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ADP BUDGET

SSA's Fiscal Year 1990 Information Technology Systems Budget Request





United States
General Accounting Office
Washington, D.C. 20548

Information Management and
Technology Division

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June 28, 1989

The Honorable James R. Sasser
Chairman, Committee on the Budget
United States Senate

The Honorable Tom Harkin
Chairman, Subcommittee on Labor, Health
and Human Services, Education, and
Related Agencies
Committee on Appropriations
United States Senate

This report responds to your March 2, 1989, request for an analysis of the Social Security Administration's (SSA) fiscal year 1990 information technology systems budget. SSA's fiscal year 1990 information systems budget request of \$204 million,¹ which, in addition to providing funds for the ongoing operation and maintenance of its current system, includes \$43.5 million for system enhancements that involve acquiring additional automated data processing (ADP) and telephone equipment, new software development, and related contractor services. As arranged with your offices, the objectives of our review were to determine (1) whether the \$43.5 million in system enhancements was supported by underlying documentation and (2) if fiscal year 1989 unobligated funds would be carried forward into 1990.

On April 5, 1989, we briefed your offices on our preliminary findings. This report updates that briefing with the latest information available at the time we completed our analysis on April 28, 1989.

Our analysis of the system enhancements portion of SSA's request identified documentation supporting SSA's need for the 19 projects that comprise the \$43.5 million request. In addition, we found that SSA should not have a carryover balance of unobligated information systems funds at the start of fiscal year 1990. Beginning with fiscal year 1989, the Congress funded SSA's information system expenses on an annual basis that precludes the carry over of unobligated fund balances into future years. Any unobligated funds must be returned to the Treasury.

¹This amount includes \$1 million for information system expenditures to be paid from other programs' budgets.

requests was consistent with the project rankings and funding recommendations of SSA's internal systems review board, and with documentation supporting the Commissioner of Social Security's list of priority projects. Information obtained from senior program and management officials provided additional support for the fiscal year 1990 information systems funding requirement of \$43.5 million.

Regarding the carry over of unobligated funds to future years, the information systems portion of SSA's appropriation was made in no-year funds from fiscal years 1983 through 1988. These funds did not have to be obligated in the year appropriated and unobligated balances could be carried over from year to year. From 1986 through 1988, SSA had a carryover account balance of over \$200 million. Because of its concern over this condition, the Congress, beginning with fiscal year 1989, funded SSA's information systems expenses on an annual basis. Under this arrangement, all unobligated funds had to be returned to the Treasury. SSA's Chief Financial Officer estimates that all 1989 funds will be obligated during the fiscal year. Table 1 shows the annual unobligated funds SSA carried over into the next fiscal year, from 1985 through the planned elimination of the carryover balance at the start of fiscal year 1990.

Table 1: Social Security's Annual Carry-Over of Unobligated Information Systems Funds—Fiscal Years 1985 to 1990

Dollars in millions	
Fiscal Year	Annual Carryover
1985	\$124
1986	217
1987	214
1988	215
1989	5 (est.)
1990	0 (est.)

Computer Capacity Needs Greater Than Projected in Budget Documents

SSA's need for additional computer capacity for fiscal years 1990 through 1994 is expected to cost about \$18.3 million more than projected in the documentation supporting the fiscal year 1990 budget request. During fiscal year 1989, SSA began acquiring additional computer capacity to help avert what it believed to be an imminent capacity shortage. In March 1989, about 1 month after the fiscal year 1990 budget request was submitted, the Commissioner decided that to meet


and performance data were consistent with supporting reports required by OMB Circular A-11 (schedules 43A and 43B). We also verified that each project was on the Commissioner's list of priority projects, ranked and recommended by SSA's internal Systems Review Board, and that the Board's recommendation was supported in reports, memoranda, or meeting minutes. We also met with senior program and management officials to confirm our understanding of the underlying need for individual enhancements and to obtain additional documentation supporting those needs.

To determine whether fiscal year 1989 funds would be carried forward into 1990, we identified unobligated fund balances for information system projects funded in 1989, reviewed SSA's monthly projections of carryover balances, and confirmed that individual project procurement plans provide for the obligation of current balances.

