

OVERVIEW OF OUR FY 2011 GOALS AND RESULTS

How We Manage Performance

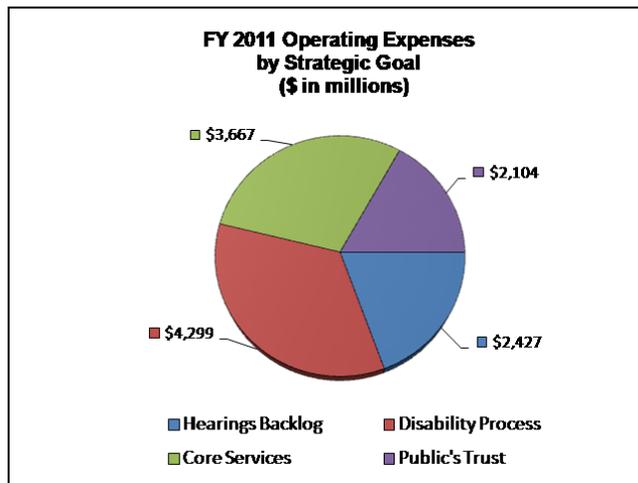
The *Government Performance and Results Act* established the framework for agencies to communicate progress in achieving their missions. We use a performance management framework detailed in our [Agency Strategic Plan](#), available at www.socialsecurity.gov/asp/plan-2008-2013.html to associate our strategic goals with related long-term outcomes and strategic objectives. Our strategic goals are:

- Goal 1: Eliminate Our Hearings Backlog and Prevent Its Recurrence;
- Goal 2: Improve the Speed and Quality of Our Disability Process;
- Goal 3: Improve Our Retiree and Other Core Services; and
- Goal 4: Preserve the Public’s Trust in Our Programs.

Each year, we publish our *Annual Performance Plan*, which outlines our current-year tactical plans for achieving the goals and objectives outlined in our *Strategic Plan*. Our integrated budget and *Annual Performance Plan* demonstrate the connection between requested funding and planned performance. The President’s fiscal year (FY) 2012 budget request included our *Annual Performance Plan for Fiscal Year 2012 and Revised Final Performance Plan for Fiscal Year 2011*, which outlined our performance commitments for FY 2011. Our [FY 2012 budget request](#) is available at www.ssa.gov/budget/2012BudgetOverview.pdf.

The *Agency Performance* section of the *Performance and Accountability Report* completes the cycle by comparing our results to planned performance for each measure contained in the *Annual Performance Plan*. It also provides a full discussion of our program evaluations conducted.

The chart below shows our FY 2011 operating expenses allocated by strategic goal.



OUR PRIORITY GOALS

The President challenged Federal agencies to cut waste, save money, and deliver better service. In response, we identified 4 Priority Goals that we expect to achieve within a 24-month period. Our Priority Goals are aggressive, and support our overarching strategic goals. We regularly review our progress, and take necessary actions to improve our outcomes and reduce costs. We provide more information on our Priority Goal performance in the *Performance Summary of Goals and Results for FY 2011* section on pages 14–17.

Priority Goals	Strategic Goal Each Priority Goal Supports	Priority Goal Targets for FY 2011
<p>Goal 1: Increase the Number of Online Applications for Retirement and Disability</p> <p>The public expects the convenience of online services and we are striving to meet its demand.</p>	<p>Goal 2: Improve the Speed and Quality of Our Disability Process</p> <p>Goal 3: Improve Our Retiree and Other Core Services</p>	<ul style="list-style-type: none"> • Achieve 44 percent of the total retirement claims filed online • Achieve 34 percent of the total initial disability claims filed online
<p>Goal 2: Issue More Decisions for People Who File for Disability</p> <p>We continue to lower the disability backlog, complete claims more accurately, make quicker decisions for people with severely disabling conditions, and reduce the time it takes to receive a hearing decision.</p>	<p>Goal 1: Eliminate Our Hearings Backlog and Prevent Its Recurrence</p> <p>Goal 2: Improve the Speed and Quality of Our Disability Process</p>	<ul style="list-style-type: none"> • Complete 3.273 million initial disability claims • Achieve 5 percent of all initial disability cases identified as a Quick Disability Determination or a Compassionate Allowance • Complete 815,000 hearing requests
<p>Goal 3: Improve Our Customers’ Service Experience on the Telephone, in Our Field Offices, and Online</p> <p>We continue to improve telephone service on our National 800 Number and increase the public’s overall satisfaction with the services they receive.</p>	<p>Goal 3: Improve Our Retiree and Other Core Services</p>	<ul style="list-style-type: none"> • Achieve an average speed of answer rate of 267 seconds on our National 800 Number • Achieve the target busy rate of 6 percent for National 800 Number calls • Achieve our overall service rating of 83.5 percent “excellent,” “very good,” or “good” given by people who do business with us

Priority Goals	Strategic Goal Each Priority Goal Supports	Priority Goal Targets for FY 2011
<p>Goal 4: Ensure Effective Stewardship of Our Programs by Increasing Our Program Integrity Efforts</p> <p>We strengthen program integrity by minimizing improper payments and protecting program dollars from waste, fraud, and abuse.</p>	<p>Goal 4: Preserve the Public's Trust in Our Programs</p>	<ul style="list-style-type: none"> • Complete 329,000 full medical continuing disability reviews • Complete 2.422 million SSI non-disability redeterminations • Achieve 93.3 percent SSI payments free of overpayment error • Achieve 98.8 percent SSI payments free of underpayment error • Achieve 99.8 percent OASDI payments free of overpayment error • Achieve 99.8 percent OASDI payments free of underpayment error

Performance Summary of Goals and Results for FY 2011

The following tables provide a brief overview of our performance for our 33 FY 2011 performance measures. We list the measures based on the goals and objectives they support in our [Agency Strategic Plan for FYs 2008-2013](http://www.socialsecurity.gov/asp/plan-2008-2013.html) at www.socialsecurity.gov/asp/plan-2008-2013.html and our [Annual Performance Plan for FY 2012 and Revised Final Plan for FY 2011](http://www.socialsecurity.gov/performance) at www.socialsecurity.gov/performance.

Note: We published the *FY 2011 Annual Performance Plan* before we received our annual funding; therefore, those performance targets were not based on our FY 2011 appropriation. The FY 2011 targets reported here reflect performance commitments based on our annual FY 2011 funding included in Public Law 112-10, the *Department of Defense and Full-Year Continuing Appropriations Act*.

We accumulate much of our performance data based on an operating month rather than a true calendar month. An operating month cuts off on the last Friday of the calendar month. Each quarter of a normal operating year contains 13 weeks and the fiscal year contains 52 weeks. Every 5 or 6 years, the fiscal year contains 53 weeks rather than the normal 52 weeks because the year is not evenly divisible by 7 days. FY 2011 is a 53-week fiscal year. The table on pages 83-84 shows our fiscal year performance for select measures through both the end of the 52nd and 53rd week. We include the 53rd week (through September 30, 2011) in the actual performance for these measures in this *Performance and Accountability Report*.

Key	
Target met or exceeded	↑
Target not met	↓
Target not met, but performance improved from previous fiscal year	↔
To be determined – final FY 2011 data not available	TBD
PG – Indicates the measure is one of our <i>Government Performance and Results Act</i> performance measures that support our Priority Goals. More information on Priority Goals is available on pages 12-13.	

