



PERFORMANCE AND ACCOUNTABILITY REPORT

FISCAL YEAR 2006





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SELECTIVE SERVICE SYSTEM – NOVEMBER 2006

Selective Service System

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November 2006

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MESSAGE FROM THE DIRECTOR

The Selective Service System (SSS) recognizes the importance of public disclosure and accountability. This report is a demonstration of our commitment to fulfill our statutory and fiduciary responsibilities to the American taxpayer.

I am pleased to present the SSS Performance and Accountability Report for FY 2006. SSS is in the process of instituting a culture of responsibility within the organization starting with the implementation of its FY 2008 Performance Budget that is based on its Strategic Plan (FY 2006-2011) and subsequent Performance Budget and Performance Accountability Report documents. As part of this initiative, the Agency will continue its policy of regularly reviewing and assessing program performance and monitoring financial management systems to ensure that they are managed and operating in accordance with the requirements of the Government Performance and Accountability Act, the Government Management and Reform Act, and the Federal Managers' Financial Integrity Act.



The financial statements contained herein fairly present the Agency's financial position and were prepared in accordance with generally accepted accounting principles and in accordance with Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, Revised July 24, 2006.

A handwritten signature in black ink that reads "William A. Chatfield". The signature is written in a cursive, flowing style.

William A. Chatfield
Director

TABLE OF CONTENTS

Management's Discussion and Analysis

Agency at a Glance	1
Mission	1
History	2
Organization	2
Performance Highlights	4
Goals Overview	4
Strategic Planning and Reporting	6
Planning and Funding Challenges	6
Financial Highlights	6
Financial Position	6
Balance Sheet.....	7
Statement of Net Cost	7
Statement of Budgetary Resources	7
Financial Management	7
Management Controls	8
Director's Integrity Act Assurance Statement for Fiscal Year 2006	8
President's Management Agenda.....	8

Performance Details

Program Evaluation	10
Evaluations Conducted During FY 2006.....	10
FY 2006 Performance.....	11
SSS Performance	12
Strategic Goal 1 Increase the effectiveness and efficiency of the Manpower Delivery Systems	12
Strategic Goal 2 Improve overall registration compliance and service to the public	18
Strategic Goal 3 Enhance external and internal customer service.....	22
Strategic Goal 4 Enhance the system which guarantees that each conscientious objector is properly classified, placed, and monitored.....	27

Financial Details

Financial Summary	29
Message from the Comptroller	29
Overview of Financial Statements.....	30

Financial Statements

Balance Sheet	31
Statement of Net Cost.....	32
Statement of Changes in Net Position.....	33
Statement of Budgetary Resources.....	34
Statement of Financing.....	36
Notes to Financial Statements.....	38

Appendix

FY 2006 Performance Chart.....	47
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Glossary

Glossary of Abbreviations and Acronyms	48
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HOW TO USE THIS REPORT

This Performance and Accountability Report contains the Selective Service System's (SSS) performance goals, measures, results, and accounting activities for FY 2006. The SSS' assessment of performance is a comparison of actual performance to the annual goals contained in the Agency's FY 2006 Performance Plan.

The report has four parts.

- Management's Discussion and Analysis

This section contains our Agency's Mission, History, Organizational Structure, Performance Highlights, Financial Highlights, Management Control, and the President's Management Agenda.

- Performance Details

This section contains detailed performance information for FY 2006. By goal it contains our annual performance goal, actual performance, discussion, impacts, planned action/schedule, and verifications and validations.

- Financial Details

This section contains details about our financial performance for FY 2006. It includes our audited financial statements, notes, and reports from our independent auditing firm of Leon Snead & Company, P. C.

- Appendix

This section contains a chart presenting five years of Agency performance results data for FY 2002 thru 2006 and the Performance Targets for FY 2007.

Performance and Accountability Report

Management's Discussion and Analysis

Agency at a Glance

Mission

The Selective Service System missions are to remain prepared to provide trained and untrained personnel to the Department of Defense in the event of a national emergency, and to provide an Alternative Service Program for those from the manpower pool who seek and are granted conscientious objector status.

Although only one part of our mission is publicly visible in peacetime (that of Registration), our peacetime preparedness to perform the other aspects of our mission greatly increases timeliness, fairness, and equity in the event of an actual mobilization. The higher the registration rate, the more fair and equitable any future draft will be for each registered individual. The Agency works through its registration and compliance programs to (1) register all eligible men; (2) identify non-registrants and remind them of their obligation to register; and, (3) inform young men that they need to register to remain eligible for numerous Federal and state benefits which include student financial aid, job training, government employment, and U.S. citizenship for male immigrants.

Many states and U.S. territories are now reinforcing the registration requirement by implementing laws that require or allow men to register with the Selective Service when they apply for a state driver's license or identification card. Increasing the percentage of electronic registrations (through sources such as driver's license legislation, Internet and telephone) reduces the cost per registration, thereby increasing the efficiency of the overall registration process. Although no requirement currently exists to register anyone other than 18- through 25-year-old men, our systems are designed to accommodate potential future registration requirements.

The other aspect of the Selective Service System's mission is to mobilize, if ordered to do so by the President and Congress. In the event of a mobilization, the Selective Service System will hold a National Draft Lottery, contact those registrants selected via the lottery, and arrange for their transportation to a Military Entrance Processing Station (MEPS). This procedure would be followed for a mobilization of trained or untrained personnel.

Once notified of the results of their evaluation at the MEPS, a registrant may choose to file a claim for exemption, postponement, or deferment. If a claimant is re-classified as a conscientious objector, he has a requirement to serve in a non-military capacity for two years. The Selective Service places these workers with non-military employers and tracks their fulfillment of a two-year service requirement.

As the Agency honors its traditional missions, it focuses on the future. The Selective Service leadership understands that events both national and international will require fresh perspectives and a clear recognition of changing realities in this new century. The Agency possesses several unique capabilities which have been refined over the years. For example, it possesses a special database of America's young men ages 18 through 25; it manages civilian volunteers (Board Members); it has administered programs of alternative community-based service (for men classified as conscientious objectors); and it has experience in conducting a fair and equitable classification

procedure to determine who should serve when not all can serve. If called upon by the President and Congress, these capabilities can be put to wider use, such as processing volunteer participants in national security or service programs. Using the SSS as a time-proven and reliable asset for marshaling human resources, the Nation would not have to “reinvent the wheel.”

History

For more than 60 years, the Selective Service System and the registration requirement for America’s young men have served as a backup system to provide manpower to the U.S. Armed Forces during times of national crisis.

President Franklin Roosevelt signed into law the Selective Training and Service Act of 1940 that created the country’s first peacetime draft and formally established the Selective Service System as an independent Federal agency. From 1948 until 1973, during both peacetime and periods of conflict, men were drafted to fill vacancies in the Armed Forces that could not be filled through voluntary means.

In 1973, the draft ended and the U.S. converted to an All-Volunteer military. The registration requirement was suspended in April 1975; then resumed in 1980 by President Carter in response to both the Soviet Union’s invasion of Afghanistan and the results of various Department of Defense exercises. The exercises indicated that, without a peacetime registration program, it would take too long to provide personnel for an expanded military. Registration has continued uninterrupted since that time.

Our Nation’s All-Volunteer military forces have worldwide commitments. Maintaining the Selective Service System and draft registration provides a hedge against unforeseen threats and a relatively low cost “insurance policy” against underestimating the maximum level of threat we expect our Armed Forces to face. As fewer and fewer members of our society have direct military experience, it is increasingly important to maintain the link between the All-Volunteer Force and our society-at-large. The Armed Forces also must know that the general population stands behind them, committed to serve, should the preservation of our national security so require.

The Selective Service System of today faces the same challenge confronting numerous defense and quasi-defense agencies – that of striking a balance between current budgetary constraints and being adequately prepared for future contingencies. To accommodate the uncertainty of the future, we must build flexibility into our programs, systems, and mobilization scenarios. To satisfy budgetary constraints, the Agency has utilized its resources as efficiently and effectively as possible.

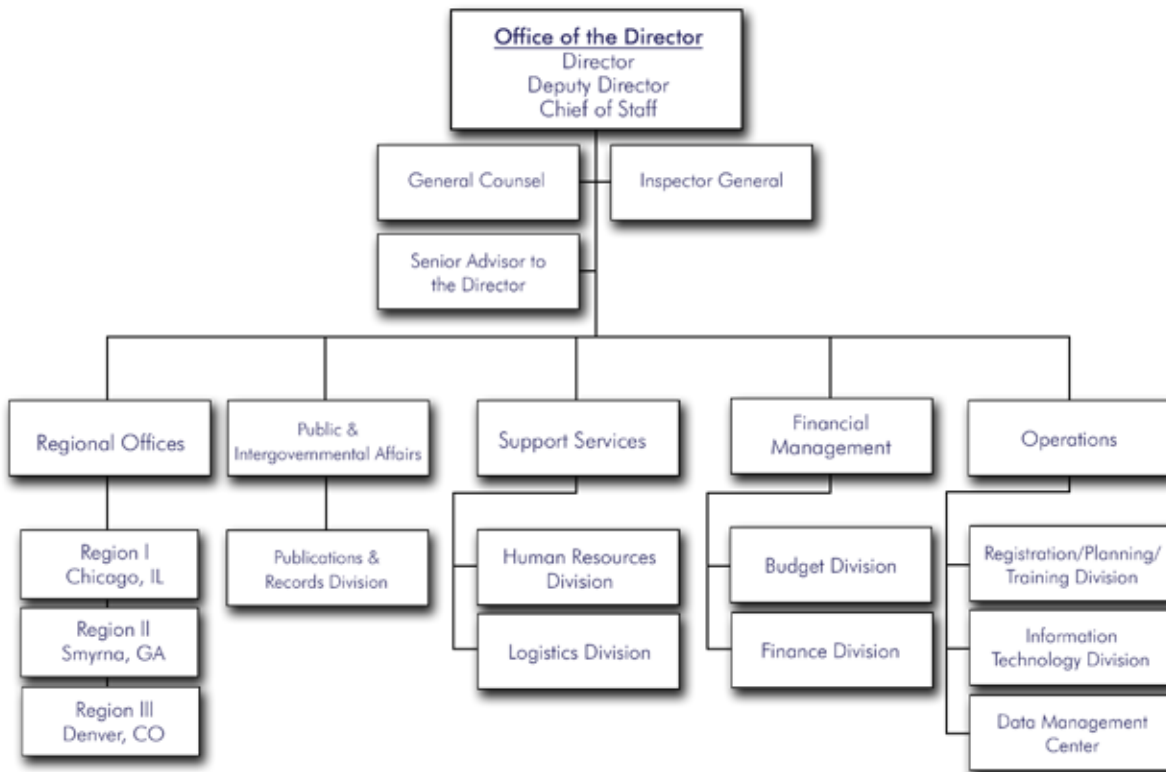
Organization

The Selective Service System is comprised of a diverse composition of career employees, military personnel, and private citizen volunteers dedicated to ensuring the effective accomplishment of its statutory mission-related goals of peacetime registration and mobilization readiness. The SSS is currently authorized to fill 152 full-time equivalent civilian positions. The Agency also is authorized 750 Reserve Force Officers (RFOs) and currently funded for 300 positions comprised of military personnel representing all of the U.S. Armed Services. The SSS’ RFOs are assigned throughout the U.S. and its territories where they perform monthly training, executing a variety of critical peacetime and mobilization missions. They are “grass root” SSS contacts for state and local agencies and the public.

