HOW THE SOCIAL SECURITY ADMINISTRATION CAN IMPROVE ITS SERVICE TO THE PUBLIC

SOCIAL SECURITY ADVISORY BOARD

September 1999

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How the Board Conducted Its Study

Our study of the Social Security Administration's (SSA's) service delivery has taken us to offices throughout the country – Atlanta; Boston; Chicago; Dallas; Fort Lauderdale; Kansas City, Kansas; Kansas City, Missouri; Los Angeles; Miami; New York; Philadelphia and San Francisco – and to offices in rural and suburban areas as well. On these visits, we met with employees in all parts of SSA's administrative structure, including field offices, hearing offices, regional offices, program service centers, and teleservice centers. We also visited many State agencies that make disability determinations on behalf of the Social Security Administration.

Within SSA's headquarters in Washington, Baltimore, and Falls Church, Virginia, we met many times with officials responsible for operations, human resources, budget, policy, systems, communications, hearings and appeals, legislation, and other vital functions of the agency. We also consulted with representatives of SSA's Office of the General Counsel and the Office of the Inspector General, and with union officials.

In addition, our work led us to seek information and insights from representatives of the National Partnership for Reinventing Government in the White House, U.S. Postal Service, Internal Revenue Service, General Accounting Office, and from individuals who work in the private sector.

The Board also held public hearings in San Francisco, Dallas, and Chicago. At these hearings, we heard from public officials, experts, advocacy groups, and individuals who shared their views with us on how SSA can improve its service to the public.

Social Security Advisory Board

An independent, bipartisan Board created by the 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.

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SSA's RESPONSIBILITY IN SERVING THE PUBLIC

The responsibilities of the Social Security Administration in serving the public are numerous and complex. In summary, they include:

- ***Issuing Social Security Numbers*** – SSA employees must evaluate the validity of documents proving identity, age, and citizenship or alien status when taking applications for Social Security numbers.

- ***Maintaining Wage Records*** – SSA maintains records of the lifetime earnings of all workers who are covered by Social Security. In calculating benefits, both the amount and the number of years of earnings are considered.

- ***Determining Eligibility for OASDI Benefits*** – SSA employees must verify work history, age, and marital or survivor status before awarding Social Security retirement or survivor benefits. They also obtain medical and work history information needed for State disability agencies to determine Disability Insurance eligibility.

- ***Determining Eligibility for SSI*** – SSA employees review applicants' income, assets, living arrangements, age, and citizenship to determine eligibility and payment amount for SSI old age and disability benefits. Disability applications (which are more than 90 percent of all SSI applications) also require employees to develop medical information for eligibility determinations by State disability agencies.

- ***Keeping Up With Changes in Beneficiary Circumstances (Postentitlement Changes)*** – SSA employees record address changes, replace lost checks, work with beneficiaries to resolve over and underpayments, conduct redeterminations of eligibility, and monitor representative payees. They also adjust SSI payment amounts as needed. In addition, SSA and State disability agency employees conduct continuing disability reviews to determine whether individuals remain eligible for disability benefits.

- ***Delivery of Related Beneficiary Services*** – SSA determines eligibility for Medicare, and also performs work on behalf of the Medicaid, Food Stamp, Railroad Retirement, and Black Lung programs. Field offices also provide beneficiaries with information regarding other public and private programs available in their communities, such as vocational rehabilitation and welfare.

- ***Providing Public Information*** – SSA employees prepare pamphlets, use the public media, and give speeches in local communities to communicate with the public. Beginning in 2000, SSA will mail Social Security Statements to all taxpayers age 25 and over showing the amount of Social Security taxes they have paid and their estimated benefits.

- ***Developing Program Policy*** – SSA adopts rules and regulations to ensure its programs are administered according to law. It conducts research and analysis to help policy makers address problems and develop proposals for change.

- ***Resolving Disputes*** – Individuals may appeal Social Security decisions through an administrative appeals process, including a hearing before an Administrative Law Judge.

EXECUTIVE SUMMARY

When legislation was enacted in 1994 establishing the Social Security Administration as an independent agency and creating an independent, bipartisan Social Security Advisory Board, both the Congress and the President emphasized that a major objective of the legislation was to improve service to the public. The legislation gave the Advisory Board the specific charge of making recommendations for improving the quality of service that the agency provides to the public.

The magnitude of SSA's service delivery responsibilities is illustrated by the following statistics. In fiscal year 1998, the agency processed more than 266 million earnings reports and more than 6 million claims for Social Security and Supplemental Security Income (SSI) benefits. The agency's 1,300 field offices had about 26 million visitors and about 80 million calls were placed to its 800 telephone number. Carrying out the agency's duties involved more than 65,000 agency employees and about 14,000 employees of State disability determination agencies. SSA's administrative budget totaled $6.4 billion.

Over the last 2 years, we have focused our attention on how SSA is currently meeting its extensive public service demands and how its service can be improved. We have found that the commitment of the agency's employees to providing high quality service is strong, but we have also found that the agency's capacity to serve the public is not as strong as it should be and that changes are urgently needed. Although the agency has begun a number of initiatives in recent years to address its service delivery problems, it has not pursued them with a complete understanding of the overall nature of the problem, or with the intensity that is required to achieve promptly the needed improvements in service.

The agency's current service delivery problems stem from a combination of factors, including a prolonged period of downsizing, a growing workload, and increasing program complexity. Since 1982, downsizing has resulted in a 29 percent decline in the number of employees who work in the agency's regional and field offices, teleservice centers, and program service centers. The agency's successful effort to meet the 15-to-1 staff-management ratio recommended by the National Performance Review in 1993 has reduced the number of managers and supervisors in field offices and teleservice centers by nearly one-third. Employees throughout the agency's field operations are having increasing difficulty in keeping up with their growing workloads. The emphasis on meeting processing time goals is causing burnout and affecting employee morale. Overworked managers and supervisors lack the time to provide the training and perform the quality reviews that are needed to ensure the accuracy and integrity of the Social Security and SSI programs.

The agency will face additional challenges over the coming decade that will test its administrative capacities even more. According to actuarial projections, beginning in the next

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decade the agency's workload will increase greatly. SSA will have to process increasingly larger numbers of Social Security retirement claims. More taxing on its resources, however, will be the greatly increased numbers of disability claims that it will receive. Disability applications are highly labor intensive. They are often difficult to evaluate and require carefully informed judgment. Supplemental Security Income claims, which are also growing, require time-consuming efforts to verify each claimant's income, resources, citizenship, and living arrangements. The combination of the growth in these workloads with a large wave of retirements by SSA's own aging workforce will place extraordinary pressures on the agency to meet the public's needs for service.

Although the agency's difficulties will grow in the next decade, it has a number of service delivery problems that need attention now. Telephone service is inadequate, with too many callers unable to get prompt service either through the agency's 800 number or in field offices. Many who visit one of SSA's field offices encounter overcrowded waiting areas and long waits for service. Heavy workloads and pressures to meet processing times mean that field office employees often do not have sufficient time to help claimants understand complex disability eligibility rules or to help them file adequately documented disability claims. The result may be an improper denial of benefits, and a claimant may suffer a prolonged period without benefits while going through the agency's slow and overloaded appeals process. Heavy workloads are contributing to a rapidly growing backlog of postentitlement actions that are necessary to maintain the accuracy of the benefit rolls. The agency's failure to make timely changes in reported earnings, for example, is creating overpayments that are difficult for the agency to collect and are causing inconvenience and hardship for beneficiaries.

It is important to recognize that, although SSA is experiencing serious problems, it has significant strengths. It has an experienced and dedicated workforce and a management that ranks among the top of government agencies. Having a confirmed Commissioner has given the agency a stability that has improved its ability to take needed actions. Employees in the agency continue today, as they have in the past, to regard SSA as the premier Federal agency. We have been impressed by their continuing enthusiasm for serving the public under what are often very trying circumstances.

The problems that are documented in this report will not be easy to address. There are both external and internal factors that impose constraints on the agency's ability to act, including the fact that the budget is not under its control but is determined by the legislative process, other agencies have significant authority over personnel and acquisition rules and policies, and management-union agreements establish parameters for how the agency conducts its business. More than 60 years of history have produced a service delivery system that can be changed only with energy and commitment.

Within this context, we make four overarching recommendations for how we think SSA should proceed in order to be able to improve the quality of service that it provides to the public.

The agency should develop a comprehensive workforce plan and base its appropriations requests on this plan, as directed by the 1994 independent agency legislation.

First, the agency urgently needs to develop a service delivery plan that describes how it will deliver service over the short term and the long term. There have been a number of attempts in the past to produce a service delivery plan, but none have ever been carried through to completion. SSA needs to resolve how it will handle its growing workloads, whether through increases in staffing, technological improvements, changes in the way the agency processes its work, or a combination of these approaches. It should use its service delivery plan as a tool to clarify the agency's service delivery priorities and the reasons for them so that they can be evaluated and understood by the agency's own employees and by policy makers and the public.

Second, the agency should work to ensure that it will have the human resources it needs to carry out its plan. SSA has been significantly downsized over the last two decades, experiencing a 26 percent decline in the total number of employees since 1982, compared with a decline in overall civilian employment in the Federal government of about 12 percent. Based on our observation, we believe that the agency cannot sustain any further reductions, and in fact now faces staffing shortages in key parts of its organization.

SSA will need the support of the Administration and the Congress in order to meet its human resource needs. The agency should develop a comprehensive workforce plan and base its appropriations requests on this plan, as directed by the 1994 independent agency legislation. The plan should reflect the real needs of SSA's programs. It should be developed using a work measurement system that accurately assesses the work to be done and the amount of time required to perform it in a manner that ensures a high quality of service. A workforce-based budget would allow the President and the Congress to make better informed decisions about appropriate funding levels for the agency. SSA should also continue its work to develop a new work measurement system that will provide a better understanding than the agency now has of the time employees in the field are spending in carrying out the agency's many varied responsibilities.

SSA's administrative budget for Social Security, like its program budget, should be explicitly excluded from the statutory cap that imposes a limit on the amount of discretionary government spending. Both workers and employers contribute to the self-financed Social Security system, and are entitled to receive service that is of high quality. It is entirely appropriate that spending for administration of Social Security programs be set at a level that fits the needs of Social Security's contributors and beneficiaries, rather than an arbitrary level that fits within the current government cap on discretionary spending.

Third, we recommend major improvements in a number of the agency's service delivery practices and strategies. The agency should follow the example of the most successful public and private entities and become much more oriented toward meeting the needs and expectations of its

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clients. It should carefully measure the public's needs and expectations and use this information to guide its decisions on how to deliver high quality service most cost-effectively. SSA also needs to improve the way it measures its performance, and should test its performance against that of successful organizations in the public and private sectors.

SSA has set a goal of achieving "world-class stature" in every aspect of its service. If it is to meet this goal in the foreseeable future, it must make dramatic improvements in its telephone service and accelerate significantly its ability to use new technologies in conducting its work.

Fourth, we urge the agency's leadership to address longstanding institutional problems. Although these problems relate to all of the agency's work, they directly affect SSA's ability to serve the public. These are problems that have grown over many years and to some degree are endemic to any large institution. To address them will require changing the culture of the agency. These problems include a culture that discourages open discussion and timely resolution of problems, weaknesses in communication between SSA's headquarters and operations in the field, and inadequate teamwork.

We think it is essential for the agency to find ways to promote more open discussion of problems, strengthen communication between SSA's headquarters and operations in the field, and promote far better teamwork among the many components with parallel responsibilities that must together carry out the agency's mission.

SSA has a structure that disperses accountability for major program responsibilities across many different components. This makes it difficult to achieve the effective communication and timely decision making that are essential to address problems in complex program areas such as the Disability Insurance and SSI programs. We recommend that the agency consider how it can create clearer lines of responsibility and more precise accountability for major segments of the agency's work.

To sum up, there is a serious administrative deficit now in that there is a significant gap between the level of services the public needs and that which the agency is providing. Moreover, this gap could grow to far larger proportions in the long term if it is not adequately addressed.

In order to improve the quality of service that it provides to the public, SSA will have to make critical changes on a major scale. But if the agency vigorously pursues the recommendations in this report and gets the support it needs, there is no reason why it cannot live up to its tradition of service excellence.

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I. INTRODUCTION

A. The 1994 independence legislation makes the Advisory Board responsible for recommending how the agency can improve its service to the public

When the Congress enacted legislation in 1994 establishing the Social Security Administration (SSA) as an independent agency and creating a permanent bipartisan Social Security Advisory Board, it expected that this change in status would help the agency to better meet its important policy and administrative responsibilities.

Providing high quality service to the public is one of the most important of these responsibilities. The 1994 legislation gave the Advisory Board the specific charge of making recommendations for improving the quality of service that the agency provides to the public. Both the House Committee on Ways and Means and the Senate Committee on Finance included language in their reports indicating that they expected that the measure would result in improved service to the public.

In signing the independent agency legislation on August 15, 1994, President Clinton, too, emphasized the goal of enhancing the ability of the Social Security Administration to provide greatly improved service to the public:

> ...my Administration is committed to "putting people first." Consistent with this philosophy, I issued Executive Order 12862 directing public officials to "embark upon a revolution within the Federal Government…to provide service to the public that matches or exceeds the best service available in the private sector." Establishing an independent Social Security Administration will enhance its ability to meet this goal and provide "world class service" to all Americans.

The 1994 legislation included several provisions to ensure that the independent agency would have the resources needed to provide high quality service to the public.

- It provided that appropriations requests for staffing and personnel are to be based upon a comprehensive workforce plan established by the Commissioner.

- It directed the Commissioner to prepare an annual budget for the agency, and stipulated that the budget is to be submitted by the President to the Congress without revision, together with the President's budget.

"Independence...would better enable SSA to be guided by its traditional objective of providing the highest quality of service to the public." **- Committee on Finance, report on the Social Security Independence and Program Improvements Act of 1994**

- It authorized appropriations for the agency's administrative expenses on a biennial basis.

The legislation also restated existing statutory authority giving the Commissioner flexibility in hiring experts by authorizing their appointment without regard to civil service laws.

The functions performed by the agency touch nearly every individual in immediate and direct ways. Employers, workers and their families, and beneficiaries are all affected by how well the agency does its job. The attitude of the American people toward the Federal government is influenced by their experience in dealing with SSA. If SSA provides accurate, timely, and considerate service, this sends the signal that government can make things work. If the agency is unresponsive and makes mistakes, ordinary citizens will have the impression that government is ineffective. It is worth a substantial investment to make SSA a model of good service to the public.

Moreover, Social Security is a self-financed system, financed by the contributions of workers and employers. These contributors have a right to a level of service that appropriately meets their needs. Most individuals who need the services of the Social Security Administration are dealing with major life events—retirement, disability, or death. It is important that the agency be able to respond effectively to their needs.

B. The agency's ability to serve the public is increasingly at risk

From the beginning, SSA's administrators have stressed both technical competence and commitment to service on the part of the agency's employees. In an oral history interview, Arthur Altmeyer, who served as Chairman of the Social Security Board in the early days of the program, observed that it was the way employees were trained that accounted for the agency's success.

> We kept clerks here, as well as the higher-ups, for months before they went out and set up local offices. So they just had religion. They had it complete….If it weren't for the fact that people throughout the United States in their contacts with these people at the desks in the local offices got the impression: "Why, that fellow is trying to help me. If there's a mistake, it isn't his fault. He'll do everything to try to straighten it out" – if it weren't for that general attitude, we would have had trouble…I'm sure we would have been licked even if we had done everything as well as could be expected administratively without that. It was the character that was established.

Throughout most of its history, SSA has had a reputation, both within and outside the agency, for administrative excellence. In part, this was due to the nature of the programs it administers. During the first two decades of Social Security, the workload, although complex, allowed very little discretion. Eligibility rules for retirement and survivors benefits were stated in the law, and employees' duties were relatively clear cut. SSA's employees performed these duties with exemplary

"The Committee's goal in establishing SSA [as] an independent agency is to improve the quality of its service to the public." **- Committee on Ways and Means, report on the Social Security Independence and Program Improvements Act of 1994**

dedication and efficiency, earning the esteem of the political establishment and of the public, and producing high staff morale.

SSA's implementation of the Medicare program in 1965 and 1966 was a textbook example of government performing at its best. Within months of the enactment of the legislation, the agency had opened 100 new offices across the country and hired and trained 9,000 new employees. It negotiated contracts with Blue Cross and other private insurers to serve as administrative agents for the program and worked out agreements with the States to provide quality reviews of medical institutions. SSA's electronic data processing system was expanded to keep track of hospital and doctor bills, give notice to beneficiaries of the remaining amount of their coverage, and make quick determinations of eligibility.

Although eligibility for Hospital Insurance was automatic for most people already 65 and over, individuals had to enroll voluntarily in the other part of Medicare that provided for physicians' coverage. A nationwide outreach program by the agency resulted in enrollment of 17.2 million individuals (90 percent of all persons 65 and over) within 9 months after enactment.

According to Robert Ball, who was Commissioner of Social Security at the time, SSA achieved "complete cooperation within the government." The Civil Service Commission promptly took actions relating to the hiring of new staff. The General Services Administration provided space for offices all across the country. The Post Office helped with the outreach effort by putting up signs on all their trucks informing people of the deadline for signing up. Even the Forest Service had forest rangers out in the woods looking for hermits to sign up for the voluntary plan. The Public Health Service and Internal Revenue Service also provided substantial support.

It seems fair to question whether today that same spirit of cooperation across government would be so readily generated or whether all these agencies would in fact have the capacity to provide the same level of support. The high degree of cooperation that SSA achieved, however, was what made the endeavor succeed.

There is another fundamentally important difference between 1965 and today. In that earlier time there was a widely accepted view in the Congress and elsewhere that, because Social Security was separately financed, with funding coming out of contributions by workers and employers, the agency should be given adequate resources to administer the program properly. When the agency made a case for additional funding, the Administration and the Congress gave the agency the funding that was needed. Social Security was not regarded as just another government program.

For nearly two decades, Social Security, like other Federal agencies, has been subject to efforts to restrict or reduce the size of its workforce, despite the fact that it has direct public service responsibilities that most other agencies do not have. It has not had the same degree of financial support from Administrations and Congresses that it had in earlier years.

Although it is hard to pinpoint the precise reasons, this situation has clearly changed. For nearly two decades, Social Security, like other Federal agencies, has been subject to efforts to restrict or reduce the size of its workforce, despite the fact that it has direct public service responsibilities that most other agencies do not have. It has not had the same degree of financial support from Administrations and Congresses that it had in earlier years.

The agency has had other kinds of problems as well. Beginning in the 1970s, the agency has faced periodic crises in its administration of the Disability Insurance program, resulting from legislative changes, court decisions, administrative initiatives, and wide swings in application rates.

The Supplemental Security Income program, enacted in 1972, added to the difficulty of the agency's work. Employees are now required to ascertain complex and constantly changing criteria such as income, resources, living arrangements, and citizenship status, all subjects that are irrelevant in determining eligibility for Social Security retirement benefits, but are essential for determining eligibility and payment amounts for SSI. In 1997, concerned about the problems SSA was manifesting in administering the SSI program, the General Accounting Office added SSI to its list of government programs at high risk for fraud, waste, abuse, and mismanagement.

All of these factors contribute to the fact that SSA is having increasing difficulty in providing the public with service that is of high quality. And as this report points out, the agency will be facing additional challenges over the coming decade that will test its administrative capacities even more. The average age of SSA's employees has been rising steadily, and a large portion of its experienced workforce is expected to retire within the next 10 years. This "retirement wave" will come at the same time the agency's workload will begin to grow rapidly as baby boomers expand the numbers of applicants for disability and retirement benefits.

As we visited Social Security and State disability offices across the country, we observed that public expectations of SSA's service often vary. Workers who file for retirement benefits expect prompt and efficient service, and for the most part they are receiving it. Most file by telephone, and do not have to visit a Social Security office. Workers who file for Disability Insurance (DI) benefits may expect equally good service, but are likely to be disappointed as they encounter large crowds in waiting rooms, and are forced to wait months — or, if they appeal a negative determination, as much as a year or more — to have their case resolved. Those who apply for a Social Security number may expect prompt service for what appears to be a fairly routine matter, but because of crowded waiting rooms they may have to wait up to an hour or more for an interview and may have to wait several days or even more before receiving a Social Security card.

Many applicants for SSI benefits reportedly have lower expectations of service. Many of them have had experience in dealing with State or local welfare offices, where the service and physical

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facilities are often worse. In our observation, however, SSA's field employees do not share these lower expectations. They are uncomfortable with the fact that they are unable to provide needy aged and disabled individuals with what they view as an appropriate level of service. They think that waiting times are often too long, interviewers are too pressed for time to provide the quality of assistance that is needed for filing a claim, and benefit determinations take too long. Moreover, they are concerned about how the pressures of dealing with the increasingly large numbers of DI and SSI disability claimants are affecting the quality of SSA's service overall.

We believe that the existing unevenness in quality of service is a serious problem that needs to be addressed. But it is symptomatic of an even more fundamental problem. Over the last two decades, as the agency has been downsized and its workload has grown in size and complexity, an increasingly serious question has emerged: How long can SSA avoid a deterioration in services that will generate the kind of negative public reaction that some other Federal agencies, such as the Internal Revenue Service, the Immigration and Naturalization Service, and the Health Care Financing Administration, have experienced? In our view, SSA is not yet at the danger point, but it is approaching it more rapidly than even many who have a direct interest in the work of the agency may understand.

In sum, the agency has a serious administrative deficit at present in that the level of service that is being provided is less than is required to meet the needs of the public. The gap between the service the public needs and the service the agency is currently providing is, moreover, a problem that will greatly worsen in future years if not adequately addressed soon. In this sense, the administrative deficit parallels the long-term financing problems faced by the program. Indeed, some of the roots of the administrative problem are in the same demographic changes that underlie the solvency of the Social Security program, particularly the aging of the population, which will require the agency in the future to serve increasingly large numbers of beneficiaries. As with the long-term financing problem, the time to address the administrative deficit is now, sooner rather than later. The Board issued a report in 1998 on the solvency issue that set forth the facts and established why it is important to act promptly to meet long-term financing problems. The administrative aspects of the program present a similar challenge of taking appropriate action in a timely manner.

Over the last two decades, as the agency has been downsized and its workload has grown in size and complexity, an increasingly serious question has emerged: How long can SSA avoid a deterioration in services that will generate the kind of negative public reaction that some other Federal agencies, such as the Internal Revenue Service, the Immigration and Naturalization Service, and the Health Care Financing Administration, have experienced?

C. The agency's problems need to be addressed promptly and forthrightly

In this report, we describe the problems we have found in SSA's service to the public and we make broad recommendations for how we believe they should be addressed. Our recommendations will require forthright and creative action by the agency's leadership at all levels. They will also require support by the Administration and the Congress.

In addressing its problems, SSA will have to overcome the credibility problem that it has engendered both within the agency and in the Congress by its reluctance in the past to address forthrightly important problems of both policy and administration. There have been numerous examples when the Social Security Administration and the public would have been far better served had the agency been more open and aggressive in its response to problems. For example, within the agency it was widely known for many years that employers were not paying Social Security taxes for their domestic employees, yet the agency waited for the Congress to initiate legislation to address this important issue of program coverage and noncompliance. The agency watched but took no action while issues relating to benefits for drug addicts and alcoholics, aliens, and disabled children grew and eventually received attention in the press and in the Congress. And more recently, the agency has been slow to respond to the disruptions of service that are being caused by the way it is trying to meet the public demand for 800 number telephone service. This problem is discussed more fully later in this report.

Our assessment of the quality of the service that SSA is providing has been from the standpoint of the public. In particular, we have tried to focus on those points of the agency's operations where the public deals directly with the agency's employees. In this report we do not address the structural problems of the agency's disability determination and appeals processes, which are at the heart of many of the agency's service delivery problems. It has been two decades since these problems have been seriously reviewed. In the 1970s, the Congress made a careful study of the Federal-State relationship between SSA and the State Disability Determination Services. It also examined the appeals process, including the Office of Hearings and Appeals and the courts. These are subjects that need to be reviewed again by the agency, the Board, and the Congress.

In conducting our study of SSA's service to the public, our major learning tool has been to listen. We have heard the hopes, concerns, and the thoughtful analyses of many hundreds of individuals and organizations throughout the United States. We have made use of data and other factual information wherever possible, and it would have been helpful if the agency had more and better data that could be used to evaluate this subject. But inevitably, our evaluation of the quality of service by the agency and what should be done to improve it reflects our individual and collective judgment and is based largely on our personal observations. Our findings and recommendations also reflect the knowledge that each of us acquired over the years spent in working on Social Security issues prior to being appointed to the Board.