Strategic Goal 1: Eliminate Our Hearings Backlog and Prevent Its Recurrence					
Strategic Objective 1.1: Increase our capacity to hear and decide cases					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
1.1a PG	Complete the budgeted number of hearing requests	815,000	795,424*	↔	50
1.1b	Achieve the budgeted goal for SSA hearings case production per workyear	107	109*	↑	51
Strategic Objective 1.2: Improve our workload management practices throughout the hearings process					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
1.2a	Achieve the target number of hearing requests pending	725,000	787,190*	↓	52
1.2b	Achieve the target to eliminate the oldest hearing requests pending	Less than 0.5% of hearing requests pending 775 days or older	0.09% of hearing requests pending 775 days or older*	↑	53

Strategic Goal 1: Eliminate Our Hearings Backlog and Prevent Its Recurrence					
Strategic Objective 1.2: Improve our workload management practices throughout the hearings process					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
1.2c	Achieve the budgeted goal for average processing time for hearing requests	365 days	360 days*	↑	53
1.2d	Achieve the target to eliminate the oldest Appeals Council requests for review pending	Less than 1% of Appeals Council requests for review pending 650 days or older	0.3% of Appeals Council requests for review pending 650 days or older*	↑	54
1.2e	Achieve the target average processing time for Appeals Council requests for review	370 days	358 days*	↑	55
Strategic Goal 2: Improve the Speed and Quality of Our Disability Process					
Strategic Objective 2.1: Fast-track cases that obviously meet our disability standards					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
2.1a PG	Achieve the target percentage of initial disability cases identified as a Quick Disability Determination or a Compassionate Allowance	5% (September only)	5.9% (September only)*	↑	56
2.1b PG	Complete the budgeted number of initial disability claims	3,273,000	3,390,936*	↑	57
2.1c	Minimize average processing time for initial disability claims to provide timely decisions	118 days	109 days*	↑	58
2.1d	Disability Determination Services net accuracy rate for combined initial disability allowances and denials	97%	Available January 2012	TBD	59
2.1e	Disability Determination Services cases production per workyear	275	287*	↑	60
Strategic Objective 2.2: Make it easier and faster to file for disability benefits online					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
2.2a PG	Achieve the target percentage of initial disability claims filed online	34%	33%*	↔	61
2.2b	Achieve the target number of initial disability claims pending	845,000	759,023*	↑	62
Strategic Objective 2.3: Regularly update our disability policies and procedures					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
2.3a	Update the medical Listing of Impairments	Develop and submit at least three regulatory actions or <i>Social Security Rulings</i>	Published two regulatory actions and one <i>Social Security Ruling</i>	↑	63

Strategic Goal 2: Improve the Speed and Quality of Our Disability Process					
Strategic Objective 2.3: Regularly update our disability policies and procedures					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
2.3b	Increase the percentage of disability cases evaluated using health Information Technology	500% above FY 2010 baseline (18,000)	108% above FY 2010 baseline* (6,235)	↔	63
2.3c	Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work	114,310	Available July 2012	TBD	64
2.3d	Number of Disability Insurance and Supplemental Security Income disability beneficiaries who earned four quarters of work credit during the calendar year	774,048	Available December 2012	TBD	65
Strategic Goal 3: Improve Our Retiree and Other Core Services					
Strategic Objective 3.1: Dramatically increase baby boomers' use of our online retirement services					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
3.1a	Percent of retirement, survivors, and health insurance claims receipts completed up to the budgeted level	100% (4,590,000)	106% (4,877,955)*	↑	66
31.b PG	Achieve the target percentage of retirement claims filed online	44%	41%*	↔	67
Strategic Objective 3.2: Provide individuals with accurate, clear, and up-to-date information					
We do not have an FY 2011 performance measure under this strategic objective.					
Strategic Objective 3.3: Improve our telephone service					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
3.3a PG	Achieve the target speed in answering National 800 Number calls	267 seconds	180 seconds	↑	68
3.3b PG	Achieve the target busy rate for National 800 Number calls	6%	3%	↑	69
Strategic Objective 3.4: Improve service for individuals who visit our field offices					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
3.4a PG	Percent of individuals who do business with SSA rating the overall services as "excellent," "very good," or "good"	83.5%	81.4%	↔	70
Strategic Objective 3.5: Process our Social Security number workload more effectively and efficiently					
Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
3.5a	Achieve the target percentage for correctly assigning original Social Security numbers	99%	Available May 2012	TBD	71

Strategic Goal 4: Preserve the Public's Trust in Our Programs

Strategic Objective 4.1: Curb improper payments

Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
4.1a PG	Complete the budgeted number of Supplemental Security Income non-disability redeterminations	2,422,000	2,456,830*	↑	72
4.1b PG	Increase the budgeted number of continuing disability reviews	1,357,000	1,408,897	↑	73
4.1c PG	Percent of Supplemental Security Income payments free of overpayment and underpayment error	Overpayment 93.3%**	Available June 2012	TBD	75
		Underpayment 98.8%	Available June 2012	TBD	
4.1d PG	Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error	Overpayment 99.8%	Available April 2012	TBD	76
		Underpayment 99.8%	Available April 2012	TBD	
4.1e	Increase the number of transactions received through the Access to Financial Institutions program	500,000	2,048,678	↑	78

Strategic Objective 4.2: Ensure privacy and security of personal information

We do not have an FY 2011 performance measure under this strategic objective.

Strategic Objective 4.3: Maintain accurate earnings records

Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
4.3a	Reduce the target percentage of paper Forms W-2 completed	15.5%	14.4%	↑	79

Strategic Objective 4.4: Simplify and streamline how we do our work

We do not have an FY 2011 performance measure under this strategic objective.

Strategic Objective 4.5: Protect our programs from waste, fraud, and abuse

Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
4.5a	Receive an unqualified audit opinion on SSA's financial statements	Receive an unqualified opinion	Received an unqualified opinion	↑	80

Strategic Objective 4.6: Use "green" solutions to improve our environment

Performance Measure		FY 2011 Target	FY 2011 Actual	Target Achieved	Page #
4.6a	Replace gasoline-powered vehicles with alternative-fuel vehicles	75% of FY 2011 inventory replaced (28 vehicles)	75% of FY 2011 inventory replaced (28 vehicles)	↑	80
4.6b	Develop and implement an agency Environmental Management System	Establish performance objectives	Established performance objectives	↑	81

*FY 2011 actuals based on data through the 53rd week.

**Our *Annual Performance Plan* and *Congressional Justification*, issued in February 2011, reflected the FY 2011 SSI overpayment accuracy rate target as 92 percent. Because of the lag in producing actual performance data, we did not receive FY 2010 SSI overpayment accuracy data until June 2011. The increase in our FY 2010 accuracy rate prompted us to revise our FY 2011 target to 93.3 percent.

Summary of FY 2011 Performance

The following 13 pages highlight our accomplishments and the practices and initiatives we used to meet our goals in FY 2011. We discuss key issues that affected our FY 2011 operations and those issues that we anticipate will affect our future operations. We also identify which Priority Goal supports each strategic goal and show our overall performance measure results.

STRATEGIC GOAL 1 ELIMINATE OUR HEARINGS BACKLOG AND PREVENT ITS RECURRENCE

<p style="text-align: center;">Strategic Objectives</p> <ul style="list-style-type: none"> • Increase our capacity to hear and decide cases • Improve our workload management practices throughout the hearings process 	<p style="text-align: center;">Supporting Priority Goal <i>Issue More Decisions for People Who File for Disability</i></p> <p style="text-align: center;">Overall Performance Measure Results</p> <ul style="list-style-type: none"> • Met the target for 5 of 7 measures • Did not meet the target for 2 of 7 measures
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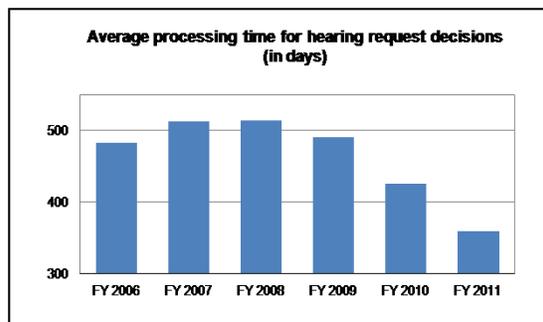
Eliminating our hearings backlog remained our top priority in FY 2011. We completed over 45 percent more hearing requests in FY 2011 than we did in FY 2007 before the recession began. We dramatically reduced the claimants’ wait time for a hearing decision down to 345 days in September, the lowest level since FY 2003. In addition, we eliminated virtually all of our oldest hearing requests pending over 750 days. When we began executing our backlog reduction plan in FY 2008, only 49 percent of cases were pending less than 270 days versus 71.5 percent in FY 2011.