A large component of the Agency's workforce is the 11,028 men and women who serve as volunteer Local, District, and National Appeal Board Members. In the event of a mobilization, these citizen volunteers will decide the classification status of men seeking exception or deferments, based on conscientious objection, hardship to dependents, or their status as ministers or ministerial students, after the men have been cleared for induction into the Armed Forces.

In addition to those private citizens who support our peacetime mobilization programs, currently 85% of the Nation's 20,967 high schools participate in the SSS' high school Registrar Program. These 17,822 Registrars are uncompensated volunteers who are authorized to administer and receive registrations from young men. Their public service is an invaluable asset and is important to the success of the Agency's peacetime registration efforts. They remind America's young men of their registration obligation and help ensure that the men remain eligible to take advantage of the numerous Federal and state benefits that are tied to the registration requirement.

Organizational Structure



Performance Highlights

The Selective Service System's goals are:

- Increase the effectiveness and efficiency of the Manpower Delivery Systems.
- Improve overall registration compliance and service to the public.
- Enhance external and internal customer service.
- Enhance the system which guarantees that each conscientious objector is properly classified, placed, and monitored.

Goals Overview:

Goal 1: Increase the effectiveness and efficiency of the Manpower Delivery Systems.

In the event of a mobilization, the Selective Service System (SSS) will hold a National Draft Lottery, activate Agency components, and contact those registrants who have been selected via the lottery, and arrange for their transportation to a Military Entrance Processing Station (MEPS) for physical and mental examination, and send induction notices.

Significant Activity:

The Agency continues its development of a Central Registrant Processing Portal (CRPP) which will integrate all of the Agency's existing mobilization automated systems into one central, Web-based portal. The CRPP will incorporate the functionality of a conventional and Health Care Personnel Delivery System; Induction, Claims, and Appeals Systems; and, Alternative Service Program.

The SSS began updating its Readiness Plans in order to prepare for any future mobilizations. The Readiness Plan was finalized and signed in September 2006. The plan provides planning guidance for activation of the Selective Service System upon mobilization when directed by Congress and the President. This all-encompassing plan includes guidance for Local and Appeal Boards and is the foundation for all supporting field plans. Every module in the Readiness Plan includes the development of Standard Operating Procedures (SOP) for every mobilization function.

Goal 2: Improve overall registration compliance and service to the public.

The higher the registration rate, the more fair and equitable any future draft will be for each registered individual. The Agency works through its registration and compliance programs to (1) register all eligible men; (2) identify non-registrants and remind them of their obligation to register; and, (3) inform young men that they need to register to remain eligible for numerous Federal and state benefits which include student financial aid, job training, government employment, and U. S. citizenship for male immigrants.

Significant Activity:

The roster of jurisdictions that have enacted driver's license legislation linking acquiring a driver's license or a state identification card, which promotes satisfaction of the Federal Selective Service registration requirement, now totals 33 states, three territories and the District of Columbia.

Goal 3: Enhance external and internal customer service.

Greater customer service and end-user productivity gains are being realized through modern technology and efficiencies of administrative procedures. In adherence to the principles of the President's Management Agenda, the SSS has begun implementation of a new, aggressive technology upgrade of the Agency's hardware, software, and IT systems development processes as it replaces its 1980's technology. An overall plan and strategy to ensure alignment and integration among its human capital management processes and financial, operational, information technology, and logistical processes, is under development. Included in that plan will be an expansion of the Agency's e-government, budget and performance integration and improvements in financial performance activities.

The implementation of an Integrated Financial Management System also will greatly enhance its ability to align its budgetary resource expenditures with the Agency's goal performance. The SSS analyzed its programs and operations to identify candidate functions and activities for competitive sourcing. The results of the analysis indicated that costs associated with Agency compliance with Federal guidance for competing a candidate function or operation would be greater than the cost/benefit to the government. The SSS will continue its efforts in the competitive sourcing area.

Significant Activity:

The Operations Directorate began utilizing Project Management techniques to capture cost and man-hour functionalities of each mission requirement such as the development and rewrite of the Agency's Readiness Plans. Utilizing these techniques will provide a thorough and complete cost analysis of how the SSS does business.

Goal 4: Enhance the system which guarantees that each conscientious objector is properly classified, placed and monitored.

As required by law the SSS, during a mobilization, will administer an Alternative Service Program (ASP) for registrants who are classified as conscientious objectors (COs). The ASP will identify jobs that a CO may perform in civilian occupations that contribute to the maintenance of the health, safety, and/or general welfare of the Nation. An automated system will monitor employer participation and CO performance to ensure that a CO's time of service is comparable to that served by individuals inducted into the U.S. Armed Forces. The SSS continually refines its ASP planning and readiness training documents to guarantee fair and equitable treatment of the CO community.

Significant Activity:

In FY 2006, the Agency focused its efforts on expanding the Alternative Service Employer Network (ASEN) to enhance its capability to place and monitor conscientious objectors in suitable alternative civilian service employment in a mobilization. In the Federal employment sector, we are currently negotiating Memorandums of Understanding

with the Public Health Service and the Corporation for Community and National Service. In addition, as part of an aggressive outreach program, Selective Service opened discussions with several religious non-profit and charitable organizations with the goal of adding them to the ASEN in FY 2007. To date, we have opened MOU negotiations with Weaverland Disaster Services, Mennonite Voluntary Services, Christian Aid Ministries, and with representatives of one group of the Old Order Amish. We have also traveled around the country and met groups at our National Headquarters to explain our Alternative Service Program and to speak with individuals and groups interested in joining the ASEN. Finally, the Agency has also begun to renew contact with Federal agencies and others with whom employment agreements were previously signed. We want to ensure a viable ASP infrastructure will be in place in the event of a mobilization. We are committed to expanding the ASEN to meet the projected mobilization need for ASP placements.

Strategic Planning and Reporting

This Report is aligned with the SSS' Strategic Plan (FY 2001 - 2006) and is an outgrowth of extensive internal evaluations of Agency statutory responsibilities viewed in light of new challenges, fiscal issues, and the needs of Agency customers. Measurement of the Agency's institutional progress toward improved programmatic activities, service to customers, and the prudent management of fiscal resources is the basis for the development of this plan. Performance measurement provides the path for assessing accountability between the Agency's long-term strategic vision and the day-to-day activities of its employees.

Planning and Funding Challenges

The challenges of integrating budget and performance are somewhat clouded in that all funds for the Selective Service System are allocated in one appropriation. This one appropriation (Salaries and Expenses) is allocated throughout the Agency to support salaries and expenses, as well as programs. Thus, it is somewhat difficult to link the amount of appropriated funds with the level of program results for any particular fiscal year since the salaries and expenses are consolidated with programmatic costs. The introduction of a new, integrated financial management system has helped to alleviate some of the complexity associated with this effort during Fiscal Year 2006. In addition, management has taken a new approach toward identifying individual programmatic costs at the directorate level to assist with the effort to integrate budget with performance at the program level.

While the primary focus of the Agency is to register men for the possibility of a draft, it should be noted that all performance results continue to be accumulated toward that goal. As such, this report endeavors to show how the FY 2006 budget allocation was expended in support of the Agency's Strategic Goals and Objectives.

Financial Highlights

Financial Position

FY 2006 is the third full year of operation for which the Selective Service System's audited financial statements are being submitted, in compliance with the Tax and Accountability Act of 2002, to OMB. The financial statements, which appear on pages 31 through 37, reflect the fact that the Agency received a qualified audit opinion issued by the independent accounting firm of Leon Snead & Company, P.C. The preparation of these statements is a part of

the Agency's goal to improve financial management and provide accurate and reliable information that is useful for assessing performance and allocating resources.

The Selective Service System's management team is responsible for the integrity and objectivity of the financial information presented in the financial statements. The financial statements and financial data reflected in this report have been prepared from the accounting records of the Selective Service System in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

The Agency's financial management team intends to optimize utilization of all available resources and thus increase its ability to meet the stated strategic goals and objectives of the Agency.

Balance Sheet

The balance sheet displayed on page 31 reflects total assets of \$15.1M for the Agency. This is a net change of 14.3% over the previous fiscal year's total. This change also is attributable to management's strict adherence to the guidelines and mandates as outlined in the President's Management Agenda (PMA). Likewise, the Agency has maintained a strict adherence to the Prompt Payment Act.

Statement of Net Cost

The Agency's costs are consistent with its stated Strategic Goals and Objectives, the PMA, and its appropriated budget. The Selective Service System has maintained a straight-lined budget from FY 2003 to FY 2006; however, through a comprehensive approach to mission accomplishment and application of innovative ideas and technological advances, the accomplishment of its stated goals and objectives were not degraded.

Statement of Budgetary Resources

This statement provides information about the provision of budgetary resources and their status as of the end of the reporting period. The statement displayed on page 34 shows that the Agency had \$32M in budgetary authority of which \$.1M remained unobligated with \$5.6M not available at year-end. The Agency had \$22.1M in Net Outlays for FY 2006.

Financial Management

There are two challenges that face the Agency in this area: the implementation and integration of the new Oracle integrated financial management system and a transition to the eTravel transportation system. The Agency has committed to the successful transfer to the financial accounting and budgeting system provided by Oracle in order to enhance its financial capabilities and improve its financial management system. The Agency also has embraced the General Services Administration's (GSA) mandate to transfer all travel-related activities to the eTravel initiative in FY 2007.