We are deeply appreciative of the help that we have been given by the many individuals and organizations with whom we have met. We hope that as they read this report they will see that we listened attentively and have benefited greatly from their knowledge and ideas. The views that are reflected in this report, however, are entirely our own.

The intent of our study and of this report is to help the agency meet the difficult challenges that it will face in serving the public in the years ahead.

II. THE AGENCY'S SERVICE RESPONSIBILITIES

A. The services SSA delivers to the public

SSA's service delivery structure has changed continually over the life of the agency. Change has been driven mainly by the expansion of the agency's program responsibilities. In addition, changes in technology and customary business practices have provided opportunities to deliver more convenient service to the public. The issue since the earliest days of the agency has always been how well SSA is meeting the challenges it faces at the time.

This section briefly describes the major elements of SSA's service delivery operations. While a complete description of the operations would be lengthy and complex, even a brief description helps to set the stage for our review of the major problems the agency is experiencing and recommendations for change.

In the early years, the structure was simple. The agency's headquarters was in Washington (later moved to Baltimore). Employees in field offices, who reported directly to headquarters, carried out the agency's basic mission of issuing Social Security numbers and adjudicating claims for retirement benefits.

The agency's structure has become more complex as its mission has grown. Legislation in 1939 established benefits for dependents and survivors. In 1956 the Congress established disability benefits, and in 1972 it created the Supplemental Security Income program, making SSA responsible for its administration.

Today, SSA's operations in the field involve more than 50,000 employees working in 1,291 field offices, 10 regional offices, 6 program service centers, 36 teleservice centers, and 140 hearing offices, as well as about 14,000 employees in the 54 State Disability Determination Services. (See Chart 2, p. 12.)

The method of providing services is also changing. Face-to-face service in field offices is SSA's traditional way of serving the public. Today, however, most retirement claims are filed by telephone. And in future years, more convenient and cheaper ways of providing services will almost certainly evolve through use of the Internet and development of other new technologies.

Field Offices

SSA's 1,291 field offices are the agency's presence in communities across the country. A visit to the field office is still used by a large segment of the public to access SSA's service. Some people, such as those filing for disability benefits, may have business that is best carried out by face-to-face contact; some prefer to do business that way; and some come to the office out of necessity because they have no telephone.

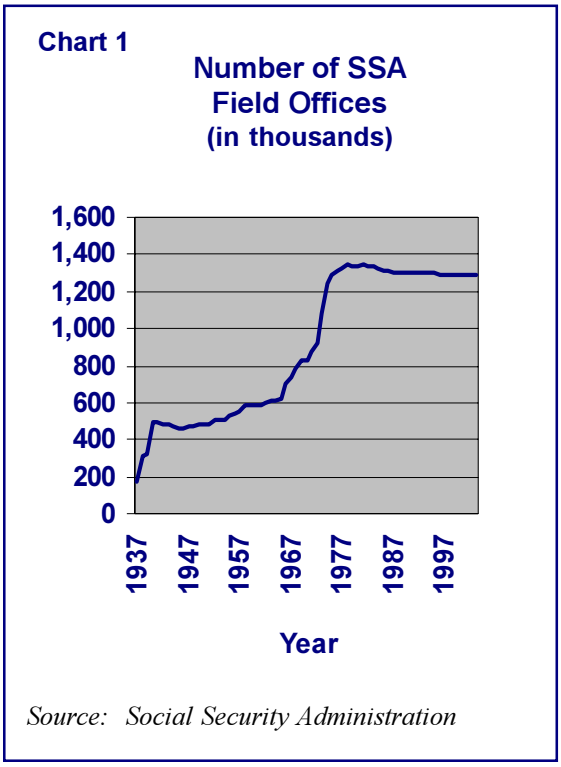
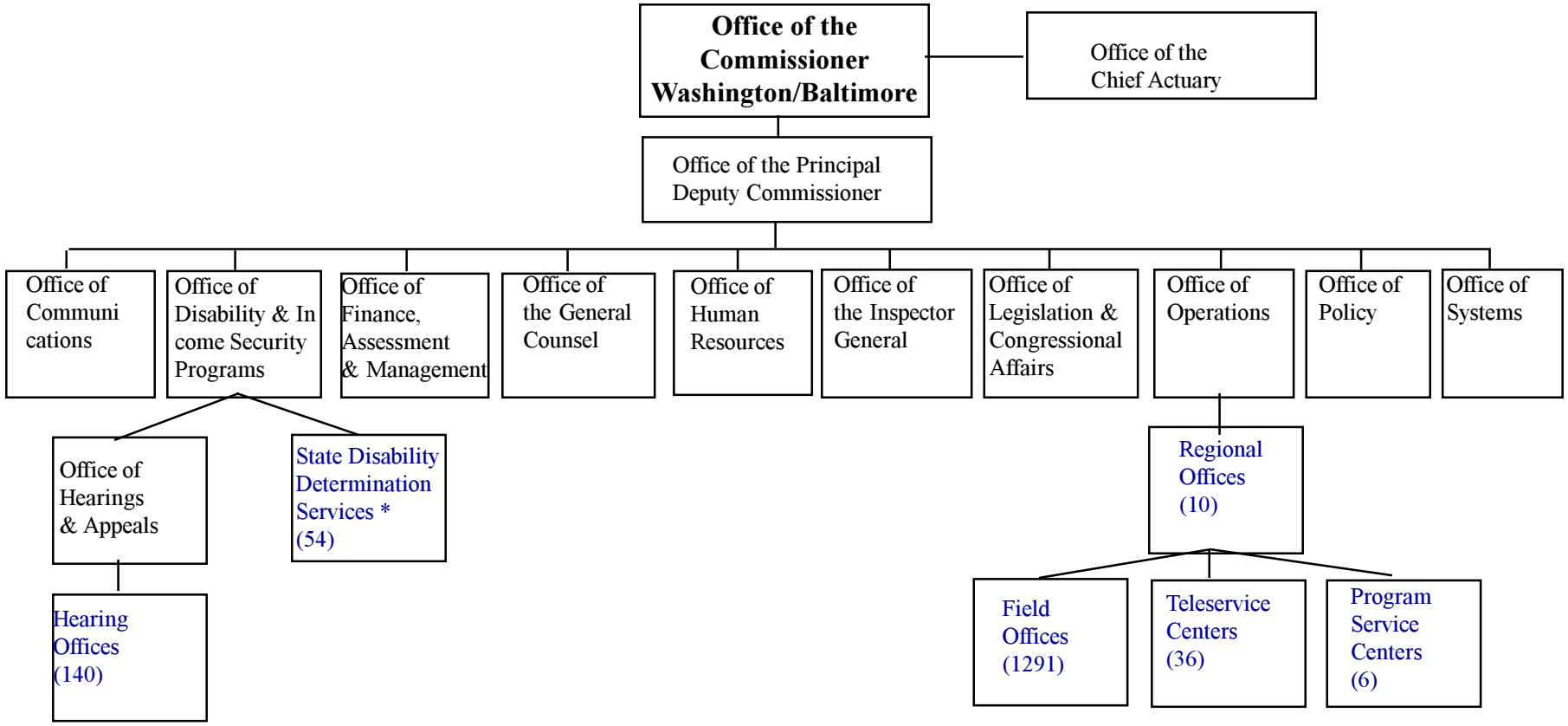


Chart 2

SSA's Service Delivery Structure



Offices that provide services in the field:

Regional Offices - oversee operations in multi-state areas, including field offices, program service centers, teleservice centers, and State DDSs.
Field Offices - primary contact point for face-to-face service.
Teleservice Centers - primary providers of 800 number service.
Program Service Centers - manually process actions that cannot be processed through SSA's computer system, handle
cyclical workloads, help answer the 800 number, and assist other components of the field when there are backlogs.
Hearing Offices - hold hearings and issue decisions on appealed determinations.
***Disability Determination Services -** State agencies that determine eligibility for disability benefits under regulations
issued by SSA. State agencies are required to follow the policy guidance of SSA, but are not under SSA's direct administrative control. Their operations are overseen by SSA's regional offices.

The major tasks of field offices are to take claims for Old-Age, Survivors, and Disability Insurance (OASDI) benefits and for Supplemental Security Income benefits; issue Social Security numbers; make changes in disability status, income, or other circumstances that could affect an individual's benefit payment; and provide information to the public about SSA's benefits and services. Field offices provide services in person and also by telephone.

Field offices are the front door for the agency's services. A field office waiting room may include people whose business is relatively simple to transact, such as claimants bringing in documents needed to establish their eligibility for benefits, or beneficiaries bringing in a notice from SSA to ask for an explanation of its meaning. Others may be there for lengthy interviews, such as filing an initial disability claim or completing an SSI redetermination.

Field offices are also the front door for other public and private social service agencies. People go there because they do not know where else to turn for help. Field offices keep information on other sources of assistance in their communities and provide this information upon request.

Program Service Centers

SSA has 6 program service centers around the country, supplemented by the Office of Disability Operations in Baltimore, which performs similar functions for some disability claims.

The work of the program service centers includes processing those retirement, disability, and survivors claims that cannot be processed by SSA's field offices, spot reviewing for accuracy the claims that have been processed in field offices, processing reconsiderations of retirement and survivors claims, and responding to requests for assistance from other SSA offices. They also process large cyclical workloads such as recomputations of benefits, and manage the agency's debt collection activities. They correct and update SSA's payment databases and mail out notices to claimants whenever an action is taken on their records.

Program service centers also provide critical backup support for field offices, hearing offices, and State disability agencies when they need help in reducing backlogs.

The functions of program service centers have changed over the years. In recent years, helping teleservice centers answer the 800 number has become a major workload for the program service centers. Reviewing complex claims, once a major activity, has declined, as field offices have been given the computer capacity to give final authorization to more of these claims. Although SSA intends a continuing role for the program service centers, that role is expected to continue to change as new information technology enables field offices to perform more functions.

Teleservice Centers

Teleservice became a major way of delivering service in 1988 with the introduction of SSA's toll-free 800 number service. The system enables teleservice representatives anywhere in the country to respond to callers. The number of calls to the 800 number has increased since 1988, and to deal with the increased volume, SSA has set up megasite teleservice centers that provide economies of scale. (See Chart 3, p. 16.) People call the 800 number for many different reasons. They may want to file a claim for benefits, request a duplicate Social Security card, report a change of address, inquire about a lost check, or seek assistance or information with respect to many other kinds of issues.

Legislative Development of the Social Security and SSI Programs

1935 Social Security Act signed into law, establishing a contributory old-age pension program for retirement at age 65.

1939 Benefits added for dependents and survivors, expanding the program to a family-based economic security program.

1940 First monthly benefits paid.

1942 Withholding of Social Security payroll taxes required.

1950 Coverage expanded, eligibility liberalized, benefits increased, and the tax rate and wage base increased.

1956 Monthly benefits provided for disabled workers age 50-64; retirement age lowered to 62 for widows and female parents.

1960 Benefits provided for disabled workers of all ages and their dependents.

1961 Male workers permitted to choose reduced retirement benefits at age 62.

1965 Medicare health insurance for the elderly enacted. Social Security benefits made payable to divorced wives, to widows at age 60 and to full-time students, age 18-21, who were children of retired, disabled, or deceased workers.

1968 Reduced benefits made payable to disabled widows and disabled surviving divorced wives age 50-59 and disabled dependent widowers age 50-61.

1972 SSI program created to replace grants to the States to aid needy aged, blind, and disabled individuals. Annual automatic cost-of-living allowances introduced, beginning in 1975.

1977 Solvency problems addressed by increasing tax rates and the earnings base and changing the benefit formula to eliminate "double indexing" of benefits.

1980 Disability program reforms enacted, including mandatory continuing disability reviews and increased work incentives.

1981 Program costs constrained by phasing out benefits for students over age 19, offsetting disability benefits by other forms of compensation, and terminating benefits for the mother and father of an entitled child when the child reaches 16, instead of 18 as previously.

1983 Solvency problems addressed by gradually increasing the age of eligibility for full retirement benefits to age 67, accelerating scheduled tax increases, and making some benefits taxable.

1984 Standards for continuing disability reviews revised.

1994 SSA established as an independent agency with an independent Advisory Board.

1996 Entitlement to disability benefits based solely on drug addiction or alcoholism terminated. New restrictions instituted on SSI eligibility for non-citizens. New standards enacted for SSI disability for children.

Administrative Development of SSA

1935 Social Security Board established to administer old-age pension program.

1936 First field office opened in Austin, Texas. Office for record-keeping opened in Baltimore. Post office distributed employer applications and applications for Social Security numbers.

1937 First regulation issued, governing disclosure of records.

1939 Social Security Board became part of newly established Federal Security Agency.

1942 First area office (later called program service center) opened in Philadelphia.

1946 Social Security Board abolished. Social Security Administration established as part of the Federal Security Agency, with Commissioner as chief executive.

1953 SSA became part of the Department of Health, Education and Welfare (HEW).

1956 SSA's first computer system installed in Baltimore to post earnings and compute benefits.

1961 District offices began using teletype to transmit data.

1963 Bureau of Family Services separated from SSA and transferred to HEW.

1965 SSA reorganized to allow for administration of Medicare. New workloads handled by opening branch offices and extending office hours.

1966 Advanced Record System installed in field offices, providing SSA with a single, integrated telecommunications system.

1969 First Metropolitan Answering Service opened to handle telephone inquiries.

1972 Metropolitan Answering Services, then numbering 13, were renamed Teleservice Centers.

1976 Claims Automated Processing System introduced, speeding payment of OASDI claims.

1977 Reorganization moved Bureau of Health Insurance out of SSA to become part of the new Health Care Financing Administration. Aid to Families with Dependent Children moved to SSA.

1979 SSA reorganized along functional lines, replacing original program bureau structure.

1982 SSA's Systems Modernization Plan issued.

1986 Aid to Families with Dependent Children removed from SSA.

1988 Nationwide toll-free 800-number service instituted. SSA's first strategic plan issued.

1989 First megasite teleservice center opened.

1994 SSA issued plan to reengineer the disability program. SSA's Internet site established.

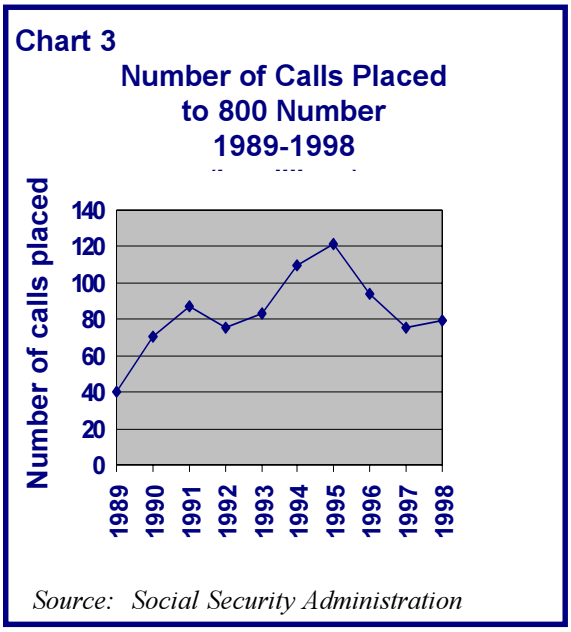
1995 SSA became an independent agency.

1996 Contract awarded and installation began of national system of intelligent workstations and local-area networks (IWS/LAN).

1997 Benefit estimates made available via Internet.

1998/1999 Reports issued outlining plans for improving the management of the SSI program and the disability determination and hearings processes.

Teleservice representatives are able to handle some calls to completion, such as requests for change of address or replacement of a lost check. They refer the remainder to local field offices. They also make field office appointments for callers, either for an in-office visit or for the field office to call back to complete a claims interview.



SSA is beginning to take claims over the 800 number, which will enable some claimants to complete a claims interview on their initial call. Service on the 800 number is available from 7 a.m. to 7 p.m. in each continental U.S. time zone. Automated services are also available 24 hours a day, including weekends and holidays.

Teleservice centers serve as a front door for other social service agencies as well. Teleservice representatives draw on a database to refer callers to services available in the areas they are calling from.

Disability Determination Services

State agencies called Disability Determination Services (DDSs) make the decision as to whether applicants for disability benefits meet the disability requirements of the law. There are separate DDSs in each of the 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. Although SSA has issued extensive regulations to guide their decision making, and they are federally funded, the DDSs retain a degree of independence in how they conduct the disability determination process.

SSA field offices take applications for disability benefits, including information on the claimant's impairment and sources of medical treatment. They send this information to the DDSs. The DDSs obtain medical evidence and determine whether the claimant is disabled under the law. DDSs also conduct periodic reviews of disability, known as continuing disability reviews, to determine whether beneficiaries continue to be disabled.

Hearing Offices

When individuals disagree with a decision by SSA or by a DDS, they may appeal that decision through a multi-level appeals process that includes a hearing before an administrative law judge (ALJ). These ALJs are located in SSA's Office of Hearings and Appeals (OHA). Cases involving disability account for about 85 percent of OHA's work.

In SSA's 140 hearing offices across the country, approximately 1,130 ALJs conduct *de novo* hearings. They also travel to more than 300 temporary and permanent sites in an effort to reduce the need for claimants and their representatives to travel to a hearing.

Other methods of delivering service

Mail contact is still a frequently used method of service delivery, although it is declining in relative importance. SSA mails more than 250 million notices a year to members of the public. The public also uses the mail to send information to SSA, such as documents needed for a claim or updated wage information for an SSI recipient who is working. In 2000, SSA will begin mailing annual statements of earnings and benefits to

all individuals age 25 and older who have Social Security numbers and earnings.

Third-party intermediaries play a part, and potentially could play a larger part, in providing to the public some of the services that are also provided by SSA. Examples include organizations that assist claimants in filing for benefits. Some of them operate on a fee basis. Some have a financial interest in the outcome, as in the case of hospitals that help patients apply for SSI in order to obtain Medicaid entitlement.

SSA's Internet web site provides access to program information, publications, and some forms. It received 4.1 million "hits" in fiscal year 1998. Although its use for public service is now limited, it could grow into another front door for SSA services, providing a variety of online transactions.

SSA helps employers verify names and Social Security numbers of employees. In order to ensure that they are reporting wages accurately, SSA will let employers know if the names on the employers' records do not match the SSNs on those records. Depending on the number of records to be verified, employers may submit requests for verification by telephone, magnetic media, or on paper.

B. How SSA interacts with other government agencies

The Department of the Treasury and the Internal Revenue Service

Although most people may think of SSA as collecting payroll taxes and sending out benefit payments, it does not actually do either of these things. It works closely with the Treasury Department and the Internal Revenue Service (IRS) to accomplish these tasks.

SSA maintains wage records, but does not handle the payroll taxes on those wages. Employers send payroll taxes, along with Federal income taxes, to Federal Reserve Banks or other institutions authorized to receive the payments. Once a quarter, employers send to the IRS statements of the aggregate amounts they have paid. The amounts paid on behalf of each employee are reconciled once a year, through the use of the W-2 form.

For wages paid in 1998, employers filed quarterly tax returns in April, July, and October 1998 and in January 1999. These forms show aggregate wages and taxes and the number of persons employed. As an example of how wages are recorded, in January 1999, SSA began receiving W-2 forms for individuals and the W-3 forms that transmit them. Throughout the rest of the year, SSA and IRS compare and verify records and work with employers to correct errors, and SSA updates its earnings records with verified data.

If their records do not agree, one of the agencies investigates the discrepancy. SSA sends out half a million notices a year to employers with discrepant records. The IRS is not always able to collect additional amounts that are due. (One reason is that about 10 percent of the employers reporting wages to SSA go out of business each year.) But whether the IRS collects these amounts or not, the Treasury credits the Trust Funds with the amounts they are due. And SSA credits workers' records with the amounts due, whether IRS obtains the full amount due or not.

Even after the great majority of earnings are correctly recorded, SSA continues to work on resolving wage reports that cannot be matched to a Social Security number. SSA sends out between 5 million and 7 million notices annually to employers about wage reports that do not match SSA records.

In fiscal year 1998, SSA processed more than 266 million earnings items, with an accuracy rate of about 99 percent. Even this high accuracy rate means that there were more than 2.5 million unposted earnings items. SSA

places items it cannot post into a Suspense File. According to the SSA Inspector General's Fiscal Year 1999 Annual Audit Plan, this file contains more than 200 million wage items, representing more than $240 billion in covered wages since the beginning of the Social Security program.

IRS and SSA will continue working through the year 2001 on reconciling their records and resolving the missing cases from 1998 earnings. When IRS closes the records in December 2001, all activities on 1998 earnings will end, except for claims made by workers. SSA will correct earnings records at any time if the worker has proof of the earnings. Workers who can prove earnings are held harmless and their earnings records are corrected.

SSA also works with the Treasury Department to issue benefit payments. SSA provides Treasury with the information needed to issue payments, but all Social Security and SSI benefits are issued by the Treasury. Until the mid-1970s, all benefits were issued by check. By the early 1970s, the growing numbers of checks, together with the resulting workloads of investigating reports of non-receipt and forgery, were challenging Treasury's ability to continue to provide disbursement services.

To meet this challenge, Treasury developed the direct deposit program, an electronic alternative to printing and mailing checks. Because Social Security payments are Treasury's largest payment workload, Social Security beneficiaries and SSI recipients were the first to be offered direct deposit in 1976.

In fiscal year 1998, Treasury issued more than 400 million direct deposit payments and more than 200 million checks to Social Security and SSI beneficiaries. Those beneficiaries who do not receive payments contact SSA, which works with Treasury to have payments reissued.

The functions of SSA, Treasury, and the IRS in this system are summarized below.

Functions Performed by Social Security

- Assigns numbers to individuals
- Creates and maintains beneficiary wage records from IRS forms
- Computes benefit amounts
- Authorizes payment of benefits
- Sends wage information to IRS to help with compliance
- Sends information to Treasury to pay beneficiaries
- Services beneficiaries

Functions Performed by Treasury

- Receives funds collected by IRS
- Transfers funds to Social Security Trust Fund accounts
- Invests Trust Funds and collects interest
- Pays benefits to beneficiaries
- Pays administrative expenses for SSA
- Coordinates with banking system

Functions Performed by Internal Revenue Service

- Assigns numbers to employers
- Collects Social Security taxes
- Sends funds to Treasury
- Sends wage forms to SSA
- Creates and maintains tax records
- Ensures compliance
- Matches records with SSA and Treasury
- Services taxpayers

Health Care Financing Administration

Although the Health Care Financing Administration (HCFA) administers the Medicare and Medicaid programs, SSA plays an important part in providing public service for these programs. For example, SSA provides beneficiary services for Medicare, taking and processing applications for enrollment and responding to beneficiary and public inquiries relating to Medicare. SSA also provides some data processing support as well as billing and collection of Medicare premiums. The agency is reimbursed by HCFA for this work.

C. As a public sector institution, SSA provides service within established parameters, including a system of community-based offices

Like other public sector institutions, the Social Security Administration is bound by government rules and restrictions and by the expectations of the Congress, the White House, and the public, as well as its own employees. When faced with problems of limited resources or new workloads, it does not have the flexibility that a private sector entity might have in devising a response.

Budget and staffing constraints

The most important of the agency's constraints is its budget. Each year, the Office of Management and Budget allocates spending levels for all agencies and programs, including SSA's. It also gives agencies informal guidance as to staffing levels. The Congress, in reviewing the budget, makes the final determination as to the funding that SSA will have available to administer its programs.

Over the last decade, SSA's administrative expenses, like those of other government agencies, have been subject to legislated caps on discretionary spending. As discussed more fully in the sections on Findings and Recommendations, SSA's staffing resources have declined significantly over the last 2 decades, while the agency's workload has increased and become more complex. The agency's tight resource constraints limit its capacity to respond to these growing workloads.

Limitations on consolidating offices

From the beginning, the major way SSA has served the public is through its system of community-based field offices. Although this mode of service remains important to those who are applying for Disability Insurance or SSI benefits or for adults who need a Social Security card, it is becoming less important as a way to serve applicants for retirement and survivors benefits, more than half of whom now apply for benefits by telephone.

With a large part of the agency's workload shifting away from face-to-face service to the telephone, there are circumstances where consolidating or closing offices would be a logical response to budget and staffing constraints. But the tradition of having offices accessible to serve the public no matter where they live remains strong, both within and outside of the agency. SSA officials tell us that proposals to consolidate or close offices almost

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always generate opposition from Members of Congress and others in the community with the result that they rarely occur. SSA currently has nearly 1,300 field offices. Over the last decade, the agency has completed only 30 office consolidations involving 2 or more offices. Officials in the agency's regional offices who have negotiated these few consolidations have told us that, because of outside pressures, it has generally taken many months and even years to bring the negotiations to a satisfactory conclusion.

