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Washington, D.C. 20548

Health, Education, and
Human Services Division

B-281813

January 22, 1999

The Honorable Russell D. Feingold
United States Senate

Subject: Social Security Administration: Compliance With Presidential Directive to Reduce Management-to-Staff Ratio

Dear Senator Feingold:

This correspondence responds to your request that we determine the measures taken by the Social Security Administration (SSA) in response to President Clinton's September 1993 directive to federal departments and agencies to implement a National Performance Review (NPR) recommendation.[1] The NPR recommendation was designed to reduce the overall management-to-staff ratio throughout federal departments and agencies from 1-to-7 to 1-to-15 by the end of fiscal year 1999.[2] In response to your request, we (1) determined the progress SSA has made to date in achieving the directive to reduce its management-to-staff ratio, particularly for staff graded GS-12 and above, and (2) identified the steps SSA has taken to reduce the number of supervisory positions.

We obtained information for this correspondence through interviews with and documentation from SSA and Office of Personnel Management (OPM) officials, reviews of relevant NPR reports, and data obtained from SSA's Human Resources Management Information System. We conducted our review from September through December 1998 in accordance with generally accepted government auditing standards. However, we did not independently verify the SSA data used in this correspondence.

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[1]The NPR began in March 1993 when President Clinton announced a 6-month review of the federal government to identify ways to improve government operations. This NPR report contained 384 recommendations covering various aspects of government activities. NPR continues today; however, it is now referred to as the National Partnership for Reinventing Government.

[2]The terms "management-to-staff ratio" and "supervisor-to-staff ratio" are used interchangeably by NPR and SSA.

In summary, we found that SSA is making progress in its efforts to achieve a supervisor-to-staff ratio of 1-to-15 by the close of fiscal year 1999. By the end of fiscal year 1998, the agency had reduced its supervisor-to-staff ratio to 1-to-12.4 from about 1-to-7 in fiscal year 1994. SSA achieved these reductions, consistent with OPM guidance, by use of a number of special initiatives available to federal departments and agencies. According to SSA officials, these initiatives included early retirements, employee buyouts, and reassignment of supervisory staff to newly created nonsupervisory positions. Since fiscal year 1993, SSA has created a total of 1,900 new nonsupervisory positions--550 team leader positions in headquarters and an additional 1,350 management support specialists and area systems coordinator positions in field offices. All of the 550 headquarters positions and 1,222 of the 1,350 regional office positions have been filled.

BACKGROUND

On September 7, 1993, the NPR issued its report containing 384 recommendations.[3] A key recommendation from the report, intended to help streamline the bureaucracy, was to reduce the number of management positions within the federal government over 5 years. According to the 1993 report, an estimated $40 billion in savings could result from eliminating at least 252,000 federal nonsupervisory and supervisory positions over the 5-year period.[4] In addition, the report observed that service to the public would improve as agencies eliminated unnecessary layers of management and empowering agency personnel who directly serve the public.

The NPR report stated that the preferred method for reducing the number of management positions while increasing the span of control was through separation incentives, coupled with a commitment to train and reassign staff managers to line service positions. In this way, employees in targeted management positions who were not eligible for, or did not accept, incentives such as early retirement or financial buyout could be transferred to other nonsupervisory positions as they became vacant. The report's authors also believed that the need for a reduction-in-force--which they characterized as the least desirable method of streamlining executive departments and agencies--might be minimized through this strategy.

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[3]NPR's 1993 report, Creating a Government That Works Better and Costs Less, included a series of accompanying reports that provided more detail on the recommendations.

[4]As of October 15, 1997, NPR claims that almost $55 billion in savings will result from this streamlining effort by the end of fiscal year 1999.

Within days after the September 1993 NPR report was published, the President issued a memorandum to heads of departments and agencies consistent with NPR's recommendation to reduce the executive branch civilian workforce by 252,000, or not less than 12 percent, by the close of fiscal year 1999. The President directed each department or agency to prepare a plan that, among other things, addressed the means by which it would reduce the ratio of managers and supervisors to other personnel by half within 5 years.

