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STATEMENT OF

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HUMAN RESOURCES DIVISION

BEFORE THE

SPECIAL COMMITTEE ON AGING

UNITED STATES SENATE

ON

SOCIAL SECURITY ADMINISTRATION'S PERFORMANCE IN PROVIDING PUBLIC SERVICE

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Mr. Chairman and Members of the Committee, we are here today to discuss the results of audit work we performed at your request.

Our work considered the Social Security Administrations' (SSA) operational activities from two perspectives--(1) its performance in carrying out basic day-to-day program operations, including benefit payment activities, and (2) its ability to implement newly legislated program changes, especially those affecting large groups of program beneficiaries. We found that SSA continues to encounter problems in both of these operational areas and that elements of the agency's operating environment contribute substantially to these problems.

Although SSA's ongoing Systems Modernization Program is a key element in improving service to its beneficiaries, that project is not directly aimed at addressing non-ADP problems. We aimed part of our review work for this Committee at developing an overview of how non-ADP problems combine with systems problems to hinder SSA operations. We have not, however, attempted to quantify the relative importance of non-ADP environmental factors or fully assess their interrelationships. Further future analyses will be required in these non-ADP areas before these relationships are clear.

Before discussing these issues further, I would briefly like to describe the agency's program responsibilities and the

types of services it provides. SSA outlays for fiscal year 1984 are estimated to be $199.3 billion, or about 24 percent of the total federal budget. Of the $199.3 billion, about $162.2 billion will be spent in providing Retirement and Survivors Insurance (RSI) benefits to about 32.6 million beneficiaries, and about $18.2 billion will be spent in providing Disability Insurance benefits to about 3.8 million disabled recipients. This represents about 91 percent of SSA's 1984 estimated budget. The remaining $18.9 billion is to be spent on cash assistance and other programs providing aid and services to about 14.3 million recipients. In administering these programs, SSA provides many services which fall into the following eight general categories: (1) assignment and maintenance of social security numbers, (2) earnings records maintenance, (3) claims processing, (4) postentitlement event processing, (5) payments and settlements, (6) hearings and appeals, (7) services for/from other agencies, and (8) general inquiries and information. SSA's basic day-to-day operations are aimed at providing these services.

SSA ERRORS IN CARRYING OUT BASIC DAY-TO-DAY PROGRAM OPERATIONS

In assessing SSA's basic day-to-day operations, we concentrated on selected agency operations supporting the RSI program because of that program's magnitude and signficance.

Specifically, we looked at SSA's performance in providing claims, postentitlement, and payment services to a sample of individual RSI beneficiaries over an extended time. By sampling and reviewing RSI cases involving persons who had been on the rolls for several years, we sought to determine, from data in the case file, the accuracy of that data, the effect of erroneous data on the accuracy of payments, and whether notices were properly sent to beneficiaries. While the results of our analysis are only one indication of the quality of SSA's program operations and do not reflect other aspects of SSA's service to beneficiaries, such as responsiveness to inquiries and the timeliness of payments, we believe they are a good indicator. SSA uses similar methods in regularly assessing its own performance.

We selected 208 RSI cases nationally involving primary beneficiaries who became 68 years old in October 1982 and were receiving retirement benefits at the time of our sample selection. These beneficiaries had received an average of about $21,000 over an average of about 55 months. Working with our staff, SSA reviewed all agency actions taken on each case in our sample, including the accuracy of all benefits paid, and determined the frequency of SSA-caused errors. This detailed case file review showed that processing errors occurred rather frequently. About 41 percent of our sample cases had at least

one initial claim, postentitlement, or payment error. Further, about 18 percent of the sample cases had payment errors. These payment errors (both overpayments and underpayments) ranged from less than $1 to over $4,800.

About 32 percent of our sample cases contained errors in documentation or notices to beneficiaries, and almost one-third of these cases also had payment errors. The documentation and notice errors varied in significance. Some could be considered minor, such as a district office not certifying a copy of a claimant's birth certificate. Others, however, were more serious and could have caused major difficulties for individual beneficiaries.

The results from the review of our sample cases differ considerably from statistics SSA routinely reports on its own performance in processing RSI claims, maintaining beneficiaries' records, and making monthly RSI payments. Routine SSA studies of agency performance in each of these three areas report considerably lower error rates than do our sample results. The differences between the RSI processing error statistics SSA routinely reports and those generated by its review of our sample cases are primarily due to differences in the scope of case actions and time periods reviewed. The review of our sample cases covered all claims actions, postentitlement transactions, and payments associated with selected accounts

over an extended period averaging about 55 months. On the other hand, SSA's routine RSI processing statistics are based on reviews of samples of individual claims, postentitlement transactions, and/or payments that occurred during a given 6-month period.

We are not questioning the accuracy of these statistics or SSA's methodology in routinely reviewing RSI payments and transaction processing operations. We fully support SSA's objective of using these routine reviews to identify operational problems and areas needing processing improvements. Nevertheless, we believe that the review results from our sample cases provide a valuable supplement to the information SSA has routinely developed on RSI payments, claims, and postentitlement processing. Because these results are based on all payments and transactions on selected accounts over a fairly long period, we believe they reasonably reflect the quality of one key element of the service SSA provides over time to its RSI beneficiaries.

Although we do not know precisely what caused the errors discussed above, some of them can be attributed to factors in SSA's operational environment. For example, the frequency with which the laws underlying the Social Security programs change, the extreme procedural complexity in the programs, and the problems in disseminating timely and accurate operating instructions all contribute to errors.

Before turning specifically to SSA's difficulties in implementing newly legislated program changes, I would like to mention briefly the connections between SSA's day-to-day operations and its efforts to implement legislation. First, once legislation has been implemented, the agency activities associated with continuing to carry out its requirements become, in essence, an additional element of day-to-day operations. Further, SSA's efforts to implement legislative changes while maintaining existing day-to-day operations sometimes adversely affect both objectives. For example, new legislative mandates which require SSA to take certain actions by a specific date have caused the agency to spread its ADP systems resources among competing priorities. The result has been recurring competition for ADP resources, since systems resources used to implement new legislation have often been the same resources needed to carry out existing day-to-day program operations and much-needed systems improvement activities.[1]

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[1]Inadequate systems resources is one of many ADP systems deficiencies at SSA upon which GAO has reported in recent years. An overview of SSA's ADP problems, including the results of review work GAO performed for this Committee concerning weaknesses in the computerized RSI system, is presented in attachments I and II to this statement.

SSA'S DIFFICULTIES IN IMPLEMENTING NEWLY LEGISLATED PROGRAM CHANGES

During 1980-81, the Retirement, Survivors, and Disability Insurance, and Supplemental Security Income (SSI) programs were extensively changed by the enactment of the Disability Admendments of 1980 (P.L. 96-265) and the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35).[2] Only 4 out of the 30 provisions in these two laws were implemented by their legislative effective date with computer support. This does not mean that the legislative mandates were not carried out. Where limited systems capability precludes automated processing, SSA implementes the provision manually until the necessary systems modifications can be made. The rounding of Social Security payments is the only exception; no manual process was feasible. It was implemented 9 months after the effective date. Some provisions still have not been automated or are only partially automated. The operational fallout associated with some provisions also requires systems enhancements to achieve a more acceptable level of automated processing.

The effective use of ADP technology is essential to the operations of SSA. It is only through the use of ADP technology that SSA can carry out its legislative mandate,

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[2]Attachment III to this statement discusses the impact of the SSI-offset, rounding, and student legislative provisions on field office operations.

insuring that not only those entitled to benefits receive them and that such payments are correct and timely, but that operating costs are kept to a minimum. Otherwise, manual processing is required which is labor intensive and more error prone. The work processed manually has been increasing at SSA.

SSA's ADP problems have caused the agency to support its operations with manual processing. Certain non-ADP factors, some of which are largely outside SSA's control, also contribute to SSA's difficulty in automating new legislative requirements. These factors will be discussed later.

The computer systems changes needed to automate those provisons in the Disability Admendments of 1980 and the Omnibus Budget Reconciliation Act of 1981 were so far reaching that virtually every title II and title XVI processing routine was affected. For example, the rounding of social security payments to the lowest whole dollar had a substantial impact on the title II automated operations. Most of the claims and postentitlement computer programs, as well as the interface computer programs with the SSI and Railroad Retirement Board systems required software changes. Rounding also caused software changes in all programs that interface with the Master Beneficiary Record (MBR) (see Attachment II).

The substantial work involved in making computer systems changes can best be illustrated by SSA's efforts in implementing

the benefit cost-of-living increase in 1981, a change SSA considered simple. This rate change required 20,000 hours of computer processing, day and night, over 4 months and affected all programs in the title II initial claims sytems and all title II postentitlement systems that check benefit rates for validity--about 600 programs.

MANY OF SSA'S PROBLEMS CAN BE ATTRIBUTED TO FACTORS IN SSA'S OPERATING ENVIRONMENT

Although many of SSA's problems in implementing legislation are related to the deficiencies or limitations in the automated systems that support its programs, other factors contribute substantially to its difficulty. Some problems stem from the complexity of a legislative mandate, the work performed in support of other federal agencies, staffing shortages, short effective dates in law, and operational limitations resulting from judicial mandates. Some of these factors require systems support and are largely outside SSA's control. These factors together with SSA's systems problems make up SSA's operating environment and need to be considered in assessing SSA's performance in implementing legislation.

Another important set of issues affect SSA's operational performance. These issues involve the agency's organization and management. SSA has had eight Commissioners or Acting Commissioners over the past 10 years, all of whom brought their

own distinctive management style and philosphy to the position. SSA has also undergone four major reorganizations since 1975 affecting both program and management responsibility. Organizational instability and discontinuity in leadership can limit SSA's ability to achieve its objectives. The ADP systems problems are largely due to the lack of adequate attention to these matters by a succession of permanent and acting Commissioners and the constantly changing management priorities and strategies.

Our analysis focused on exploring some of the key factors that make up SSA's operating environment. This is not to say that the organization and management problems are not significant. Considerable publicity has been directed to those concerns; but less attention has been directed to identifying the factors in SSA's operating environment which affect its performance. The factors discussed below are not all-inclusive or in order of priority. Notwithstanding SSA's systems problems, which contribute to SSA's difficulty in performing its operational mission, we did not attempt to quantify the relative importance of any one factor.

SSA's Changing Mission

SSA has had frequent changes in program direction and focus and workload expansion. SSA had to respond to frequent legislative changes which have substantially modified the

original Social Security Act and considerably expanded the agency's mission. Today, SSA is a multifaceted organization, administering social insurance and social welfare programs as well as operational systems that support other agencies' programs. Administering diverse programs with different rules and procedures can tax the ability of field offices as well as agency headquarters and program service centers staff to effectively carry out the agency's basic mission.

In addition to the Retirement, Survivors, and Disability Insurance programs, SSA has been given responsibility for the following programs: Supplemental Security Income, Aid to Families with Dependent Children, Child Support Enforcement, Emergency Assistance, Low Income Energy Assistance, Refugee Assistance, Assistance to Repatriated U.S. Nationals, and part of the Black Lung Program. SSA administered the Medicare program from 1965 until its transfer to the Health Care Financing Administration (HCFA) in 1977.

