

# Overview of Key Performance Indicators, Goals and Results

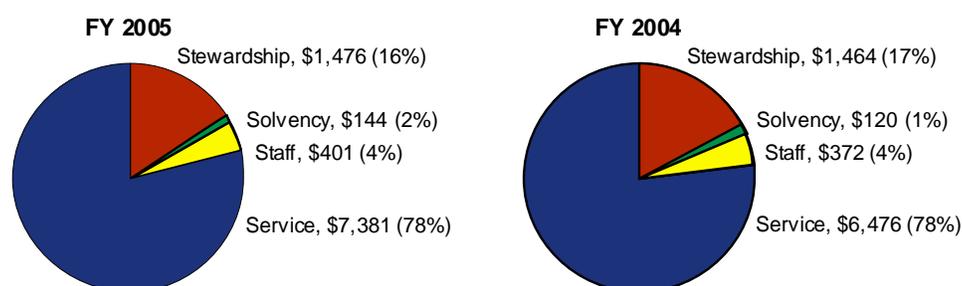
## FY 2005 Overview of Performance

In early 2003, the Social Security Administration (SSA) published its *Agency Strategic Plan* for fiscal years (FY) 2003 through 2008. The Strategic Plan reflects the priorities and direction of SSA's Commissioner and the Administration, setting the Agency's course for achieving measurable results that improve American lives. The Plan's four strategic goals — **SERVICE, STEWARDSHIP, SOLVENCY** and **STAFF** — drive objectives and outcomes that help support the Agency's mission and provide the framework for allocating Agency resources. They articulate the challenge of giving the public the service they deserve; improving program integrity through financial stewardship; supporting reforms to ensure sustainable solvency for future generations; and maintaining the quality staff SSA needs to provide service and stewardship.

The following figures represent the portion of the Agency's FY 2005 operating expenses used in support of each goal:

1. To deliver high-quality, citizen-centered **SERVICE**—78 percent
2. To ensure superior **STEWARDSHIP** of Social Security programs and resources—16 percent
3. To achieve sustainable **SOLVENCY** and ensure Social Security programs meet the needs of current and future generations—2 percent
4. To strategically manage and align **STAFF** to support Social Security's mission—4 percent

**Operating Expenses by Strategic Goal**  
(\$ millions)

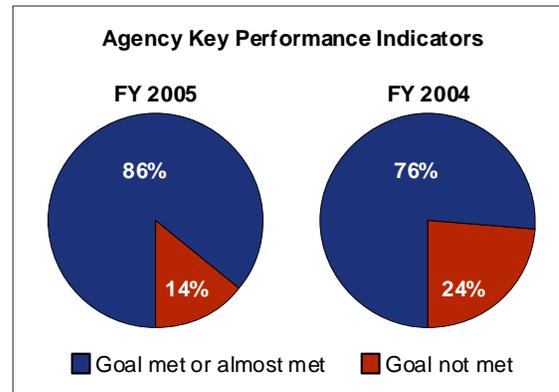


Every year SSA's *Annual Performance Plan* (APP), which is included in the Agency's performance budget, describes how SSA will strategically achieve better performance, accountability, effectiveness, and efficiency in a given FY. It specifies performance targets by which progress toward Agency goals and objectives can be measured. One purpose of this *FY 2005 Performance and Accountability Report* (PAR) is to document the Agency's accomplishments for each of the 42 *Government Performance and Results Act* (GPRA) performance measures specified in the APP's revised final plan for FY 2005.

Of the 42 GPRA performance measures, 14 have been designated as key performance indicators (KPIs). These 14 indicators, described on the following pages, were selected because they portray the Agency's efforts to address

the challenges it faces as the Federal agency with one of the largest budgets in Government. Also, performance data for these indicators is available immediately after the close of the FY. Having complete and accurate data for the KPIs is essential for SSA's Office of the Inspector General (OIG) to determine the reliability of the Agency's data. (See OIG's FY 2005 report in a later section of this PAR.)

In FY 2005, SSA met its performance goals for 10 of the 14 key performance indicators; almost met the goals for 2; and did not meet the goals for 2 indicators. The percentage of goals met or almost met for the KPIs comes to 86 percent. The Agency did not meet 2 of its goals, which represents 14 percent of the performance measures where actual data were available. This compares favorably to the Agency's FY 2004 performance in which it met or almost met 76 percent of its key performance indicator goals. The assessment category of *almost met* recognizes results that were very close—determined to be 95 percent of the goal or better. A list of all 42 performance measures and goals, also referred to as targets, can be found in the *Performance Section* of this report beginning on page 59. Historical information for each performance indicator, where applicable, is also shown, along with a narrative as to Agency performance for each measure.



