

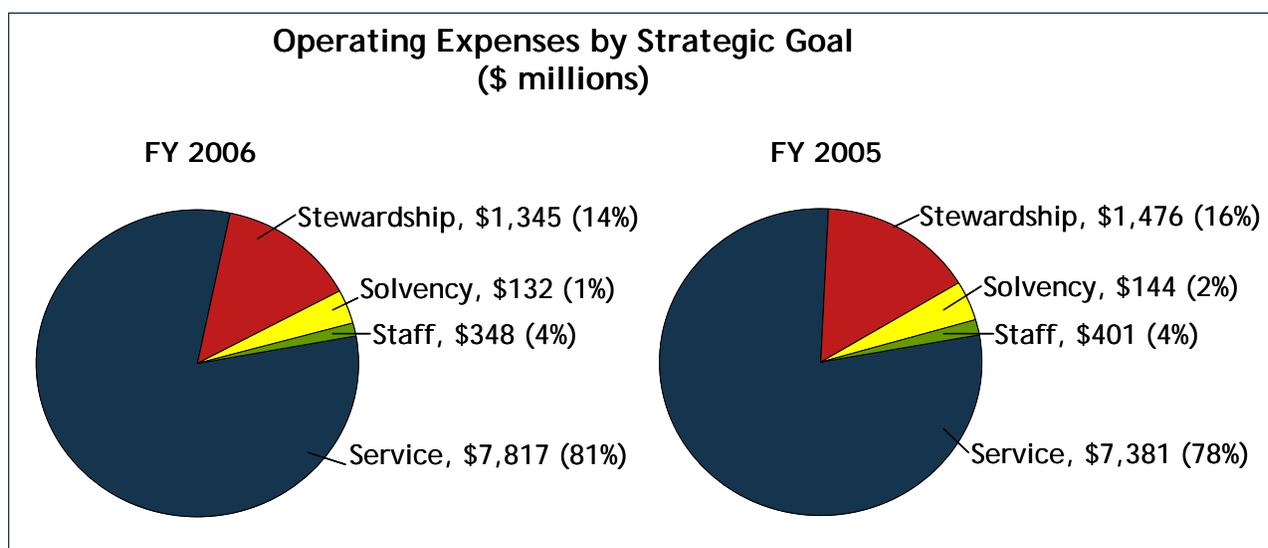
# Overview of Key Performance Indicators, Goals and Results

## FY 2006 Overview of Performance

In January 2006, the Social Security Administration (SSA) published its *Agency Strategic Plan (ASP)* for fiscal years (FY) 2006 through 2011. The ASP 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 ASP'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 2006 operating expenses used in support of each goal:

- To deliver high-quality, citizen-centered **SERVICE** -- 81 percent
- To protect the integrity of Social Security programs through superior **STEWARDSHIP** -- 14 percent
- To achieve sustainable **SOLVENCY** and ensure Social Security programs meet the needs of current and future generations -- 1 percent
- To strategically manage and align **STAFF** to support the mission of the Agency -- 4 percent



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 in a given fiscal year. It specifies performance targets by which Agency goals and objectives can be measured. A primary purpose of this *FY 2006 Performance and Accountability Report* (PAR) is to document the Agency's accomplishments for the performance measures specified in the APP for FY 2006.

The *Government Performance and Results Act* (GPRA) requires all Federal agencies to create performance indicators and goals. Of the 39 GPRA performance measures, 15 have been designated as key performance indicators (KPIs). These 15 indicators, described on the following pages, were selected because they characterize the Agency's efforts to address the measurable challenges it faces. Also, performance data for these indicators must be available immediately after the close of the fiscal year. 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 2006 report in a later section of this PAR.)

Performance for many KPIs has improved since FY 2001 based on the Commissioner's established plan for improving the Agency's overall performance and disability process. For example, processing time for initial disability claims decreased from 106 days to 88.4 days. The Agency has also processed a larger volume of work. In FY 2006, the Agency processed 365,641 more initial disability claims, 163,413 more hearings and 696,585 more retirement and survivor claims than were processed in FY 2001.

