

## CHAPTER II

THE SOCIAL SECURITY ADMINISTRATION: ITS MISSION,  
CHALLENGES AND PROBLEMS

## I. INTRODUCTION

In the course of its study, the Panel was impressed by SSA's unique mission and by its accomplishments, under often adverse circumstances. At the same time, the Panel received evidence of serious and widespread problems affecting SSA's ability to fulfill its mission, serve its clientele, and operate efficiently and effectively. In addition to testimony from witnesses, the Panel had access to numerous official and semi-official evaluations of SSA's operations conducted by the GAO, the President's Private Sector Survey on Cost Control (the Grace Commission), the Congress (in oversight hearings), and private contractors. Based on these assessments the Panel concludes that the correction of widespread operational problems and planning for the future constitute major managerial challenges for the social security agency, whether it is made independent of DHHS or remains inside the department.

SSA's network of field offices is an important contact point with the Federal government for a large and growing share of the population. Except possibly for the Internal Revenue Service (IRS), no other Federal agency touches so many people or has so direct and profound an effect on their daily lives. Accuracy and reliability of payments, responsiveness to public inquiries, and the accessibility of local offices all can vitally affect the well-being of the public and influence its perception not just of SSA but of the government as a whole.

While some contacts in SSA field offices are routine, many are highly significant and fraught with emotion--applications for survivors or disability benefits, for example. Even those that are routine are often time-consuming and complex and add to the stress and high activity level generally found in social security offices. At any given moment the waiting room may include:

- o a retiring household worker who is there to apply for her social security benefits and for **SSI** as well as for Medicare (and to have Medicaid and Food Stamps explained to her for possible referral to the local welfare office),
- o an unemployed 62-year-old who has come to apply for retirement benefits but is concerned about how the "work test\*\* would affect those benefits if he should get a part-time job,
- o a disabled beneficiary called in for a continuing disability review,
- o a frazzled mother with raucous youngsters trying to acquire Social Security Account Numbers in order to establish bank accounts for them,
- o an uneducated itinerant called in for an annual redetermination of his SSI eligibility,
- o an elderly widow whose monthly benefit check did not arrive on time and who fears that it may have been stolen from her mailbox,
- o a bewildered octogenarian with a spate of medical bills who needs help in filing for-Medicare reimbursement,
- o an irate **beneficiary** who cannot understand the notice he has received informing him that he has been overpaid,

- o a grieving widower who is unsure whether his deceased wife worked long enough for social security coverage and whether his teenage daughter will receive benefits.

The agency's mission, the operational and management deficiencies that have been documented, and the challenges facing it conclusively demonstrate the need for legislative action to strengthen SSA and bring it to operational and management excellence. This major challenge will require concentrated efforts over a long period of time from both the executive branch and the Congress.

## II. THE MISSION OF SSA

Sooner or later in the course of a lifetime virtually everyone deals with SSA. To grasp the operational challenge the agency faces, one must appreciate the social significance and tremendous volume and complexity of its work.

- o The issuance and proper authentication of original and replacement social security cards have taken on great significance with the ever-increasing uses of the Social Security Account Number. The numbers are now used for employment and tax purposes, identification of bank accounts and various financial transactions, school identification, drivers licenses, and other public and private uses. **SSA issued** over 6.7 million new social security cards last year and issued another 6.6 million duplicate or replacement cards. Upgrading the issuance procedures and maintaining the integrity of the account number system is one of **SSA's** primary obligations.