In addition to carrying out its own mission and responsibilities, SSA provides substantial support to programs sponsored and administered by other agencies, which puts demands on its ADP systems and resources. SSA is frequently called on to perform tasks supplementary to its social security responsibility as proposals to use its field office network and ADP telecommunications capacity are adopted. This includes such

diverse activities as taking black lung and Medicare applications, processing annual reports of earnings and providing these data to the IRS for tax administration, and furnishing the Selective Service with information on individuals required to register for the draft. SSA operates ADP systems in the Health Insurance area in order to fulfill its commitments to HCFA. In fact, the vast majority of health insurance data is transmitted over SSA's telecommunications systems.

Some of the work SSA does for others is directly reimbursed by the other party; often such work is not directly reimbursable. SSA incurred about $14.5 million of reimbursable costs during fiscal year 1981 for work performed for others under agreements providing for direct reimbursement. A breakdown of work-years devoted to the work and the reimbursable costs for doing it for fiscal years 1978-82 are shown in the following tables.

Obligations for Reimbursable Activities

	Fiscal Year				
	1978	1979	1980	1981	1982
	(in thousands of dollars)				
Earnings Requests:					
-Pension	0	3,400	3,379	4,119	3,311
-Non-Pension	0	839	958	809	733
Food Stamps	0	0	2,245	2,517	2,299
Black Lung	2,274	4,196	1,852	1,104	343
Medicaid Eligibility	450	506	774	3,575	3,583
Pension Reform	0	140	164	214	574
Information for Private Parties	2,422	616	89	128	187
Information for Public Agencies	1,561	1,559	3,204	2,066	474
Total	6,707	11,256	12,665	14,532	11,504

Source: Office of Financial Resources, Office of Management, Budget and Personnel.

Workyears for Reimbursable Activities

	Fiscal Year				
	1978	1979	1980	1981	1982
Earnings Requests					
-Pension	0	190	200	202	136
-Non-Pension	0	44	46	33	30
Food Stamps	0	0	73	91	77
Black Lung	109	189	93	49	12
Medicaid Eligibility	20	20	32	22	15
Pension Reform	0	5	6	9	23
Information for Private Parties	145	24	8	6	6
Information for Public Agencies	71	80	32	80	21
Total	345	552	490	492	320

Source: Office of Financial Resources, Office of Management Budget, and Personnel.

SSA also performs work for agencies for which it receives payment through adjustment to its administrative expenses account or the Social Security Trust Funds. In fiscal year 1981, this work cost about $107 million and required 3,800 work-years. The largest portion of this work is performed for HCFA's Medicare Program. SSA budgets directly for these costs in its Limitation on Administration Expenses accounts and draws funds to cover these costs from the Medicare Trust Funds. The IRS share of processing costs for annual wage reporting is recovered through a reduction in the Department of the Treasury's charges to the Social Security Trust Funds for fund-related adminstrative costs, such as preparing and mailing Social Security checks.

SSA also participates in various data exchange activities with federal and state agencies to help those agencies administer their programs.

Frequent Legislative Changes Have Complicated Program Administration

Since 1950, the social security program has substantially expanded. As the scope of the social security program has broadened, it has become increasingly complicated due to (1) the addition of major new benefit categories with differing eligibility requirements, (2) increased complexities in benefit computations, and (3) the adoption of provisions in law

extending coverage to various occupational groups. When Social Security began, only retirement benefits were paid. Today, there are over 21 general types of benefits, including early retirement, widow and children to name a few. Benefit rules have also been expanded and eligibility has been liberalized.

Since the enactment of the Social Security program, there have been 92 changes in the monthly benefit calculation and 26 changes in the earnings test. From 1977 to 1982, over 6,200 bills were introduced relating in some way to the Social Security programs. During these 6 years, 66 bills were enacted that contained about 300 provisions that directly affect SSA's administration of the RSDI, AFDC, SSI, and Black Lung programs.

Furthermore, federal law defers to state law in some instances, which also complicates administration. For example, the requirements for entitlement to children's insurance benefits are based on the various states' laws which define child-parent relationships. According to an SSA official, the exceptions, quirks, and loopholes in State law sometimes make determining child-parent relationship difficult. In addition, according to an SSA official, several thousand regional attorney opinions impact on adjudication in the more complex cases.

The relationships among SSA programs and between those programs and other federal agency programs also complicate program administration. For instance, the amount of SSI

benefits paid to a recipient is affected by the amount of title II benefits received. Social security disability insurance benefits can be reduced or offset by the receipt of workers' compensation benefits and black lung benefits.

Litigation Workload Affects SSA Operations

Although the number of court cases requiring changes in SSA policy or procedures is not known, the courts do make rulings that affect SSA operations. Compliance with such rulings can be costly and time consuming. Implementation of a court ruling gets high priority. Cases are expedited because delays in carrying out court orders can lead to contempt-of-court situations.

Court activity increased substantially during the 5-year period from fiscal years 1978 to 1982. The following table shows SSA's court activity for fiscal year 1982.

Litigation Activity, Fiscal year 1982

	New Cases	Pending	Reversals	Reversals as a percent of final orders
Disability	11,632	21,707	1,081	20
RSI	287	750	45	28
SSI	98	248	10	34
Other	28	992	36	14
TOTAL	12,045	23,697	1,172	20

From 1978 to 1982 new cases filed increased 44 percent, from 8,351 to 12,045. Disability cases accounted for most of this increase. SSA attributes this increase partly to the 1980 Disability Amendments, particularly the requirement for timely continuing disability investigations. Cases pending during this period increased 30 percent--from 18,276 to 23,697. Of the cases decided, 20 percent went against SSA in 1982, compared to 13 percent in 1978. In 1982 the reversal rate for RSI cases was 28 percent; for SSI cases, 34 percent; and for disability cases, 20 percent; and for all other cases, 14 percent. According to SSA, the trend in the litigation volume is for increased court activity, which will put greater work pressures on SSA, HHS, and the court system.

Although SSA does not document the aggregate costs of implementing adverse decisions, many resources are involved in compliance, including programmer and systems time, district office and program service center time, the various policy offices time, as well as staff time in the Office of Financial Resources, the Office of Regulations, and the Office of General Counsel.

Information compiled by SSA's Office of Financial Resources indicates the work-year impact of selected major court decisions between fiscal years 1977 and 1982. A single case, concerning husbands' and widowers' claims and involving about 300,000 men,

accounted for the entire workload from 1977 through 1979--995 work-years over those 3 years with annual costs from 1980 on of 60 work years. The major case of the 1980 workload was a class action suit for people whose claims were denied before the vocational factor regulations went into effect. The settlement, which called for SSA to notify about 23,000 affected cases and allow them to reapply, had a one-time cost of 220 work-years. The major case in 1981 workload data involved people denied husbands' benefits between August 6, 1973, and October 5, 1977, because they did not meet dependency requirements. SSA reviewed cases denied during that period and paid retroactive benefits in about 47,000 cases at a cost of 196 work years. Major cases pending before various courts could require over 1,600 work-years for SSA to implement.

Inquiries' Impact on SSA Operations Hard to Assess

Inquiries come by mail or phone from the public as well as Members of Congress and their staffs. Topics include requests for earnings statements, benefit estimates, or program beneficiary information; reports of missing checks or overpayments; and questions about pending claims, reconsiderations, or postentitlement actions. Public inquiries increase during periods of concern about SSA due such factors as legislative proposals, enactment of laws, President's comments, news stories, and benefit changes. A lack of data makes it difficult to assess the impact of inquiries on SSA's workload.

Data on volume of inquiries is not precise

The following table shows the number of public inquiry receipts for SSA's Office of Public Inquiry (OPI) for fiscal years 1978-82. Though there are limitations in these data because they are not all inclusive, the data demonstrates relative magnitudes.

Table 1

OPI Public Inquiry Receipts

Fiscal Years 1978-82

Subject	Fiscal year 1978	1979	1980	1981	1982
			(1,000's)		
Disability Insurance	153	52	139	30	36
Retirement and Survivors Insurance	37	17	19	27	29
Hearing and Appeals	13	20	32	22	24
General and Administrative	14	12	13	13	12
Supplemental Security Income	19	11	11	7	6
Welfare and AFDC	6	5	5	5	6
Change in the Law	10	29	4	52	6
Other--Medicare, Office of Child Support Enforcement	14	24	9	15	15
Total OPI receipts	166	170	132	171	134
Field congressionals	196	190	187	191	219

Disability insurance inquiries are generally the largest proportion, but in 1981 questions about changes in the law exceeded all other subjects. These inquiries focused on proposed Social Security changes (such as the minimum benefit provision), some of which were included in the Omnibus Budget Reconciliation Act of 1981. Congressional inquiries to the field offices exceeded total OPI inquiries in each of the 5 years.

OPI data include only a fraction of SSA headquarters inquiries. Data from the Office of Financial Resources indicates for the fiscal years 1978-82, OPI's inquiry workyears are estimated to average about 6 percent of SSA-wide inquiry workyears.

Inquiries require SSA resources

Inquiries can require SSA computer time and programmer time and, consequently, may disrupt ongoing work. While measuring the volume of inquiries received is difficult, data from SSA's Office of Financial Resources indicate that an average of 3,000 work years was required to handle inquiries from fiscal years 1978 through 1982, with only an average of 186 work years being used in OPI. Over 2 million hours or 2.8 percent of District Offices and Teleservice Center time was spent on public inquiries in fiscal year 1982. Other components also have inquiry-generated workloads.

Earnings-related inquiries can require considerable staff time. Handling the initial request for a statement of earnings is very time consuming. However, because of the unposted earnings problem, many inquirers disagree with the earnings statement and send a second inquiry. In dealing with this disagreement, SSA must review the inquirer's wage record. Any corrections to the record require up to 9 months to work through the SSA system and become part of the inquirer's history. During this time, the person is likley to inquire again or complain to his employer or congressman, who will then inquire on the person's behalf. In this way, one simple earnings inquiry generates into a large workload. SSA does not have readily available data on the workload attributable to earnings inquiries or the volume of inquiries, so the impact of this activity on other SSA work is difficult to assess.

Staffing Problems Hinder SSA Performance

Staffing problems can impede SSA's performance, particularly as legislation alters or expands its mission and responsibility. Hiring freezes and other employment limitations have prevented SSA from filling its budgeted positions. Recruiting problems also hamper SSA's ability to fill positions.

Hiring freezes and employment limitations contribute to staff shortages

Both the Carter and Reagan administrations imposed government-wide hiring freezes that affected SSA. In addition,

further staff year reductions by HHS contributed to staffing levels below those anticipated in the budget. At the end of December 1981, as a result of the freezes and limits, SSA had not filled more than 1,800 of the 76,000 full time permanent positions provided for in its 1981 budget estimate.

Furthermore, SSA staffing data indicate that the number of permanent positions filled at the end of the year is consistently less than the number allowed in the Budget. In 3 of the 5 years from 1978 to 1982, the difference was over 4,000 positions. At least part of this difference is due to hiring freezes and HHS personnel initiatives.