A list of all 39 performance measures and goals can be found in the *Performance Section* of this report beginning on page 67. Historical information for each performance measure, where applicable, is also shown, along with a narrative about Agency performance for each measure.

The plan to improve disability performance was the introduction of an electronic process called "*eDib*". The *eDib* process was designed to move all organizational components involved in disability claims adjudication and review from the paper-driven process to an electronic business environment. By replacing the paper disability folder with electronic records that are easily accessible to case processing personnel across the country, SSA reduced the delays inherent in the paper process, as well as the expense of shipping and storing folders. *eDib* is a reality in all 50 States—already, 48 States and the territories of Guam, the Virgin Islands, and Puerto Rico are using a fully electronic process, and the remaining States will be fully electronic by the end of December 2006.

SSA is the only Federal agency that commits to and achieves agency-wide productivity improvements. It is clear that investments in SSA yield positive results for the American public. In fact, from FY 2001 through FY 2006, SSA's overall productivity improved by 13.09 percent.

The following tables, showing actual performance levels, group the FY 2006 KPIs according to the strategic goal they support—SERVICE, STEWARDSHIP, SOLVENCY or STAFF.

**Strategic Goal 1: SERVICE**

*To deliver high quality, citizen-centered SERVICE*

Key Performance Indicator		FY 2006 Goal	FY 2006 Actual	See Page # <sup>1</sup>
1.1a	Number of initial disability claims processed by the Disability Determination Services (DDS)	2,663,000	2,532,264	74
1.1b	Maintain the number of initial disability claims pending in the DDS (at or below the FY 2006/2007 goal)	577,000	555,071	75
1.1c	Number of SSA hearings processed	560,000	558,978	75
1.1d	Maintain the number of SSA hearings pending (at or below the FY 2006/2007 goal)	756,000	715,568	76
1.1e	Average processing time for initial disability claims	93 days	88 days <sup>2</sup>	77
1.1f	Average processing time for SSA hearings	467 days	483 days	78
1.3d	Increase the usage of electronic entitlement and supporting actions	300% growth over FY 2004 baseline (2,211,200)	291.8% growth over FY 2004 baseline (2,165,865)	87
1.3e	Increase the percent of employee reports (W-2 forms) filed electronically	70%	75% <sup>2</sup>	89
1.3f	Percent of individuals who do business with SSA rating the overall service as "excellent," "very good," or "good"	83%	82%	90

SSA is committed to delivering service the public expects and deserves. Changes in demographics, medical and technological advances, and other related environmental factors have affected service delivery, particularly with respect to disability programs. The Agency continually assesses its programs and looks for better, more efficient ways to meet the needs of current and future beneficiaries. In FY 2006, the Agency established the first Chief Quality Officer who reports directly to the Commissioner and directs the Agency-wide quality performance management program. The Office of Quality Performance (OQP) focuses on the Agency's five dimensions of quality to improve overall public satisfaction: accuracy, productivity, cost, timeliness and service.

Each claim for benefits that is processed by SSA translates into a decision and, in turn, a payment or a notice of denial of benefits. Each transaction that SSA processes electronically - whether it is a posting to an earnings record, a change of payment address, or the verification of a Social Security Number - translates into savings in terms of time and money.

<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 actual number is rounded to the nearest whole number using the standard rounding convention of rounding up numbers that are .5 or higher and rounding down those .4 or less.

**Strategic Goal 2: STEWARDSHIP***To protect the integrity of Social Security programs through superior STEWARDSHIP*

Key Performance Indicator		FY 2006 Goal	FY 2006 Actual	See Page # <sup>1</sup>
2.1a	Supplemental Security Income (SSI) non-disability redeterminations processed	1,244,000	1,070,822	91
2.1b	Number of periodic CDRs processed to determine continuing entitlement based on disability	1,242,000	1,337,638	92
2.4b	DDS case production per workyear (PPWY)	262	241 <sup>2</sup>	101
2.4g	Get to "green" on the President's Management Agenda (PMA) initiatives status scores	Achieve a status score of "green" on four of five PMA initiatives	Achieved a status score of "green" on four of five PMA initiatives	106

The people of America expect and deserve to know that Social Security will be there when they need it. Whether they are applying for a Social Security number for a new baby or for disability benefits for themselves, they expect and deserve timely service. And, the people of America, who fund the Social Security program through their payroll tax contributions, and fund SSI through their income tax payments, expect and deserve well managed programs providing accurate payments that safeguard their trust.

