

# SUMMARY

## Fiscal Year 2010



SUMMARY OF PERFORMANCE AND  
FINANCIAL INFORMATION  
FISCAL YEAR 2010

SOCIAL SECURITY ADMINISTRATION



# SOCIAL SECURITY ADMINISTRATION SUMMARY OF PERFORMANCE & FINANCIAL INFORMATION FISCAL YEAR 2010



Our Mission: Deliver Social Security services that meet the changing needs of the public

## About This Summary

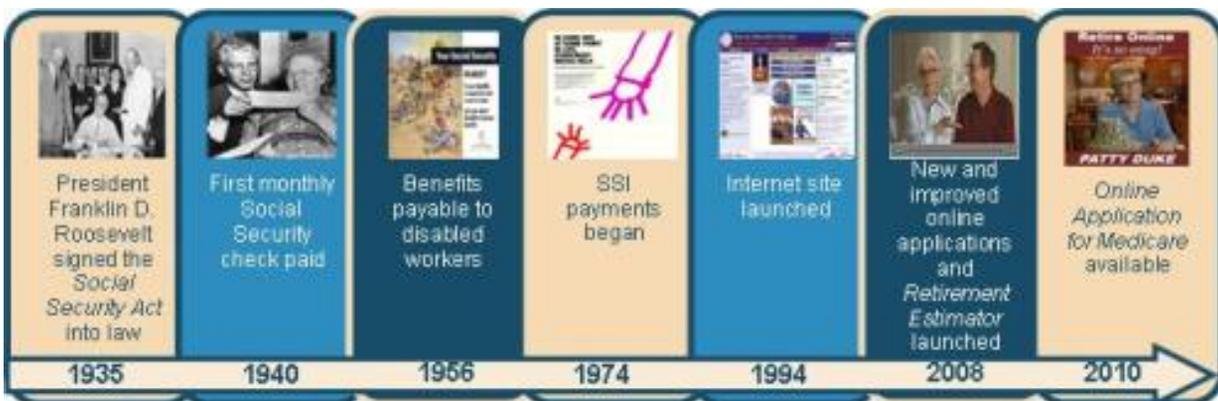
The goal of this *Summary of Performance and Financial Information for Fiscal Year (FY) 2010* (Summary) is to increase accountability by making our financial and performance information more transparent and accessible to Congress, the public, and other constituencies. In this Summary, we include key, representative performance measures and financial data that highlight our efforts identified in the *Performance and Accountability Report for FY 2010*. Our full [Performance and Accountability Report for FY 2010](#) is available online.

## Who We Are and What We Do

In 2010, we celebrated the 75th anniversary of the signing of the *Social Security Act*. This landmark legislation provides financial support and economic security to a wide range of our population. The *Social Security Act* has expanded beyond its initial coverage of only retired workers to include dependent and survivor benefits, disability insurance, and guaranteed medical insurance for seniors through Medicare. We also administer the Supplemental Security Income (SSI) program. SSI helps people under age 65, who have limited income and resources and who are elderly, blind, and/or disabled, to meet their basic needs for food, clothing, and shelter.

Over the years, we have grown from about 222,500 beneficiaries receiving \$35 million in Social Security benefits in 1940 to over 57 million Social Security beneficiaries and SSI recipients receiving a combined total of about \$740 billion in FY 2010. Our employees deliver services through a nationwide network of 1,500 offices comprised of regional offices, field offices (including card centers), teleservice centers, processing centers, hearing offices (including satellite offices and National Hearing Centers), the Appeals Council, and our headquarters located in Baltimore, Maryland. We also have a presence in several U.S. embassies around the globe.

The timeline below shows the progression of Social Security programs and responsibilities. It also highlights some additional changes in the way we deliver our services to better accommodate the public.



# SUMMARY OF OUR PERFORMANCE



In FY 2009, President Obama emphasized the need for Government to work better, faster, and more efficiently to address the extraordinary challenges our country faces. In support of the Governmentwide initiative to build a high-performing Government, agencies established a limited number of Priority Goals with targeted outcomes achievable in less than two years. We identified the following Priority Goals that support our strategic goals and objectives as outlined in our [Agency Strategic Plan for Fiscal Years 2008 -- 2013](#):

1. Increase the Number of Online Applications;
2. Issue More Decisions for People who File for Disability;
3. Improve Our Customers' Service Experience on the Telephone, in Our Field Offices, and Online; and
4. Ensure Effective Stewardship of Our Programs by Increasing Our Program Integrity Efforts.