- o SSA must receive, process and keep up to date earnings records of virtually everyone in the country who is employed. This information is used to establish eligibility for and determine the amount of social security benefits. The wage reporting system was changed in 1978 from a quarterly to an annual process--a monumental change that was accomplished in a relatively short time. Since SSA now processes W-2 forms for both SSA and IRS purposes, its operations in this area are also essential for verification of tax liability. For 1983, SSA will have received and posted about 170 million reports of earnings for 117 million workers.
- o Social security benefits form a basic part of the personal financial planning of most workers and their families, and Medicare provides the underpinning for their health care in old-age and disability. People of all ages seek information from SSA about how social security and Medicare will affect them. Last year, SSA received about 40 million inquiries from the public throughout the country. Over 50,000 of these were special congressional inquiries on behalf of constituents seeking assistance.
- o While about half the country's population are active workers whose earnings are recorded by SSA and whose social security taxes finance benefit payments, almost one of every six persons, or about 36 million people, currently receive social security benefits or are covered by Medicare. In addition, some 3.9 million beneficiaries receive monthly SSI benefits, including 2 million persons who receive no social security benefits. The programs

which form the core of SSA's responsibilities represent critical income support to some 40 million people, and issuance of a correct and timely payment to each person is the agency's paramount objective. In **FY** 1983, SSA received and processed over 5.5 million applications for benefits and added 3.7 million people to the social security benefit rolls, 1.7 million to the Medicare rolls, and 0.4 million to the **SSI** rolls. In the years ahead, as the population grows and ages, these numbers will increase.

o The beneficiary population is a diverse and changing group, and the benefit provisions of SSA's programs have become exceedingly complex. Ensuring the accuracy of the monthly payment of each person on the rolls constitutes one of SSA's biggest continuing challenges. Of the 36 million beneficiaries, 2.9 million are disabled workers and their spouses, 3.6 million are children, 5.1 million are widows and widowers, and 24.4 million are retired workers and their spouses. Each beneficiary category has specific entitlement and termination provisions to be tracked, and some provisions are applicable to all categories. Some beneficiaries have earnings that affect their social security benefits, and SSA has to deal with 1.2 million reports of beneficiary earnings every year. SSA must keep track of remarriages, new addresses, deaths, and many other changes in order to pay proper benefits. In 1983, SSA processed almost 66 million such changes. Reviews of continuing eligibility for disability benefits and for SSI benefits normally involve about 3.8 million annual **redeterminations** of status under these programs.

The work of the agency is performed by 84,000 employees in 1,300 field offices, 10 regional **offices**, 6 Program Service Centers, and the central office complex in Baltimore. While SSA's mission centers around issuing account numbers, maintaining earnings records, and making benefit payments, the agency also has significant staff support functions. These functions are complex and essential to SSA's operating mission:

- o Programmatic support functions:
  - policy analysis and legislative development,
  - research and statistical studies,
  - regulations development,
  - actuarial analysis,
  - quality control and appraisal,
  - prevention of fraud and abuse,
  - an independent process of fair hearings and appeals,
  - analysis and development of systems methods and procedures.
- o The usual administrative staff services such as:
  - budget formulation and execution,
  - personnel and labor relations,
  - management planning and analysis,
  - facilities and material resource management.

### III. SSA'S OPERATING AND MANAGEMENT PROBLEMS

The efficient and effective delivery of public service, timely and accurate benefit payments, and accomplishment of all of SSA's program and operating responsibilities depend ultimately on the quality of the agency's

managers and its employees. Strong managers, dedicated workers, and effective procedures and tools are necessary for SSA to produce first class work. Despite its efforts, SSA has, in the critical areas listed below, been unable to resolve numerous operating and management problems or to act on opportunities for improved performance and productivity--often for reasons beyond the agency's control. The result has been labor-intensive, error-prone operations and lost opportunities for improved public service.

- o Computer System Deficiencies. Despite its large computer installations, many of **SSA's** complex operations are basically labor-intensive, manual processes because the agency has not adequately kept up with state-of-the-art computer technology. The extent to which computer technology is applied to **SSA's** workloads varies: generally, the vast majority of routine claims transactions are automated, but complex transactions frequently require substantial manual processing. Hence, a large segment of the workforce is engaged in manual processing of work that logically should be automated. A **1979** report from Bolt, Beranek, and Newman, Inc., analyzed the impact of computer assistance on SSA field office operations (where about **40,000** people are employed) and identified activities that could be automated with ultimate savings of about **10,800** positions. The six Program Service Centers across the **country** (which employ about **15,000** people) and the Baltimore-based central records and disability operations (which employ over 11,000 people) are other labor-intensive operations using manual processes that could be automated.