A hearing, which is the second step in our four-step appeals process, affords a claimant due process. Generally, there are four levels of appeal:

- Reconsideration by the Disability Determination Service (DDS);
- Hearing by an administrative law judge (ALJ);
- Review by the Appeals Council; and
- Federal Court review.

At the beginning of FY 2011, we had 111,792 pending hearings level cases that would be 775 days old or older by the end of the fiscal year. We reduced the 111,792 to 103 cases by the end of FY 2011.

In FY 2011, we received 859,514 requests for hearings, an all-time high. With our technology enhancements and increased capacity to hear and decide cases, we completed 795,424 hearing requests, our highest annual total to date. We averaged 360 days to issue a hearing decision, which is over 5 months faster than in FY 2008 (refer to accompanying chart). We are still on track to meet our goal to reduce the time it takes a person to receive a hearing decision to an average of 270 days in September 2013.



**STRATEGIC OBJECTIVE 1.1:
INCREASE OUR CAPACITY TO HEAR AND DECIDE CASES**

We continue to increase our capacity to hear and decide cases through the following initiatives.

Open New Hearing Offices: We originally planned to open 16 new hearing offices in FY 2011, but budget cuts forced us to cut that number in half. We opened or expanded eight hearing offices in these locations: Moreno Valley, CA; Augusta, GA; Lawrence, MA; Columbia, MO; Jersey City, NJ; Reno, NV; Franklin, TN; and Tacoma, WA.

In FY 2011, we operated National Case Assistance Centers (NCAC) in St. Louis, MO and McLean, VA. The NCACs provide support services, such as preparing cases for hearings, writing hearing decisions, and helping to fill ALJ hearing dockets to capacity. In early FY 2011, our NCACs began working on two new workloads for our Office of Appellate Operations: (1) non-disability cases and (2) writing assistance. However, due to budget cuts, we had to close our McLean NCAC in late FY 2011.

Administrative Law Judge Hiring: In FY 2011, we hired 143 ALJs and more than 900 associated support staff to help us hear and decide more cases.

Expand Video Hearing Capacity: Video hearings give us the flexibility to distribute our hearing workload more efficiently. We use video hearing technology to reduce the travel time for all hearing participants. Video hearings allow the ALJ, the claimant, and any other hearing participants to attend the hearing via video teleconferencing from separate locations.

All of our hearing offices, permanent remote hearing sites, and some field offices are equipped to hold video hearings. Claimant representatives can buy their own video equipment if they and their clients want to participate in the hearing at their own office as long as we certify the claimant representative's video equipment. In FY 2011, we held almost 130,000 video hearings nationwide, over 9,000 more video hearings than in FY 2010.

Attorney Adjudicator Initiative: This initiative allows our most experienced adjudicators to make fully favorable on-the-record disability decisions without a hearing. If a claimant's case meets our disability definition, the attorney adjudicator writes the decision and adjudicates the claim. This initiative allows ALJs to work on cases that are more complex and require a hearing. While the majority of attorney adjudicators are senior attorneys working in hearing offices, attorney adjudicators also include regional attorneys, and other attorneys who are also hearing office directors or group supervisors.

We also have Virtual Screening Units, which include attorney adjudicators stationed at their home offices who devote 100 percent of their time screening cases to determine if they can make a fully favorable on-the-record decision. In FY 2011, attorney adjudicators decided 53,464 cases.

**STRATEGIC OBJECTIVE 1.2:
IMPROVE OUR WORKLOAD MANAGEMENT PRACTICES THROUGHOUT THE HEARINGS PROCESS**

We used new technologies to improve our workload management practices throughout the hearing process. These technologies helped us complete, control, clear, and assess the quality and policy compliance of cases at all stages of the appeals process more quickly and easily. The new technologies also decreased ALJ decision time, allowing us to pay benefits more quickly after a favorable hearing decision.

Award-winning Training Program

We received the 2011 *W. Edwards Deming Outstanding Training Award* for excellence in workforce development and training for our Office of Appellate Operations' training program. The award recognizes our training initiatives that significantly increased our productivity, timeliness, and quality. The training enabled new analysts to become productive more quickly and reach decisions on more than 100,000 disability appeals. The training also provided experienced analysts with learning forums.

Use of the Standardized Electronic Business Process:

Our electronic business process (eBP) unified the different processes hearing offices used. This unification helped us improve our workload management practices throughout the hearing process, improving our accuracy and timeliness. In FY 2011, we completed training on our standardized eBP in all hearing offices in existence prior to FY 2010. We also implemented the eBP in our national hearing centers.

STRATEGIC GOAL 2 IMPROVE THE SPEED AND QUALITY OF OUR DISABILITY PROCESS

Strategic Objectives

- Fast-track cases that obviously meet our disability standards
- Make it easier and faster to file for disability benefits online
- Regularly update our disability policies and procedures

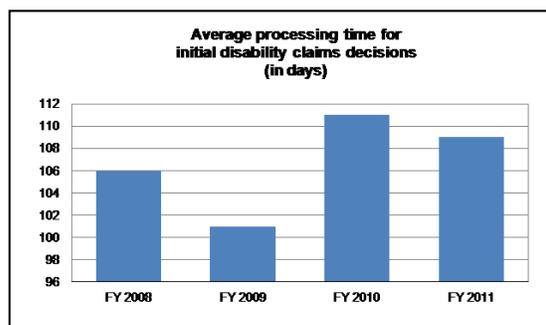
Supporting Priority Goals

Increase the Number of Online Applications for Retirement and Disability; Issue More Decisions for People Who File for Disability

Overall Performance Measure Results

- Met the target for 6 of 11 measures
- Did not meet the target for 2 of 11 measures
- Final data not available for 3 of 11 measures

We continue to work diligently to improve the speed and quality of our disability process. In FY 2011, we received 3,257,461 initial disability claims, the highest number in our history, and over 32,793 more than in FY 2010. Even with the increase in receipts, we completed a record number of initial disability claims this year, 3,390,936. We exceeded our goal by more than 117,936 claims. Despite the rise in disability claims receipts, we were even able to decrease our average processing time by two days compared to FY 2010 (refer to the accompanying chart).



Despite losing 1,134 DDS employees and being unable to replace them due to budget constraints, we were able to exceed our initial disability claims goals because all of the new employees we hired in FY 2009 and FY 2010 had become fully productive.

STRATEGIC OBJECTIVE 2.1: FAST-TRACK CASES THAT OBVIOUSLY MEET OUR DISABILITY STANDARDS

Improve the Efficiency of our Disability Process: We use our Quick Disability Determination and Compassionate Allowance processes to expedite benefits to claimants whose medical conditions are so serious that they obviously meet our disability standards. These automated processes help our staff tackle the increased volume of initial disability cases we are receiving. The Quick Disability Determination process uses a computer-based predictive model to analyze specific information in electronically filed disability applications to identify those cases where a favorable disability determination is highly likely and medical evidence is readily available, such as low birth-weight babies, certain cancers, and end-stage renal disease.

The Compassionate Allowance process uses software to more quickly identify claimants whose medical conditions clearly qualify for disability benefits based on objective medical evidence.

We identified about 153,000 fast-track cases in FY 2011 using these predictive models. In September 2011, we had 5.9 percent of initial disability claims that qualified for fast-track processing. In FY 2011, we also shortened the disability application process for people whose medical condition qualifies under the Compassionate Allowance rules so that they will not need to provide information on their work and educational histories.

Increase Use of Electronic Records Express: Electronic Records Express helped us provide faster service to people applying for disability benefits. It allows medical facilities and educational institutions to electronically submit health and school records to our secure website instead of mailing paper documents.