Recruitment problems limit SSA staffing efforts

Recruitment problems also affect SSA efforts to fill available positions. The PACE exam[3] was removed as a means of building a register of entry level candidates from which SSA filled many of its claims representative positions. SSA was without a recruitment mechanism from January 1982 until September 1982. Although SSA was granted hiring authority in September 1982, its own freeze has limited its ability to fill claims representative positions. More of these positions are being filled through internal promotions of clerical and

[3]The courts in 1981 ruled the PACE exam to be discriminatory.

technical employees, people who generally have a lower educational background than those recruited through PACE. In fiscal year 1979, about 44 percent of the claims representative trainee positions were filled from external sources and 56 percent from internal sources. By the first quarter of fiscal year 1982, external hires represented only about one-third of the total.

According to SSA officials, most of the clerical and technical people that can handle the claims representative's duties have been promoted. Furthermore, according to some SSA officials, the agency has problems competing with private industry for clerical and support staff to fill vacancies left by these promotions. Consequently, there are not only fewer people left to fill claims representative trainee positions, but also fewer clerical and technical staff.

Staffing Problems Affect SSA Performance

According to SSA documents and officials, employment policy and staffing problems of the past few years have hurt SSA performance.

The problems of filling claims representative positions have potential long term consequences. Historically, most management positions were filled by people who advanced through the agency from the claims representative position. These people tended to be upwardly mobile and career oriented. The people filling

these positions now, according to one official, tend to be less mobile and less careerminded. As a result, the lack of external recruiting may hinder SSA in the future through a lack of management material.

Operating Instructions Hinder Field Office Operations

The operating instructions needed to administer various Social Security programs are contained in SSA's Program Operations Manual System (POMS) as well as other manuals. Instructional materials are transmitted to SSA's field offices in various ways, including POMS, supplements to POMS, central and regional office program circulars, regional office supplements to central office instructions, and central office teletypes. Field office personnel must maintain and reference these instructional materials to do their jobs correctly. However, these offices have been inundated by the large number and the poor quality of instructions. If users are pressed for time and do not file them promptly, operating manuals are not kept up to date. Operating with outdated procedures could then lead to processing errors.

SSA has taken a number of actions to improve the issuance of instructional materials to field offices. The agency's operating policies and procedures used to be contained in about 230 distinct manuals and handbooks. In 1978, SSA began to

consolidate documents into one unified manual - POMS. When fully implemented, POMS is supposed to enhance SSA's ability to manage operations policy and procedures and improve the quality of instructions. However, some manuals were still not incorporated into POMS as of December 1982. When all manuals are converted, the POMS manual will contain about 26,000 pages.

Despite SSA's endeavors, field offices are still burdened by the volume and poor quality of instructions. During a 2-year period--July 1, 1980, through June 30, 1982--the following instructional materials were sent by SSA headquarters to its field offices.

--2,060 instructions for inclusion in the operating manuals such as the POMS and Post-entitlement manuals. These established new policies and procedures, rewrote existing policies and procedures, or corrected, clarified, or rescinded existing policies and procedures.

--368 teletype messages of instructions to be used until the printed instructions for inclusion in the operating manuals could be distributed.

--572 memos which are used to clarify a policy issue.

--136 program circulars which are used to explain a complex procedure.

SSA's regional offices also send instructional material to the field offices which supplement central office instructions.

For the 18-month period - January 1, 1981, through June 30, 1982 - there were 6,102 regional office supplements. These are issued to clarify headquarters policy and procedures, to provide guidelines for situations peculiar to local office needs, or explain vague central office instructions.

Reliance on Manual Processing

Largely because of SSA's ADP systems problems (see Attachment I), the work processed manually at SSA has increased. Manual processing is needed to (1) handle the automated systems fallout, (2) compensate for long-standing systems limitations and the inability to automate some of the computations, (3) process work backlogs, and (4) handle the implementation of new legislation until the required systems modifications can be made. This manual processing is more error prone and labor intensive than automated processing. Moreover, the fact that more errors are involved leads to the expensive task of additional manual reprocessing to correct the errors.

In 1979, 7.48 million transactions were processed through SSA's Manual Adjustments, Credits, and Awards Process (MADCAP) (see Attachment II). There were 7.56 million manual actions in 1980, 8.2 million in 1981, and 8.8 million in 1982.

According to a study by SSA's Office of Assessment, monthly benefit claims actions processed through MADCAP are more than three times as likely to have an end product error as those

processed through the automated system. This study also asserts that the same distinction is true, to a lesser degree, for postentitlement work. For the period July through December 1982, the payment error rate for postentitlement work processed manually was 13.9 percent while for that processed by the computer, the rate was 4.8 percent. The following table compares, for the same July through December period, the payment error rates by major categories for that portion of the postentitlement workload processed manually and for that portion processed through the automated systems:

Major Post-entitlement categories	Processed manually	Payment error rate	Computer processed	Payment error rate
	(percent)			
Annual Retirement Test Operations	25	22.3	75	10.7
Students	23	13.8	77	8.2
Recomputations	13	13.3	87	1.8
Death Terminations	9	8.3	91	3.4
Representative Payee	8	16.7	92	1.7
Internal Corrections	96	7.4	4	0.0
Overpayments	20	11.1	80	6.6
Other	12	10.6	88	0.3

The average dollar error per action has also increased. In 1980, the average dollar error for postentitlement actions processed manually was $42.73. For the period July through December 1982, the average dollar error per action for the same workload processed manually was $58.06.

Manual processing tends to be not only more error prone, but also less cost effective. According to SSA, manually

processing the postentitlement actions requires thousands of work years annually and results in longer processing times. SSA estimates that savings associated with automation of the initial claims that are processed outside of the totally automated processes would be 144 work-years annually.

Programmable calculators and the computation and benefit tables are the tools used to help make manual calculations. Providing timely support by using programmable calculators is not a minor task. It requires calculator programs to be rewritten, validated, and distributed to the field offices and program service centers and new procedures to be written for inclusion in the POMS manual.

SSA has for many years, used benefit and computation tables as a check on manual calculations, but the tables have now become so voluminous that their usefulness is questionable. Changes to the tables required by legislation have contributed to the problems. As a result of the 1981 legislation, SSA estimates that the tables will double in size to about 19,000 pages. In fact, tables reflecting 1981 changes were late in being printed. The late issuance of the benefit and computation tables has resulted in their decreased use.

CONCLUSIONS AND OBSERVATIONS

In previously discussing SSA's difficulties in carrying out its basic day-to-day program operations and in implementing

newly-legislated program changes, I referred to errors SSA has made in serving program beneficiaries. Considering the magnitude and complexity of SSA's programs and the management tasks they involve, it is reasonable to expect some administrative problems, and even relatively small problems can translate into large dollar amounts. It should be recognized that events external to the agency--over which SSA has little control--have contributed to the problems which hinder agency operations and program administration. These factors must be taken into consideration in any assessment of SSA's overall performance in serving the public.

SSA's efforts in implementing its ongoing ADP Systems Modernization Program (SMP) are critical to providing the agency with the systems support needed to ensure better public service. This Committee, as well as other committees in both the Senate and the House of Representatives, has recognized the critical nature of SMP and has expressed concern that it succeed. We will be closely monitoring SMP progress throughout the life of the project and keeping the Congress apprised of its status.

Mr. Chairman, this concludes my prepared remarks. We will be glad to answer any questions you or other members may have.

ATTACHMENT I

SSA'S ADP PROBLEMS - A MAJOR HINDRANCE TO QUALITY PUBLIC SERVICE

The quality of SSA's service to the public--especially its benefit payment activities--depends largely on how well the agency's ADP systems function in support of daily SSA operations. During the past several years, much public attention has been focused on SSA's serious and wide-ranging ADP problems. These problems--which run the gamut from hardware, software, and data storage to system personnel and systems security--are well known and need not be detailed here. We have discussed the problems indepth in numerous reports since 1974, and SSA itself has acknowledged their severity, presenting detailed analyses of its ADP situation during numerous appearances before congressional committees as well as in documents describing its Systems Modernization Program, or SMP, as it is commonly known.

Through SMP, SSA has resolved to improve its ADP environment. Thus, SMP's success in establishing reliable agency ADP systems is essential to improving the quality of SSA's service to the public. SMP is aimed not only at improving the quality of existing automated processing but also at automating manual processing operations as much as is practical. Our system review work for this committee--briefly summarized in the remainder of this attachment--addressed issues directly related to both of these objectives; thus, our results should be useful to SSA as it proceeds with its Systems Modernization Program.

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DEFICIENCIES IN THE RSI AUTOMATED PROCESSING SYSTEM

Although we have made numerous ADP evaluations at SSA since 1974, and have reviewed various aspects of the Retirement and Survivors Insurance program, or RSI, we had not, prior to our work for this committee, reviewed indepth the automated processes supporting that program. In response to committee concerns that changes to major SSA software systems were being made without adequate management control and were resulting in errors and waste, we looked at key automated processes associated with RSI claims, postentitlement, and payment activities. We identified system inefficiencies, system limitations, and internal control weaknesses within these processes which have adversely affected service to individual RSI beneficiaries.[1] However, because of the magnitude and complexity of the system, the lack of documentation, and the substantial interaction of automated and manual processes, we were unable to quantify the extent to which these system deficiencies contribute to adverse beneficiary effects.

System inefficiencies

The most obvious inefficiency we found in the automated RSI processing system concerns its reliance on two separate subsystems

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[1]We completed our work in the spring of 1983. This discussion of RSI system deficiencies, and the system description presented in attachment II, reflect conditions at the time of our work, and not subsequent changes that may have been made as part of SSA's ongoing SMP activities. This discussion of system deficiencies is more meaningful if the reader is already familiar with the contents of attachment II.

to update Master Beneficiary Records.[2] This dual updating approach requires that all postentitlement transactions be processed twice, once by each subsystem. Obviously, this is uneconomical and very timeconsuming, especially in light of the magnitude of both the files (more than 80 million records) and the postentitlement transactions (about 49 million for fiscal year 1982).

In addition to the inefficiencies associated with those two updating subsystems, we noted that a major claims subsystem appears to contain duplicate edit and control routines.

System limitations

Limitations within the automated RSI processes lead to delays in processing transactions, which, in turn, increase workload backlogs. Key RSI subsystems are not programmed to process certain types of beneficiary transactions. For example, a major subsystem for processing initial claims cannot handle dual-entitlement cases (see attachment II, page G-2 of glossary) because it cannot interface automatically with the auxiliary beneficiary's [3] MBR. Consequently, significant amounts of manual work are needed to calculate payment amounts for such claims. SSA studies show that claims excluded from fully automated processing are generally more complex, result in a

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[2]These master record updating processes are described in attachment II, beginning on page 19.

[3]A person--usually the spouse or child of a primary RSI beneficiary--who receives monthly benefits based on the earnings record of that primary beneficiary.

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higher proportion of inaccurate payments, and take an average of 30 additional days to process.

