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General Accounting Office
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**Health, Education, and
Human Services Division**

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The Honorable Richard K. Arme
Majority Leader
House of Representatives

The Honorable John R. Kasich
Chairman, Committee on the Budget
House of Representatives

The Honorable Dan Burton
Chairman, Committee on Government Reform
and Oversight
House of Representatives

The Honorable Bob Livingston
Chairman, Committee on Appropriations
House of Representatives

Subject: The Results Act: Observations on the Social Security
Administration's June 1997 Draft Strategic Plan

On June 12, 1997, you asked us to review the draft strategic plans submitted by the cabinet departments and selected major agencies to facilitate the consultations between the Congress and the agencies required by the Government Performance and Results Act of 1993 (the Results Act). This letter provides our observations on the draft plan the Social Security Administration (SSA) submitted to the Congress on June 30, 1997.

**Objectives, Scope,
and Methodology**

On the basis of guidance provided in your June 12, 1997, letter, we focused our review of SSA's June 30, 1997, draft strategic plan on

- SSA's compliance with the Results Act's requirements and the draft plan's overall quality,
- whether the draft plan reflects SSA's key statutory responsibilities,
- how well the draft plan identifies crosscutting functions and plans for coordination with other departments and agencies,
- the extent to which the plan addresses major SSA management challenges we have identified in our reviews of SSA programs, and
- SSA's capacity to provide reliable information about its performance.

Our overall assessment of SSA's draft strategic plan was generally based on our knowledge of SSA's operations and programs, our numerous reviews of the agency, and other existing information available at the time of our assessment. Specifically, the criteria we used to determine whether SSA's draft strategic plan complied with the requirements of the Results Act were the Results Act itself, supplemented by OMB's guidance on developing the plans (OMB Circular A-11, part 2). To make judgments about the overall quality of the plan, we used our May 1997 guidance for congressional review of the plans.¹ To determine whether the plan contained information on interagency coordination and addressed management problems we have previously identified, we relied on our general knowledge of SSA's operations and programs and the results of our previous reports. In determining whether SSA's draft strategic plan reflects the agency's major statutory responsibilities, as you requested, we coordinated our review with the Congressional Research Service. To determine whether SSA had adequate systems in place to provide reliable information on performance, we reviewed the draft plan for Chief Financial Officer, Chief Information Officer, and financial management information. We also relied on the results of our previous reports. We performed our evaluation between July 1 and July 11, 1997. SSA officials provided comments on a draft of this correspondence, which are reflected in the Agency Comments section.

It is important to recognize that under the act, agencies' final plans are not due until September 30, 1997. Developing a strategic plan is a dynamic process, and SSA is continuing to revise the draft with input from OMB, congressional staff, and other stakeholders. Furthermore, in passing the Results Act, the Congress anticipated that several planning cycles might be needed to perfect the process of developing a strategic plan and that the plan would be continually refined. Thus, the following comments reflect our analysis of SSA's first draft of its plan submitted to the Congress for consultation.

Background

SSA's programs touch the lives of nearly every individual in the nation. SSA administers three major federal programs. The Old Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs, together commonly referred to as "Social Security," provide benefits to retired and disabled workers and their dependents and survivors. The Supplemental Security Income (SSI) program provides means-tested assistance to the

¹Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997).

needy aged, blind, or disabled. The agency's expenditures totaled \$382 billion in fiscal year 1996, nearly one-fourth of the nation's \$1.6 trillion federal budget. In 1996, 50 million beneficiaries—about one out of every five individuals in this country—received benefits from SSA each month. SSA serves the public through a nationwide network that includes 1,300 field offices, 132 hearings offices, and a national toll-free telephone number.

To administer these programs, SSA must perform the following essential tasks: issuing Social Security numbers to individuals, maintaining earnings records for workers by collecting wage reports from employers, using these records to determine the dollar amount of OASI and DI benefits, and processing benefit claims for all three programs. SSA must also determine applicants' continuing eligibility, maintain the beneficiary rolls, provide hearings and appeals for denied applicants, and disseminate information about the programs it administers.

To enhance SSA's ability to address critical policy issues and correct programmatic weaknesses, the Congress enacted legislation making SSA independent of the Department of Health and Human Services (HHS) as of March 31, 1995. As we reported in February 1995, it was believed that, with independence, SSA could achieve better program management, continuity of leadership, and an organization more accountable to the public and more responsive to the Congress.²

SSA faces dramatic challenges in the future. Some of these include the long-range solvency of the Social Security trust funds, growing DI and SSI caseloads, increased workloads and integration of new technologies to process workloads and provide public service. All call for effective leadership. We have identified and documented these challenges in numerous reports, testimonies, and management reviews of SSA over the last several years.