In FY 2011, we received 2,926,081 Electronic Record Express submissions compared to 2,397,601 submissions in FY 2010. More information is available in our [Electronic Express leaflet](http://www.socialsecurity.gov/pubs/10046.html) at www.socialsecurity.gov/pubs/10046.html.

Support the Military Casualty Initiative: We worked collaboratively with the Department of Veterans Affairs (VA) and the Department of Defense (DOD), along with advocates and military treatment facilities, to inform and assist wounded service members, and their families to file for disability benefits. We also conducted outreach to surviving members of fallen soldiers. The following summarizes the initiatives we contributed to in FY 2011 to support military casualties:

- **Veterans Affairs Regional Office Pilot:** The VA frequently requests copies of the medical documentation we use in an individual's disability claim. Beginning in 2008, with the St. Louis, MO Veterans Affairs Regional Office (VARO), we piloted a secure electronic process for providing the medical information. The VARO Pilot showed a reduced average response time for the receipt of medical records. As a result, we are expanding the process to all 57 VA offices. We plan full implementation in FY 2012, with a provision that this process meets the VA's needs throughout the rollout.
- **Department of Veterans Affairs Outreach Initiative:** We continued working with the VA to increase the awareness of our benefits and programs to veterans and their families. We distributed the VA's pamphlet, *A Summary of VA Benefits*, in our field offices nationwide and the VA distributed our outreach materials, such as our leaflet, *Expediting Disability Applications for Wounded Warriors*, in its more than 500 facilities nationwide.

STRATEGIC OBJECTIVE 2.2: MAKE IT EASIER AND FASTER TO FILE FOR DISABILITY BENEFITS ONLINE

To handle the anticipated increase in disability benefit applications and meet the public's growing expectation for convenient, efficient, and secure electronic service options, we created a new, easy-to-use online application. In FY 2011, nearly 33 percent of the disability applications filed were online compared to 27 percent in FY 2010. We also streamlined the *Adult Disability Report* in January 2010, and this improvement contributed to the increased use of online applications. The *Adult Disability Report* collects information regarding disabling conditions, medical sources, and employment and education history.

STRATEGIC OBJECTIVE 2.3: REGULARLY UPDATE OUR DISABILITY POLICIES AND PROCEDURES

We regularly update our disability policies and procedures to keep up with the rapid advances in medical information. Using the methods below, we continued to modernize our disability decision-making processes to provide better service to the public.

Update the Medical Listing of Impairments: One of the most effective tools we have for adjudicating disability claims is the *Listing of Impairments*, which describes for each major body system the impairments that meet our

definition of disability. Using the *Listing of Impairments*, we can determine a claimant's disability status when his or her impairment meets specified criteria without the need to consider age, education, or work experience. Our use of the *Listing of Impairments* improves the consistency and accuracy of our decisions throughout all levels of the disability process.

In FY 2011, we published a final rule in the *Federal Register* for endocrine disorders. The rule removed the prior *Listing of Impairments* and provided a new one for children from birth to age six, who have diabetes mellitus and require daily insulin.

Increase the Percentage of Disability Cases Using Health Information Technology: The healthcare industry is using information technology (IT), and developing standards for the content and sharing of electronic medical records to enable more efficient and effective delivery of healthcare. We are leveraging this effort, known as *health IT*, to obtain more quickly the medical records needed to support disability determinations, and to more efficiently manage that information. We have already demonstrated, in live production, the capability to reduce the time it takes us to obtain and process the more than 15 million medical records we request from medical providers each year. *Health IT* fully automates the request, response, and initial processing of medical evidence. It provides the disability examiner with decision support when data received indicate the presence of certain medical conditions defined in our *Listing of Impairments*.

The amount of time it takes us to complete a disability claim will continue to decrease as the number of treating sources exchanging information using *health IT* increases. In FY 2010, we awarded 12 contracts to various medical networks and providers to expand the use of *health IT* to exchange medical records in 11 States. Under these contracts, in FY 2011, selected providers with numerous facilities began to exchange electronic medical records with Wisconsin, Washington, California, Oregon, Illinois, and Texas. In FY 2012, we plan to exchange medical records with selected providers in five additional states (Indiana, Minnesota, Idaho, New Mexico, and Michigan).

In addition, in FY 2011, we continued to expand the decision support capabilities of *health IT* by mapping additional diagnoses and procedure codes to our *Listing of Impairments*. We also continue to participate actively in national *health IT* efforts to ensure our business needs are met. We continued our collaboration with the Department of Health and Human Services, VA, and DOD, as well as other Federal and State agencies, healthcare providers, and insurers, to develop and implement interoperable standards-based clinical coding, report formatting, and transfer protocols for the electronic storage and exchange of medical records.

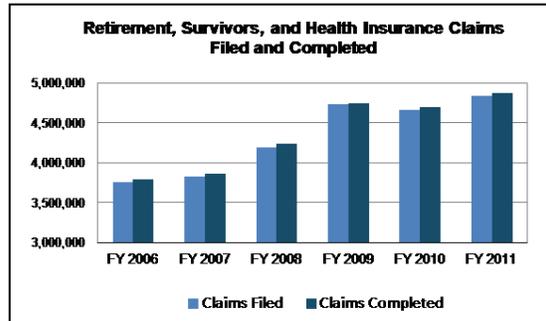
Continue to Develop an Occupational Information System: We rely on the occupational information found in the *Dictionary of Occupational Titles* to determine whether claimants can do their past work or any other work in the United States economy. The Department of Labor created the *Dictionary of Occupational Titles* but no longer updates this document. We continue to work jointly with the Department of Labor and other Federal agencies to create an occupational information system to replace the *Dictionary of Occupational Titles*.

**STRATEGIC GOAL 3
IMPROVE OUR RETIREE AND OTHER CORE SERVICES**

<p style="text-align: center;">Strategic Objectives</p> <ul style="list-style-type: none"> • Dramatically increase baby boomers’ use of our online retirement services • Provide individuals with accurate, clear, and up-to-date information • Improve our telephone service • Improve service for individuals who visit our field offices • Process our Social Security number workload more effectively and efficiently 	<p style="text-align: center;">Supporting Priority Goals</p> <p style="text-align: center;"><i>Improve Our Customers’ Service Experience on the Telephone, in Our Field Offices, and Online; Increase the Number of Online Applications for Retirement and Disability</i></p> <p style="text-align: center;">Overall Performance Measure Results</p> <ul style="list-style-type: none"> • Met the target for 3 of 6 measures • Did not meet the target for 2 of 6 measures • Final data not available for 1 of 6 measures
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We have increased online services and made better use of technology to meet the growing demands of the public.

In FY 2011, we completed more than 4.8 million retirement, survivors, and health insurance claims (refer to the accompanying chart). An increasing number of these claims are being submitted over the Internet, which is becoming a preferred service channel for growing numbers of the public. This important service delivery channel allows the public to conduct business at their convenience and at their own pace, without the need to visit a field office or meet with an agency representative.



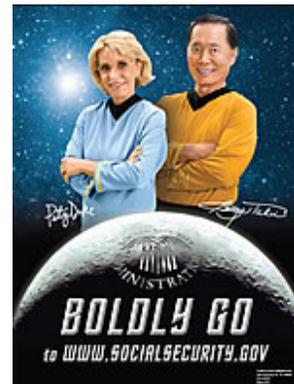
Claims submitted online require less data collection time and our employees can focus on review and processing of the claims. The time saved can be applied to more complicated cases. Trained agency employees review every online application and contact applicants if there are any questions. Our internal studies indicate that the service provided over the Internet is as high in quality as that provided through traditional service channels. As the number of retiring baby boomers grows, increasing the number of claims filed online is integral to delivering good customer service.

In FY 2011, we took the steps discussed below to improve our retiree and other core services.