Management Controls

The SSS recognizes the importance of strong internal controls and financial systems to ensure the accountability, integrity, and reliability of its systems and operations. Therefore, in accordance with the requirements of the Federal Manager's Financial Integrity Act (FMFIA), the Agency conducted a review of its management control system. This review was conducted to ensure that Agency:

- Obligations and costs were in compliance with applicable laws and regulations;
- Assets were safeguarded from fraud, waste, and abuse;
- Revenues and expenditures were properly recorded and accounted for; and,
- Programs and operations were effectively and efficiently managed in accordance with governing laws and management policy guidance.

The Individual Assurance Statements prepared by the heads of each of the Agency's directorates were the basis for the SSS' assurance that its management controls are adequate.

Director's Integrity Act Assurance Statement for Fiscal Year 2006

For the programs and activities controlled by the Federal Manager's Financial Integrity Act (FMFIA), I am pleased to report that the SSS' accounting systems and management controls, taken as a whole, provide reasonable assurance that the objectives of FMFIA have been achieved.

~William A. Chatfield
Director, Selective Service System

President's Management Agenda

The SSS seeks continuous improvements to its operations through an array of programs and policy changes based upon the President's Management Agenda (PMA). Each change demonstrates the Agency's commitment to a more effective and efficient management style, improved operational readiness, and enhanced modernization as outlined in its published Strategic Plan. The Plan prioritizes SSS activities and forms the basis for long- and short-term management and resource decisions.

Under the leadership of its Director, SSS is continuing to reduce overlapping functions and inefficiencies, while meshing its human capital and organizational structure to focus more keenly on the most likely needs of DoD.

The Selective Service System's strategy is to utilize e-commerce initiatives to improve the Agency's procurement and financial processes through the implementation of an integrated financial management system. The Agency's agreement with the Department of the Interior's National Business Center (NBC) to implement and integrate the eTravel program will continue in FY 2007. The Agency has also completed the automation of its security clearance processes utilizing new technology to enhance programs and services. The e-Quip process, sponsored by the Office of Management and Budget, is functioning properly. NBC has also been contracted to provide services to meet the personnel identification and verification requirements of HSPD-12.

The Agency will continue to expand upon workforce development strategies and development of a Human Capital Management plan (HCMP) that will close most mission-critical skills, knowledge, and competency gaps. The Agency's service provider for HR activities is NBC. SSS has contracted with NBC for development of the HCMP during FY 2007. This work includes analysis of positions and will result in an action plan for resolving gap issues. The Agency continues to use the online learning portal, GoLearn, to provide its employees and managers with the

required performance support tools to help assist in meeting the training needs of the Agency's workforce. The Agency improved the work-life aspects of the job by increasing the capabilities to support telework and expanding participation in the program to cover over 65% of the workforce. Additional flexibilities have been added to work schedules to heighten morale and enhance job performance, as well as improve recruitment and retention efforts.

The Selective Service System's strategy is to utilize e-commerce initiatives to improve the Agency's procurement and financial processes through the continuing implementation of an integrated financial management system. The SSS also has completed an agreement with the Department of the Interior (National Business Center) to implement and integrate the eTravel program in FY 2007. Likewise, additional automation of its security clearance processes will incorporate new technology to enhance programs and services.

The Agency will continue to expand upon workforce development strategies and development of a human capital management plan that will close most mission-critical skills, knowledge, and competency gaps. Additionally, the SSS will utilize the USALearning system to provide its employees and managers with the required performance support tools to assist in meeting the training needs of the Agency's workforce. The Agency will be developing new initiatives aimed at improving the work-life aspects of the job market to heighten morale and enhance job performance, as well as improve recruitment and retention efforts.

The SSS is continuing to develop and implement an aggressive technology upgrade of both hardware and software and its systems development process in an effort to replace antiquated IT technology. This effort is focused on the creation of a forward-looking IT environment capable of handling both the Agency's "steady state," as well as post mobilization operations.

During 2007, the Selective Service System will be migrating from the mainframe system to a more cost-effective, LAN-based system resulting in significant savings over time.

Historically, there has been no little or no effort or emphasis placed on reviewing the relation of budget data to performance. However, with the recent integration of the Oracle Federal Financial system, the Selective Service System has enhanced its capabilities to develop methodologies that will help to ensure that the Agency is able to integrate its budget and performance data.

During FY 2006, the Agency expended numerous man-hours reviewing and assessing the potential for developing and implementing an approved approach to integrate budgeting plans. Successful implementation began in FY 2006 and will continue throughout FY 2007.

Agency personnel are utilizing Project Management techniques to capture cost and man-hour functionalities of these mission requirements. Utilizing these techniques will provide a thorough and complete cost analysis of how the Agency does business.

Additional efforts in the areas of Procurement, Human Resources, and Information Technology will be implemented as resources and technical support are identified to enable the Agency to follow the examples set by OMB, OPM, DOE, and others.

Performance Details

Program Evaluation

Program evaluation within the SSS has expanded greatly since the Agency implemented GPRA. The scope of evaluations has grown beyond those designed to satisfy regulatory requirements. What has evolved in the Agency is a system where all of its major programs are evaluated on a regular basis with special focus placed on procedures where specific problems or deficiencies are identified. Thus, the Agency is better able to assess the effects of new or continuing initiatives on program performance and customer satisfaction. These evaluations also are used to build baselines for performance goals and validate the results of the data contained in the Performance Report.

The program evaluations for this report were independent systematic studies conducted to assess how well programs were working and if they should be continued/maintained. A variety of program evaluations and methodologies were used including: process evaluation, outcome evaluation, impact evaluation, cost-benefit/cost-effectiveness, and varied combinations of the above.

Evaluations conducted during FY 2006

Risk assessments and management reviews for the Agency computer systems, listed below, were conducted by SSS personnel and validated/certified as mission capable.

Federal Payroll Personnel System (FPPS)
Registrar System (REGS)
Administrative Support Systems Applications
Selective Service Local/Wide Area Network and Communications
Integrated Mobilization Information System

Program evaluations were scheduled and conducted for the following areas:

- Registration Program
- Compliance Program
- Workload Study
- Continuity of Operations
- Readiness Assessment
- Federal Information Security Management Act
- Financial Management
- Customer Service
- Induction, Claims, and Appeals
- Registrant Integrated Management System
- Administrative Support Services

Program evaluation/reviews were conducted for each of the FY 2006 annual performance goals, the results of which are identified and discussed in the next section of this report.

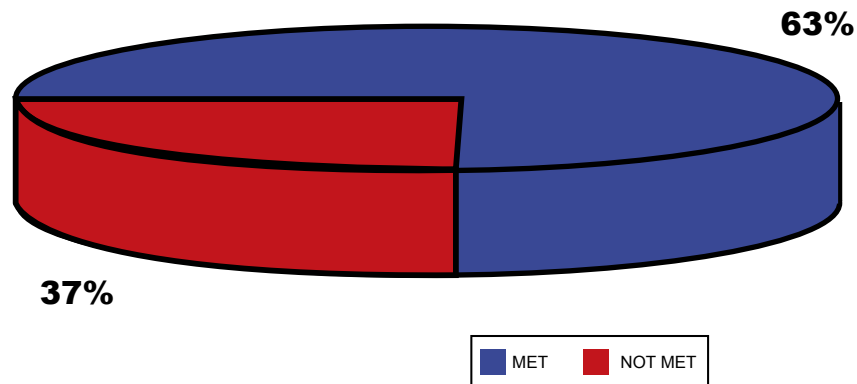
FY 2006 Performance

This FY 2006 PAR identifies the activities and strategies that took place during the fiscal year to achieve Agency goals and objectives. It also identifies relevant performance measurement target goals to be achieved. The performance goals for FY 2006 were:

1. Plan an Area Office Mobilization Prototype Exercise that will test mobilization personnel delivery systems and support programs.
2. Update and maintain the Agency's Readiness Plans.
3. Ensure that 90% of State Directors (SDs) and Reserve Force Officers (RFOs) are capable of implementing Registration Improvement Program functions and responsibilities.
4. Achieve training assessment results indicating that 90% of SDs and RFOs are trained to predetermined standards.
5. Ensure 90% of assigned SDs and RFOs are capable of implementing activation procedures.
6. Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).
7. Attain a 96% or greater registration compliance rate for 18- through 25-year-old men.
8. Attain and appoint Registrars in 87% of the Nation's high schools.
9. Obtain 82% of registrations electronically.
10. Reduce acknowledgement turnaround time to less than 20 days.
11. Maintain an average systems change request implementation time of 39 days or less.
12. Maintain a functional proponent and customer satisfaction level of 87%.
13. Implement / Participate in the e-Quip Security Clearance process.
14. Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, are performance based, and provide consequences based on performance.
15. Develop and implement a Human Capital Management Plan.
16. Identify and address gaps in mission critical skills and competencies.
17. Have a telephone call completion rate of 93% or higher.
18. Answer correspondence within 10 days.
19. Train 90% of assigned SDs and RFOs on Alternative Service plans and procedures.

SSS Performance

Summary of Achievement FY 2006 Performance Goals



FY 2006 Performance results were 12 goals were met or exceeded and 7 were unmet.

Strategic Goal 1: Increase the effectiveness and efficiency of the Manpower Delivery Systems.

To provide skilled and unskilled manpower when and as required by its primary customer, the Department of Defense (DoD), SSS continuously refines its "on-the-shelf" data systems, planning, and training documents.

For FY 2006 the SSS set five performance goals for Goal 1.

- Plan a Mobilization Area Office Prototype Exercise that will test mobilization personnel delivery systems and support programs.
- Update and maintain the Agency's Readiness Plans.
- Ensure that 90% of State Directors and Reserve Force Officers (RFOs) are capable of implementing Registration Improvement Program functions and responsibilities.
- Achieve training assessment results indicating that 90% of SDs and RFOs are trained to predetermined standards.
- Ensure 90% of assigned SDs and RFOs are trained to predetermined standards.
- Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personal (Local, District Appeal, and National Appeal Board Members).