SSA has a history of strategic planning. Its original strategic plan was published in 1988 and was significantly revised in 1991. SSA is revising its plan—the first plan that SSA has prepared as an independent agency—to reflect the requirements of the Results Act. Before finalizing the draft plan, SSA is required to consult with the Congress and solicit and consider the views and suggestions of other stakeholders potentially affected by or interested in the plan.

²Social Security Administration: Leadership Challenges Accompany Transition to an Independent Agency (GAO/HEHS-95-59, Feb. 15, 1995).

In 1994, the agency was selected by OMB for a total agency pilot for implementation of the act's performance planning and reporting provision. The purpose of the pilot program was to help federal agencies gain experience in using the key provisions of the act and provide lessons for pilots and for other agencies before the act's governmentwide implementation later this year.

Results in Brief

SSA has prepared a draft strategic plan, reflecting its new status as an independent agency, that provides a solid foundation for its consultation with the Congress and other stakeholders. Its draft plan is forward-looking, reflects the agency's key statutory responsibilities, and contains the six components required by the act, although some of these components could be strengthened in important ways. Moreover, the goals it sets out are more balanced than past agency goals; SSA has added a goal to emphasize sound program management as a complement to its existing goal to provide world-class customer service. However, in some cases, the goals could be strengthened by clarifying what SSA hopes to achieve and how it plans to measure its achievement. Also, the success of several goals is predicated on technological improvements or changes in agency operational processes, such as SSA's initiative to redesign its disability claims process. SSA has historically encountered some difficulty implementing some of these changes. The plan would be more realistic and useful to the Congress and SSA if SSA addressed these difficulties. In addition, the plan would benefit from SSA's (1) more explicitly describing how certain external factors, such as technology changes, may affect goal attainment; (2) more clearly explaining how it has used and plans to use program evaluations; and (3) including a discussion on how SSA has coordinated with other agencies, such as HHS, that serve the same beneficiaries.

SSA's plan is structured to capture and monitor progress in meeting agencywide priorities and, as such, does not focus on specific programs or beneficiary groups. As a result, the plan offers little assurance that SSA will place adequate attention on certain areas that pose the greatest management challenges. Specifically, SSA's draft plan does not acknowledge the fact that its SSI program was recently placed on our high risk list,³ nor does it provide a comprehensive strategy to address the problems with SSI. SSA has recently agreed, however, that a comprehensive strategy, including a complete set of measures, should be crafted for SSI. In

³In 1990, we began a special effort to review and report on the federal program areas our work identified as high risk because of vulnerabilities to waste, fraud, abuse, or mismanagement.

addition, the plan does not disclose the challenges SSA has faced in redesigning its disability process and does not fully integrate a return-to-work strategy for its disabled beneficiaries throughout the agency's operations.

SSA's draft plan does reflect the agency's strong reliance on improved information technology to provide world-class service and better manage its programs with its current resources. However, the plan would be strengthened by adding more detailed information on how SSA will use information technology to achieve the agency's goals and objectives. In addition, the draft plan could discuss in more detail SSA's plans to cope with two technology-related high risk areas—the "year 2000" computer problem, which stems from the common practice in automated systems of abbreviating years by their last two digits, and the need to adequately protect the sensitive data in its computer system. Both of these areas represent significant future challenges for SSA. Finally, SSA has experience in developing and reporting on performance measures, but the agency recognizes the need to develop some new measures that better reflect its progress in meeting its new goals.

Draft Plan Reflects Required Elements of Results Act, but Some Aspects Could Be Improved

SSA's draft strategic plan includes all six elements required by the act and is SSA's attempt to address past criticisms of its mission statement and general goals. The six elements are (1) a comprehensive mission statement, (2) general goals and objectives, (3) approaches to achieve goals and objectives, (4) an explanation of the relationship between general goals/objectives and annual performance goals, (5) key external factors beyond the agency's control, and (6) how program evaluations were used in drafting the general goals and plans for future evaluations.

These elements are necessary to provide a meaningful starting point and foundation for SSA's consultation with the Congress and stakeholders; SSA has provided such a foundation. However, we found the quality of the elements to be varied, and we offer the following observations for information and consideration as the plan evolves.

Comprehensive Mission Statement

According to OMB Circular A-11, the mission statement should be brief, defining the basic purpose of the agency, with particular focus on its core programs and activities. SSA's draft plan contains a new mission statement: "To promote the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's

social security programs.” We found SSA’s mission statement to be generally appropriate and reflective of its relatively new status as an independent agency. For example, the statement focuses on leadership in shaping and managing America’s social security system, and we have identified leadership as critical to SSA’s success as an independent agency in the next century.

General Goals and Objectives

OMB Circular A-11 specifies that strategic plans are to set forth long-term management goals as well as programmatic and policy goals. Plans are to explain what results are expected and when to expect them.

