

# **Developing Social Security Policy:**

**How the Social Security Administration  
Can Provide Greater Policy Leadership**

**Social Security Advisory Board**

March 1997

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**Social Security Advisory Board**

An independent, bipartisan Board created by Congress and appointed by the  
President and the Congress to advise the President, the Congress, and the Commissioner  
of Social Security on matters related to the Social Security and Supplemental Security Income programs.

March 1997

## MESSAGE FROM THE BOARD

This is a time of transition for the Social Security Administration. For half a century, this important institution was submerged within the jurisdiction of another government department, and its Commissioner lacked authority to report directly to the President. All this changed with the enactment in August 1994 of the Social Security Independence and Program Improvements Act, a law that established SSA as an independent agency.

On March 31, 1995, SSA became an independent agency, with new responsibilities. The position of Commissioner has been significantly elevated. Although the statute does not designate the Commissioner as a cabinet officer, it provides for a salary equivalent to that of a cabinet officer, and the Commissioner reports directly to the President. The Commissioner is the first person to whom the President and the Congress may be expected to turn for advice on matters affecting the Social Security and Supplemental Security Income programs.

The 1994 legislation also created a bipartisan Social Security Advisory Board to advise the President, the Congress, and the Commissioner on Social Security and Supplemental Security Income policy issues. The Board began holding substantive meetings in late Spring of 1996. One of our first concerns was how SSA, as an independent agency, could be strengthened so as to be able to meet the policy development responsibilities that the Congress has given it.

This is the first report that the Board has issued. The fact that our first report addresses the question of policy development by the agency should serve to underscore the importance that we attach to this question. We are unanimous in concluding that significant improvements need to be made, and we are issuing this report to contribute our findings and recommendations.

A new Commissioner of Social Security will soon be assuming office. We hope that this report, which comes after wide consultation with individuals who are knowledgeable about policy development within SSA, will be helpful to the Commissioner in discharging the responsibilities of what is one of the most challenging and important offices that the United States Government has to offer.

We extend to the Commissioner our continuing support and assistance.

Harlan Mathews, Chair

Jo Anne Barnhart

Lori L. Hansen

Martha Keys

Gerald M. Shea

Carolyn L. Weaver

## Social Security Advisory Board\*

### *Harlan Mathews, Chair*

Harlan Mathews served as a U.S. Senator from Tennessee from January 1993 to December 1994. Prior to that, he was Secretary of the Cabinet for Tennessee Governor Ned McWherter and Tennessee's State Treasurer. During his 13- year tenure as Tennessee's State Treasurer, Senator Mathews administered a state-wide public employee pension program.

### *Jo Anne Barnhart*

Ms. Barnhart is a political and public policy consultant to State and local governments on welfare and social services program design, policy, implementation, evaluation, and legislation. From 1990 to 1993 she served as Assistant Secretary for Children and Families, Department of Health and Human Services, overseeing more than 65 programs, including Aid to Families with Dependent Children, the Job Opportunities and Basic Skills Training program, Child Support Enforcement, and various child care programs. Previously she was Minority Staff Director for the U.S. Senate Committee on Governmental Affairs, and legislative assistant for domestic policy issues for Senator William V. Roth. Most recently, Ms. Barnhart served as Political Director for the National Republican Senatorial Committee.

### *Lori L. Hansen*

Ms. Hansen is a Policy Analyst at the National Academy of Social Insurance. She was a Technical Assistant to former Social Security Commissioner Robert Ball in his capacity as a member of the National Commission on Social Security Reform. She was also a Special Assistant to the President and Director of Government Affairs at the Legal Services Corporation. In addition, Ms. Hansen was a senior professional staff member on the U.S. Senate Committee on Labor and Human Resources, Subcommittee on Employment, Poverty, and Migratory Labor, and was legislative assistant to Senator Gaylord Nelson, then Chairman of the Subcommittee on Social Security of the Senate Committee on Finance. She also served on the professional staff of the Senate Select Committee on Nutrition and Human Needs.

### *Martha Keys*

Ms. Keys is the Vice President for Public Affairs of the National Multiple Sclerosis Society. As a U.S. Representative from Kansas, Ms. Keys served on the House Committee on Ways and Means, Subcommittees on Health and on Public Assistance and Unemployment Compensation. She also served on the Select Committee on Welfare. Following her work in Congress, she served as Assistant Secretary of Education and as a Special Advisor to the Secretary of the Department of Health, Education, and Welfare. She was a member of the 1983 National Commission on Social Security Reform and a member of the Board of Directors of the National Council on Aging. Ms. Keys is the author of *Planning for Retirement: Everywoman's Legal Guide*.

### *Gerald M. Shea*

Mr. Shea is the Assistant to the President for Government Affairs of the AFL-CIO. Prior to his present appointment, he held several managerial positions related to economic issues within the AFL-CIO and the Service Employees International Union. In addition to his role on the Advisory Board, Mr. Shea served as a member of the 1994-1996 Advisory Council on Social Security.

### *Carolyn L. Weaver*

Ms. Weaver is Director of Social Security and Pension Studies at the American Enterprise Institute. She was a member of the 1994-1996 Advisory Council on Social Security. She was a senior adviser to the 1983 National Commission on Social Security Reform and a member of both the 1987-88 Social Security Advisory Council and the 1989 Social Security Commissioner's Disability Advisory Committee. Ms. Weaver also served as Chief Professional Staff Member on Social Security for the U.S. Senate Committee on Finance. She is the editor of *Social Security's Looming Surpluses: Prospects and Implications* and *Disability and Work: Incentives, Rights, and Opportunities*, and author of *Crisis in Social Security: Economic and Political Origins*.

\* The Board currently has one vacancy.

# I. THE ROLE OF THE ADVISORY BOARD

## *Establishment of the Board*

In 1994, when the Congress passed legislation establishing the Social Security Administration as an independent agency, it also created a 7-member bipartisan Advisory Board to advise the President, the Congress, and the Commissioner of Social Security on Social Security and Supplemental Security Income (SSI) policy. The conference report on this legislation passed both Houses of Congress without opposition. President Clinton signed the Social Security Independence and Program Improvements Act of 1994 into law on August 15, 1994 (P.L. 103-296).

### *The Board's Mandate*

The law gives the Board the following functions:

- (1) analyzing the Nation's retirement and disability systems and making recommendations with respect to how the Old-Age, Survivors, and Disability (OASDI) programs and the Supplemental Security Income (SSI) program, supported by other public and private systems, can most effectively assure economic security;
- (2) studying and making recommendations relating to the coordination of programs that provide health security with the OASDI and SSI programs;
- (3) making recommendations to the President and to the Congress with respect to policies that will ensure the solvency of the OASDI programs, both in the short term and the long term;
- (4) making recommendations with respect to the quality of service that the Social Security Administration provides to the public;
- (5) making recommendations with respect to policies and regulations regarding the OASDI and SSI programs;
- (6) increasing public understanding of the Social Security system;
- (7) making recommendations with respect to a long-range research and program evaluation plan for the Social Security Administration;
- (8) reviewing and assessing any major studies of Social Security as may come to the attention of the Board; and
- (9) making recommendations with respect to such other matters as the Board determines to be appropriate.

## ***How Board Members are Appointed***

Advisory Board members are appointed to 6-year terms, as follows: 3 appointed by the President (no more than 2 from the same political party); 2 each (no more than 1 from the same political party) by the Speaker of the House (in consultation with the Chairman and Ranking Minority Member of the Committee on Ways and Means) and by the President pro tempore of the Senate (in consultation with the Chairman and Ranking Minority member of the Committee on Finance). Presidential appointees are subject to Senate confirmation.