We understand this reluctance to close community offices and, in general, agree that it is good policy for the agency to be represented in as many communities as possible. However, if SSA is to be asked to maintain the large number of offices that it currently has, then it is incumbent on both the Congress and the agency to ensure that all of these offices have the resources they need to maintain a high level of service.

Limitations on transferring employees

SSA's workload is continually changing as changes in economic and demographic factors occur in various parts of the country. SSA could use its staff more efficiently if it were able to move staff to where the need is greatest. However, under Federal Regulations, an agency must pay the full costs of relocating whenever an employee's move is in the interest of the government, including the costs of buying and selling a home. Because SSA is working within strict budgetary limits, it has generally chosen not to move staff except to meet especially critical needs. As an alternative, the agency tries to shift work among offices, for example, collection of overpayments or verifying certain questions relating to SSI eligibility. However, the kind of work that can be readily shifted is limited.

The role of unions; SSA's family-friendly work arrangements

A 1993 Executive Order required all government agencies to form partnership arrangements with the unions that represent their employees. SSA has established Partnership Councils with the American Federation of Government Employees (AFGE), which represents about 50,000 or 96 percent of all of the agency's bargaining unit employees. Other employees are represented by the National Treasury Employees Union (NTEU) and the National Federation of Federal Employees (NFFE), but these organizations are not part of the Partnership Councils.

The union-management agreement and numerous memoranda of understanding negotiated by SSA and AFGE provide the terms and conditions of employment that govern important aspects of how the agency conducts its work. Provisions in the current agreement include support for family-friendly work arrangements (including flextime and alternative work schedules); health and safety rules; and guidelines for performance appraisals, merit promotions, and employee awards and recognition.

The family-friendly work arrangements that have been negotiated are particularly popular with many in the agency, and no doubt help it to attract and retain employees. However, we have heard from many employees in SSA that shortages of staff, combined with the commitment to family-friendly work arrangements, often make it difficult for field offices, particularly smaller offices, to have adequate staff on the job during business hours. Alternative work arrangements can also make it difficult to find time for staff training and mentoring. Some managers in teleservice centers also indicate that these arrangements make it difficult for them to cover the telephone during certain hours of the day when many employees are not on duty.

These problems need to be addressed. Although management-union relations appear to be good in much of the agency, it is clear that there is considerable tension in some offices. Both management and unions need to keep in mind the agency's responsibility to serve the public, and demonstrate cooperation and flexibility in working toward that end.

III. FINDINGS: PRESENT AND FUTURE CHALLENGES TO PROVIDING QUALITY SERVICE

The Board had no preconceived conclusions when it undertook its study of SSA's service to the public more than 2 years ago. We began with the recognition that the Congress has given us the specific responsibility of making recommendations with respect to the agency's quality of service. We also believed that a report on service delivery at this time could be particularly helpful to the Administration, the Congress, and the agency. Over the next decade, the agency will face increased responsibilities as the large baby boom generation moves from working to becoming beneficiaries, either through retirement or increased incidence of disability.

As we have conducted our study, we have been impressed by the broad consensus that we have heard across the Nation. Both SSA employees and public witnesses at our hearings have expressed the view that the Social Security Administration has a highly dedicated workforce that is working hard to provide the public with high quality service.

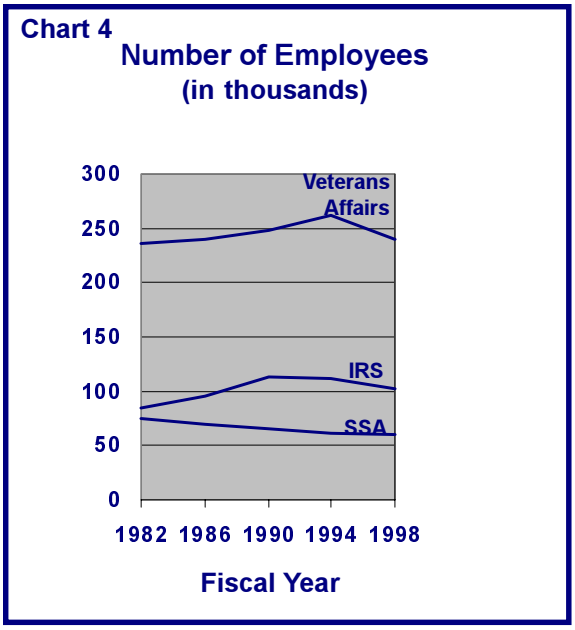
But we have also been impressed by the view, also widely shared, that the agency is at a critical point. Constraints on staffing and downsizing have continued for two decades. Workloads continue to grow and become more complex.

Our findings concerning the effect of these and other changes are described below.

In summary, although we believe that employees at all levels of the agency are making a great effort to keep the service delivery mechanism working as smoothly as possible, problems have emerged that need to be dealt with promptly and forthrightly.

A. SSA's service delivery has been adversely affected by downsizing and restrictions on hiring

Over the last two decades, there has been a sustained effort to reduce the number of Federal government employees. Between 1982 and 1998, the total number of civilian employees declined by about 12 percent, from 2.11 million to 1.86 million.



...although we believe that employees at all levels of the agency are making a great effort to keep the service delivery mechanism working as smoothly as possible, problems have emerged that need to be dealt with promptly and forthrightly.

However, downsizing has not been uniform across agencies. (See Chart 4, p. 21.) Between 1982 and 1998, employment in several departments actually grew. For example, although in recent years the number of employees at the Internal Revenue Service has declined, over the 1982-1998 period it grew significantly, from 83,800 to 101,700, or 21 percent. The Department of Veterans Affairs grew from 236,000 to 240,000. In contrast, employment in SSA declined by about 26 percent, from 88,600 in 1982 to 65,400 in 1998. (See Table 1.)

Table 1

SSA On-Duty Employment*

Fiscal Years 1975 - 1998

Fiscal Year	Total	Field**
1975	82,791	52,410
1976	87,125	56,706
1977	88,257	59,195
1978	86,563	60,275
1979	84,629	57,917
1980	84,269	58,437
1981	86,948	60,050
1982	88,611	59,757
1983	86,131	58,634
1984	83,980	57,521
1985	83,505	57,630
1986	77,358	54,737
1987	71,024	49,845
1988	68,908	46,868
1989	66,597	45,042
1990	65,978	44,476
1991	68,270	45,896
1992	67,398	45,470
1993	65,906	43,877
1994	67,590	44,473
1995	67,925	44,864
1996	67,398	44,639
1997	67,750	44,569
1998	65,407	42,544

* Includes full-time, part-time, temporary, seasonal, and student employees as of the end of the fiscal year. Numbers have not been adjusted to reflect changes in agency responsibilities, e.g., implementation of SSI and transfer of Medicare from SSA to HCFA.

** Includes employees in regional and field offices, program service centers, and teleservice centers.

Source: Social Security Administration

SSA's field operations experienced an even greater reduction than the agency as a whole. Between 1982 and 1998, the number of employees in the agency's regional and field offices, teleservice centers, and program service centers fell by 29 percent, from nearly 59,800 to 42,500.

This very large reduction in employees in the field occurred during a period when some major elements of the agency's workload were increasing. Although retirement and survivors claims have not risen since the early 1980s (the generation currently reaching retirement age was born during the low birth rate years of the Great Depression), other critical activities of the agency have risen substantially.

As shown in Table 2, the number of actions performed by SSA relating to issuing Social Security numbers and maintaining their accuracy grew by 38 percent between fiscal years 1982 and 1998, and the number of Social Security and SSI disability determinations processed by DDSs grew by 43 percent. Workloads related to notification, investigation, and recovery of overpayments grew by 74 percent. The number of continuing disability reviews grew by 180 percent, and the workload related to monitoring accountability of representative payees increased by nearly 300 percent.

Constraints on staff size have limited the agency's ability to strengthen and revitalize employee ranks by bringing in new employees with new skills. For example, during the 2-year period 1997-98, the agency hired only 1,200 new employees to work in its 1,291 field offices.

Although some SSA employees with whom we discussed this matter agree that the agency may have had more staff than it needed in its earlier years, we talked with no one who believes this to be true at the present time. The agency has responded to its reduced staffing levels by using overtime and trying to "work smarter." Nonetheless, there appears to be nearly universal agreement among employees who work in the field that the agency cannot sustain any further reductions, and in fact now faces staffing shortages in key parts of the organization.

Table 2

Increase in Selected Workloads Fiscal Years 1982 - 1998 (in millions)

	1982	1998	Percent increase
SS Numbers	11.7	16.2	38%
Disability Determinations	1.4	2.0	43
Overpayments	2.3	4.0	74
Periodic CDRs	0.5	1.4	180
Representative Payees	1.8	7.1	294

Source: Social Security Administration

Many describe the issue of staffing levels in the field as critical. Employees in all parts of the country spoke of inordinate delays in scheduling appointments, crowded reception areas, long office waiting times, inadequate telephone service, reduced quality of work, and other direct public service problems. One

"We used to be a can-do agency. Now I hear from managers: 'I don't see how we can continue.' This is a most insidious change."

- Regional Office Executive

field office manager told the Board: "Resources are spread so thin, when someone calls in sick it is almost catastrophic." An agency executive commented that "employees no longer have the time to cross the t's and dot the i's," and that field offices are not developing the work history and medical treatment information that is needed to adjudicate disability claims as they once did. We also heard nearly universal agreement that lack of staff has meant there is insufficient time to conduct training, which over time is affecting the quality of work.

The results of a recent survey of field office managers underscore the concerns that we have heard. This survey, conducted by the National Council of Social Security Management Associations, included 111 managers representing a cross-section of offices from all regions, ranging from large metropolitan offices to small rural offices. While three-quarters of those responding rated the quality of their office's Social Security claims work as good or excellent, only about half rated the Social Security postentitlement work as good or excellent, and half rated their SSI claims work as only fair or poor. Sixty percent rated SSI postentitlement work fair or poor.

"We have fewer people to do more work. We can't give people the service they need." -
Field Office Claims Representative

Inner-city offices, which generally are most heavily impacted by the increasing numbers of Disability Insurance and SSI applicants and beneficiaries, appear to have been most severely affected by staffing limitations. Burnout, attrition, and high turnover in some offices often mean that they lack a sufficient number of trained staff to do the job.

A field office claims representative from an urban area commented: "We have fewer people to do more work. We can't give people the service they need."

Although employees in urban offices express the most urgent concerns, the loss of staff along with growing numbers of DI and SSI applicants is also having an impact on rural and suburban offices. Employees in these offices are also troubled by their inability to provide the level of service that they believe the public should have. They, too, believe their ability to serve has suffered because they now lack the managerial, clerical, and other staff needed to do the job.

Similar concerns are raised by employees in teleservice centers, who have the job of serving the public by answering SSA's 800 number, and by employees in program service centers, who perform many vital functions in support of the agency's mission.

B. Changes in office structure, particularly the reduction in the number of managers and supervisors, have increased the difficulty of ensuring high quality service

Over the last two decades, as the Social Security Administration has been downsized, the agency has also dramatically altered its office structure. Between 1982 and 1998, the number of managers and supervisors (including management support specialists who carry out non-supervisory management functions) in field offices and teleservice centers fell by nearly one-third, from 4,800 to 3,300. The number of clerical employees and claims development clerks plummeted from 10,400 to 1,700, an 84 percent decline. And the number of field

representatives, who in the past were a primary means of providing community outreach and public information, fell 68 percent, from 1,250 to 400. (See Chart 5.)

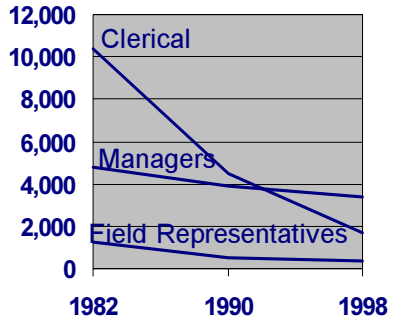
Reduction in managers and supervisors

As implemented by SSA, the reduction in the number of managers and supervisors is particularly problematic. In 1993, the National Performance Review (NPR) recommended that government agencies streamline the bureaucracy by reducing their management-staff ratios. The goal was to reduce the ratio of managers and supervisors to other personnel by halving the overall executive branch ratio of 1-to-7 in 1993 to 1-to-15 within 5 years. Each agency was directed to submit a plan to the Office of Management and Budget addressing how it would reduce the ratio of managers and supervisors to other personnel and simplify its internal organization and administrative processes. SSA has now achieved the management-staff ratio recommended by NPR. In our view, this achievement has come at a high price.

We have talked with many employees in the field who believe that the agency's current dearth of managers and supervisors is having a significant and negative impact on the ability of the agency to serve the public. As employees in one field office wrote: "Supervisors aren't needed to make employees work. They provide vital support functions such as training, mentoring, coaching, controlling the work, developing training packages, counseling, and securing the necessary resources to do the job. These areas have suffered tremendously and have adversely affected service."

Chart 5

Number of Managers,* Field Representatives, and Clerical Employees 1982 - 1998



*Managers - includes field office and teleservice center management staff, first-line supervisors, and management support specialists (who carry out non-supervisory management functions).

Source: Social Security Administration

Moreover, although the agency's published quality indicators generally remain strong, managers across the agency have told us that

"Supervisors aren't needed to make employees work. They provide vital support functions such as training, mentoring, coaching, controlling the work, developing training packages, counseling, and securing the necessary resources to do the job. These areas have suffered tremendously and have adversely affected service." **- Field Office Employees, Written Statement**

the reduction in front-line supervisors is resulting in a decline in quality and an increase in errors. Although increased workloads or other factors may also be involved, statistics for the SSI program support their concerns. According to the agency's *Accountability Report for Fiscal Year 1998,* the SSI payment accuracy rate, which measures the accuracy of current, retroactive, and estimated future payments resulting from an initial claim, declined from 95.3 percent in 1994 to 90.4 percent in 1997. In addition, in discussing the payment accuracy rate for new awards, the *Accountability Report* states that "…the potential for a significant downward trend exists."

With fewer supervisors or managers to turn to, staff in field offices who need help in answering complex eligibility issues are expected to turn to more experienced staff to answer their questions. This "team" approach is advocated by the agency's leadership as a way of dealing with the reduction in managers and supervisors. However, experienced field office employees tell us that, because of their own pressing workloads, they often do not have time to provide the degree of mentoring that newer employees need.

The comment of one manager we met in the field was echoed in substance by many others: "Employees are making more mistakes because managers are not available to answer questions, provide training, and review work."

Because SSA has a large number of offices with fewer than 15 employees, the agency has been able to meet the 15-to-1 goal only by requiring some larger field offices and other components to make up the difference. We have heard from some field offices, program service centers, and teleservice centers, that their current staff-management ratio is actually 20-to-1 or higher.

Reductions in supervisory staff have not been uniform across the country and across all components of the agency. SSA employees in the field have told us that some offices have more supervisory staff than they need. Most, however, are coming up short. SSA officials have been unable to smooth out the inequities because it is difficult for the agency to entice existing supervisors to relocate to offices where the challenges a supervisor must face are viewed as unmanageable.

Reduction in clerical and claims development staff

The reduction in the number of clerical employees and claims development clerks was partially justifiable because of the introduction of new technology. But the size of the downsizing that the agency experienced also left managers with little choice. They needed service representatives and claims representatives to meet with the public and process benefit claims. Clerical duties were deemed of lower priority. The effect of the large decline in clerical staff, however, has placed a serious strain on the ability of the agency to conduct its business appropriately.

The reduction — and in some offices, the total elimination — of clerical and other support staff has resulted in distortions in the use of staff time. In the survey of field office managers referred to above, more than three-

"Employees are making more mistakes because managers are not available to answer questions, provide training, and review work." **- Field Office Manager**

quarters of managers reported that they were spending time answering office telephones, processing mail, and performing other clerical functions. More than half reported that they were setting aside or leaving undone important management functions such as workload monitoring and meeting public information responsibilities.

The lack of clerical support is equally serious for service representatives and claims representatives who now must also perform basic clerical duties themselves in order to process their work. Although capable of performing these tasks, the time they spend doing them is taken from processing claims and performing other tasks necessary to ensure that benefits are paid properly.

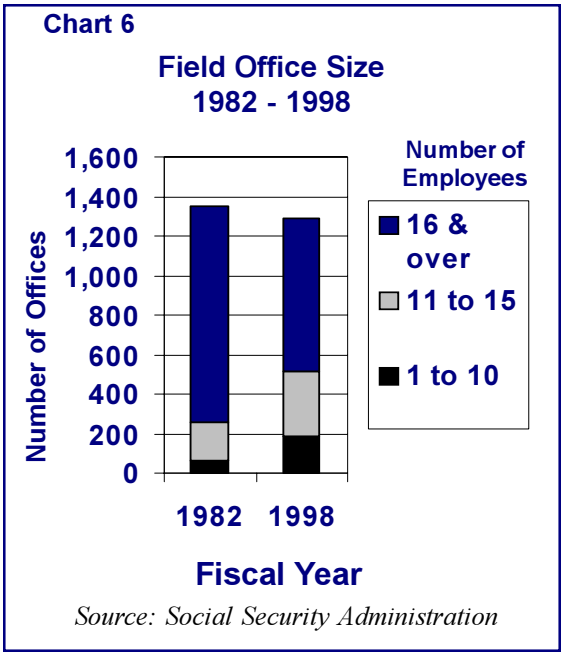
Reduction in field representatives

The very large reduction in field representative positions, which also stemmed from downsizing, has reduced SSA's ability to deliver important public information services and perform other outreach activities. As the Board recommended in its earlier report on "Increasing Public Understanding of Social Security," the agency needs to make a greater effort than it is currently able to do to educate the public about the Social Security program and to reach hard-to-serve populations.

Many beneficiaries are confused about Social Security programs and need help to understand the services that SSA provides and what they need to do to access these services. Without adequate numbers of field representatives or of other field office staff with sufficient training and time to perform this function, SSA is unable to get out into the community as often as it should to deliver this important service to the public.

Reduction in office size

Downsizing has resulted in more small offices. About 15 percent of SSA's field offices now have 10 or fewer employees, 40 percent have 15 or fewer, and more than half (57 percent) have 20 or fewer. Absences due to annual and sick leave, flextime, and alternate work schedules often make it difficult for smaller offices to maintain the staff needed to handle complex issues throughout the hours they are open to the public. This raises the question of whether some of these offices are now able to serve their communities as effectively as they should.

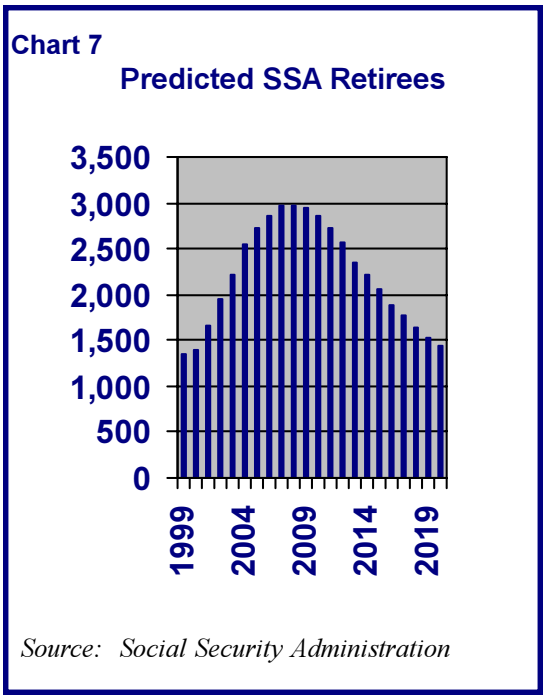


C. The agency has an aging workforce and will soon face a wave of retirements

SSA has an aging workforce, arising from the years of downsizing and severe restrictions on the number of people hired during the 1980s and 1990s. The average age of Social Security employees increased rapidly from 41 to 46 between 1989 and 1998. This aging workforce will lead to a wave of retirements over the next decade. Based on SSA's projection of when employees choose to retire, the number of retirees is expected to more than double, from about 1,350 in 1999 to almost 3,000 per year in 2007 through 2009, or from 2.1 percent of the total workforce to 4.6 percent in each year over the same period. (See Chart 7, p. 28.)

The growing number of retirements will occur at the same time that the agency's workload is expected to rise. Compounding this situation is the fact that certain field positions will be particularly hard hit. SSA predicts that between 6 and 7 percent of its managers and supervisors in the field will retire in each year between 2004 and 2008. Between 2006 and 2010, about 5 percent of SSA's claims representatives are expected to retire each year.

The headquarters and regional office staffs that support field operations through policy development activities will also suffer major losses. For example, SSA estimates that between 6 and 7 percent of the agency's social insurance specialists will retire in each year between 2005 and 2009. Social insurance specialists make up the vast majority of analytical positions in components such as the Office of Disability.



SSA's prediction of retirements

SSA's prediction of when retirements will occur is based on a model developed by the agency's Office of Workforce Analysis. Several factors that could make the predictions of retirements more precise have not yet been included in the model, although SSA has been working to improve it. For example, the model does not take account of the type of retirement program an employee is enrolled in, the age at which individuals first become eligible for retirement, or changes in the national economy, all of which could influence the proportion of those who choose to retire in a particular year. Offers to allow employees to take "early-out" retirement without loss of retirement benefits, such as the offer SSA recently made to its employees, also affect the timing of retirement. The agency's current early-out offer is aimed at encouraging retirement by up to 5 percent of those who are eligible.

While we might wish for a more sophisticated analysis of when employees are expected to retire, refinements of the model are unlikely to change the general picture. SSA will still face an unusual wave of retirements over the next decade. We understand that the agency is currently working on a workforce transition plan that will help to clarify the types of positions that it will need to fill over the next 5 years.

SSA has an aging workforce, arising from the years of downsizing and severe restrictions on the number of people hired during the 1980s and 1990s....The growing number of retirements will occur at the same time that the agency's workload is expected to rise.

Implications for SSA's hiring needs

The agency has conducted a series of focus groups with current and retired employees to find out why employees retire and what SSA can do to keep them or bring them back, and to obtain recommendations on ways to find replacements.[1] In response to questions concerning how to keep employees on the job, many focused on the need to improve working conditions. They said they do not want to deal with job stress and work overload, and they want to be respected for the job they do. Participants also spoke of the agency's need to hire capable and talented employees. They emphasized that hiring should begin soon to give the agency time to train new employees to become independent and productive workers.

The comments of participants in the focus groups are similar to those we have heard during our visits to the field. Many managers with whom we have talked are skeptical about the agency's assumption that prior retirement patterns, in which employees tend to work for a period of years after becoming eligible for retirement, will continue into the future. They think that most managers, whose jobs have become increasingly stressful as staffing levels have diminished and workloads have increased, will be much more likely to retire as soon as they are eligible, and that other field employees are likely to do the same. If this were to happen, the retirement wave would move closer to the present, leaving even less time to hire and train the necessary new employees.

> ***"It is not only the dwindling [staff] numbers that are of concern, but also the loss of experience and institutional knowledge."***
> **- Area Director**

As a representative of one of SSA's managers associations testified at a Congressional hearing last year: "We desperately need new employees in the pipeline to replace our current and anticipated personnel losses….Obviously we need to hire replacements as quickly as possible, just to keep up, and to prevent future backlogs from growing even larger."

Two factors are likely to complicate SSA's ability to meet its staffing needs in the future. First, the relatively smaller numbers of young people entering the workforce over the next decade or so are likely to make hiring especially difficult. The labor force of people ages 25 to 44 is estimated to shrink between 1996 and 2006, leading to more competition among employers in hiring the best people for job openings. Second, some regions of the country will experience tremendous growth in their resident populations. For example, the Bureau

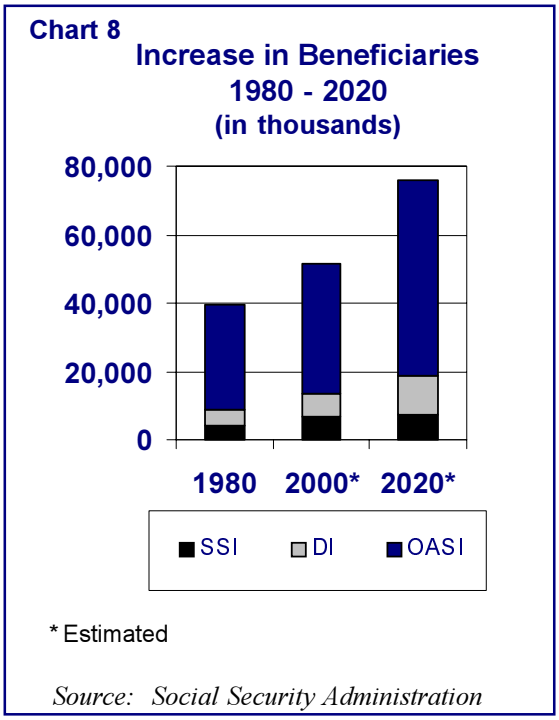
> ***"We desperately need new employees in the pipeline to replace our current and anticipated personnel losses….Obviously we need to hire replacements as quickly as possible, just to keep up, and to prevent future backlogs from growing even larger."*** **- Representative of managers association**

[1] SSA, "Retirement Trends Focus Groups: Report of Findings," Office of Communications, Aug. 8, 1997.

of the Census projects that the San Francisco region will see population growth of about 48 percent between 2000 and 2025, while more moderate growth of 8 to 10 percent will occur in the Chicago and Philadelphia regions.