Performance Measure	Objective	2002	2003	2004	2005	2006	2007
Plan an AO Prototype Exercise that will test mobilization's personnel delivery systems and support programs.	1.1	-	Develop	Replaced	Postponed	Postponed	Develop
Update and maintain the Agency's Readiness Plans.	1.2	Complete	Complete	Complete	Complete	Complete	Update
Ensure that 90% of State Directors (SD) and (Reserve Force Officers RFO) are capable of implementing Registration Improvement Program functions and responsibilities	1.3	-	-	-	-	93%	90+
Achieve training results indicating that 90% of SDs and RFOs are trained to predetermined standards.	1.3	98.5%	96%	96%	97%	93%	90+
Ensure that 90% of assigned SDs and RFOs are capable of implementing activation procedures.	1.4	-	-	-	-	93%	90+
Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).	2.1	-	-	-	-	100%	Update

Performance Goals

1. **Plan an AO Mobilization Prototype Exercise for FY 2006.**

Was the goal achieved?

No. The exercise was postponed until FY 2009.

Results:

Planning activities are scheduled to begin in FY 2008.

Discussion:

A further reassessment of the Agency's business rules was conducted in FY 2006. The development of the CRPP which is scheduled for completion in 2007 will capture the refinements to the business rules.

The plans for the exercise will entail designing a total mobilization exercise that will be tailored to evaluate the SSS' mandates for a mobilization of any type. The sheer size and detail of the exercise will take approximately 18 months to produce. The final product will be tested in the field in FY 2009.

Impact:

The delay in conducting the exercise until FY 2009 is expected to have minimal impact on the Agency's mobilization readiness as current programs will remain on the shelf until the required changes have been made, tested, and refined.

Planned Actions/Schedule: During FY 2007 all actions required to develop the FY 2009 exercise will get underway. These actions include: outlines, plans, schedule evaluations, development of timelines, and determination of IT interface requirements.

Verification and Validation: Testing and evaluation standards will be developed to validate exercise results.

2. **Update and maintain the Agency's Readiness Plans.**

Was the goal achieved? Yes.

Results: The Operations Directorate, Planning Division began updating the Agency's Readiness Plans in order to prepare for any future mobilizations. The Readiness Plan was finalized and signed in September 2006. The plan provides planning guidance for activation of the Selective Service System upon mobilization when directed by Congress and the President and will replace three Mobilization Manuals. This all-encompassing plan includes guidance for Local and Appeal Boards and is the foundation for all supporting field plans. Every module in the Readiness Plan includes the development of Standard Operating Procedures (SOP) for every mobilization function.

Discussion: The re-write of all Readiness Plans was necessary due to the extensive reorganization the Agency has undergone, as well as changes in supporting revised governmental directives and procedures.

Impact: The impact has been very positive because new personnel are seeing the plans for the first time. The information in the plans will contain the most current and up to date guidance to meet all internal and external mandates.

Also, utilizing Project Management techniques to capture costs and man-hours associated with projects will provide a thorough cost analysis of how the Agency accomplishes its mission.

Planned Actions/Schedule: Readiness Plans are continuously being updated. Unscheduled updates are performed as changes occur.

Verification and Validation: Testing and evaluation standards are constantly being developed and exercises performed to validate the new plans.

3. **Ensure that 90% of State Directors (SDs) and Reserve Force Officers (RFOs) are capable of implementing Registration Improvement functions and responsibilities.**

Was the goal achieved? Yes

Results: Projected 90%. Achieved SD 97%, RFOs 94%

Discussion: The Regions have reported that 97% of their SDs and 94% of RFOs have been trained as required on registration improvement functions and responsibilities. This statement is based on SDs and RFOs receiving annual and semi-annual readiness training using MOB-developed Readiness Training Guidance Outlines (TGP 1 and 2). In addition, readiness training provided in the Reserve Forces Officers Readiness Manual and assigned Readiness Training Guidance Outlines (RTGOs) were included in the training plans. FY 2006 readiness training figures are based on figures provided by our Region Training Programs in their Semi and Annual Performance Reports.

Impact: This strategy has enabled the SSS to keep SD and RFO knowledge and understanding of the Registrant Integrated Processing System programs at a high level. They maintain a readiness to meet mission requirements in all areas of their responsibilities.

Planned Actions/Schedule: Readiness Training Guidance Outlines (RTGOs) are being replaced to reflect the Agency's new business rules. All new materials will be made available to the field once they have been completed. A completely revised RFO Certification Exam was also distributed in FY 2006. Beginning in FY 2007, RFOs and SDs will need to certify their readiness to mobilize annually.

Verification and Validation: Region input verified that 94% of our RFOs and 97% of our SDs completed training using the evaluation criteria set for FY 2006.

4. **Achieve training assessment results indicating that 90% of SDs and RFOs are trained to predetermined standards.**

Was the result achieved? Yes. Projected 90%. Achieved SD 95%, RFO 91%.

Results: Readiness training was provided to the Regions for distribution to SDs and RFOs. Annual and semi-annual Region Performance Reports indicate that the established goal for annual SD and RFO training programs was met.

<i>Discussion:</i>	Training materials are provided to SDs and RFOs annually following their completion of the New Officer/State Director (NO/SD) training program. The Readiness Training Guidance Outlines (RTGOs) are part of a Continuation Training (CT) program for SDs and RFOs. The RTGOs are designed to ensure that RFOs and SDs are prepared to carry out their activation requirements. Previously, RFO readiness was validated every three years. SDs have not previously been required to be certified. Beginning in 2007, both RFOs and SDs will be required to be certified annually.
<i>Impact:</i>	The SD and RFO training program that has been in place has worked well in ensuring a high degree of readiness knowledge and understanding among these key groups. Annual certification of these groups will provide added assurance of readiness.
<i>Planned Actions/Schedule:</i>	Beginning in FY 2007, both SDs and RFOs will be required to certify their readiness annually.
<i>Verification and validation:</i>	The results of the certification exams will validate the results of this effort.

5. **Ensure that 90% of assigned SDs and RFOs are capable of implementing activation procedures.**

<i>Was the goal achieved?</i>	Yes. Projected 90%. Achieved SD 95%, RFO 91%.
<i>Results:</i>	Readiness training was provided to the Regions for distribution to SDs and RFOs. Annual and semi-annual Region Performance Reports indicate that the established goal for annual SD and RFO training programs was met. Select Readiness Training Guidance Outlines (RTGOs) were distributed to and completed by RFOs who followed Region and National Headquarters direction in their training programs. Successful completion of the exercises and training activities that are part of the RTGO, the primary vehicle used to train RFOs, validates that RFOs are capable of implementing activation procedures.
<i>Discussion:</i>	Training materials are provided to SDs and RFOs following their completion of the New Officer/State Director (NO/SD) training program. The Readiness Training Guidance Outlines (RTGOs) are part of a Continuation Training (CT) program for SDs and RFOs. RTGOs and Training Guidance Plans (TGPs) are designed to ensure that RFOs and SDs are prepared to carry out their activation requirements. Successful completion of exercises and activities in the RTGOs validate RFO and SD understanding of the mobilization procedures and processes being taught. Previously, RFO readiness was validated every three years. This system required a select number of RFOs to prove their readiness

every year, based upon their tenure. RFO readiness has heretofore been validated every three years. SDs were not previously required to be certified. Beginning in 2007, the readiness of both RFOs and SDs will be required to be certified annually.

Impact: The SD and RFO training program that has been in place has worked well in ensuring a high degree of readiness knowledge and understanding among these key groups. In addition to the successful completion of training exercises and activities as part of RTGOs, annual certification of these groups will provide added assurance of their readiness.

Planned Actions/Schedule: Beginning in FY 2007 develop and implement separate plans for the annual certification of both SDs and RFOs.

Verification and Validation: The results of the certification exams will validate the results of this effort.

6. **Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).**

Was the goal achieved? Yes. Projected 100%. Achieved 100%.

Results: One hundred percent of all training materials developed during the reporting period were sent to the field.

Discussion: Updates to existing training programs were made as required. In addition new materials, including a training video, were developed and distributed in support of the Local and District Appeal Board Member Training Programs. National Appeal Board Members were invited to train with District Appeal Boards in their areas of residence.

Impact: Very positive. The SSS has been able to sustain the knowledge that Board Members, SDs and RFO's have about their mobilization duties and responsibilities.

Planned Actions/Schedule: Significant changes are pending in the Readiness Training Programs as they affect all board members. Changes will streamline the training making it more efficient and cost-effective to deliver.

Verification and Validation: National and Region Headquarters personnel periodically visit field units and training sessions to assess the currency of their training practices and libraries, and to ensure that up to date materials are in circulation.

Strategic Goal 2: Improve overall registration compliance and service to the public.

Maintaining an ongoing Registration Program of men age 18 through 25 is fundamental to mission success. To implement a “fair and equitable” draft, a 90% compliance rate for 18- through 25-year-old men is required.

For FY 2006, the SSS set four performance goals for Goal 2.

- Attain a 96% or greater registration compliance rate for 18- through 25-year-old men.
- Attain and appoint Registrars in 87% of the Nation’s high schools.
- Obtain 82% of registrations electronically.
- Reduce acknowledgement turnaround time to less than 20 days.

Performance Measure	Objective	2002	2003	2004	2005	2006	2007
Attain a 96% or greater registration compliance rate for men ages 18 – through 25-years of age.	2.2	89%	91%	91%	93%	93%	96%
Attain and appoint Registrars in 87% of the Nation’s High Schools.	2.3	82%	82%	84%	85%	87%	87%
Obtain 87% of all registrations electronically.	3.7	28%	70%	75%	79%	82%	82%
Reduce acknowledgement turnaround time to less than 20 days.	3.1	+2.8%	+13%	-	39 days	25 days	39 days

Performance Goals:

1. **Attain a 96 % or greater registration compliance rate for men ages 18- through 25-year olds.**

Was the goal achieved: No.

Results: Projected: 96 percent (18-25 YOY Groups)
Actual CY 2005 was 93 percent. (See note below)

Discussion: Registration is a crucial component of any future induction or draft to furnish personnel to the Department of Defense in the event of a national emergency declared by the Congress or the President. The primary factors that foster registration compliance include: (1) increase in the enactment in states and territories of driver's license legislation requiring registration with the SSS to obtain a motor vehicle driver's license or state identification card; (2) continued use of on-line registration via the SSS Web site (www.sss.gov), (3) increased emphasis on soliciting volunteer SSS High School Registrars; (4) additional mailings to states having the lowest compliance rates, along with 19 year-olds nationwide who had not registered; (5) targeted cost effective registration awareness initiatives, including public service broadcast messages (in English and Spanish); and outreach efforts to the educational and community leaders and influencer groups.