Board members serve staggered terms. The statute provides that the initial members of the Board serve terms that expire over the course of the first 6-year period. The first member's term expired on September 30, 1996. (The Board currently has one vacancy.)

The chairman of the Board is appointed by the President for a 4-year term, coincident with the term of the President, or until the designation of a successor.

## ***The Work of the Board***

The Board began holding substantive meetings in late Spring of 1996. Since that time, it has been meeting monthly, addressing a wide variety of issues important to the Social Security and SSI programs. Thus far most of the Board's efforts have centered on the examination of issues related to long-term financing for Social Security, changes in the disability programs, policy development by the Social Security Administration, and increasing public understanding of Social Security.

Currently the Board has three Working Groups: the Working Group on Policy Development by the Social Security Administration, the Working Group on Disability, and the Working Group on Increasing Public Understanding of Social Security.

From May 1996 to February 1997, the Board and its Working Groups met with more than 60 individuals, including Commissioner Shirley Chater (1993-1997), and former Commissioners Robert Ball (1962-1973), Stanford Ross (1978-1979), John Svahn (1981-1983), Dorcas Hardy (1986-1989), and Louis Enoff (Acting, 1992-1993). A complete listing of names can be found on page 14. In addition, the Advisory Board staff interviewed 23 individuals who have had substantial experience in Social Security policy making. These experts are listed on page 18.

The views of those consulted have been important to the Board's findings and recommendations in this report.

## II. FINDINGS: Why Are Changes Needed?

The Social Security Administration currently pays benefits to nearly 44 million Social Security beneficiaries, including more than 30 million retired workers and their dependents, more than 6 million disabled workers and their dependents, and more than 7 million surviving children and widows and widowers. Social Security retirement, survivors, and disability benefit payments are estimated at \$360 billion for 1997. Administrative expenses for the OASDI program are estimated to be about \$3.7 billion, or one percent of benefit payments.

SSA is the administering agency for the Supplemental Security Income program, which is financed by general revenues. In 1997, the agency will make SSI payments totaling \$26.4 billion to more than 6 million low-income people, including more than 5 million who are blind or disabled, and more than one million who are aged.

Despite the large and growing magnitude of the OASDI and SSI programs, over the last 20 years the Social Security Administration's capacity to conduct research and to address important policy issues has diminished. Although there have been organizational changes since SSA was established as an independent agency on March 31, 1995, the Board finds that much more must be done if the agency is to help the Nation address the complex retirement and disability issues with which it is confronted.

### *The Board's Major Findings Are:*

- Since the mid-1970s, the leadership of the agency has too often given insufficient attention and support to policy, research, and program evaluation activities and has not made full use of the capacity that has existed.
- In the 20-year period from 1973 to 1993, there were 13 Social Security Commissioners and Acting Commissioners. Rapid turnover in agency leadership had a detrimental effect on the policy and research work performed within the agency, resulting in a lack of continuity and sense of direction.
- As a result of Federal efforts to control Federal employment and spending levels, SSA has been downsized, leading to a significant and disproportionate decline in the budget and size of staff devoted to research and policy analysis.

***... much more must be done if the agency is to help the Nation address the complex retirement and disability issues with which it is confronted.***

- Staffing in the actuarial, research, legislative planning, and policy areas has been reduced by more than half, from 541 employees in 1976, to 263 in 1986, and to 234 in 1996. (By comparison, overall SSA staffing levels were reduced from their maximum level of about 83,000 employees in 1983 to about 64,000 in 1996, a 23 percent reduction.) There has been very little recruitment of new policy or research staff, either from within or from outside the agency, in the last 15 years.
- Operational issues have been predominant at the expense of adequate attention to policy and research. While the Board recognizes SSA's central responsibility to pay benefits to the right people in the right amount, insufficient attention to policy questions, whether large or small, will weaken public confidence in the Social Security program.
- Policy makers have been overly cautious in initiating analysis of policy issues, leaving controversial issues unaddressed, and causing the agency to be inadequately prepared to respond to policy initiatives by the Congress.
- There has been insufficient attention to larger policy issues, including long-term financing and disability.
- There has been insufficient attention to larger policy issues, including long-term financing and disability.
- Responsibility for policy has been fragmented, with inadequate coordination among offices with policy functions.
- There have been frequent organizational changes in the area of policy. There has also been a lack of continuity in responsibility for longer range policy development.
- Policy staffs located in Baltimore have been isolated from the Washington policy community. There has been insufficient interaction with others who are involved with Social Security and Supplemental Security Income policy, including in the Congress.
- The agency has not identified important research and program evaluation needs. Data for research need to be improved, particularly in the area of disability.
- The research that has been done has not always been timely, or sufficiently program or policy relevant.

### ***Defining Policy***

The statute establishing the Social Security Advisory Board states that the Board is to make recommendations with respect to: 1) policies that will ensure the financial solvency of the Social Security programs, and 2) policies and regulations regarding the Social Security and SSI programs.

Policy in the Social Security and SSI programs is often differentiated as "program policy" or "operational policy." For purposes of the Advisory Board's work, the emphasis is generally on program policy questions and issues that relate to statute or regulations rather than to more detailed operational matters.

### **III. RECOMMENDATIONS: SSA Should Provide Greater Policy Leadership and Strengthen Policy Research**

#### ***Place a Priority on Policy and Research***

- **If the Social Security Administration is to have a role in the development of Social Security and Supplemental Security Income policy, the Commissioner must place a high priority on policy, research, and program evaluation.**

The Board believes that SSA should take a leadership role in the initiation of major policy changes and that the agency must significantly improve its research and policy capabilities if it is going to fulfill this role. The Commissioner should make clear that developing policy is a high priority for the agency.

When SSA became independent in March 1995, it took on new responsibilities for policy development. Although other government agencies have an interest in Social Security and Supplemental Security Income policy, including the Office of Management and Budget and the Department of the Treasury, SSA is unique in the program knowledge and data that it can bring to bear on Social Security and SSI issues. SSA's leadership should make sure that

these capabilities are fully used in the policy process.

- **The individual who heads SSA's policy development organization should report directly to the Commissioner, should have clear responsibility for coordinating the agency's policy functions, and should not be responsible for program operations.**

The Board believes that if the agency's policy capabilities are to be used effectively, there must be one individual who is the focal point for the policy development effort, and to whom the Commissioner can turn for policy guidance. Policy responsibility within the agency has been fragmented for many years, and coordination needs to be improved.

The Board is not recommending whether the head of the policy office should be a career official or a political appointee. Strong support by the Commissioner is the key element.

***The Commissioner should make clear that developing policy is a high priority for the agency.***

## ***Address the Larger Policy Issues***

- **SSA should address major policy issues. It should also undertake more careful analysis of the effectiveness of its programs.**

SSA should place priority on major policy issues, including the solvency of the Social Security program in the long term, and the future of the disability programs.

SSA needs to set priorities for the research and analysis that it will do in the area of long-range program financing in order to make the best use of its resources and capabilities. The Board recognizes that the national debate on financing will involve political judgments, but SSA has the opportunity and the responsibility to provide policy makers with objective research and analysis that will be helpful in this debate. If SSA is to be able to provide policy makers with objective research and analysis on important policy questions, such as the impact of alternative proposals on individual workers and their families, on employers, and on the Nation's economic well-being, the agency will have to significantly increase its research and policy capabilities.

