

# OVERVIEW OF OUR FISCAL YEAR 2012 GOALS AND RESULTS

## How We Manage Performance

The *Government Performance and Results Act of 1993* (GPRA) established the framework for agencies to communicate progress in achieving their missions. The *GPRA Modernization Act of 2010* revised agency strategic plans to align with presidential terms and ensured that agency goals align with broader Federal efforts. We use a performance management framework detailed in our [Agency Strategic Plan for Fiscal Year \(FY\) 2013 - FY 2016](http://www.socialsecurity.gov/asp/index.html) ([www.socialsecurity.gov/asp/index.html](http://www.socialsecurity.gov/asp/index.html)) to associate our Strategic Goals with underlying objectives, relevant issues, strategies, and key performance measures. Our Strategic Goals are:

- Goal 1: Deliver Quality Disability Decisions and Services;
- Goal 2: Provide Quality Services to the Public;
- Goal 3: Preserve the Public's Trust in Our Programs; and
- Goal 4: Strengthen Our Workforce and Infrastructure.

Each year, we publish our *Annual Performance Plan* (APP), which outlines our current-year tactical plans for achieving the goals and objectives outlined in our *Agency Strategic Plan*. Our integrated budget and APP shows the connection between funding and planned performance. The [President's FY 2013 Budget Request](http://www.socialsecurity.gov/budget) ([www.socialsecurity.gov/budget](http://www.socialsecurity.gov/budget)) included our [Annual Performance Plan for FY 2013 and Revised Final Performance Plan for FY 2012](http://www.socialsecurity.gov/performance/) ([www.socialsecurity.gov/performance/](http://www.socialsecurity.gov/performance/)), which outlined our performance commitments for FY 2012.

The *Performance and Accountability Report* completes the cycle by showing the connection between our expenditures and achieving our mission, comparing our results to planned performance for each measure contained in the APP, and providing a discussion of the program evaluations we conducted. The chart below reflects our operating expenses by Strategic Goal.

FY 2012 Operating Expenses by Strategic Goal (Dollars in Millions)	
Deliver Quality Disability Decisions and Services	\$6,022
Provide Quality Services to the Public	\$2,940
Preserve the Public's Trust in Our Programs	\$1,804
Strengthen Our Workforce and Infrastructure	\$1,106

Throughout this document, we identify our three Priority Goals. We developed these goals in response to the President's challenge for Federal agencies to cut waste, save money, and deliver better service. To deliver a higher-performing government, we set aggressive Priority Goals that we expect to achieve within a 24-month period without new legislation or additional funding.

- Priority Goal 1: Faster hearing decisions;
- Priority Goal 2: Reduce Supplemental Security Income (SSI) overpayments; and
- Priority Goal 3: Increase use of our online services.

## Fiscal Year 2012 Performance At-A-Glance

The following tables provide an overview of our performance for our 35 performance measures included in our [Annual Performance Plan for FY 2013 and Revised Final Performance Plan for FY 2012](#) ([www.socialsecurity.gov/performance/](http://www.socialsecurity.gov/performance/)). We list the measures based on the Strategic Goals and Strategic Objectives they support, note our Priority Goals (PG), mark new measures (NEW), and indicate when final FY 2012 data is not available (TBD).

<b>Strategic Goal 1: Deliver Quality Disability Decisions and Services</b>					
<b>Strategic Objective 1.1: Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog</b>					
	<b>Performance Measure</b>	<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
1.1a	Complete the budgeted number of hearing requests	875,000	820,484	No	56
1.1b	Achieve the budgeted goal for SSA hearings case production per workyear	114	111	No	57
1.1c <b>PG NEW</b>	Minimize average wait time from hearing request to decision	321 days (September only)	362 days (September only)	No	58
1.1d	Eliminate the oldest pending hearing requests	Less than 0.5% of pending hearing requests 725 days or older	169 of 113,593 cases remained pending (.15%)	Yes	59
1.1e <b>NEW</b>	Reduce the percentage of Appeals Council cases pending 365 days or over	Less than 20% of Appeals Council cases pending 365 days or over	18,978 of 161,070 Appeals Council cases remained pending (12%)	Yes	60
<b>Strategic Objective 1.2: Improve Our Disability Policies, Procedures, and Tools</b>					
	<b>Performance Measure</b>	<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
1.2a	Minimize average processing time for initial disability claims	111 days	102 days	Yes	61
1.2b	Complete the budgeted number of initial disability claims	3,173,000	3,206,869	Yes	62
1.2c	Disability Determination Services cases production per workyear	322	324	Yes	63
1.2d <b>NEW</b>	Complete the budgeted number of disability claims at the reconsideration level	787,000	808,521	Yes	64
1.2e	Achieve the target number of initial disability claims pending	861,000	707,700	Yes	65
1.2f <b>NEW</b>	Achieve the target number of disability claims pending at the reconsideration level	184,000	197,788	No	66

PG indicates the measure also supports a Priority Goal.

NEW indicates new performance measure for FY 2012.

<b>Strategic Goal 1: Deliver Quality Disability Decisions and Services</b>					
<b>Strategic Objective 1.2: Improve Our Disability Policies, Procedures, and Tools</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
1.2g	Update the medical Listing of Impairments	Publish five rules for public comment and two final rules	Published three rules for public comment	No	67
1.2h	Increase the percentage of disability cases evaluated using health Information Technology	500% above FY 2011 performance (37,500)	263% above FY 2011 performance (22,671)	No	68
1.2i	Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned, who work	119,466	Data available July 2013	TBD	69
1.2j	Improve Disability Determination Services decisional accuracy rate for initial disability decisions	97%	Data available January 2013	TBD	70
<b>Strategic Objective 1.3: Expedite Cases for the Most Severely Disabled Individuals</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
1.3a	Achieve the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances	5.5% (September only)	5.8% (September only)	Yes	71

TBD indicates final FY 2012 data not available.

<b>Strategic Goal 2: Provide Quality Services to the Public</b>					
<b>Strategic Objective 2.1: Increase the Use of Our Online Services</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
2.1a <b>PG NEW</b>	Increase the percentage of claims filed online	42% (Last quarter only)	44% (Last quarter only)	Yes	72
2.1b	Complete the budgeted number of retirement, survivors, and Medicare claims	100% (4,918,000)	102% (5,001,092)	Yes	73
<b>Strategic Objective 2.2: Increase Public Satisfaction with Our Telephone Services</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
2.2a	Achieve the target speed in answering National 800 Number calls	285 seconds	294 seconds	No	74
2.2b	Achieve the target busy rate for National 800 Number calls	6%	5%	Yes	75
2.2c	Maintain the percent of people rating our services as "excellent," "very good," or "good"	83.5%	80.9%	No	76
<b>Strategic Objective 2.3: Expand the Use of Video Services</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
2.3a <b>NEW</b>	Complete the planned number of video hearings	140,000	153,592	Yes	78
<b>Strategic Objective 2.4 Improve the Clarity of Our Notices</b>					
There is no performance measure for this objective.					

**PG** indicates the measure also supports a Priority Goal.

**NEW** indicates new performance measure for FY 2012.

<b>Strategic Goal 3: Preserve the Public's Trust in Our Programs</b>					
<b>Strategic Objective 3.1: Increase Efforts to Accurately Pay Benefits</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
3.1a	Complete the budgeted number of Supplemental Security Income non-disability redeterminations	2,622,000	2,624,170	Yes	79
3.1b	Complete the budgeted number of full medical continuing disability reviews	435,000	443,233	Yes	80
3.1c <b>PG</b>	Percent of Supplemental Security Income payments free of overpayment and underpayment error	Overpayment 95%	Data available April 2013	TBD	81
		Underpayment 98.8%	Data available April 2013	TBD	
3.1d	Maintain percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error	Overpayment 99.8%	Data available April 2013	TBD	83
		Underpayment 99.8%	Data available April 2013	TBD	
<b>Strategic Objective 3.2: Recover Improper Payments</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
3.2a <b>NEW</b>	Expand and enhance our debt collection tools	Implement Treasury Offset Program for programmatic delinquent debt over 10 years old	Implemented Treasury Offset Program for programmatic delinquent debt over 10 years old	Yes	85
<b>Strategic Objective 3.3: Maintain Accurate Earnings Records</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
3.3a	Reduce the percentage of paper Forms W-2 completed	14%	13%	Yes	86
3.3b	Achieve the target percentage for correctly assigning original Social Security numbers	99%	Data available May 2013	TBD	87
<b>Strategic Objective 3.4: Make Our Administrative Operations Even More Efficient</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
3.4a	Receive an unqualified audit opinion on SSA's financial statements	Receive an unqualified opinion	Received an unqualified opinion	Yes	88

**PG** indicates the measure also supports a Priority Goal.  
**NEW** indicates new performance measure for FY 2012.  
**TBD** indicates final FY 2012 data not available.