We met with responsible program officials and senior management to confirm our understanding of the justification for and funding status of individual information system projects included in our evaluation. Our evaluation was conducted from March 12, 1989, through April 28, 1989. Although we did not obtain official agency comments on a draft of our proposed report, we did brief senior SSA officials on the results of our work, and have incorporated their comments where appropriate. Our work was performed in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Chairman of the House Committee on Appropriations, the Director, Office of Management and Budget, the Administrator of General Services, the Secretary of Health and Human Services, and the Commissioner of Social Security. Copies will also be made available to others upon request.

This report was prepared under the direction of Melroy D. Quasney, Associate Director. Other major contributors are listed in appendix I.


for Ralph V. Carlone
Assistant Comptroller General

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current and expected demands for computer capacity, additional information systems funds must be devoted to acquiring the mainframe computers SSA believes it needs to reduce the likelihood of capacity shortfalls in the future.

On April 25, 1989, SSA's Deputy Commissioner for Management provided us with data showing how the current estimate of additional computer capacity needs for fiscal years 1991 through 1994 differs from the projections made in 1990 budget request documents, which included capacity cost projections for these years. As shown in table 2, most of the additional costs will be incurred in fiscal years 1992 and 1993. However, the Deputy Commissioner believes the justification for SSA's 1991 budget request will show even larger cost projections for 1991-1994 because additional capacity needs are expected to arise by late 1990 to early 1991. However, when we completed our work on April 28, 1989, SSA had not finished its analysis of additional computer capacity costs for fiscal years 1991 through 1994.

Table 2: Differences Between Social Security's Current Estimates of the Cost of Additional Computer Capacity and the Projected Costs Reported in Its Fiscal Year 1990 Budget Documents

Dollars in thousands

Fiscal Year	Additional Computer Capacity Costs		
	Projected in 1990 Budget Documents	Current Estimate (April 1989)	Difference
1990	\$14,251	\$14,300	\$49
1991	17,500	16,600	(900)
1992	5,400	16,600	11,200
1993	5,400	15,800	10,400
1994	5,400	2,910	(2,490)
Total	\$47,951	\$66,210	\$18,259

Objectives, Scope, and Methodology

The objectives of our review were to determine whether the data processing needs in SSA's fiscal year 1990 information systems budget request were supported by underlying documentation and if SSA would carry over into 1990 unobligated information system funds appropriated in fiscal year 1989. Our review focused on the 19 projects that comprise the \$43.5-million enhancements portion of SSA's information systems budget. As arranged with your offices, we did not evaluate the \$160.5 million operation and maintenance portion of SSA's request.

In evaluating SSA's data processing needs, we examined the documentation supporting the individual projects that comprise the enhancements portion of the request. For each project, we verified that cost, schedule,

However, in March 1989, about 1 month after the fiscal year 1990 budget request was submitted to the Congress, the Commissioner of Social Security decided that to meet the agency's current and expected demands for computer capacity, SSA will have to acquire more computers than were provided for in its requested budget. SSA estimates that the additional computers will cost about \$18.3 million more than the \$47.9 million projected (for the period 1990 through 1994) in the budget documents supporting the fiscal year 1990 request. Nearly all the additional costs will be incurred in fiscal years 1992 and 1993. SSA's Deputy Commissioner For Management informed us that the full cost impact of the Commissioner's decision will be reflected in the fiscal year 1991 budget request.

Analysis of SSA's Information Technology Budget Request

SSA's fiscal year 1990 information systems budget request for \$204 million provides \$160.5 million to fund ongoing data processing and telephone operations and maintenance and \$43.5 million to fund capital investment projects directed at enhancing the capabilities of its information system. The system enhancements—the focus of our review—are divided into three programmatic categories, with funding as specified below.

- Systems Analysis and Software Planning (\$11.2 million) includes contractor support for developing and improving programmatic and management information system software, and contractor services in the areas of systems planning, management, and evaluation of ADP requirements;
- New Hardware and Upgrades (\$21.6 million) includes additional terminals, increased mainframe computer capacity to support new software and heavier on-line work load demands, additional disk capacity to keep pace with increasing demands, and contractor support for equipment installation; and
- Office Automation (\$10.7 million) includes workstation networks and software applications for automating labor intensive paper processes in the expectation of improving employee productivity and efficiency.

In evaluating SSA's documentation for the requested systems enhancements, we found documentation required by the Office of Management and Budget (OMB) as well as agency records documenting the various SSA internal reviews designed to ensure that individual enhancement projects are adequately supported. We found that the internal documentation of the underlying needs supporting individual project funding