Notwithstanding numerous studies and efforts over the past decade, SSA has not increased automation in its manual processes at a pace fast enough to keep ahead of growing workloads. In 1975;

Commissioner James B. **Cardwell** formed the Office of Advanced Systems (**OAS**) to comply with President Ford's request in 1974 that SSA review its systems. Improved technology was expected to offset dependence on ever-increasing numbers of employees to perform new functions assigned to the agency. OAS proposed extensive automation, such as computer terminals on field office employees' desks beginning in the early 1980s. However, after spending about \$17 million, SSA abandoned this effort in **1979**. In 1977, SSA initiated an effort outside the OAS project to redesign some of its systems in order to realize substantial improvements in computer system support. On February 6, 1981, GAO reported that although substantial effort and resources were invested in this "RSDHI redesign project," it was largely unsuccessful. Inadequate planning and-management of the project and inadequate validation of changes were the primary reasons for the project's failure.

In early 1982, Commissioner John Svahn published a Systems Modernization Plan (SMP) for overhauling **SSA's** systems through the use of modern technology. The early stages of the SMP have been vague on when and how it will integrate **SSA's** programs and eliminate the inefficient, manual, error-prone processes that exist due to current systems limitations. GAO's May 28, 1982, report on the SMP pointed out that SSA continues to lack an agency-wide long-range planning process, and this could prevent the SMP from

responding adequately to future agency and program needs. Acting Commissioner Martha **McSteen** recently initiated efforts to remedy SSA's deficiencies in long-range planning.

The SMP is SSA's latest effort to modernize its computer systems. Although computer hardware has been significantly upgraded under the SMP, the greatest improvements in efficiency and effectiveness from modernization will come from automating labor-intensive processes. Implementation of these improvements will demand skillful management because of the substantial changes required in SSA's operations and the consequent trauma such changes may have for the organization and its employees.

- o Management Information System Deficiencies. SSA's management information systems are fragmented, uncoordinated, and limited in coverage, and they generally do not provide timely, accurate, and reliable information to those individuals who can take direct action to resolve problems. For example, the only systematic measurement of the quality of public service consists of data on the processing time and accuracy of initial claims workloads. However, these data are not statistically reliable at the individual office or employee level and by themselves go only part way in assessing-the quality of public service. Managers in SSA's field offices have to develop and operate manual information systems to manage workloads and staff because the existing systems do not meet their needs.

Over the past decade, SSA has improved some data and reports produced for the agency's managers. Further necessary improvements in management information systems will require improvements in SSA's computer systems. SSA's efforts to modernize its systems have included management information as a secondary priority and have not yet been completed. However, Acting Commissioner **McSteen** has recognized the deficiencies in the present management information systems and has made the design and implementation of reliable systems one of SSA's major objectives for the next 5 years.

- o SSA Staffing Problems. SSA's problems in hiring, training, and retaining highly skilled technical personnel to design and install computer systems have been widely publicized. However, the agency also has problems with staffing in its field offices, the critical points in the delivery of quality public service. Personnel ceilings and the court-ordered ban on the Professional and Administrative Career Examination (PACE) for recruitment have made it difficult to acquire high caliber staff for career entry jobs at a time when the complexity and difficulty of SSA's work are increasing. SSA is either not competitive in the salary it can pay or cannot offer career positions to good candidates. It has thus been forced to rely primarily on internal promotions of clerical employees to fill its technical and professional ranks in the field offices. Yet, according to some office managers, the pool of promotable clerical employees has been depleted.