SSA’s draft plan contains the following five goals:

- (1) to promote valued, strong, and responsive social security programs through effective policy development and research;
- (2) to deliver customer-responsive, world-class service;
- (3) to make SSA program management the best in business, with zero tolerance for fraud and abuse;
- (4) to be an employer that values and invests in each employee; and
- (5) to strengthen public understanding of the social security programs.

SSA’s strategic goals and objectives reflect a positive attempt to define results that SSA expects from its major functions and operations. The goals are based on the premise that SSA’s three programs rely on a common set of services and business processes and thus appropriately represent agencywide priorities, rather than program-specific concerns. Although this crosscutting focus is an essential element of a departmental strategic plan, a programmatic focus is also needed. Without it, SSA’s strategic plan is not likely to focus sufficient attention on some of its greatest management challenges. SSA’s plan should contain a more detailed discussion of major management challenges and how the agency plans to meet them. We will describe these challenges in greater detail later. However, SSA could provide this more detailed attention to its major management challenges through several alternative approaches. For example, it could develop program-specific goals, include a program focus in its objectives under its third management goal, or develop the challenges further in its discussion of strategies to achieve goals.

The draft plan's first three goals are central to SSA's functions, while the other two play a more supportive role. Overall, the goals appear more balanced than those in SSA's previous plan and more recent planning documents because they go beyond focusing on service delivery by including an additional focus on effective program management.⁴ Most of the goals are stated in a manner that allows for future assessment of their achievement. However, SSA could improve the presentation of its goals if, in three cases, it more clearly explained the results it hopes to achieve. The following are our specific comments on these goals.

- SSA's first goal recognizes that program leadership, as envisioned in the mission statement, cannot be achieved without a strong policy and research capability—the lack of which we have criticized SSA for in the past.⁵ Yet, the goal itself and the supporting discussion are difficult to understand. The results SSA expects and how it plans to measure them are unclear. It appears that this goal is, in part, trying to address the issue of long-term solvency of the trust funds, but this is not clearly articulated. In addition, the goal is not stated in a manner that allows for future assessment of its achievement. Greater clarity on the results SSA is aiming to achieve would be beneficial.
- In SSA's second goal, the meaning of “world-class service” is not clear in the draft plan. To help the reader fully understand the goal, SSA could define what it means by world-class service.
- It is unclear how the results of SSA's fifth goal, “to strengthen public understanding,” differ from those of the first goal. SSA has linked the public's lack of confidence in Social Security with a lack of understanding about its programs. The fifth goal is designed to help the public gain a greater understanding of Social Security, while the first goal aims to promote programs that are valued and supported by the public. Also, the discussions of the first and fifth goals both refer to finding solutions for the issues facing Social Security and helping the nation's leaders make decisions.

How the Goals and Objectives Are to Be Achieved

According to OMB Circular A-11, this element describes the means the agency will use to achieve the general goals and objectives. SSA provides a discussion of how it plans to achieve each goal. As required by the Results Act, the draft plan describes certain operational processes, staff skills,

⁴The goals in SSA's fiscal year 1998-2002 Business Plan were to (1) rebuild public confidence, (2) provide world-class service, and (3) provide a supportive environment for employees.

⁵Social Security Administration: Significant Challenges Await New Commissioner (GAO/HEHS-97-53, Feb. 20, 1997) and GAO/HEHS-95-59, Feb. 15, 1995.

technologies, and human capital that SSA will need to achieve the goals. Yet, for the most part, the plan simply describes the process or technology and does not provide any details about timeframes and schedules. In addition, the success of several of SSA's goals and objectives is predicated upon changes in agency operational processes or technology improvements. SSA has experienced problems implementing some of these changes, and this component would be more realistic if SSA addressed how it plans to confront these problems. For example:

- SSA asserts throughout the plan the importance of technology and the implementation of the intelligent workstation/local area network (IWS/LAN) and other key supporting software initiatives. Yet the full benefit of the IWS/LAN has yet to be realized, and SSA has experienced problems with software implementation, which is behind schedule.
- SSA's initiative to redesign its disability process is key to improving aspects of customer service and program management (goals two and three). However, in late 1996, we reported that the scope and complexity of SSA's redesign initiative had put at risk the likelihood of accomplishing the project's goals. Although SSA revised its redesign plan in February 1997, the success of this scaled-down initiative remains uncertain, and some stakeholders continue to question SSA's approach. We will describe the challenge of redesigning the disability program in greater detail later in this letter.

SSA also cites many initiatives that it will begin or continue over the next 5 years. It is difficult to determine which will occur first and which carry the greatest priority. Setting priorities and delineating time frames would be helpful, because it is difficult to see how SSA will accomplish all of these initiatives, given its assumption of level funding and no growth in staffing levels. Finally, while SSA states that it has developed an approach for communicating the contents and concepts of the plan to employees, there is no discussion of how managers and staff will be held accountable for achieving objectives.