RSI postentitlement subsystems, likewise, have limited automated processing capabilities. For example, the subsystem that handles benefit terminations because of death cannot process terminations involving dual entitlement actions. Of more than 1.4 million death terminations for fiscal year 1982, almost 13,000 were rejected by this subsystem because they involved dual entitlement.

Because such limitations permeate the automated RSI system, hundreds of thousands of RSI transactions must be processed manually each year, and the associated manual calculations are not only error prone, but they also add to SSA's already burdensome manual workload backlog. For example, in March 1983 agency personnel told us that for the previous 6 months, SSA's program service centers had an average monthly backlog of about one million claims folders awaiting manual annotations. They added that system limitations and additional workloads would prevent the agency from returning to "normal" backlog levels--about 500,000 folders--for 2 to 3 years. This, obviously, delays processing of many initial claims actions and postentitlement adjustments. In addition, when manually oriented processing routines are used extensively to compensate for system limitations, existing automated system edits and controls will likely be overridden. SSA regularly uses three such routines in processing RSI claims, postentitlement, and payment transactions.

(See attachment II, page 14.)

Internal control weaknesses

Because the automated processes supporting the RSI program play such a key role in making benefit payments and maintaining beneficiary records, there is a crucial need for effective internal controls within and among those processes. This is especially true in light of the magnitude of monthly RSI benefit payments and beneficiary transactions. Such controls can greatly enhance overall RSI program operations by preventing and detecting errors, omissions, and fraud, and thus helping to assure the accuracy and reliability of beneficiary data and payments. Effective internal controls can also help facilitate the correction of erroneous, improper, or incomplete transaction processing. Moreover, such controls are needed in the RSI system to ensure SSA's compliance with the Federal Managers' Financial Integrity Act of 1982.

We found, however, that the RSI system has multiple internal control weaknesses. The most serious of these, in our view, is the lack of adequate system documentation, which will present major obstacles to private contractors that SSA hires to work on SMP software improvement projects. In addition, controls over data input, processing, and output are inadequate, with the burden of control often falling on the beneficiary (e.g., SSA is often unaware of erroneous actions until the affected beneficiaries report them). And, as mentioned previously, the need to rely extensively on manually oriented processing routines encourages the overriding of existing automated edits and controls. Further,

the system does not provide an automated transaction trail which would help determine why the errors that are detected occurred.

The lack of effective computer-based internal controls within the RSI system has been at least partially responsible for incomplete and/or inaccurate data in beneficiary records and for duplicate and/or inaccurate benefit payments. The following examples highlight several of the internal control weaknesses we found.

--Inadequate documentation. Inadequate program and system documentation not only made auditing the automated RSI system almost impossible, it has greatly restricted SSA's analysis of processing routines and has hindered the identification and correction of processing problems. Because there is so little documentation, SSA programmers can only "assume" that correct processing has been performed. For example, during our review, we found at least 350 transactions that appeared to be recirculating indefinitely within the automated system, never processing to completion. The processing routine involved is intended to provide cross references for interfacing between the RSI system and other automated benefit payment systems, such as the Railroad Retirement, Black Lung, and Supplemental Security Income systems. Because of inadequate documentation, neither we nor SSA could readily determine how these transactions should have been processed, how long this problem had existed, or the effect on RSI system processing and program beneficiaries.

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--Inadequate controls for preventing duplicate payments. A primary RSI beneficiary died in December 1980. SSA processed a survivors benefit payment of $420.10 through one RSI subsystem, making payment on January 13, 1981. Meanwhile, another subsystem incorrectly processed a duplicate check which was paid to the survivor on January 15, 1981. SSA studies have identified duplicate payments or overpayments that occurred because such RSI payment subsystems could not be adequately interfaced. Most of these were detected when SSA manually reviewed the case files.

--Lack of a transaction trail. During the processing of postentitlement transactions, record counts and dollar totals were out of balance, indicating that 14 RSI cases had payment-related discrepancies totalling more than $10,000. However, because the system lacks a transaction trail, SSA could not identify the individual cases affected. SSA programmers "guessed" that about 1,000 transaction records in all had been dropped from processing, and they corrected what they thought was "probably" the cause of the problem. In the 14 discrepant cases, however, SSA could not pay the $10,000 associated with the dropped transactions unless the affected beneficiaries contacted SSA field offices to complain. Consequently, payments were delayed even further. In addition, no action could be taken to make the non-payment-related changes (e.g., changes of address, changes in designation of representative payee, corrections

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in name spelling, etc.) associated with the remaining 900-plus lost records that were never processed. We could not determine the impact this had on beneficiaries.

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SSA is generally aware of some of the RSI system deficiencies our work identified. Nevertheless, we feel the agency can use our findings to develop specific actions for correcting these deficiencies and should incorporate their proposed actions into SMP's software engineering activities. To facilitate this, we will be providing SSA with further details on our findings.

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DESCRIPTION OF RETIREMENT AND SURVIVORS INSURANCE AUTOMATED AND MANUAL PROCESSES

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ABBREVIATIONS

ADP	Automatic Data Processing
AERO	Automatic Earnings Reappraisal Operation
AJS	Automated Job Stream
APO	Award Processing Operation
CAPS	Claims Automated Processing System

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CHAFF	Change of Address Free Format
CLACON	Claims Control Operation
COCO	Claims Orbit and Control Operation
DI	Disability Insurance
DOC	Data Operations Center
EAM	Electronic Accounting Machine
Entrex	Equipment Brand Name
IMPACC	Immediate Payment Critical Case System
MADCAP	Manual Adjustments, Credits, and Awards Process
MBR	Master Beneficiary Record
NIF	Not in File
OCO A-	One-Check Only A-
PESO	Post-Entitlement Scheduling Operation
PIA	Primary Insurance Amount
PMTT	Programmable Magnetic Tape Terminal
PSC	Program Service Center
REACT	Returned Check Action Program
ROAR	Recovery of Overpayments, Accounting, and Reporting System
RSDI	Retirement Survivors and Disability Insurance
RSI	Retirement and Survivors Insurance
RTUO	Regular Transcript Update Operation
SALT	Suspension and Life Termination
SMP	Systems Modernization Program
SSA	Social Security Administration
SSACCS	Social Security Administration Claims Control System

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SSADARS	Social Security Administration Data Acquisition and Response System
SSI	Supplemental Security Income
SSN	Social Security Number
TATTER	Terminations, Attainments, Transfers and Terminations Program

ATTACHMENT II

DESCRIPTION OF RETIREMENT AND SURVIVORS INSURANCE AUTOMATED AND MANUAL PROCESSES

INTRODUCTION

When an individual contacts a local SSA office to claim benefits under an SSA program, SSA must determine if the individual is entitled to such benefits and, if so, in what amount. To do this, SSA relies on computerized records maintained at SSA headquarters.

SSA operates a large and complex computer/communications system which is intended to process such information rapidly. An employee at a field office--using a computer terminal--can frequently estimate approximate monthly benefits and input information from the claimant, thus starting the process that results in a benefit payment.

In some cases where not all information is available or when the claim is complex, it must be referred to one of SSA's program service centers (PSCs) for action. The number of factors involved in an individual claim and the variety of situations that can occur has caused SSA to establish a number of systems (some manual, some automated) to process and track each claim.

Once an initial claim is processed, a variety of occurrences (termed postentitlement events; (see p.9) can affect the amount of monthly benefits paid to an individual. These postentitlement events may be as simple as a change of address. Or, they may be more complex, such as an increase in a

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a beneficiary's earnings to a level where the law requires that monthly benefits be reduced or suspended. SSA's systems must be able to adjust SSA records and individuals' monthly benefits to account for these occurrences and to notify beneficiaries of the actions taken.

All in all, the process of authorizing retirement and survivor benefits, paying monthly benefits, and making necessary changes as postentitlement events occur can become very complex. The large volume and various types of transactions SSA processes further complicates operations by requiring extensive recordkeeping and complex automated systems to handle this monumental workload.

Given the complexity of SSA operations and systems, it is difficult to summarize them concisely and in a manner that is easily understood. This overview, while apparently complex, is actually considerably simplifed to illustrate only the major elements of SSA's operations and is intended to show the flow of operations rather than to provide in-depth technical information.

BACKGROUND

The Retirement and Survivors Insurance (RSI) and Disability Insurance (DI) programs were established by title II of the Social Security Act (42 U.S.C. 301 et seq.). RSI was established in 1935 to provide income for taxpayers and their dependents when the taxpayers' earnings are curtailed or stopped

due to retirement or death. DI was established in 1954 to protect wage earners who become disabled by recognizing their period of disability when they applied for retirement benefits. That program was subsequently expanded to authorize cash benefit payments to the disabled. Nine out of 10 American workers pay social security taxes to fund these key social insurance programs. The Social Security Administration (SSA), a major component of the Department of Health and Human Services, is directly responsible for administering these programs.

In fiscal year 1982 RSI and DI programs provided Federal benefit payments totaling $152.1 billion[1]--$134.7 billion for the RSI program and $17.4 billion for the DI program. As of September 30, 1982, there were 31.5 million RSI recipients and 4.1 million DI recipients.

To make RSI and DI payments, SSA relies on its personnel as well as its computer and telecommunications operations. But the agency also relies on beneficiaries to provide claims and post-entitlement information. In addition to automatic data processing (ADP), SSA relies extensively on manual processing to administer RSI services.

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[1]These statistics represent the most complete, currently available data.

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Although RSI and DI programs are closely related, our overview (see p.7) focuses on SSA operations and systems used to administer the RSI program.

RESOURCES REQUIRED TO CARRY OUT THE RSI PROGRAM

Personnel resources

In fiscal year 1982 SSA incurred $1.5 billion in administrative costs to provide RSI services to beneficiaries. To deliver these and many other services for which it is responsible, SSA employs about 88,400 personnel[2] in its Baltimore, Maryland, headquarters and in field offices nationwide.

--About 27,500 headquarters employees[3] provide direction to field components on SSA programs, policies, operations, and administrative activities. Headquarters also operates and maintains most of the ADP and data storage facilities.

--About 44,900 employees are located throughout the country in 10 regional offices, 1,340 district and branch offices, 3,300 contact stations, and 33 teleservice centers. Regional offices have direct line authority over the operational and administrative activities of

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[2]This includes full-time permanent, access (college students), intermittent, and part-time (temporary and permanent) personnel, and others on special employment programs.

[3]This includes the Office of Disability, the Office of Central Records Operations, and the Office of Hearings and Appeals.

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these other field organizations, which serve as the primary points of contact between the public and SSA.

--About 14,300 employees located in 6 Program Service Centers--in New York; Philadelphia; Chicago; Birmingham, Alabama; Kansas City, Missouri; and Richmond, California--process, review, and approve RSI transactions that field offices cannot handle. In addition, the Division of International Operations in Baltimore has 570 employees who process RSI transactions for people residing outside the United States.

--About 1,110 employees assigned to 3 Data Operations Centers (DOCs)--in Salinas, California; Albuquerque, New Mexico; and Wilkes-Barre, Pennsylvania--receive and process mass input items such as employer earnings reports.