<b>Strategic Goal 4: Strengthen Our Workforce and Infrastructure</b>					
<b>Strategic Objective 4.1: Strengthen Our Workforce – Recruit, Train, Develop, and Retain Superior Employees</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
4.1a <b>NEW</b>	Recruit and hire veterans and disabled veterans	Veteran Hiring: 26.72%	36.78%	Yes	89
		Disabled Veteran Hiring: 14.59%	15.49%	Yes	
4.1b <b>NEW</b>	Employ individuals with targeted disabilities	2%	1.99%	No	91
4.1c <b>NEW</b>	Conduct mandatory employee training on diffusing difficult encounters with the public	Develop the safety and security training curriculum	Identified existing training and developed internal website	No	92
<b>Strategic Objective 4.2: Maintain Secure and Reliable Information Technology Services</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
4.2a <b>NEW</b>	Percentage of enterprise-wide systems availability	99.5%	99.9%	Yes	93
<b>Strategic Objective 4.3: Increase Efficiency of Our Physical Infrastructure</b>					
<b>Performance Measure</b>		<b>FY 2012 Target</b>	<b>FY 2012 Actual</b>	<b>Target Achieved</b>	<b>Page #</b>
4.3a <b>NEW</b>	Reduce energy intensity by 30 percent by 2015	7%	Data available January 2013	TBD	94

**NEW** indicates new performance measure for FY 2012.

**TBD** indicates final FY 2012 data not available.

# Summary of Fiscal Year 2012 Performance

The following pages highlight the practices and initiatives we used to meet our goals in FY 2012. We discuss key issues that affected our FY 2012 operations and may affect our future operations. We also identify each of our Priority Goals that support our Strategic Goals and Strategic Objectives. We show our overall performance measure results.

## STRATEGIC GOAL 1: DELIVER QUALITY DISABILITY DECISIONS AND SERVICES

### Strategic Objectives

- Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog
- Improve Our Disability Policies, Procedures, and Tools
- Expedite Cases for the Most Severely Disabled Individuals

### Priority Goal

*Faster hearing decisions*

### Overall Performance Measure Results

- Met the target for 8 of 16 measures
- Did not meet the target for 6 of 16 measures
- Final data not available for 2 of 16 measures

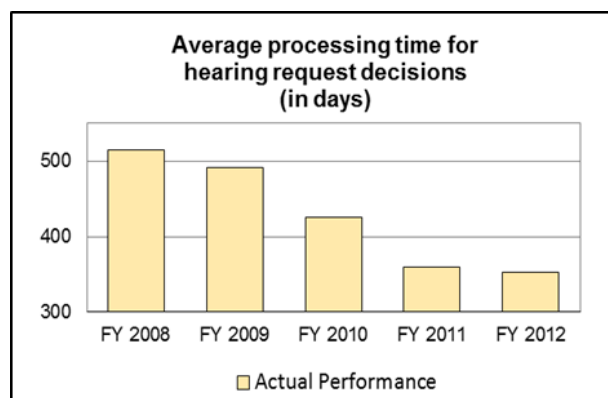
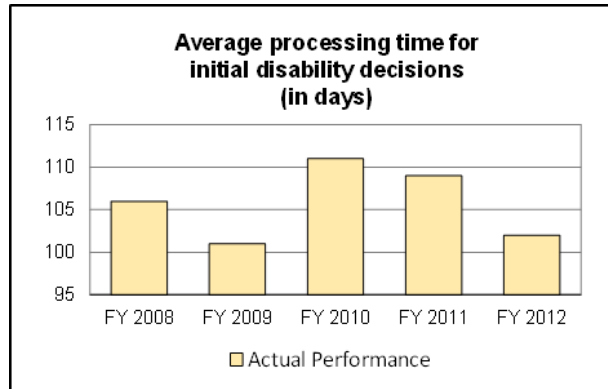
For over 50 years, we have helped disabled workers and their families replace income lost due to severe disabilities. Over the last six years, our disability workloads have grown significantly due to the baby boomer population reaching their disability-prone years and a global recession. Since FY 2007, initial disability claim receipts have increased by over 25 percent.

In FY 2012, we received 3,158,421 initial disability claims, the fourth year in a row we received over 3 million claims. Despite this high volume, we decreased our average processing time by seven days compared to FY 2011 (refer to the accompanying chart).

Toward the end of FY 2010, we began experiencing an unanticipated increase in hearings receipts. This trend continued throughout FY 2012 as we received 849,869 requests for hearings, 15,869 more hearings than expected.

The additional administrative law judges (ALJ) we hired and our technology enhancements helped increase our capacity to hear and decide cases. We completed 820,484 hearing requests in FY 2012, over 25,000 more than we completed in FY 2011.

Our annual average of 353 days to issue a hearing decision is over 161 days faster than in FY 2008 (refer to accompanying chart). We remain committed to our goal to reduce the time it takes a person to receive a hearing decision to an average of 270 days, but we need an adequate number of ALJs to reach that goal.



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## **STRATEGIC OBJECTIVE 1.1: REDUCE THE WAIT TIME FOR HEARING DECISIONS AND ELIMINATE THE HEARINGS BACKLOG**

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In FY 2007, we began implementing our [Plan to Eliminate the Hearings Backlog and Prevent its Recurrence \(www.socialsecurity.gov/appeals\)](#). Since FY 2007, we have adjusted our plan to account for the increase in the number of hearing requests. In FY 2007, we defined an aged case as a case waiting over 1,000 days for a decision. Each year, we lower the threshold for defining an aged case to provide more timely service and eliminate the oldest cases first. We ended FY 2012 with virtually no cases over 725 days old. In FY 2013, our goal is to complete all cases over 700 days old.

Our efforts to reduce wait time for decisions and eliminate our backlog include:

**Maximizing Use of National Hearing and Case Assistance Centers:** Our National Hearing Centers (NHC) continue to serve as an integral component in eliminating the hearings backlog. These offices conduct all hearings via video conference giving us flexibility to swiftly target assistance to heavily backlogged areas across the country. Our five NHCs have proven to be a cost-effective option to improve service to claimants awaiting a hearing. The NHCs are located in Falls Church, VA; Albuquerque, NM; Baltimore, MD; Chicago, IL; and St. Louis, MO.

Our National Case Assistance Center (NCAC), located in St. Louis, MO, provides decision writing and case preparation assistance to heavily backlogged hearing offices. In FY 2012, the NCAC prepared over 23,000 cases for hearing and wrote over 10,000 decisions. As workloads change, we adjust the NCAC's work to meet those shifting needs.

**Expediting Hearing Decisions:** Attorney adjudicators screen cases and, when appropriate, issue fully favorable decisions without the need for an ALJ to conduct a hearing. In FY 2012, we expedited 37,423 fully favorable decisions under this initiative. One component of our screening efforts is our Virtual Screening Unit (VSU). Under the VSU initiative, up to 100 attorney adjudicators review disability hearing cases from some of the most backlogged hearing offices. In FY 2012, we issued 9,639 VSU dispositions.

**Reducing the Backlog at the Appeals Council:** As we decided more cases at the hearing level, the Appeals Council received more requests for review. Over the past 3 years, the Appeals Council received 179,000 more requests for review than the previous 3-year period, a 62 percent increase. This influx of work resulted in an increase of 35 days to the average wait for an Appeals Council decision in FY 2012 compared to FY 2011. Additionally, we continue to focus on deciding the oldest cases first. We are decreasing the percentage of cases pending over 365 days.

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## **STRATEGIC OBJECTIVE 1.2: IMPROVE OUR DISABILITY POLICIES, PROCEDURES, AND TOOLS**

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We continue to find ways to improve and modernize our disability process. To provide better service to the public, we are making fundamental changes in the way we request and receive the medical information used to determine disability.

Efforts to improve our disability policies, procedures, and tools to provide better service to the public include:

**Updating Our Listing of Impairments:** One of the most effective tools used to make disability decisions is the [Listing of Impairments \(Listings\) \(www.socialsecurity.gov/disability/professionals/bluebook/listing-impairments.htm\)](#). The Listings allow us to determine if a claimant is disabled when his or her impairment meets specified medical criteria, without the need to consider age, education, or work experience. Using the Rule Making process, we revise the Listings' criteria on an ongoing basis. When updating a Listing, we consider current medical literature, information from medical experts, disability adjudicator feedback, and research by organizations such as the Institute of Medicine. As we update entire body systems, we also make targeted changes to specific rules as



necessary. We, thus, improve our decisions' consistency and accuracy throughout all levels of the disability process.