D. The agency's workload has been growing and will increase significantly in future years as the baby boom generation ages

Over the last decade, the number of people receiving Social Security and Supplemental Security Income benefits has grown at a rate significantly faster than the population as a whole. This disproportionate growth will accelerate as the baby boom generation ages, placing increasing pressures on the Social Security Administration to find ways to keep pace. These pressures will be exacerbated by the fact that a significant portion of the growth will be in the DI and SSI disability programs, both of which are extremely time consuming for the agency to handle.



Recent OASDI program growth

This year, nearly 45 million people will receive Social Security benefits, including about 38 million beneficiaries of retirement or survivors benefits and about 6.5 million Disability Insurance beneficiaries. This represents growth of about 14 percent over the number of beneficiaries in 1989, compared with growth of about 11 percent in the general population.

The growth is largely accounted for by the DI portion of the program. Over the period 1989-1999, the rate of growth in the number of retirement and survivors beneficiaries was slightly less than the population growth rate (about 9 percent compared with about 11 percent for the total population). But the growth in the DI rolls has been dramatic. The number of beneficiaries receiving benefits from the DI Trust Fund grew by about 59 percent.

This large growth in the DI program has had a major impact on the ability of the agency to handle the demands placed on it. DI applications are much more complex and labor intensive to process than are retirement and survivors claims. According to SSA, the administrative expenses for the DI program are 3.4 percent of program costs, compared with 0.6 percent for the retirement and survivors program.

Projected future OASDI growth

The rapid rate of growth in the number of beneficiaries will become much more pronounced in the coming decades. The oldest of the baby boomers will reach age 65 in 2011. The portion of the population 65 or older will grow from 12 percent in 1999 to 16 percent in 2020.

Between now and 2020, the general population is expected to grow by about 16 percent. But the number of Social Security beneficiaries is expected to grow by 55 percent, from about 45 million today to about 69 million. (See Chart 8.)

The coming retirement of the baby boomers and the implications for Social Security and other retirement costs has received a good deal of attention in recent times. Less attention has been paid to the fact that the baby boomers are also entering the ages when they are more likely to become disabled. Moreover, the increase in the full retirement age that has already been enacted will mean that more individuals will apply for DI in the years just prior to being eligible for full retirement benefits. According to SSA's actuaries, between now and 2010, the year before the oldest boomers reach 65, the number of retirement and survivor beneficiaries is expected to increase by 16 percent, but the number of DI beneficiaries is expected to grow by 47 percent.

SSI growth

The SSI program has also experienced dramatic growth over the last decade, increasing from 4.6 million beneficiaries in 1989 to 6.6 million in 1999, or by 43 percent. Between now and 2020, SSA's actuaries are projecting a considerably slower rate of growth of 12 percent.

More than 9 out of 10 applications for SSI are for disability, however, so even a moderate rate of growth can have important consequences for SSA's administrative resources. SSI disability applications are even more highly complex and labor intensive than applications for Disability Insurance. SSI disability applicants often lack a consistent record of medical treatment that can be relied upon without the need for consultative examinations, and they are likely to lack the type of work history that can be used in Social Security cases as a benchmark. In addition, SSA employees must evaluate each individual's income, assets, and living arrangements in order to determine eligibility and amount of payment. These factors can change from month to month, which requires further evaluation by SSA employees.

E. The agency's work is highly complex and is becoming more so

Growth in DI and SSI workloads

The growing complexity of the work that employees are required to perform is a source of great concern to employees in the field. The complex Disability Insurance and Supplemental Security Income programs are taking up a growing share of SSA's resources. Disability applications increasingly involve mental impairments, which can be very difficult to evaluate and tend to require carefully informed judgment.

New emphasis on program integrity

The agency itself has recently generated additional complexities as a result of a new emphasis on program integrity. Employees are being asked to spend increasing amounts of time on continuing disability reviews under the disability programs, and reviews to determine whether SSI beneficiaries continue to meet the program's income and resource requirements. In addition,

The coming retirement of the baby boomers and the implications for Social Security and other retirement costs has received a good deal of attention in recent times. Less attention has been paid to the fact that the baby boomers are also entering the ages when they are more likely to become disabled.

more effort is being expended to avoid overpayments and to collect debts.

Workloads resulting from legislation

The Congress has also asked the agency to take on special workloads that add to the burden. In recent years, the Congress has passed legislation changing SSI eligibility rules for disabled children, aliens, and beneficiaries who were receiving benefits on the basis of alcoholism and drug addiction. These changes required special reviews of hundreds of thousands of cases. In addition, as a result of legislation enacted in 1996, SSA's claims representatives must now review expenditures of large retroactive SSI payments made on behalf of disabled children to ascertain whether these expenditures are related to the child's impairment. If not, the amounts wrongfully spent are expected to be recovered by the agency.

Applications for Social Security numbers

Even the process of issuing Social Security numbers, which many would consider to be relatively routine, has become more complicated and time consuming for the agency as the number of non-English speaking individuals needing numbers in order to work has grown. Before issuing a number to an adult, SSA employees must evaluate the validity of documents proving identity, age, and citizenship or alien status, a process that becomes more complicated when dealing with individuals who were born abroad and whose knowledge of English is limited or non-existent.

In a 1998 survey, more than three-quarters of a million applicants for Social Security numbers told the agency they preferred dealing in a language other than English. Higher levels of immigration are a factor. The annual number of immigrants admitted to the United States rose from 531,000 in 1980 to 916,000 in 1996. Field offices all across the country, even in rural areas, are finding it necessary to hire bilingual employees or contract with interpreters. SSA now has employees who speak more than 90 languages.

Procedural complexities

SSA employees in the field tell us that an additional difficulty for them, along with the complexity of the programs themselves, is the complexity of the procedural instructions they receive from the agency. As employees in one office wrote: "Increasing program complexity is killing us....In 1998, we received 712 teletypes, plus transmittals, circulars, and daily news items. This is a staggering amount of information, and some completely changed the procedures for handling certain workloads. There must be a way to simplify things so we can just work." The problem of complexity is heightened by the resource constraints that offices in the field are experiencing.

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- Field Office Employees, Written Statement

Workloads related to other programs

The agency is also being asked to fill needs not being met elsewhere. Many of those who call or come into the office are seeking help with Medicare, Medicaid, Food Stamps, or other matters not directly related to SSA's program responsibilities. Field offices are finding that the amount of time they must spend answering Medicare inquiries has grown as a result of recently enacted legislation that gives Medicare beneficiaries additional options in the kinds of coverage they may have. Beneficiaries are calling and coming into SSA offices for information and advice because no other resource is available in their community to provide this service.

Potential for new responsibilities

It is likely that the agency will have to absorb additional workloads in the near future. The Congress is currently considering a new initiative to provide increased rehabilitation and employment services for the disabled. Even if much of the work is contracted out to other public or private entities, employees in the field must be able to explain the rules and the value of the services that are being offered. There is considerable anxiety among these employees about the agency's current ability to take on this added responsibility.

Yet in many ways there is real justification for SSA to serve as the front door for other benefits and services. SSA employees understand the value of one-stop service and to some degree they are already providing it. As noted above, a considerable amount of employee time is currently being devoted to providing individuals with information about other governmental and nongovernmental benefits and services relevant to their situation.

F. Although SSA's workforce continues to be highly committed and productive, major service delivery problems need prompt attention

Based on our many discussions with employees who are performing front-line service in the field, we are convinced that SSA's positive tradition of public service among employees in the field continues to prevail. SSA's management is also able and dedicated. Syracuse University's Maxwell School of Citizenship and Public Affairs recently ranked it at the top of the 15 Federal government agencies that were reviewed in its recent project to measure Federal management performance.

The continuing pressure to do more with less has led to problems, however, and the consequences are becoming apparent. Referring to the difficulty of keeping up with the growing workloads, one field office manager told the Board: "I am continuously worried about the level of service we deliver to people when they come into the office. Work that needs to be done after a claim is filed is being left undone."

"I am continuously worried about the level of service we deliver to people when they come into the office. Work that needs to be done after a claim is filed is being left undone."
- Field Office Manager

The agency's statistics present a relatively positive picture. According to SSA's 1998 customer survey, 82 percent of respondents rated the agency's service as good, very good, or excellent.

However, as we describe below, there are a number of significant service delivery problems that need prompt attention. Service is uneven. Persons filing for retirement or survivor benefits are likely to be satisfied with the service they receive. Individuals who are most likely to encounter problems are those whose cases tend to be complicated. Most often it is those who are filing for or receiving Disability Insurance or SSI benefits. But others can be affected as well. And as workloads increase, the dimensions of these problems are likely to grow if left unattended.

We are not suggesting that the agency's leadership is unaware of the problems described here and is not concerned about them.... but we do not believe the steps that SSA has taken are sufficient to address the problems that the agency is facing.

We are not suggesting that the agency's leadership is unaware of the problems described here and is not concerned about them. The agency has plans to improve its 800 number telephone service by introducing better equipment. It will soon begin to implement new procedures that it hopes will speed up the disability determination process and make it more user friendly. It is planning improvements in the representative payee program. Initiatives are also under way to improve SSI payment accuracy and program integrity.

All of these measures may help, but we do not believe the steps that SSA has taken are sufficient to address the problems that the agency is facing. We think it is important that the agency, the Administration, the Congress, and the public confront these problems forthrightly, and consider what more needs to be done to ensure that the agency is able to serve the public in an appropriate manner.

Problems in telephone service

One of the most serious service delivery problems that the agency now faces is its telephone service. It is a problem that potentially can affect any member of the public who needs to transact business with the agency.

One regional office executive described the agency's 800 number as "SSA's Vietnam," in that it has been a continuing drain on other parts of the agency, yet high quality service seems out of reach.

Over the last decade, the Social Security Administration has emphasized its 800 number telephone service as a way both to serve the public better and to lessen the workload for field offices. A high priority of the agency is to meet the goal that it has established of answering 95 percent of calls within 5 minutes.[2] In 1997 and 1998 it succeeded in

"The 800 number has been SSA's Vietnam..."
- Regional Office Executive

[2] As SSA has defined it, the goal of 95-in-5 means that 95 percent of callers should successfully access the 800 number within 5 minutes of their first call. A successful connection occurs when a caller selects either an automated or a live agent and is connected with that option or is put into queue to speak to a live agent within 5 minutes of first dialing the 800 number.

meeting the 95-in-5 goal, and an intense effort is being made to ensure that it is met in 1999.

Even if SSA continues to meet the 95-in-5 goal, the public is unlikely to be satisfied with this level of service. Standards for telephone service are rising. An expert in the private sector has advised us that a goal of answering 90 percent of calls within 60 seconds is now the market standard. It is our view that SSA should be able to provide better service than "95-in-5."

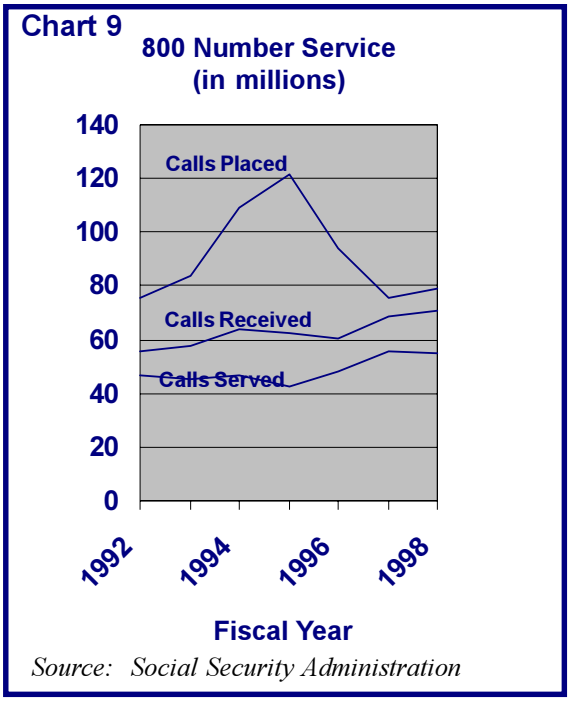
In addition, SSA faces an immediate and critical problem stemming from the major distortion that is now occurring as the result of its commitment to the 95-in-5 goal. Because the agency's teleservice centers have too few employees to do the job, SSA is diverting large numbers of employees in its program service centers from their own critical work in order to answer the telephone. Employees are also encouraged to reduce the amount of time spent in answering each call. Both of these practices are having unintended consequences that are harming overall public service and increasing the agency's workload.

Employees who work in the agency's program service centers are highly skilled. They ordinarily have the responsibility of handling complex issues that employees in field offices are unable to resolve. We are told that initially the agency viewed their diversion to telephone duty as a temporary measure, intended to assist employees in the teleservice centers only on days when the number of calls was unusually high.

But the diversion is now the norm, and nearly one-third of program service center workyears are currently devoted to answering the telephone, an increase from about one-quarter a year ago. As a result, issues that field offices have sent to program service centers for resolution are taking longer and longer to process. Benefits are being delayed. Frustrated claimants are calling their field offices or Members of Congress, creating more work for field offices. And when field offices call the program service center to check on the status of a claim, they are frequently unable to reach the person they need because that person is answering the 800 number.

As one program service center employee commented, "Callers may have the phone answered in 5 minutes, but the result is that they have to wait 90 days to get their problem resolved."

There are several aspects of 800 number service that are troubling. According to the agency's statistics, 10 percent of callers in fiscal year 1998 got a busy signal. Of the



"Callers may have the phone answered in 5 minutes, but the result is that they have to wait 90 days to get their problem resolved." **- Program Service Center Employee**

more than 70 million calls actually received by the 800 number, nearly 16 million were abandoned by the caller, either while waiting for an agent to handle the call or before using an automated service. All this means that only about 70 percent of the calls placed were actually served. (See Chart 9, p. 35.)

In order to minimize the length of calls and maximize the number of calls, SSA also limits the types of actions employees answering the 800 number can take. As a result, matters that they could easily handle to completion are instead referred to field offices. The result for callers is that it takes them two or more contacts to handle what might have been handled in one.

SSA is planning to install hardware that will route 800 number calls more efficiently. This will help with some of the telephone access problems, but is unlikely to eliminate them.

There are also indications that the accuracy of calls handled by the 800 number needs close attention. In fiscal year 1998, of the 40 million calls handled by live agents the percentage of responses with the potential to lead to incorrect payments was 3 percent. This translates into 1.2 million calls that were handled inaccurately in 1998.

The percentage of calls that resulted in inconvenience to the caller or caused additional SSA workloads, was 18 percent (or about 7.2 million calls) in 1998, up from 16 percent the previous year.

Telephone service in field offices is also a problem. Although SSA currently does not regularly measure the quality of telephone service that is provided by field offices, we have heard many accounts of its inadequacy. Employees in every field office we visited told us there were not enough employees to answer the phones. A witness at one of our public hearings described calling a local field office in her area as "an exercise in futility." Although this comment almost certainly does not describe the level of service in many other communities, it is in accord with the view we have heard from many others that the quality of the agency's field office phone service is in serious need of improvement.

Problems in field offices

Increasingly, those who come into field offices have more complex problems, involving issues that cannot be handled by phone. Many of them are filing for or receiving DI or SSI disability benefits and have serious physical or mental impairments. Many are homeless or have no phones. People with little or no command of English are a growing part of SSA's public, and handling their matters may require considerably greater time.

"Telephone service as a whole is unsatisfactory, but the decision to use program service center resources to answer the phones instead of processing claims and postentitlement work is not effective in delivering quality service. While the 800 number calls may be answered, work which needs to be processed is not handled, and overall service suffers."

- Field Office Employees, Written Statement

The high volume of walk-in traffic in many offices means that front-line employees are constantly forced to make triage-like decisions – who should be served and who should wait, what should get done and what should not get done with existing resources.

The high volume of walk-in traffic in many offices means that front-line employees are constantly forced to make triage-like decisions — who should be served and who should wait, what should get done and what should not get done with existing resources.

Claims representatives know, for example, that getting better information to document a disability claim is likely to result in a more accurate disability determination. Taking time to ask probing questions about potential income or resources will help to prevent errors in payment to an SSI claimant. But the waiting room may be full of other claimants who need their help. Supervisors may have to decide whether to review the work of a marginal employee or help at the reception desk. Managers are often left with no good choices. One manager described the choices she has to make this way: "Do I let my walk-in traffic sit in the waiting room all day so I can make sure I take those with appointments on time?"

It is understandable that such decisions must be made at peak times, but they seem to have become the ordinary way of doing business in many offices. Especially in urban offices, employees are frustrated that they cannot provide the level of service they think they should.

In our observation, waiting times in field offices are also frequently too long. SSA currently measures how long individuals have to wait to have an interview with someone who can take their claim or handle some other type of complex issue. According to the agency's data, in fiscal year 1998, 87 percent of those with an appointment waited 10 minutes or less, and 72 percent without an appointment waited 30 minutes or less. SSA data show that these percentages have actually improved slightly over the last 5 years. However, field office managers question the validity of these figures, which are based on a self-reported sample. They have told us that in many offices, primarily urban offices, waits of 2, 3, or 4 hours are not uncommon. While these reports are anecdotal, we heard them too consistently from employees all across the country not to take them seriously. The crowds we saw in field office waiting rooms lend credence to these reports.

Even if we accept the figures cited above, there are indications of problems. For visitors without appointments in urban offices, the survey showed that 42 percent waited more than 30 minutes, and 19 percent waited more than 60 minutes. (The agency does not calculate data showing how much longer visitors may have waited.) For visitors with appointments, only 13 percent nationally had to wait more than 10 minutes, but in urban offices, 22 percent had to wait more than 10 minutes. SSA's customer satisfaction survey shows that only 71 percent of customers surveyed were satisfied with their waiting time. As workloads grow in future years, there is concern that waiting times will also grow.

Long waiting times and crowded waiting areas affect other aspects of service as well.

Only 76 percent of customers surveyed in fiscal year 1998 were satisfied with the comfort of the waiting area, and only 72 percent were satisfied with office privacy. SSA has greatly improved the facilities in many of its offices over the last several years, but these figures indicate that further work is needed.

Long waiting times and crowded waiting areas affect other aspects of service as well. Only 76 percent of customers surveyed in fiscal year 1998 were satisfied with the comfort of the waiting area, and only 72 percent were satisfied with office privacy.

Many employees have told us that they are sometimes threatened or have reason to fear for their safety. According to SSA data, in 1997 in one of SSA's regions there were employee reports of 432 threats, 380 instances of disorderly conduct or disruptive behavior, 44 reports involving weapons, 11 assaults, and 8 bomb threats. In visiting offices, we have seen that SSA has been taking steps to increase employee safety through the use of guards, plexiglas barriers, panic buttons, and other means. The large numbers of reports of incidents involving violence or threats of violence and the concerns we have heard from employees indicate that this must be an area of continuing concern and vigilance for the agency.

Problems in disability

In August 1998, the Board issued a report on "How SSA's Disability Programs Can Be Improved" in which we described a number of serious service delivery problems for applicants of Disability Insurance and SSI disability benefits. Among the most pressing ones are: the complex and confusing nature of the application process, the lengthy and slow appeals process, and the lack of consistency in decision making.

We found that the combination of heavy workloads and agency pressures to meet work processing times means that field office employees frequently do not have the time that is needed to help individuals understand the disability eligibility rules, properly fill out their forms, and gather the necessary medical evidence. This in turn makes it harder for equally hard-pressed disability decision makers in the State DDSs to correctly and expeditiously determine claims. Benefits may be improperly denied. Although deficiencies may be corrected as the case goes through the system, the progress of the application is slowed. Too often the slowness of the appeals process means that claimants have to wait well over a year before their cases are finally resolved — a delay that can mean serious hardship for individuals who cannot work and may have no other source of income. In 1998, half (48 percent) of all individuals whose applications were denied requested a reconsideration, and 87 percent of all those whose reconsiderations were denied appealed the decision to an administrative law judge (ALJ).

"There is no time to monitor initial disability interviews for quality. Claims representatives rush through them so they can take care of the next person."
- Field Office Manager

More and more the lack of public confidence in the quality and consistency of disability decision making has prompted individuals to hire an attorney in order to pursue an appeal. Attorneys now participate in about 80 percent of all Disability Insurance hearings held by administrative law judges. This is costly to both the agency and beneficiaries and makes the process more adversarial than was ever intended. Moreover, the number of new cases being appealed to Federal courts has been growing rapidly, from 7,100 in 1989 to 13,800 in 1998, with the result that the program is having an increasing impact on the ability of the Federal court system to keep up with its workload.

Problems with payment accuracy and program integrity

In fiscal year 1997, SSA's quality data show that 99.8 percent of OASI claims and 93 percent of SSI claims were paid accurately. However, because these programs are so large in dollar terms and in the number of people that they serve, even a small percentage of error can mean that billions of dollars are paid incorrectly and the benefits of many thousands of people are affected.

Inaccurate payments fall into two groups – underpayments and overpayments. To the agency's credit, underpayments are usually corrected in a timely manner once they have been identified. The same is not always true for overpayments. The amount of outstanding debt owed to SSA due to overpayments has increased steadily over the last 5 years. At the end of fiscal year 1994, outstanding debt was $4.15 billion. By the end of fiscal year 1998, outstanding debt was $5.73 billion, an increase of 38 percent. While SSA's efforts to collect debt have substantially increased the amounts collected each year, the percent of total debt collected decreased between 1994 and 1998 from 39.1 percent to 33.2 percent. In addition, the amount of debt ultimately written off as bad debt increased from $400 million in fiscal year 1994 to $595 million in fiscal year 1998.

In recent years, SSA has begun to focus more resources on collecting overpayments and the agency continues working with the Congress and the Administration to develop more effective debt management tools. We have heard from many SSA managers and employees in the field, however, that the agency does not always pursue overpayments aggressively because of a shortage of staff in the field and because of competing priorities for staff time. There is also a disincentive for employees to go after fraud unless the amounts involved are substantial, because the government often does not pursue cases involving small amounts, and employees feel that their time is wasted in trying to document them.

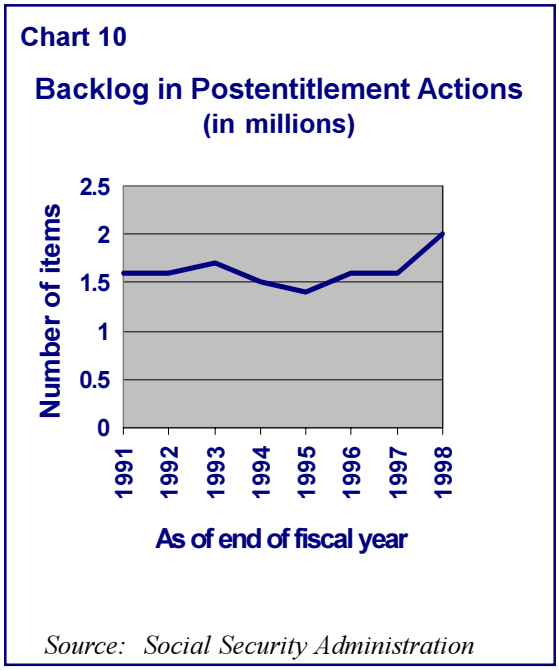
> ***"We are concerned about the decline in quality. Very little of our work is reviewed."*** **- Field Office Claims Representative**

Backlog in postentitlement actions

SSA has a growing backlog of postentitlement actions, actions that are necessary to maintain the accuracy of the benefit rolls. These actions involve changes in income or resources, changes in address or living arrangements, or other changes that can affect eligibility or payment amounts or the accuracy of the benefit rolls.

Data from SSA show that the volume of pending postentitlement actions increased from 1.4 million at the end of fiscal year 1995 to 2 million at the end of 1998. (See Chart 10, p. 40.) The number of pending actions is continuing to grow, reaching 2.5 million in March 1999, an increase of 47 percent over March 1995.

We have also heard from SSA managers and staff that pending actions are, on average, older than they have been in the past. The average age of pending items is now in excess of 30 days and a growing percentage exceed 60, and even 90 days old.



The growth in postentitlement actions pending in the program service centers and field offices means that many more of these actions are not being processed in a timely way, which will likely lead to more payment inaccuracies.