On October 20, 1994, the Commissioner of Social Security submitted SSA's plan to the Office of Management and Budget (OMB). This plan incorporated changes made to address comments OMB had provided on an earlier draft. The plan outlined SSA's efforts to comply with NPR's recommendation to reduce the federal workforce, including reducing the ratio of managers to staff. It committed the agency to the goal of reducing the ratio of supervisors to staff from about 1-to-7 in November 1993 to about 1-to-15 in fiscal year 1999. The plan also recognized that SSA was faced with achieving more staff reductions than were possible under normal rates of attrition. As a result, consistent with OPM and OMB guidance, SSA intended to rely on a number of special initiatives available to federal departments and agencies. These initiatives included early retirements and buyout authorities to encourage greater attrition at the management level, as well as the creation of new nonsupervisory positions.

SSA PROGRESS IN REDUCING NUMBER OF SUPERVISORS

SSA is making progress in its efforts to achieve the NPR-recommended supervisor-to-staff ratio of 1-to-15 by the close of fiscal year 1999. The agency's supervisor-to-staff ratio has decreased from about 1-to-7 in fiscal year 1994 to 1-to-12.4 in fiscal year 1998. Table 1 identifies the changes to SSA's supervisor-to-staff ratio from fiscal year 1994 through fiscal year 1998.

Table 1: SSA's Supervisor-to-Staff Ratio, Fiscal Years 1994 Through 1998

Fiscal year	Total number of permanent GS-1 through -15 employees[a]	Total number of supervisory employees	Total number of nonsupervisory employees	Supervisor-to-staff ratio
1994	63,838	7,774	56,064	1-to-7.21
1995	63,620	6,550	57,070	1-to-8.71
1996	63,630	5,977	57,653	1-to-9.64
1997	62,708	5,704	57,004	1-to-9.99
1998	61,676	4,600	57,076	1-to-12.40

[a]Permanent employees include all full-time, part-time, and seasonal GS employees working in SSA's headquarters, regional, or field offices.

Source: SSA's Human Resources Management Information System.

As shown in table 1, there was a 3-percent decrease (by about 2,100) in the total number of SSA's permanent employees in grades 1 through 15 from fiscal year 1994 through fiscal year 1998 and a corresponding reduction in supervisory staff of about 40 percent. With regard to supervisory employees, the total number of supervisors decreased nearly 3,200, from 7,774 in fiscal year 1994 to 4,600 in fiscal year 1998. Relatedly, as shown in table 2, SSA had about 2,800 fewer supervisors graded GS-12 and above in fiscal year 1998 than it did in fiscal year 1994. Nonsupervisory GS-12s and above increased 55 percent (by 3,800) during the same period.

Table 2: SSA Supervisory and Nonsupervisory Employees, GS-12 and Above, Fiscal Years 1994 Through 1998

Fiscal year	Total number of permanent employees, GS-12 and above	Total number of supervisory employees, GS-12 and above	Total number of nonsupervisory employees, GS-12 and above
1994	13,621	6,800	6,821
1995	13,561	5,689	7,872
1996	13,864	5,204	8,660
1997	14,184	5,005	9,179
1998	14,562	3,976	10,586

Source: SSA Human Resources Management Information System.

STEPS TAKEN TO REDUCE SSA SUPERVISORY POSITIONS

SSA took a number of actions to reduce supervisory positions. These included early retirement, employee buyouts, and reassignment of staff to nonsupervisory positions. SSA could not break out the reductions in supervisory positions among these methods. According to SSA officials, early retirements and buyout authorities were critical to SSA's efforts to reduce the supervisor-to-staff ratio. SSA offered an early retirement opportunity for SSA supervisors and managers, regardless of grade, during August and September 1994.[5] Through September 30, 1994, a total of 129 SSA employees took the early retirement option. Subsequently, a buyout was also offered in fiscal year 1995 and was targeted primarily at managers and supervisors GS-12 and above, but was also available to nonsupervisory SSA employees at any grade level on a nationwide basis. A total of 1,106 employees left the agency as a result of the fiscal year 1995 buyout. SSA could not break out these employees between supervisors and nonsupervisors.