**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 2006 Goal	FY 2006 Actual	See Page # <sup>1</sup>
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	107

The Nation's population is growing older, causing profound, long-term effects on the solvency of Social Security programs as provided for by current law. According to Social Security's 2006 Annual Report of the Board of Trustees, the Comptroller General of the United States, and the former Chairman of the Federal Reserve, Social Security is unsustainable over the long term at present payroll tax and scheduled benefit levels. The research and analysis that the Agency conducts on behalf of the Administration and Congress provide objective information needed to support or augment various proposals for reform.

<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 actual number is rounded to the nearest whole number using the standard rounding convention of rounding up numbers that are .5 or higher and rounding down those .4 or less.

## Strategic Goal 4: STAFF

*To strategically manage and align STAFF to support the mission of the Agency*

Key Performance Indicator		FY 2006 Goal	FY 2006 Actual	See Page # <sup>1</sup>
4.1a	Minimize skill and knowledge gaps in mission-critical positions	Competency-based entry-level training curriculum will be developed for 100% of the remaining targeted public contact positions - Benefit Authorizers, Claims Authorizers, and Technical Support Technicians	Completed	109

Social Security's dedicated and hardworking employees are critical to maintaining a high level of service. It is anticipated that approximately 40 percent of SSA's employees will be eligible to retire by 2010. Workloads are also expected to grow dramatically as the baby boom generation approaches their peak disability and retirement years. With these factors in mind, SSA continues to develop effective strategies to ensure that the Agency maintains a high performing workforce to deliver quality service. SSA also strives to promote superior employee performance and encourage employee retention through strategic human capital planning. SSA's overall retention rate for all employees for FY 2005 was 93.4 percent compared to 91.6 percent Government-wide.

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

- SSA's *Strategic Plan FY 2006 – FY 2011* can be found at: <http://www.socialsecurity.gov/strategicplan.html>
- SSA's *FY 2007 Annual Performance Plan/Revised Final FY 2006 Annual Performance Plan* 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

SSA continued to make significant progress in FY 2006 in support of the President's Management Agenda (PMA) in the following areas: Expanded Electronic Government, Competitive Sourcing, Improved Financial Performance, Budget and Performance Integration, Strategic Management of Human Capital and the program initiative, Eliminating Improper Payments. SSA has achieved "green" status in four of five PMAs. 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 PMA initiatives were developed. A detailed discussion of SSA's achievements can be found beginning on page 53.

### 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 Disability Insurance and Supplemental Security Income (SSI) programs have been evaluated with PART and were

<sup>1</sup> More detailed information can be found in the *Performance Section* on the pages cited in the chart above.

rated “moderately effective,” the second highest rating. Per the OMB definition, a program rated moderately effective has set ambitious goals and is well-managed. A PART evaluation of the Agency’s Old-Age, Survivors, and Insurance program is underway for the FY 2008 President’s budget.

### Financial and Performance Integration

SSA has worked diligently to emphasize the relationship between resources and results. The progress in this area includes the Commissioner’s multi-year Service Delivery Budget Plan, which provides a context for making decisions on needed improvements in service delivery and fiscal stewardship, and the requisite staffing to accomplish both. The budget plan was developed as a multi-year plan to articulate 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 ASP. 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 expected 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 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. These systems will enable the Agency to better project how resource changes affect various workload levels and outcomes. In addition, SSA has implemented a budget formulation model which helps estimate what level of performance to expect at different levels of funding and productivity.

