

Administrative Developments in the Social Security Program Since 1965

by JACK S. FUTTERMAN*

CONGRESS is now at the point of enacting legislation that would add to the administrative responsibility of the Social Security Administration a new program, federalized aid to the needy aged, blind, and disabled.¹ A review of the agency's history in recent years—a period full of unprecedented administrative challenges—seems appropriate at this time.

In the years since 1965 an entirely new social insurance program—health insurance for the aged (Medicare)—has been implemented and its provisions put into effect for virtually all of the 20 million Americans aged 65 and older. The cash benefit programs have grown steadily larger in scope and complexity with the provision of benefits for full-time students, totally disabled widows and widowers, divorced wives, and many previously ineligible children of women workers. The Social Security Administration has also been given responsibility for administering the benefits, not under the Social Security Act, that are now payable for coal miners disabled by “black lung” disease. The cumulative effect of this growth in program responsibility has more than doubled the agency's total workload in the space of 6 years.

The task has not been simply to handle a workload increase of more than 100 percent but to do so with limited resources. Since the end of the fiscal year 1967, the Social Security Administration has operated almost continuously under rigid manpower constraints—even with allowance made for the substantial year-to-year increases in productivity that have characterized the operation of the social security programs.

Then, too, the process of adjusting to a vast growth in responsibilities has been carried out against a background of a “revolution of rising expectations,” a rising public concern about the

nature and quality of individual relationships with government. At the same time, Federal agencies have been taking on a more active role—extending beyond their primary missions—in the effort to help solve some of society's most pressing social problems. Thus in recent years the administrators of the social security programs have reacted to the urgent need to improve the level and increase the responsiveness of the agency's service, particularly with respect to the disadvantaged. But—aware of the Social Security Administration's position as a frontline agency with offices across the country—they have also assumed a growing responsibility for helping to achieve such Governmentwide social goals as equal employment opportunities, fair access to housing, and a larger role for Federal employees in community volunteer work.

Together, these tasks have challenged the Social Security Administration's capacity for change and innovation to a degree unequaled since the early years of the social security program. This article describes some of the ways the agency has responded to the challenge.

HANDLING NEW RESPONSIBILITIES

During the 1950's and the early 1960's, the Social Security Administration was geared to administering a program whose growth was steady but evolutionary. In the 15-year period from 1950 to 1965, the measurable workload (a composite figure representing the total volume of claims taken, benefits computed, earnings records updated, etc.) grew at an average annual rate of 10 percent. It is not surprising then that the agency found itself temporarily swamped by the greatly expanded workload generated by the social security legislation of 1965 that introduced Medicare and significantly broadened the scope and adequacy of the cash benefit programs, as well as by another set of “major” amendments in 1967. In the first year after the 1965 legisla-

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¹ This program would be established under legislation passed by the House of Representatives in 1971 and now being considered by the Senate. The legislation also includes provisions for major changes in current social security programs.

tion, the number of new benefit claims jumped to 8.0 million from the figure of 3.3 million the year before. Twice as many actions were needed to keep beneficiaries' payment records up to date in 1967 as in 1965. Entirely new kinds of work—processing doctor bills under Medicare, for example, and maintaining accurate records of beneficiary hospital use and premium payments—began to generate their own workloads that total tens of millions of items annually.

Part of the agency's immediate response was to recruit and train as many new employees as time and budgetary limitations permitted. In the fiscal years 1966 and 1967, the permanent full-time staff increased from about 36,000 to about 48,000—a substantially lower percent of growth than that of the workloads. But it was obvious that merely increasing the number of employees would not suffice as the agency's long-term response to the new responsibilities. Significant changes in style and the operating system were also needed.

First, of course, the Social Security Administration, like all Federal agencies, had to live within the resources allocated to it by the President and Congress. Under the Revenue and Expenditure Control Act passed in mid-1968, manpower resources were limited stringently. From June 1968 to June 1970, in fact, the number of full-time employees declined by more than 2,000 as the workloads rose 10 percent. And toward the close of 1971, the Office of Management and Budget issued new orders that total Federal employment be reduced 5 percent by June 30, 1972, as the President had directed, and that all Federal agencies reduce the average grade level of their employees.