The Board believes that the disability programs need careful review. SSA needs to be able to help policy makers understand the dynamics of the disability programs, including why changes in application and allowance rates occur, and what the effects of proposed changes will be. The work that SSA has done in recent years on redesigning the disability programs and other disability research may serve as building blocks, but much more needs to be done. SSA is uniquely qualified to develop policy options because disability policy cannot be made without detailed knowledge of program operations.

SSA has two offices, the Office of Program and Integrity Reviews and the Office of Inspector General, which can provide significant information to policy makers with regard to the efficient operation of SSA's programs. However, SSA's top policy leadership must also look beyond efficient operation to address the questions of whether these programs are doing what they were intended to do, and what they should do in the future.

***SSA should place priority on major policy issues, including the solvency of the Social Security program in the long term, and the future of the disability programs.***

## *Strengthen SSA's Policy, Research, and Evaluation Capability*

- SSA should move swiftly to enhance its policy, research, and program evaluation capability by recruiting staff from outside the agency and developing staff within the agency. Public policy analysts and economists should be among those recruited.

SSA needs additional experienced policy analysts and researchers if it is to perform an expanded policy development role. In the short run, this will require recruitment of new expertise from outside the agency. But SSA should also look inward, and develop the ability of existing staff to do this work. Over time, SSA should use both external and internal sources to maintain a strong capacity.

It will be up to the Commissioner with other policy leadership to determine the optimal size of the policy development office. The Board has been advised that it is likely to be between 10 and 30 people, with a similar number of additional research and evaluation positions. These numbers are small when compared to SSA's 65,000 employees and \$6.4 billion administrative budget. They should be viewed from the perspective of the high importance of the programs to the American public, and the impact

this additional staff could have on SSA's policy and research capabilities.

The legislation establishing SSA as an independent agency directed the Office of Personnel Management to give the agency a number of Senior Executive Service positions that is substantially greater than the number SSA had prior to that legislation. The agency should make every effort to acquire new SES and senior level (SES equivalent) positions for policy and research. It should also allocate additional mid- to higher level positions for these purposes. If these new policy related positions are established, SSA should be able to attract the qualified staff that it needs.

In addition, SSA should consider bringing in highly qualified analysts and researchers from outside the agency to work on specific projects for a limited period of time. Universities could be a source of such borrowed talent.

SSA has always placed the highest priority on serving the public and should continue to do so. However, the Board believes that service to the public should also entail performing important policy, research, and program evaluation responsibilities.

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- **SSA should ensure that longer range policy work and research is not sacrificed to meet short-range needs.**

All government agencies have the problem of keeping focused on long-term issues when there are immediate problems to deal with. But the Board urges SSA to develop both a long-term and a short-term research plan, and to organize its policy development and research functions so as to avoid diverting staff from important longer range activities. Some of the fragmentation that currently exists in the policy area stems from the fact that the agency has devoted scarce policy resources to current legislative or operational crises at the expense of longer range needs. This may reflect insufficient staff resources as well as weaknesses in organizational structure.

- **SSA must have policy and research staff in Washington, D.C. who are able to interact with staff of the Office of Management and Budget, the Congressional Budget Office, other government agencies, and outside organizations with interest and expertise in retirement and disability policy issues.**

Many believe that if SSA is to recruit the right kind of expertise, perform its important policy and research functions, and overcome the problem of isolation of staff in Baltimore, it will have to base these functions in Washington, D.C. rather than Baltimore. The Board believes that

how and the extent to which SSA does this are questions that SSA's policy leadership must examine carefully. The Board agrees that a strong Washington, D.C. presence is necessary. But given the close relationship between policy development and program operations, particularly in the area of disability, it will be essential to find ways to keep a close interaction between program staff in Baltimore and policy and research staff in Washington, D.C.

The Commissioner should encourage some degree of interchange of policy staff with other agency staff. This would not only promote close communication, but would also build a corps of staff with broad knowledge and experience who could provide leadership for SSA in future years.

- **There should be greater coordination with the research and policy staffs at other government agencies.**

Analysis of retirement and disability policy issues would be enhanced by increased consultation and coordination among research and policy staffs at SSA and the Departments of the Treasury, Labor, and Education on cross-cutting policy issues, such as pensions and rehabilitation. SSA should take the initiative in promoting close working relationships with all relevant government agencies.

## *Pay Attention to Organizational Structure*

- **Future Commissioners should aim for continuity in the policy development structure.**

The Board notes that past reorganizations of policy responsibilities within SSA, either as part of agency reorganizations or as fine tuning of policy functions, have been marginally successful at best. Changes have seldom lasted much beyond the tenure of the Commissioner making the changes. This has been particularly true of attempts to create a component to address longer range policy issues.

The Board believes that continuity in policy making is important, and that future Commissioners should try to organize the policy function within the agency in such a way as to increase the likelihood that it will endure beyond the tenure of one Commissioner as a separate and identifiable function. This also means that there should be continuity of career staff who work on policy issues. As noted above, this will likely require the use of additional Senior Executive Service (SES)

positions to recruit and maintain qualified staff.

- **Consideration should be given to making the Office of Research, Evaluation, and Statistics a part of a new policy office.**

It is critical that there be a close working relationship between the policy and research staffs. To provide for closer coordination of the work of these staffs, consideration should be given to having the research and policy development responsibilities together in one office. This would assure that the research and policy agendas are coordinated.

- **Policy should be coordinated with the work of other related components within SSA.**

The working relationships of the policy office with the actuaries and the legislative planning functions are vital. These relationships must be clearly defined and the work of these offices coordinated.

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***... continuity in policy making is important ...***

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## *Encourage Additional Research*

- **SSA should increase its own survey research and encourage additional survey research by others.**

SSA has made significant research contributions in the past through the New Beneficiary Survey (in the 1980s) and the Retirement History Study (in the 1960s and 1970s). SSA should build appropriate surveys of this type into its future research and program evaluation agenda, particularly for the disability programs.

The disability programs have grown significantly since the early 1990s, but very little is known about either beneficiaries or applicants. The last general population survey of disability was in the late 1970s, and since that time the Americans with Disabilities Act was enacted and important changes have occurred in program administration. A new broad survey of applicants and beneficiaries would be very helpful to the development of disability policy.

In addition, SSA should continue to support significant survey work by others, such as the Health and Retirement Study which is currently being done at the University of Michigan. SSA should also identify, and encourage others to identify, data that are lacking

but would be useful to SSA and to outside researchers in addressing future research and program evaluation needs. The Public Members of the Board of Trustees sponsored a conference in 1993 that brought together experts in Social Security policy and research to exchange ideas about the methodologies and data required to project future income and health care needs and resources of the aged. This is an example of the effort that is needed.

- **SSA should improve and make greater use of its administrative data for research, evaluation, and policy purposes.**

SSA's administrative data are an invaluable tool for evaluating the impact of Social Security and SSI policies and programs and for analyzing policy and program changes.

SSA's data bases should be kept current and improved, so that greater use can be made of them by researchers both within and outside the agency. The Board is aware of the work that SSA has done in recent years to enhance its disability program data bases and urges the agency to continue to improve their usefulness for research and evaluation purposes.

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- **The agency should encourage additional research by making data available to researchers at universities and other research institutions.**

The Board believes that SSA should encourage additional research beyond what SSA itself can do by making its data available through public use data files. The value of this research should far outweigh the additional investment of staff that would be needed to make the data usable for researchers outside of SSA.