ADP and telecommunications resources

SSA relies extensively on ADP operations to deliver RSI services. ADP operations, centrally located at agency headquarters, are carried out on various large-scale computer systems and on medium-to-small sized special-purpose computers. Currently, 8 systems are dedicated to programmatic processing, 2 support the telecommunications network, 1 supports Systems Modernization Program (SMP) test and development efforts, and 1 provides administrative/management information. About 1,100 employees on 3 shifts operate the computer center 24 hours a day, 7 days a week.

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Each program service center also has at least one large scale computer system used for controlling case folders, printing output received from the headquarters computing center, and supporting a management information system. The PSCs also operate their systems 5 to 7 days a week.

To transmit data to and from headquarters, SSA uses a nationwide telecommunications network. This network allows field offices and PSCs to access automated beneficiary data stored at headquarters, transmit input data to the central computer facility for processing, and receive the output of that processing. A more detailed description of this network as it relates to RSI activities begins on page 10.

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OVERVIEW OF THE RSI PROCESS[4]

The RSI process illustrated by Exhibit A, page 7A, usually begins when an individual contacts a field office initially to file a claim for benefits (or, if already on the rolls, to report an event that may change his or her eligibility or entitlement). The field office, in turn, communicates through the telecommunications network with headquarters computer operations--and with PSCs, as necessary--to either establish beneficiary records or access established records.

SSA calculates and pays RSI benefits through a complex combination of automated and manual procedures. As information passes through over 600 title II computer programs, the automated system performs various functions, such as posting beneficiary changes, recalculating benefits, and monitoring overpayments. This system also interacts with other critical SSA and external computerized systems, such as the Supplemental Security Income (SSI) and Black Lung systems. These systems are interdependent with the RSI system. For example, the amount of SSI benefits paid to a recipient depends in part on the amount of RSI benefits received. Whenever the automated system cannot

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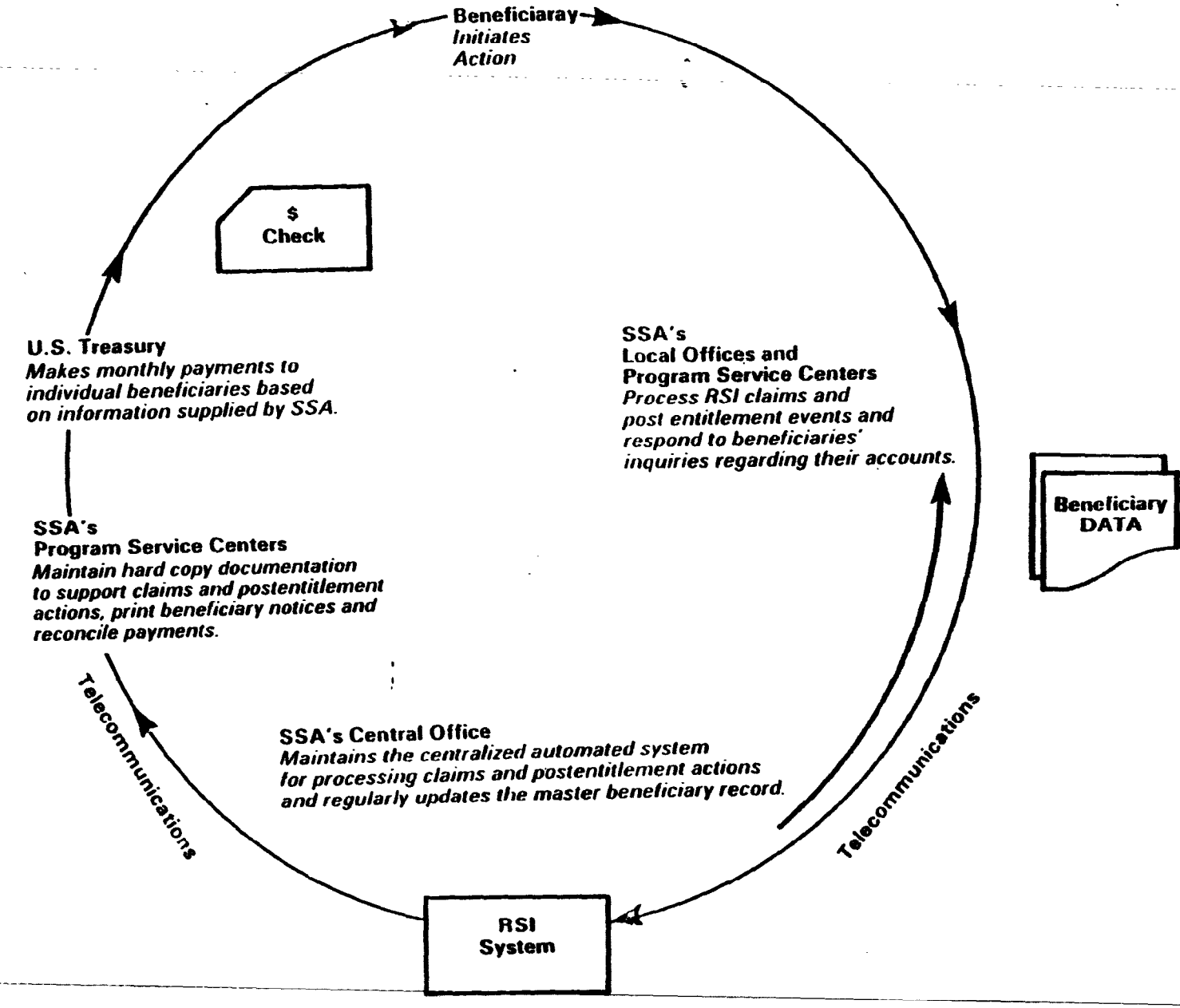
[4]Our review was completed in the spring of 1983; any system changes made since that time are not reflected in this overview of the RSI process.

Exhibit A

SIMPLIFIED FLOW OF THE RSI PROCESS



fully process a transaction, usually because the system is limited in its ability to handle certain transactions, SSA performs the transaction using processes that are semi-automated or completely manual. (See pp.15-18 for a description of major automated systems and their limitations.)

SSA maintains RSI computerized master files through a process which includes a separate update cycle for each of two master beneficiary files. (See p.19.)

The Department of the Treasury supports the RSI process by producing monthly checks and mailing them to beneficiaries or by making direct deposit payments.

Claims and postentitlement events

RSI actions fall into two main categories. Claims actions establish beneficiary entitlement, while postentitlement actions reflect events occurring after the initial determination of entitlement that may change eligibility or entitlement status.

Applicants generally file claims for Social Security benefits at and report postentitlement events to field (district or branch) offices. Claims representatives interview applicants and evaluate entitlement information, such as evidence of employment and worker identification data (e.g., W-2 forms, proof of age, proof of recent retirement, etc.). SSA evaluates all entitlement evidence including SSA-maintained earnings information and Railroad Retirement Board records. (For some transactions, railroad compensation is pertinent in determining

RSI benefits or jurisdiction of the claim.) After evaluating all entitlement evidence SSA either authorizes payment by Treasury or disallows the claim. SSA then notifies the claimant of the disposition of the claim.

SSA processed about 3.3 million RSI claims in fiscal year 1982, with field offices making a final decision in about 74 percent of these claims. Field office personnel then enter the decision into the computer system and forward the hard-copy claims folder to the responsible PSC.

If field offices cannot finalize a claim--because of case complexity, inability to complete system entry (e.g., when needed beneficiary data is missing), or insufficient folder documentation--the claim will be referred to a PSC. In fiscal 1982, 26 percent of RSI claims were processed by PSCs. Regardless of where final processing occurs, field offices forward RSI claims documents to PSCs. The PSCs process the more complex claims and postentitlement actions and are the primary repositories within SSA for case folders, which contain hard-copy documents, correspondence, and other payment material.

SSA processes postentitlement actions to reflect changes in beneficiary status or information and changes in provisions of programs which occur after entitlement has been established. These events often affect (1) the beneficiary's continued entitlement or eligibility to receive payments or (2) the amount

or disposition of payments. Examples of beneficiary-reported postentitlement events include:

--Changes in status (e.g., in work status, earnings estimates, marital status, residency, school attendance, age, dependency, etc.).

--Termination of benefits because of death.

--Changes in address or bank account number.

--Lost or stolen payments.

Those reported changes represent about half of all postentitlement events that occur each year. Other post-entitlement events include such items as changes in the legislated benefit rate. This particular change can affect over 35 million RSI and DI beneficiaries.

SSA's ability to process both claims and postentitlement actions depends heavily on the adequacy (in field offices, PSCs, and headquarters) of (1) automated systems and (2) the personnel to process manual actions.

SSA's telecommunications system-- a crucial element of the RSI process

SSA uses its telecommunications network extensively to transmit RSI-related beneficiary data between field offices and headquarters. The agency relies on several types of telecom-munications equipment to transmit this data. The SSA Data Acquisition and Response System (SSADARS)--interactive video display terminals that feature on-line editing capability (see

glossary) and real-time information retrieval--supports all field offices. The capabilities provided by SSADARS terminals include on-line query and update for RSI data.

Headquarters host computers receive queries from the terminals, process the information immediately, and transmit the responses back. At the same time, the incoming information may update the computer record so that responses to later queries will be based on current information. In most cases the terminal should receive a response within a few seconds after the query is transmitted.

In addition, PSCs use key-to-disk equipment to enter mass data (claims and postentitlement changes) in machine readable format. This equipment is part of a computer-controlled PSC data preparation system called Entrex. That system collects, edits, formats, analyzes, and verifies input data and then transmits it on magnetic tape to the central computer facility for further processing. Using Entrex, PSC personnel can enter data simultaneously throughout the day from multiple key stations, accumulating and storing the data temporarily on magnetic disks. These batches of data are then transferred onto magnetic tapes, (either intermittently or at the end of the day), and later transmitted to headquarters. (This is done over

dedicated high-speed transmission lines which connect programmable magnetic tape terminals (PMTTs) operating at each end.) This reproduces the tapes at headquarters so that further processing by the central computer facility can occur.

RSI data transmitted to headquarters over the telecommunications system accumulate at the central computer facility until delivered to the specific systems designated for processing RSI transactions. (SSA dedicates each of its systems to specific SSA program workloads.) This processing produces various forms of output (for internal SSA use or delivery to beneficiaries). (See p.27.) For example:

--PSCs are sent payment tapes for delivery to the Treasury Department regional disbursing centers.

--PSCs are sent system output from headquarters, and their computers print beneficiary notices, folder documentation forms, and other documents.

--Field offices are sent exception information and data recorded in various automated headquarters files through the SSADARS network. The majority of exceptions, however, are transmitted to the PSCs by means of the PMTT.

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DESCRIPTION OF THE CLAIMS PROCESS

SSA's ability to process initial requests for RSI benefits depends on the combined efforts of field offices, headquarters data processing operations, and the PSCs.

RSI claims can be divided into four authorization categories:

--Those that can be authorized by field office personnel without later PSC review. These are called "district office final authorizations."[5]

--Those that can be initially authorized by field office personnel but require PSC clerical review, approval, and processing. (These are also referred to as "district office final authorizations.")

--Those that can be authorized only by PSC personnel. Field offices forward to PSC's for action, those claims with certain characteristics that tend to increase the probability of adjudication error.