In addition to the above Priority Goals, in FY 2010, we focused our attention and resources on the 27 performance measures identified in our [Annual Performance Plan for FY 2011 and Revised Final Performance Plan for FY 2010](#). We met or exceeded our targets for 22 measures and did not achieve our target for two measures. End-of-year data for three measures were unavailable. Below, we highlight ten performance measures, eight of which also support our Priority Goals.

We used the following key to summarize our performance results.

Key	
Target met or exceeded	↑
Target not met	↓
Target not met, but performance improved from previous fiscal year	↓↑

## Strategic Goal 1: Eliminate Our Hearings Backlog and Prevent Its Recurrence

Objectives: Increase our capacity to hear and decide cases  
 Improve our workload management practices throughout the hearing process

### 1.1a: Complete the budgeted number of hearing requests

(Supports Priority Goal 2)

**FY 2010 Target: 725,000** | **Target Met: ↑** | **Performance: 737,616**

In FY 2010, we completed 737,616 hearing requests – the largest annual total in our 75-year history and 76,774 more than in FY 2009. This was our third consecutive year we exceeded our target even though we raised the bar and increased the target almost 30 percent from FY 2008 to FY 2010.

Fiscal Year	2006	2007	2008	2009	2010
Performance	558,978	547,951	575,380	660,842	737,616

**1.2a: Achieve the target number of hearing requests pending****FY 2010 Target: 707,000****Target Met: ↑****Performance: 705,367**

We completed more hearing requests than we received in FY 2010 despite receiving a record-level of hearing requests (720,161). As a result, we reduced the number of hearing requests pending at the end of FY 2010 by 17,455. FY 2010 marked the second consecutive fiscal year in which pending volumes declined. Eliminating the backlog of hearing requests remains our top priority, and with decreasing pending levels in FYs 2009 and 2010, we remain on track to eliminate our backlog.

Fiscal Year	2006	2007	2008	2009	2010
Performance	715,568	746,744	760,813	722,822	705,367

**1.2c: Achieve the budgeted goal for average processing time for hearing requests****FY 2010 Target: 485 days****Target Met: ↑****Performance: 426 days**

In FY 2010, we reduced the average processing time for a hearing request to 426 days, more than two months less than in FY 2009, and almost three months less than in FY 2008 when the average processing time for a hearing request peaked at 514 days. We remain committed to achieving our long-term objective to reduce the time it takes a claimant to receive a hearing decision to an average of 270 days.

Fiscal Year	2006	2007	2008	2009	2010
Performance	483	512	514	491	426

**Strategic Goal 2: Improve the Speed and Quality of Our Disability Process**

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

**2.1a: Achieve the target percentage of initial disability cases identified as a Quick Disability Determination or a Compassionate Allowance****(Supports Priority Goal 2)****FY 2010 Target: 4.5%****Target Met: ↑****Performance: 4.6%**

One of our most successful initiatives to improve the speed of our disability process is our fast-track effort. Our two fast-track initiatives are *Quick Disability Determinations* (QDD) and *Compassionate Allowances*. In FY 2010, our target was to identify 4.5 percent of the initial disability claims filed as a QDD or a [Compassionate Allowance](#), and we identified 4.6 percent. We fast-tracked over 20 percent more cases in FY 2010 than FY 2009.

Fiscal Year	2009	2010
Performance	3.8%	4.6%

**2.1b: Complete the budgeted number of initial disability claims****(Supports Priority Goal 2)****FY 2010 Target: 3,081,000****Target Met: ↑****Performance: 3,161,314**

Our disability workloads continued to grow rapidly in FY 2010. We received 24 percent more claims than we did in FY 2008 and we do not expect disability claim volumes to subside anytime soon. In FY 2010, we completed 3,161,314 initial disability claims, 348,396 more than in FY 2009, a 12-percent increase.

Fiscal Year	2007	2008	2009	2010
Performance	2,529,721	2,607,282	2,812,918	3,161,314

**2.2a: Achieve the target percentage of initial disability claims filed online****(Supports Priority Goal 1)****FY 2010 Target: 25%****Target Met: ↑****Performance: 27%**

In FY 2010, we received 27 percent of the disability applications through online filing compared to 21 percent in FY 2009. We attribute much of this increase to our streamlined and easier to complete online disability application, which we released in January 2010. We will continue our marketing campaign to increase public awareness of both the advantages and availability of filing for disability benefits online, most notably the ability to apply immediately without waiting for an appointment, as well as the ability to file anywhere an Internet connection is available.