The following tables list FY 2005 KPI achievements by the first three strategic goals—**SERVICE, STEWARDSHIP** and **SOLVENCY**. There is a later discussion of the **STAFF** goal, for which no key indicators were designated in FY 2005. Note that for goals stated in whole numbers, actual numbers have been rounded to the nearest whole number using the standard rounding convention of rounding up numbers that are .5 or higher and rounding down those that are .4 or less. In instances where the goal is shown as a decimal, the actual number is also reported as a decimal.

**Key:**

- ↑ **Target met**
- ↗ **Target almost met (within 95 percent of the goal)**
- ↓ **Target not met**

**Strategic Goal 1: SERVICE**  
*To deliver high quality, citizen-centered SERVICE*

Key Performance Indicator	FY 2005 Goal	FY 2005 Actual	Goal Met?	See Page# <sup>1</sup>
1.1a Number of initial disability claims processed by the Disability Determination Services (DDS)	2,677,000	2,617,231 <sup>2</sup>	↗	67
1.1b Maintain the number of initial disability claims pending in the DDS (at or below the FY 2005/2006 goal)	592,000	560,529	↑	68
1.1c Number of SSA hearings processed	525,000	519,359 <sup>3</sup>	↗	69

<sup>1</sup> More detailed information can be found in the *Performance Section* on the pages cited in the chart above.  
<sup>2</sup> The volume of initial disability claims received was lower than anticipated and DDSs were unable to maintain previous levels of productivity due to the transition to electronic disability (eDib).  
<sup>3</sup> Resources were redirected to processing Medicare only hearings to expedite the transfer of that workload to CMS.

**Strategic Goal 1: SERVICE***To deliver high quality, citizen-centered SERVICE*

Key Performance Indicator	FY 2005 Goal	FY 2005 Actual	Goal Met?	See Page# <sup>1</sup>
1.1d Maintain the number of SSA hearings pending (at or below the FY 2005/2006 goal)	714,000	708,164	↑	69
1.1f Average processing time for initial disability claims	93 days	93 days	↑	71
1.1g Average processing time for hearings	442 days	415 days	↑	72
1.3d Increase the usage of electronic entitlement and supporting actions	120% growth (649,482)	471.1%	↑	81
1.3e Increase the percent of employee reports (W-2 forms) filed electronically	60%	66%	↑	82
1.3f Percent of individuals who do business with SSA rating the overall service as “excellent,” “very good,” or “good”	83%	85%	↑	83

SSA is committed to delivering the **SERVICE** the public expects, including a measure of economic security. The Agency’s service also includes consideration of accuracy, productivity, cost, timeliness and overall public satisfaction. Changes in demographics, medical and technological advances, and other related environmental factors have affected service delivery, particularly with respect to disability programs. The Agency is responsible for continually assessing its programs in the context of societal trends and looking for better, more efficient ways to meet the needs of current and future beneficiaries.

Each claim for benefits that is processed by SSA translates into a decision, and in turn a payment to a claimant or a notice of denial of benefits. Each transaction that SSA processes electronically translates into savings for both the Government in terms of time and money, as well as to a member of the public in terms of increased assurance that the individual has received accurate and timely service—whether it be a posting to an earnings record, a change of payment address, or the verification of a Social Security Number.

Among the nine KPIs related to the **SERVICE** goal, the Agency met/almost met all of the goals. The two that were almost met, *Number of initial disability claims processed by the Disability Determination Services*, and *Number of SSA hearings processed*, were not fully met because:

- The volume of initial disability claims received was lower than anticipated and DDSs were unable to maintain previous levels of productivity due to the transition to eDib; and
- Resources were redirected to processing Medicare only hearings to expedite the transfer of that workload to The Centers for Medicare & Medicaid Services (CMS).