**Simplifying the Disability Application Process:** We simplified our online disability application process and reduced the amount of information we require if a claimant has a condition on our Compassionate Allowances list. In April 2012, we implemented a new electronic authorization process (eAuthorization) for adults filing online disability applications. Disability applicants are now able to complete the application process in a streamlined online session rather than printing, signing, and mailing paper forms SSA-827, *Authorization to Disclose Information to the Social Security Administration*, to our offices. We plan to expand eAuthorization for all disability applicants whether they file online, at their local office, or over the telephone.

**Developing a Disability Case Processing System:** The Disability Case Processing System (DCPS) replaces five different legacy systems in the Disability Determination Services (DDS) and Federal disability units with one unified system. DCPS will support consistent case processing, improve quality, and provide seamless workload sharing across State and Federal components. DCPS will provide additional functionality, lay the foundation for a state-of-the-art disability process, and make it easier to implement other important technological changes.

In FY 2012, we began beta testing the initial version of DCPS in the Idaho DDS and plan future releases of DCPS Beta in the Illinois, Missouri, Nebraska, and New York DDSs.

**Increasing the Use of Health Information Technology:** Obtaining medical records electronically will play a key role in streamlining the disability determination process. In FY 2012, we increased the exchange of medical records to 14 States through the use of [health Information Technology \(IT\) \(www.socialsecurity.gov/hit/index.html\)](http://www.socialsecurity.gov/hit/index.html).



We see enormous potential for health IT to improve service to the public by reducing claim processing time. In FY 2012, we lowered case processing time by approximately 23 percent for those cases containing medical records obtained through health IT compared to cases without health IT. In FY 2012, we sent 32,754 medical requests to our 14 active health IT partners who provided us with access to over 850 medical sources, resulting in 22,670 medical documents.

**Improving Employment Support Programs:** We continue to improve our efforts to advance the quality and results of our employment support and work incentives planning programs. Disabled beneficiaries who want to work and attain self-sufficiency may receive services and support under the [Ticket to Work and Self Sufficiency Program \(www.socialsecurity.gov/OP\\_Home/handbook/handbook.05/handbook-0519.html\)](http://www.socialsecurity.gov/OP_Home/handbook/handbook.05/handbook-0519.html) and the [Vocational Rehabilitation \(VR\) Cost Reimbursement Program \(www.socialsecurity.gov/work/vocrehabtraining.html\)](http://www.socialsecurity.gov/work/vocrehabtraining.html).

A Ticket is a paper document that we issue to disabled or blind beneficiaries for participation in the Ticket to Work and Self-Sufficiency programs. The number of Tickets assigned, or in use, increased 67 percent from over 200,000 Tickets on May 1, 2008, prior to revising our regulations, to over 340,000 Tickets in July 2012. From May 1, 2008 to August 1, 2012, the number of beneficiaries with Tickets in use who had benefits suspended or terminated because they successfully returned to work increased 223 percent. In FY 2012, Mathematica Policy Research, Inc. completed an evaluation report covering the effects of the 2008 Ticket to Work regulations. We will use the results of the evaluation to identify how we can continue to improve both the Ticket to Work and VR programs.

**Developing an Occupational Information System:** We need information about work that exists throughout the nation to determine whether claimants' impairments prevent them from doing not only their past work, but any other work in the United States (U.S.) economy. We currently use the Dictionary of Occupational Titles (DOT) and its companion volume, the Selected Characteristics of Occupations, as our primary sources of information about jobs and job requirements. However, the Department of Labor last updated the DOT in 1991 and has no plans to conduct further updates. We realize using outdated reference materials to make disability determinations is a serious disservice to the public. We are working with the Bureau of Labor Statistics to develop a

tool to replace the DOT with updated occupational information that addresses our specific needs for vocational information. In FY 2013, we will test the feasibility of using the National Compensation Survey platform as a means to gather the data we need to develop an [Occupational Information System](http://www.socialsecurity.gov/disabilityresearch/occupational_info_systems.html) ([www.socialsecurity.gov/disabilityresearch/occupational\\_info\\_systems.html](http://www.socialsecurity.gov/disabilityresearch/occupational_info_systems.html))

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### **STRATEGIC OBJECTIVE 1.3: EXPEDITE CASES FOR THE MOST SEVERELY DISABLED INDIVIDUALS**

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We are committed to providing benefits quickly to claimants whose medical conditions are so serious that they obviously meet our disability standards. Our two initiatives, [Quick Disability Determinations \(QDD\)](http://www.socialsecurity.gov/disabilityresearch/qdd.htm) ([www.socialsecurity.gov/disabilityresearch/qdd.htm](http://www.socialsecurity.gov/disabilityresearch/qdd.htm)) and [Compassionate Allowances \(CAL\)](http://www.socialsecurity.gov/compassionateallowances/) ([www.socialsecurity.gov/compassionateallowances/](http://www.socialsecurity.gov/compassionateallowances/)), use technology to identify claimants with the most severe disabilities and allow us to expedite decisions on those cases while maintaining accuracy. These fast-track initiatives have been two of our greatest successes in recent years. We can approve some cases in a matter of days instead of weeks or months. We continue to refine our QDD screening model and expand the number of CAL conditions used to identify claimants with the most severe disabilities.

We regularly update our disability policies and procedures to keep up with the rapid advances in medical information. Additionally, we work closely with the Department of Defense (DoD) to expedite decisions for Wounded Warriors.

Our efforts to expedite cases for the most severely disabled individuals include:

**Expanding Quick Disability Determinations:** The QDD process uses predictive modeling and computer-based screening tools to screen initial applications. QDD identifies cases where a favorable disability determination is likely, and medical evidence is readily available (e.g., low birth-weight babies, certain cancers, and end-stage renal disease). In FY 2012, we refined the QDD predictive model to increase the number of claimants served while maintaining the high quality of cases selected.

**Expanding Compassionate Allowances:** The CAL process allows us to quickly target the most obviously disabled applicants based on available objective medical information. We award benefits in nearly all CAL cases if we receive confirmation of the diagnosis with objective medical evidence and the applicant meets our non-disability criteria. In FY 2012, we added 65 new conditions involving the immune system and neurological disorders, bringing the total number of conditions in this expedited disability process to 165 medical conditions. We plan to further expand our list of CAL conditions through consultations with medical, research, and advocacy communities. In FY 2012, we also shortened the disability application process for people with CAL conditions so they do not need to provide work and educational histories.

**Increasing Use of Electronic Records Express:** Electronic Records Express (ERE) helps 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 2012, we received 4.4 million ERE submissions compared to nearly 3.8 million submissions in FY 2011. More information is available in our [Electronic Express leaflet](http://www.socialsecurity.gov/pubs/10046.html) ([www.socialsecurity.gov/pubs/10046.html](http://www.socialsecurity.gov/pubs/10046.html)).

**Supporting the Military Casualty/Wounded Warrior Initiative:** We collaborated with the Department of Veterans Affairs (VA) and DoD, along with advocates and military treatment facilities, to inform and assist wounded service members and their families who file for disability benefits. We developed and successfully implemented pilot programs to improve medical information sharing between our agencies. These pilots reduced the total time it takes us to adjudicate claims and reduced the number of consultative exams we ordered, resulting in cost savings.

Our [Disability Benefits For Wounded Warriors website](http://www.socialsecurity.gov/woundedwarriors/) ([www.socialsecurity.gov/woundedwarriors/](http://www.socialsecurity.gov/woundedwarriors/)) includes a Questions and Answers section, a webinar, helpful publications, and other useful links.