Fiscal Year	2009	2010
Performance	21%	27%

**Strategic Goal 3: Improve Our Retiree and Other Core Services**

Objectives: Dramatically increase **baby boomers' use of our online retirement services**  
 Provide individuals with accurate, clear, 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

**3.1b: Achieve the target percentage of retirement claims filed online****(Supports Priority Goal 1)****FY 2010 Target: 38%****Target Met: ↓↑****Performance: 37%**

Online retirement claims accounted for 37 percent of all retirement applications filed in FY 2010 that were eligible for filing online. This was a 16-percent increase over FY 2009. Although we barely missed our target, we will continue to encourage more people to use our online services. We are also conducting several surveys with people who have filed for benefits online to assess how we can better address the public's needs.

Fiscal Year	2009	2010
Performance	32%	37%

**3.3a: Achieve the target speed in answering National 800 Number calls****(Supports Priority Goal 3)****FY 2010 Target: 269 seconds****Target Met: ↑****Performance: 203 seconds**

Calls to our National 800 Number continued to be the primary option the public chooses to access our services. In FY 2010, our telephone agents handled almost 42 million transactions. We were able to answer calls 42 seconds faster than we did in FY 2009, the fastest speed of answering since we began reporting this data in FY 2005. We attribute much of our improved performance to increased staffing. In FY 2010, we hired additional telephone agents and implemented several technological advancements to make our National 800 Number more efficient, thereby improving and increasing our call-routing capabilities.

Fiscal Year	2005	2006	2007	2008	2009	2010
Performance	296	278	250	326	245	203

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

Objectives: 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**

### 4.1a: Complete the budgeted number of Supplemental Security Income non-disability redeterminations

(Supports Priority Goal 4)

**FY 2010 Target: 2,422,000**

**Target Met: ↑**

**Performance: 2,465,878**

Redeterminations are periodic reviews of non-medical factors of entitlement to ensure we make accurate payments to people receiving SSI payments. As a needs-based program, such factors as income, resources, and living arrangements can affect entitlement to or the amount of a person's SSI payment. We have found that redeterminations are cost effective. We currently estimate they have a return on investment over 10 years of \$8 in program savings for each \$1 spent, including accrued Medicaid savings. In FY 2010, we conducted 735,303 more redeterminations than in FY 2009, an increase of 42 percent.

Fiscal Year	2007	2008	2009	2010
Performance	1,038,948	1,220,664	1,730,575	2,465,878

### 4.1b: Complete the budgeted number of continuing disability reviews

(Supports Priority Goal 4)

**FY 2010 Target: 954,000**

**Target Met: ↑**

**Performance: 956,182**

We conduct continuing disability reviews (CDR) to determine if disabled beneficiaries continue to meet the medical requirements to support their disability entitlement. CDRs are highly cost effective; historically, every \$1 spent on CDRs produces at least \$10 in lifetime program savings. In FY 2010, we conducted 956,182 CDRs. We conduct two types of CDRs: full medical reviews and mailers. We selected the mailer cases by using computer-scoring models to help us determine when a full medical review would not be cost effective. In FY 2010, we completed 631,615 mailer CDRs. We also conducted 324,567 full medical CDRs, an increase of 2.4 percent in FY 2009.

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010
Performance	1,371,255	1,604,680	1,515,477	1,337,638	764,852	1,091,303	1,101,983	956,182

# OUR MANAGEMENT AND PERFORMANCE CHALLENGES



In FY 2010, our Office of the Inspector General reassessed the top management and performance challenges facing us. Below we list the eight challenges identified by the Inspector General and a brief summary of how we addressed them in FY 2010. The [Inspector General's](#) full report is available online.

**1. Implement the *American Recovery and Reinvestment Act (ARRA)* Effectively and Efficiently**

Under ARRA, we received funds to address three major efforts: \$500 million to replace our National Computer Center; \$500 million to handle our disability and retirement workloads; and \$90 million for the administrative costs to issue one-time economic recovery payment of \$250 to eligible people receiving Social Security benefits and SSI payments. In response to ARRA and the Office of Management and Budget guidance, we developed an *ARRA Risk Management Plan*, which outlines our major challenges and risk mitigation activities associated with implementing the requirements of ARRA.

**2. Reduce the Hearings Backlog and Prevent Its Recurrence**

Eliminating the hearings backlog continued to be our focus in FY 2010. We increased our hearing capacity by hiring additional administrative law judges and support staff. In addition, we opened 13 new hearing offices and completed critical expansions in two others, opened three satellite offices, two National Case Assistance Centers, and our fifth National Hearing Center in FY 2010.