--Those that can be authorized only by PSC personnel because of system limitations.

SSA uses one or a combination of five different processing methods--each of which is either fully automated, semiautomated, or completely manual, depending on the circumstances of the actions--to authorize claims and calculate payment. The method or methods used depend on the nature of the claim and the capabilities of the automated systems. (See pp.15-18.)

[5]This term is used to describe claims authorized by district and/or branch offices.

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These five processes (see exhibit B, page 14A) are:

--Claims Automated Processing System (CAPS)

--Electronic Accounting Machine (EAM)

--Manual Adjustments, Credits, and Awards Process (MADCAP)

--Immediate Payment Critical Case (IMPACC)

--One-Check-Only A- (OCO A-)

The following table shows which entities--PSCs or field offices--use each of these five methods and to what extent. A more detailed description of each method follows the table.

Methods to Initiate Payments (note a)

	Used by field office	Used by PSC	Fiscal Year 1983 Percentage of claims processed
CAPS	X	X	66
EAM	(b)	X	7
MADCAP	(b)	X	22
IMPACC (d)	X	X	Less than 1
OCO A- (d)		X	Less than 1
		Total	95 (c)

a/ MADCAP, IMPACC, and OCO A- are used for claims and post-entitlement transactions; however, the statistics represent only claims.

b/ Field offices perform manual calculations for MADCAP and some EAM actions; however, this information must be forwarded to the PSCs for review and data input.

c/ Disallowances, abatements, and withdrawals account for 5 percent of the number of claims. Most disallowances are processed by CAPS. In fiscal year 1983, 3.1 percent were CAPS disallowances.

d/ IMPACC and OCO A- payments are interim payment methods which eventually go through MADCAP.

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Claims Automated Processing System

CAPS is a series of automated programs featuring direct data input through which field offices and PSCs enter initial claims actions (see glossary for definition of initial claims) and generate payments or deny claims. Generally, CAPS is limited to processing initial claims transactions (the major exception is the lump sum death payment). By directly inputting to a headquarters computer, pertinent data such as social security number (SSN), name, etc., along with data extracted from the summary earnings records,[6] CAPS can (1) determine insured status, (2) compute primary insurance amounts (PIA) (see glossary), (3) establish dates of entitlement, and (4) develop benefit notices to beneficiaries.

Because CAPS is complex (it consists of numerous computer programs and uses many types of data), SSA developed three separate control systems for CAPS. These are described below in the order that processing occurs.

1. SSA Claims Control System (SSACCS). SSACCS (1) tracks each claim processed through CAPS, (as well as EAM and MADCAP) from the time of filing until adjudication is

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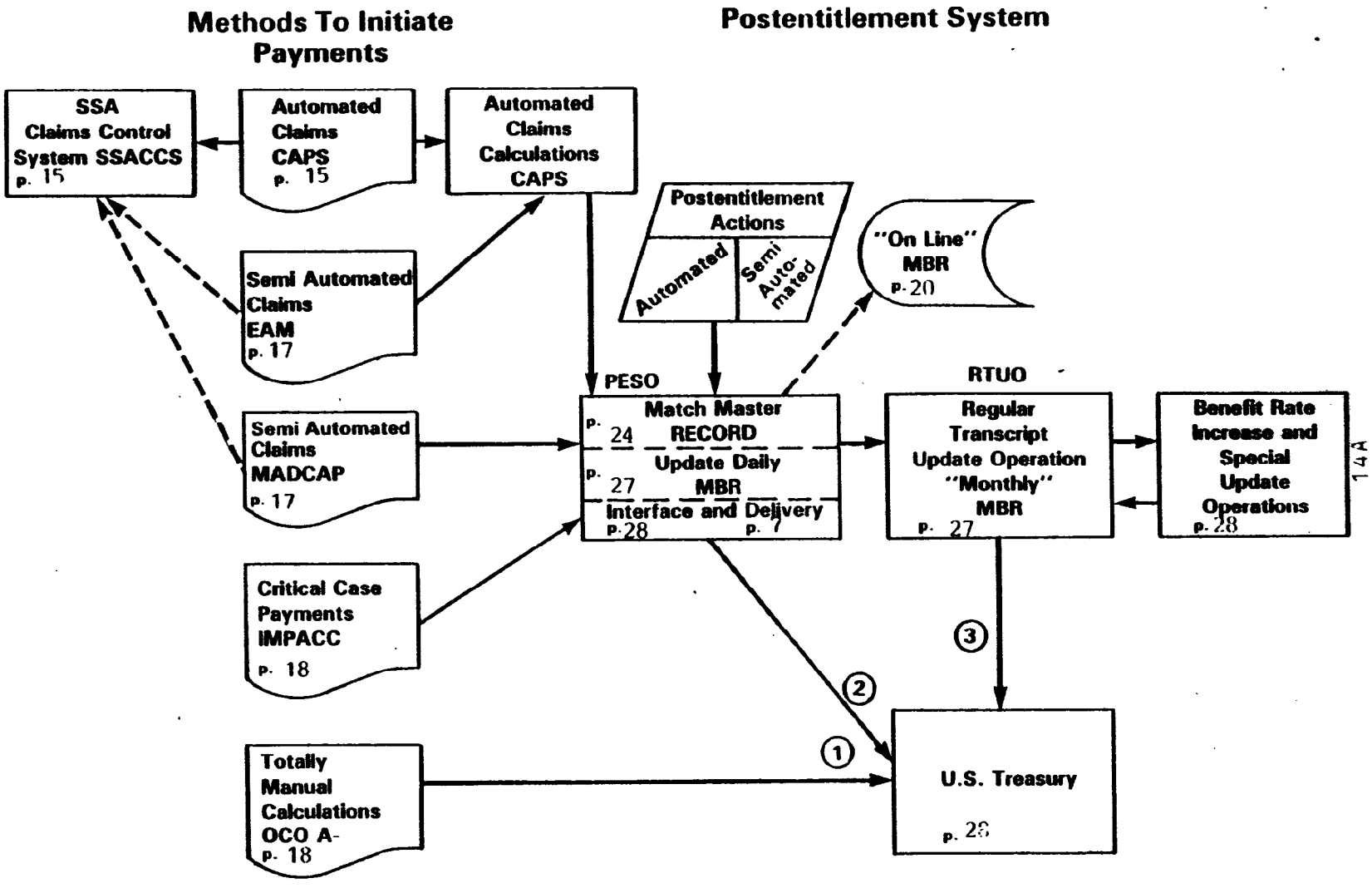
[6]A summary earnings record consists of a summary showing annual earnings and individual quarters of coverage for each person who has been issued a social security number. It is updated each time that individual has additional earnings reported. It is used to determine if an individual is entitled to benefits and to compute the initial benefit payment amount.

Exhibit B
RSI AUTOMATED AND MANUAL PROCESSES



completed, (2) interfaces with the RSI case control system in each PSC, which tracks the location of hard-copy case folders, and (3) edits and sorts CAPS records, and identifies any duplicate CAPS input transactions.

2. Claims Control Operation (CLACON). CLACON allows those cases that require additional data to be held pending receipt of that data. For example, if additional information is needed--such as earnings--to continue processing a claim, CLACON holds the available claims information until the additional earnings data can be obtained.

3. Claims Orbit and Control (COCO). Claims that have no apparent computation deficiencies after clearing SSACCS and CLACON are stored in COCO's orbit--a type of suspense file--until the field offices or PSCs determine the proper course of action; e.g., whether to modify or delete data or authorize the claim.

Once the claims data have been processed through these controls, they are entered into the Award Processing Operation (APO)--it consists of a series of computer programs which

compute work deductions,[7] calculate monthly benefit amounts, and determine entitlement dates.

Electronic Accounting Machine

EAM is a semiautomated claims processing method. While it no longer actually involves the use of electronic accounting machines, it is still referred to as the EAM process. Field and PSC employees manually calculate those entitlement dates and primary insurance amounts that CAPS is incapable of determining. These calculations, along with basic identity and entitlement data, are then entered into APO by the PSCs. Thus, the "automated" portion of EAM is, in essence, the previously described APO system. Most RSI transactions processed by EAM are subsequent claims. (See glossary for definition of subsequent claims.)

Manual Adjustments, Credits, and Awards Process

MADCAP handles all RSI claims that cannot be processed by either CAPS or EAM; that is, those claims requiring manual processing. For such claims, all of the paperwork and computations required to compute benefits must be prepared manually. This information is then entered into the system for subsequent automated processing (see exhibit B).

[7]A work deduction is the suspension or partial reduction of a beneficiary's monthly benefit amount due to excess earnings. The Social Security Act requires that certain beneficiaries have their benefits reduced if they work and have earnings that exceed an annual exempt amount.

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Immediate Payment Critical Case

IMPACC is a partially automated process that overrides all existing controls in the CAPS system, permitting benefits to be paid promptly in those cases where delays--such as those caused when claims data are rejected by the regular automated systems--would create financial hardship for the beneficiary. When the problem causing such a delay cannot be quickly corrected by a PSC or field office's direct input to the automated system, IMPACC is used to make temporary monthly payments until the beneficiary's claim clears the regular process (CAPS, EAM, or MADCAP), placing him or her in current pay status.

One-Check-Only A-

OCO A- is a totally manual process SSA uses to expedite the payment of RSI benefits that have been delayed for long periods in the regular payment operation. As its name implies, it is intended to pay the claimant only one check, usually for total benefits accrued since the claimant's date of entitlement. Once an OCO A- payment is made, input to one of the regular systems is necessary to pay subsequent checks on a continuing basis.

ATTACHMENT II

DUAL SYSTEMS ARE USED TO UPDATE MASTER BENEFICIARY RECORDS (MBRs) FOR POSTENTITLEMENT EVENTS

Once a beneficiary has had his or her RSI claim established through one of the initial claims processes, a Master Beneficiary Record[8] is created to store all pertinent information about the individual's RSI claim. Any number of events occurring thereafter may change entitlement or eligibility, or the disposition of payments. SSA uses two separate title II subsystems--the Postentitlement Scheduling Operation (PESO) and the Regular Transcript Update Operation (RTUO)--to update the MBRs to reflect changes in beneficiary status caused by these postentitlement events. (See exhibit B.)

RTUO maintains all MBRs, while PESO maintains only the MBRs that have had changes within the current operating month (see glossary). Both PESO and RTUO process payment changes and send them to the Treasury (see p.28). To have up-to-date information readily available for posting changes to beneficiary status, SSA found two MBR files were needed. If SSA depended solely on the monthly RTUO, many beneficiary changes could not be posted promptly, causing incorrect payments and beneficiary

[8]Because it contains the basic account, benefit, and payment data necessary to issue a monthly benefit check, an MBR is the primary computer record in the RSI system. Data maintained on an MBR include the beneficiary's name, date of birth, address, claim account number, payment computation and history, and health insurance data. Although an MBR plays a major role in the RSI system, other operations--such as the Health Insurance, Black Lung, SSI, Statistical, and Earnings systems--also frequently use MBR data. The total MBR file consists of over 80 million records. Each record comprises varying amounts of data, ranging anywhere from 60 to approximately 80,000 characters in length.

inconvenience. By using PESO, beneficiary changes reported in the middle of a processing month become effective in that month; later, SSA uses RTUO to update the monthly MBR data base.