**STRATEGIC OBJECTIVE 3.1:
DRAMATICALLY INCREASE BABY BOOMERS’ USE OF OUR ONLINE RETIREMENT SERVICES**

Over the next 20 years, nearly 80 million baby boomers will apply for retirement benefits. Some of our efforts to provide convenient, user-friendly, multi-lingual automated services include the following:

Expand Marketing Efforts: In FY 2011, to promote our online services, we launched a new marketing campaign called “Boldly Go,” with celebrity spokespersons Patty Duke and George Takei. We developed several “Boldly Go” public service announcements that air at no cost on hundreds of television networks nationwide, as well as Social Security TV (SSTV) in almost 600 of our field offices. As of September 30, 2011, our “Boldly Go” television public service announcements aired more than 60,000 times, were viewed more than 560 million times, and had an estimated free media value of more than \$12 million.



We also feature the **“Boldly Go” campaign**, on our website at www.socialsecurity.gov, our [Facebook page](https://www.facebook.com/socialsecurity) at www.facebook.com/socialsecurity, our [Twitter page](https://www.twitter.com/socialsecurity) at www.twitter.com/socialsecurity, and our [YouTube page](https://www.youtube.com/socialsecurityonline) at www.youtube.com/socialsecurityonline. We issued a national press release and conducted nationwide media outreach. We also expanded our use of ads displayed on billboards, buses, and in airport terminals.

In FY 2011, we received 999,203 retirement applications online and 289,418 Medicare-only applications online. Although the percentage of retirement applications filed online increased to nearly 41 percent, from nearly 37 percent the prior fiscal year, we did not meet our target to have 44 percent of all retirement claims filed online. In FY 2012, we will concentrate our advertising efforts on more targeted audiences.

Additional information about our [online services](http://www.socialsecurity.gov) is available on our website at www.socialsecurity.gov/. Our [multi-lingual \(English and Spanish\) public service announcements](http://www.socialsecurity.gov/pressoffice/psa-video.html) on our press office web page are available at www.socialsecurity.gov/pressoffice/psa-video.html.

Launch a Spanish Version of the Ready Retirement Estimator: Our Retirement Estimator, which uses a person's Social Security earnings record to provide an immediate and personalized benefit estimate, has consistently ranked among the top rated eServices across government and private sector sites as measured by the American Customer Satisfaction Index (ACSI). ACSI, an industry standard, is one of the measures we use to gauge customer satisfaction with our online services.

In FY 2011, we launched a Spanish version of the Retirement Estimator. The Retirement Estimator is the first of our online services made available in Spanish, and we are working to make our online retirement, disability, Medicare-only, and Medicare Extra Help applications available in Spanish in FY 2012. Our Spanish tools provide a broader audience with the important information they need to plan for a secure retirement. You may access the [Spanish Retirement Estimator](http://www.segurosocial.gov/espanol/calculador/) at www.segurosocial.gov/espanol/calculador/.



Support Americans Living Abroad: In FY 2011, we added our Nonresident Alien Tax Withholding Screening Tool to our website. Using this tool, U.S. citizens living in other countries can determine if tax withholding applies to their benefits by answering “yes” or “no” to a series of questions about citizenship, residency, and the type of benefits they receive.

STRATEGIC OBJECTIVE 3.2: PROVIDE INDIVIDUALS WITH ACCURATE, CLEAR, AND UP-TO-DATE INFORMATION

It is important that people receive accurate, clear, up-to-date information so they can make informed decisions about applying for benefits, appealing a decision, or making changes to their records, such as marital status or name changes. Notices are one of the main ways we communicate with the public. Each year, we issue about 315 million notices. In our notices, we tell people our decisions, how much their payments will be, and other important information.

Notice Improvements: In FY 2011, we implemented a new system, which allowed us to create more accurate, standardized notices and more notices in Spanish. We improved the letters the DDSs send to disability applicants to explain our disability process, and we improved the structure, tone, and readability of the notices we send to accept hearing requests. We improved the language in our Medicare outreach and Medicare premium notices, and we added language to our award notices to explain the potential for tax liability.

New Large Print and Braille for the Blind or Visually Impaired Notices: Our special notice options allow people who are blind or visually impaired to receive notices in various formats, including Braille or on a compact disc. In May 2011, we added large print and audio compact discs as new options.

We implemented a survey during the fall 2011 to measure satisfaction with our special notice options. We will report the results of the survey in the *FY 2012 Performance and Accountability Report*.

More information about [notices for blind and visually impaired individuals](http://www.socialsecurity.gov/notices) is available at www.socialsecurity.gov/notices.

Audio Publications Project: We offer English and Spanish audio publications on our website. These publications are available in MP3 format and can be accessed using Windows Media Player and Quick Time, which are commonly used media software. Currently, 92 of our English-language notices are available in this format. In FY 2011, we added 83 Spanish audio publications. Our English-language publications are available on our [English-language electronic publications web page](http://www.socialsecurity.gov/pubs/audio/audio.html) at www.socialsecurity.gov/pubs/audio/audio.html. Our Spanish publications are available on our [Spanish electronic publications web page](http://www.segurosocial.gov/espanol/audio/audio-es.html) at www.segurosocial.gov/espanol/audio/audio-es.html.

STRATEGIC OBJECTIVE 3.3: IMPROVE OUR TELEPHONE SERVICE

For many people, the first contact with us is by telephone – a primary service option that is easily accessible and convenient. When callers reach us through our National 800 Number or our local field offices, they can use our self-help telephone services or speak directly with a representative. In FY 2011, we processed more than 62 million actions on our National 800 Number. For National 800 Number calls, a person has the option to speak to a telephone agent or use our automated services. Our automated services are available 24 hours a day, 7 days a week. We provide callers with services, such as answering questions about Social Security benefits, scheduling appointments, getting information from their Social Security records, and changing their address. We continuously improve our telephone services, as discussed below.

Expand Field Office Telephone System Replacement Project: Our Telephone System Replacement Project is a multi-year project continued in FY 2011 to replace our aged local stand-alone telephone systems in over 1,200 field offices and 162 hearing offices across the country. The new system includes Voice over Internet Protocol, a single system that carries voice and data over one line, which saves administrative costs and supports future technological improvements. Voice over Internet Protocol provides a new capability to re-route calls during disasters and other emergencies. At the end of FY 2011, we completed installation of our Telephone System Replacement Project in about 93 percent of our field offices and 95 of our hearing offices.

Replace Our National 800 Number Infrastructure: In FY 2011, we began implementation of Citizens Access Routing Enterprise through 2020 (CARE2020), a replacement of our National 800 Number telecommunications infrastructure. CARE2020 features a single Voice over Internet Protocol system. We expect to implement CARE2020 fully in FY 2012.

STRATEGIC OBJECTIVE 3.4: IMPROVE SERVICE FOR INDIVIDUALS WHO VISIT OUR FIELD OFFICES

In FY 2011, about 45 million people visited our field offices. To serve the public better, we continue to improve our field offices. Below we summarize a few of our efforts in FY 2011 to improve service for individuals who visit our field offices.

Expand Video Service Delivery: Video Service Delivery allows video conferencing between two or more sites. It increases service availability and helps us reduce travel costs and lost work hours. We offer two types of video services: (1) office-to-office and (2) office-to-video partner site. An office-to-office connection allows a field office to assist another busy or understaffed office via video. Office-to-video partner Video Service Delivery enables us to provide service to people located at remote sites, such as American Indian Tribal centers, local community centers, senior centers, hospitals, and homeless shelters, as well as improve service in our busy inner-city offices and rural areas. In FY 2011, we equipped 59 sites with Video Service Delivery equipment. We now have a total of

422 SSA sites and video partner locations with video equipment. We will expand Video Service Delivery in FY 2012, if funding allows.

Expand Social Security TV: We use SSTV as a communications tool to improve the public's experience in our field offices. SSTV plays informational broadcasts in our reception areas to provide office visitors with information about our programs and services. SSTV allows us to deliver information in several languages. In FY 2011, we updated public service announcements aired on SSTV, and added content related to protecting personally identifiable information and the "America Saves" initiative. We now have 577 offices with SSTV. We plan to install SSTV in additional field offices in FY 2012, budget permitting.