**3. Improve the Timeliness and Quality of the Disability Process**

In FY 2010, our initial disability claims pending had grown to over 842,000. To expedite this workload, we hired additional Disability Determination Service employees and maximized the use of overtime. We also created four Extended Service Teams to assist and take claims from states with the highest pending levels.

**4. Reduce Improper Payments and Increase Overpayment Recoveries**

Given the large volume of benefits we pay, even the slightest error can result in millions of dollars in improper payments. In accordance with the *Improper Payments Elimination and Recovery Act of 2010*, we intensified our efforts to prevent and reduce improper payments by using a variety of cost effective methods to collect the debt related to overpayment. These debt collection tools include *Access to Financial Institutions*, *SSI Telephone Wage Reporting System*, and *Administrative Wage Garnishment*.

**5. Improve Customer Service**

We provided the public with more online services, such as our *Online Medicare Application* and *Life Expectancy Calculator* in FY 2010. We further enhanced service by offering video conferencing for people living in rural areas and installing televisions in field office reception areas to broadcast information about our programs.

**6. Invest in Information Technology (IT) Infrastructure to Support Current and Future Workloads**

To meet and manage our increasing workloads, we must have the proper IT infrastructure. Using ARRA funds, we implemented a plan to replace our aging National Computer Center with a new data center that will meet our long-term IT needs.

**7. Strengthen the Integrity and Protection of the Social Security Number**

We continue to strengthen our Social Security card issuance process to ensure the integrity and protection of Social Security Numbers. We have eight Social Security Card Centers to focus exclusively on Social Security Number and card processing. We continued to collaborate with the Department of Homeland Security to electronically verify work authorization under immigration law using *E-Verify*.

**8. Improve Transparency and Accountability**

In accordance with the *Open Government Directive*, we published our *Open Government Plan*. To solicit input for this plan, we used IdeaScale, an online dialog tool that provides the public with a forum to submit ideas, and also vote and submit comments on ideas already posted. Our [Open Government Plan](#) is available online. To further increase transparency and accountability, we released 22 different [datasets](#) and we plan to release more high value datasets in FY 2011.

# SUMMARY OF OUR FINANCIAL INFORMATION



We received an unqualified opinion on our FY 2010 financial statements from our auditors. Our financial statements combine the results from the programs we administer, which include Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI). OASI and DI have separate funds, which are financed by payroll taxes, interest on investments, and income taxes on benefits. General revenues from the U.S. Treasury finance SSI. The following table presents key amounts from our basic financial statements for FYs 2008 through 2010. Our financial statements, notes, and additional information appear on pages 99 through 152 of our full [FY 2010 Performance and Accountability Report](#).

<b>Table of Key Measures<sup>1</sup></b> (dollars in billions)			
	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Net Position</b> (end of fiscal year)			
<b>Total Assets</b>	\$2,635.5	\$2,553.6	\$2,414.7
<b>Less Total Liabilities</b>	\$95.9	\$94.8	\$87.2
<b>Net Position (assets net of liabilities)</b>	\$2,539.6	\$2,458.8	\$2,327.5
<b>Change in Net Position</b> (end of fiscal year)			
<b>Net Costs</b>	\$752.3	\$731.6	\$658.4
<b>Total Financing Sources<sup>2</sup></b>	\$833.0	\$863.0	\$842.8
<b>Change in Net Position</b>	\$80.8	\$131.3	\$184.4
<b>Statement of Social Insurance</b> <b>Old-Age, Survivors and Disability Insurance</b> (calendar year basis)			
<b>Net present value (NPV) of future cash flows for all participants over the next 75 years (open group), current year valuation</b>	-\$7,947	-\$7,677	-\$6,555
<b>NPV of future cash flow for all participants over the next 75 years (open group), prior year valuation</b>	-\$7,677	-\$6,555	-\$6,763
<b>Change in NPV</b>	-\$270	-\$1,123	\$208

1. Totals do not necessarily equal the sum of rounded components.

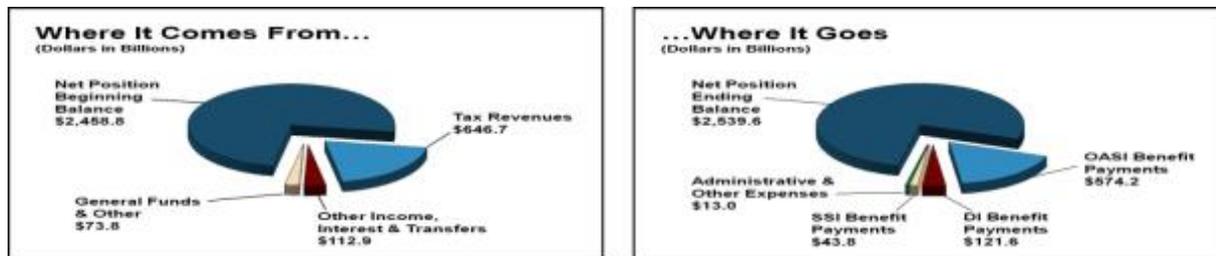
2. Total Financing Sources includes both the Total Financing Sources and Total Budgetary Financing Sources lines from the Statement of Changes in Net Position.