Impact: Efforts to increase registration compliance will ensure fairness and equity in any future draft.

Planned Actions/Schedule: With no increase in funding for the Registration Improvement Process, the Agency will continue to capitalize upon existing resources and modified programs as outlined in Agency Directive 600-22 (Registration Improvement Plan, FY 2007). For FY 2007, primary registration improvement emphasis will continue to be to assist states and territories in their efforts to enact legislation requiring SSS registration in order to obtain a driver's license or identification card. Our goal is coverage of 100% of the Nation's potential registrant population. As each state/territory comes on line, it is anticipated that estimated registration compliance rates will be increased, resulting in lower costs expended by the Agency for registration compliance.

Verification and Validation: Agency Directive 600-14: Registration Statistics Reporting System (REGSTATS), dated June 1, 1999, outlines the methodology employed. The methodology is consistent and adequate based upon generally accepted statistical practices.

Note: Registration rates are for Calendar Year (CY) not Fiscal Year (FY) since registration is based on Year of Birth (YOB) Groups. For example, the 20 YOB Group covers the period of January 1 through December 31 since all registrants born in that year are same age required for any induction requirements.

2. **Attain and appoint Registrars in 87% of the Nation's high schools.**

Was the goal achieved? Yes.

Results:

Projected: 87 percent - Actual: 87 percent.

Discussion:

As of 9/30/05, 87% of the Nation's 20,796 high schools were participating in SSS' High School Registrar Program. Registrars are uncompensated civilian volunteers who are authorized to administer and receive registrations from young men. The High School Registrar Program is a most effective awareness program that informs male students -- face-to-face -- about the requirement to register with Selective Service. Registration is a prerequisite for many Federal job opportunities and student financial assistance programs. The program also provides a convenient location for young men to register -- their high school.

The High School Registrar Program is augmented by additional uncompensated Selective Service Registrars for the Farmworkers Opportunity Program and the Workforce Investment Act Program. The result has increased registration awareness and higher compliance by registration age men participating in those programs. On-line registrant verification resulted in improved customer service by providing High School Registrars, as well as registrants, Student Financial Aid Officers, and Workforce Investment Act officials, the ability to check or verify registrations through the Agency.

Impact:

Increased on-time registration and improved customer service to prospective registrants.

Planned Actions/Schedule:

The Agency continues to: implement registration public awareness initiatives in urban areas with emphasis on those states/territories that have not as of yet enacted legislation requiring registration with Selective Service to obtain a motor vehicle operator license or state ID card; track responses to solicitation letters to high schools; and, enhance materials used to conduct the program. The SSS will monitor the participation of high schools in the programs and conduct visits to high schools to further explain the benefits of the program including the use of the Internet to apply to be a Registrar. Registrars facilitate registration of young men and can verify or check a registration; evaluate feedback from personal contact with high school administrators and Registrars; encourage Agency force multipliers (i.e. uncompensated Board Members and State Resource Volunteers), as well as paid staff to "Adopt-a-High School" to solicit registrars, especially in state/territories without implemented driver's license legislation; and, implement national registration improvement programs such as those outlined in Agency Directive 600-22 (Registration Improvement Plan, FY 2007).

Various organizational echelons in the SSS track all responses and programmatic feedback on registration compliance.

Verification and Validation: Agency Headquarters Order 97-16: The Selective Service Registration Improvement Program, and Agency Directive 600-21 (Registration Improvement Plan, FY 2006), provides policy, direction, and resources as an oversight to this mandate.

3. **Obtain 82% of all registrations electronically.**

Was the goal achieved? Yes.

Results: Projected: 82 percent of total - Actual: As of processing of receipts through 9/16/05, 83 percent of total, and 84 percent of total since the start of CY 2006.

Discussion: Driver's license legislation implemented in 33 states, 3 territories, and the District of Columbia, linking driver's license and state ID cards to compliance with the Federal registration requirement and Internet registration are the primary components for electronic registrations.

Impact: Improved customer service by providing a streamlined and timely method of registering at a reduced cost.

Planned Actions/Schedule: Continue to maintain automated registration programs and push to implement driver's license registration nationally.

Verification and Validation: Statistical report that measure processing timelines and evaluates program results periodically.

4. **Reduce acknowledgement turnaround to less than 20 days.**

Was the goal achieved? Yes.

Results: Projected: 20 days. Actual: As of 9/27/06, 16 days.

Discussion: Driver's license legislation implemented in 33 states, 3 territories, and the District of Columbia, linking drivers licensing and state ID cards with compliance to the Federal registration requirement and Internet registration are primary contributing factors in maintaining expedient acknowledgement turn-around time.

Impact: Improved customer service by providing a more streamlined and timely method of registering at a reduced cost.

Planned Actions/Schedule: Continue to maintain automated registration programs and implement driver's license registration.

Verification and Validation: Statistical report measures processing timelines.

Strategic Goal 3: Enhance external and internal customer service.

For FY 2006 the SSS set eight performance goals for Goal 3.

The enhancement of external and internal customer service through the effective implementation of new technologies and update procedures is of paramount importance to the Agency.

- Maintain an average improve systems change request implementation time of 39 days or less.
- Maintain a functional proponent and customer satisfaction level of 87%.
- Implement/Participate in the e-Quip Security Clearance process.
- Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.
- Develop and implement a Human Capital Management Plan.
- Identify and address gaps in mission critical skills and competencies.
- Have a telephone call completion rate 93% or higher.

Performance Measure	Objective	2002	2003	2004	2005	2006	2007
Maintain an average systems change request implementation time of 39 days.	3.1	+2.8%	+13%	-	39 days	25 days	39 days
Maintain a functional proponent and customer satisfaction level of 87%.	3.1	86%	88%	88%	89.3%	Not Available	89%
Implement/Participate in eQuip Security Clearance	3.5	-	-	-	-	100%	-
Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.	3.1	-	-	-	-	90%	100%
Develop and implement a Human Capital Management Plan.	3.5	-	-	-	-	10%	50%
Identify and address gaps in mission critical skills and competencies.	3.5	-	-	-	-	10%	100%
Have a telephone call completion rate of 93% or higher	3.6	-	65%	94%	93%	83%	93%
Answer correspondence within 10 days.	3.6	16 days	16 days	16 days	10 days	10 days	10 days

Performance Goals:

The enhancement of external and internal customer service through the effective implementation of new technologies and updated procedures is of paramount importance to the Agency.

1. **Maintain an average systems change request implementation time of 39 days or less.**

Was the goal achieved? Yes.

Results: Projected: 38.96 days (42.46 days baseline) - Actual: 25.40 days

Discussion: For FY 2007 and beyond IT will maintain the following average work order and major system modification or implementation completion times:

	ASAP	HIGH	MEDIUM	LOW
Work Order	2 Hrs	6 Hrs	12 Hrs	18 Hrs
Major Modification	7 Days	14 Days	21 Days	30 Days

Impact: IT achievement of its goal means that the staff is focused on improving and working more effectively and efficiently.

Planned Actions/ Schedule: Continue efforts to increase efficiency of system change processing. Track-It software will be utilized to gather the statistics for average work order completion time. In addition, IT is in the process of evaluating a Web-Based solution for Help Desk, Asset Management, and Change Management.

Verification and Validation: Track-It software will be utilized to capture data for work orders and major systems modifications in FY 2007.

2. **Maintain a functional proponent and customer satisfaction level of 87%.**

Was the goal achieved? No.

Results: N/A.

Discussion: A customer survey was not completed this fiscal year because the IT Support Division Manager left to take another job with a different Agency before the survey could be completed. IT plans to conduct a survey during the first quarter of FY 2007 to remedy this situation.

3. **Implement/Participate in the eEquip Security Clearance process.**

Was the goal achieved? Yes.

Results: Projected: 100 percent - Actual: 100 percent

Discussion: The Agency's Human Resources Division coordinated with OPM to completely implement the new e-Quip security clearance process. Approximately 10% of Agency personnel have national security clearances.

Impact: Improved speed and accuracy of initiating national security clearance background checks. Reduces the amount of paperwork created, utilizes online processing and exchange of data. Receive input much quicker enabling faster submission of requests.

Planned Actions/Schedule: Evaluate the new e-Quip process for actual speed and ease.

Verification and Validation: Statistical reports that measure processing time lines and evaluate programs.

4. **Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.**

Was the goal achieved? No.

Results: Projected: 100 percent - Actual: 90 percent

Discussion: In accordance with OPM guidelines, the Agency drafted new policy and procedures for appraisals that link performance evaluations to strategic objectives and annual performance goals. The new policy was submitted to OPM and OMB for approval. Approval is still pending. In addition, the Agency adjusted managerial appraisals to create links between performance evaluations and strategic objectives and annual performance goals. SSS initiated a policy change on performance awards that improves the ability to address performance, accountability and consequence issues.

Impact: Improved accountability of senior management and all employees that is aligned with the Agency's strategic mission.

Planned Actions/Schedule: Continue to follow-up with OPM and OMB to obtain approval of the revised SES appraisal system. Modify the Agency's existing appraisal system to better align all personnel appraisals with the strategic objectives and annual performance goals and to enhance the performance-based accountability of the appraisal system.

Verification and Validation: Evaluation of the results of actual appraisals to ensure alignment with strategic objectives and annual performance goals.

5. **Develop and implement a Human Capital Management Plan.**

Was the goal achieved? No.

Results: Projected: 50% - Actual: 10 %

Discussion: Developed rough shell of the Human Capital Management Plan (HCMP) and conducted research for numerous issues. Created draft of generic guideline portions of the plan, conducted two human capital surveys. Did not receive necessary funding to conduct the workload analysis that will provide baseline data on skill gaps and the alignment of talent to jobs.

Impact: The Agency has existing policy and procedures in place that address many of the issues being developed in the HCMP. However, the need to provide an integrated approach to human capital management has not been realized. Several primary areas of concern included succession planning, managing talent, aligning skills with job requirements for the most efficient/effective organization remain incomplete.

Planned Actions/Schedule: Maintain or better the performance goal. Manage new contract with NBC to ensure the development of the HCMP is completed in FY07

Verification and Validation: Statistical reports that measure completion of the plan against the desired content and evaluate programs based upon comparison with other small agencies plans and programs.