STRATEGIC OBJECTIVE 3.5: PROCESS OUR SOCIAL SECURITY NUMBER WORKLOAD MORE EFFECTIVELY AND EFFICIENTLY

The Social Security number (SSN) allows us to properly credit a worker's earnings. We use earnings to determine potential eligibility for and the amount of benefit payments. Annually, we complete about 6 million original and 11 million replacement Social Security card applications. We also verify SSNs more than one billion times a year through a variety of electronic exchanges with public and private organizations. In FY 2011, we began assigning SSNs randomly to help protect the integrity of the SSN and increase the available pool of numbers for assignment. We also supported the following initiatives:

Support E-Verify: We continue to work with the Department of Homeland Security (DHS) to make its E-Verify program more efficient and easier to use. E-Verify is a DHS voluntary program that allows registered employers to electronically verify the eligibility of newly hired employees to work in the United States. The program allows us to use information collected and verified by the State and by DHS. Our responsibility is to provide SSN verification and citizenship information to DHS.

In FY 2011, we implemented new E-Verify alerts. These alerts allow us to identify visitors who have received an E-Verify Tentative Non-Confirmation because of a data mismatch. The new alerts help us to process this workload more effectively and efficiently. More information is available on the [U.S. Citizenship and Immigrations services E-Verify web page](http://www.dhs.gov/E-Verify) at www.dhs.gov/E-Verify.

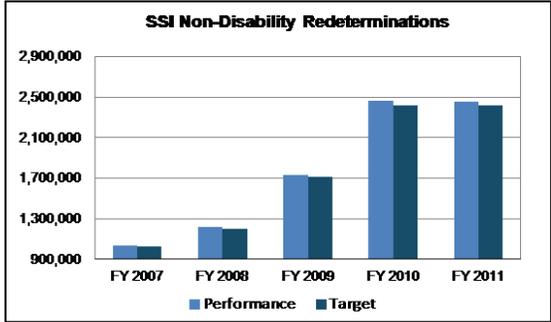
Expand Enumeration at Entry: This program allows immigrants to apply for SSNs with the Department of State (DOS) as part of the visa application process. We used information collected and verified by both the DOS and the DHS to automatically issue an original or replacement Social Security card to permanent residents who enter the United States lawfully. In FY 2011, we developed software enhancements that prevent issuing multiple SSNs to the same person. We continue working with the DOS and the DHS to expand the program to additional classifications of non-citizens.

STRATEGIC GOAL 4 PRESERVE THE PUBLIC'S TRUST IN OUR PROGRAMS

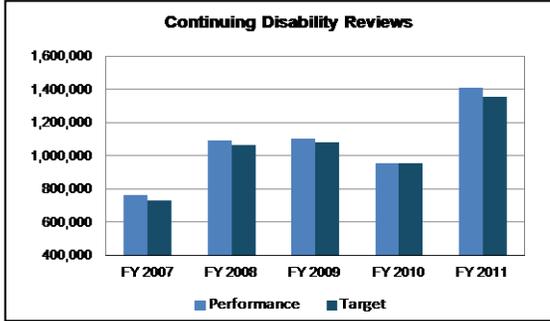
<p style="text-align: center;">Strategic Objectives</p> <ul style="list-style-type: none"> • Curb improper payments • Ensure privacy and security of personal information • Maintain accurate earnings records • Simplify and streamline how we do our work • Protect our programs from waste, fraud, and abuse • Use “green” solutions to improve our environment 	<p style="text-align: center;">Supporting Priority Goal</p> <p style="text-align: center;"><i>Ensure Effective Stewardship of Our Programs by Increasing Our Program Integrity Efforts</i></p> <p style="text-align: center;">Overall Performance Measure Results</p> <ul style="list-style-type: none"> • Met the target for 7 of 9 measures • Final data not available for 2 of 9 measures
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We take great pride in being good stewards of the tax dollars entrusted to us and ensuring we protect our programs from waste, fraud, and abuse. Two of our most effective program integrity tools are SSI non-disability redeterminations and medical continuing disability reviews (CDR).

Recent estimates indicate redeterminations provide a return-on-investment of better than \$7 in program savings over 10 years for every \$1 spent, including savings accrued to Medicaid. In FY 2011, we completed 2,456,830 redeterminations saving valuable taxpayer dollars.



We increased the number of completed medical CDRs to ensure we pay disability benefits only to those who continue to meet our disability requirements. We completed 1,408,897 CDRs in FY 2011 (refer to the accompanying chart). Like redeterminations, CDRs are highly cost effective; historically, every \$1 spent on CDRs produces at least \$10 in lifetime program savings.



The following includes our additional efforts to preserve the public's trust in our programs.

STRATEGIC OBJECTIVE 4.1: CURB IMPROPER PAYMENTS

We take seriously our responsibility to curb improper payments. The following are among strategies we employed in FY 2011 to prevent and detect payment errors:

Expand the Access to Financial Institutions Project: The Access to Financial Institutions (AFI) project allows us to verify financial account balances electronically and to identify undisclosed bank accounts that may result in suspension of SSI payments. In FY 2011, we completed our nationwide roll-out of AFI and plan to integrate it with our automated SSI claims system in FY 2012.

Promote Use of the SSI Telephone Wage Reporting System: Wages continue to be a major source of payment error in the SSI program because we do not always receive accurate or timely wage information. We established a dedicated telephone number to allow those recipients and their representative payees to report monthly wages by calling in and using a combination of touch-tone entry and voice-recognition software.

Our software system automatically enters the wage data into the SSI system. This process is more efficient than having the recipient visit a field office where we manually enter wage information into our system. The improved

efficiency from the SSI Telephone Wage Reporting System (SSITWR) allows our employees to process wage information early enough to adjust the next SSI check before it is issued, thereby preventing improper payments.

We are currently conducting a Payee Outreach pilot. In FY 2011, we mailed notices to a sample of representative payees for working SSI recipients. The notice asks the representative payee to report the recipient's wages to us through SSITWR. Based on the positive results of electronic reporting in the SSI program, we plan to expand telephone wage reporting to Social Security Disability Insurance (SSDI) beneficiaries. This new initiative will allow SSDI beneficiaries to report their earnings through an automated telephone system similar to SSITWR system. We believe automated telephone wage reporting may help reduce wage-related overpayments in the SSDI program. More information is available on our [Spotlight on SSI Telephone Wage Reporting web page](http://www.socialsecurity.gov/ssi/spotlights/spot-telephone-wage.htm) at www.socialsecurity.gov/ssi/spotlights/spot-telephone-wage.htm.

Expand the Use of Electronic Death Data Exchange with Foreign Governments: In FY 2011, we expanded the electronic death data exchange with foreign governments to ensure we do not pay benefits to deceased people who resided overseas. We began an exchange with Sweden, negotiated a new Memorandum of Understanding with Italy, and conducted discussions with Belgium and Canada. We also signed Memorandums of Understanding with South Korea and Germany. As of FY 2011, under our network of international totalization agreements, we have regularly recurring, reciprocal exchanges with Australia, the Netherlands, and Sweden. We plan to expand automated reciprocal death data exchanges to all 24 totalization agreement partners over a 3-year period. More information about [U.S. international Social Security agreements](http://www.socialsecurity.gov/international/social-security-agreements) is available at www.socialsecurity.gov/international/agreements_overview.html.

Continue Our Centenarian Project: In an effort to reduce improper payments, we also schedule face-to-face interviews with beneficiaries age 103 and older to verify payment eligibility. In FY 2011, we completed over 9,000 interviews and detected over \$8.7 million in overpayments due to unreported deaths.

STRATEGIC OBJECTIVE 4.2: ENSURE PRIVACY AND SECURITY OF PERSONAL INFORMATION

We are committed to ensuring privacy and security of personal information and we continue to place special emphasis in this area. In FY 2011, we conducted security authorizations for 8 of our major IT systems and tested annual security controls for all of our remaining 21 major IT systems.