The Board has been told that excessively backlogged actions are also resulting in an increase in calls to the 800 number, as well as an increase in the walk-in traffic and calls to field offices. Claimants and beneficiaries are re-contacting SSA – either by telephone or in person – to determine why actions pending on their case have not been processed within the timeframe they have been told to expect.

The number of pending postentitlement actions is continuing to grow, reaching 2.5 million in March 1999, an increase of 47 percent since March 1995.

Problem of lack of clarity in notices

Clarity of notices is one of the items SSA tracks in its customer satisfaction measures. In fiscal year 1998, only 81 percent of those surveyed were satisfied or very satisfied with the clarity of SSA mail. While this reflects substantial improvement from 1994, when only 70 percent said they were satisfied or very satisfied, it may also reflect lowered public expectations for government agency notices. SSA's notices cover such matters as decisions on claims, changes in benefit amount, and notices of overpayments.

Unclear writing adds to SSA's workloads. Claims representatives and service representatives have told us that they frequently must explain SSA notices to callers or visitors.

Clear notices are important to SSA's service delivery. SSA mails over 250 million

"Most beneficiaries cannot understand the notices they receive from SSA, and, in fact, I have a difficult time understanding some of them myself." **– Testimony of attorney who aids SSI beneficiaries at Advisory Board public hearing**

notices a year to members of the public. They greatly outnumber the 70 million calls to its 800 number or the 26 million visitors to its field offices. The responsibility for sending notices is dispersed across field offices, program service centers, hearing offices, and SSA headquarters.

A survey conducted by SSA's Office of the Inspector General found that, when asked to select the services that were most important to them, 62 percent of respondents selected clear mail as the most important service.

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Need for better public information by employees in the field

Although the agency has recently taken steps to assist employees in the field in performing their traditional role of providing information about Social Security programs to workers, employers, and the public, field office managers have told us that this is a service that has particularly suffered due to staffing shortages. They and their employees no longer have the time they once had to make talks before local groups, prepare and deliver radio and television programs, issue press releases, and keep in contact with organizations in their communities.

Work measurement data support this view. According to SSA's statistics, the number of hours spent on public information activities in field offices dropped 27 percent between fiscal years 1988 and 1998.

A survey by the National Council of Social Security Management Associations found that field office managers are not spending as much time on public information activities as they think they should. Of the managers responding to the survey, about half said they should be spending at least 10 hours a month on public information activities, but only 12 percent actually spent that much time on those activities.

Problems in assigning, screening, and monitoring representative payees

Currently, about 6.4 million, or 13.3 percent of beneficiaries, have representative payees. Representative payees are persons who take responsibility for managing payments on behalf of Social Security and SSI beneficiaries. They are also responsible for informing the agency of changes in circumstances that could affect the amount or entitlement to benefits, and for accounting to the agency on the expenditure of benefit payments. Beneficiaries needing this help include individuals who are mentally or physically impaired, persons incapable of exercising good financial judgment, and most minor children under age 18. Payees may be parents with or without custody of children, spouses, other relatives, legal guardians, friends who show concern for the beneficiary's welfare, or institutions with or without custody of the beneficiary.

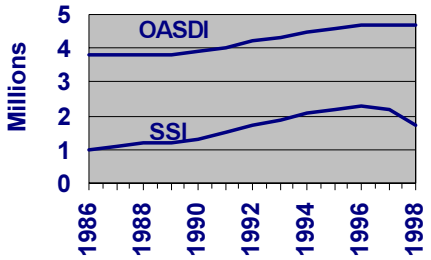
In the period 1986 to 1998, the number of OASDI beneficiaries with representative payees rose 23 percent, and the number of SSI beneficiaries with payees rose 71 percent.

SSA says that for both programs the trend reflects the increase in the number of beneficiaries who have been diagnosed with mental impairments. In addition, for the SSI program, the trend also reflects an increase in the number of children receiving SSI payments. (Since 1996, however, the number of SSI beneficiaries with representative payees has decreased because of legislative changes reducing the number of children, drug addicts and alcoholics, and aliens who are eligible to receive benefits.)

When the Congress first passed legislation in 1939 authorizing SSA to appoint representative payees, it had the needs of the elderly and children in mind. Today, however, disabled individuals, including many who are mentally ill or homeless, constitute the largest percentage of those needing representative payees.

Chart 11

Beneficiaries with Representative Payees*



* *Both sets of numbers include beneficiaries who receive benefits from both programs concurrently. Data for the total number of beneficiaries with representative payees (OASDI and SSI combined) are not available on an historical basis.*

Source: Social Security Administration

Recognizing that the individuals who need representative payees are the most vulnerable of SSA's beneficiaries, the Congress has periodically enacted legislation to improve the agency's representative payee program. It is a program that is difficult to administer, and problems persist. A 1995-1996 Representative Payment Advisory Committee established by SSA raised concerns about the agency's policies for determining whether payees are needed, how payees are selected, and how SSA educates payees about their responsibilities. In its 1996 report, the Advisory Committee stated that "it is clear that SSA places a premium on speedy case processing to get payments out quickly." The Committee also criticized the agency for sometimes handling decisions relating to an individual's capability to manage his or her own affairs too perfunctorily and for conducting its investigation before giving any notice to the beneficiary.

In a report issued in 1997, the Office of the Inspector General also found flaws in the agency's handling of the representative payee process. Among other problems, the report pointed out that the statutory requirement that all representative payees file an annual accounting is not being met because some payees do not receive the forms from SSA or do not return them.

Employees in the field have also raised concerns about the quality of representative payees. As an example, a field office employee cited cases in which mothers of crack babies who are receiving SSI benefits have been assigned to be the babies' representative payees.

In our observation, SSA employees take seriously their responsibility for appointing representative payees for those who need them, but are concerned that often they do not have the time to do what the seriousness of the situation calls for. Thus, there is a high level of frustration because of their inability to deal with their responsibility appropriately.

***"Many disability beneficiaries require representative payees, but the guidelines for selecting them are poor."* - Field Office Claims Representative**

IV. RECOMMENDATIONS: WHAT SSA SHOULD DO TO IMPROVE THE QUALITY OF SERVICE TO THE PUBLIC

We are aware that the problems we describe in the preceding section will not be easy for SSA to resolve. There are external and internal factors that impose constraints and affect the agency's ability to act.

These include the fact that the agency's program responsibilities are determined by the Congress based on policy considerations. The agency's budget is not under its control and is determined through the legislative process. Other government agencies, such as the Office of Personnel Management and the General Services Administration, have significant authority regarding personnel rules and acquisition and maintenance of facilities. Management-union agreements establish parameters for how the agency conducts its business. Moreover, more than 60 years of history have produced a large community-based service delivery system that, for reasons described earlier in this report, cannot be readily changed.

SSA must address its problems within this public sector institutional framework. In this report we make four major recommendations that provide a guide to how we think the agency should proceed. We urge that:

- **SSA should establish a plan to improve service delivery over both the short term and the long term;**
- **The agency should ensure that it has the human resources it will need to carry out the plan;**
- **The agency needs to make major improvements in its service delivery practices and strategies; and**
- **Strong leadership must be exercised to address longstanding institutional problems.**

These recommendations are discussed more fully below.

A. SSA should establish a plan to improve service delivery over both the short term and the long term

Compared with other Federal agencies, the Social Security Administration has been in the forefront in recognizing the value of planning for the future. SSA published its first strategic plan in 1988, well before all government agencies were required to do so by the Government Performance and Results Act of 1993. The purpose of the strategic plan is to set forth the agency's broad goals and objectives. It does not focus in any detail on how the agency expects to deliver service to the public. The current plan does include providing "world-class service" as one of the agency's five strategic goals, but it does not purport to be a detailed service delivery plan. It includes only limited discussion of how the agency expects to achieve this goal.

We believe that in addition to the strategic plan with its emphasis on broad agency goals, SSA needs a plan that focuses squarely on how the agency intends to improve its service to the public.

"...with no service delivery plan, the agency is always playing catch-up in meeting the needs of the public."
- Regional Office Executive

The need for a service delivery plan has been discussed within the agency for many years. There have been several attempts in the past to produce such a plan, but none have ever been carried through to completion.

Yet as resources have been constrained and workloads have risen, the need for a plan has grown. The need will soon become even more urgent as baby boomers age and the agency's workload begins to grow more rapidly. And although the upcoming retirement wave will create new challenges for the agency, it also means that there will be a very large turnover in staff. By developing a service delivery plan that lays out how it will build and deploy its workforce over the coming decade and beyond, SSA has the opportunity to design how it will have the right people in the right positions.

"SSA needs to develop a service delivery vision, both for the near term and the long term."

– Regional Office Executive

Employees in all parts of the country have talked to us about the need for a plan that describes how SSA will deliver service in the future. Foreseeing significant increases in workloads, they regard it as essential for the agency to think through how these workloads will be handled, whether through increases in staffing, technological improvements, changes in the way the agency processes its work, or a combination of these approaches. As one regional office executive commented to the Board: "SSA needs to develop a service delivery vision, both for the near term and the long term."

There are a number of specific areas of concern to both managers and employees. How the agency will handle its telephone service is one of the most urgent. As described earlier in this report, because of inadequate staffing in teleservice centers, SSA has diverted employees who work in program service centers from their usual work in order to answer the 800 number. This in turn has adversely affected the work of field offices because they are unable to receive timely assistance from the program service centers in handling complex issues. The result may be delays in payment of benefits or payment of incorrect benefits. Both managers and other employees in the field believe that the current arrangement has adversely affected service to the public and is unsustainable.

Disability is another area of concern. SSA anticipates that the disability workload will increase, but it is unclear how the agency expects this increase to be handled by the parts of the agency that process this workload, including field offices, State disability agencies, hearing offices, and the Appeals Council. SSA's past practice of shifting resources from one part of the agency to another to respond to large backlogs has tended to create backlogs in the areas where resources were reduced.

In addition, over the next few years, SSA is expecting to implement a new program to help disabled applicants and beneficiaries gain access to rehabilitation and employment services. The agency plans to contract out much of this work, but it will retain basic responsibility for making sure that individuals understand the rules and have the information they need to identify and evaluate service providers. Employees in field offices and teleservice centers question what the workload implications will be and whether they will have the resources to do the work.

Making decisions regarding the allocation of workloads and resources among different parts of the agency is extremely difficult for SSA, and the delays in decision making that have occurred in the past have sometimes

caused needless worry by employees about the kind of work they will be expected to do and about job security. Although having a service delivery plan will not necessarily make the decisions easier, we believe it can provide a process for bringing issues to closure and serve as a catalyst for clear decisions. Ambiguities about how the agency expects to serve the public need to be resolved within a reasonable time period, and employees need to understand what they will be expected to do.

The way the agency delivers service will continue to change. There will be changes in the law and in service delivery goals that must be responded to. The characteristics of beneficiaries will also change, and there will be advances in technology. It will be important for the agency to establish a permanent planning process that will enable it to adapt the service delivery plan as needed to reflect these kinds of changes.

- **SSA should clarify its service delivery priorities and the reasons for them so that they can be evaluated and understood by the agency's own employees and by policy makers and the public**

There is a widely held view throughout the agency that budgetary concerns rather than the service delivery needs of the public are driving the agency's decision making. As one regional office executive commented to the Board: "Budget drives decisions, not policy."

For more than two decades, SSA has determined its service delivery priorities in the context of staff limitations and severe budgetary constraints. Tradeoffs have been inevitable, and those who work in the field are particularly aware of the negative consequences for service delivery that have sometimes occurred.

"Budget drives decisions, not policy."
– Regional Office Executive

Developing a service delivery plan will give the agency the opportunity to clarify its priorities for improving the quality of service that it provides to the public, why those priorities have been selected, and their likely workload implications and costs. This will enable policy makers and the public to properly assess the agency's priorities in the light of the resources that will be needed to fulfill them.

Many employees believe that the central office of the agency has been setting too many priorities for the field. Employees in one field office wrote "…everything cannot be a priority. When this happens, everything may get done eventually, but nothing gets done extremely well and a lot may get done poorly."

The agency's service delivery plan should reflect that caution from the field, and not provide for so many central office priorities that they are rendered meaningless.

"The agency has too many conflicting goals and priorities. There should be a uniform approach to priority setting that should be communicated to the field."
– Area Director

- **The plan should provide for addressing immediately identifiable problems with dispatch**

Although a primary focus of the plan should be on the long term, it should clearly identify service delivery problems that need to be addressed immediately. By identifying these problems in the plan, SSA can focus the attention of employees throughout the agency on the need to give them their full attention. Based on our study, we believe that improving telephone service is foremost among them; later in this report we make specific recommendations for how this should be done.

Other areas need prompt attention as well. There are long-standing problems of service delivery in the disability program, including a complex and confusing application process, a too lengthy and slow appeals process, and a lack of consistency in decision making. In its August 1998 disability report, the Board recommended five priority measures to address these problems:

— development and implementation of an ongoing joint training program for all adjudicators;

— development of a single presentation of disability policy that is binding on all decision makers, including the updating of medical listings and vocational standards;

— development and implementation of a quality assurance system to unify the application of policy throughout the disability determination system;

— improvement in the quality of medical evidence that is used in determining disability claims; and

— development and implementation of a computer system that will provide adequate support to all elements of the disability claims process.

SSA has begun work on all of these recommendations, but progress has been slow. Again, we urge SSA to make these improvements in the disability process a priority of the agency and to commit the resources that are needed to move forward quickly on these vital endeavors.

The agency also needs to pay close attention to how the public is being served in its field offices. As we have noted, urban offices appear to have the most serious problems of crowded waiting rooms and long waiting times, but problems exist in suburban and rural offices as well. In the short term, the agency should try to alleviate these service dislocations by shifting either employees or workloads wherever possible. It is likely, however, that hiring and training additional field office staff will be necessary.

> ***"Disability is driving everything we do."***
> **- Area Director**

B. The agency should ensure that it has the human resources it needs to carry out the plan

- **SSA's budget should reflect the workforce needs of the agency**

Budgeting in the Federal Government is a top-down process. Under the process that the Office of Management and Budget uses to develop the Federal budget, overall spending levels are established and then allocated by program and agency. OMB also gives each agency informal guidance as to the staffing level it is expected to achieve. These externally imposed constraints determine SSA's available resource levels.

Within these constraints, the agency factors workload and workforce considerations into its budget to the degree possible. But gaps exist between resources available and resource needs which the agency has attempted to meet through other means. These have included automation or process reengineering initiatives, temporary or "special" funding for defined needs (e.g., separate spending authority for continuing disability reviews and for systems), and other legislative or administrative initiatives that are likely to produce administrative savings.

All Federal spending falls into one of two categories, either direct (more often called mandatory) spending or discretionary spending. Permanent laws control mandatory spending for such purposes as Social Security, Medicare, and Medicaid. Discretionary spending is controlled through annual appropriations acts. The Congress has enacted laws that establish the types of spending that are considered to be discretionary spending and has established caps on the amounts that can be spent for discretionary purposes. Although the law is clear that spending for benefits under the Social Security program is not subject to these caps, it is ambiguous regarding the treatment of the agency's administrative expenses. The Office of Management and Budget, which has the authority to interpret the statutory requirements, has ruled that SSA's administrative budget should be subject to the caps. This means that SSA is forced to compete with other Federal agencies for scarce resources within the spending limits defined in law.

In addition, in 1993 the National Performance Review recommended significant downsizing of the Federal workforce and a significant downsizing of supervisory staff. Based on NPR's recommendations, OMB allocated overall staff reduction targets to agencies and built the agencies' administrative resource allocations based on assumed savings from downsizing.

This process has made it difficult for SSA to meet its workload needs. Much of its workload is externally generated, in that the agency has no control over the number of people who file claims or need other types of services that the agency must provide.

In addition, the agency must respond to legislative mandates, which often require considerable administrative effort. Recent examples include legislation in 1996 that required continuing disability reviews of large numbers of DI and SSI beneficiaries, as well as eligibility reviews of large numbers of SSI disabled children and of individuals who were receiving DI or SSI benefits on the basis of alcoholism or drug addiction. In the past, significant additional workloads were generated by the SSI outreach program, which the agency initiated in response to legislation authorizing grants to fund efforts to enroll individuals who were homeless. The agency also has generated new workloads at its own initiative, such as precautionary re-reviews of SSI disabled children to reduce the possibility that they were erroneously removed from the rolls, and redeterminations of eligibility of SSI beneficiaries to reduce the incidence of overpayments.

It is not at all clear that the agency has had a thoughtful strategy for generating or responding to new workloads such as these. And based on our discussions with employees in the field, the agency has often failed to

"I am concerned that the agency's staffing levels are driven by budgetary considerations rather than service needs."
- SSA Union Official

communicate to them why they were being asked to take on these new workloads when they believed they had insufficient resources to handle their existing workloads.

SSA's automation initiatives often are not delivered on schedule and, in the view of many managers and other employees in the field, often do not produce the expected improvements in productivity and efficiency, even though the savings are assumed in the budget. When this occurs, no offsetting adjustment is made to resource levels.

In testimony before the House Ways and Means Committee in July 1999, the General Accounting Office noted that the benefits of SSA's IWS/LAN investment in new computer equipment for the agency remain uncertain because the agency has not yet assessed its actual contribution to improved performance.

"The nature of the field offices' work is changing. The work is more casework oriented."
- Regional Office Executive

There is also a question as to how much further automation can improve operational efficiency in the Disability Insurance and SSI disability programs which now consume two-thirds of the agency's administrative budget. These programs require substantially more face-to-face work and are much more resource-intensive than the retirement and survivors program. In addition, SSA's efforts to reduce administrative costs by redesigning the disability determination process have not produced the savings initially hoped for.

When the Congress enacted the 1994 legislation establishing SSA as an independent agency, it included several new provisions designed to assist the agency in gaining the resources it needs to deliver high quality service to the public:

— a requirement that the Commissioner of Social Security prepare an agency budget that is to be submitted by the President to the Congress without revision, together with the President's budget request for the agency;

— a provision stating that appropriations requests for staffing and personnel for SSA are to be based on a comprehensive workforce plan, established and revised from time to time by the Commissioner; and

— a specific authorization for appropriations for administrative expenses on a biennial basis.

It also explicitly reenacted a provision of prior law that gives the Commissioner authority to hire experts without regard to civil service laws.

We believe that all of these measures are appropriate for SSA and we strongly urge their implementation. Although the first provision is technically being met, we note that there has been very little difference between the budget submitted by the agency and the budget requested by the President. Until the agency develops the comprehensive workforce plan provided for in the law, and provides a bottom-up analysis of the workload needs of the agency, there is no way to evaluate the appropriateness of either of these budget requests.

The ability of the Commissioner to plan and deploy the agency's workforce is one of the most important tools for achieving effective management and delivering quality service to the public. The 1984 Congressional Panel on Social Security Organization, which was created by the Congress to study how to

establish SSA as an independent agency, strongly recommended that the agency's budget be based on a workforce plan that would give the Commissioner the ability to plan and deploy SSA's workforce effectively. The National Academy of Public Administration made a similar recommendation.

As the 1984 Panel recommended, the agency's workforce plan should be expressed in dollar terms and should be based on the real needs of SSA's programs. It should be developed using a work measurement system that accurately assesses the total work to be done and the amount of time required to perform that work in a manner that ensures a high quality of service. It should specify the type of staff necessary to accomplish the work and should describe any productivity assumptions that the agency is making. This recommendation underscores the need, described more fully below, for SSA to develop a new work measurement system to replace the current flawed system.

In 1999, roughly 58 percent of SSA's administrative budget will be obligated for salaries and benefits for approximately 65,000 managers and staff. A budget based on a comprehensive workforce plan would eliminate much of the inflexibility created by the personnel ceilings under which SSA now operates. It would also empower SSA's managers with sufficient flexibility to allocate staffing resources in the manner that best suits the individual needs of various components and offices, while at the same time being mindful of efficiency and cost. In addition, workforce-based budgets would allow the President and the Congress to make better informed choices about the funding levels allocated.

The Board also recommends that SSA's administrative budget for Social Security, like its program budget, be explicitly excluded from the cap on discretionary spending. This should enable the Congress to approve funding levels for SSA that will allow it to implement the service delivery and workforce plans that we have recommended.

SSA's administrative funds come out of the same Trust Funds that pay for Social Security benefits. It is entirely appropriate that spending for administration be set at a level that fits the needs of Social Security's taxpayers and beneficiaries rather than at an arbitrary level that fits within the government's overall discretionary spending cap. SSI administrative costs should be treated separately, as is proper in view of the fact that they are paid out of general revenues, rather than the Social Security Trust Funds.

Budgeting outside of the discretionary spending cap need not lead to unrestrained spending by SSA. Congress can continue to review and assess the administrative needs of the agency while still recognizing the important and unique role it plays in providing service to the American public.

SSA's administrative funds come out of the same Trust Funds that pay for Social Security benefits. It is entirely appropriate that spending for administration be set at a level that fits the needs of Social Security's taxpayers and beneficiaries rather than at an arbitrary level that fits within the government's overall discretionary spending cap.

- **The agency needs a new work measurement system to accurately evaluate staffing needs**

As noted above, the agency urgently needs a new and more accurate work measurement system in order to properly assess its workforce needs.

SSA's work measurement system has a strong impact on the quality of service that the agency provides to the public. It has a pervasive influence on how the agency conducts its business. As one field office manager succinctly noted, "What you measure is what you get."

The work measurement system is being used to allocate staffing for all regions of the country. Field employees who spoke to us about the current system universally described it as inaccurate and unfair. They believe that it fails to give appropriate credit for many work activities, particularly SSI postentitlement work, and therefore results in an underestimate of resource needs and the misallocation of resources among offices. Given the fact that resources are scarce throughout the agency, the work measurement system has become a source of serious concern.

> ***"The agency emphasizes service to the public, but the work measurement system penalizes it."***
> **- Field Office Management Support Specialist**

Because the system measures the volume of work products and the time spent on them, it is viewed by many employees as tilted toward quantity and speed of work at the expense of good service and quality. Commenting on this problem, one field office employee observed: "The agency emphasizes service to the public, but the work measurement system penalizes it." A field office manager made a similar observation: "Are very many of us concentrating on how well we are doing? If honest, no, we don't get credit for that. We get credit for getting the workload processed."

> ***"Are very many of us concentrating on how well we are doing? If honest, no, we don't get credit for that. We get credit for getting the workload processed."***
> **- Field Office Manager**

The current system also provides an incentive to do unnecessary work in order to justify existing or increased staffing levels. As an example, employees have told us that, in order to get more work credit for their office, they sometimes complete a benefit application even after they have determined that an individual is ineligible for benefits because they get no work credit for incomplete or unsigned applications. Although this may be an unusual occurrence, the very existence of this kind of incentive would seem to run counter to SSA's basic policy of trying to improve the cost effectiveness of the agency's work.

SSA employees also criticize the system on the grounds that it does not reflect differences in the nature of the work that different offices

perform. For example, many offices in large urban areas serve large numbers of non-English speaking individuals who require interpreters to file their claims. Employees in these offices believe that processing a claim in their offices is inherently more time consuming than it is in other parts of the country, yet the system gives them no credit for the added time required. As another example, processing requests for Social Security numbers may take longer in offices with a large percentage of foreign-born clientele for whom establishing the date and place of birth may require more than average effort, yet no credit for the added time is given.

Recognizing the shortcomings of the current system, SSA has appointed a work group to recommend a new work measurement system that will not have the flaws of the existing system. We urge the agency to consult widely with employees in the field before making decisions on the kinds of changes that are to be made.

We also recommend that the new system be carefully monitored in order to ensure that it actually produces results that are in accord with agency objectives.

Finally, implementing a new work measurement system will require the development of new computer systems. We urge SSA to give this development the support it will need.

- **The agency needs to strengthen the management and staffing structure of its field offices, teleservice centers, and program service centers**

As noted earlier, in conjunction with downsizing the agency has dramatically altered the management and staffing structure of its field offices, teleservice centers, and program service centers. The large decline in the number of managers and supervisors, clerical staff, and field representatives, has had a major impact on the way offices conduct their business. Problems have emerged, and it is important now for the agency to assess how those problems should be addressed and to make appropriate adjustments.

Rethink the agency's commitment to a 15-to-1 staff-manager ratio

When the National Performance Review proposed in 1993 that government agencies increase the supervisory span of control from 7-to-1 to 15-to-1, the primary purpose was to eliminate needless duplication and reduce overhead expenses. Undoubtedly, some flattening and rethinking of SSA's management structure was called for, and in terms of stimulating needed change, the NPR initiative was positive.

...in conjunction with downsizing the agency has dramatically altered the management and staffing structure of its field offices, teleservice centers, and program service centers. The large decline in the number of managers and supervisors, clerical staff, and field representatives, has had a major impact on the way offices conduct their business.