## Strategic Goal 2: STEWARDSHIP

*To ensure superior STEWARDSHIP of Social Security programs and resources*

Key Performance Indicator	FY 2005 Goal	FY 2005 Actual	Goal Met?	See Page# <sup>4</sup>
2.1a Supplemental Security Income (SSI) non-disability redeterminations	1,696,000	1,724,875	↑	85
2.1b Periodic CDRs processed	1,384,000	1,515,477	↑	86
2.4b DDS cases processed per workyear (PPWY)	278	260 <sup>5</sup>	↓	96
2.4g Get to “green” on four of the five President’s Management Agenda (PMA) initiatives	“Green” on four of five PMA initiatives	“Green” on three of five PMA initiatives	↓	100

Individuals who contribute to the Social Security program through payroll deductions and self-employment taxes, and pay income taxes that support the SSI program, need assurance that these dollars are properly managed. The individuals receiving benefits must be guaranteed their payments are accurate and received timely. Taxpayers deserve the assurance that benefits are not paid to ineligible individuals and that administrative dollars are spent in the most efficient manner.

Among the four KPIs related to the **STEWARDSHIP** goal, Social Security met two and did not meet two of the goals. The goal related to *DDS cases processed per workyear (PPWY)* was not met due to training, the learning curve and transition to new business processes with the implementation of the new electronic disability (eDib) claims process.

## Strategic Goal 3: SOLVENCY

*To achieve sustainable SOLVENCY and ensure Social Security programs meet the needs of current and future generations*

Key Performance Indicator	FY 2005 Goal	FY 2005 Actual	Goal Met?	See Page#
3.1a Provide support to the Administration and Congress in developing legislative proposals and implementing reforms to achieve sustainable solvency for Social Security	Conduct analysis for the Administration and Congress on key issues related to implementing Social Security reforms	Completed	↑	102

The Nation’s population is growing older, with profound, long-term effects on the solvency of Social Security programs as provided for by current law. According to the Social Security’s Board of Trustees *2005 Annual Report*, the Comptroller General of the United States, and the Chairman of the Federal Reserve, Social Security is unsustainable over the long term at present payroll tax and scheduled benefit levels.

<sup>4</sup> More detailed information can be found in the *Performance Section* on the pages cited in the chart above.

<sup>5</sup> SSA was not able to meet this goal due to training, the learning curve and transition to new business processes with the implementation of the new eDib claims process. More detailed information can be found in the *Performance Section* on page 96.

Social Security has met the goal for this key performance indicator. The research and analysis that the Agency conducts on behalf of the Administration and Congress provides objective information needed to support or augment various proposals for reform.

#### **Strategic Goal 4: STAFF**

##### ***Strategically manage and align STAFF to support Social Security's mission***

Social Security's most critical asset in continuing to maintain a high level of service is the excellence of its workforce. While it is anticipated that more than a third of SSA's employees will be retiring in the coming years, with workloads expected to grow dramatically as the baby boom generation approaches their peak disability and retirement years, SSA continues to develop effective strategies to ensure that the Agency maintains a high performing workforce to deliver quality service. SSA strives to implement effective strategies that promote superior employee performance and encourage employee retention.

As mentioned previously, the **STAFF** performance indicator is not among the KPIs in FY 2005. This in no way reflects on the importance of the Agency's dedicated employees—the *key* enablers who support the overall Agency mission, goals and high public service standards.

Electronic versions of the documents discussed can be viewed at the following Internet addresses:

SSA's 2003-2008 Strategic Plan can be found at:  
<http://www.socialsecurity.gov/strategicplan.html>

SSA's FY 2006 APP/Revised Final FY 2005 APP can be found at:  
<http://www.socialsecurity.gov/performance/>

For a paper copy of either SSA's Strategic Plan or Annual Performance Plan, write to:

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

## **Performance Factors**

**President's Management Agenda (PMA):** SSA made significant progress in FY 2005 in support of the PMA in the following areas: Expanded Electronic Government, Competitive Sourcing, Improved Financial Performance, Budget and Performance Integration, and Strategic Management of Human Capital. SSA incorporated the PMA initiatives into its strategies for achieving the Agency's mission and strategic goals. Multi-year plans for achieving the goals of all five PMA initiatives were developed. A detailed discussion of SSA's achievements can be found beginning on page 46.

**Program Assessment Rating Tool (PART):** The PART is an Office of Management and Budget (OMB) developed diagnostic tool used to examine different aspects of program performance to identify the strengths and weaknesses of a given Federal program. The OMB selected the Disability Insurance and SSI Aged programs during its initial assessment period in 2002, 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 2004, OMB combined the SSI Aged, Blind and Disabled programs for the President's FY 2006 Budget.

By the end of 2004, SSA had evaluated 75 percent of its programs. SSA did not have any new programs evaluated in FY 2005. Refer to page 106 of the *Performance Section* for PART performance measure results.