The Board notes that the 1994-1996 Advisory Council on Social Security also recommended that private researchers be granted greater access to agency data. In addition, the Advisory Council stated that it believed that the value of research and analysis of Social Security data would be enhanced by providing private researchers with greater access to the economic and actuarial models used in forecasting and analysis.

As the Board continues its work on Social Security and SSI policy matters, it intends to study the limitations that now exist on access by outside researchers to SSA's data, methods,

and assumptions, including legal, resource, and other limitations. The Board urges the Social Security Administration to examine the kinds of safeguards that can be established to ensure individual privacy while also giving outside researchers access to program data.

- **SSA should provide policy makers and the general public with more and greater access to information and analysis concerning Social Security and Supplemental Security Income issues.**

There is a need for SSA to consider other ways to inform policy makers and to improve public understanding of Social Security. Although the *Social Security Bulletin* is a respected outlet for SSA's research organization, its distribution is limited. Expanded availability of information on SSA's Web site is one way to provide more information and analysis. Another way would be for SSA to provide brief policy papers that would be widely distributed. This would require SSA to develop a means of assuring the credibility and objectivity of the information and analysis that it produces.

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***The Board believes that SSA should encourage additional research beyond what SSA itself can do by making its data available through public use data files.***

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## IV. SSA'S POLICY DEVELOPMENT STRUCTURE

### *Brief Historical Background*

At the inception of the Social Security program, policy development responsibilities were vested in a 3-member Social Security Board, appointed by the President. (The Board also had responsibilities for welfare, unemployment, and other programs.) Actuarial staff and research staff were created to provide policy support, but the Board retained much of the policy development function. An operating bureau, initially the Bureau of Old Age Benefits, was established to administer the Social Security program.

For most of the period from the early 1940s through 1962, the initiative for developing policy remained with the immediate office of the Social Security Board initially, and after the Board was abolished in 1946, with the Office of the Commissioner. However, there was a program analysis unit, located within the operating bureau, that performed some planning and short-range actuarial functions.

Following a 1963 reorganization which removed responsibility for welfare programs from SSA, separate offices were established for the Actuary and for Research and Statistics. Both of these offices reported directly to the Commissioner. The program planning responsibilities were assumed by a new Division of Program Evaluation and Planning, which also reported directly to the Commissioner.

In 1965, following enactment of the Medicare program, the Division of

Program Evaluation and Planning was upgraded to an Office, with a new subunit for Medicare. In addition, there were separate "bureaus" for each of the SSA programs -- OASI, DI, and Medicare. Each of the bureaus had some responsibility for program as well as operational policy. (See 1965 organization chart at Appendix I.)

Following enactment of the SSI program in 1972 and the creation of a new bureau to handle the rapidly growing SSI program, SSA was reorganized in 1975 by a new Commissioner who wanted to reduce the number of components reporting directly to him. Six major components were created, one of them being an Associate Commissioner for Program Policy and Planning, whose office included the Office of Research and Statistics, Office of the Actuary, and Office of Program Evaluation and Planning, plus an Office of Policy and Regulations, and a Policy Council for major cross-cutting policy issues. This proved to be a difficult arrangement, in part because policy responsibilities were fragmented between the operating bureaus and the Associate Commissioner for Policy and Planning, resulting in no clear focal point for policy. (See 1975 organization chart at Appendix II.)

In 1979, SSA moved toward a functional organization. One objective of the reorganization was to provide a clear delineation of responsibilities for operations (including field operations, processing centers, and systems support) and policy formulation. The policy components remained under an Associate Commissioner, but a specific policy development office, the Office of Policy Analysis, was created. This Office, which

had a staff of about 15 people, was relatively successful in providing high quality policy analysis, but soon disbanded after key staff left the agency in the early 1980s. Operational policy responsibilities were placed under an Associate Commissioner for Operational Policy and Procedures, and program offices were created for each of the major programs (e.g., the Office of Supplemental Security Income). (See 1979 organization chart at Appendix III.)

In the 1980s, several small, but significant, organizational changes were made that affected how program policy was developed. One change combined the Associate Commissioner for Policy and the Associate Commissioner for Operational Policy and Procedures in a single component under a Deputy Commissioner for Programs. Another change moved certain research functions from the Office of Research and Statistics into the program offices. (Under the current structure, many of these functions have been returned to that Office.) Changes toward the late 1980s separated policy components between two Deputy Commissioners. (See 1986 organization chart at Appendix IV.)

### ***The Current Policy Structure***

When SSA became an independent agency on March 31, 1995, most policy components were placed under a Deputy Commissioner for Programs and Policy, and a new Office of Policy and Planning was created as part of that office. However, legislative planning is under the Deputy Commissioner for Legislation and Congressional Affairs. (See a current organization chart at Appendix V.)

The responsibilities of the Office of Research and Statistics were expanded by adding program evaluation as a specific function -- renaming it the Office of Research, Evaluation, and Statistics. Also, there was a directive to link the research agenda with SSA's policy agenda.

The expectation is that the new Office of Policy and Planning will have a small staff (15 or so analysts, most of whom will be at grades 13 and 14), which will focus on broad policy issues. Its work is supposed to be coordinated with the Office of Research, Evaluation, and Statistics, the Office of Legislation and Congressional Affairs, the Office of the Actuary, the Office of Disability, the Office of Program Benefits Policy, and other SSA offices that relate to program policy, such as the Office of Program and Integrity Reviews.

Another change, made by the independent agency legislation, was the creation of an Inspector General for SSA. The potentially valuable role of the Inspector General in providing information to policy makers was mentioned by several of the experts consulted by the Board.

Individuals with whom the Board has met between May 1996 and February 1997 include