Even if the Social Security Administration had been able to hire enough new employees to keep up with workload increases on a "one for one" basis, existing work methods and modes of organization would clearly have been inadequate to cope with the onslaught of new work. In 1966 and 1967, in fact, the existing operating system had been severely strained. Large backlogs built up, first in the local offices and then in the payment centers where checks are certified for payment and beneficiary records are kept. The manually maintained controls over individual case folders had been adequate when the folders "in process" at any one point in time numbered in the tens of

thousands. These controls, however, could not accomplish the task with the same degree of efficiency when hundreds of thousands of folders were being processed simultaneously. Local social security offices often had to wait 2 weeks or more to find out the status of an action pending on a beneficiary's payment record. Inevitably, the quality and promptness of service to the public declined.

Social Security Administration top management determined that the only adequate long-term response to the dramatic workload increases was to launch a coordinated, agencywide effort to restructure the organization, to streamline workflows, and—most important—to accelerate the development of improved computer systems. Basically, it was the success of this effort that enabled the agency to bring its massive new workloads under much better control. And the agency's increase in efficiency and productivity made it possible to free staff in sufficient numbers to take on the tasks of further improving the responsiveness of its service, of moving to the forefront in such areas as equal access to housing for its employees, and of playing a more active role in the communities it serves.

REORGANIZATION

One of the first tasks in making the Social Security Administration more efficient and effective was to implement a major reorganization designed both to accommodate the new responsibility for health insurance administration and to strengthen the agency structure generally. The new Bureau of Health Insurance was created and staffed. The components responsible for administering the retirement and survivor program and the disability program were modified to respond to the need (created by growing program complexity) for specialized policymaking and technical guidance in each of the program areas. The field structure was strengthened by placing program representatives in each region, with a regional commissioner on the scene to coordinate program direction and operations.

ADVANCES IN SYSTEMS

The computer has been the single most important tool in coping with rising workloads—

particularly since the beginning of fiscal year 1968, a period of extremely strict and almost continuous limitations on manpower resources. In fiscal year 1971, for example, increases in productivity resulting mainly from systems improvements "saved" the equivalent of 2,022 full-time employees and \$19.9 million. These "saved" resources were then available for such tasks as reducing backlogs, handling crises, and doing research and development for future systems advances. In fact, the agency's stockpile of plans for systems advances normally exceeds the capacity to implement them; efforts have necessarily been concentrated on those changes that promise the greatest benefit-cost payoff.

Here are just a few of the ways in which the Social Security Administration has used advanced systems technology to increase efficiency and productivity:

- The manual procedure for keeping track of individual claims folders has been replaced by a computer-controlled system that keeps track of folders in "real time"—that is, the system can immediately locate the work station of any given folder in process.
- An automated process has been developed to handle the data manipulations involved in processing a claim for benefits and thus relieve technical-level employees of routine clerical tasks. About 60 percent of all initial claims are now handled under the automated process.
- About 25 million employer earnings reports per quarter—some 30 percent of the total volume of earnings reports—are "read" directly into the central computer record by a multifont optical scanner. Keypunch operators are thus freed for other duties
- A teletype system linking all Social Security Administration offices is being used to feed information on changes in the status of beneficiaries (change of address or return to work, for example) directly to the central computer complex and thus eliminate a number of clerical operations
- A microfilm record (called microfiche) providing basic data in respect to each of the social security beneficiaries in the State has been placed in each local office. The microfiches, together with a direct teletype link to central computer records, provide greatly improved service and reduce the flow of paper in answering beneficiary inquiries
- Many less complex actions (computing "across-the-board" benefit increases enacted by Congress, for example) can now be handled almost entirely by the computer

In addition to increasing the efficiency of Social Security Administration operations, systems advances have improved the level and responsive-

ness of service to the public.² For example, most people nearing age 65 no longer need to take the initiative in learning about the benefits to which they are entitled under the social security program. A computerized program identifies a large proportion of the potentially eligible people and prepares a letter asking them to contact their local social security office and apply for any benefits coming to them. Another new computer program recomputes automatically the benefit amounts of those who qualify for higher payments because of recent work and thus removes from the individual the burden of filing an application for the increase. And because of systems improvements that allow local social security offices access to central computer records, visitors to social security offices find that they receive faster and more accurate replies to questions about their benefits than was ever possible before.

The fact that the Social Security Administration has made numerous advances in systems does not mean, of course, that its operations are a model of efficiency or that it is without operational problems. Although much has been accomplished, much still remains to be done. In the next 2 or 3 years, the Social Security Administration will be making a major effort to achieve automation of its claims and postentitlement³ processing systems to the optimum degree. These systems will be capable of manipulating basic input data with a desirable minimum of manual intervention. Completing this task successfully will constitute a major test of the Social Security Administration's capability to develop and implement new systems applications.