## STRATEGIC GOAL 2: PROVIDE QUALITY SERVICES TO THE PUBLIC

### Strategic Objectives

- Increase the Use of Our Online Services
- Increase Public Satisfaction with Our Telephone Services
- Expand the Use of Video Services
- Improve the Clarity of Our Notices

### Priority Goal

*Increase use of our online services*

### Overall Performance Measure Results

- Met the target for 4 of 6 measures
- Did not meet the target for 2 of 6 measures

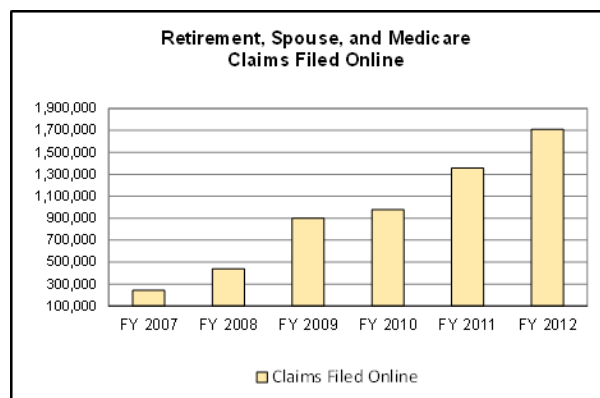
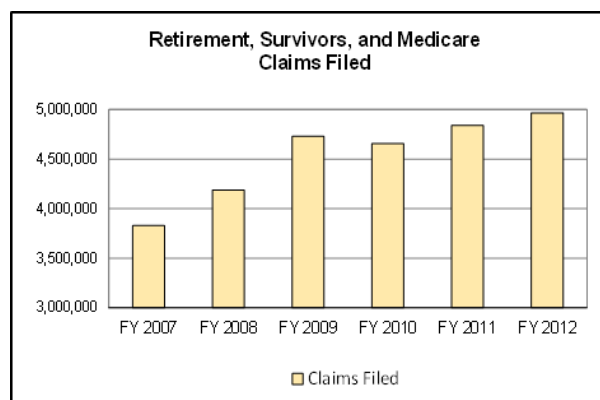
Over the next 20 years, nearly 80 million people will start receiving retirement benefits. Providing quality services, while handling significant workload increases, is important to us.

In FY 2012, retirement, survivor, and Medicare claims were 30 percent higher compared to FY 2007 (refer to the accompanying chart). To keep up with the sharp increase in demand for our services, we continue to develop more efficient and effective ways to do business.

Over the past five years, we added and improved our online services. The number of retirement, spouse, and Medicare claims filed online was over 7 times higher, or about 1.5 million claims more, compared to FY 2007 (refer to the accompanying chart). Clearly, doing business with us online is becoming a preferred service channel for the public.

In FY 2012, we developed several new, easy-to-use online services allowing us to better handle the significant increase in claims applications. Our goal was to provide applicants and their representatives with a wide variety of online services, including the ability to apply for a range of benefits, update their records, and access information important to them.

We also made improvements to the telephone services in our field and hearing offices, as well as our National 800 Number infrastructure. In addition, we expanded our use of video technology and used plain language principles to simplify the letters we send to the public.



### STRATEGIC OBJECTIVE 2.1: INCREASE THE USE OF OUR ONLINE SERVICES

We strive to provide the best online services in the Federal Government. In fact, we have the three highest rated electronic services as measured by the American Customer Satisfaction Index: iClaim – our online benefit application, the Retirement Estimator, and the Extra Help with Medicare Prescription Drug Plan Costs application.

Our website provides helpful information about our programs and services to the public, employers, other government agencies, businesses, and stakeholders. Users can conduct business at their convenience and at their own pace, without traveling to a field office and waiting to meet with one of our representatives.

Use of our [online services \(www.socialsecurity.gov/onlineservices/\)](http://www.socialsecurity.gov/onlineservices/) continues to increase with these easy-to-use tools. We expect to increase the percentage of retirement, disability, survivors, and Medicare claims filed online to 48 percent by the end of FY 2013.

We provide much of our online information in Spanish and 14 other languages. Additionally, most of our Internet documents are accessible to anyone who needs to use screen readers, screen magnifiers, or voice recognition software.

Our efforts to improve online services include:

**Expanding Marketing Efforts:** In FY 2012, we continued to promote our online services with our “Boldly Go” marketing campaign. This campaign features celebrity spokespersons Patty Duke and George Takei in a series of eight “Boldly Go” public service announcements. We aired the series on Social Security TV (SSTV) in approximately 1,200 of our field offices. In FY 2012, hundreds of television stations nationwide aired our “Boldly Go” announcements more than 56,000 times. The public viewed our announcements more than 1.6 billion times.



We issued a national press release and posted a video on our YouTube page showing Patty Duke, who turned age 65, applying online for Social Security retirement and Medicare benefits. We also expanded our use of ads displayed on billboards, buses, and in airport terminals.

We have several social media and website features including:

- ["Boldly Go" campaign \(www.socialsecurity.gov/boldlygo/index.html\)](http://www.socialsecurity.gov/boldlygo/index.html);
- [Facebook page \(www.facebook.com/socialsecurity\)](http://www.facebook.com/socialsecurity);
- [Twitter page \(www.twitter.com/socialsecurity\)](http://www.twitter.com/socialsecurity); and
- [YouTube page \(www.youtube.com/socialsecurityonline\)](http://www.youtube.com/socialsecurityonline).

**Launching Online Social Security Statement:** In May 2012, we launched a secure and easy-to-use online Social Security Statement, [Get Your Social Security Statement Online \(www.socialsecurity.gov/mystatement/\)](http://www.socialsecurity.gov/mystatement/). The online Social Security Statement is available to people age 18 and older, and provides access to benefit estimates and earnings history. In five months' time, more than 2.2 million people went online, created a *MySocialSecurity* account, and viewed their Social Security Statement. Users rated the online experience with a score of 85 on the American Customer Satisfaction Index. The American Customer Satisfaction Index standards state that any application scoring 80 or better is considered a top performing application in terms of customer satisfaction.



In FY 2012, we mailed paper Social Security Statements to approximately 11.4 million workers nearing retirement age (age 60 and older) and about 1 million workers who are turning age 25.

**Improving Services to Our Spanish-Speaking Customers:** The Census Bureau projects the Spanish-speaking population will nearly triple, from 46.7 million to 132.8 million, between 2008 and 2050. Approximately 5.4 percent of our National 800 Number calls are from the Spanish-speaking population. We have

also seen an increase of Spanish-speaking visitors in our field offices. In early FY 2012, we launched our online Spanish retirement application (iClaim). Our Spanish iClaim application received an American Customer Satisfaction Index score of 95.

In FY 2012, we launched a marketing campaign to promote our entire [Spanish Language Suite of Online Services \(www.socialsecurity.gov/espanol/donfrancisco\)](http://www.socialsecurity.gov/espanol/donfrancisco). We now offer the following online applications in Spanish:

- [Spanish Retirement Estimator \(www.segurosocial.gov/espanol/calculador/\)](http://www.segurosocial.gov/espanol/calculador/);
- [Spanish iClaim application \(www.segurosocial.gov/espanol/plan/sobreelplan.htm\)](http://www.segurosocial.gov/espanol/plan/sobreelplan.htm); and
- [Spanish Extra Help with Medicare Prescription Drug Plan Costs application \(www.socialsecurity.gov/prescriptionhelp/index\\_sp.htm\)](http://www.socialsecurity.gov/prescriptionhelp/index_sp.htm).

In FY 2012, we targeted a series of four public service announcements to Spanish-language stations. Stations nationwide aired these announcements more than 17,000 times. The public viewed the announcements more than 600 million times. We posted Spanish information on various websites as links, tweets, Facebook posts, blogs, and e-newsletters with an audience of over 240,000 people.

**Mandating Online Appeals:** In FY 2012, we simplified our Internet Disability Appeal application (iAppeals) [iAppeals \(www.socialsecurity.gov/appeals/appeals\\_process.html\)](http://www.socialsecurity.gov/appeals/appeals_process.html) by clarifying the language and consolidating the instructional pages to enhance the user experience. We also added the electronic signature to the medical release form in iAppeals to move the application to a more complete electronic process.

Once we simplified the online application process, we required appointed representatives requesting direct fee payments to file their clients' appeal requests online using iAppeals. Our outreach efforts to these eligible appointed representatives included issuing letters to over 25,000 representatives, organizing an advocates meeting, producing and distributing educational fliers, and sponsoring an iAppeals webcast. Representatives viewed the webcast over 6,000 times.

**Expanding Online Services for Representatives:** Registered appointed representatives can access their clients' disability application information online. Appointed representatives who want to electronically submit medical evidence can do so using [ERE \(www.socialsecurity.gov/ere/\)](http://www.socialsecurity.gov/ere/).