Relating Annual Performance Goals/Measures to General Goals

According to OMB Circular A-11, the strategic plan should briefly outline: (1) the type, nature, and scope of the performance goals to be included in the agency's performance plan; (2) the relation between the performance goals and the general goals and objectives; and (3) the relevance and use of performance goals in helping determine the achievement of general goals and objectives.

Going beyond the requirement, SSA has provided numerous performance measures to relate to its strategic goals and objectives. SSA also discusses plans for developing new measures for certain objectives. However, it is sometimes difficult to link the measures with the appropriate objective. The second general goal, for example, has 6 objectives and 17 performance measures, and, in some cases, it is difficult to determine which measures link to which objectives. It is also difficult to discern which objectives do not yet have performance goals. It would be helpful to have a matrix that details the general goals, objectives, and associated performance measures so the reader could quickly link measures with objectives.

In our review, we found that some of the performance measure data are expressed in terms of SSA's three programs individually, while others are aggregated across the three programs. Aggregating the data, in some cases, may not provide sufficient detail for SSA to monitor progress in dealing with management problems. For example, an aggregated measure of the percentage of debt collected may mask problems with debt collections in specific programs, such as SSI, and weaken accountability for program-level results.

Key External Factors

OMB Circular A-11 notes that agencies' achievement of their goals and objectives can be affected by external factors that change or emerge during the time period covered by their plans. The Circular states that these factors can be economic, demographic, social, or environmental and that the strategic plan should describe each possible factor, indicate its link with a particular goal(s), and describe how it could affect achievement of the goal.

SSA's draft plan describes several key external factors that may affect its programs, such as the aging of the baby boom generation and advances in information technology. In fact, while SSA expects only a small increase in its workloads over the next 5 years, the agency explicitly recognizes that the aging of the baby boomers will have a dramatic effect on its future workloads, and, as a result, it must look beyond 5-year planning horizon. However, despite its discussion of external factors, the plan would be stronger if SSA more explicitly linked such external factors to its general goals and stated how these factors could affect goal attainment and how SSA will mitigate such effects. For example, SSA discusses changes in technology that may permit more disabled individuals to rejoin the

workforce, but it does not specifically link this external factor to its objective (under the first goal) of helping people return to the work place.

In its discussion of external factors, SSA does not mention the changes to Social Security that the Congress may make to ensure the program's financial stability. Congressional action on this and other program design issues is likely to have a significant effect on how SSA operates in the future. Although the substance and timing of future program changes are not acknowledged as key external factors, SSA discusses its intent to inform and shape the public debate and to support the executive and legislative branches under the first goal.

Although not required to do so by the act, SSA also discussed key internal factors that it believes will influence its work. This discussion includes the aging of the SSA workforce and the loss of critical knowledge and experience that is likely to occur over the next 5 years as senior staff retire but does not provide explicit and detailed mitigation strategies.

Program Evaluation

OMB Circular A-11 states that agencies should describe the program evaluations that were used in preparing the strategic plan and include a schedule for future program evaluations. SSA generally discusses program evaluation at the end of its draft plan; however, its broad treatment of the topic might leave stakeholders confused as to how these tools have been and will be used. SSA does not clearly describe the evaluations used to prepare the plan and how they were used to establish or revise specific goals and objectives. Moreover, although SSA mentions in several places throughout the plan future studies and evaluations it hopes to complete,⁶ it does not refer to these studies in its overall discussion on program evaluations, offer a schedule for completing these evaluations, or discuss the methodologies to be used and the scope of the evaluations.

Key Statutory Responsibilities Are Reflected in Draft Plan

SSA's draft plan generally reflects its key statutory responsibilities: title II of the Social Security Act, pertaining to the OASI and DI programs, and title XVI of the Social Security Act, pertaining to SSI. Major recent legislation affecting the agency includes the Social Security Independence and Program Improvements Act of 1994, which established the Social Security Administration as an independent agency in the executive branch of the government. SSA explicitly acknowledges its independent status in the plan

⁶For example, under the first goal, SSA refers to its intent to test and evaluate return-to-work alternatives, and, under the fifth goal, SSA states its plans to measure the impact of various efforts to better inform the public about SSA's programs.

and, as we have discussed, reflects its new responsibilities as an independent agency in its mission statement and its first strategic goal.