IMPROVED WORK METHODS

The Social Security Administration did not hesitate to experiment with various management techniques and work methods in an effort to keep

² It is sometimes argued that achieving a high degree of automation in an organization automatically leads to depersonalization and rigidity in the organization's relationships with its clientele. An earlier *Bulletin* article suggests that the experience of the Social Security Administration does not bear this theory out. See Jack S. Futterman, "Impersonality and Administration," *Social Security Bulletin*, September 1965

³ "Postentitlement" refers to actions (changes of address, recomputation, etc.) taken after a beneficiary becomes entitled to monthly benefits.

its massive workloads moving smoothly. Some of these actions were temporary expedients, dictated by the combination of workload increases and limitations on manpower; others proved so successful that they have been adopted permanently.

In the latter category is the elimination or drastic reduction, after intensive evaluation and study, of selected reviews (accuracy checks) at various stages in claims processing and other actions affecting beneficiaries.⁴ In place of comprehensive step-by-step review of claims, substantial reliance was placed on sample reviews and on an "end of line" appraisal system to measure the overall accuracy of determinations. This approach has allowed erstwhile reviewers to spend their time acting rather than checking actions and has resulted in a major increase in production without a substantial sacrifice in accuracy.

Another technique for improving the flow of work has been adopted nationwide after experimentation: the "simultaneous development" of the disability aspect of a disability claim in the State vocational rehabilitation or other administering State agency while the social security aspects are being developed in the local social security office. In the past, local offices obtained all evidence needed to document the disability claim before sending the file to the State agency for a medical decision. Now, the local office sends a background description and other medical information to the State agency at once and continues to develop nondisability aspects of the claim. Simultaneous development has achieved considerable success. Under it, claims are normally processed up to 3 weeks faster than they had been, and pending workloads are thus reduced. State agencies are pleased both with the more closely pinpointed medical evidence obtained through their direct control of medical development and with the closer relationship they have been able to build up with the medical community.

One innovation was the elimination of individual production quotas and quality standards for certain employees working where beneficiary records are kept up to date. During the experi-

ment, the examiners and clerks in one of the six payment centers were grouped into teams, with production and accuracy records kept on a team basis only. Production and accuracy increased, morale improved, and the use of leave declined. The team approach was adopted on a permanent basis in all six payment centers across the country, and elimination of individual quotas and standards for many other technical positions is now being considered.

ENSURING A CAPABLE STAFF FOR THE FUTURE

Although highest priority call upon Social Security Administration resources in recent years has, of necessity, been given to the need to handle immediate workload problems, the agency could not afford to defer increasing its long-term investment in career development, particularly at the managerial and supervisory levels. Born in the Great Depression of the thirties, the agency was able to recruit at the outset a number of exceptionally talented, highly motivated young men and women—men and women who have since risen to high levels of responsibility throughout the agency. Now, some 30 years later, the first generation of executives is reaching retirement age and many top-level jobs are opening up. For this reason, training and career development efforts have been greatly expanded and previously separate programs have been drawn together into a coordinated career development system.

To build up a reservoir of executive talent, the agency established intensive development programs in the late 1960's, both for employees in midmanagement positions and for senior executives. In these and other development programs, those selected are given a series of assignments to expose them to a variety of administrative and technical jobs. They also participate in seminars, special projects, and educational or training courses. Each participant's program is individually tailored to meet his particular needs. In the middle of 1971, for example, some 344 top- and mid-level managers were relieved of their regular duties and became full-time participants in formal, individual career development programs, usually extending for 18 or 24 months.

⁴ Sample reviews and quality control are not, of course, new to social security operations, but their application to benefit payment operations involving generally large money payments is new.

INCREASED FLEXIBILITY IN SERVING THE PUBLIC

The Social Security Administration has always felt a responsibility to search for ways to improve the flexibility and responsiveness of its service. Basic to the search in recent years has been a recognition that the public's demands upon government are rising. Responsive service no longer means simply making sure that people have an opportunity to receive all the benefits to which they are entitled under law. It also means dealing with each individual on his own terms and providing him with service tailored as much as possible to his own needs and circumstances. To more nearly approach this goal, the Social Security Administration has taken several steps to give the public options in the way they can do business with the agency to meet their obligations and obtain their rights under the program.