In addition, PESO directs changes to the "on-line" MBR[9] which SSA field and PSC employees use to gain quick and easy access to beneficiary information through the telecommunication system. Thus, these three MBRs receive information from the two updating subsystems--PESO and RTUO. Since SSA could conceivably maintain three separate MBRs per beneficiary at a given time, it is crucial they be consistent.

PESO and RTUO maintain and update their respective MBR files through separate but coordinated scheduling operations. In essence, PESO and RTUO process the same transactions but in a different sequence. RTUO's monthly scheduled processing is divided into 20 segments based on SSN (e.g., transactions with SSNs ending in 00 through 04 are processed in segment 1, 05 through 09 are processed in segment 2, etc.), each of which is only processed once a month.

On the other hand, each of the two to three weekly PESO processing runs involves transactions representing the full range of SSNs--i.e., ending in 00 through 99. After updating

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[9]The on-line MBR may be a "full" or "mini" record. After a postentitlement or claims action has been posted to an MBR, the on-line MBR maintains the full record for 2 months. All other MBRs in active status (e.g., current pay status) are kept on-line in a "mini" format. The mini MBR is about half the size of the full MBR. For example, the mini MBR will only include the three most recent PIAs and historical payment data, whereas the full MBR will include all PIAs and historical payment data.

its MBRs with these transactions, PESO accumulates and holds the transactions until they are needed as input to RTUO. At that time, PESO delivers those transactions with SSNs which correspond to RTUO's processing segments. Although PESO currently only operates two to three times a week, its MBRs are still referred to as the "daily" records, since PESO used to update them daily. Similarly, because RTUO updates its MBRs monthly, they are known as the "monthly" records.

Description of the Postentitlement System

The postentitlement system receives changes in beneficiary status and updates the MBR through a series of automated programs. Generally, upon receiving information concerning a postentitlement event from any of several sources, the system

--finds the individual MBR needed to process the transaction,

--determines how the event affects the data contained therein,

--makes the necessary changes to the record,

--prepares and mails a notice of the changes to the beneficiary,

--provides data to other automated systems, and

--forwards the corrected information to Treasury so that the proper payment can be made.

More specifically, the postentitlement system can be broken down into four major processing phases: PESO postentitlement input, PESO MBR search operation, applications programs, and PESO and RTUO update operations. Each is discussed below.

PESO postentitlement input

Input for postentitlement events comes primarily from field offices, PSCs, and headquarters. Field offices enter most postentitlement information that beneficiaries report, and PSCs handle that information which field offices cannot process. Headquarters input usually results from regular automated screening of the MBRs. For example, when a beneficiary reaches the age of 70, his or her benefits may need to be recalculated.

PESO input comes in many forms:

--Initial claims data for establishing new MBRs.

--Health insurance, SSI, Black Lung, and Railroad Retirement data for interfacing with other automated processes.

--Data rejected by previous PESO processing and reentered by PSC employees.

--Changes in beneficiary status.

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--Rejected monthly transactions from RTUO. These transactions are entered regularly upon completion of corresponding RTUO processing.[10]

During each processing run, PESO's first major computer program processes about 1 million transactions, sequencing and assigning a priority search code to each transaction. Priority search codes are needed since PESO generally can process only one transaction per account per processing run. These codes which are determined primarily by the type of incoming postentitlement transaction, enable a subsequent program within PESO to determine which actions will access the MBR during the current operating run. For example, if an address change and a work notice[11] are received on the same day, the address change code has a higher priority than the code assigned to the work notice. Therefore, the address change would be forwarded to the next processing phase--the MBR search--and the work notice

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[10]Since PESO has already processed these RTUO-rejected transactions and posted them to the daily and on-line MBRs, these MBRs must be adjusted. The System Control Record provides information to PESO programs to ensure that all RTUO rejections--assigned the highest priority search code--are submitted to the next PESO run. In coordinating the processing activities of PESO and RTUO System Control Record, as one of its primary functions, identifies the schedule for delivering PESO-processed transactions to RTUO. (See p.20.) It also monitors PESO's receipt of transactions that RTUO returns (e.g., rejects).

[11]A beneficiary's notification to SSA that he or she either has terminated employment or returned to work. (Beneficiary employment earnings may affect benefit payments.)

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would be "recirculated"[12] for later processing. If the processing priority were reversed in this case, i.e. the work notice was processed first, the work notice would be processed using an incorrect address for the beneficiary.

PESO MBR search operation

This process locates and associates an MBR with each postentitlement transaction so that applications programs can perform their processing functions. The searching operations are fully automated. The first major MBR search activity is to access MBRs that PESO has updated since the last monthly RTUO update. This involves searching an "orbiting" file[13] of recently updated MBRs. (This file is kept current by another function of this operation which merges into it a file of records updated in the prior day's PESO run.)

This orbiting file is then searched to determine if it contains any MBRs that match any input transactions. Matching transactions are forwarded for further processing, while nonmatched transactions are sent for a search against the entire MBR file. This second search operation produces a file of matched and nonmatched (not-in-file or NIF) transactions and MBRs which is then merged with the matches from the first search and Medicare premium due data obtained from the health insurance system. This data is needed by the PSC's for

[12]The process by which access to an MBR will be delayed if another request of a higher priority is made for the same MBR.

[13]Copies of new and recently modified MBRs which are held by PESO until they are made permanent by RTUO.

withholding Medicare premiums from RSI monthly benefit payments.

The next processing step separates these transactions[14] by type of action and directs them to an appropriate applications program. For example, transactions requiring an address change are sent to the specific application program designed to automatically change addresses.

Applications programs

About 21 transaction-oriented applications programs separately perform major types of processing. Although these programs vary considerably in individual processing steps, they perform the same basic tasks (i.e., analyzing and validating transactions and related MBR data) and produce the same major outputs. (See p.28.)

Transactions rejected during the application's validation process must be corrected by PSCs. For example, if the date of birth or date of death shown is in the future, the transaction will be rejected. Valid transactions are processed by the applications programs, which perform such functions as posting overpayment data, calculating benefit adjustments, or terminating benefits. The following table briefly describes some of the applications programs.

[14]Applications programs receive NIFs; however, they reject and send them to the appropriate PSC. Exceptions to this are NIFs which are initial claims in which case PESO and RTUO establish MBRs and process these transactions.

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Program	General purpose/function
Change of Address Free Format (CHAFF)	Changes the payee's name and address on the MBR.
Suspension and Life Terminations (SALT)	Allows SSA to suspend or terminate benefit payments or to adjust them when postentitlement events occur such as marriage or divorce, or when the last entitled child leaves his or her mother's care.
Recovery of Overpayments and Accounting Reporting (ROAR)	Maintains data for and monitors data on the recovery of overpayments and reflects such data for each beneficiary on a Recovery of Overpayments, Accounting Master Record.
Terminations, Attainments-Transfers and Terminations (TATTER)	Terminates monthly benefits upon receiving notice of a beneficiary's death and assigns payment of benefits to his or her survivors.
Returned Check Processing Operation (REACT)	Establishes and maintains automated control over returned checks by (1) the disposing of returned checks, (2) creating returned check alerts for other postentitlement operations, and (3) alerting the appropriate PSC of cases requiring manual processing.
Manual Adjustments, Credits, and Awards Process (MADCAP)	Processes all postentitlement and claims transactions that cannot be processed through other automated methods.
AJS-1	Calculates and pays benefit increases due as a result of a benefit recomputation,[15] such as when additional earnings increase an individual's benefits.
AJS-3	Processes annual earnings reports of working beneficiaries and related benefit adjustments and beneficiary notices.

[15]The Automated Job Stream (AJS) was originally designed to integrate the application processes. The concept was developed in the mid-1970s to develop common functional requirements and processing capabilities. Although the fully integrated AJS project was never achieved, two versions--AJS-1 and AJS-3--were implemented. (See GAO report HRD-81-47, February 6, 1981.)

The results of these application programs are reflected in three major SSA outputs referred to as: (1) postentitlement action tapes, (2) postentitlement located unprocessed masters (tapes), and (3) postentitlement update tapes.

The postentitlement action tapes and located unprocessed masters contain information regarding folder documentation, automated beneficiary notices, and unprocessable actions. Headquarters transmits these tapes to PSCs which print and mail beneficiary notices, maintain the hard-copy beneficiary folders, and reprocess rejected transactions.

SSA submits the postentitlement update tapes to the Systems Integrity Fiscal Totals Operation, a PESO subsystem which provides beneficiary payment totals and other fiscal data for headquarters and PSC use.[16] Once this fiscal and accountability operation is completed, SSA uses the postentitlement update tapes as input for the next major process--the PESO and RTUO MBR update.

PESO and RTUO update processes

Both PESO and RTUO use the changes on the postentitlement update tapes to update their respective MBR files. Before performing the update operation PESO validates the "daily" MBR

[16]The System Control Record provides information needed to assure that output files from the applications programs are processed through the systems integrity fiscal totals operation, before being sent to PESO's MBR update process. (See glossary for definition of the Systems Control Record.)

and the update actions. If the transactions fail the validation process, a PESO program routes them back to the PSCs for correction and corrects the previously accumulated fiscal totals operation.

For the transactions that clear the validation process PESO updates the MBR and produces six tape files, each of which serves as input for subsequent operations. For example, PESO uses one of these files to interface with other automated systems. (See discussion of this interface on p.7.) Further, PESO submits payment data contained in this file and one of the other files to a series of special operations which forward the data to Treasury to prepare the benefit check. In addition, when data from another PESO tape file is received, RTUO updates the monthly MBR, produces payment-related data, and forwards that data to Treasury.

In addition to ongoing PESO and RTUO updating operations, special update operations--to reflect events such as the periodic benefit rate increase--affect the entire master file and are communicated to Treasury separately.

Changes in beneficiary status forwarded to Treasury

Changes in beneficiary status which affect benefit payments are communicated to Treasury not only through PESO and RTUO but also through the manual OCO A- process. Three

separate operations to report beneficiary changes are needed because of the timing and nature of a beneficiary's changes.

The timing of a particular postentitlement event, in relation to RTUO's segmented updating process (see p.20), can affect whether it will be transmitted to Treasury by PESO or RTUO. Because each of RTUO's 20 segments is updated once a month, a particular transaction may occur just after the corresponding RTUO segment has been updated. Thus, this transaction would not be processed by RTUO until the following month. In such cases affecting payment, SSA uses PESO to communicate these changes to Treasury during the current operating month. Conversely, if the transaction occurs before RTUO's monthly update of the corresponding MBR segment, the change will be communicated to Treasury through that process.

In addition, the nature of the beneficiary's status or change may affect the payment process routes. For example, when payments are past due, PESO produces a special file for communicating these payments to Treasury. Whenever payments cannot be made through either RTUO or PESO, they are handled through the OCO A- operation, which communicates them to Treasury.