In January 2011, we promoted National Data Privacy Day with a program dedicated to raising employee awareness about the importance of data privacy, individual privacy rights, and the prevention of improper use or disclosure of personally identifiable information.

In FY 2011, we conducted our Information Security Awareness Training for all of our employees with access to agency information or systems. We supplemented this training with an interactive security training session for all employees.

We worked together with our internal and external partners to develop privacy policies for social media tools and emerging technology, such as cloud computing. These policies are essential for maintaining public trust as the public interacts with us through social media, and as we consider moving systems to cloud platforms.

STRATEGIC OBJECTIVE 4.3: MAINTAIN ACCURATE EARNINGS RECORDS

In FY 2011, we posted 216 million items to workers' records. It is critical that earnings records are accurate because we base Social Security benefits on a worker's lifetime earnings. Posting items to workers' records is a complex and labor-intensive workload due to such factors as unreported name changes, employer errors, and the misuse of SSNs. We place wage items we cannot match with a record in our Earnings Suspense File. In FY 2011, we were able to match over 691,000 items in the Earnings Suspense File with the correct workers'

earning records for a total of over \$4.9 billion in earnings. Following are some of the activities we were involved in to help maintain accurate earnings records in FY 2011:

Increase Electronic Wage Report Filing: In FY 2011, we continued to reduce paper wage reports and to migrate to an electronic wage reporting process. Annually, we receive approximately 4 million paper wage reports from employers that contain over 32 million paper Forms W-2. To replace the more error-prone, labor-intensive, and expensive-to-process paper wage reports, we continued to encourage employers and third party submitters to use our Business Services Online Electronic Wage Reporting suite of services to file Forms W-2 electronically for their employees and customers. We informed employers about electronic wage reporting through online information and resources, promotional materials, payroll conferences, articles in trade publications, and direct contact. Additionally, we continued to work with the Internal Revenue Service (IRS) to improve all aspects of wage reporting.

Implement the Earnings Redesign Initiative: We continued to transform our earnings process from paper to electronic, which supported timely wage postings, increased the accuracy of posted earnings, and improved the verification of SSNs processes. In FY 2011, we improved the system that processes self-employment earnings, and we initiated activities to integrate the redesigned SSA/IRS System Reconciliation process into the Earnings Case Management System. We also continued a series of system upgrades for processing Forms W-2, along with planning and analysis for a system redesign.

STRATEGIC OBJECTIVE 4.4: SIMPLIFY AND STREAMLINE HOW WE DO OUR WORK

We continue to look for ways to simplify and streamline how we do our work to keep pace with our growing workloads and to provide the best service possible. In order to meet the growing needs of the public we serve, we moved many of our business processes to an electronic environment. We also worked with Congress and our stakeholders to identify ways to simplify our statutory and regulatory requirements. Additionally, we expanded the use of our Integrated Disability Process, a multi-component initiative, to identify issues and unify disability policy and procedures. Using cross-component Integrated Disability Process workgroups of subject matter experts, we developed the following solutions:

- **Past Relevant Work:** We use a five-step sequential evaluation process to determine if a claimant meets our disability criteria. We determined that in situations where there is little documentation related to past relevant work (Step 4), we could put that step on hold and move to Step 5 to determine if the claimant can perform other work that exists in the national economy. If the claimant can perform work at Step 5, then the claim is denied without the need to address Step 4. If we determine at Step 5 that the claimant cannot perform work, then we return to Step 4 to develop the necessary documentation and make a decision.
- **Medical Source Statement:** The Medical Source Statement project workgroup considers how we obtain and use medical source statements. The workgroup recommended a regulatory change allowing adjudicators greater flexibility to recontact medical sources to clarify or resolve inconsistencies or insufficiencies in medical evidence. In FY 2011, we published a Notice of Proposed Rulemaking in the *Federal Register*, which provides the recommended flexibility. After we receive and consider public comments from the Notice of Proposed Rulemaking, we will publish a final regulation.
- **Unified Disability Training:** Unified Disability Training (UDT) provides basic policy training materials and lessons that give employees insight into how their work relates to other components. It eliminates the need for components to develop and maintain their own similar disability training program. The training material is in a modularized format that is useful for entry-level and in-service training for all agency disability related components and the DDSs. In FY 2011, we announced the availability of our internal UDT website that will serve as a repository for all “core” disability training.

**STRATEGIC OBJECTIVE 4.5:
PROTECT OUR PROGRAMS FROM WASTE, FRAUD, AND ABUSE**

We maintain a strong detection and prevention program to deter those who attempt to obtain benefits through fraud and abuse. Through our collaborative efforts with other Federal agencies, we investigate and prosecute fraud, expand forensic computer crime detection capabilities, and strengthen fraud prevention by adding new checks and balances in our processes. In FY 2011, we did the following to protect our programs from waste, fraud, and abuse:

Use Cooperative Disability Investigations Units: We have 24 Cooperative Disability Investigations (CDI) units, which help us protect our programs from fraud, waste, and abuse. Our CDI program is a collaborative effort with our Office of the Inspector General, the DDSs, and local law enforcement and has been very effective in finding fraud in our disability programs. Since its inception through September 2011, the CDI program efforts nationwide have resulted in \$1.9 billion in projected savings to our SSDI and SSI programs and \$1.2 billion to non-SSA programs, such as Medicare and Medicaid. In FY 2011, CDI investigations led to the denial or termination of 3,315 claims, \$281.2 million in savings to our SSDI and SSI programs, and \$182.5 million to non-SSA programs. In FY 2011, we opened three new CDI Units: Salt Lake City, UT; Oklahoma City, OK; and Lexington, KY.

Develop Tools to Fight Against Fraud: We receive numerous documents to help us establish a person's age, identity, and citizenship or lawful alien status. We must remain continually watchful for altered or fraudulent documents. Our Document Verification website is available to assist our front-line employees in identifying suspect or fraudulent documents. This website serves as a one-stop portal for links to a number of resources employees can access to help investigate the authenticity of submitted documents.

Conduct Onsite Security Control and Audit Reviews: We continue to conduct ongoing Onsite Security Control and Audit Reviews to make sure our field offices, teleservice centers, processing centers, DDSs, and hearing offices follow our established policies and procedures. These reviews help us prevent and detect waste, fraud, and abuse. The reviews identify problems before they lead to significant deficiencies. After a review, our office managers must submit a corrective action plan for each deficiency identified.

**STRATEGIC OBJECTIVE 4.6:
USE "GREEN" SOLUTIONS TO IMPROVE OUR ENVIRONMENT**

We fully support the President's Executive Order 13423, *Strengthening Federal Environmental, Energy, and Transportation Management*, which makes it mandatory for Federal agencies to conduct their environmental, transportation, and energy-related activities in a fiscally sound and sustainable manner. In FY 2011, our successes in this area include:

- Reduced emissions;
- Recycled excess wood furniture;
- Increased purchase of renewable energy;
- Revised our *Strategic Sustainability Performance Plan*;
- Initiated an agency-wide sustainability awareness campaign;
- Replaced 28 gasoline-powered vehicles with alternative-fuel vehicles;
- Established performance objectives for an agency Environmental Management System;
- Continued to be one of the lowest water users per gross square foot in the Federal Government; and
- Implemented *Power Management*, a nationwide initiative that allows centralized management of computer power.



Looking Forward – Facing Our Challenges

While we continue to make progress in achieving our strategic goals and objectives, we have significant challenges ahead. Due to the economic downturn and the aging of the baby boomers, our workloads have been skyrocketing. Addressing this workload boom, while reducing our improper payments, is clearly our biggest challenge. In FY 2011, we received over 660,000 more initial disability claims and over 270,000 more hearing requests compared to FY 2008, representing increases of 26 percent and 46 percent, respectively.