**Assets:** Of our FY 2010 total assets identified in the Table of Key Measures above, \$2,619.7 billion relates to earmarked funds for the OASI and DI programs and approximately 98.1 percent are investments. Our investments increased \$82.1 billion during FY 2010 largely due to tax revenues of \$646.7 billion, and interest on those investments of \$118.0 billion, exceeding the cost of operations of \$752.3 billion.

**Liabilities:** Liabilities grew in FY 2010 by \$1.1 billion primarily because of the growth in benefits due and payable. The majority of our liabilities (84.2 percent) consist of benefits that have accrued as of the end of the fiscal year but have not been paid.

**Net Position:** Our net position grew \$80.8 billion during FY 2010 to \$2,539.6 billion, which is attributable to financing sources in excess of our net cost. At this time, tax revenues and interest earned continue to exceed benefit payments made to OASI and DI beneficiaries, keeping our programs solvent.

The charts below summarize the activity on our Statement of Net Cost and Statement of Changes in Net Position by showing the sources and uses of funds for FY 2010.



**Net Cost:** Our net cost of operations increased \$20.7 billion during FY 2010 to \$752.3 billion, primarily due to the first wave of baby boomers attaining retirement age. Of this increase, \$32.8 billion resulted from increased benefit payments and \$12.1 billion resulted from decreased operating expenses. The decrease in operating expenses is mainly due to the \$13.1 billion one-time economic recovery payments authorized by the *American Recovery and Reinvestment Act* that were made in FY 2009.

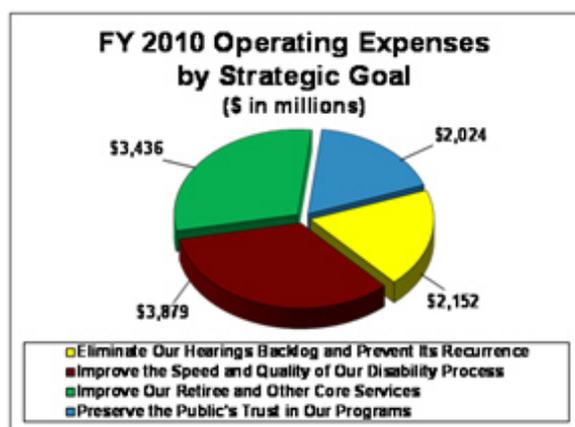
**Statement of Social Insurance:** The net present value (NPV) of future cash flows for all participants over the next 75 years (open group) decreased from -\$7.7 trillion, determined as of January 1, 2009, to -\$7.9 trillion, determined as of January 1, 2010. The NPV as of January 1, 2010 would have decreased by about \$0.5 trillion due to advancing the valuation date by one year and including the additional year 2084. However, legislative changes, changes in methods, revisions in assumptions, and updated data increased the NPV by about \$0.3 trillion.

**OASI and DI Trust Fund Solvency:** The combined OASI and DI Trust Funds are deemed adequately financed for the short term (next 10 years) when actuarial estimates of the combined OASI and DI Trust Fund assets for the beginning of each calendar year are at least as large as program obligations for the year. Estimates in the 2010 Trustees Report indicate that the OASI and DI Trust Funds, on a combined basis, are adequately financed over the next 10 years. Financing of the DI Trust Fund is inadequate and, without remedial action, the fund is expected to be exhausted in 2018.

Our financing is not projected to be sustainable over the long term with the tax rates and benefit levels scheduled in current law. Program cost will exceed tax revenues in all years of the 75-year projection period, except for 2012 through 2014. In 2037, the combined OASI and DI Trust Funds will be exhausted according to the projections by our Chief Actuary. For more information, please see the [2010 OASDI Trustees Report](#) and our full [FY 2010 Performance and Accountability Report](#).

### OUR FY 2010 OPERATING EXPENSES BY STRATEGIC GOAL

This chart exhibits the distribution of our FY 2010 operating expenses allocated to our four strategic goals.





*Benefits America!*

Social Security Administration  
SSA Publication Number 31-231  
February 2011