**Financial and Performance Integration:** SSA has worked diligently to emphasize the relationship between resources and results. The programs in this area included the Commissioner's multi-year Service Delivery Budget Plan, which provides a context for making decisions on needed improvements in service delivery, fiscal Stewardship, and the requisite staffing to accomplish both. The budget plan was developed as a multi-year plan to demonstrate the resources required to keep up with core workloads, process special workloads, eliminate backlogs of disability claims, hearings and appeals, and other operational workloads, and to improve productivity and fiscal stewardship.

The Service Delivery Budget Plan aligns costs and workyears with overarching performance goals in the Agency's Strategic Plan. For example, the initial Service Delivery Budget Plan identified the resources required to eliminate backlogs by the end of FY 2008 and took into account savings for efficiencies that the Agency expects to achieve from process and technology changes. The Agency was able to show, each year through FY 2008, the costs of reducing backlogs or simply keeping up with workloads. Agency accounting and cost analysis systems, which track the fully loaded administrative costs of SSA programs by workload, as well as employee production rates, were invaluable tools in helping develop projections.

SSA is also improving its core budget formulation system, and developing an automated system that will build on the current financial performance and management information systems. It will enable the Agency to better project how resource changes affect various workloads, outputs and outcomes. For instance, in response to a Congressional inquiry, the Agency used unit cost information to show how many fewer disability claims would be processed if the President's FY 2004 budget were not fully funded. Further, SSA has demonstrated a macro budget formulation model which helps to estimate what level of performance to expect at different levels of funding and productivity.

The Agency budget clearly defines performance commitments, both in terms of the public service and program integrity workloads that the Agency will handle and the outcomes it expects to achieve. SSA plans and budget activities reflect evaluation and feedback from the Congress, the Social Security Advisory Board, the Government Accountability Office (GAO), and SSA's OIG. Accountability is clearly defined for major Agency initiatives and workloads, and productivity and/or process improvements are built in. Agency executives meet on a monthly basis to review and discuss performance measures; resource allocation decisions are made based on performance and projected workloads. Furthermore, results from the PMA are integrated into the Agency's decision-making process, and are included in budget justification materials.

**Major Management Challenges:** The Agency also took action to address the Major Management Challenges identified by the GAO and SSA's OIG. The *Agency Challenges* section of this report, which begins on page 23, outlines these major challenges and the steps SSA has taken to address these issues.

## Data Quality

Social Security is committed to providing clear, reliable data for managerial decision-making and oversight. SSA strives to ensure that its data is quantifiable and verifiable. Internal management controls are in place that reflect the insights and directives provided by the Agency's OIG and the GAO. These controls, which include ongoing data quality reviews, as well as reviews at all levels of management, audit trails, restricted access to sensitive data and separation of responsibilities, are designed to safeguard the integrity and quality of Social Security's vast data resources. The controls provide assurances that data in this PAR contain no material inadequacies, and further allow the Commissioner to certify that, with reasonable assurance, Social Security is in compliance with the provisions of the *Federal Managers' Financial Integrity Act of 1982*.

**Social Security Data Integrity Systems and Controls:** Performance data for the APP's quantifiable measures, including the budgeted output measures, are generated by automated management information and workload measurement systems as a by-product of routine operations. The performance data for several accuracy and public

satisfaction indicators comes from surveys and workload samples designed to achieve very high levels of statistical validity—usually with a 95 percent confidence level.

The Agency's Office of Quality Assurance and Performance Assessment performs stewardship reviews and reports on the quality of the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. The reviews will continue to be the primary measure of quality for Agency performance and provide the basis for reports to Congress and other monitoring authorities. The reviews provide an overall accuracy measurement of payments to all Social Security beneficiaries that are based on monthly sample selections from Social Security records consisting of beneficiaries currently receiving benefits. For each sampled case, Social Security interviews the recipient or representative payee, makes other contacts as needed, and redevelops all non-medical factors of eligibility.