From 1965 through 1971, for example, 250 small self-contained offices were opened in inner city and rural areas, and the number of local social security offices thus increased by more than one-third. One purpose was to bring the social security program closer to the people in the communities where they lived, and this action made the physical task of getting to the local social security office easier for millions of people. But at least as important as making social security offices more accessible was the goal of increasing the sensitivity of service by staffing the neighborhood offices with employees who have an understanding of the culture, life style, and language of the people living in those areas. The result has been to reduce, if not to eliminate, psychological barriers and to greatly improve the acceptability of the services.

In addition, the Social Security Administration is now actively encouraging the use of the telephone by persons who prefer to use it in conducting social security business. Under a change in national policy, local offices have expanded their telephone service from the mere handling of simple inquiries and instructions to the taking of claims over the phone. This service has been a great convenience for many individuals, saving them the time and effort involved in visiting social security offices in person.

The Social Security Administration also has enlisted the help of more than 3,000 companies and unions (large and small) that are now pre-

pared to give social security assistance—including the taking of claims—for any of their 9 million employees or members. The result has been a reduction in the work the agency must do on these claims. Equally important, workers have been provided with a convenient and quick method of filing their benefit claims.

MEETING SOCIAL COMMITMENTS

The years since 1965 have been a time of increased social consciousness throughout American society generally—and, for the Social Security Administration, a time of intense attention to its social responsibilities as a Federal agency and a large employer in communities large and small across the country. One of America's pressing social problems—part of the total problem of race relations—has been to provide greater job opportunities for members of minority groups. The Social Security Administration from its beginning was in the vanguard of government agencies in employing large numbers of blacks. But despite some improvement over the years, in the early 1960's blacks were still heavily concentrated in the lower grade levels. More rapid progress in providing equal employment opportunity for all employees took place as the agency mounted a positive program of affirmative action in striving to fully ensure equal employment opportunity for all.

Twenty percent of all Social Security Administration employees in September 1966 were members of the following minority groups: Negroes, Spanish-Americans, Orientals, and American Indians. By June 1971, over 29 percent of all employees were from these minority groups. This proportion is considerably higher than the relative representation of these minority groups in the total population. The difference results at least in part from the higher concentration of blacks in the cities where the Social Security Administration has its large installations—the headquarters facilities in the Baltimore area and six payment centers in major cities around the country. Although professional and managerial staff members are recruited on a nationwide basis, nearly all clerical employees are of necessity hired on a local basis. In the middle level of technical and supervisory positions (civil service

grades 9-11), minority group members amounted to 7 percent of all employees in 1966, while by June 1971 this figure had risen to 12 percent of the total. A similar rate of improvement in minority representation has occurred in higher grades.

The Social Security Administration has also made substantial headway—though considerably short of what it believes to be desirable—in improving job opportunities for women, who make up two-thirds of the total staff. In 1965 about 30 percent of all its employees in civil service grades 9-11 were women; by June 1971 the proportion of women in these grades had gone up to 43 percent. Only 7 percent of all Federal civil service professional or midmanagement positions at grade 12 are held by women, but women hold 20 percent of the jobs at this level in the Social Security Administration.

Special efforts have also been made to increase the recruiting of qualified minority group members. In 1970, for example, the Social Security Administration began a special program to recruit bilingual (Spanish-English) interviewers in the offices in areas with large numbers of Spanish-speaking Americans. By doing this, the agency was able to increase job opportunities for Spanish Americans and at the same time fill the need for better service to those members of the public who converse more easily in Spanish.

In addition, the Social Security Administration developed a program aimed at helping all its employees obtain fair access to adequate housing. (This appears to be a first for a civilian agency of the Government.) The comprehensive headquarters housing service, set up in 1969 in Baltimore, included housing referrals, educational programs, cooperation with other fair housing organizations, and assistance to employees encountering discrimination. Since the full-time staff of the housing service was necessarily small, it sought and obtained the voluntary services of 200 employees of the Social Security Administration who gave some of their off-duty time to help. A legal services panel of 50 employees who are lawyers provided legal counseling. During fiscal year 1971, the number of employees who received assistance was 2,250. By the end of 1971, housing programs had been initiated in all regions, and all the larger installations around the country were actively participating.

The Social Security Administration also has taken steps to play a more integral and active part in the lives of the communities it serves. In 1968, the agency set up a program at its Baltimore headquarters of enlisting employees to do volunteer work in community programs and projects. By late 1971, more than 900 employees were working as community volunteers. These employees worked with some 65 social welfare agencies, hospitals, and other institutions.