We have heard from the NPR that the 15-to-1 ratio was intended as an overall goal for the Federal Government and did not necessarily apply to a specific agency or program. Based on NPR's guidance and subsequent budget guidance from the Office of Management and Budget, however, SSA adopted the 15-to-1 ratio as an agency goal. The agency does not appear to have adequately addressed the issues raised by adopting the NPR goal, and appears to have approached it in a mechanical rather than thoughtful way.

We strongly urge the agency to rethink its commitment to this arbitrary staff-management ratio. Based on our study, there appears to be nearly universal concern on the part of executives and managers throughout the agency about the adverse effects this commitment is having on the agency's ability to serve the public. The concerns are essentially the same across the country, and they are so widespread they must be addressed.

"I have real concern about quality now. Management doesn't have the time to do desk audits or quality checks anymore because it is busy doing other work."
- Field Office Assistant Manager

These effects were described in detail earlier in this report. In summary, there is broad agreement that the reduction in managers and supervisors is resulting in too little training and mentoring for employees, inadequate review of work, and frustrated and overworked managers. The net effect, we are told, is a decline in quality. As a field office assistant manager commented, "I have real concern about quality now. Management doesn't have the time to do desk audits or quality checks anymore because it is busy doing other work."

An agency's employee-management ratio "should vary with its mission or programs, and should remain a management prerogative, based on the complexity of the work involved and not an arbitrary standard."
- December 1995 Report by the House Government Reform and Oversight Committee

Today's problems are likely to become considerably more serious over the next 5 to 10 years, as the agency's current field office managers, whose average age is now 49, begin to retire and must be replaced. In recent years, the manager's job has become less rewarding and more stressful as staffs have diminished and responsibilities have grown. Further, the reduction in the number of supervisory positions in the field means that the agency's long-standing training ground for managers has been reduced. Current managers tell us that SSA should anticipate that, without a change in policy, finding employees with the right kind of experience to assume the agency's complex management duties will grow ever more difficult over the coming decade.

SSA needs to make a careful assessment of the management and supervisory needs of its field offices, teleservice centers, program service centers, hearing offices, and its executive offices in the regions and headquarters. Based on this assessment, it should design a management system that reflects the needs of each of these components. This approach is consistent with the view expressed in a December 1995 report by the House Government Reform and Oversight Committee, which stated that an agency's employee-management ratio "should vary with its mission or programs, and should remain a management prerogative, based on the complexity of the work involved and not an arbitrary standard."

Make appropriate use of employee skills

SSA has many highly skilled employees, but many of them question whether the agency is using their skills appropriately. As the number of clerical and other support staff has been reduced, managers, claims representatives, and other more highly paid employees are spending a growing portion of their time on clerical duties. In the survey of field office managers conducted earlier this year by the National Council of Social Security Management Associations, about 84 percent of respondents reported spending time on clerical functions, and more than three-quarters reported spending time processing mail. Many also reported spending time maintaining office computer systems.

It would clearly be more cost-effective, at least in some offices, for the agency to have more clerical support. However, managers tell us that, although it would be less costly to the agency to hire someone to fill a clerical position, on the rare occasions when they have an opportunity to hire a new employee, they will nearly always hire someone for a higher paid position. Their rationale is that because the office is basically understaffed, it is better to hire a more highly skilled individual who will be able to perform a variety of tasks.

This approach to hiring is understandable, but should be corrected. Although the need for clerical employees has diminished as new technology has been introduced, the need for some basic clerical support remains, and the agency's staffing policy should be aimed at filling this need most economically. It is wasteful to have managers opening mail, and to have claims representatives working overtime to perform clerical work that no one had time to complete during regular working hours.

> ***"If claims representatives and service representatives had less clerical work to do, they could do more technical and professional work."***
> **- Field Office Supervisor**

Improve the agency's ability to hire the right staff at the right time

With downsizing, SSA has had relatively few opportunities to hire new employees from outside the agency. As increasing numbers of employees begin to retire, however, this will change. According to SSA, the upcoming retirement wave will peak between 2007 and 2009. It is expected to more than double SSA's current annual number of retirements. The agency has the opportunity now to plan how it will put in place the skilled and versatile workforce that it will need over the coming decades.

In addition to planning the number of employees who will be needed and the skills they should have, the agency needs to reexamine its policies and procedures for hiring staff. Managers in the field have described a number of problems that they currently experience in hiring new employees:

— Jobs in the field are usually open only after employees leave, leaving no opportunity for experienced employees to mentor those who are replacing them.

— Managers are given a window within which they may hire. That window is sometimes as brief as 2 or 3 weeks and may come at a time when the most qualified individuals are not available.

— Teleservice centers are required to hire employees for a "mixed tour," a position that is full time for 3 months, and limited to 24 hours a week the rest of the year, which makes recruitment and retention difficult.

— Managers are told to hire individuals with skills and characteristics that do not always fit the needs of their particular offices.

All of these problems need to be addressed as promptly as possible. In our view, however, the most urgent need is for the agency to devise a policy that will allow offices to provide new employees with a period of training and mentoring by the experienced employees they are replacing.

One of the major reasons SSA has been able to maintain as high a level of service as it has is that it has a highly experienced staff who know the rules and can perform their jobs efficiently. As these employees begin to retire in significant numbers, their inexperienced replacements will need as much support as possible if the agency is to avoid a serious decline in its ability to serve the public. A period of hands-on mentoring will be an important supplement to the basic training they will need to prepare them for their responsibilities.

Ensure that employees in the field are able to perform public information responsibilities

Historically, SSA has used a "grass roots" approach to inform the public about Social Security. Local Social Security officials have been expected to develop close working relationships with local media and community organizations. These local officials have greater access to local media than SSA has at the national level, where there is greater competition for television viewing time and print space.

The agency's local office public information activities have changed markedly over the last 15 years or so. Until the early to mid-1980s, field offices had field representatives, whose primary job was to work with the public and the media on informational activities. In 1980, SSA had about 1,400 field representatives, but there are now only 400. Furthermore, the focus of the field representative job has generally changed from public information to taking

"SSA's hiring methods are not good....The timeframes for hiring are too short and too sudden."
- Field Office Manager

claims. SSA now has about 95 public affairs specialists in larger cities who are responsible for local press and public information activities. They are helping to fill the void but do not make up for the loss of field representatives.

Field office managers have also historically had the responsibility of performing public information activities, but as their workloads have increased they have less time to devote to these activities. In the survey of field office managers referred to earlier, nearly 60 percent said that public information was one of the duties that they were setting aside or not performing because of their direct service responsibilities. Moreover, we have been told that there are many local office managers today who do not see communicating with the public as one of their duties, in part because of other demands on their time.

The curtailment of public information work by field office employees is believed by many long-time SSA employees to be linked to a decline in public understanding of the Social Security program. The agency's leadership has recently been emphasizing the need for more public information activities and the central Office of Communications has been developing new materials to help employees in the field with their public information work. However, the effectiveness of this material is limited by the lack of staff in the field with the time to perform the work.

The Board issued a report on the need of the agency to be able to perform its public information responsibilities in September 1997. Although some progress has been made, we urge the agency to address forcefully the issue of what is to be done to ensure that local offices have the resources and the training needed to participate in activities in their communities that promote better public understanding of Social Security.

- **SSA should make a commitment to provide the time and resources needed to improve the quality of employee training**

Training is more complicated than in the early days of the agency. To deliver good public service today, SSA employees need a combination of human relations skills, computer skills, and programmatic knowledge. The population that the agency serves has become more diverse, requiring increased human relations skills. The introduction of automation requires greater computer skills. And growing program complexity requires a higher level of programmatic knowledge. A field office manager commented: "Every day we get e-mail instructions that we should cover with our people." Ongoing training is essential to building and maintaining the knowledge and skills that employees need. The introduction of new technology will require continuing agency efforts to train employees in its use.

The agency also faces new training needs. As noted earlier, both the Congress and the Administration have expressed support for legislation to give disability applicants and beneficiaries greater access to rehabilitation

"We need to do more public information work to increase public understanding of Social Security. But that takes resources."

- Regional Office Executive

and employment services and provide incentives to ease the transition between beneficiary status and employment. Employees in field offices and in teleservice centers will have to be able to explain the rules and the value of the services that are offered and provide information to help individuals evaluate service providers.

Good training takes time, but time is in short supply as a result of downsizing and the struggle to keep up with daily workloads. Although time for training is allocated in the budget process, in actual practice lack of time is a major obstacle to delivering training. As a regional executive told us, "Finding time for training – and doing everything else – is a problem. Even if the training budget increased, there would be a struggle for time."

SSA may also be underestimating staff training needs. Another regional official told us that he was "astonished at the small amount of training" that SSA provides. In a previous position with another Federal department, training was much more intensive. "This is our number one workload issue," he observed. "To convey the institutional message, training and education are needed." Other agency employees have noted that SSA should be providing special training to help them better serve the diverse and difficult caseloads that many offices now have.

Lack of staff and the reduction of supervision in the field have reduced the support structure that employees need to learn their jobs. We have been told that supervisors rarely have time to do the quality reviews that are needed to identify training needs. Nor do they have the time for coaching employees. It takes 2 to 3 years for a claims representative to become proficient. During this learning period, it is important that the trainee have access to and support from an experienced mentor who can guide the trainee's learning. This need is widely recognized, but resource limitations too often keep the need from being met. Experienced employees have little time to perform this important function.

There is concern in the field that SSA's service to the public suffers from the lack of ongoing training and mentoring. Employees in one field office wrote: "More and more inaccurate information is being given at the initial level of contact. This isn't deliberate, but employees providing basic information simply are not as knowledgeable or well trained on specific, complex issues. And if they are in a location where they don't have anyone to ask, rest assured that many just 'wing it.'"

Recognizing the importance of training to the agency's mission, SSA has made investing in employees part of its strategic plan. The agency is making greater use of technology to try to overcome the obstacles to training delivery. The use of the Intranet and interactive video training (IVT) make it possible to deliver ongoing training to employees across the country with a limited investment of time from their supervisors. These technologies also have the advantages of lower costs and greater uniformity. They are an important part of meeting SSA's training challenge, and we encourage their use in appropriate circumstances.

"Employees who come in now are thrown into the mix. They don't really get fully trained. This will be a problem when people start retiring."
- Field Office Claims Representative

If IVT is to be fully accepted by employees in the field, however, the agency needs to pay close attention to quality. We have heard from employees in field offices and State Disability Determination Services that the training they have received via IVT has sometimes been poor, both in presentation and in content.

Moreover, both managers and other employees in the field have told us that technical training often requires face-to-face training, and that it is important to have a balance between IVT and training that is face-to-face, even though the latter may require added dollars for travel. They point out that IVT also can involve substantial costs because employees must be mentored to ensure that they have understood and can use correctly the training they have received.

"Training should be viewed as an investment" **- Teleservice Center Manager**

The potential usefulness of IVT was demonstrated in the training provided in 1996 and 1997 to SSA's 15,000 disability decision makers, including State agency examiners, physicians and psychologists, SSA's administrative law judges and others in the hearing offices, the Appeals Council, and quality assurance reviewers. As we noted in our 1998 report on the disability process, an ongoing joint training program for all disability adjudicators holds promise for improving the disability determination process by making it more consistent and equitable.

Training technology helps make such initiatives possible. Useful as it is, however, technology alone is not the solution to SSA's training problems. Other resources, especially time, are needed for training to be successful. The Board heard many times that IVT can make training available, but work pressures leave too little time to take advantage of it. For example, in teleservice centers, very little training is scheduled from January through March, so that teleservice representatives can be on the phones. In our observation, employees want to do their jobs well. But they need training if they are to give accurate information and take the correct actions.

C. Major improvements are needed in service delivery practices and strategies

- **The way the quality of service is measured needs to be fundamentally changed**

SSA has made delivering "customer-responsive world-class service" one of the 5 major goals in its current 5-year strategic plan, and has emphasized service in both its annual performance plan and its annual accountability report. The agency states in its strategic plan that it intends ultimately "to achieve world-class stature in every aspect of our service as the new century unfolds."

SSA has thus set a goal, which we believe to be appropriate, that will require the agency to measure its service against the best that is offered in both the public and private sectors. To meet its own high expectations, the agency will have to focus considerably greater attention and resources toward meeting this goal than it has in the past.

The way SSA delivers service has largely evolved based on what is customary at the time. In the 1930s, most public and private services were provided on a face-to-face basis, and the field office structure that the agency adopted reflected service delivery at that time.

The move to toll-free 800 number telephone service in the 1980s also reflected the change that was occurring in the way other organizations were delivering service.

Today, prodded by the need to remain competitive, businesses in the private sector are looking for ways to provide better service at lower cost through maximizing use of the telephone and by adopting new technologies. In addition, the most successful of these private sector entities are making their service delivery decisions based on careful measurement of the needs and expectations of their customers. This has required them to develop new measurement tools and to seek out personnel who are highly skilled in the measurement of customer service.

SSA is aware of these developments in the private sector and is beginning to take steps to improve its own ability to measure service from the perspective of the customer. The Commissioner has appointed a Senior Advisor on Customer Service Integration who reports directly to the Commissioner and serves as the focal point for coordination of customer service activity. A Customer Service Executive Team is working on developing a new measurement system aimed at getting a better understanding of public expectations. The agency hired an outside consulting group to evaluate its current practices and to recommend improvements, and it is consulting with other outside organizations as well.

These steps, while pointing in the right direction, will not be successful unless the agency pursues them much more energetically than it has to date. SSA's clients have highly varied needs, and a measurement system that accurately reflects those varied needs will require the development of a carefully elaborated set of inquiries. In order to develop this kind of state-of-the-art customer information system, the agency will have to spend significant resources developing its own highly skilled staff, and it will also have to seek assistance outside the agency.

The measurement tools the agency is currently using are both limited in scope and uncoordinated. Currently, the agency's Office of Quality Assurance and Performance Assessment conducts sample surveys to obtain feedback from customers served in both field offices and through the 800 number. The 800 number survey is conducted twice a year, but the field office survey is conducted only once each year. The Office of Public Inquiries monitors mail received at SSA headquarters and tracks and categorizes customer complaints. The Office of Hearings and Appeals has a system for tracking and categorizing complaints related to the appeals process. The Office of Legislation and Congressional Affairs receives complaints and feedback from Members of Congress.

SSA needs a more coordinated tool that can provide information that is more

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penetrating, nuanced, and timely if it is to get a good grasp on public needs and expectations for service. It will need to incorporate all aspects of the agency's business and all types of clients.

In addition, the agency should study the experience of the U.S. Postal Service, which has established 3,000 customer advisory councils in communities around the country as a way to obtain continuous feedback from the public on ways to improve quality. These advisory councils also help managers and other employees, both at the national level and locally, to ascertain where they have been successful and where improvements are needed.

In our study of service delivery, we heard numerous criticisms of the way the agency currently measures its service performance. Many employees believe too much emphasis is placed on process rather than outcomes. As one field office employee commented, "SSA does not always measure the right things. Equating how quickly you do something with the level of service you provide is erroneous." A field office manager observed: "Some measures are used because the agency can meet them. For example, SSA measures the waiting time in the office, but not how long it takes to get an appointment."

Some of the agency's measures appear to be skewing performance in inappropriate ways. For instance, SSA's emphasis on meeting its goal of answering 95 percent of calls to its 800 number within 5 minutes puts pressure on teleservice representatives to keep calls short, which results in unnecessary referrals to field offices. In addition, we have been told that some performance measures, such as the measure for waiting time in a field office, use data that can be manipulated to make performance look better than it is. Moreover, measures used in the disability determination process are not providing information that managers can use to improve the process.

In the past, the way the agency has set its quality goals and the way it has measured its performance have been largely developed internally. SSA should expand its efforts to learn how these important functions are being carried out by the most successful private and public entities. It should study the specific tools they use for capturing feedback from customers and employees and how they benchmark performance against external standards. It should also study the processes that are used for consulting with employees to make sure that SSA's employees in the field have the right tools and training to respond to client needs.

SSA also needs to learn how to communicate its quality standards and to reward performance in a way that will ensure appropriate balance, so that overall agency performance is not adversely affected. One problem that SSA is currently experiencing is that although it measures both how quickly calls to the 800 number are handled and the quality of the information provided to callers, the message that is being heard by employees at teleservice centers is not balanced. We heard many times that the need to answer calls quickly is the agency's paramount concern. As

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one teleservice representative commented: "I feel we are more concerned about call handling times than about quality. We are creating more work because of poor answers."

> ***" I feel we are more concerned about call handling times than about quality. We are creating more work because of poor answers."*** **– Teleservice Representative**

The National Institute of Standards and Technology and the American Society for Quality have jointly established a National Quality Program to promote and refine standards, known as the Baldrige Criteria for Performance Excellence, to guide businesses and government agencies in their effort to become more customer focused and quality oriented. For more than a decade, the Baldrige Criteria have been a significant tool used by thousands of organizations to assess and improve performance. SSA, too, has been taking steps to implement the Baldrige Criteria.

Among other criteria for improving performance, the Baldrige Criteria assert that successful performance leadership requires a strong future orientation and willingness on the part of an organization to make long term commitments to all of its key stakeholders – including customers, employees, and the community. We urge the agency to use the long-term service delivery plan that we have recommended earlier in this report to make clear its commitment to implement the changes and invest the resources that will be needed to fulfill the agency's goal of providing high quality service to the public.

- **Telephone service urgently needs to be improved and expanded**

SSA's problems in delivering high quality service by telephone are of long standing. In an August 1986 report, the General Accounting Office noted that public access to SSA's telephone service was uneven, and that a number of its facilities were providing unacceptable service. It recommended that the agency take steps to bring all of its facilities up to service standards. Two years later, responding to criticism about the inadequacy of its telephone service and eager to relieve workload pressures in field offices, SSA established a toll-free 800 number service for callers anywhere in the country.

Over the last decade, the agency has struggled to meet the growing demand for telephone service over its 800 number. The pace of technological improvement has been too slow. Many in the agency think that the way SSA has diverted resources to the 800 number in order to meet this demand has seriously weakened the ability of other parts of the agency to provide service. At the same time, there appears to be no strategy, either for the short term or the long term, for how either the 800 number or telephones in field offices will be used to meet the overall service needs of the public.

At present, there are many basic questions for which there are insufficient answers: What are the service delivery needs of SSA's different client groups? Should SSA be trying to develop different service delivery strategies for different clients? Do some prefer telephone service? Do some prefer face-to-face service? Are SSA's current 800 number standards lower or higher than the public wants and expects? Would people prefer to call the 800 number or their local field office?

Answers to these and other questions about public expectations and needs would give the agency a more valid basis for setting its goals for telephone service delivery in the future and for planning how various components of the agency will be used in delivering service.

Access to service

The volume of telephone calls made to SSA is enormous. In 1998, about 79 million calls were placed to the 800 number. Although SSA currently has no precise way to measure the number of calls to field offices, the agency gave the Board a rough estimate of 60 to 70 million calls a year. From the perspective of the public, calling either the 800 number or a field office can be difficult.

The agency made a commitment to the Congress in 1997 to answer 95 percent of calls in 5 minutes, and it is currently meeting that commitment. However, we have serious questions about whether the public regards "95-in-5" as an acceptable level of service. Many are likely to measure the agency against the private sector, where we are advised the current market standard is to answer 90 percent of calls in 60 seconds.

Moreover, the 95-in-5 goal measures access rather than service. Meeting the goal means that, within 5 minutes of their first call, 95 percent of callers are either connected with an automated service, or connected with or put in queue to speak with an agent. In fiscal year 1998, 22 percent of callers hung up before completing their business with the agency. A more balanced analysis of service would be achieved by emphasizing the percent of calls that are served as well as the percent that achieve access.

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As part of its measurement of public needs and expectations, SSA should also study whether extending the hours of service provided by the 800 number would result in significantly higher public satisfaction with its service. The agency currently offers live 800 number service from 7 a.m. to 7 p.m., 5 days a week across all continental U.S. time zones, and automated services for some functions 24 hours a day, 7 days a week. Many private and even some public sector entities are providing much longer hours of service. For example, since October 1997, the IRS has been providing live service 6 days a week and has piloted live service 24 hours a day, 7 days a week.

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SSA has long had a strategy of trying to relieve work pressures on field offices by diverting calls to its 800 number. It has implemented this strategy in part by replacing field office telephone numbers with the 800 number in many local telephone books. At the present time, as arrangements have evolved, some field offices are listed in local telephone books, but others are not.

As indicated above, even with limited listings the number of calls placed to field offices is high. And although firm data regarding access to telephone service in field offices is lacking at the present time, there is sufficient anecdotal evidence to conclude that the percentage of callers who are getting busy signals is also very high. We are told that many field offices have too few telephone lines to handle the volume of calls they are receiving,

and even if more telephone lines were available, many would lack sufficient staff to both answer the telephone and handle office walk-in traffic at the same time. SSA has been installing voice mail in local offices to enable callers to leave messages. Although this reportedly has improved service, employees have told us that many callers, particularly those who do not have telephones at home or who are intimidated by recordings, simply hang up and go to the field office instead. Heavy workloads in field offices mean that there are also delays in returning calls.

SSA should consider whether over time all field office telephone numbers should be placed in local telephone books. We understand that the agency wants to encourage use of its 800 number, and it should continue to do so. We also understand that at the present time there are too few employees in many offices, particularly urban offices, to answer the number of calls they are currently receiving, and that a change in policy would require additional resources. Over the long term, however, we believe it is unreasonable to have a policy that provides unequal telephone access to local offices based on where people live. In making its decision on how to proceed on this issue, the agency should measure and take into account the needs and expectations of the public.

Telephone service is clearly a more cost-effective way of serving much of SSA's public than face-to-face service in field offices, and it is also considerably more convenient for many of the agency's clients. But to develop a clear strategy for the future, SSA needs to have a better understanding than it now has of how the public would like to be served and the quality of service that it expects.

Quality of service

SSA has been trying to balance its efforts to answer 800 number calls quickly by also measuring the quality of service that it is providing. The agency measures payment accuracy, service accuracy, staff courtesy, and service satisfaction.

SSA has been receiving its highest measures in staff courtesy. In fiscal year 1998, 97 percent of callers rated the agency's representatives as courteous or very courteous. Callers ranked the actual service provided by the 800 number considerably lower. Eighty-three percent of survey respondents rated the 800 number service they received as excellent, very good, or good.

In recent years, the payment accuracy rate, which measures whether 800 number representatives respond correctly to inquiries related to eligibility and payment of benefits, has consistently been above 90 percent. In 1998, the payment accuracy rate based on the universe of all calls was 97 percent. The payment accuracy rate based only on calls with the potential to affect payment of or eligibility for benefits was somewhat lower, 95 percent.

Telephone service is clearly a more cost-effective way of serving much of SSA's public than face-to-face service in field offices, and it is also considerably more convenient for many of the agency's clients. But to develop a clear strategy for the future, SSA needs to have a better understanding than it now has of how the public would like to be served and the quality of service that it expects.

The service accuracy rate, which measures the percent of responses that did not result in inconvenience to the caller or cause additional SSA workloads, was about 82 percent in 1998. This measure may not adequately reflect the quality of the service, but it probably does indicate the need, as described earlier, for better measures to guide service.

SSA is working to improve its 800 number performance through technological improvements, such as providing employees with online access to notices and testing a call transfer process for moving certain types of calls to specially trained representatives. Measures like these are essential if the agency is to make major improvements in quality of service. Equally essential is attention to the need of employees for training so that they are fully knowledgeable about program rules and procedures and can explain them to SSA's callers. Many employees in the field think that the amount of training they are receiving is inadequate. We urge the agency to study how training programs for those who answer the telephone can be strengthened.

One of the guidelines that leading private-sector companies follow in providing telephone service is to complete the caller's business in one call, if at all possible. SSA needs to follow this example so that its callers can receive full service with a single call in as many circumstances as possible. SSA is currently testing several ways to do this. These tests are important to determine which services will be both cost effective and can be implemented without jeopardizing the integrity of the agency's operations.

At the present time the agency limits the functions that teleservice representatives can perform so that calls can be kept short and more calls can be received. As a result, callers are referred to field offices, which requires more effort both on the part of the caller and the agency. SSA should consider how it can expand the functions that can be performed over the telephone at the first contact and reduce the number of subsequent contacts that are needed.

SSA should consider how it can expand the functions that can be performed over the telephone at the first contact and reduce the number of subsequent contacts that are needed.

In contrast to the close attention it has been giving to its 800 number telephone service, SSA currently does not measure the quality of telephone service that is provided by its field offices. This lack of data will begin to be remedied later this year when the agency initiates a new effort to measure a sample of calls to 109 of its field offices. Based on earlier surveys, SSA estimates that field offices receive approximately 60 to 70 million calls a year, or nearly as many as are received on the 800 number, although the agency says that this number may be revised as data from the new study are collected.