The Office of Quality Assurance (OQA) has initiated a newer evaluation process to provide more current and useable quality feedback on recently processed OASDI cases. This process also includes SSI claims and redeterminations. The process, known as *Transaction Accuracy Reviews*, focuses on field office and program service center quality. It relies on the case processing procedures as defined by the Agency's *Program Operations Manual System* instructions. When these instructions have not been followed and further development of the case is required, the OQA makes a personal contact with the claimant or representative payee to bring the issue in question into compliance with the instructions and to determine whether there is any effect on payments. If an error is apparent from the material in the field office file and does not require any further development, the OQA reviewer cites an error and determines the effect on payment. Quality feedback is provided to the office that processed the case. The review samples a total of about 20,000 cases annually—10,000 for each of the OASDI and SSI programs. These reviews produce national and regional data on the quality of approximately 5 million OASDI claims, as well as 4.2 million SSI claims, redeterminations and other actions processed each year.

In addition, based on the findings, targeted reviews focus on specific problems that are identified at the national or regional level. Targeted samples are not limited to *Program Operations Manual System* compliance standards, but depend on the nature of the issue. Problem areas identified during the review drive the selection of topics for these targeted reviews of 8,000 cases annually—4,000 for each of the OASDI and the SSI programs. The selections are distributed in proportion to the size of the recipient population of each Social Security region.

Assessment visits to field offices comprise a third element of the review. In conjunction with the Regional Commissioners, Regional Offices of Quality Assurance staff conduct field assessment visits to identify where work process improvements can be made. Reports are provided every 6 months, covering a rolling 12 month review period.

**Performance Report:** The annual PAR is used to report Agency progress in meeting the goals of the *Government Performance and Results Act of 1993*. This FY 2005 PAR describes the Agency's comprehensive review of management and security controls for administrative and programmatic processes as well as accounting controls in its financial management systems.

Also discussed are the results of the audit of the FY 2005 financial statements and internal controls by PricewaterhouseCoopers (PwC), an independent accounting firm. The Agency uses the results of such reviews and assessments to take action to ensure that appropriate controls are in place to prevent unauthorized systems access and to increase confidence in the reliability of performance data.

**Role of Social Security's OIG:** OIG plays a key role in auditing performance measure data systems to determine if they are reliable and that data are useful and relevant to policy decision-making. OIG annually audits a number of Social Security's performance measures and corresponding performance data. In FY 2005, OIG initiated a review of 16 GPRA performance measures reported in the Agency's FY 2004 PAR. The OIG's contractor, PwC, performed the work, and their objectives were to:

- Assess the effectiveness of internal controls and test critical controls over the data generation, calculation, and reporting processes for the specific performance indicator.

- Assess the overall reliability of the performance indicator's computer processed data. Data are reliable when they are complete, accurate and consistent, and are not subject to inappropriate alteration.
- Test the accuracy of results presented and disclosed in the *Fiscal Year 2004 Performance and Accountability Report*.
- Assess if the performance indicator provides a meaningful measurement of the program it measures and the achievement of its stated objective.

Of the 16 audited GPRA performance measures, as of the end of FY 2005, OIG had only issued final audit reports for seven of the measures. Of these seven measures, the OIG found the data for one of the measures to be reliable while the data for six of the measures were not reliable. The OIG concluded that the reasons the data was considered unreliable included: SSA employees with excessive system access rights to the datasets used to calculate the results of the performance indicators; and data retention limitations for the detailed data used to calculate the performance indicator results.

SSA has already implemented or agreed to implement a majority of the audit recommendations. In addition, the Agency provided a rationale concerning the recommendations with which it did not agree. For example, in response to the audit findings related to data retention the Agency cited *OMB Circular A-11, Section 230.2 (f)*, "Assessing the Completeness and Reliability of Performance Data," the "Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data possible will exceed the value of any data so obtained." Due to system limitations, the Agency cannot maintain a full FY's worth of detailed-level data related to several of its performance measures. In addition, the Agency believes that the cost for the additional systems storage would outweigh the return-on-investment.

In response to the FY 2004 GPRA audit observations made by the OIG, SSA is:

- Using a risk-based approach to evaluate access rights for all its programmatic and administrative systems. The systems identified as most tempting for high-risk activity have been successfully secured.
- Working to improve the overall documentation for performance measures which are not defined as "Key Performance Indicators."
- Coordinating with performance measures owners to ensure that the measures are results oriented and show progress against strategic objectives and goals.

**Audit of SSA's FY 2005 Financial Statements:** In accordance with the *Chief Financial Officer's Act of 1990*, SSA's financial statements were independently audited by PwC. The objective of this audit was to determine whether the financial statements present fairly, in all material respects, the financial position of the Agency. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. The PwC audit report can be found in the *Financial Section* of this FY 2005 Performance and Accountability Report.