The retirement wave and the disproportional number of our employees at or near retirement age will test our ability to process these growing workloads. We ended FY 2011 with over 3,000 fewer employees than we had at the beginning of the year. The budget uncertainty that we experienced in FY 2011 hampered our ability to replace these employees. Our challenges will be exacerbated if we are not properly funded in FY 2012 and beyond.

Sound planning and our employees' hard work have served us well as we continue to take on these challenges. To help States with mounting disability claims, we will continue to utilize our recently created Extended Service Teams. The Extended Service Teams are located in DDSs that have a history of good quality and high productivity. These centralized DDS teams will help us reduce the initial claims backlog as we electronically shift claims to them from the hardest hit DDSs. We have also expanded our Federal capacity to decide disability claims. We have many units around the country that assist those DDSs most adversely affected by the increase in initial claims. In FY 2011, the Extended Service Teams and Federal units processed 160,951 claims.

To the extent we can, we plan to hire in FY 2012 with a particular focus on ALJs and support staff. We will also look for opportunities to temporarily redirect our support staff to front line operations. For example, employees in our Office of Quality Performance will continue to screen disability hearings to determine if a decision can be fast-tracked.

From a more long-term perspective, we continue developing our Disability Case Processing System. This system will merge the current State and Federal DDSs systems into one unified system. In FY 2012, we will begin a pilot test in the Idaho DDS. We will then test in Illinois, Missouri, Nebraska, and New York DDSs. Between FY 2013 and FY 2014, we will rollout this system nationally.

Reducing improper payments remains one of our biggest challenges. The President's FY 2012 budget includes several legislative proposals that will simplify and streamline how we do our work, allowing us to avoid many of the improper payments that occur today. The Work Incentives Simplification Pilot proposal will allow us to conduct a pilot project that examines the effects of replacing complex Disability Insurance work incentive provisions with a clear, simple, unified process that is both easier to understand and easier to administer. Another proposal related to workers' compensation will allow us to develop and implement a system to collect information on workers' compensation recipients from States and private insurers. We will use this information to adjust benefits as appropriate to prevent improper payments.

American Recovery and Reinvestment Act of 2009



The *American Recovery and Reinvestment Act (Recovery Act) of 2009* provided us with administrative funding to carry out the following three initiatives.

1. \$500 Million for Addressing Disability and Retirement Workloads

The Recovery Act provided us \$500 million to handle steep increases in our disability and retirement workloads, cover related IT costs, and make investments in *health IT*. We spent \$147.1 million of Recovery Act funding in FY 2009 and another \$347.7 million in FY 2010 to sustain higher staff and overtime levels, which improved our ability to complete additional requests for hearings and address our increasing disability and retirement workloads.

2. \$90 Million for Administering the Economic Recovery Payments

The Recovery Act provided for a maximum one-time Economic Recovery Payment of \$250 to individuals who were eligible for Social Security or SSI benefits or both during any one of three months (November 2008, December 2008, or January 2009). We issued the one-time payments totaling \$13.2 billion to over 53 million beneficiaries and SSI recipients. We spent \$37.9 million of Recovery Act administrative funding in FY 2009 primarily to explain the payment to the public. In FY 2010, we spent \$2.8 million to pay the salaries and benefits of employees responding to public inquiries concerning Economic Recovery Payments and issuing “catch-up” payments. We spent less than \$1 million in FY 2011 to complete this work. In FY 2010, Congress rescinded \$47 million of the \$90 million allocated to us for Economic Recovery Payments as part of Public Law 111-226, *FAA Air Transportation Modernization and Safety Improvement Act*.

3. \$500 Million for our National Support Center and for Related Equipment

The Recovery Act provided \$500 million to construct a new National Support Center. This new facility will increase our computer infrastructure and storage capacity, which are critical for us to support technological advancements, such as *health IT*, and enable us to maintain demographic and benefit information. Through FY 2011, we obligated nearly \$391 million of the Recovery Act funding for planning, selecting and purchasing the site, and initiating the design of the facility. We will use the remaining funds to begin equipping the new facility. The General Services Administration plans to complete the construction and final building commissioning in FY 2015.

More information is available on our [Recovery Act web page](http://www.socialsecurity.gov/recovery/) at www.socialsecurity.gov/recovery/.

How We Ensure Our Data Integrity

We remain committed to providing clear, reliable, and valid data for management decision-making and oversight. We have internal controls in place to ensure that our data are quantifiable and verifiable. Our internal controls include:

- Ongoing data quality reviews;
- Audit trails;
- Reviews at all levels of management;
- Restricted access to sensitive data; and
- Separation of duties.

We designed these controls to safeguard the integrity and quality of our vast data resources and provide assurances that our data contain no material inadequacies. These same controls support the Commissioner's *Federal Managers' Financial Integrity Act* Assurance Statement. Refer to the *Systems and Controls* section of this report on page 43 for more information about the *Federal Managers' Financial Integrity Act*.

DATA INTEGRITY SYSTEMS AND CONTROLS

We gather data for our performance measures using automated management information and other workload measurement systems. The data for several accuracy and public satisfaction measures come from surveys and work samples, which provide confidence levels of 95 percent or higher.

We also review the accuracy of OASDI and SSI payments. We select a representative sample of records to review and we interview the individual or the authorized representative, contact others as needed, and redevelop all non-medical factors of eligibility. These reviews are our primary measure of quality for agency performance and they provide an overall payment accuracy rate.

AUDIT OF OUR FY 2011 FINANCIAL STATEMENTS

The *Chief Financial Officers Act of 1990* requires the Office of the Inspector General (OIG), or an independent external auditor that it selects, to audit our financial statements. The OIG selected Grant Thornton, LLP to conduct the FY 2011 audit. The audit concluded that our financial statements present fairly, in all material respects, our financial position. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Both the OIG's transmittal letter and the Grant Thornton, LLP audit report appear in the *Auditor's Reports* section of this report.

ROLE OF THE OFFICE OF THE INSPECTOR GENERAL

The OIG plays a key role in protecting our programs and operations from waste, fraud, and abuse by conducting independent and objective audits, evaluations, and investigations. The OIG provides timely, useful, and reliable information and advice to agency officials, Congress, and the public.

The OIG's Office of Audit conducts performance audits of our programs and operations and makes recommendations to make sure we achieve our program objectives. In addition, the OIG conducts audits of our performance indicators to ensure our established performance measures comply with the *Government Performance and Results Act*. In FY 2011, the OIG issued three audits that evaluated nine of our *Government Performance and Results Act* performance indicators.

The objective of these audits was to:

- Comprehend and document our sources of data for the specific performance measure the OIG has selected for review;
- Identify and test critical controls (both electronic data processing and manual) of systems that generated the specified performance data;
- Test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for the specified performance measure; and
- Recalculate each performance measure to ascertain its accuracy.

The OIG did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for six of the performance indicators audited. The OIG did not identify any significant findings for the remaining three performance indicators audited; however, there were three instances where we could not provide data related to the internal controls over the systems supporting the performance indicator, and two instances where we could not provide the underlying data related to the adequacy, accuracy, reasonableness, completeness, and consistency of the performance indicator. We do not have a requirement to maintain these data, and we believe it would be too costly to do so.

In FY 2011, the OIG also issued the results of an audit that reviewed whether our key programs and activities critical to achieving our four strategic goals were addressed by our FY 2010 performance indicators, and if so, whether those indicators were objective, understandable, and outcome-based. The auditors' opinion was that three performance indicators did not measure or assess the relevant output, service levels, and outcomes of our key programs in FY 2010. Additionally, the auditors concluded that of our 27 performance indicators in the FY 2010 PAR, 23 were objective, 23 were understandable, and 12 were outcome-based. Although we disagreed with several of the OIG's audit recommendations, we adopted some of their recommendations.

These audit reports are located on the [Office of the Inspector General web page](http://oig.ssa.gov/audits-and-investigations/audit-reports/2010-10--2011-09) at oig.ssa.gov/audits-and-investigations/audit-reports/2010-10--2011-09.