ASSESSMENT

An assessment of the Social Security Administration's performance in the years since 1965 by one who has had a major responsibility for such performance is rightfully subject to scrutiny for bias.

Nor do statistics provide the comprehensive objective information needed. No matter how much statistics may reveal about what a government agency did, they cannot show what the agency did *not* do, nor the sensitivity and fairness with which it performed its tasks. Nevertheless, statistics do provide some gross indicators of the effectiveness of the performance of the Social Security Administration during recent years and of the organizational health of the agency as it faced the 1970's. And the weight of the objective evidence indicates that the agency has emerged from this difficult period as an even stronger and more capable organization than ever before.

Workload statistics show, for example, that during the hectic years following the massive 1965 amendments, the agency's productivity increased significantly. From 1965 to 1971, the use of manpower increased by 57 percent, while the work output rose 120 percent. As a result of increased productivity, administrative expenses have remained relatively low in comparison with program income. The advent of the complex Medicare program, with its many private health insurance contractors, naturally increased total administrative expenses in the late 1960's by a substantial amount. Nevertheless, the ratio of expenses to income remained almost stationary during the period despite the addition of the large-scale, relatively more costly operations to administer the Medicare program. In 1965—before Medicare—the administrative expenses of the

social security programs of retirement, survivors, and disability insurance were 2.3 percent of income. In the fiscal year 1971, all administrative expenses of the Social Security Administration—including those for Medicare—were still 2.3 percent of income.

In addition, for a number of measurable workloads the agency was in much better shape by the end of 1971 than it had been several years before.⁵ From December 1966 to November 1971 local social security offices cut retirement and survivors insurance claims work on hand from 3 weeks to a little over 2 weeks, and the payment centers cut their claims workloads from 7 weeks to under 3 weeks. For retirement and survivors insurance benefits, the median time before payment⁶ of claims declined from 42 days in December 1967 to 27 days in October 1971 (even less than the median of 31 days when major legislation was enacted in July 1965). In the disability area, no major upward or downward trend is evident in the data on median elapsed payment time over the past several years. (This stability represents a relative gain in operating efficiency, since disability operations have had to absorb major new workloads, including those of the “black lung” program described below.)

Public acceptance of the social security program is another barometer of the agency's performance. Even in Medicare, with its inherent characteristics for generating a substantial body of complaints among both providers and users of health services, the Social Security Administration enjoys a generally good reputation. The acceptance achieved by Medicare is a reflection of the level of confidence the public has in the agency's administration of the social security program.

An indication that Congress also thinks that the

⁵ As this article goes to press near the midpoint of fiscal year 1972, some slippage has occurred, particularly in the payment centers, largely because of Government-wide pressures to reduce staff.

⁶ The elapsed payment time is the number of days the beneficiary must wait for his first check after the date it was due

Social Security Administration has faced the great challenges of the past several years successfully is the fact that it assigned to the SSA the administrative responsibility under the Coal Mine Health and Safety Act of 1969 for processing claims and paying the benefits to the disabled coalminer victims of “black lung” disease (pneumoconiosis) and to their dependents or survivors. A further reflection of congressional confidence in the ability of the agency to take on difficult jobs is to be seen in proposals now before Congress that would effect a vast new extension of the Social Security Administration's responsibilities. Under these proposals, the agency would assume responsibility for administering as a federalized program across the Nation the large-scale adult categories of public assistance—old-age assistance, aid to the blind, and aid to the permanently and totally disabled.

In some respects, the challenge of administering federalized programs of adult assistance would be more difficult than that presented by the initiation of Medicare in 1965. As a new program, Medicare brought no “conversion” problem. Federalizing the adult assistance programs would present the Social Security Administration with a new program and an enormous conversion problem. It would mean taking over 54 different ongoing systems, meanwhile assuring those already on the rolls of continuing payments at the new Federal support rates and processing the claims of new applicants.

In the face of the continuing challenges posed by existing programs, and the additional duties it may be required to undertake, the future of the Social Security Administration is likely to be one of increased responsibility. In the light of its record, the agency can face this challenge with a substantial measure of assurance. Those who have observed its past performance and have seen fit to enlarge its areas of service demonstrate a confidence that, given the required resources, the agency has the experience and leadership that can be expected to build upon a record of effective service to the public.