Field office telephone service is a critical aspect of the agency's service delivery, and SSA needs to define more clearly the role it will play in the agency's operations. We urge the agency to use the findings from its surveys to

Field office telephone service is a critical aspect of the agency's service delivery, and SSA needs to define more clearly the role it will play in the agency's operations.

analyze weaknesses in field office telephone service and to give prompt attention to finding ways to address them. As noted above, employees in many field offices have told us that they lack sufficient staff to provide high quality service to both those who call and those who visit their offices. SSA should study carefully what needs to be done to meet both of these critical service needs.

Finally, although SSA must continue to work on improving telephone service, this should not be accomplished by lowering the quality of service in other aspects of the agency's service delivery. As described earlier in this report, SSA is meeting its 95-in-5 commitment for the 800 number by reassigning workloads in a way that is seriously disrupting other critical aspects of its service delivery. By shifting workloads from one part of the agency to another, the agency is creating large backlogs in postentitlement work, affecting both the timeliness and accuracy of benefit payments for many individuals. The agency urgently needs to find more appropriate ways of meeting its 800 number workload needs.

- **Efforts to improve systems need to be strengthened and accelerated**

In the 1950s and 1960s, SSA was a pioneer among Federal agencies in using computer technology. But like many other public and private entities in the earlier years, it developed its systems incrementally. By the 1970s the need to modernize was acute. The $500 million 5-year effort to rebuild the agency's systems that began in 1982 built on improvements that were already underway, and represented one of the Federal Government's largest civilian systems reconstruction efforts. Since 1982, SSA has worked to update its systems plans on a regular basis. The agency could not have managed the large workload growth it has experienced since 1982 without the aid of significant systems improvements.

In 1996, the agency began installation of new hardware to provide the infrastructure needed to implement improved work processes and help employees in the field to provide faster and more accurate service. This Intelligent Workstation/Local Area Network (IWS/LAN) project was estimated to cost $1 billion over a 7-year period. It involves placing new computer equipment in all of SSA's offices throughout the country as well as in the 54 State disability agencies. Many of SSA's employees have commented to the Board on the positive impact the equipment is having on their work, although many have also expressed concern that the capacity of the equipment is already behind what is now available to the private sector.

The agency has been undertaking a number of important software initiatives as well. Over the last 10 years SSA has been a leader among government agencies in its efforts to become Y2K compliant. The agency is automating processes to enable field office employees to handle workloads that previously had to be handled manually in program service centers. It is implementing paperless processing, a system that will enable program service centers to route

"A concern in the field is that the private sector is always way ahead of us in technology. We are thrilled with the IWS/LAN capabilities. Keep it up so we can keep up with the rest of the world – this needs to be part of SSA's long-range budget planning." **– Field Office Employees, Written Statement**

work more easily and reduce paper handling and filing. New software to improve call routing capacity is expected to help the agency meet its 95-in-5 telephone goal.

Improvements such as these are helping the agency to meet its growing workloads. But looking at the expected growth in the workload of the agency over the coming years, it is easy to foresee that SSA will have an even greater need for improvements in systems if it is to be able to keep up with public expectations. Furthermore, public expectations with respect to the quality of service that SSA provides are likely to rise as the private sector rapidly introduces technological changes that will raise the bar for the public sector. The agency will need to accelerate its own systems improvements if it is to be able to keep up.

Many in the field believe that SSA should have far greater capacity than it has now to keep up with the agency's systems needs. They also believe there is a need for additional staff in the field who are qualified to do systems work. We share their concerns. One of the greatest challenges the agency will face is ensuring that it will have adequate staff with the technical expertise that will be required to meet its future needs in the area of information technology.

In the past, SSA has been able to attract systems specialists largely because they appreciated the opportunity SSA gave them to work with advanced technology, they had a sense of public service, and employment with the agency offered a high degree of job security. Although these factors are still present, SSA is now facing a situation where the salaries it is able to offer are so much lower than those being offered in the private sector that it is losing its ability to compete. Other government agencies share this problem, but SSA's needs are greater than those in many other agencies because of the complexity and vastness of its operations. A February 1999 report done for the agency by the consulting firm Booz-Allen & Hamilton stated: "It's difficult for government agencies to attract programmers with state-of-the-art technical skills because the government's pay scales cannot compete with private industry salaries."

"It's difficult for government agencies to attract programmers with state-of-the-art technical skills because the government's pay scales cannot compete with private industry salaries." **– Report by Booz-Allen & Hamilton, Inc. for SSA, February 1999**

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Although the salary issue is important today, there are even greater grounds for concern after the turn of the century, when the impending retirement wave begins to hit the agency. Beginning in 2003 and going through 2014, the agency estimates that the Office of Systems will lose more than 100 employees each year through retirements out of a total workforce that now stands at about 2,800. SSA needs to begin to hire replacements soon if experienced personnel are to be in place when they are needed.

Last year the Congress gave the IRS critical pay authority that allows it to hire systems specialists at salaries that are considerably above the government's normal range. According to the IRS, this new pay authority is proving to be an essential factor in attracting people from the private sector who have specific skills that the IRS needs. We believe that SSA would benefit from having this same kind of authority, and urge the agency, the Administration, and the Congress to give this matter careful consideration.

Even with greater flexibility it is likely that the agency's salary scales will remain substantially below those offered in the private sector. Given that fact, it would also be prudent for the agency to examine whether there are areas in which the private sector may be able to perform tasks that are becoming increasingly difficult for the agency to do. Additional contracting for some of these tasks may be necessary.

We encourage the agency to look also at how it can make full use of the flexibility it now has under the law to speed up the process by which it contracts and rolls out new systems acquisitions to employees in the field. The agency's IWS/LAN project went out for bids in September 1994, but the contract was not awarded until June 1996 and, despite earlier expectations, national rollout is still not complete. Rapid technological advances mean that SSA's equipment is already out-of-date. If the agency is to keep up with its needs, it has an urgent need to find quicker ways to get state-of-the-art equipment to its employees while still maintaining the integrity of the acquisitions process.

The agency's leadership needs to look at how it can improve coordination and communication within the agency to meet SSA's growing systems needs. Many of SSA's systems developments involve several components of the agency and their various interests and needs have to be addressed and resolved as rapidly as possible.

We are particularly concerned about the extraordinarily slow pace of developing a systems strategy that will serve all parts of the disability determination process. Some of the agency's most serious service delivery problems now occur in the disability programs, and in our August 1998 report we urged the agency to give high priority to developing a system that would support all parts of the

Many of SSA's systems developments involve several components of the agency and their various interests and needs have to be addressed and resolved as rapidly as possible. ...the agency needs to develop a mechanism to bring all parties to the table at the same time and a process that will produce prompt and timely decision making.

disability process. We noted that implementation of a well designed system holds promise for speeding up the flow of cases through the claims and appeals process, improving the quality of the information that is available to decision makers, and providing a more uniform basis for decision making. These improvements are essential if the agency is to be able to make substantial progress in improving its service to disabled claimants.

The development of a new system must take account of the differing needs and missions of field offices, State disability agencies, and hearing offices. A number of components within the agency are also involved. Although SSA estimated in 1994 that a system would be implemented nationwide by 2001, it has had to make major changes in design, making progress much slower than anticipated. The agency currently estimates that a systems initiative that includes all parts of the process will not be in place until 2004. Many in SSA and in State disability agencies believe that if there had been closer consultation with the various offices involved in the early stages of the planning process, many mistakes and much of the delay could have been avoided.

The need for a way to meet the systems requirements of all elements in the disability determination process is urgent, and we urge the leadership to encourage the teamwork that will be necessary if the agency is to be able to move forward with this effort on an expedited basis. More fundamentally, the agency needs to develop a mechanism to bring all parties to the table at the same time and a process that will produce prompt and timely decision making.

Finally, although the agency must continually look for ways to use technological developments to improve service and constrain costs, we believe it should be cautious about expectations for big increases in productivity and future large savings from systems improvements. Much of the agency's growing workloads will be attributable to growth in the Disability Insurance and SSI programs. As described earlier, these workloads are highly labor intensive and do not lend themselves readily to significant savings through systems improvements. In addition, many within the agency believe that the things that can be done relatively easily with high payoff have already been done. As a systems executive told the Board: "The low-lying fruit has been picked."

Rapid development of systems capacity is a particularly pressing matter for SSA because of its growing workload and continuing pressures to limit the number of employees. The agency will have to turn to information technology in order to meet public needs. But it will have to learn to move swiftly and be far more vigorous in its use of new systems developments if it is to keep pace with the private sector.

- **The agency needs to take far greater advantage of new technology and provide more flexibility in the way it delivers service**

If the agency is to improve its service to the public, it will have to develop new ways of delivering service that go beyond the traditional office or telephone interview. New technology will provide the agency with both the challenge

"People are getting used to doing banking, buying stocks, and getting license plates electronically. They will demand the same type of service from SSA."

– Regional Systems Manager

and the opportunity of serving workers, employers, and beneficiaries in more accessible and convenient ways. The agency's commitment to provide service that is comparable to the best in the private sector will require it to adopt new technologies rapidly because the public will want to use them in its dealings with SSA.

Greater use of the Internet

One of the most important new media for service delivery is likely to be the Internet, which offers the potential for providing services both more quickly and at less cost to the taxpayer. Estimates show that the government's unit costs of service delivery can be cut by as much as 60 to 80 percent by shifting from face-to-face to computer-assisted self-service.

SSA has an extensive web site offering a wide variety of information. In addition to online versions of pamphlets and guides for the general public, the site also includes information on program history, technical studies and statistics, legislation, and regulations.

The two-way interactive aspect of the Internet already allows SSA to use it as a means of receiving communications from the public. These include taking requests for certain kinds of information online. For example, workers may request Social Security Statements that show their lifetime earnings and provide an estimate of future benefits. The statements (formerly called PEBES) are provided by mail. In 1997, SSA experimented with providing these statements online, but discontinued the service out of concerns that individual privacy was not adequately protected. Another important online service allows employers to use an electronic bulletin board to submit annual wage reports.

The Internet is potentially a means of automating important aspects of SSA's workload, including taking applications for some types of benefits and processing postentitlement actions such as changes of name, address, or marital status. Privacy and security of personal information are, however, a paramount concern for the agency and for the public, and they currently limit the service that SSA is able to provide. In a report issued in 1997 concerning the online Social Security Statement issue ("Privacy and Customer Service in the Electronic Age"), the agency observed: "The challenge for SSA is to provide both convenient public access to services and maintenance of privacy of personal information in agency records." SSA is right to address the issue of privacy and security with great care. Assuming this issue can ultimately be resolved, however, the Internet can be expected to help the agency cope with its growing workload and at the same time provide a new and more convenient way for many in the public to be served.

For the more immediate future, however, many of SSA's clients are unlikely to benefit in any substantial way by Internet service. According to a study by the National Telecommunications and Information Administration of the Department of Commerce ("Falling Through the Net: Defining the Digital Divide"), households with incomes above $75,000 are 7 times as likely to have home Internet access as are households with incomes

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below $10,000. Fewer than 10 percent of households with incomes below $20,000 have Internet access. Significantly for Social Security, the Internet is not currently available to most seniors. According to the report cited above, although seniors have the highest penetration rates for telephones, they trail all other age groups with respect to computer ownership (25.8 percent) and Internet access (14.6 percent).

Nevertheless, use of the Internet is growing rapidly. According to one estimate, the percentage of U.S. households online is expected to grow to 64 percent by 2002 from over 30 percent at the present time. Tomorrow's seniors will be considerably more likely to have access to the Internet than those of today. Despite the limitations that exist today on SSA's use of the Internet, this medium has significant potential for helping to alleviate resource problems while improving public service, and we encourage the agency to continue aggressive efforts to learn how to expand its use without jeopardizing individual privacy. In doing so, it should consult closely with the public to determine the kinds of services that individuals think would be most useful.

Other electronic means of improving service

SSA is trying to develop other electronic means of enhancing service to the public. Between 1994 and 1996, it conducted a pilot study in which 10 electronic kiosks were placed in various locations such as a library, grocery stores, a mall, and a community center. Although most users found the kiosks useful and had few complaints, SSA decided that, due to maintenance difficulties, it was not feasible to place the kiosks in public locations. In a related experiment, the agency recently placed kiosks in 3 field offices in Maryland. Currently the kiosks only allow people to request new or replacement Social Security cards. If the pilot is successful, however, kiosk capabilities will be increased to include requests for change of address, direct deposit, and application forms.

SSA should continue to explore the use of electronic kiosks. Even if the use of kiosks is restricted to placement in field offices, their use could allow people to conduct less complicated transactions without waiting in lines to see claims or service representatives. This would free staff time to serve others, thus reducing their waiting times as well.

Video conferencing is another tool that has the potential for improving the agency's ability to serve the public. In 1996 and 1997, SSA conducted a pilot study of the use of video conferencing for taking initial disability claims and for conducting disability hearings. The agency's evaluation concluded that video conferencing had potential for good return on investment in the hearing office process, but that its use in the initial claims process would result in no increase in productivity. Some of the problems that led to the negative evaluation of its use in initial claims appear to be the result of training and equipment difficulties, which presumably could be resolved with more experience. In addition, the criteria used to evaluate the pilot stressed productivity as

The agency expects that video conferencing will reduce substantially the time that administrative law judges spend traveling to conduct hearings and will also speed up hearing processing times. Implementation of this new tool should proceed as rapidly as possible.

measured by staff time and gave relatively little weight to improvements in client service in accessibility and reductions in processing time.

The agency recently decided to begin implementing video conferencing as part of a new initiative to improve the hearings process. It expects that video conferencing will reduce substantially the time that administrative law judges spend traveling to conduct hearings and will also speed up hearing processing times. Implementation of this new tool should proceed as rapidly as possible.

As the technology improves and becomes cheaper and more accessible, we believe that video conferencing has substantial promise for improving service to the public in other ways as well. It could be a useful tool for conducting interviews with disability claimants in distant locations and for providing translation services in field offices that lack the particular expertise a claimant may need. SSA should continue to evaluate the use of video conferencing with special emphasis on the added value in serving the public — as distinct from saving the agency administrative dollars — and quality of outcomes.

Use of third parties

Third parties are currently involved in SSA's work in many ways. The agency defines six types of third parties: community-based organizations, medical facilities, State and local agencies, attorneys, friends and relatives, and for-profit organizations. Some third parties are paid; others help as a personal or community service.

Third parties often play an important role in SSA's service delivery, especially in assisting individuals who have mental, educational, language, or other conditions and who need special assistance. Third parties help in such activities as filling out claims, gathering medical evidence, keeping appointments, serving as representative payees, and translating for non-English speaking claimants. According to SSA, third parties (other than family and friends) are involved in about 3 to 8 percent of initial disability claims. Claimants' attorneys participate in about 80 percent of all administrative law judge hearings that involve a decision regarding Disability Insurance benefits.

Outside service providers can provide much needed assistance to claimants, particularly in circumstances where SSA employees have too little time to provide the assistance that many claimants need. For now, SSA appears to be cautious about expanding their use, although the agency has provided a training package for field offices to train third parties on how to gather medical evidence for disability claims.

Use of third parties raises a number of issues for the agency, including the impact on payment accuracy and program integrity, and the impact on SSA employees. Some employees are concerned that expanded use of third parties will result in loss of jobs.

...even without agency action the number of organizations and individuals who are providing third party assistance will almost certainly continue to grow. It will be important for the agency to clarify what it needs to do to provide them with adequate information and training. It is also necessary to maintain oversight and to review their performance.

Nevertheless, we believe that many trustworthy third party organizations and individuals could be relied upon to help both the agency and claimants in appropriate circumstances. In any case, even without agency action the number of organizations and individuals who are providing third party assistance will almost certainly continue to grow. It will be important for the agency to clarify what it needs to do to provide them with adequate information and training. It is also necessary to maintain oversight and to review their performance.

SSA has taken the position that third party registration and regulation are not necessary. We urge the agency to reexamine that position. There are areas of the agency's service that are susceptible to fraud and abuse. We believe that it would be prudent for the agency to have a system of registration and perhaps certification to ensure a reasonable level of accountability. This may be particularly important with respect to those who charge a fee for their services.

The Internal Revenue Service has long had a system for registration and regulation of those who help prepare and file tax returns, as well as those who represent taxpayers in proceedings before the agency. Although there are obvious differences between the situations of taxpayers and applicants for SSA's benefits, SSA could benefit from studying the experience of the IRS and perhaps the experience of other agencies as well.

Finally, we believe that third party assistance is another area where the agency would benefit from having a far clearer perspective on what its clients need and want.

- **Program integrity needs to be more fully integrated into the agency's processes**

For many years, one of the first things a new employee at the Social Security Administration has been taught is the need to "get the right check to the right person at the right time." In our discussions with SSA's employees in the field, it has been clear that this lesson has been well learned. They care a great deal about the integrity of the agency's work.

This is an attitude that is shared throughout the agency. SSA's strategic plan includes a commitment to "discharge faithfully our role as guardians of the public trust," and establishes the goal of making "SSA program management the best in business, with zero tolerance for fraud and abuse." SSA's leadership has undertaken a number of initiatives that are aimed specifically at reducing error and fraud. The Commissioner has established a high-level National Anti-Fraud Committee and recently issued management reports on the DI and SSI disability programs that describe the initiatives the agency is making or is planning to make to improve program management and integrity. The agency has supported staff increases for the Office of the Inspector General, which now has increased capacity to investigate fraud.

According to SSA, in fiscal year 1997, the payment accuracy rate for retirement and survivors claims was 99.8 percent. The payment accuracy rate for SSI was 93 percent. Although no overall payment accuracy rate is available for disability, the decisional accuracy of initial disability determinations made by State disability agencies was 96.5 percent.

...SSA's employees in the field...care a great deal about the integrity of the agency's work.

Even though these quality measures appear to continue to be relatively high, the error rates represent a substantial number of dollars. According to SSA, determinations made in 1997 will result in total payment errors of

about $367 million for retirement and survivors claims, and about $864 million for SSI. Moreover, we believe that SSA's quality data are not as reliable a guide to performance as they should be. There is a great deal of anecdotal evidence that casts doubt on their usefulness as indicators of real performance quality. For example, we have heard numerous accounts of circumstances in which claims representatives have not been able to spend the time they think they should in pursuing questions that can affect eligibility and payment amount.

We have also been told that because of downsizing the agency's quality reviews are not as carefully carried out as they should be. An employee in the Office of Quality Assurance and Performance Assessment told the Board that "the quality of our reviews has gone down. We don't have time to spend on reviews." Quality assurance staff in the field have told us that, because of reduced resources, they do not have time to make the careful checks they think are needed. For example, they are relying more on telephone interviews to obtain information to verify accuracy rather than making home visits.

As the above data indicate, the agency's payment accuracy problems occur more frequently with respect to the DI and SSI programs than with the retirement and survivors program. These programs are also more vulnerable to fraud, which the above data do not include.

Many employees have expressed concern that accuracy in the DI and SSI programs is being affected by downsizing and the resulting pressure on employees to speed up claims processing times – a pressure that has grown as downsizing has continued over the last two decades. They believe that if resources were available to allow employees to do more careful work during the claims consideration process, many errors could be prevented. This observation has been made by employees in field offices, program service centers, and State disability agencies.

Employees in these offices have provided numerous examples of how they think unnecessary problems are being created.

As one example, field office employees say that pressures to move cases along quickly often leave insufficient time to explain complex program rules to applicants. As a result, when individuals begin receiving benefits they do not understand when they should report changes in circumstances that can affect their benefit payments, and overpayments frequently occur. Employees also say that they often lack time to pursue complex questions, such as the specifics of the living arrangements of an SSI applicant or beneficiary, which can affect both eligibility and the amount of payment.

Because DI and SSI rules are complex, employees require ongoing training if they are to take correct actions. But managers say that pressures to meet workload requirements make

"Because of various factors, workloads are tracked more closely than ever before. Managers and employees are facing more goals, statistics, and deadlines. When overtime is worked, employees are being asked to report on the number of workload items cleared or worked. Many feel there is no time for quality."

- Field Office Manager

time for training a problem for many offices. Managers and supervisors also tell us that the reduction in the number of managers and supervisors has increased their workload and reduced the amount of time they are able to spend on reviewing work accuracy.

We have heard from employees in both field offices and program service centers that more overpayments are occurring because the diversion of staff in program service centers to answer the 800 number is causing delays in processing important workloads that affect beneficiary payments. Directors and employees in State disability agencies have told us that the pressure to speed up processing time in their offices is having a negative effect on the quality of disability claims, which often require the development of extensive medical evidence from doctors, hospitals, and other medical providers.

One field office manager wrote: "As our workloads continue to grow and our staff resources that process work continue to decrease, or at best remain constant, there is significant pressure to move quantities of work. Because of various factors, workloads are tracked more closely than ever before. Managers and employees are facing more goals, statistics, and deadlines. When overtime is worked, employees are being asked to report on the number of workload items cleared or worked. Many feel there is no time for quality."

The agency should consider what it needs to do to achieve a better balance between program needs and workload processing pressures so that program integrity will be an integral part of all of the agency's work.

Another stated: "We [SSA] may be losing more in program costs than we are saving in administrative costs."

There is always a danger that the pressure to meet processing time goals, because they are easily measured, will override program needs that are also essential but are more difficult to quantify, such as careful claims processing and adequate levels of training, review, and accuracy. The agency should consider what it needs to do to achieve a better balance between program needs and workload processing pressures so that program integrity will be an integral part of all of the agency's work.

D. Strong leadership is needed to overcome longstanding institutional problems

We believe that all of the above recommendations will improve SSA's service to the public. But to implement them effectively, the agency's leadership will also have to address underlying institutional problems. These include:

— an agency culture that discourages open discussion and timely resolution of problems;

— weaknesses in communication between SSA's headquarters and operations in the field; and

— inadequate teamwork among various components with parallel responsibilities.

These problems relate to all of the agency's work and they also directly affect SSA's ability to serve the public. They are longstanding and interrelated. They are likely to be highly resistant to change. Strong leadership will be required to overcome them.

- **SSA's management needs to encourage open discussion of agency problems**

SSA has a strong institutional resistance to open discussion of the agency's problems. Although this attitude has apparently existed for many years, and may be related to the agency's historic "can do" approach, it is particularly inappropriate and troubling today, given the scope and magnitude of the agency's problems.

Based on our discussions with employees both in headquarters and the field, it is apparent that there is also a view within the agency that employees who bring problems to the attention of their superiors are not rewarded.

This institutional resistance to openness and to collegial resolution of problems has been a barrier to improving the quality of the agency's service to the public. As described earlier in this report, there have been numerous instances in the past when the public was ill-served by the agency's failure to address issues that were widely known, such as the lack of employer compliance in paying Social Security taxes for domestic employees, and the very rapid increase in the number of elderly aliens applying for SSI benefits. Although the Congress ultimately took the initiative on these issues, we believe the agency should have been far better prepared than it was to provide the information and analysis that was necessary to develop appropriate solutions and to put forth its own recommendations.

A more recent example is the agency's slowness in dealing with the distortions in service that are occurring as the result of the way it is providing 800 number telephone service, and in correcting problems with the quality of its telephone service overall.

We are not in a position to understand all the reasons why the agency has in recent decades been so resistant either to admitting or to addressing issues such as these. The resistance may stem in part from fear of negative publicity for the agency and for the programs it administers. There may also be concern that the agency's resources are insufficient to take on new responsibilities. It likely also stems from the agency's organizational structure, which disperses functions across many units, making it easier to blame others for lack of action, and harder to fix responsibility.

This kind of problem is difficult to correct. It will require a fundamental change in agency culture — a change that can be brought about only by strong leadership from the top. We urge SSA's leadership to send a convincing and consistent message throughout the agency that open discussion of problems is both needed and expected, and that ideas for resolving problems will not only be welcomed, but rewarded.

- **There is a need for better communication between management in headquarters and employees who work in the field and in State agencies**

A related problem is a feeling of misunderstanding between SSA's managers in headquarters and employees in the field, including in State disability agencies. Many employees in the field have expressed concern that SSA's management in headquarters is unaware of the problems they are having in

"SSA managers...will not 'lay it on the line' to their supervisors when describing workload problems." **- Regional Office Employee**

serving the public and uninterested in hearing their suggestions for how these problems might be resolved. They believe that they are often asked to take on new work or change the way they are doing their work without a clear explanation from headquarters as to why these changes are needed. This belief has been reinforced by the disproportionate reductions in field staff described earlier in this report.