Crosscutting Activities and Stakeholder Involvement Not Fully Discussed

To the extent that SSA relies on the resources or activities of another agency to achieve its goals and objectives, SSA should describe this relationship. SSA is involved in a number of crosscutting issues for which successful performance depends on actions by SSA and other agencies, yet the draft plan is silent on these issues. We were therefore unable to determine whether SSA has coordinated with these other agencies or assessed potential overlap. For example:

- Under the DI program, SSA is responsible not only for providing benefits, but also for helping recipients move off the disability rolls by obtaining employment. This responsibility overlaps with responsibilities of the Departments of Labor (DOL) and Education. Yet, the draft plan does not include any discussion of the relationships among these agencies or the responsibilities they share.
- In its draft plan, SSA notes that it will continue to provide services through its state Disability Determination Services. Yet the plan is silent on how SSA works with and obtains input from these offices.
- The SSI program is clearly linked with Medicaid, a program administered by the Health Care Financing Administration (HCFA) within HHS. Recipients of SSI are, for the most part, also eligible for Medicaid. Any changes to the SSI program will have a probable impact on Medicaid. However, this critical link with HCFA is not mentioned.
- SSA and other agencies have similar retirement-related responsibilities and may serve the same populations. Generally, when individuals are eligible for Social Security benefits, they are also eligible for Medicare coverage, yet this important interrelationship is not discussed in the plan. In addition, SSA is responsible for replacing a portion of income loss due to retirement, yet private pensions often provide additional retirement income. Within DOL, the Pension Welfare Benefits Administration and the Pension Benefit Guaranty Corporation oversee private pensions and, in some cases, provide benefits. The plan does not mention these agencies.

Strategic Plan Does Not Address Some of SSA'S Major Management Challenges

By designing its strategic plan so that its goals and objectives cut across the entire agency, SSA enables agency managers and the Congress to refer to a small set of goals and objectives to monitor agencywide performance. However, because these goals and objectives generally do not focus on specific programs or problem areas, they offer little assurance that SSA will focus on those areas that pose the greatest management challenges.

SSI Program Requires a Comprehensive Approach

In early 1997, after years of reporting on problems with the SSI program, we designated SSI as a high risk program because of its susceptibility to waste, fraud, abuse, and insufficient management. Since the program began in 1974, it has grown significantly in size and complexity. SSI poses a special challenge for SSA because, unlike OASI and DI, it is a means-tested program, and SSA must often rely on the applicant to provide key financial information. Our previous and ongoing reviews have highlighted long-standing problem areas, such as (1) determining initial and continuing financial eligibility for beneficiaries, collecting SSI overpayments, and addressing SSI program fraud and abuse; (2) insufficient attention paid to the need to provide data, analysis, and proposals to policymakers regarding whom the SSI program should assist and how that assistance should be provided; and (3) inadequate return-to-work assistance for recipients who could be assimilated back into the workforce.⁷ In addition, we have demonstrated that the SSI program has been adversely affected by internal control weaknesses, complex policies, and insufficient management attention overall.⁸

SSA's draft plan does not acknowledge these serious problems with the SSI program, nor does it lay out a comprehensive strategy to address the problems, which would help achieve agency goals. Although certain performance measures in SSA's draft plan would track progress in the long-standing problems areas we have identified, in some cases, the measures are not disaggregated for the SSI program, and in others, the measures are yet to be developed. On the basis of our ongoing work in this area, we have determined that SSA is taking steps to address some of the weaknesses in the SSI program. However, to help remove the SSI program from our high risk list and achieve the goal of "best in business" program management, SSA must develop a long-term, comprehensive strategy to address the root causes of the problems and include specific measures to evaluate its progress. The strategic planning process affords a valuable

⁷See *High Risk Series: An Overview* (GAO/HR-97-1, Feb. 1997) and our ongoing work.

⁸Supplemental Security Income: Long-Standing Problems Put Program at Risk for Fraud, Waste, and Abuse (GAO/T-HEHS-97-88, Mar. 4, 1997).

opportunity for SSA to take these steps and ensure that the SSI program receives adequate long-term management attention. SSA officials have recently agreed to develop a comprehensive strategy, including performance measures, to monitor the agency's progress in addressing long-standing problems in the SSI program. At a minimum, the plan should include a discussion of SSA's plans to do so.

Success of Disability Process Redesign Is Key

Making disability decisions is one of SSA's most demanding and administratively complex tasks, and SSA has struggled to keep up with applications for disability benefits and appeals of disability decisions. SSA's disability caseloads for its DI and SSI programs have grown by nearly 70 percent in the past decade. Processing of claims has been delayed, creating hardship for disabled claimants, who often wait more than a year for a final decision. To manage the disability caseload growth, increase efficiency, and improve service to its customers, SSA began a major effort in 1993 to change how disability decisions are made. In December 1996, we reported that SSA's redesign plan might not accomplish all that SSA hoped it would.⁹ We identified a number of implementation difficulties, including schedule delays in testing and project development, expansion of initiatives' scope and complexity, turnover of executive leadership, and uncertain stakeholder support. Responding to these concerns and those of other stakeholders, SSA revised its redesign plan in February 1997. However, it is not yet clear that this scaled-down initiative will achieve the desired results, and some stakeholders have continued to criticize SSA's approach.