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In communicating changes in beneficiary payments and status to Treasury, SSA's headquarters first reconciles claims and postentitlement payments, then sends (through its telecommunications system) authorized beneficiary changes to PSCs. PSCs prepare payment documents and deliver the transactions to Treasury. The Treasury Department's regional disbursing centers maintain files of continuing monthly payments for RSI beneficiaries. Using the beneficiary changes reported by SSA, Treasury updates its payment tapes, prints checks, and mails them to the beneficiaries.

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GLOSSARY

Automatic Earnings Reappraisal Operation (AERO)	A series of computer programs for the post-entitlement function of recomputation and recalculation of primary insurance amounts and benefit rates. This recommendation is based on earnings recorded after benefit entitlement is established.
Automated Job Stream (AJS)	A multi-version operation designed to integrate the object program process. The concept was developed in the mid-1970's and its purpose was to develop common functional requirements. The fully integrated AJS project was never achieved, however, two versions--AJS-1 and AJS-3 were implemented. AJS-1 primarily pays increased benefit recomputation. AJS-3 processess beneficiary reports of earnings under the annual retirement test.
Award Processing Operation (APO)	This operation is a series of computer programs which process data from the CAPS and EAM claims systems and results in the final award or disallowance action. APO compute data such as work deductions, monthly benefit amounts, and entitlement dates.
Change of Address Free Format (CHAFF)	A PE application that formats change of address data and applies it to the MBR.
Claims Automated Operation Processing Systems (CAPS)	A series of computer programs designed for processing of most initial and certain subsequent claims. The CAPS programs include actions beginning with the input of the claim data through processing of the claim or disallowance by the award processing operation.
Claims Control Operation (CLACON)	A control function and holding file for claims from time of receipt until documents are mailed to the district/branch office.
Claims Orbit and Control Operation (COCO)	This is a subsystem of CAPS that maintains an orbit file, formats the records sent to APO, prepares messages sent to the district/branch office and routes all records received to the appropriated programs.
Current Operating Month	A contrived time interval which usually begins around the 20th of the month allowing SSA and Treasury time to prepare checks by the early monthly delivery date.

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Dual entitlement	When a claimant is entitled to a monthly benefit on more than one SSN. For example, a claimant entitled on her/his own SSN to retirement benefits and also on her/his deceased spouse's SSN. The benefits are usually combined in one check.
Edit	An input control technique used to detect input data which are inaccurate, incomplete or unreasonable. This function can be performed either manually or by computer either before or during regular processing.
Electronic Accounting Machine (EAM)	SSA's name for a semi-automated claims processing method. Electronic accounting machines are not used by SSA for this process. Manual calculations are performed for dates of entitlement and primary insurance amounts. This information plus basic identity and entitlement factors are entered into the awards processing operations.
Eligibility	When a claimant meets entitlement factors for the specific type of benefit for which they are filing (e.g., age).
Entitlement	When an eligible claimant applies for benefits to which entitled by law. Entitlement is usually used in the context of claims that have already been processed and the beneficiary is established on the MBR.
Immediate Payment Critical Case System (IMPACC)	SSA field, PSC and headquarters offices use this system for expediting benefit payment delayed in processing and resulting in beneficiary hardship. IMPACC transactions override all existing controls in SSA's basic claim payment systems. IMPACC amounts and dates are not updated to the MBR. They are stored on a separate data base.
Initial Claim	The first claim for monthly benefits or a lump-sum death payment on an individual SSN.

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Magnetic Disk	A flat circular plate with a magnetic surface layer. Synonymous with disk.
Magnetic Tape	Refers to a tape made of Mylar or other plastic, coated or impregnated with magnetic material, on which alphabetic or numeric characters can be represented in code form by means of magnetized areas.
Manual Adjustments, Credits and Awards Process (MADCAP)	A semi-automated system used by SSA to process all RSDI claims and post-entitlement transactions that cannot be handled by other automated systems.
Master Beneficiary Record (MBR)	A file containing master records for persons receiving Title II benefits and also persons in nonpay status who have been terminated or suspended. Payments issued by the IMPACC process are not recorded in this file.
One-Check-Only A- (OCO A-)	A mechanism by which a one-time-only Title II payment may be initiated by individuals within the PSCs. These payments are not processed through the Title II automated payment system.
Online Editing	The mechanism designed into a computerized system which immediately verifies data entered into the sytem and returns exception messages to the originating office, thereby allowing immediate correction and proper entry of data.
PE Applications Programs	Individual processes within the Title II computer payment system. Each process is responsible for handling a specific type of input (e.g. manually prepared actions would enter the MADCAP application program) and would validate the data and prepare a record to either accrete data to, change data on, or delete from the MBR.
Postentitlement	The term used to describe events and actions which occur subsequent to an individual's entitlement to benefits which necessitate adjustments and changes to SSA records.
Post-Entitlement Daily Udate Operation (PRDUO)	The process within the Post-Entitlement Scheduling Operations that validates and applies change transactions to the MBR.

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Post-Entitlement Update Tape	The tape files produced by the various PE programs containing changed information for updating to the MBR.
Post-Entitlement Scheduling Operation (PESO)	A subsystem which updates the MBR to reflect changes in beneficiary status. All automated actions are delivered to PESO, and PESO in turn delivers data to the MBR search operations, the object programs, the Regular Transcript Update operation, Treasury, and all other systems which interface with MBR data base. It also validates and updates the incoming transactions to the MBR and orbits this updated MBR until the Regular Transcript Update operation occurs. PESO maintains MBRs that have had changes within the current operating month and update them two to three times a week.
Primary Insurance Amount (PIA)	The basic unreduced benefit computed using the record holder's reported earnings that usually flows from the worker's average monthly wage.
Programmable Magnetic Tape Terminal (PMTT)	A high speed batch processing telecommunications facility which links DOCs, PSCs, and other facilities with central office. It is used only for tape transmissions as opposed to single transactions.
Recovery of Overpayments, Accounting and Reporting System (ROAR)	An automated system for the recording and controlling RSDI overpayment recovery efforts. Statistical and accounting reports are prepared to reflect overpayment and recovery efforts.
Social Security Administration Claims Control System (SSACCS)	A system which monitors claims processed through CAPS, EAM, and MADCAP. Each claim is monitored from the time of filing until adjudication is completed. SSACCS also maintains an interface function with the RSI case control system.

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IMPLEMENTATION OF THE STUDENT, SSI-OFFSET, AND ROUNDING LEGISLATIVE PROVISIONS AND THEIR IMPACT ON FIELD OFFICE OPERATIONS

STUDENT PROVISION OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981

This provision, Section 2210(c) of P.L. 97-35, eliminated new benefits for child beneficiaries 18 or older in post-secondary school and 19 or older in elementary or secondary school effective May 1, 1982. However, students 18 or older who were entitled to a child's benefit in August 1981 and who began postsecondary school before May 1982 will continue to receive benefits. The students meeting this definition are phase-out students.

The amount of the phase-out students' benefits will not be adjusted for changes in the cost-of-living after August 1981. Beginning in 1982, no benefits are payable to them during the months of May through August (called the summer suspension period), and the benefits wil be reduced each year by 25 percent of the August 1981 amount. The phase-out benefits will continue until the student reaches age 22, discontinues his/her education, or for some other reason ceases to qualify. But in no case will phase-out benefits continue beyond July 1985.

On the other hand, there are students classified as nonphase-out students. A nonphase-out student is any

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student who is not eligible as a phase-out student. Effective August 1982, all nonphase-out students' benefits were to terminate at age 19 instead of age 22. Implementation of the student provision occurred by the effective date with automated support. However, extensive manual intervention was required. This need for manual intervention created massive workloads for SSA's processing service centers which caused the PSC's to delay other workloads. The field offices also had to cope with instructions from several sources that involved clarifications, corrections, or changes, and late training. According to field and regional office officials, it was difficult to understand the student provision and its effect on payments to students. Thus, explaining how and why the student benefit changed and how others are affected when a family maximum was involved was frustrating.

The problems encountered in implementing this provision resulted in some students benefits that were (1) late in being terminated, (2) late in being reinstated after they were suspended during the summer, and (3) late in being redistributed to other entitled auxilliary beneficiaries on the same workers account during the summer suspension period. Notices to inform the auxilliary beneficiary that their benefits were being increased for the summer were also incorrect.

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SSI OFFSET PROVISION OF THE DISABILITY AMENDMENTS OF 1980

When a person filed applications with the Social Security Administration (SSA) for both Social Security Act title II Retirement, Survivors, and Disability Insurance (RSDI) and title XVI Supplemental Security Income (SSI) (including State supplemental) benefits, a delay in the payment of RSDI benefits could have resulted in the payment of SSI benefits that would not have been paid had the RSDI been paid when regularly due. When SSA paid the RSDI beneficiary, the payment was for full payment of all past due months of entitlement regardless of whether the person received SSI for these months. In effect these individuals received a "windfall" payment because they received full RSDI and SSI benefits for the same period.

To prevent these windfall payments, Section 501 of P.L. 96-265 requires SSA to offset RSDI payments if a person received SSI for the same period. The amount of the offset equals the SSI benefits that would not have been paid if SSA had paid RSDI when due, rather than retroactively.

To implement the SSI-offset provision, SSA installed a semiautomated process. This process is manually oriented with

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limited systems involvement. Manual processing substantially increased the payment error rates for these cases. The time required to process RSDI cases subject to offset averaged about 2 hours with 1 hour required to do the manual computations. Enactment of Retrospective Monthly Accounting further complicated and lengthened offset processing by increasing the number of calculations. The long processing times contributed to substantial backlogs of offset cases waiting to be processed.

The operating instructions that were distributed to field offices came from several sources, were unclear, incorrect, and untimely. These problems contributed to the field offices incorrectly routing offset cases. The training provided to those personnel who processed offset cases was not timely and lacked sufficient detail on the SSI program. This caused errors to those RSDI cases whose payments were adjusted for SSI offset amounts. Field office officials also indicated that its staff failed to identify RSDI cases subject to offset because a lack of understanding of the offset process.

ROUNDING PROVISION OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981

This provision, Section 2206 of P.L. 97-35, rounded benefit amounts down to the next multiple of 10 cents at each stage of computation or adjustment, and then down to the next dollar after making deductions, including the medical insurance (SMI) premium amount.

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Under the Act, rounding was to apply to all calculations and adjustments effective after August 1981. Since rounding had to be implemented for all calculations, SSA had to build rounding into its automated benefit system. SSA did not implement rounding until the June 1982 cost-of-living increase was put into effect. During the interim, an estimated $15 million in cost savings were lost.

Although automated, there was still the need for some manual computations. However, the computation and benefit tables that are used as a check on manual calculations were late in being distributed.

When rounding was implemented, it caused a large interviewing workload. Beneficiaries did not understand what happened to their benefit checks.

A problem with rounding had been identified by the staff in one region. The title II rounding provision causes some SSI recipients to have alternating months of eligibility and ineligibility because of the way SSA determines countable income when there is a Supplemental Medical Insurance premium. A memorandum from the central office to the regional office said that all regional commissioners would be advised of SSA's plans when a decision on how to revise the policy is made.

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