**Supporting Americans Living Abroad:** In FY 2012, we improved our online tools explaining how payments may be affected if a person lives, or plans to live, outside the U.S. These tools include our:

- [Payments Abroad Screening Tool \(www.socialsecurity.gov/international/payments.html\)](http://www.socialsecurity.gov/international/payments.html) providing information on whether the user will receive benefits if they leave the U.S.; and
- [Nonresident Alien Tax Screening Tool \(www.socialsecurity.gov/international/AlienTax.html\)](http://www.socialsecurity.gov/international/AlienTax.html) informing the user if we will withhold a nonresident alien tax from their benefit.

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## STRATEGIC OBJECTIVE 2.2: INCREASE PUBLIC SATISFACTION WITH OUR TELEPHONE SERVICES

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Our [National 800 Number service \(www.socialsecurity.gov/pgm/services.htm\)](http://www.socialsecurity.gov/pgm/services.htm) remains the most popular option for conducting business with us. In FY 2012, we processed more than 56 million transactions through our National 800 Number and over 79 million callers dialed the National 800 Number. Callers can speak to a telephone agent during business hours or use our automated services that are available 24 hours a day, 7 days a week.

In FY 2012, we enhanced our telephone services by:

**Replacing Our National 800 Number Infrastructure:** We continued to enhance our automated telephone services so that more people can successfully complete their business with us by phone. In FY 2012, we began installation of our new National 800 Number telecommunications infrastructure. The new technology helps us forecast call volumes, anticipate staffing needs, and better distribute incoming calls across the network so callers can quickly reach telephone agents.

**Streamlining National 800 Number Menus:** We used customer satisfaction survey data to identify the points of service that create long wait times and reduce the number of prompts callers must navigate. In FY 2012, we completed the design for a new system which will overhaul the National 800 Number menus and speech recognition system. We will implement the new system as part of the National 800 Number infrastructure in FY 2013.

**Providing Real-Time Assistance to Online Visitors:** We are exploring the use of web support technologies to improve the level of customer service to our online users. As part of a click-to-communicate (C2C) initiative, we sought input from the public on our plan to use three web support technologies: Click-to-Talk, Screen Sharing, and Instant Messaging. In FY 2013, we will pilot software to assist us in developing a strategy for incorporating web support technologies into our business process. We will begin planning and analysis for C2C in FY 2014, as resources allow.

**Completing the Telephone System Replacement Project:** In FY 2012, we completed the multi-year project to replace our aged telephone systems and to better manage calls in field and hearing offices across the country.

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## STRATEGIC OBJECTIVE 2.3: EXPAND THE USE OF VIDEO SERVICES

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Video technology is an important part of our efforts to reduce the hearings backlog. We use this technology to help balance workloads across the country, reduce travel for the public and our employees, and better serve remote areas. Video technology also provides an efficient and innovative way to provide service to segments of the public with unique service needs, such as hearing participants, appointed representatives, American Indian Tribal centers, and VA hospitals.

We expanded our video services with the following initiatives:

**Increasing Video Hearing Capacity:** Video technology reduces the need for our staff to travel between offices and to remote sites to hold hearings, thus decreasing travel costs and allowing more time for our judges to decide cases. Video hearings also give us the flexibility to distribute our hearing workload more efficiently.

In FY 2012, we held 23 percent of our hearings by video – an increase of more than 23,800 video hearings compared to last year. We are confident that this positive trend will continue.

**Expanding Representative Video Project:** This project allows attorney and non-attorney appointed representatives to participate in hearings from their offices using their own video conferencing equipment. In FY 2012, we had 52 approved representatives hold over 3,800 hearings through the Representative Video Project, an increase of 42 percent from FY 2011. We are adding more sites each year as representatives see the value of this initiative.

**Using Video Service Delivery:** Video technology allows real-time conferencing between two or more sites. We offer two types of video service delivery (VSD): (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 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. VSD reduces in-office wait time as well as travel time.

In FY 2012, we had video units in 449 sites, and we held 97,000 interviews using VSD.

**Displaying Social Security TV:** We use SSTV as a communications tool to improve the public's experience in our field offices. SSTV displays informational broadcasts in several languages in our reception areas to provide office visitors with information about our programs and services. In FY 2012, we completed SSTV installation in all our field office locations. We have the capability to provide locally tailored messaging, dynamically created content, emergency broadcasts, and public service announcements – all contributing to a more informative, meaningful, and pleasant office experience.

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## **STRATEGIC OBJECTIVE 2.4: IMPROVE THE CLARITY OF OUR NOTICES**

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Notices are one of the primary ways we communicate with the public. Our notices communicate decisions, payment amounts, and other important information including a person's rights and responsibilities under our programs. In FY 2012, we issued approximately 250 million notices to the public explaining the programs that we administer. We also issued about 4 million Spanish notices. In FY 2012, we improved the readability, clarity, and tone of SSI notices explaining payment changes, and notices advising recipients their benefits will stop due to work.

Our notice clearance process ensures all new notice language complies with our notice standards, clear writing guidelines, and the *Plain Writing Act of 2010*.

Our efforts to improve the clarity of notices include:

**Improving Notices:** In FY 2012, we improved the readability, clarity, and tone of our work continuing disability reviews due process notices. We also improved the readability, clarity, and tone of the 48 highest volume paragraphs contained in our notices. In addition, we continued to develop a new enterprise communications system that will enable us to produce notices more efficiently and effectively. The new system will provide notices in a number of formats beyond normal print, such as audio, digital photography, Braille, and electronic.

**Surveying Notice Options for the Blind or Visually Impaired:** Our [Special Notice Option \(SNO\) for the Blind and Visually Impaired \(www.socialsecurity.gov/notices\)](http://www.socialsecurity.gov/notices) allows people to receive notices in various formats, including follow-up phone calls, Braille, Microsoft Word files on compact discs (CD), large print, and audio CDs.

The FY 2011 SNO survey results showed that, overall, the SNO formats were effective in meeting customer needs. The overall satisfaction rate for all formats combined was 92 percent rating customer satisfaction as "good," "very good," or "excellent."

## STRATEGIC GOAL 3: PRESERVE THE PUBLIC'S TRUST IN OUR PROGRAMS

### Strategic Objectives

- Increase Efforts to Accurately Pay Benefits
- Recover Improper Payments
- Maintain Accurate Earnings Records
- Make Our Administrative Operations Even More Efficient

### Priority Goal

*Reduce Supplemental Security Income overpayments*

### Overall Performance Measure Results

- Met the target for 5 of 8 measures
- Final data not available for 3 of 8 measures

We pay over \$65 billion in benefits each month. Our most important responsibility is to accurately and promptly pay these benefits to entitled individuals. To preserve the public's trust in our programs, we must continue to invest in enhanced program integrity activities. Together, our stewardship and service missions serve a common purpose – making our programs more effective and efficient.

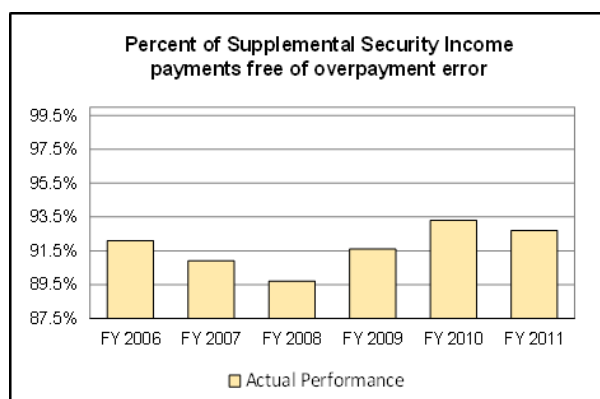
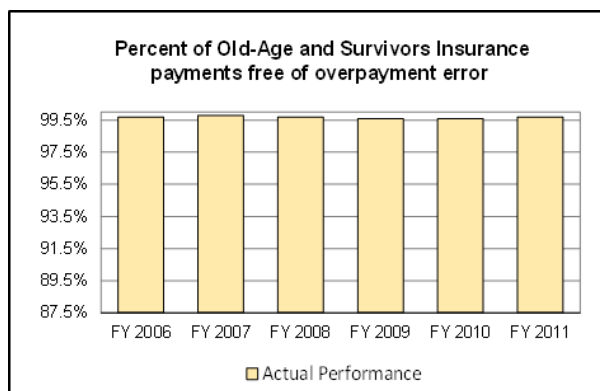
We make few errors in the administration of our retirement and survivors programs, with an overpayment accuracy rate in recent years between 99.7 percent and 99.9 percent (refer to the accompanying chart). Our disability insurance (DI) program is more complex, and the improper payments that occur are generally related to the complexity of these programs. Our DI program overpayment accuracy rate has been between 98.5 and 99.3 percent over the past several years.