Over the years, SSA's work has become more complex, and its need for high quality staff has increased. Inadequate computer system support has increased the amount of manual work and made the programs more difficult to administer. Problems with the quality and utility of SSA's instructions, forms, and training and with inadequate office space further contribute to a difficult work environment. A September 1983 report by the private consulting firm Deloitte, **Haskins**, and Sells under an SMP contract pointed out that there are "problems in developing and maintaining high employee morale and proper organizational attitudes.\*\*

- o Policy and Procedural Instructions Problems. The volume of new or changed instructions often overwhelms field office personnel. Due to continuing legislative and court-ordered programmatic changes, administration of the social security programs has become extremely complex. While administrative complexity is an inherent feature of large government programs, SSA's system for issuing instructions to the field, designed to carry out these mandated program changes, is disorganized and confusing. As a result the field office work environment has become needlessly complex, and the current utility of many changes in instructions is marginal. (Acting Commissioner **McSteen** has made improvement of programmatic issuances one of her principal **long-range** objectives.)

In 1978, SSA began an effort to consolidate over 200 manuals into a comprehensive Program Operations Manual System (POMS) in response

to employee complaints that there were too many instructions from too many sources. The Grace Commission reported that POMS is a large (some 25,000 pages over **4-feet** thick) comprehensive document with over 12,000 revisions in one year. Operating personnel do not have time to read and file all of the revisions and amendments. POMS issuances are frequently amended by bulletins which are not in the POMS format and do not replace pages in POMS.

In July 1977 field office employees reported that the part of their job they liked the least and spent the least time on (but felt they should spend more time on) was keeping current with instructions. If in fact employees are unable to keep current on instruction changes, there is a danger that SSA's national programs may not be uniformly administered.

- 0 Office Space Problems. Convenient location, adequate waiting areas, privacy for interviews, and an overall businesslike office appearance are desirable for SSA's field offices. However, SSA must rely on the General Services Administration (GSA) for its office space needs, and GSA's response has been lethargic and erratic. GSA's criteria and agenda have taken precedence over SSA's mission and **operating** needs, limiting SSA's ability to conduct its **operations**. Despite pressure on GSA from SSA, including the loan of SSA personnel to reduce backlogs of space requests, and from the Congress in hearings conducted in 1980 and 1981, GSA has provided more promises than service. Improvement

in service in fiscal year 1982 was not sustained in 1983.

According to one SSA Regional Commissioner, as of February 1984 the number of critical office space cases is increasing, **and GSA** is failing to provide even marginally acceptable service.

#### IV. FUTURE CHALLENGES

SSA must remedy these operational deficiencies. Furthermore, the agency must be ready to respond to even more challenging future changes in technology and a rapid growth in caseloads (the number of beneficiaries will more than double over the next 50 years). Among the many policy and operational issues that SSA will face, the Panel believes that three critically affect program operations and management:

- o Designing, implementing, and maintaining state-of-the-art computer-based operational and information support systems.

Meeting this challenge is essential to the agency's administrative mission. In addition, successful implementation will have a major impact on the type and number of personnel the agency employs. As computerization progresses, difficult issues of personnel recruitment, training and redeployment will face this large agency, including a possible need to decentralize certain large operations.

- o Defining and achieving an acceptable level of public service.

The establishment of appropriate service levels for applicants and beneficiaries represents a continuing challenge for SSA. How far should the aged and the disabled have to travel to reach a social security office? How long should they expect to wait in an office?

How much assistance should be provided in obtaining necessary documents? How long should it take from filing of an initial claim to receipt of the first payment? What is an acceptable error rate? What should the public reasonably expect in terms of personalized attention from an agency that will necessarily become more automated in the future? In recent years, the answers to such questions have been largely budget driven. For example, SSA arranges for payments to third parties who agree to act on behalf of beneficiaries unable to manage their own funds. Recently, due to insufficient funding, SSA's monitoring program to ensure that the payments actually are being used for the benefit of the intended recipient has been dormant. As a result, pressures have been brought to bear through court cases and legislative proposals to restore a reasonable level of representative payee accountability.

In general, there appears to have been very little articulation of what the desired levels of public service should be, and thus there are no well-formed goals in this area. Some witnesses before the Panel advocated that the social security field offices become "one-stop" service centers--central locations for citizens to receive or inquire about the range of possible services available from the entire spectrum of government human services programs, even beyond services to the elderly and disabled and beyond Federal programs. While the concept has an intuitive appeal, creating such a one-stop service network would be complicated and expensive.