In a large and geographically dispersed organization like SSA, management officials inevitably will have a problem in keeping in close contact with their employees. SSA's current management is well aware of this and has adopted a number of tools to improve communication. The agency holds regional workshops, has several management development programs, brings in employees from the field on detail to offices in headquarters, sends employees in headquarters out to visit the field, and holds telephone conference calls. The Commissioner sends out regular e-mail messages to employees throughout the agency, and meets with the regional commissioners and representatives of both managers and employees.

These efforts are commendable. However, we believe the agency's leadership needs to take additional measures that are aimed explicitly at assuring employees that the leadership is committed to improving communication and developing a greater feeling of trust throughout the agency.

SSA is currently conducting a survey of a sample of employees throughout the agency that asks questions about the practices and "climate" of their offices. The stated purpose of the survey is to enable employees to tell the agency what they think their workplace culture is now and what they would like it to be. This is a positive step, and the results of the survey should be helpful to the agency in developing ways to address some of its workplace problems. An outreach effort that focuses more specifically on obtaining employees' perspectives on how to improve communication throughout the agency might also be helpful.

"The agency's strategic plan is pretty much a mystery to us. It is not discussed with us in a meaningful way."
- Field Office Manager

Another step the agency should consider is to expand its current training efforts by institutionalizing an ongoing leadership development program that would involve bringing more personnel from the field into headquarters for extended assignments. This would give these individuals an opportunity to reflect the perspective of their colleagues in the field, but even more important, they would acquire experience that would prepare them for future agency leadership. We are told that it is more difficult to bring field employees into headquarters than it was in the past when employees were more mobile, and this is apparently one reason why the current management development program is small.

...we believe the agency's leadership needs to take additional measures that are aimed explicitly at assuring employees that the leadership is committed to improving communication and developing a greater feeling of trust throughout the agency.

We believe, however, that if the agency's commitment to this kind of leadership development program were made clear, there would be significant interest in participating in it.

Another possible measure would be to hold regular regional conferences designed specifically for the purpose of keeping employees in field offices and State disability agencies informed about what is going on in the organization and hearing their views about what the agency should be doing.

Irrespective of the types of communication channels the agency uses, SSA employees and those in State disability agencies need to believe that what they are saying is actually being heard. It is important for employees to know that their suggestions for improvements will receive thoughtful consideration within the agency. We have been told that the agency is currently looking for ways to accomplish this.

Finally, although we do not think that every headquarters manager needs to have extensive field experience in order to be effective, we do think that field experience should be a consideration in the selection of SSA's management staff in general. We also think that managers need to take every possible opportunity to visit the field, and that they should use these visits not only to inform the field about what is happening in Baltimore or Washington, but also to spend time observing and interacting with employees so that they can better understand their needs and can benefit from their knowledge and ideas.

Developing better communication will be an ongoing challenge for the Commissioner and others in the agency's leadership, but it is crucial to maintaining the strength and vitality of all parts of the agency.

- **SSA needs to promote greater teamwork among agency components with parallel responsibilities**

Within SSA, accountability for major responsibilities is dispersed across many components. Good communication and coordination of activities is therefore difficult to achieve. The Board has done extensive work in the areas of disability, policy, and SSI, and we have observed the manifestation of this difficulty in all of these areas.

Disability

Disability is the area in which the need for better teamwork is most manifest. As we emphasized in our August 1998 report on "How SSA's Disability Programs Can Be Improved," we are deeply concerned about the disunity that exists in the administration of the disability programs. Although we discussed this problem at length in the disability report, it is directly relevant to the subject of the quality of service that SSA provides to the public. Some of the agency's most serious service delivery problems are in the area of disability, and they are unlikely to be resolved without close teamwork by all parts of the disability system.

"Many managers in SSA headquarters do not take seriously the requests from the field for more staff.... But many of the people in headquarters have never worked in the field and many have not visited the field in years." **- Regional Office Executive**

The administrative arrangements for determining disability have always been fragmented. Although SSA has overall responsibility for the program, the law requires that initial determinations of disability be made by State agencies. These State agencies, typically called Disability Determination Services (DDSs), are required to follow the policy guidance of the Social Security Administration, but they are not under its direct administrative control. Rather they are a part of State governments, which establish their own personnel policies, recruit examiners and medical consultants, provide most of the training, and determine reimbursement rates for purchased evidence.

SSA's administrative law judges, who are located within the agency's Office of Hearings and Appeals, are responsible for holding hearings for claimants whose applications for disability are denied by the State DDSs.

"...restoring unity to the disability determination process is the biggest challenge facing the disability program.."

- DDS Director

The relationship between the agency and the State DDSs is complex, and at times there has been considerable tension in that relationship. Although SSA pays the full cost of their operations, the DDSs are under the administrative direction of the State governors, who have their own interests and concerns. As a group, administrative law judges, whose sensitivity about their decisional independence was heightened after SSA tried to increase its influence over their operations in the early 1980s, have long resisted any measure that they view as threatening to that independence.

In addition, under SSA's current structure, nearly every staff component of the agency has a role in administering the disability programs. Among many others, this includes the Office of Disability, which has the basic responsibility for disability program policy; the Office of Operations, which oversees the regional offices (which in turn oversee the operations of the State DDSs); the Office of Finance, Assessment, and Management, which prepares budgets and staffing allocations for all components of the agency as well as the DDSs; the Office of Quality Assurance and Performance Assessment, which is responsible for the disability quality assurance system; and the Office of Systems, which is responsible for designing the disability computer system.

The multiplicity of offices involved in the administration of the disability programs makes it inherently difficult for them to work together in a coordinated and cohesive way. Their interests and missions vary, and there is no established management mechanism to bring them together.

Over the last few years, as SSA has struggled to move forward with parts of its 1994 plan to redesign the disability determination system, there has been some improvement in the working relationships of these disparate entities. The Commissioner has emphasized the need to act as "one agency," and is encouraging greater cooperation. We have seen evidence of improvement in the field, where SSA's regional commissioners are also encouraging closer working relationships among State DDSs, hearing offices, field offices, and other components of the agency.

But we believe the agency's leadership needs to take more effective steps to bring greater unity into the system. In our August 1998 report we recommended that the agency establish joint training programs for all disability adjudicators, develop a common statement of policy to use in making disability determinations, and institute specific improvements in the areas of quality assurance and systems. Much greater progress needs to

be made in these areas than the agency has achieved to this date.

"...in SSA there are several different forums for policy development, but there is no central voice and this creates inconsistency."
- Administrative Law Judge

In addition, both DDS employees and administrative law judges have told us they think that the agency could achieve better teamwork by providing for better coordination of its offices of policy, training, and quality assurance. We agree, and we urge the agency to institute regular exchanges of personnel among these components of the agency so that each will be aware of the work the others are doing and can take advantage of the knowledge and skills that personnel in other offices can bring to bear in addressing problems. Employees from the State DDSs and the Office of Hearings and Appeals should be included in these exchanges to the extent possible.

We also urge the agency to consider establishing a single organizational entity, composed of employees from both the Office of Disability and the Office of Hearings and Appeals, to review and develop disability program policy. Both the State disability examiners and administrative law judges need to work from the same policy base. If the perspectives of both of these offices are reflected in the writing of program regulations and other policy directives, they are more likely to be interpreted and implemented uniformly throughout the determination process.

In the 1970s, the Committee on Ways and Means made a detailed examination of the administration of the disability system. Subsequently, a number of legislative proposals were introduced in the House of Representatives that provided for changes in the administrative and appeals structures, including proposals to federalize the State DDSs and to establish a Federal Social Security court. No action on these proposals was ever taken by either the Senate or the House of Representatives.

As the DI and SSI disability programs have grown, the problems of administering them have become even more serious. We believe that the recommendations we made in our August 1998 report, described above, will help to alleviate these problems, irrespective of how the disability system is structured. In addition, we support the agency's efforts to test other ways to improve the disability determination process, including its current test of eliminating the reconsideration step of the appeals process.

As we noted in the introduction to this report, however, we also believe that the structural problems of the disability determination and appeals processes need to be reviewed again by the agency, the Board, and the Congress.

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Policy

In the first report issued by the Social Security Advisory Board, "Developing Social Security Policy: How the Social Security Administration Can Provide Greater Policy Leadership," we stated that we believed that SSA should take a leadership role in the initiation of policy changes. We also stated that the agency would have to improve its capabilities in the areas of research, policy development, and program evaluation significantly if it is going to fulfill this role. We recommended that the Commissioner establish a new Office of Policy headed by an individual who would be directly responsible to the Commissioner.

The current Commissioner established a new Office of Policy more than a year ago, shortly after he came into office. Staff have been hired, and the Office has strengthened the agency's efforts to produce research and analysis for use by policy makers in making decisions about the impact of alternative policy changes. Although substantial progress has been made, it is clear that ambiguities remain between the role of the Office of Policy and other components of the agency that retain policy responsibilities. These other components include:

— the Office of Disability and Income Security Programs, which is responsible for developing regulations and policy guidance to be used in administering the disability, old-age and survivors, and SSI programs;

— the Office of the Chief Actuary, which has responsibility for developing both short- and long-range estimates for the OASDI and SSI programs, and for estimating the impact of proposed changes in policy and administration; and

— the Office of Legislation and Congressional Affairs, which has the responsibility of working with the Congress on legislative proposals.

In our observation, the various offices that share policy responsibilities have not yet worked out their relationships to the extent necessary to produce optimal teamwork. All have limited resources and are therefore under stress to fulfill their basic responsibilities. We believe that clarifying the roles and relationships of these offices will help the agency to improve the quality of research and analysis that it can provide to policy makers and the public.

Supplemental Security Income

Similar needs for teamwork exist with respect to the SSI program. SSI now absorbs more than a third of the agency's resources, and it is dominating the work of many of the agency's field offices. In addition, as noted earlier, the General Accounting Office has placed the SSI program on its list of programs at high risk of fraud and abuse.

There are two areas in which the need for teamwork is most obvious.

The first is in directing the resources of the agency toward improving the management of the SSI program. The agency recently issued an SSI management report, which is the agency's response to pressures by the GAO and the Congress to increase payment accuracy and

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otherwise improve the administration of the SSI program. Responsibility for the initiatives outlined in the agency's report is spread across many components of the agency.

For example, recommendations in the report relating to computer matching of data with other agencies require work by the Office of Systems as well as the Office of Operations. Recommendations for conducting redeterminations of SSI eligibility to improve payment accuracy require work by the Office of Quality Assurance and Performance Assessment (which is responsible for developing "profiling" criteria to identify individuals who are most apt to have a change in circumstances that would trigger a change in benefit amounts), and by the Office of Operations (which is responsible for overseeing the work of the field offices in conducting redeterminations). Efforts to identify fraud requires work by the Office of the Inspector General and by employees in SSA's field offices. The Office of Program Benefits and the Office of Training also have responsibilities for some of the agency's SSI initiatives.

Teamwork is also needed to address the problem of SSI program complexity. Program rules are difficult to comprehend and difficult to administer. Complexity contributes to errors in payments, which can cause hardship and frustration for beneficiaries and further add to the agency's workload.

As an example, there are 186 pages of instructions that field office employees are required to follow on the single subject of how to handle a claimant's living arrangements and receipt of in-kind support. This kind of complexity makes it difficult for the agency to provide good service to claimants for SSI, but it affects the capacity of the agency to serve others as well.

We have been told that the agency is planning to undertake a new effort to simplify SSI program rules, an effort we strongly support. We believe a team approach will be required, involving the Office of Policy, the Office of Program Benefits, and various components in the field, including field office employees who do the front-line work.

- **SSA should consider organizational changes to create a more service-oriented agency**

As pointed out in the introduction to this report, a major objective of the Congress in passing legislation to establish SSA as an independent agency was to improve the agency's ability to serve the public. The legislation provides for a Commissioner and a Deputy Commissioner to be appointed by the President and confirmed by the Senate. It gives the Commissioner full authority to appoint personnel and to organize the agency as the Commissioner considers necessary and appropriate.

Over the last 20 years there has been an expansion of the number of functional components, leading to a dispersion of responsibility and a narrowing of accountability.

A reorganization of SSA in 1979 established the agency's first functional organization, replacing an organization based on program bureaus that went back to the early days of the program. Over the last 20 years there has been an expansion of the number of functional components, leading to a dispersion of responsibility and a narrowing of accountability. Many of the components have overlapping lines of authority, requiring a great deal of coordination.

There are now 10 offices with specialized deputies who report to the Commissioner. The Chief Actuary and Principal Deputy Commissioner also report to the Commissioner. (See Chart 12, p. 82.) The management job of the current Commissioner is made even more arduous by the fact that there is no confirmed Deputy Commissioner to assist in running the agency.

Organizational changes may be needed to satisfactorily address the service delivery problems that we have delineated. We believe, in any event, that clearer lines of responsibility and more precise accountability for major segments of the agency's work would be desirable. Having a few key deputies with wider responsibilities would be one way to achieve this, especially if those key deputies had clear responsibilities for major client groups, such as Disability Insurance and SSI beneficiaries. The objective should be to produce a more responsive agency that will be capable of addressing more effectively the major challenges that the agency faces.

Looking at the organizational issue in an even more fundamental way is in order as part of addressing longer-term problems. The existing model for service delivery is one in which a community-based office structure predicated on face-to-face interaction with beneficiaries has changed incrementally over recent decades to add significant reliance on the telephone and, more recently and embryonically, the use of new electronic methods of communication. Unlike comparable financial institutions in the private sector in which old-line companies with resource-demanding face-to-face office structures are directly challenged to change by competitors emphasizing use of more efficient telephone and electronic communications, the agency is challenged only indirectly by private sector changes to keep up with the best newer practices. Accordingly, a number of critical questions are not being energetically confronted, for example:

— How far can, and should, the agency go to reduce reliance on resource-expensive face-to-face settings?

— How far can, and should, the agency go to increase the use of the telephone, and in turn, electronic communications, to provide more responsive service at lower cost?

— How can the agency most cost-effectively deploy the resources provided by the Congress to give beneficiaries the maximum services possible for the dollars provided?

Answers to these questions will not be easy to determine. But our recommendations can, if vigorously pursued, lead to such answers and chart a path for future organizational change. Better measurement of the public's service needs, translated into a service delivery plan that articulates the administrative model for the agency, can lead to more cost-effective service delivery practices that better meet public needs. Above all, our recommendations emphasize the need for an agency culture to emerge that sustains strong and resourceful leadership by its executive staff over a long period of years.

We urge the Commissioner to undertake a study of the agency's organization, with a view toward providing a sharper focus on how the agency can improve its service to the public.

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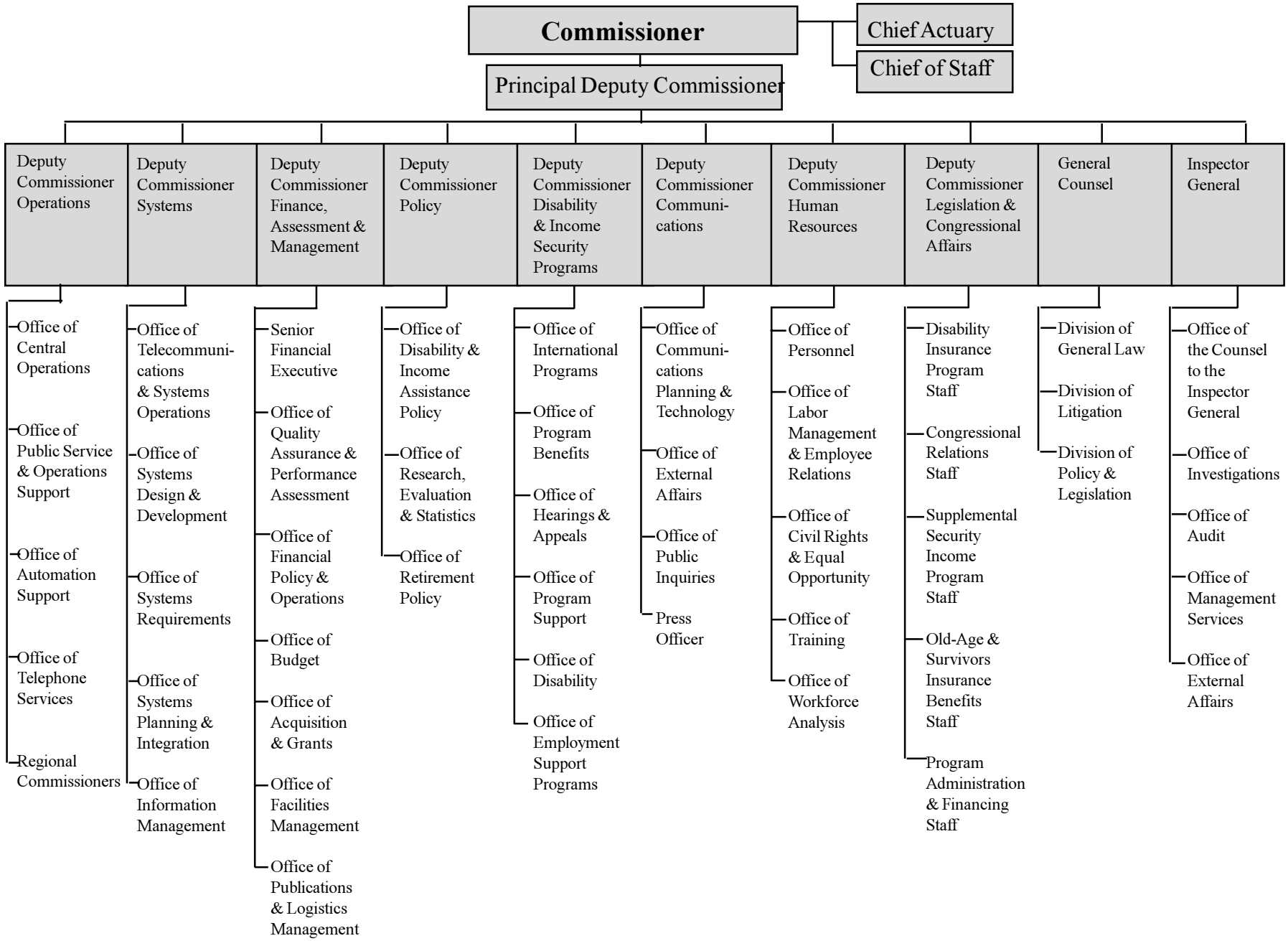
Chart 12

AGENCY ORGANIZATION CHART



V. CONCLUSION: THE AGENCY NEEDS TO MOVE STRONGLY NOW TO MEET THE CHALLENGES THAT IT FACES IN THE YEARS AHEAD

From the beginning of the Social Security program, both the leadership of the agency and employees in the field have taken pride in the quality of service the agency provides to the public. SSA's employees have readily responded to many difficult challenges in the past, including the implementation of the Medicare program beginning in 1965 and the Supplemental Security Income program beginning in 1972.

Although the Social Security Administration still ranks high among government agencies in the quality of service that it provides to the public, over the last two decades the agency has come under increasing stress. Workloads have grown in size and complexity while resources have declined. In our more than two-year study of service to the public, we have heard widespread concern by employees throughout the agency's field operations about the quality of service they are currently able to provide. There is also widespread concern in the field that the quality of service will decline as the baby boom generation ages and the workload continues to grow. As we make clear in this report, we share this concern and believe the agency's problems need to be addressed promptly and forthrightly.

At the same time, our study has convinced us that the agency's field operations remain fundamentally strong, with dedicated and experienced employees and effective national reach. SSA's employees have a tradition of loyal service to the agency and the public. They share a "can do" attitude that has helped SSA to cope with the many administrative crises that the agency has faced over the years. They represent a resource that needs to be nurtured and protected if it is to carry over into the next century.

Nevertheless, the problems that are documented in this report will not be easy for the agency to address. They may be summarized as follows:

- There has been a major decline in the size of the agency's workforce.
- SSA is having significant problems in meeting its current workload requirements. As the workload grows, these problems threaten to become far more serious in the future.
- The agency does not have a good measurement system to help either policy makers or SSA's own employees understand adequately the quality of the work that the agency is performing or the needs and expectations of the public.

...our study has convinced us that the agency's field operations remain fundamentally strong, with dedicated and experienced employees and effective national reach. SSA's employees...represent a resource that needs to be nurtured and protected if it is to carry over into the next century.

- More than 60 years of history have produced a service delivery system that needs to be rationalized in light of current and future needs and technological advances.

- There are a number of constraints on the agency's ability to act, including the fact that the budget is not under its control but is determined by the legislative process, other agencies have significant authority over personnel and acquisition rules and policies, and management-union agreements establish parameters for how the agency conducts its business.

We urge SSA to move quickly to develop a service delivery plan that accurately reflects the agency's anticipated workload needs over the coming years and describes how the agency plans to meet these needs, whether through increases in resources, technological improvements, changes in the way the agency processes its work, or a combination of these approaches. The plan should also address the agency's immediate service delivery problems. SSA should use its service delivery plan to actively engage with the Congress about what it needs in order to address now and in the future the administrative deficit reflected in the gap between the service the public needs and the service the agency is actually delivering.

In addition, the agency needs to make major improvements in its service delivery practices and strategies, including improvements in how it measures quality of service, and how it uses the telephone and other technologies to deliver service. The agency's leadership will also have to address longstanding institutional problems.

We urge the Congress to exclude SSA's administrative budget from the statutory cap that imposes a limit on the amount of discretionary spending, and instead to provide Social Security with a budget that fits the needs of Social Security's contributors and beneficiaries.

At the same time, we urge the agency to use the authority provided to it by the Congress in the independent agency legislation to strengthen its capability to serve the public. This includes authority to base its appropriations requests for staffing on a comprehensive workforce plan; submit the agency's budget to the Congress without revision by the President; and seek biennial appropriations. The leadership of the agency needs to take the initiative to make needed changes.

In enacting legislation establishing the Social Security Administration as an independent agency and creating an independent Advisory Board, both the Congress and the President emphasized the objective of enhancing the agency's ability to provide high quality service to the public. In its strategic plan, the agency also endorsed this objective. Assuming SSA can get the support it needs to fulfill this objective, there is no reason the agency cannot meet its goal of service excellence.

SSA should use its service delivery plan to actively engage with the Congress about what it needs in order to address now and in the future the administrative deficit reflected in the gap between the service the public needs and the service the agency is actually delivering.

THE SOCIAL SECURITY 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 matters relating to the Social Security and Supplemental Security Income (SSI) programs. 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).

Advisory Board members are appointed to 6-year terms, made up as follows: 3 appointed by the President (no more than 2 from the same political party); and 2 each (no more than one 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 Board currently has 2 vacancies.

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.

Members of the Board

Stanford G. Ross, Chair

Stanford Ross is a partner in the law firm of Arnold & Porter, Washington, D.C. He has dealt extensively with public policy issues while serving in the Treasury Department, on the White House domestic policy staff, as Commissioner of Social Security, and as Public Trustee of the Social Security and Medicare Trust Funds. He is a Founding Member and a former Director and President of the National Academy of Social Insurance. He has provided technical assistance on Social Security and tax issues under the auspices of the International Monetary Fund, World Bank, and U.S. Treasury Department to various foreign countries. He has taught at the law schools of Georgetown University, Harvard University, New York University, and the University of Virginia, and has been a Visiting Fellow at the Hoover Institution, Stanford University. He is the author of many papers on Social Security and Federal taxation subjects.

Jo Anne Barnhart

Ms. Barnhart is a political consultant 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 Consulting Policy Analyst for the National Academy of Social Insurance. She served as a Policy Analyst for the Study Group on Social Security. 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

Martha Keys served as a U.S. Representative in the 94th and 95th Congresses. She was a member of the House Ways and Means Committee and its Subcommittees on Health and Public Assistance and Unemployment Compensation. Ms. Keys also served on the Select Committee on Welfare Reform. She served in the executive branch as Special Advisor to the Secretary of Health, Education, and Welfare and as Assistant Secretary of Education. She was a member of the 1983 National Commission (Greenspan) on Social Security Reform. Martha Keys is currently consulting on public policy issues. She has held executive positions in the non-profit sector, lectured widely on public policy in universities, and served on the National Council on Aging and other Boards. Ms. Keys is the author of *Planning for Retirement: Everywoman's Legal Guide.*

Sylvester J. Schieber

Mr. Schieber is Director of the Research and Information Center at Watson Wyatt Worldwide, where he specializes in analysis of public and private retirement policy issues and the development of special surveys and data files. From 1981 to 1983 Mr. Schieber was the Director of Research at the Employee Benefit Research Institute. Earlier, he worked for the Social Security Administration as an economic analyst and as Deputy Director at the Office of Policy Analysis. Mr. Schieber is the author of numerous journal articles, policy analysis papers, and three books including: *Retirement Income Opportunities in An Aging America: Coverage and Benefit Entitlement,* and *Social Security: Perspectives on Preserving the System*. He served on the 1994-1996 Advisory Council on Social Security. He received his Ph.D. from the University of Notre Dame.

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