual expenditures at the beginning of 2004, and 461 percent at the beginning of 2013.

Under the intermediate assumptions the combined OASI and DI Trust Funds are projected to become exhausted in 2042. For the 75-year projection period, the actuarial deficit is 1.89 percent of taxable payroll, 0.03 percentage point smaller than in last year's report. The open group unfunded obligation for OASDI over the 75-year period is \$3.7 trillion in present value, \$0.2 trillion more than the obligation estimated a year ago.

The OASDI annual cost rate is projected to increase from 11.07 percent of taxable payroll in 2004, to 16.83 percent in 2030, and to 19.29 percent in 2078, or to a level that is 5.91 percent of taxable payroll more than the projected

income rate for 2078. Expressed in relation to the projected gross domestic product (GDP), OASDI cost is estimated to rise from the current level of 4.3 percent of GDP, to 6.3 percent in 2030, and to 6.6 percent in 2078.

Between about 2010 and 2030, OASDI cost will increase rapidly due to the retirement of the large baby-boom generation. After 2030, increases in life expectancy and relatively low fertility rates will continue to increase Social Security system costs, but more slowly. Annual cost will exceed tax income starting in 2018 at which time the annual gap will be covered with cash from redeeming special obligations of the Treasury, until these assets are exhausted in 2042. Separately, the DI fund is projected to be exhausted in 2029 and the OASI fund in 2044.

The combined OASDI Trust Funds are projected to become insolvent (i.e., unable to pay scheduled benefits in full on a timely basis) when assets are exhausted in 2042 under the long-range intermediate assumptions. For the trust funds to remain solvent throughout the 75-year projection period, the combined payroll tax rate could be increased during the period in a manner equivalent to an immediate and permanent increase of 1.89 percentage points, benefits could be reduced during the period in a manner equivalent to an immediate and permanent reduction of 12.6 percent, general revenue transfers equivalent to \$3.7 trillion (in present value) could be made during the period, or some combination of approaches could be adopted. Significantly larger changes would be required to maintain solvency beyond 75 years.

The full report is transmitted to the Congress annually, which then uses its legislative authority to adjust benefits amounts, payments to the trust funds, and/or entitlement factors.

Strategic Goal: To strategically manage and align Staff to support SSA's mission

The Human Capital and Future Workforce Transition Plans

A December 2000 analysis projected that during the ensuing decade approximately 37 percent of SSA's workforce will retire. This "retirement wave," without careful long-range human resource planning, will affect the Agency's ability to deliver service to the public and will result in a significant drain in institutional knowledge. To counter this, in December 2003 SSA released its Human Capital Plan, which contains the Agency's comprehensive human capital strategy for recruiting, developing and retaining a high-performing workforce. The plan identifies specific, measurable steps to be undertaken to ensure that this occurs, identifying five key areas where activities should be measured in order to determine Agency success in achieving human capital results. The five areas are: Strategic Alignment; Workforce Planning; Workforce Development and Knowledge Management; Performance Culture; and Leadership.

The means by which SSA tracks progress towards meeting the Human Capital Plan goals, resides in the Future Workforce Transition Plan. Quarterly status reports track Agency progress in meeting the goals. Both plans are aligned with SSA's mission, goals and organizational objectives and play a vital role in helping to manage the Agency's human capital activities and performance.