6. **Identify and address gaps in mission critical skills and competencies.**

Was the goal achieved? No

Results: Projected: 100% - Actual: 10%

Discussion: This effort is tied directly in with the HCMP, which is still under development. Identifying gaps in mission critical skills and competencies requires an initial assessment of employee skills and competencies. This requires a workload analysis – an item that was at the end of FY 2006. We have taken the first steps towards this goal, but are unable to handle the evaluation and analysis with in-house talent. Increased training funds in FY06 and addressed immediate areas of concern to supervisors. Utilize in-house staff to develop “novice level” training needs that can be addressed via online learning program; includes “required” training for all federal employees and a basic curriculum based upon specialty, such as IT specialists.

<i>Impact:</i>	The inability to get a workload analysis done has impacted the ability to identify “required” skills and competencies for each position, determine where gaps exist for each employee and Directorate, and develop a strategy to fill the gaps.
<i>Planned Actions/Schedule:</i>	Participate with NBC in the development of the HCMP during FY07. Act on the results to implement the plan, set baseline data, and improve HR functionality in areas such as accession, performance development and management, training, succession planning, etc.
<i>Verification and Validation:</i>	Statistical reports that measure ability of personnel to meet the “basic job requirements” via the analysis provided in the HCMP development. External analysis of HR functions by OPM audit.

7. Have a telephone completion rate of 93% or greater.

<i>Was the goal achieved?</i>	No.
<i>Results:</i>	Projected: 93 percent Actual: 83 percent of total
<i>Discussion:</i>	Staffing levels decreased by 43 percent (down 6 positions) as compared to the beginning FY 2005 level. This staff reduction required the call center to limit the number of lines for responding to telephone inquiries. Such limitations were made to prevent exorbitant call wait times which would create additional burden on the public. Such line availability ranged from a high of 46 lines to a low of 18 lines or 40% percent call-answer capacity. Such limitations not only limited calls coming to agents, but also limited calls which could be processed by the IVR. These actions created a compromised call environment with results showing only mediocre (at best) service levels, plus an unmeasured number of busy signals. Agents answered ‘allowed’ calls in an average of 2 minutes 43 seconds, while experiencing an 8.5% abandonment rate (over 16,000 disconnects in addition to the unmeasured number of busy signals). This compromised abandonment rate reached a high of 17% during August, a month in which the average answer speed exceeded 6 minutes.
<i>Impact:</i>	Increased busy signals, excessive call abandonments, and long answer speed wait times.
<i>Planned Actions/Schedule:</i>	Agency provided authorization to fill two vacancies in FY 2007. This area will continue to be monitored.

8. **Answer correspondence within 10 days.**

<i>Was the goal achieved?</i>	Yes.
<i>Results:</i>	Projected: 10 days Actual: 10 days.
<i>Discussion:</i>	With innovative scheduling, this goal was achieved for registrant inquiry service levels,
<i>Impact:</i>	Acceptable customer service levels.
<i>Planned Actions/Schedule:</i>	Maintain or better the performance goal.
<i>Verification and Validation:</i>	Statistical reports that measure processing time lines and evaluates program.

Strategic Goal 4: Enhance the system which guarantees that each conscientious objector is properly classified, placed, and monitored.

For FY 2006 the SSS set one performance goal for Goal 4.

As required by law, the SSS will implement an Alternative Service Program for registrants who are classified conscientious objectors (CO). The Alternative Service Program identifies jobs that a CO may perform in civilian occupations which contribute to the maintenance of the health, safety, and/or interest of the Nation.

- Train 90% of SDs and RFOs on Alternative Service Plans and Procedures.

Performance Measure	Objective	2002	2003	2004	2005	2006	2007
Train 90% of SDs and RFOs on Plans and Procedures	4.1	-	-	-	85%	96%	90%

Performance Goals:

1. **Train 90% of assigned State Directors and Reserve Force Officers on Alternative Service plans and procedures.**

<i>Was the goal achieved?</i>	Yes. One hundred percent of all of the training materials developed in support of this program were made available to the target attendees.
<i>Results:</i>	Projected: 91 percent Actual (Preliminary): 96 percent SDs and 95 percent RFOs.
<i>Discussion:</i>	Selected FY 2006 SSS SD and RFO Readiness Training Program packages and instruments focused on the skills and knowledge required to implement the Alternative Service Program (ASP) during a mobilization. For example, new RFOs and SDs were introduced to Alternative Service plans and procedures through the New Officer/ State Director (NO/SD) Phase I Program (self-study booklet with electronic tutorial.) This Phase I product provides an overview of the history of Alternative Service and of the Alternative Service Program requirements as implemented nationwide during a mobilization. In addition, RTGOs provide training on Alternative Service Office processes and procedures. As a consequence, both SD and RFO knowledge of ASP internal and external plans and procedures was greatly enhanced, thereby improving the Agency's readiness posture.
<i>Impact:</i>	SDs, RFOs, and Agency management have increased confidence in the ability of SDs and RFOs to implement the Agency's ASP effectively and with efficiency. SDs and RFOs have maintained mission essential readiness and can readily implement the ASP in the event of a mobilization.
<i>Planned Actions/Schedule:</i>	In FY 2007, the SSS will continue to enhance ASP training by developing mini-exercises to supplement training provided by ASO RTGOs. RFOs and SDs will also become more involved in ASP processes as they begin to assist in building the Alternative Service Employer Network (ASEN).
<i>Verification and Validation:</i>	A preliminary quantitative evaluation by the SSS Region Headquarters showed that 96% of our assigned State Directors (SDs) and 95% of assigned RFOs completed training in FY 2006 using the instructional materials made available to them.

Financial Details

Financial Summary

Message From the Comptroller

SSS recognizes the importance of strong financial systems and internal controls to ensure accountability, integrity, and reliability. The Agency complies with and is committed to fulfilling the requirements of the Integrity Act. SSS' internal controls are designed to provide reasonable assurance that obligations and costs are in compliance with governing laws and regulations, that its funds, property, and other assets are protected against loss from unauthorized use or disposition. Through continuous assessment of and review of its control program, SSS is able to identify and take corrective actions if or when deficiencies are identified.



A handwritten signature in black ink, appearing to read 'William W. Reese'. The signature is stylized and fluid.

William W. Reese
Comptroller
November 12, 2006

Overview of Financial Statements

Purpose of the financial statements:

- The balance sheet shows asset vs. liabilities
- Statement of Net Cost shows the cost of operations
- Statement of Change in Net Position identifies the accounting actions which caused the change in Net Position
- Statement of Budgetary Resources shows how resources were made available during the budget year and the year end status of those resources
- Statement of Financing which reconciles budgetary resources with the net costs of operations

Financial Statements

Balance Sheet

Selective Service System
BALANCE SHEET
For the Years Ended September 30, 2006 (CY) and 2005 (PY)
(In Dollars)

	<u>2006</u>	<u>2005</u>
Assets:		
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$13,600,734	\$11,818,622
Accounts receivable (Note 3)	<u>166,263</u>	<u>82,233</u>
Total Intragovernmental	13,766,997	11,900,855
General property and equipment, net (Note 4)	1,259,616	1,182,392
Assets Under Capital Lease (Note 5)	<u>85,163</u>	<u>136,260</u>
Total assets	<u>\$15,111,776</u>	<u>\$13,219,507</u>
Liabilities:		
Intragovernmental:		
Accounts payable (Note 7)	\$1,133,070	\$783,050
Unfunded FECA liability	<u>585,728</u>	<u>476,216</u>
Total Intragovernmental	1,718,798	1,259,266
Accounts payable	259,244	137,339
Federal employees and veteran benefits	2,927,650	3,001,070
Other Liabilities (Note 8)	<u>1,421,374</u>	<u>1,316,310</u>
Total liabilities	6,327,066	5,713,985
Net position:		
Unexpended appropriations- other funds	10,567,833	9,064,569
Cumulative results of operations- other funds	<u>(1,783,123)</u>	<u>(1,559,047)</u>
Total net position	<u>\$8,784,710</u>	<u>\$7,505,522</u>
Total liabilities & net position	<u>\$15,111,776</u>	<u>\$13,219,507</u>

The accompanying notes are an integral part of these statements.

Statement of Net Cost

Selective Service System
Statement of Net Cost
For the Years Ended September 30, 2006 (CY) and 2005 (PY)
(In Dollars)

	<u>2006</u> (CY)	<u>2005</u> (PY)
PROGRAM COSTS		
Gross Costs (Note 9)	\$23,931,779	\$23,303,297
Less: Earned Revenue	<u>336,094</u>	<u>334,153</u>
Net Program Costs	23,595,685	22,969,144
Net Cost of Operations	<u><u>\$23,595,685</u></u>	<u><u>\$22,969,144</u></u>

The accompanying notes are an integral part of these statements.

Statement of Changes in Net Position

Selective Service System
Statement of Charges in Net Position
For the Years Ended September 30, 2006 (CY) and 2005 (PY)
(In Dollars)

	<u>FY 2006</u> (CY) Consolidated Total	<u>FY 2005</u> (PY) Consolidated Total
Cumulative Results of Operations:		
Beginning Balances	(\$1,559,047)	(\$2,833,589)
Adjustments:		
Beginning balance, as adjusted	<u>(1,559,047)</u>	<u>(2,833,589)</u>
Budgetary Financing Sources:		
Other Adjustments		(74,501)
Appropriations Used	22,344,062	23,250,673
Other Financing Sources (Non-Exchange):		
Imputed financing	<u>1,027,547</u>	<u>1,067,514</u>
Total Financing Sources	23,371,609	24,243,686
Net Cost of Operations	<u>(23,595,685)</u>	<u>(22,969,144)</u>
Net Change	(224,076)	1,274,542
Cumulative Results of Operations:	(1,783,123)	(1,559,047)
Unexpended Appropriations:		
Beginning Balance	9,064,569	6,669,676
Adjustments:		
Beginning Balance, as adjusted	<u>9,064,569</u>	<u>6,669,676</u>
Budgetary Financing Sources:		
Appropriations Received	24,996,094	26,300,000
Other Adjustments	(1,148,768)	(654,434)
Appropriations Used	<u>(22,344,062)</u>	<u>(23,250,673)</u>
Total Budgetary Financing Sources	<u>1,503,264</u>	<u>2,394,893</u>
Total Unexpended Appropriations	10,567,833	9,064,569
Net Position	<u><u>\$8,784,710</u></u>	<u><u>\$7,505,522</u></u>

The accompanying notes are an integral part of these statements.