The Agency’s 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’s plans and budget activities reflect evaluation and feedback from 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. For several years, the integrated Managerial Cost Accountability System (MCAS) and the Social Security Unified Measurement System (SUMS) projects have been important elements of the Agency’s efforts to link costs and results. Agency executives meet on a monthly basis to review and discuss performance measures. Resource allocation decisions are then 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. Major Management Challenges linked to the strategic goal of Service include Managing the Disability Process, Electronic Government, and Service Delivery. Under the strategic goal of Stewardship, the Major Management Challenges include SSI, Information Security, Improper Payments, Performance Measures, Systems Security and Critical Infrastructure Protection. The Major Management Challenge linked to Solvency is to strengthen Social Security. Finally, the Major Management Challenge linked to the strategic goal of Staff includes Management of Human Capital. The *Agency Challenges* section of this report, which begins on page 24, describes these major challenges and the steps SSA has taken, and will continue to take in the future, 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 are quantifiable and verifiable. Internal management controls are in place that reflect the observations 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. SSA also has high security protections in place to protect the Agency's electronic data. SSA is proud that the Agency has not experienced any outside infiltrations of its programmatic mainframes. 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 measures come from surveys and workload samples designed to achieve very high levels of statistical validity—usually with a 95 percent confidence level.

The Agency performs stewardship reviews and reports on the quality of Old-Age, Survivors and Disability Insurance (OASDI) and SSI programs. The reviews 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 Agency uses an evaluation process to provide 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, a personal contact with the recipient or their representative payee is made 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 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. Results from these reviews are extrapolated to 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.

Additionally, based on the findings from these quality reviews, targeted reviews are conducted on specific problems identified at the national or regional level. Targeted reviews are not limited to *Program Operations Manual System* compliance standards, but depend on the nature of the issue. Problem areas identified during the targeted reviews 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, whereby Regional Office staff conducts field assessment visits to identify where work process improvements can be made. Reports are provided every six months, covering a rolling 12-month review period.

## Performance Report

The annual PAR is used to report on the Agency's actual performance for the commitments outlined in the corresponding APP. This FY 2006 PAR also includes 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 2006 financial statements and internal controls by PricewaterhouseCoopers, 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 Office of the Inspector General

OIG plays a key role in auditing performance measure data systems to determine reliability, data utility and relevance to policy decision-making. OIG annually audits a number of Social Security's performance measures and corresponding performance data. In FY 2006, OIG initiated a review of six GPRA performance measures reported in the Agency's FY 2005 PAR and nine performance measures that are being reported in this FY 2006 PAR.

Due to systems limitations, the Agency cannot maintain a full fiscal year'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 Agency's systems limitations, the OIG agreed to implement a real-time auditing approach by reviewing nine GPRA performance measures that are being reported in this FY 2006 PAR. The results of the real-time audit will not be available until early in 2007 and will be reported in the FY 2007 PAR.

The OIG's contractor, PricewaterhouseCoopers LLP, 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 PAR.
- Assess if the performance indicator provides a meaningful measurement of the program it measures and the achievement of its stated objective.

Of the six audited GPRA performance measures reported in the Agency's FY 2005 PAR, the OIG found the following related to the reliability of the computerized data used to calculate the performance measures:

- The computerized data for two of the performance measures were found to be reliable
- The computerized data for two of the performance measures were not available as the current contractor that maintains the performance measure data is not contractually obligated to provide SSA management with access to the data. As a result, the auditors could not conclude on the reliability of the data. It should be noted that management is updating the contract to require the contractor to provide SSA management with a SAS 70 report. The SAS 70 report will provide SSA with an assessment of the contractor's internal controls over data maintained for SSA.
- For one of the performance measures, the calculation of results was not based on computerized data. Therefore, the auditors did not complete an analysis of data reliability for this performance measure.

- For one of the performance measures the auditors found the data to be unreliable because an SSA programmer had direct access rights to the performance measure data. It should be noted that SSA management has since removed the programmer's direct update access

SSA has already implemented or agreed to implement a majority of the audit recommendations. In response to the 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 and internal controls for performance measures.
- Coordinating with performance measures owners to ensure that the measures are results- oriented and show progress in the accomplishment of the Agency's strategic objectives and goals.

### Audit of SSA's FY 2006 Financial Statements

In accordance with the *Chief Financial Officer's Act of 1990*, SSA's financial statements were independently audited by PricewaterhouseCoopers LLP. The objective of this audit was to determine whether the financial statements fairly presented, in all material respects, the financial position of the Agency. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. The PricewaterhouseCoopers LLP audit report can be found in the *Financial Section* of this FY 2006 PAR.