Our SSI program provides payments to disabled adults and children with limited income and resources. SSI payments can change from month to month based on changes in a recipient's income, resources, and living arrangements. Our SSI overpayment accuracy reflects this complexity. To demonstrate our commitment to payment accuracy, we made SSI overpayments a Priority Goal.

We are improving our SSI overpayment accuracy. FY 2012 was the third year in a row we conducted over 2.4 million redeterminations. In FY 2008, we conducted just 1.2 million redeterminations.

Redeterminations are a review of SSI recipients' income and resources to ensure they are receiving the correct monthly benefit payment. This focus on redeterminations has helped improve SSI overpayment accuracy, which rose from 89.7 percent in FY 2008 to 92.7 percent in FY 2011 (refer to the accompanying chart).

For more information on overpayments, major causes, and corrective actions, please refer to the *Improper Payments Information Detailed Report* located in our *Other Accompanying Information* section of this report.





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### **STRATEGIC OBJECTIVE 3.1: INCREASE EFFORTS TO ACCURATELY PAY BENEFITS**

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This Strategic Objective aligns with our second Priority Goal to reduce SSI overpayments. We have demonstrated our program integrity tools have a positive effect on our program accuracy.

Some of our most effective program integrity tools are:

- Conducting continuing disability reviews;
- Conducting SSI Redeterminations;
- Using Predictive Modeling in the SSI Redetermination Process;
- Expanding the Access to Financial Institutions Initiative;
- Promoting the Use of the SSI Telephone Wage Reporting System;
- Expanding the Use of Electronic Death Data Exchange with Foreign Governments; and
- Using Electronic Data Exchanges.

For details on these program integrity efforts, please refer to the *Improper Payments Information Detailed Report* located in our *Other Accompanying Information* section of this report.

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### **STRATEGIC OBJECTIVE 3.2: RECOVER IMPROPER PAYMENTS**

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Although we strive to pay benefits accurately and timely, the complexity of our programs can lead to improper payments. When we identify an overpayment, we work to collect the debt. In FY 2012, we recovered \$3.26 billion of Social Security and SSI overpayments from overpaid beneficiaries. We use benefit withholding to recover overpayments from debtors currently receiving payments. When overpaid individuals are no longer receiving benefits, we offer them the opportunity to repay the debt via monthly installment payments. If the debtor does not agree to an acceptable repayment plan or defaults on an established agreement, we use our external collection techniques to recover the overpayments.

We enhanced our debt collection program by using established external debt collection tools. These tools include Tax Refund Offset and Administrative Offset administered through the Treasury Offset Program (TOP) at the Department of the Treasury (Treasury). Our participation in TOP allows us to offset Federal tax refunds, Federal annuities, and Federal salaries to collect our delinquent debts. We also report delinquent debts to credit bureaus and use Administrative Wage Garnishment, which allows us to garnish a debtor's private sector wages.

We will continue improving our debt collection program by:

**Maximizing Our Use of Proven Debt Collection Tools and Techniques:** Referral of delinquent debts to TOP is an effective recovery method for individuals who are no longer entitled to program benefits. From our initial implementation in 1992 through FY 2012, we recovered approximately \$2.158 billion through TOP. In 2009, Treasury enhanced TOP by amending its regulations to allow for collection of legally enforceable, non-tax debts beyond the prior 10-year statute of limitation. In FY 2011, we published regulatory changes authorizing us to refer delinquent debts over 10 years to TOP. In FY 2012, we implemented systems changes, began notifying our debtors, and, as a result, started referring their debts to Treasury for collection.

**Implementing New Tools for Debt Collection:** We have statutory authority to offset eligible State payments due to debtors as a way to collect delinquent debts. To offset the payment, the issuing State must have previously entered into a reciprocal agreement with Treasury. In FY 2011, we published the regulatory changes

authorizing us to offset eligible State payments issued by participating States. In FY 2013, development will begin to implement systems enhancements to employ State payment offset and increase our TOP collections.

For details on recovering improper payments, please refer to the *Improper Payments Information Detailed Report* located in our *Other Accompanying Information* section of this report.

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### **STRATEGIC OBJECTIVE 3.3: MAINTAIN ACCURATE EARNINGS RECORDS**

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The Social Security number (SSN) allows us to properly credit a worker's earnings. In FY 2012, we completed more than 5 million original and 11 million replacement Social Security card applications. We also verify SSNs more than 1.5 billion times a year through a variety of secure electronic exchanges with public and private organizations. In FY 2012, we completed and posted more than 220 million items to workers' records.

Maintaining accurate earnings records is resource intensive and highly complex. We base Old-Age, Survivors, and Disability Insurance (OASDI) benefit payments on a worker's lifetime earnings, so it is critical that we maintain accurate earnings records and credit the correct amount of earnings to the right person.

Some of our key efforts to promote accurate earnings records are:

**Increasing Electronic Wage Reports:** Paper wage reports are more error-prone, labor intensive, and expensive to process. We are working to eliminate paper wage reports. In FY 2012, we reduced the amount of paper received by nearly 400,000 paper wage reports and over 3 million paper Forms W-2 compared to FY 2011.

We encouraged employers and third party submitters to use our [Business Services Online \(www.socialsecurity.gov/bsowelcome.htm\)](http://www.socialsecurity.gov/bsowelcome.htm) Electronic Wage Reporting Suite of Services to electronically file Forms W-2 for their employees and customers. We continued to keep employers informed about our online Electronic Wage Reporting through promotional materials, payroll conferences, articles and trade publications, and direct contact.

**Strengthening the Social Security Number Application Process:** The SSN Application Process (SSNAP) is a web-based system we use to record information and evidence people submit during the interview for an SSN. In FY 2012, we revised SSNAP to guide users through the mandatory in-person interview for applicants who are age 12 or older and applying for their first SSN. SSNAP helps technicians locate a previously assigned SSN to prevent us from assigning multiple SSNs to the same person.

**Supporting E-Verify:** We worked with Department of Homeland Security (DHS) to make its E-Verify program more efficient and easier to use. E-Verify is a voluntary DHS program that allows registered employers to electronically verify the eligibility of newly hired employees to work in the U.S. Our responsibility is to verify whether the information employers submit in E-Verify matches our records. In addition, our field office and National 800 Number staff help resolve issues with SSA records when the data provided by an employer does not match our records.

In FY 2012, we assisted DHS in processing 22.9 million verifications of eligibility for employment in the U.S. More information is available on the U.S. Citizenship and Immigrations Services [E-Verify website \(www.dhs.gov/E-Verify\)](http://www.dhs.gov/E-Verify).

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### **STRATEGIC OBJECTIVE 3.4: MAKE OUR ADMINISTRATIVE OPERATIONS EVEN MORE EFFICIENT**

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We are committed to sound management practices. As responsible stewards, we continually review our business processes and use technology to make our operations more efficient. We continue to seek new ways to increase our efficiency.

In accordance with Executive Order 13589, *Promoting Efficient Spending*, we examined the key administrative areas targeted by the Executive Order and identified ways to cut costs where possible and eliminate practices that are outdated or unnecessary. Even prior to the issuance of the Executive Order, we took steps to reduce expenditures in many administrative areas, identifying opportunities to promote efficient and effective spending.

We made our administrative operations more efficient by:

**Increasing Use of Technology as Alternatives to Travel:** We significantly increased the use of video hearings to reduce travel expenses while simultaneously handling more hearings, transferring workloads between locations, and providing better service to claimants in remote areas. In FY 2012, we reduced training travel costs through Distance Learning Technology, an initiative that replaces some face-to-face training with video training.

**Conducting Onsite Security Control and Audit Reviews:** We continue to conduct ongoing Onsite Security Control and Audit Reviews (OSCAR) in our offices. The OSCAR process ensures our offices follow established security policies and procedures and that management controls are in place to deter and detect waste, fraud, and abuse. We require office managers to submit a corrective action plan providing details on the actions they will take to correct any deficiency cited during the review. We monitor these corrective action plans to ensure we address and resolve each deficiency.

**Refreshing Our Open Government Plan:** In April 2012, we published our online [Open Government Plan 2.0 \(www.socialsecurity.gov/open/story-2012-04-09-open-government-plan2.html\)](http://www.socialsecurity.gov/open/story-2012-04-09-open-government-plan2.html), an updated version of our original 2010 plan. The Open Government Plan is our framework for incorporating the principles of transparency, participation, and collaboration into our plans for achieving our mission. The new plan highlights successful completion of planned actions from our previous plan and reflects our commitment to increased transparency.