David Allard, Regional Chief Administrative Law Judge, Boston Region, SSA; William Anderson, Director, Disability Process Redesign Staff, Office of Disability, SSA; Robert Ball, Commissioner of Social Security, 1962 - 1973; Harry Ballantyne, Chief Actuary, SSA; Paul Barnes, Assistant Deputy Commissioner for Operations, SSA; Elmer Bartels, State Commissioner, Massachusetts Rehabilitation Commission; Patricia Biggers, Director, Regional Office of Program and Integrity Reviews, Boston Region, SSA; Mike Brennan, Chief, Disability Determination Division, Washington, D.C.; Benjamin Bridges, Director, Division of Economic Research, Office of Research, Evaluation, and Statistics, SSA; Bruce Carter, Program Analyst, Electronic Services Staff, Office of Programs and Policy, SSA; Shirley Chater, Commissioner of Social Security, 1993 - 1997; Judy Chesser, Deputy Commissioner for Legislation and Congressional Affairs, SSA; Carolyn Colvin, Deputy Commissioner for Programs and Policy, SSA; Brian Coyne, Chief of Staff to the Commissioner, SSA; Sandy Crank, Associate Commissioner for Policy and Planning, SSA; Susan Daniels, Associate Commissioner for Disability, SSA; Glenna Donnelly, Acting Assistant Deputy Commissioner for Programs and Policy, SSA; John Dyer, Acting Principal Deputy Commissioner, SSA; Barry Eigen, Director, Division of Medical and Vocational Policy, Office of Disability, SSA; Louis Enoff, Acting Commissioner of Social Security, 1992 - 1993; JoEllen Felice, Program Analyst, Office of Programs and Policy, SSA; Thomas Finigan, Program Manager for Disability, Boston Regional Office, SSA; Richard Foster, Chief Actuary, Health Care Financing Administration, Department of Health and Human Services; Phil Gambino, Press Officer, SSA; Kaspar Goshgarian, Administrator, Massachusetts Disability Determination Services; Steve Goss, Deputy Chief Actuary for Long-Range Estimates, SSA; Edward Gramlich, Chair, 1994 - 1996 Advisory Council on Social Security; John Greenlees, Assistant Commissioner for Consumer Prices and Price Indexes, Bureau of Labor Statistics, Department of Labor; Sara Hamer, Associate Commissioner for Program Support, SSA; Roseanne Hanratty, Decision Methodology Team Leader, Disability Process Redesign Team, SSA; Susan Harding, Boston Regional Executive Officer, SSA; Dorcas Hardy, Commissioner of Social Security, 1986 - 1989; Charles Jones, Director, Disability Process Redesign Team, SSA; Timothy Kelley, Director, Old-Age and Survivors Benefits Staff, SSA; John Klemm, Director, Division of Medicaid Cost Estimates, Health Care Financing Administration, Department of Health and Human Services; David Koitz, Specialist in Social Legislation, Congressional Research Service; Pamela Larson, Executive Vice President, National Academy of Social Insurance; Richard Marchant, Assistant Regional Commissioner for Management and Operations Support, Boston Region, SSA; Theodore Marmor, Professor of Public Policy & Management, Yale University; Robert Myers, Actuarial Consultant; SSA Chief Actuary, 1937 - 1970; Michael Naver, Director, Office of Editorial Policy and Communications, SSA; Kenneth Nibali, Deputy Associate Commissioner for Programs and Procedures, Office of Disability, SSA; Valerie Nixon, Staff Director, Subcommittee on Social Security, Committee on Ways and Means, U.S. House of Representatives; Kathryn Olson, Research Associate, National Academy of Social Insurance; Marlene Pegg, Social Insurance Specialist, Office of Program Benefits Policy, SSA; David Podoff, Chief Economist, Minority Staff, Committee on Finance, U.S. Senate; Virginia Reno, Director of Research, National Academy of Social Insurance; Jane Ross, Director, Income Security Issues, General Accounting Office; Stanford Ross, Commissioner of Social Security, 1978 - 1979; John Sabo, Director, Electronic Services Staff, Office of Programs and Policy, SSA; Steve Sandell, Supervisory Economist, Office of Research, Evaluation, and Statistics, SSA; Dale Sopper, Acting Deputy Commissioner for Finance, Assessment and Management, SSA; David Stapleton, Vice President, The Lewin Group; John Svahn, Commissioner of Social Security, 1981 - 1983; Robert Triba, Regional Chief Counsel, Office of General Counsel, Boston Region, SSA; Alexander Vachon, Professional Staff Member, Majority Staff, Committee on Finance, U.S. Senate; Paul Van de Water, Assistant Director for Budget Analysis, Congressional Budget Office; Manuel J. Vaz, Acting Regional Commissioner, Boston Region, SSA; Joan Wainwright, Deputy Commissioner for Communications, SSA; Peter Wheeler, Associate Commissioner for Research, Evaluation, and Statistics, SSA; David Williams, Inspector General, SSA; and Sandy Wise, Minority Counsel, Committee on Ways and Means, U.S. House of Representatives.

## V. WHAT THE EXPERTS SAY ABOUT POLICY DEVELOPMENT BY SSA

The Board consulted widely in its study of policy development by the Social Security Administration. The observations and recommendations that were made to the Board and to the Board's staff are generally reflected in the findings and recommendations earlier in this report. Following is a summary of the major points that were made by those consulted.

### *Providing Policy Leadership*

A former Commissioner with whom the Board met stated that in his view the number one priority of an independent Social Security Administration is to create, or recreate, a strong policy development function. In addition, he said, the policy office should use research to identify issues and develop options, and work with the Congress to resolve problems before negative publicity about them undermines public confidence.

Nearly all who were interviewed said they believed that if SSA is to have a policy development role, it is essential for the Commissioner to put a high priority on policy and research, and to make it clear that the work of the policy and research staffs will be used.

Most also urged the appointment of a strong head of policy who would report directly to the Commissioner. There was less agreement on whether the head of policy should be a career or a political appointee. Support by the Commissioner was a stronger concern.

Another former Commissioner commented that SSA leadership must have a clear vision of what the Social Security and

SSI programs should look like. Without this vision, SSA will continue to be reactive, without clear policy and research priorities. One individual, who reflected the view expressed by a number of experts, observed that "we [in SSA] have been reactive for so long that it is hard to get people to think proactively about problems."

Overall, the experts indicated that SSA should take a leadership role in the initiation of major policy changes, and that SSA must improve its research and policy capabilities if it is going to play this role.

### *Providing a Clear Focal Point for Policy*

Concern was expressed about the fragmentation of policy responsibilities that exists within SSA. Most believe that this would be addressed by having a head of the policy organization who would report directly to the Commissioner and who would have responsibility for coordinating the agency's policy activities.

A former Commissioner emphasized the importance of organizationally tying the policy development role closely to the Commissioner and to using, if necessary, ad hoc task groups reporting directly to the Commissioner on important policy issues.

Several individuals observed that the Commissioner in practice will determine which agency official has the primary responsibility for developing policy because of the close relationship that individual must have with the Commissioner.

With regard to the need for continuity in staff for the policy office, one expert said,

"The biggest factor is people. Political appointees don't hang around long enough."

## ***Addressing Larger Policy Issues***

One frequent criticism concerned SSA's weakness on larger policy issues and its failure to look at the effectiveness of its programs. One expert commented: "SSA hasn't looked at the big picture for a long, long time." Another observed, "SSA has gotten to the point where it is too cautious. It doesn't want to be the initiator of policy." A former Commissioner, in recommending that SSA take the initiative on larger issues, observed that Social Security policy development, so far as he can determine, is not occurring in a strong way anywhere.

Some suggested the need to separate longer range policy work from work on short-term issues, or staff will inevitably get drawn into reacting to the latter rather than working on the more global questions. SSA's resources tend to be applied to immediate crises, and the policy function needs to be organized so that a focus on longer range issues will be maintained.

Commenters also recommended that SSA prioritize policy activities in order to make best use of limited resources. With regard to the long-term financing issues raised by the 1994-1996 Social Security Advisory Council's report, some suggested that SSA's first priority should be to determine what work SSA can do, and what work can best or more appropriately or effectively be done by others.

Many urged that SSA devote greater policy and research efforts to the disability programs. One pertinent comment was: "The answers (or options) for program financing have pretty much been defined, but this is not so for disability programs."

## ***Recruiting the Right People***

Many of those interviewed spoke of the need to elevate SSA's policy and research offices before SSA will be able to attract high caliber staff. They also emphasized that SSA must do more outside recruitment to obtain "new blood" and expertise not available within SSA. Others commented that SSA also needs to develop more policy expertise within SSA. As one individual commented, "There needs to be a reinvention of career analytical capacity." It was generally agreed that the number of policy and research staffs needed to do the job well is small considering SSA's overall size and importance to the American public.

Some commenters think that in the past SSA had good policy analysts and economists who left SSA because their work was not used. Many made the point that good policy and research staff can be recruited and maintained only if they know the Commissioner will use their work.

Several commented that there are outstanding analysts and researchers in other government offices and with research groups and universities who would welcome the challenge of working on Social Security issues. They generally felt that SSA could be competitive in terms of salary. However, many said that a Washington, D.C. base is necessary if SSA is to be able to recruit expertise for the policy and research functions that it needs. It was also recommended that SSA make greater efforts to establish Senior Executive Service positions or equivalent positions in order to attract qualified staff.

Most said there was a need to hire additional policy analysts and economists. Most also shared the view expressed by one expert who stated that "the research budget is way below the budget that is needed."