Successfully overhauling the disability process is key to achieving several of SSA's goals and objectives. Under its goal of providing world-class service, SSA's draft plan states that a successful redesign initiative is the most important element for achieving its objectives related to timeliness of service. Also, under its goal to improve program management, the plan links the disability process redesign initiative with improvements in payment accuracy. Despite the importance of the success of this initiative to goal attainment, SSA's draft plan does not acknowledge the problems SSA has encountered in implementing the initiative, nor does the plan discuss SSA's renewed efforts to ensure the success of the initiative.

⁹SSA Disability Redesign: Focus Needed on Initiatives Most Crucial to Reducing Costs and Time (GAO/HEHS-97-20, Dec. 20, 1996).

Emphasis on Return to Work Not Fully Integrated Into Draft Plan

Each week, SSA pays more than \$1 billion in cash benefits to people with disabilities who receive DI and SSI, yet despite advances in medical technology that have opened new opportunities for people with disabilities to work, not more than 1 in 500 DI beneficiaries, and few SSI beneficiaries, have left the rolls to return to work. The Social Security Act states that, to the maximum extent possible, individuals applying for disability benefits should be rehabilitated to productive activity. In addition, recent societal and legislative changes have shifted to support the economic self-sufficiency goals of people with disabilities and their right to full participation in society. We have reported that, although faced with constraints, SSA could create opportunities to help and encourage more of SSA's beneficiaries to return to work.¹⁰ If even 1 percent of the 6.6 million working-age SSI and DI beneficiaries were to leave SSA's disability rolls by returning to work, lifetime cash benefits would be reduced by an estimated \$3 billion.¹¹

As the plan is currently written, SSA places an emphasis on return to work only as it relates to planned research initiatives. A return-to-work initiative would be more likely to succeed and receive the proper attention if it were strategically integrated throughout the plan. As with the SSI program, SSA has begun some new operational initiatives to help people work, but the agency has not highlighted these measures in the plan and has no comprehensive strategy to ensure that the return-to-work agenda is supported throughout the agency. At a minimum, we would expect SSA to add a more complete set of return-to-work performance measures and a more explicit discussion of planned program evaluations in this area.

Success Depends on Use of Information Technology

SSA's draft plan reflects the agency's strong reliance on improved information technology to support its administrative processes and enable its workforce to provide world-class services cost-effectively. Recent legislation designed to reform information technology management, including the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996, set forth requirements that promote more efficient and effective use of information technology in support of agencies' missions and improved program performance. Under these information technology reform laws, agencies are to (1) tighten controls over technology

¹⁰Social Security: Disability Programs Lag in Promoting Return to Work (GAO/HEHS-97-46, Mar. 17, 1997).

¹¹Our estimate is based on fiscal year 1995 data provided by SSA's actuarial staff and represents the discounted present value of the cash benefits that would have been paid over a lifetime if the individual had not left the disability rolls by returning to work.

spending, (2) better link their technology plans and information technology use to their programs' missions and goals, and (3) establish performance measures to gauge how well their information technology supports their program efforts. SSA's draft plan demonstrates an awareness of most of these principles, but it could be improved by providing additional information on how information technology strategies will be used to achieve the agency's goals and objectives.

In its plan, SSA acknowledges that its strategic goals are essentially unachievable unless the agency invests wisely in supporting information technology and refers to the agency's process for reviewing major investments of information technology funds. However, we have expressed concerns relating to SSA's systems modernization approach, including the need for SSA to better manage its investments in its modernized information systems and to link its modernization with its business strategy.¹² In this context, the plan could benefit from a more detailed discussion of its investment review principles, how these principles are incorporated into SSA's planning and budgeting systems, and how SSA intends to prioritize information technology projects to reflect the agency's overall goals and priorities. In addition, as SSA develops its annual performance plan, it should more explicitly link its technology advances with operational goal achievement. For example, in its draft strategic plan, SSA frequently cites the IWS/LAN modernization effort as a major vehicle for achieving its strategic goals.

Other Technology-Related Changes Pose Challenges

As rapid changes in technology provide SSA with new ways to conduct its business, SSA faces difficult choices about how to balance its goal of providing the best possible service to its customers with its responsibility to provide services in the most cost-effective manner available. We have reported that, given the significant changes facing SSA, it has not adequately considered whether its current service delivery structure is really what is needed for the future.¹³ We have also recommended that SSA develop and implement a plan for reducing the number of call centers for its 800-number service to save money and enhance service.¹⁴ Customers are increasingly expressing a preference for using the telephone to conduct business, and SSA acknowledges in its plan that nontraditional

¹²Social Security Administration: Risks Associated With Information Technology Investment Continue (GAO/AIMD-94-143, Sept. 19, 1994).

¹³GAO/HEHS-97-53, Feb. 20, 1997.