**Saving on Acquisitions:** We spend about \$1 billion annually to obtain mission essential goods and services. We saved approximately \$155 million in FY 2012 primarily through negotiations and by requesting discounts from vendors with established ordering vehicles (e.g., General Services Administration (GSA) schedule contracts, Blanket Purchase Agreements).

## STRATEGIC GOAL 4: STRENGTHEN OUR WORKFORCE AND INFRASTRUCTURE

### Strategic Objectives

- Strengthen Our Workforce – Recruit, Train, Develop, and Retain Superior Employees
- Maintain Secure and Reliable Information Technology Services
- Increase Efficiency of Our Physical Infrastructure

### Overall Performance Measure Results

- Met the target for 2 of 5 measures
- Did not meet the target for 2 of 5 measures
- Final data not available for 1 of 5 measures

The landscape of the Federal workplace and its workforce continues to change, as do the needs of the public that we serve. We must be prepared to meet business demands by having a diverse, highly skilled, and agile workforce. Technological advances have changed the way the public conducts business with us. Technology has not only changed our service delivery methods, but it has also changed our physical workplace. The advent of portable electronic work is changing our traditional business models.

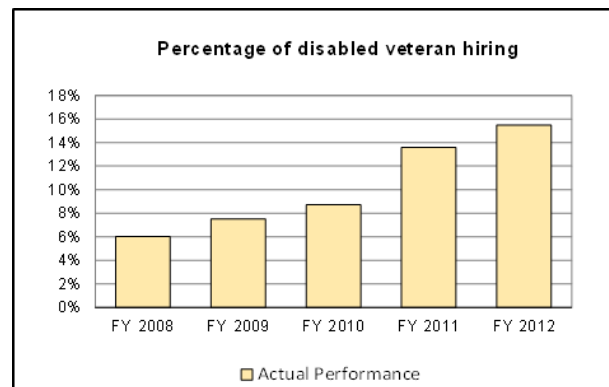
Our dedicated employees and State DDS partners enable us to sustain compassionate public service. One of our challenges continues to be the loss of institutional knowledge from the retirement of our employees. To strengthen our workforce, we recruit, train, develop, and retain superior employees. Our recruitment and retention efforts attract a multi-generational, multi-cultural workforce with the competencies needed for our mission critical positions.

Our rich talent pool exists because we embrace diversity. For example, in FY 2012, we received the President's *Veterans Employment Initiative Independent Agency Award for Outstanding Results* for our veteran hiring practices. Over a quarter of our new hires, in both FY 2011 and FY 2012, were veterans (refer to the accompanying chart). We have also been successful in recruiting and hiring disabled veterans (refer to the accompanying chart).

Our goal to develop leaders at all levels ensures our continued success. We are often cited as a model for best practices in leadership development. We continually enhance our leadership and career development programs. We remain committed to creating an environment that fosters a learning organization and the development of talent.

Each year since 2007, our employees have ranked us in the top 10 [Best Places to Work in the Federal Government](http://www.bestplacestowork.org/BPTW/rankings/) ([www.bestplacestowork.org/BPTW/rankings/](http://www.bestplacestowork.org/BPTW/rankings/)).

While we have a long history of caring employees and high productivity, process improvements alone cannot offset the significant increases in our workloads and loss of staff. To meet our service delivery challenge, we rely on a large and complex IT infrastructure.



This infrastructure includes very sensitive national databases, hundreds of software applications, large back-end computer platforms, thousands of networked computers, printers, telephones, and other devices. Key to our success is maintaining secure and reliable IT services. Ensuring the privacy and security of all personal information is critical to maintain the public's trust.

In addition, we strive to provide a professional, safe, and secure environment for our workforce and the public while working toward achieving even greater savings by minimizing waste and reducing energy consumption.

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### **STRATEGIC OBJECTIVE 4.1: STRENGTHEN OUR WORKFORCE – RECRUIT, TRAIN, DEVELOP, AND RETAIN SUPERIOR EMPLOYEES**

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Retirements continue to be the primary reason for our loss of employees. By 2015, almost 33 percent of our workforce, including 48 percent of our supervisors, will be eligible to retire. In FY 2012, we lost over 3,600 employees due to retirement and other reasons. Like many Federal agencies, we face the challenge of a diminishing workforce while simultaneously facing an increasing volume of work.

Our strategies to maintain a strong workforce help us achieve our mission. We will continue to strengthen our workforce by:

**Using Diversity and Inclusion:** We have a long-standing record of being one of the most diverse public sector Federal agencies. We continually strive to recruit, promote, and retain a highly skilled, diverse workforce that draws from all segments of society. Women constitute 68 percent of our workforce. Our minority representation stands at 49 percent.

In FY 2012, we instituted a new Diversity and Inclusion Council to implement our agency's *Diversity and Inclusion Strategic Plan*. The Council includes senior executive level representatives from each of our components, union officials, management association officials, and our eight advisory council chairpersons. The objective of the Council is to develop, define, and disseminate diversity messages and practices throughout the agency. Council members serve as role models to champion diverse perspectives and inclusive behaviors.

**Employing Veterans and Individuals with Disabilities:** We established plans to address the employment of veterans and individuals with disabilities. These plans help integrate proven practices for recruitment, development, support, and retention of veterans and individuals with disabilities into our ongoing human capital strategies.

**Enhancing Career Development Programs:** We have one of the most robust career development programs in the Federal sector. We offer three distinct programs to develop future leaders. These programs include the Senior Executive Service Candidate Development Program, the Advanced Leadership Program, and the Leadership Development Program.

**Improving Learning Opportunities:** We established more innovative training solutions, such as virtual conferences, video conferencing, and training simulations. We also developed a new workshop entitled *Personal Success Strategies* that focuses on such topics as communication, etiquette, teambuilding, listening, and collaboration.

**Implementing Safety and Security Training:** The safety of our employees and visitors to our offices has always been a top priority. We ban from our facilities members of the public who assault or seriously threaten our employees. We provide employees important reminders of our physical security policies and procedures. As our employees must deal with an increasing number of threats, we are developing a safety and security training curriculum to help our employees deal with difficult visitors.

We also provide annual systems security training for our employees and contractors. This training raises the awareness of employees and contractors regarding SSA's information systems security policies and procedures.

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## STRATEGIC OBJECTIVE 4.2: MAINTAIN SECURE AND RELIABLE INFORMATION TECHNOLOGY SERVICES

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We are committed to protecting the privacy and security of personal information.

We developed privacy policies for social media tools and emerging technology. These policies are essential for maintaining the public's trust as they interact with us through social media.

The *American Recovery and Reinvestment Act* provided us with \$500 million in administrative funding for our National Support Center. This new facility will ensure that we protect and maintain our vital IT infrastructure.

The GSA plans to complete the construction and final building commissioning in FY 2015. More information is available on our [American Recovery and Reinvestment Act webpage \(www.socialsecurity.gov/recovery/\)](http://www.socialsecurity.gov/recovery/).

We maintained secure and reliable IT services by:

**Enhancing Our Infrastructure:** We completed infrastructure changes to restore national IT operations within one day in the event of a disaster affecting either of our two data centers. In FY 2012, we implemented several technologies including high-speed disk replication and dynamic load balancing with high bandwidth connectivity between data centers. We also increased data center capacity and automatic failover and staging systems. We continue to test our critical system recovery processes on an annual basis.

**Protecting Our Systems and Data:** We deployed tools and implemented techniques to maintain privacy and protection of our data, systems, and business processes. We continue to strengthen our information security program to meet the standards and requirements of the *Federal Information Security Management Act of 2002* by training our employees and implementing effective cyber security technologies.

**Improving IT Cost and Performance:** We used proven new technologies to lower IT costs and improve performance. As part of our capital planning and investment control processes, we evaluated the cost of IT projects to their return on investment. We appropriately adopt new technologies, which provide stable and high performing environments. In FY 2012, we implemented Service-Oriented Architecture technology to enhance code reusability and to reduce development costs.

**Modernizing Older Software Applications:** We incrementally modernize our older software applications based on business opportunity and technical risk. We evaluate current software applications by how they meet strategic business goals and conform to our Enterprise Architecture plans. We are increasing the number of open source software applications in use.

In FY 2012, our modernization efforts included the following enhancements:

- Converted Client Server applications to more modern web technologies;
- Renovated a portion of the Earnings process to implement next-generation database technology;
- Developed a strategy for converting our existing database architecture; and
- Converted the Representative Payee database from a legacy database to a modernized database.