## ***Integrating Policy and Research; Improving Data***

One expert expressed succinctly what many were saying: "You can't have a good policy office without a good research office."

Most believe that more needs to be done to integrate research activities with the policy function, as SSA has attempted to do in its most recent reorganization. Several commented that SSA should consolidate the research and policy staffs.

SSA was urged to improve and make greater use of its administrative data for research purposes in both the retirement and disability programs. Concern was expressed that SSA currently lacks data needed to analyze policy issues, particularly in the area of disability. An example that was cited was the lack of data available in the recent Congressional debate on changes in the SSI childhood disability program and in the treatment of addicts and alcoholics. It was also observed that SSA's administrative data records are unreliable in areas that are not related to making accurate benefit payments. In addition, SSA was criticized for failure to make full use of the data it has.

Many commenters stressed that SSA should do more survey research and cited the value of efforts in prior years, such as the New Beneficiary Survey (1980s), and the Retirement History Study (1960s and 1970s). It was also recommended that SSA make greater use of other survey work, such as the new Health and Retirement Study, and try to fill gaps in existing survey data. It was noted that the Health Care Financing Administration (HCFA) currently has an annual budget of \$10 million for its Medicare Beneficiary Survey, which is handled through a contractor. HCFA has also found that this survey is one of its most useful tools for measuring customer satisfaction.

## ***Coordinating With Other Related Components***

Most identified good working relationships between those working on policy and those in the Office of the Actuary and the Office of Legislation and Congressional Affairs as being critically important. The view was also expressed that SSA needs to strengthen its actuarial staff because of the loss of senior staff in recent years.

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Individuals interviewed by the staff of the Board on the question of policy development by SSA include

Fred Arner, Former Chief, Education & Public Welfare Division, Congressional Research Service; Former Staff Member, Subcommittee on Social Security, House Ways and Means Committee; Paul Cullinan, Chief, Human Resources Cost Estimates Unit, Congressional Budget Office; Eli Donkar, Deputy Chief Actuary (Short Range), Social Security Administration; Louis Enoff, Consultant; Acting Commissioner of Social Security, 1992 - 1993 (30 years service in Social Security Administration); Stephen Entin, Resident Scholar, Institute for Research on the Economics of Taxation; Former Deputy Assistant Secretary for Economic Policy, Department of the Treasury; Richard Foster, Chief Actuary, Health Care Financing Administration, Department of Health and Human Services; John Hambor, Director, Office of Policy Analysis, Department of the Treasury; Steve Kellison, Public Trustee, Social Security and Medicare Trust Funds; James Kissko, Director, Office of International Policy, Social Security Administration; David Koitz, Specialist in Social Legislation, Congressional Research Service; Geoffrey Kollman, Specialist in Social Legislation, Congressional Research Service; Pamela Larson, Executive Vice President, National Academy of Social Insurance; Marilyn Moon, Public Trustee, Social Security and Medicare Trust Funds; Wendell Primus, Consultant; Former Deputy Assistant Secretary for Human Services Policy, Department of Health and Human Services; Virginia Reno, Research Director, National Academy of Social Insurance; Jane Ross, Director, Income Security Issues, General Accounting Office; Mary Ross, Consultant; Former Director of the Legislative Reference Staff, Office of Legislation and Congressional Affairs, Social Security Administration; Isabel Sawhill, Senior Fellow, Urban Institute; Former Associate Director for Human Resources, Office of Management and Budget; David Stapleton, Vice President, The Lewin Group; Michael Stern, Legislative Representative for Taxation, Investment Company Institute; Former Staff Director, Senate Committee on Finance; Lawrence Thompson, Senior Fellow, Urban Institute; Former Principal Deputy Commissioner of Social Security; Acting Commissioner, 1993 - 1993; Paul Van de Water, Assistant Director for Budget Analysis, Congressional Budget Office; Karen Worth, Former Minority Counsel on Social Security, Subcommittee on Social Security, House Ways and Means Committee,

### ***Type, Size, and Geographic Location of the Policy Office***

Many recommended a policy office that would be relatively small in size (numbers ranged from 10 to 30) made up of staff with strong analytical, economic, or public policy skills; have ready access to the Commissioner; and be based in Washington, D. C. in order to interact with OMB, CBO, Committee staffs, think tanks, advocacy organizations, policy experts, and other government agencies. Others cautioned that the policy staff should not be put in an "ivory tower" situation where staff lose contact with program operations. There was strong sentiment for increasing the policy presence in Washington, D.C.

Many commenters think the policy office should be able to give objective analysis even if there is political sensitivity about an issue, so that the agency will understand and can articulate the merits of proposals. As one expert noted, "The attitude should be: What you want is the best research." Another comment was that if SSA does not do the research and develop the options in an unbiased way, the void will be filled by those who have their own agendas.

## ***Creating a Better Balance Between Policy and Operational Responsibilities***

Those interviewed generally indicated that SSA must find the relatively small number of additional staff needed to strengthen policy and research responsibilities, and that this can be done without sacrificing operational needs. A former official said that in his experience SSA has a culture where operational issues always predominate at the expense of adequate attention to policy.

Several of those interviewed spoke of the need for a close relationship between disability policy development and program operations.

## ***Encouraging Outside Research on Social Security Issues***

Many comments were received about the desirability of SSA encouraging research by individuals outside of government. One expert said: "There is a hunger for Social Security data for research purposes." It was also noted that in the 1960s and 1970s SSA encouraged program research by making information available to outside researchers on a broader scale than it does today, and that in the 1960s the agency called on outside academics to advise on the development of its annual research planning.

Several individuals also advocated that SSA stimulate outside research by making more data available in public use data files. Another suggestion was to expand the research linkages between SSA and other government agencies or possibly with universities. One expert noted that the Administration on Aging had set up gerontological centers with certain universities, and

SSA might think in terms of centers on Social Security as a means of encouraging additional research.

A former Commissioner strongly urged that SSA make greater use of research and analysis done outside the agency, and also that SSA should do more research through partnerships with think tanks and the academic community.

One individual recommended that the Social Security Advisory Board could perform a valuable function by sponsoring periodic conferences to ask outside researchers, including the academic community, what data sources need to be expanded and what issues need to be examined.