Statement of Budgetary Resources

Selective Service System
 Statement of Budgetary Resources
 For the Years Ended September 30, 2006 (CY) and 2005 (PY)
 (In Dollars)

	<u>2006</u>	<u>2005</u>
	(CY)	(PY)
	Budgetary	Budgetary
Budgetary Resources		
Unobligated balance: Brought forward, October 1 (+ or -)	\$7,166,297	\$2,237,589
Recoveries of prior year unpaid obligations:	694,436	3,927,521
Budget Authority:		
Appropriation	25,000,000	26,300,000
Spending Authority from Offsetting Collections		
Earned- Collected	252,064	439,540
Changes in Receivables from Federal Sources	84,030	(105,387)
Permanently Not Available	<u>(1,148,768)</u>	<u>(728,611)</u>
Total Budgetary Resources	<u>\$32,048,059</u>	<u>\$32,070,652</u>
Status of Budgetary Resources		
Obligations Incurred		
Direct	<u>\$26,264,766</u>	<u>\$24,904,356</u>
Subtotal	26,264,766	24,904,356
Unobligated balance		
Apportioned	<u>144,452</u>	<u>2,868,266</u>
Subtotal	<u>144,452</u>	<u>2,868,266</u>
Unobligated balances not available	<u>5,638,841</u>	<u>4,298,030</u>
Total Status of Budgetary Resources	<u><u>32,048,059</u></u>	<u><u>32,070,652</u></u>

The accompanying notes are an integral part of these statements.

Statement of Budgetary Resources

Selective Service System
 Statement of Budgetary Resources
 For the Years Ended September 30, 2006 (CY) and 2005 (PY)
 (In Dollars)

	<u>2006</u>	<u>2005</u>
	(CY)	(PY)
	Budgetary	Budgetary
Change in Obligated Balances		
Obligated Balance, net		
Unpaid obligations, brought forward, October 1	(4,734,560)	7,387,765
Uncollected customer payments from Federal sources, brought forward, October 1	<u>(82,233)</u>	<u>(187,621)</u>
Total, unpaid obligated balance, brought forward, net	(4,652,327)	7,200,145
Obligations Incurred, net (+/-)	(26,264,766)	(24,904,357)
Gross Outlays	22,378,987	23,630,040
Obligated balance transfers, net		
Recoveries of prior - year unpaid obligations, actual (+ or -)	694,436	3,927,521
Change in uncollected customer payments from Federal Sources	84,030	
Obligated balance, net, end of period:		
Unpaid obligations (+)	<u>(7,925,903)</u>	<u>(4,734,560)</u>
Less: Uncollected customer payments from Federal Sources	<u>(166,263)</u>	<u>(82,233)</u>
Total, unpaid obligated balance, net, end of period	<u>(\$7,759,640)</u>	<u>(\$4,652,327)</u>
NET OUTLAYS		
Gross Outlays	\$22,378,987	\$23,630,040
Offsetting collections (-)	<u>(252,065)</u>	<u>(439,540)</u>
Net Outlays	<u>\$22,126,922</u>	<u>\$23,190,500</u>

The accompanying notes are an integral part of these statements.

Statement of Financing

Selective Service System
Statement of Financing
For the Years Ended September 30, 2006 (CY) and 2005 (PY)
(In Dollars)

	<u>2006</u> (CY)	<u>2005</u> (PY)
Resources Used to Finance Activities:		
Budgetary Resources Obligated	\$26,264,766	\$24,904,356
Obligations Incurred		
Less: Spending Authority from offsetting collections and recoveries	<u>(1,030,532)</u>	<u>(4,261,674)</u>
Obligations net of offsetting collections and recoveries	<u>25,234,234</u>	<u>20,642,682</u>
Net Obligations		
Other Resources	<u>1,027,547</u>	<u>1,067,514</u>
Imputed financing from costs absorbed by others	<u>1,027,547</u>	<u>1,067,514</u>
Net other resources used to finance activities	\$26,261,781	\$21,710,196
Total Resources Used to Finance Activities		
Resources Used to Finance Items not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods and Services and Benefits Ordered but not recieved	\$2,757,891	\$2,374,799
Resources that fund expenses recognized in prior periods	122,825	(182,310)
Resources that finance the acquisition of assets	483,677	(1,210,424)
Other Resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)		(280,244)
Total Resources used to finance items not part of the Net Cost of Operations	<u>3,364,393</u>	<u>701,821</u>
Total Resources Used to finance the Net Cost of Operations	<u>\$22,897,388</u>	<u>\$22,412,017</u>

The accompanying notes are an integral part of these statements

Statement of Financing

Selective Service System
Statement of Financing
For the Years Ended September 30, 2005 and 2004
(In Dollars)

Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:

Components Requiring or Generating Resources in Future Periods:

Not requiring current year authority	\$49,860	\$246,157
Change in actuarial liability	182,310	16,621
Total components of Net Cost of Operations that will require or generate resources in future periods	232,170	262,778
Components not Requiring or Generating Resources:		
Depreciation and Amortization	217,085	227,624
Total components of Net Cost of Operations that will not require or generate resources	217,085	227,624
Total components of net cost of operations that will not require or generate resources in the current period	449,255	490,402
Net Cost of Operations	\$22,969,144	\$25,728,426

The accompanying notes are an integral part of these statements

Notes to Financial Statements

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and financing of the Selective Service System (SSS). The SSS is an independent Federal agency, operating with permanent authorization under the Military Selective Service Act (50 U.S.C. App. 451 et seq.). It is not part of the Defense Department; however, it exists to serve the emergency manpower needs of the Defense Department, if a draft is necessary. The Agency remains ready to implement a draft of untrained manpower, or personnel with professional health care or special skills, if directed by the Congress and the President to do so in a national crisis. The financial activity presented relates primarily to the execution of SSS' Congressionally approved budget. The SSS budget consists of an annual appropriation covering salaries and expenses and revenue from reimbursable work. This revenue is included on the Statement of Budgetary Resources as "reimbursable services." The financial statements, except for Federal employee benefit costs paid by the Office of Personnel Management (OPM) and imputed to SSS; do not include the effects of centrally administered assets and liabilities related to the Federal government as a whole.

B. Basis of Presentation

The accompanied financial statements are provided to meet the requirements of the Accountability of Tax Dollars Act of 2002. The statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources and Statement of Financing.

These financial statements have been prepared to report the financial position and results of operations of SSS. These statements were prepared from the books and records of SSS in conformity with accounting principles generally accepted in the United States, and the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements.

These statements conform to U.S. Generally Accepted Accounting Principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB). The American Institute of Certified Public Accountants (AICPA) recognizes FASAB Standards as GAAP for federal reporting entities. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities.

C. Basis of Accounting

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

D. Revenues and Other Financing Sources

SSS receives most funding through Congressional appropriation from the budget of the United States. Annual appropriations are used, within statutory limits, for operating and capital expenditures for essential personal property. Appropriations are recognized as revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations.

A small amount of funding is received by performing reimbursable services for other Federal agencies. The funds received are used to pay the cost of performing these services.

E. Fund Balance with Treasury

Funds with the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. See Note 2 for additional information.

F. Advances and Prepayments

SSS records payments for goods and services not yet received as advances and reduces the advances by charges to expense as the goods and services are received.

G. General Property, Plant, and Equipment, Net

SSS' property, plant and equipment (PPE) are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the asset. Major alterations and renovations are capitalized, while maintenance and repair costs are charged to expense as incurred. SSS' PPE capitalization threshold is \$10,000 for individual purchases and \$50,000 for bulk purchases, with a unit cost of \$1,000 or more, and internally developed software with development costs of \$50,000 or more. Service lives are shown below. See Note 3 for additional information.

<u>Description</u>	<u>Life</u>
Furniture/Fixture	7
ADP Equipment	3
ADP Software	3
Telecommunication Equipment	3
Office Equipment	5
Other Equipment	7
Internal Use Software	7

H. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by SSS as a result of transactions or events that have already occurred. No liability can be paid, however, absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources, and there is no certainty that the appropriation will be enacted. Also, liabilities can be abrogated by the Government, acting in its sovereign capacity.

I. Accounts Payable

Accounts payable consists of amounts owed to other Federal agencies, and commercial vendors for goods, services, and other expenses received but not yet paid.

J. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of nonvested leave are expensed as taken.

K. Retirement Plans

SSS employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984, elected to join both FERS and Social Security or remain in CSRS.

All employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in the FERS, a TSP account is automatically established and SSS makes a mandatory one-percent contribution to this account. In addition, SSS makes matching contributions, ranging from one to four percent, for FERS eligible employees who contribute to their TSP accounts. Matching contributions are not made to the TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, SSS remits the employer's share of the required contribution.

SSS does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the Office of Personnel Management.

L. Imputed Costs / Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. SSS recognized imputed costs and financing sources in Fiscal Year 2006 to the extent directed by OMB.

M. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

N. Expired Accounts and Canceled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account into which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is canceled.

NOTE 2. FUND BALANCE WITH THE U.S. TREASURY

SSS' funds with the U.S. Treasury consist of only appropriated funds. The status of these funds as of September 30, 2006 is as follows:

	FY 2006 (In Dollars)	FY 2005 (In Dollars)
Fund Balances		
Appropriated Funds	\$13,600,734	\$11,818,622
Status of Fund Balance with Treasury		
Unobligated Balance		
-Available	\$144,452	\$2,868,266
-Unavailable	5,638,841	4,298,030
Obligated Balance not yet Disbursed	<u>7,817,441</u>	<u>4,652,326</u>
Total	<u>\$13,600,734</u>	<u>\$11,818,622</u>

NOTE 3. Accounts Receivable, Net

On September 30, 2006, SSS had one uncollected bill recorded in accounts receivable. The bill was for reimbursable services provided under the Memorandum of Agreement between Selective Service System and Department of Defense in support of mailings performed by SSS on behalf of DoD.