**Maintaining Systems Performance While Transitioning to Our New Data Center:** As we prepare for the move to our new National Support Center in 2015, we are implementing several infrastructure enhancements to ensure continued system performance. These enhancements include: isolating our pre-production and network environments from our core computing environment; reducing the number of operating systems we support; implementing additional virtualization technologies wherever technically feasible and cost-effective; and configuring tiered architectures to meet application cost and performance requirements.

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**STRATEGIC OBJECTIVE 4.3:  
INCREASE EFFICIENCY OF OUR PHYSICAL INFRASTRUCTURE**

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We have a responsibility to the public to conduct business in an efficient, economical, and environmentally sound manner. We are reviewing our current office structure to identify opportunities to consolidate offices and reduce our carbon footprint. Facility closures or consolidations resulted in cost savings of nearly \$6.1 million in FY 2012. Cancellations of previously planned lease acquisitions resulted in cost avoidance of approximately \$5.5 million in FY 2012. We are working to achieve even greater savings by minimizing waste and reducing energy consumption.

In an effort to meet this responsibility, we recycled and purchased energy efficient lighting, electronics, and appliances. We continued to provide sustainable acquisition language in our contracts. We began these practices before release of Executive Order 13423, *Strengthening Federal Environment, Energy, and Transportation Management*, which directed Federal agencies to improve their environmental, energy, and transportation processes.

In FY 2012, to further increase the efficiency of our physical infrastructure we:

- Installed two white cool roofs with high quality insulation to reduce energy costs;
- Installed a solar parking canopy, with four electric vehicle charging stations;
- Reduced the amount of time the lights stayed on by one and a half hours every weekday at the headquarters facility; and
- Turned off the heating, ventilation, and air conditioning equipment in the building in the evenings to save on heating and cooling costs while the buildings have little to no occupancy at the headquarters facility.

In support of Executive Order 13423, we replaced 100 percent of our gasoline vehicles eligible for replacement with alternative fuel or low greenhouse gas emissions vehicles. As a result of our actions, we rank fifth in reducing petroleum and second in increased alternative fuel usage among 21 Federal agencies. We continue to find new and innovative ways to expand our “green” programs and use “green” solutions to improve our environment.

We increased the efficiency of our physical infrastructure by:

**Greening Excess Property:** We continue to participate in the “green” initiative that provides an environmentally sound way to reuse excess equipment and furniture. In FY 2012, we donated over 8,400 central processing units and over 1,200 monitors to local schools or to the Computers for Learning program. In addition, we sent over 8,200 equipment items and over 800 furniture items to the GSA for potential reuse.

**Greening Our Fleet:** One hundred percent of our new vehicle purchases are alternative fuel vehicles. Nationwide, we converted over 70 percent of our light-duty vehicles to alternative fuel vehicles, and at our headquarters, we converted 94 percent of these vehicles. We will continue to increase consumption of alternative fuels by 10 percent and reduce petroleum consumption by 2 percent annually. To expand our “green” programs in FY 2012, we purchased more renewable energy for our headquarters buildings, helping us to further reduce our greenhouse gas emissions.

**Recycling and Redesigning Waste:** In FY 2012, we improved our recycling process at our headquarters’ complex to increase the amount of recyclable materials we divert from waste. We also deployed new recycling stations in high visibility areas with more foot traffic than our previous recycling centers. We are exploring the possibility of composting cafeterias’ waste from several of our facilities.

**Purchasing and Managing Environmentally Sound Electronics:** We purchased desktop computers, laptops, and monitors that are silver-rated or better by the Electronic Product Environmental Assessment Tool. We implemented power management on desktop and laptop computers, which allows computers to revert to the “sleep” mode during periods of inactivity, reducing power usage and greenhouse gas emissions.

**Converting to Sustainable, “Green” Energy Sources:** We continued to explore sustainable energy sources, like solar and wind, and to use alternative sources where economically feasible. We also monitored our offices to ensure we met energy efficiency standards.



## 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 remain high. Addressing this workload boom, while reducing our improper payments, is clearly our biggest challenge. In FY 2012, we received over 565,000 more initial disability claims and over 260,000 more hearing requests compared to FY 2008, representing increases of 22 percent and 44 percent, respectively.

The retirement wave and the disproportional number of our employees at or near retirement age will test our ability to handle these growing workloads. We ended FY 2012 with over 6,500 fewer SSA and DDS employees than we had at the beginning of FY 2011. Our challenges will be exacerbated if we are not properly funded in FY 2013 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 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. In FY 2012, the Extended Service Teams completed over 65,000 claims.

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 September 2012, we began a pilot test in the Idaho DDS. During FY 2013, we will test in the Illinois, Missouri, Nebraska, and New York DDSs before we roll out nationally.

Reducing improper payments remains one of our biggest challenges. The President's FY 2013 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.

## 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, verifiable, and secure. Our internal systems and controls include:

- Audit trails;
- Integrity reviews;
- Separation of duties;
- Restricted access to sensitive data;
- Reviews at all levels of management; and
- Validation and verification in our System Development Lifecycles (SDLC).

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 47 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.

In FY 2010, we initiated a new data quality program designed to assess, measure, and monitor the quality of performance data. We evaluate the data in terms of four quality dimensions:

- Accuracy – measuring how well data adheres to specification (e.g. definitions, rules, and policies);
- Consistency – measuring consistency in internal and external reporting of data;
- Completeness – measuring missing occurrences or attributions of the data; and
- Timeliness – measuring the currency of the data (i.e., data are up-to-date and reporting occurs on time).

We conduct these quality evaluations based on established internal methodologies. As we introduce new performance measures, we perform a comprehensive assessment of management information data using these four quality dimensions. After the initial assessment, we continuously monitor the data to make sure we are maintaining high quality performance data. Continuous monitoring allows us to follow trends in data quality and proactively remediate potential data quality issues.

In FY 2012, we evaluated and verified data for the following three performance measures under this quality program:

- 1.1a: Complete the budgeted number of hearing requests;
- 1.3a: Achieve the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances; and
- 2.1a: Increase the percentage of claims filed online.

Also, the data for several accuracy and public satisfaction measures come from surveys and work samples, which provide confidence levels of 95 percent or higher.

The Audit Trail System (ATS) enables us to execute our fiduciary responsibility by ensuring we protect Social Security records and OASDI Trust Fund monies from improper use. ATS collects and maintains electronic transactions entered into our programmatic systems allowing us to retrieve transactions for the purpose of deterring, detecting, and investigating instances of fraud and abuse.

In addition, we have the Comprehensive Integrity Review Process (CIRP), which serves as our primary oversight tool to protect against waste, fraud, and abuse of our information systems. CIRP is one of the ways we fulfill our obligation to comply with Federal laws, such as the *Federal Managers' Financial Integrity Act*, that mandate a system of internal controls. CIRP proactively identifies suspect and potentially fraudulent cases for management review.

The SDLC is a process used to develop information systems. The SDLC documents required activities and outlines a consistent set of development tasks for Project Managers to follow. These tasks help support the integrity of our data by ensuring systems are built using the tools and methodologies that have been established as industry and our best practices.

### AUDIT OF OUR FY 2012 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 2012 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 GPRA. In FY 2012, the OIG issued two audits that evaluated three of our GPRA performance indicators (SSI and OASDI payments free of overpayment and underpayment error and individuals who do business with us rating the overall services).

The reports are:

- [Performance Indicator Audit: Improper Payments \(A-15-11-11197\)](http://oig.ssa.gov/sites/default/files/audit/full/pdf/A-15-11-11197.pdf) ([oig.ssa.gov/sites/default/files/audit/full/pdf/A-15-11-11197.pdf](http://oig.ssa.gov/sites/default/files/audit/full/pdf/A-15-11-11197.pdf)) and
- [Performance Indicator Audit: Customer Service \(A-15-11-11183\)](http://oig.ssa.gov/sites/default/files/audit/full/pdf/A-15-11-11183.pdf) ([oig.ssa.gov/sites/default/files/audit/full/pdf/A-15-11-11183.pdf](http://oig.ssa.gov/sites/default/files/audit/full/pdf/A-15-11-11183.pdf)).

The objectives of these audits were to:

- Comprehend and document our sources of data for the specific performance measure the OIG 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 the three performance indicators audited.

These and other OIG reports are located on the [Office of the Inspector General's webpage \(oig.ssa.gov/audits-and-investigations/audit-reports/2010-10--2012-09\)](http://oig.ssa.gov/audits-and-investigations/audit-reports/2010-10--2012-09).