[5]Individuals in SSA regional and field office components of the Office of Hearings and Appeals were excluded from this early retirement opportunity.

In addition to the early retirements and buyout authorities, using OPM guidance, SSA created several new nonsupervisory positions in SSA headquarters and regions to comply with the NPR recommendation. According to OPM, departments and agencies have adopted more team-oriented ways of organizing their work as a result of downsizing throughout the federal government. OPM published the General Schedule Leader Grade Evaluation Guide to assist agencies moving to team or workgroup structures. We were told by SSA officials that SSA's new Team Leader, Management Support Specialist, and Area Systems Coordinator positions were created to provide technical expertise and support as well as to relieve managers of many of the nonsupervisory responsibilities they had assumed over the years.

Since fiscal year 1993, a total of 1,900 new nonsupervisory positions have been created in SSA headquarters and field offices. In SSA headquarters, 550 new nonsupervisory Team Leader positions have been established and filled. SSA used OPM's General Schedule Leader Grade Evaluation Guide to classify the new Team Leader positions. According to OPM guidance, Team Leaders are responsible for assuring their supervisors or managers that the work of their assigned team is carried out by performing a range of coordinating and supportive duties and responsibilities. Some of the duties and responsibilities associated with team leadership may overlap with typical supervisory functions. Although Team Leaders are involved in assisting supervisors in the direction and distribution of work, they are not delegated the full range of responsibilities and authorities that supervisors possess, such as approving leave, hearing and resolving complaints, initiating minor disciplinary actions, and developing performance standards.

During the past several years, SSA has also established 1,350 positions for Management Support Specialists and Area Systems Coordinators in its field offices. As of December 1998, 1,222 of these 1,350 positions were filled. According to SSA, these positions are technical in nature and do not involve any supervisory responsibilities. Management Support Specialists and Area Systems Coordinators are responsible for (1) conducting reviews of work processes, with particular emphasis on fraud and abuse; (2) providing support to managers and employees on systems activities; and (3) performing work in the area of public information and other administrative duties.

According to SSA, nearly all of the individuals currently occupying these newly established positions are former supervisors. These individuals are treated the same as all other nonsupervisory SSA employees. Consistent with OPM guidance, the GS grades, salaries, and benefits of former supervisors who were reassigned to these positions did not change. We did not validate the duties and responsibilities of individuals in these newly created positions.

AGENCY COMMENTS

We obtained comments on a draft of this correspondence from SSA. SSA believed the correspondence accurately portrays SSA's efforts to implement the presidential directive to reduce the ratio of supervisors to other staff. SSA also provided technical comments, which we incorporated where appropriate. SSA's comments appear in the enclosure.

As agreed with your office, unless you publicly announce its contents earlier, we will make no further distribution of this correspondence until 7 days after its issue date. At that time, we will send copies to the Commissioner of Social Security and to interested parties upon request.

If you or your staff have any questions about this correspondence, please call me on (202) 512-7215. Major contributors include Fred Yohey and Vernette Shaw.

Sincerely yours,

Barbara D. Bovbjerg

Barbara D. Bovbjerg
Associate Director, Income Security Issues

COMMENTS FROM THE SOCIAL SECURITY ADMINISTRATION

SOCIAL SECURITY

Office of the Commissioner

January 15, 1999

Ms. Cynthia M. Fagnoni
Director, Income Security Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Ms. Fagnoni:

Thank you for the opportunity to comment on the General Accounting Office draft report, "SSA's Compliance with Presidential Directive to Reduce Management-to-Staff Ratio" (GAO/HEHS-99-43R). We believe the report accurately portrays SSA's efforts to implement the Presidential directive to reduce the ratio of supervisors to other staff.

Enclosed are several technical changes that correct data contained in the report.

If you have any questions, please have your staff contact Barbara Doering at (410) 965-2290.

Sincerely,

Kenneth S. Apfel

Kenneth S. Apfel
Commissioner
of Social Security

Enclosure

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