	FY 2006 (In Dollars)	FY 2005 (In Dollars)
Department of Defense	<u>\$166,263</u>	<u>\$82,233</u>
Total	<u>\$166,263</u>	<u>\$82,233</u>

Note 4. General Property, Plant, and Equipment, Net

The composition of property and equipment as of September 30, 2006 was as follows:

Description	Acquisition Cost (In Dollars)	Accumulated Depreciation (In Dollars)	Net Book Value (In Dollars)
ADP Software	\$1,443,552	(\$343,474)	\$1,100,078
ADP Equipment	242,067	(172,960)	69,107
Office Equipment	18,800	(18,800)	0
Telecomm Equipment	146,447	(107,551)	38,896
Other Equipment	<u>228,162</u>	<u>(176,627)</u>	<u>51,535</u>
TOTALS	<u>\$2,079,028</u>	<u>(\$819,412)</u>	<u>\$1,259,616</u>

The composition of property and equipment as of September 30, 2005 is as follows:

Description	Acquisition Cost (In Dollars)	Accumulated Depreciation (In Dollars)	Net Book Value (In Dollars)
ADP Software	\$1,004,083	(\$92,826)	\$911,257
ADP Equipment	197,859	(121,025)	76,834
Office Equipment	102,631	(75,886)	26,745
Telecomm Equipment	146,447	(63,021)	83,426
Other Equipment	<u>228,162</u>	<u>(144,032)</u>	<u>84,130</u>
TOTALS	<u>\$1,679,182</u>	<u>(\$496,790)</u>	<u>\$1,182,392</u>

NOTE 5. Assets Under Capital Lease

Summary of Assets Under Capital Lease	2006 (In Dollars)	2005 (In Dollars)
Computer Equipment	\$153,293	\$153,293
Accumulated Depreciation	<u>68,130</u>	<u>17,033</u>
Book Value of Assets		
Under Capital Lease	<u>\$ 85,163</u>	<u>\$136,260</u>

This capital lease was entered into by SSS and Adams-Brown Services, Inc. of Huntsville, AL on April 27, 2005. It called for the leasing of 87 E-3600 Deluxe Dell computer systems with a unit cost of \$1,739.00. The final lease payment will be made in FY 2007 and the units will be fully depreciated in FY 2008. The units are being depreciated over a period of 3 years using straight line depreciation.

Future Payments Due:

	2007	Total
Fiscal Year 2007	<u>\$51,233</u>	<u>\$51,233</u>
Total Future Lease Payments	\$51,233	\$51,233
Less: Imputed Interest	<u>3,724</u>	<u>3,724</u>
Net Capital Lease Liability	<u>\$47,509</u>	<u>\$47,509</u>

Lease liabilities covered by budgetary resources \$47,509

NOTE 6. Operating Leases

Three long-term leases are in place for space rental for the Selective Service System. The three leases are as follows: (1) The National Headquarters, (2) the Region II Headquarters (in Smyrna, Georgia), and (3) the Region III Headquarters (in Denver, Colorado).

For National Headquarters, a ten-year lease was negotiated in 2003 extending a prior leases terms as agreed upon between the two parties through October 2013. The base yearly charge for this lease is \$750,017 whereby the General Services Administration (GSA) can escalate the charges each year within a 5% to 10% range to cover the anticipated increases in their operating costs.

The lease for the Region II Headquarters space is a ten-year lease that was initiated in January 2004 and expires in January 2014. The base yearly charge is \$69,654, with an annual escalation charge of 5% to 6% to cover the anticipated increases in their operating costs. The annual escalation charge increases the rent annually to \$105,820.50 in 2014.

The lease for the Region III Headquarters space is a five-year lease that was signed in January 2006 and expires in December 2011. The yearly charge is \$94,023. No annual escalation charges apply.

Schedule of Future Operating Lease Payments

	FY 2006 (In Dollars)	FY 2005 (In Dollars)
FY 2007	\$986,775	\$973,136
FY 2008	950,294	937,342
FY 2009	963,049	950,802
FY 2010	976,065	964,546
FY 2011	918,863	978,583
After Five Years	<u>1,938,663</u>	<u>2,106,655</u>
TOTAL FUTURE PAYMENTS	<u>\$6,733,710</u>	<u>\$6,911,064</u>

NOTE 7. Intragovernmental Liabilities – Accounts Payable

Intragovernmental liabilities are the amounts that the Selective Service System owes other federal government agencies.

	FY 2006 (In Dollars)	FY 2005 (In Dollars)
Department of Defense	\$959,508	\$783,050
Department of Agriculture	2,785	
Department of Labor	2,297	
Military Entrance Processing	78,407	
Internal Revenue Service	<u>90,073</u>	<u> </u>
TOTALS	\$1,133,070	\$783,050

NOTE 8: Other Liabilities

The accrued liabilities for SSS are comprised of program and lease expense accruals, payroll accruals, and unfunded annual leave earned by employees. Program expense accruals represent expenses that were incurred prior to year-end but were not paid. Similarly, payroll accruals represent payroll expenses that were incurred prior to year-end but were not paid.

Schedule of Liabilities

	FY 2006 <u>(In Dollars)</u>	FY 2005 <u>(In Dollars)</u>
Accrued Funded Payroll & Leave	\$591,371	\$485,138
Unfunded Leave	778,770	730,535
Capital Lease Liability	<u>51,233</u>	<u>100,637</u>
TOTAL Liabilities	<u>\$1,421,374</u>	<u>\$1,316,310</u>

NOTE 9: Intragovernmental Costs and Exchange Revenue

	FY 2006	FY 2005
Program Costs		
Intragovernmental Costs	\$7,190,103	\$8,977,777
Public Costs	<u>16,741,676</u>	<u>14,325,520</u>
Total Program Costs	<u>\$23,931,779</u>	<u>\$23,303,297</u>
Intragovernmental earned Revenue	<u>\$336,094</u>	<u>\$334,153</u>
Total Revenue	<u>\$336,094</u>	<u>\$334,153</u>

Intragovernmental costs are those expenses paid by SSS to other federal government entities. They include but are not limited to:

- Army National Guard Bureau
- Department of Interior
- General Services Administration
- Government Printing Office
- Great Lakes Naval Station Public Works.

Public costs are expenses paid to all other entities, to include state and local Governments and the general public.

All of our "earned" revenue was for doing work for other federal agencies. The agencies were the Bureau of Census and the Department of Defense.

Note 10. Liabilities not Covered by Budgetary Resources

The liabilities on Selective Service System Balance Sheet as of September 30, 2006, include liabilities not covered by budgetary resources, which are liabilities for which Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. The composition of liabilities not covered by budgetary resources as of September 30, 2006 and 2005, are as follows.

	FY 2006 (In Dollars)	FY 2005 (In Dollars)
Ingovernmental Liabilities		
Unfunded FECA	<u>\$585,728</u>	<u>\$476,216</u>
Total Intragovernmental Liabilities	<u>\$585,728</u>	<u>\$476,216</u>
Accrued Annual Leave	\$778,771	\$730,535
Actuarial FECA Liability	<u>2,927,650</u>	<u>3,001,070</u>
Total Liabilities not covered by budgetary resources	<u>\$4,292,149</u>	<u>\$4,207,821</u>

Note 11. Undelivered Orders at the End of the Period

Undelivered orders are purchase orders issued by Selective Service System during fiscal year 2006 that have not had delivery of the required product or service as of September 30, 2006. It is anticipated that these undelivered items will be provided in future periods and will required resources obligated during Fiscal Year 2006.

	FY 2006 (In Dollars)	FY 2005 (In Dollars)
Undelivered Orders	<u>\$5,986,288</u>	<u>\$3,228,396</u>
Total Undelivered Orders	<u>\$5,986,288</u>	<u>\$3,228,396</u>

Appendix

FY 2006 Performance Chart

Agencywide Annual Performance Results and Targets

Performance Measure	Objective	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET
		2002	2003	2004	2005	2006	2007
Plan an AO Prototype Exercise that will test mobilization's personnel delivery systems and support programs.	1.1	-	Develop	Replaced	Postponed	Postponed	Develop
Update and maintain the Agency's Readiness Plans.	1.2	Complete	Complete	Complete	Complete	Complete	Update
Ensure that 90% of State Directors (SD) and (Reserve Force Officers RFO) are capable of implementing Registration Improvement Program functions and responsibilities	1.3	-	-	-	-	93%	90+
Achieve training results indicating that 90% of SDs and RFOs are trained to predetermined standards.	1.3	98.5%	96%	96%	97%	93%	90+
Ensure that 90% of assigned SDs and RFOs are capable of implementing activation procedures.	1.4	-	-	-	-	93%	90+
Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).	2.1	-	-	-	-	100%	Update
Attain a 96% or greater registration compliance rate for men ages 18 – through 25-years of age.	2.2	89%	91%	91%	93%	93%	96%
Attain and appoint Registrars in 87% of the Nation's High Schools.	2.3	82%	82%	84%	85%	87%	87%
Obtain 87% of all registrations electronically.	3.7	28%	70%	75%	79%	82%	82%
Reduce acknowledgement turnaround time to less than 20 days.	3.7	16 days	16 days	16 days	16 days	16 days	16 days
Maintain an average systems change request implementation time of 39 days.	3.1	+2.8%	+13%	-	39 days	25 days	39 days
Maintain a functional proponent and customer satisfaction level of 87%.	3.1	86%	88%	88%	89.3%	Not Available	89%
Implement/Participate in eEquip Security Clearance	3.5	-	-	-	-	100%	-
Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.	3.1	-	-	-	-	90%	100%
Develop and implement a Human Capital Management Plan.	3.5	-	-	-	-	10%	50%
Identify and address gaps in mission critical skills and competencies.	3.5	-	-	-	-	10%	100%
Have a telephone call completion rate of 93% or higher	3.6	-	65%	94%	93%	83%	93%
Answer correspondence within 10 days.	3.6	16 days	16 days	16 days	10 days	10 days	10 days
Train 90% of SDs and RFOs on Plans and Procedures	4.1	-	-	-	85%	96%	90%

Glossary of Abbreviations and Acronyms

Terminology

Alternative Service Offices
Alternative Service Program
Annual Performance Plan
Conscientious Objectors
Department of Defense
Government Performance and Results Act
Interactive Voice Response System
Local Board
Local Board Member
Military Entrance Processing Station
Performance and Accountability Report
President's Management Agenda
Reserve Force Officers
Selective Service System
State Directors
Strategic Plan

Acronym

ASOs
ASP
APP
COs
DoD
GPRA
IVR
LB
LBM
MEPS
PAR
PMA
RFOs
SSS
SDs
SP



Selective Service System
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