## ***Improving SSA's Policy "Products"***

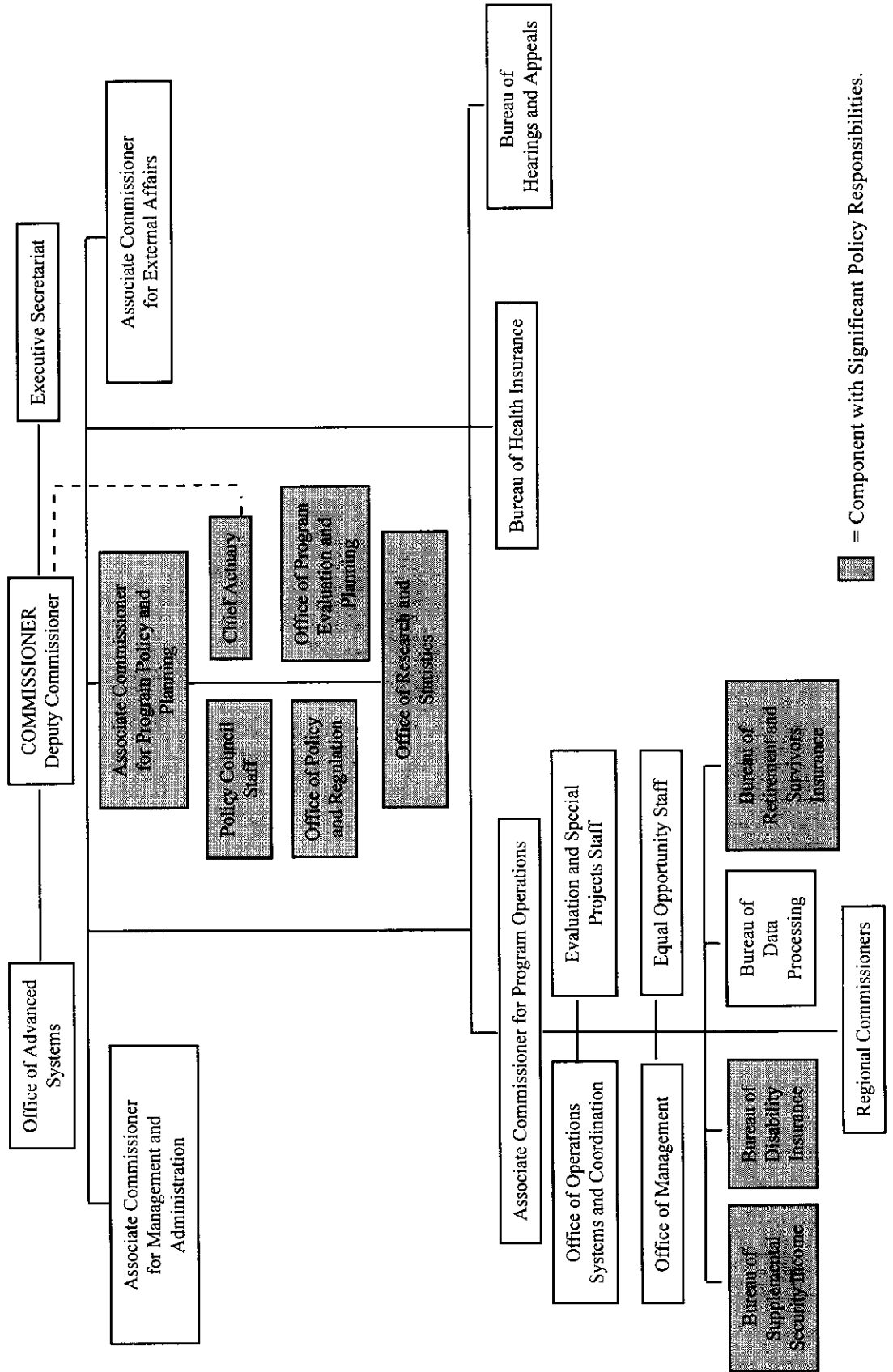
Several experts commented on the need for SSA to develop other ways to inform policy makers and to improve public understanding of Social Security. It was also suggested that SSA's policy analysts prepare brief papers on key policy issues. The papers would be targeted toward more knowledgeable audiences than are SSA's public information materials. One expert observed that "SSA needs to have policy papers coming out instead of just research papers."

The link between enhancing policy capacity and increasing the public's understanding of Social Security was made several times, including by former Commissioners.



# Appendix II

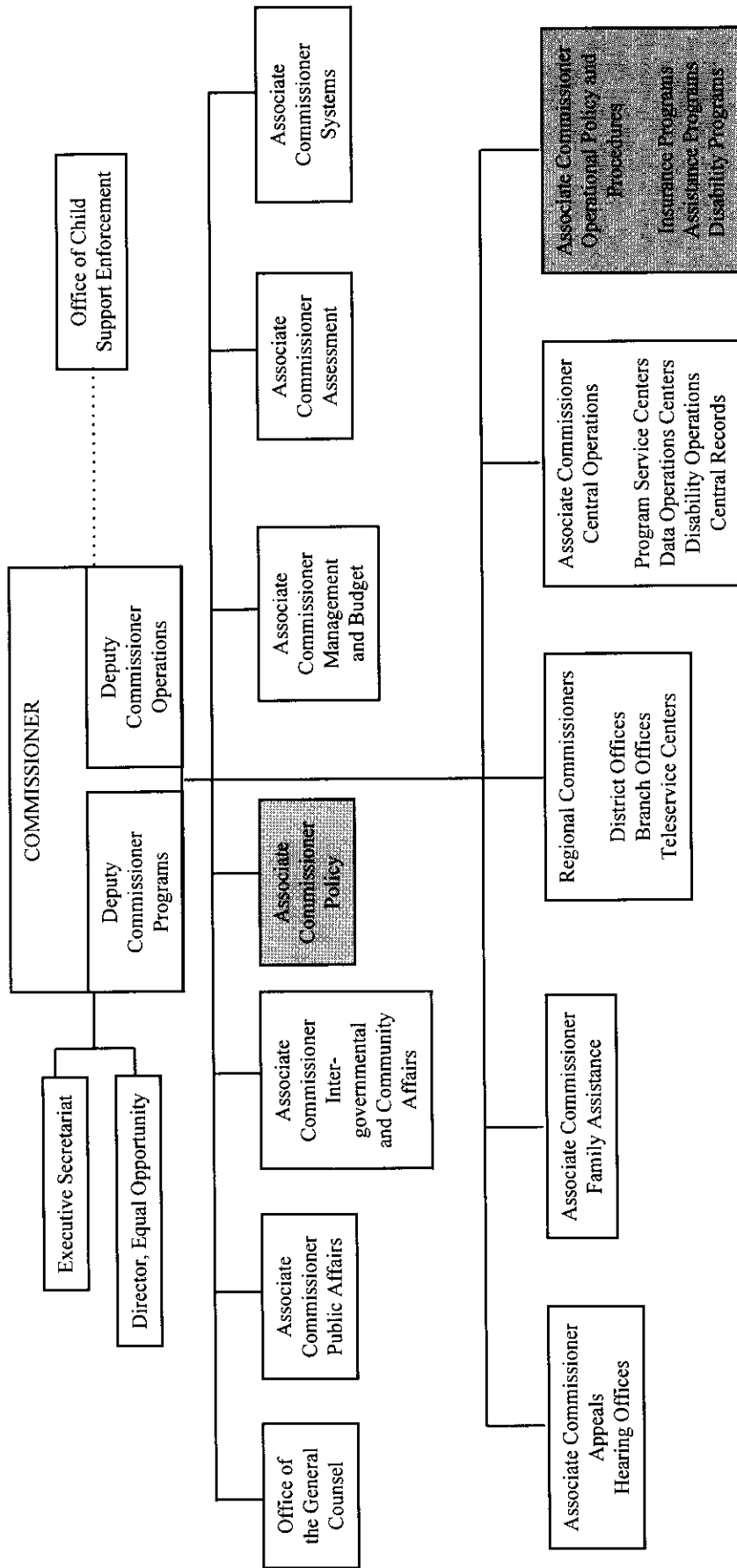
## 1975 Reorganization of SSA



█ = Component with Significant Policy Responsibilities.