¹⁴Social Security Administration: More Cost-Effective Approaches Exist to Further Improve 800-Number Service (GAO/HEHS-97-79, June 11, 1997).

methods of access to SSA services are likely to increase in popularity. Moreover, in its draft plan, SSA emphasizes its intent to balance service with cost. Yet SSA does not include any plans to reassess its existing service delivery structure, including its network of field offices and teleservice centers. Reassessing its service delivery structure will include sensitive decisions that may have negative impacts on communities and certain SSA staff and will require input from a number of stakeholders, including unions, employee groups, and the Congress. To accomplish this reassessment, SSA will need to begin work on a more comprehensive plan for restructuring how it does business to cost-effectively meet changing customer preferences with improved technologies.

We have identified as high risk two technology-related areas that represent significant challenges for SSA. The first, the “year 2000 problem,” stems from the common practice in automated systems of abbreviating years by their last two digits. Thus, miscalculations in all kinds of activities—such as benefit payments—could occur at the turn of the century because the computer system would interpret 00 as 1900 instead of the year 2000. Unless SSA converts its software before the new century, it could encounter major service disruptions, including erroneous payments or failure to process benefits. SSA officials have previously reported that the amount of resources dedicated to the year 2000 efforts could affect staff availability to tackle new systems development work,¹⁵ but SSA’s plan does not address this year 2000 problem.

The other high risk area relates to information security, or the need to adequately protect the sensitive data in federal computer systems. Earlier this year, SSA began making personal earnings and benefits statements available through the Internet; after a public outcry over concerns about the privacy of this sensitive personal information, SSA suspended on-line access to the statements.¹⁶ SSA has plans for other similar initiatives to make greater use of technology over the next few years. In its draft plan, SSA refers to a new strategy that the agency is developing to deal with security in the information age. However, the plan would benefit from a more detailed discussion of this strategy and the steps the agency will take to identify and resolve any significant information security issues.

¹⁵GAO/HEHS-97-53, Feb. 20, 1997.

¹⁶Social Security Administration: Internet Access to Personal Earnings and Benefits Information (GAO/T-AIMD/HEHS-97-123, May 6, 1997).

SSA Has a History of Reporting on Performance but Will Be Challenged to Develop New Measures

Although SSA is ahead of many agencies in this area, it still faces challenges in measuring performance. SSA has developed and utilized performance measures for several years. SSA described performance measures in the agency's 1991 strategic plan, and SSA also developed measures when it was a Results Act pilot agency. More recently, SSA has disclosed many of its measures in its Annual Financial Statement Report and in its Accountability Report. SSA has regularly produced auditable financial statements as required by the Chief Financial Officer's Act of 1990 and the Government Management Reform Act of 1994, and the audits of these statements provide at least limited assurance of the reliability of SSA's performance measurement data.¹⁷

SSA will be challenged, however, to gather useful data to track progress in some areas. For example, SSA plans to increase debt collections under its goal of making SSA program management the "best in business," with zero tolerance for fraud and abuse. However, since fiscal year 1991, SSA has reported its SSI, debt management system as a material weakness under the Federal Managers' Financial Integrity Act because it cannot identify overpayment amounts or collections related to those overpayments. As a result, SSA has developed a manual system to track overpayments and related collections, but manual systems can be less reliable and more prone to problems. In the absence of system improvements or enhancements, SSA may need to develop additional manual processes to gather reliable data needed for performance measures.

In addition to using existing measures, SSA also has laid out ambitious plans to develop new and, in some cases, more results-oriented performance measures. For each strategic goal in SSA's draft plan, SSA has identified a need for new performance measures. Identifying the data needed to measure performance and collecting reliable data to support these new measures could prove challenging. For example, SSA plans to establish a method for determining access and service accuracy rates for telephone calls to local offices. Adding this measure to SSA's collection of customer service information would be helpful, but the necessary data will be especially difficult to collect—only 830 of SSA's 1,300 field offices have published telephone numbers, and these offices are served by many different telephone companies; thus it will be difficult to obtain comparable automated data across the country. In addition, SSA plans to

¹⁷SSA has been a leader among federal agencies in producing timely financial statements. For example, for fiscal years 1995 and 1996, SSA issued audited financial statements 3 months early. Moreover, SSA was among the first federal agencies to produce an Accountability Report, which is designed to consolidate current reporting requirements and provide a comprehensive picture of an agency's program performance and its financial condition.

create a new measure of the percentage of individuals who are knowledgeable about Social Security programs. To accomplish this, SSA plans a multistep process to define what “knowledgeable” means in each area, design and administer a testing instrument, develop a baseline level of knowledge, and periodically administer the test to representative samples of the public.