The Grace Commission study of SSA recommended reducing the number of field offices from 1,300 to 500. This would tend to reduce face-to-face interviews (because of the inconvenience of-traveling greater distances) as a way to respond to inquiries from beneficiaries and the public. Increased depersonalization of service would result since larger offices would lend themselves to the mass handling of claimants and would place greater reliance on mail and telephone service. In general, establishing proper national policy requires careful consideration of how the agency defines public service and the level it should provide.

- o Implementing new legislation. Most legislative changes affect program operations and management. During the past 10 years SSA has experienced successes and failures--with the latter attributable not only to insufficient lead time and a lack of adequate congressional recognition of the administrative burdens imposed by some legislative provisions, but also to insufficient tools and manpower. For example, the provision in the 1983 social security amendments that taxes social security benefits of some recipients also mandates that each beneficiary be provided an annual statement of his benefits. As a result, field office workloads will rise, as thousands of beneficiaries, most of whose tax liabilities will not be affected, visit the offices for explanations. SSA will have to meet this challenge during a period of already high workloads without any additional staffing.

The Panel believes that the foregoing major tasks constitute the most immediate operational and-management challenges facing the agency, but beyond them lie new additional policy issues that in turn will create new **administrative** burdens. As these policy issues are considered in the executive branch and the Congress, the agency must provide leadership in evaluating their programmatic and administrative consequences.

- o Equity for women. The appropriate level of benefits for women is a major policy issue. Because of increased labor force participation by women, high divorce rates and other social, demographic and economic forces, the system of auxiliary benefits established for social security in 1939 is increasingly perceived as inadequate or inequitable. Also, elderly women constitute one of the poorest groups in the total population, which heightens concern about the level of social security benefits for women. An extended debate is likely over potential changes in the benefit structure. One such change involves the sharing of earnings between spouses and would greatly **increase** administrative complexity.
- o Proper age for full-benefit retirement. Increasing longevity raises questions about the normal retirement age of 65. The 1983 social security amendments raised the full-benefit retirement age in the next century and called for a long-range study of the effects of doing so. Social security affects incentives for continued work in old age through reduced benefits for early retirement, the retirement earnings test, and credits for retirement delayed past 65. Resolution of this issue could lead to changes in the benefit structure.

o Program complexity. Social Security and SSI have become so complex over recent years that it is difficult for the public to comprehend its rights and duties under the programs and for **SSA** employees to administer them. These complexities have resulted largely from legislative changes designed to ensure greater program equity. Program **simplification**, desirable from an administrative point of view, would require abandonment of certain principles of program equity and would thus raise extremely controversial policy issues.

Historically, the social security programs have been dynamic. While the programs' maturity will likely slow the pace of further changes, it will still be necessary continually to review and adjust the programs to changing social and economic conditions. Future changes will require a highly efficient, well-managed agency to implement them.

#### IV. CONCLUSION

SSA has undergone extensive change in the last decade: its mission was significantly altered in 1974 when it began to administer the means-tested SSI program and again in 1977 when responsibility for Medicare was removed; its internal structure was revamped through major reorganizations in 1975, 1977, and 1979, and "realignments" in the early 1980s; its confidence, as well as that of the public, has been undermined by financing crises in the mid-1970s and the early 1980s; its implementation of the 1980 Disability Insurance (DI) amendments led to chaos and severe criticism; and it has yet to bring to successful completion the decade-long struggle to design and implement a modernization program for its aging computer system.

All of these events continue to cast shadows over SSA. While it has met its basic responsibilities and has continued to pay checks on time to beneficiaries, the Panel concludes that the agency needs a period of strong, **stable leadership** to resolve continuing operating problems.

Without attempting to ascribe cause and effect, the Panel concludes that a variety of external and internal factors have contributed to the agency's recent state of administrative disorientation. The agency needs an organization that will minimize such problems and will support strong leadership capable of addressing the issues facing the agency--a leadership that possesses authority commensurate with its responsibility. This conclusion forms the basis for the Panel's choice of organizational forms and management authorities to recommend for the social security agency if it is made independent.