# Appendix III

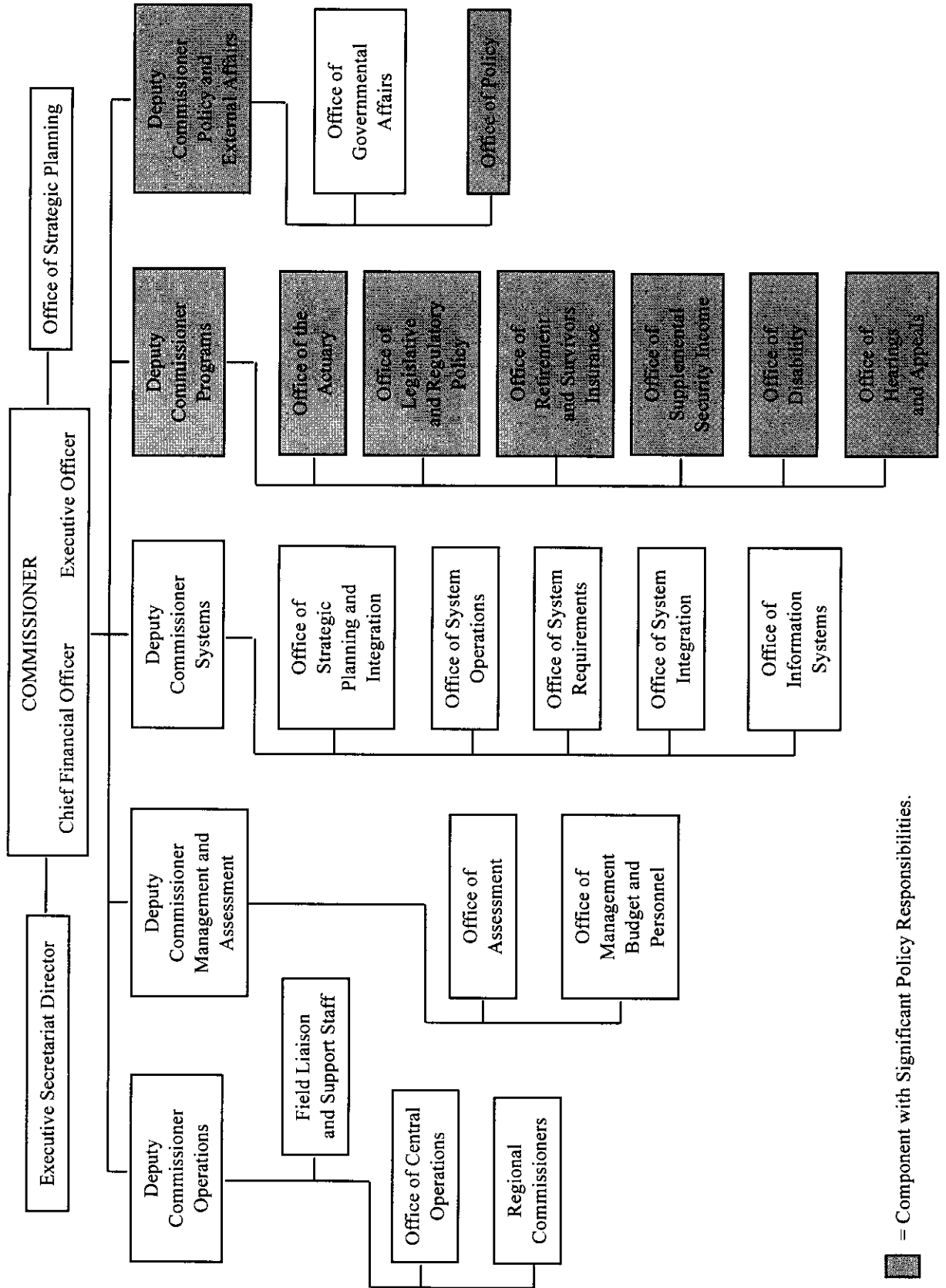
## 1979 Reorganization of SSA




 = Component with Significant Policy Responsibilities.

# Appendix IV

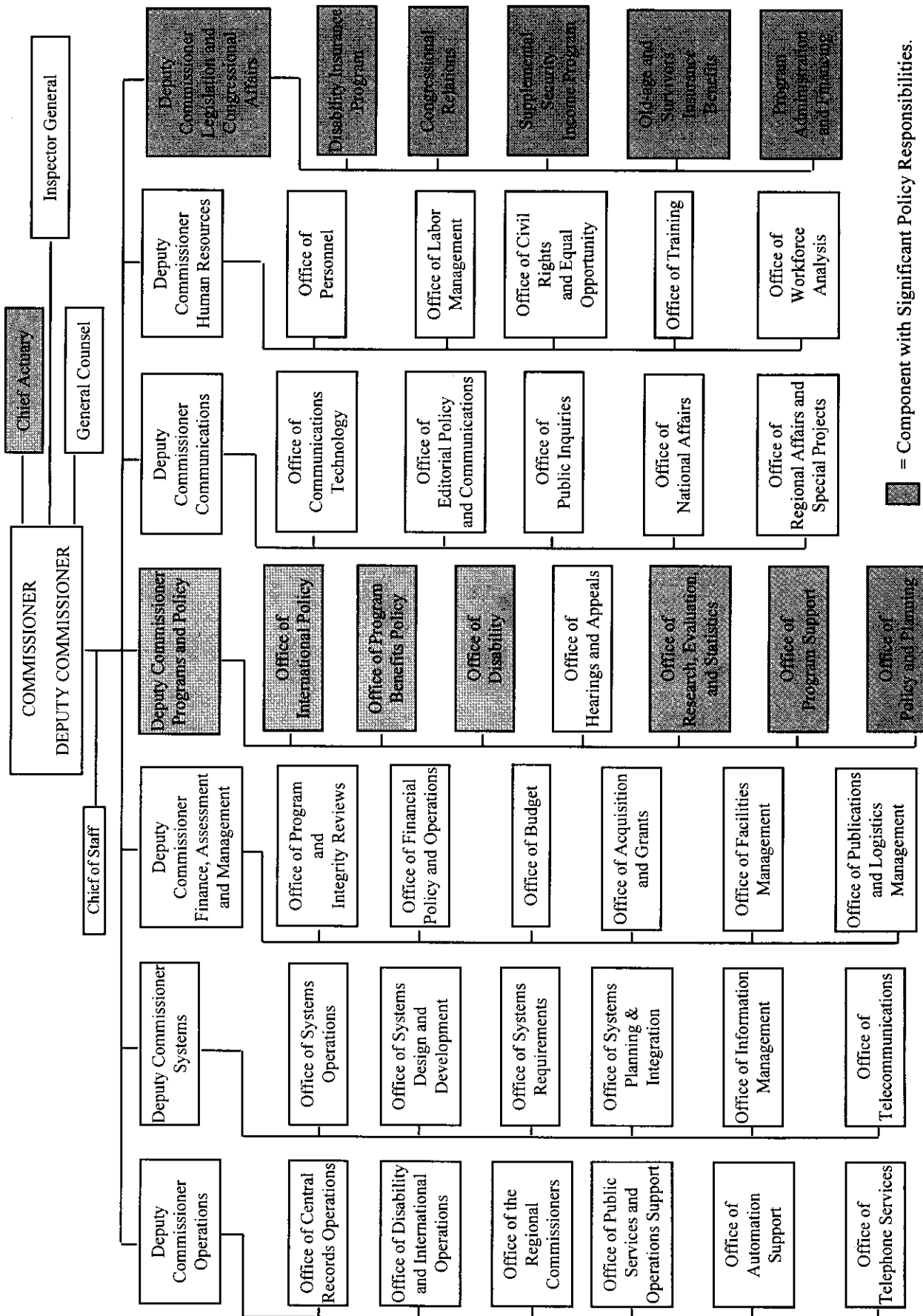
## 1986 Reorganization of SSA




 = Component with Significant Policy Responsibilities.

# Appendix V

## 1995 Reorganization of SSA



 = Component with Significant Policy Responsibilities.