Agency Comments

In commenting on this correspondence, SSA stated that we accurately depicted its history of strategic planning and that it will consider our correspondence as it continues to work on its plan. However, SSA disagreed with our view that the plan should include additional information to clarify how the agency will meet its strategic goals. Although SSA believes this information should be included in the agency’s management plans rather than in its strategic plan, our comments on the required elements of a strategic plan are based upon OMB’s instructions in its Circular A-11. The changes we suggest would more effectively communicate the agency’s plans to the Congress and the public. In addition, SSA must give adequate attention to the management challenges we have identified if it is to achieve its goals of world-class service and best-in-business program management. While SSA states that performance measures for the SSI program will be thoroughly examined, we continue to believe that a long-term, comprehensive strategy to address the root causes of the program’s problems is needed. SSA’s comments appear in enclosure I.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 30 days from its issue date. At that time, we will send copies of this letter to the Minority Leader of the House of Representatives; Ranking Minority Members of your Committees; the Chairmen and Ranking Minority Members of other committees that have jurisdiction over SSA activities; the Acting Commissioner of SSA; and the Director, Office of Management and Budget. Copies will be made available to others on request.

Please contact me at (202) 512-7215 or Kay E. Brown, Assistant Director, at (202) 512-3674 if you or your staff have any questions concerning this letter. Major contributors to this letter are listed in enclosure II.

A handwritten signature in black ink that reads "Jane L. Ross". The signature is written in a cursive style with a large, looping "J" and "R".

Jane L. Ross
Director, Income Security Issues

Comments From the Social Security Administration



SOCIAL SECURITY

Office of the Commissioner

July 18, 1997

Ms. Jane L. Ross, Director
Income Security Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Ms. Ross:

Thank you for the opportunity to comment on General Accounting Office (GAO) draft report, "The Results Act: Observations on the Social Security Administrations's June 1997 Draft Strategic Plan" (GAO/HEHS-97-179R).

The report accurately depicts SSA's history of strategic planning and we are pleased to find that GAO views our first plan as an independent agency forward-looking and goal oriented. Although your report suggests that the plan should include more supportive details regarding how goals will be reached, measured, etc., we do not believe that the level of detail suggested is appropriate for a strategic plan. Rather, we believe these details should remain in our management plans that support the overall strategic plan.

As we work toward the September 30, 1997 deadline to submit our multi-year strategic plan to Congress and the Office of Management and Budget, your report, and input from other stakeholders as well, will be thoroughly analyzed. Observations made, for example, strengthening the title XVI program's high-risk area performance measures, will be thoroughly examined.

Thank you again for providing the opportunity to review your report to Congress. This report, and others prepared by GAO, are a valuable resource and will be used as we continue to develop and modify our plan.

If you have any questions, please call me or have your staff contact Carolyn Shearin-Jones at (410)965-6210.

Sincerely,

A handwritten signature in black ink that reads "John J. Callahan".

John J. Callahan
Acting Commissioner
of Social Security

SOCIAL SECURITY ADMINISTRATION WASHINGTON DC 20254

Major Contributors to This Letter

Barbara D. Bovbjerg, Associate Director
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Related GAO Products

Social Security: Disability Programs Lag in Promoting Return to Work ([GAO/HEHS-97-46](#), Mar. 17, 1997).

High Risk Series: An Overview ([GAO/HR-97-2](#), Feb. 1997).

Social Security Administration: Significant Challenges Await New Commissioner ([GAO/HEHS-97-53](#), Feb. 20, 1997).

SSA Disability Redesign: Focus Needed on Initiatives Most Crucial to Reducing Costs and Time ([GAO/HEHS-97-20](#), Dec. 20, 1996).

Social Security Disability: Alternatives Would Boost Cost-Effectiveness of Continuing Disability Reviews ([GAO/HEHS-97-2](#), Oct. 16, 1996).

Supplemental Security Income: SSA Efforts Fall Short in Correcting Erroneous Payments to Prisoners ([GAO/HEHS-96-152](#), Aug. 30, 1996).

Supplemental Security Income: Administrative and Program Savings Possible by Directly Accessing State Data ([GAO/HEHS-96-163](#), Aug. 29, 1996).

SSA Disability: Program Redesign Necessary to Encourage Return to Work ([GAO/HEHS-96-62](#), Apr. 24, 1996).

Supplemental Security Income: Disability Program Vulnerable to Applicant Fraud When Middlemen Are Used ([GAO/HEHS-95-116](#), Aug. 31, 1995).

Social Security Administration: Leadership Challenges Accompany Transition to an Independent Agency ([GAO/HEHS-95-59](#), Feb. 15, 1995).

Social Security Administration: Risks Associated With Information Technology Investment Continue ([GAO/AIMD-94-143](#), Sept. 19, 1994).

Social Security: Sustained Effort Needed to Improve Management and Prepare for the Future ([GAO/HRD-94-22](#), Oct. 27, 1993).

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