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STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
HOUSE COMMITTEE ON WAYS AND MEANS
ON
PLANNED STAFFING CUTS AND POTENTIAL
OFFICE CLOSINGS FOR THE SOCIAL SECURITY ADMINISTRATION

Mr. Chairman and Members of the Committee, we are here today to present our observations on the feasibility and impact on the Social Security Administration (SSA) of planned staffing cuts and potential office closings. Also, as you requested, we are providing our observations on the policy making process as it relates to these two very important issues.

SSA STAFF CUTS

First, we would like to address the staffing cuts which were announced in the Administration's proposed fiscal year (FY) 1986 budget. The cuts total 17,000 full-time equivalent (FTE) positions and are to be achieved over a 6-year period--FY 1985 through FY 1990. Such a reduction would reduce SSA's FTE staff about 21 percent--from about 80,000 in FY 1984 (the base year) to about 63,000 in FY 1990. These cuts represent one of a number of initiatives that are a part of the Administration's program to improve the management of the Federal government. The Administration has stated that its objectives are to make the cuts of 17,000 without adverse impact on service to the public and without reductions-in-force.

To achieve the reduction of over 17,000 positions, SSA is developing a plan to guide its efforts over the coming years. For the most part, they hope to achieve the reductions through improvements resulting from their claims modernization project, the restructuring of their field office system, and through ongoing systems enhancements and procedural changes. SSA estimates that about 1,900 and 1,700 FTEs can be eliminated in

FYs 1985 and 1986, respectively. Moreover, according to SSA, these estimates are relatively firm in that they were carefully scrutinized internally as part of the budget process.

For FY 1987, the budget is currently being developed, and as such, specifics on the staff cuts for that year have not been finalized. For the 3-year period 1988 to 1990, the estimated reductions are uncertain in that SSA has developed little detailed analyses to support the feasibility and potential impact of the reductions. At best the estimates can be characterized as targets or goals.

Whether SSA can achieve a 21 percent cut in staff without any adverse impact on service to the public is not known. What is generally accepted however is that SSA is faced with some extremely difficult tasks. At present there is little evidence to serve as a basis for the projected staff reductions expected to be achieved in the outlying years where most of the staff reductions are planned. Also, although SSA would like to achieve the reductions through attrition, such attrition may not occur where SSA feels it can afford to make cuts. Consequently, there may be a need for staff retraining and/or relocations to bring understaffed units up to needed levels.

The staff reduction plan also assumes that there will be no new major legislation or Administration initiatives that would increase SSA's workloads and no slippage in the implementation of SSA's system modernization program. Past experience suggests that neither of these assumptions are likely to hold. Major

legislative changes have been the norm rather than the exception in recent years and the systems modernization program already has slipped since it started in 1982 and there are indications there will be further delays. In summary, the management of the staff reduction plan through fiscal year 1990 poses a major challenge for SSA management. Moreover, we would expect as SSA gets closer to the 17,000 goal, decisions on reductions will become more difficult.

POTENTIAL FIELD OFFICE CLOSINGS

The prospect of field office closings stems from an SSA document entitled "Draft Service Delivery Methodology." The document had not been finalized as of April 1, 1985, and our comments here relate to the draft sent by headquarters to 10 Regional Offices for comment on January 28, 1985. While SSA would not share with us a current copy of the draft, an official said that there have been no major changes to the January 28 version.

SSA officials told us that the idea for the study was conceived several years ago and earlier versions of the methodology have been field tested in Maryland and Texas. They said that in many ways SSA's way of doing business in the field has remained unchanged since the program started in the 1930s. Accordingly, it was felt that a "hard look" at field office structure was long overdue.

The draft methodology provides that the study be carried out in two phases. Generally, the first phase, which is to be

completed by December 31, 1985, includes the review of all field offices with a staff size of 25 individuals or less. These offices are to be reviewed as potential candidates for conversion, closing or consolidation. Conversion involves an office downgrading or upgrading, for example, from a district office to branch office or vice versa. The second phase involves a review or examination of the remainder of SSA's field offices and is to be completed by December 31, 1988.

Traditionally, GAO has encouraged government agencies to periodically examine their field office structures as a means of exploring ways of cutting costs, raising government productivity, and improving service. Along these same lines, we believe that a periodic self-assessment is appropriate as long as it results in a reasoned, systematic plan of action whose impacts are continually monitored.

SSA's draft methodology recognizes the complexity of making decisions about SSA's field office structure. The methodology goes to some length to address the many factors that need to be considered. For example, the document cites cost, workload, demographic changes, accessibility to public transportation and other SSA facilities, and responsiveness to local conditions such as foreign language and/or minority needs. Additionally, the document strives to provide a uniform approach for all regions to follow in making their assessments.

The methodology also provides each of the Regions with much flexibility. SSA officials said the document is intentionally non-prescriptive. A more rigid document was

rejected to permit Regional Commissioners the latitude to tailor service delivery to meet local needs.

While we understand the trade-offs involved between a flexible and a more structured approach, the flexibility in the draft document makes it very difficult to predict how each of the regions will apply the criteria. Ideally, we believe that more precise information on service delivery goals, assumptions, and a desired field office structure would help make the methodology more uniform and more useful when considering SSA service delivery options. This is not to say that establishing consistent service delivery goals is easy. Nonetheless, we believe it is necessary in any assessment of field office structure and service delivery.

Just how good SSA's methodology is will depend largely on the outcomes it produces. If we had to predict what those outcomes would be, we would say that some regions will take a very critical look at their operations and perhaps recommend numerous changes. Other regions will possibly lean toward the status quo, interpret the criteria more broadly, and recommend few changes. A good indication of any potential disparities in the application of the approach should become apparent at the end of the year when the Regional Commissioners report to headquarters with their findings and recommendations for the first phase.

IMPACT ON SERVICE

The major concern we and many people have with respect to the planned staff cuts and potential office closings is the possible adverse impact on service, and in this respect SSA needs to monitor closely what impact its actions will have.

There are a number of objective performance indicators which SSA routinely tracks which can give some indication of how well the agency is performing; for example, payment accuracy, timeliness of claims processing, and backlogs of claims. Beyond this, we believe SSA should also consider routinely measuring impact on services from the viewpoint of the clients the agency serves. This could be done in several ways. For example as part of our ongoing work we recently surveyed a nationwide sample of SSA clients to obtain their perceptions on the quality of service. Among other things, we obtained their views on how courteous SSA employees were and if they felt they had to wait long for service at a field office. We are now analyzing these results and they should be available this summer. To gauge the impact of staff reductions and potential office closings, a survey instrument measuring the public's view could provide SSA a useful indication of the change in quality of the service it provides over the remaining 5 year life of the staff reduction plan.

Proper monitoring of the impact of staff reductions and possible office closings raises what we believe is the most important issue that has surfaced with respect to these

actions. Few would argue that SSA should not operate more economically if possible, but what if the cuts start to impact on service? Is the 17,000 person staff reduction a flexible goal or is it a fixed number that will be attained regardless of adverse impacts on service?

We believe that proper and objective monitoring of the impact of these cuts on service to the public is also important in light of the rapid turnover of SSA Commissioners. Since 1973 SSA has had eight Commissioners or Acting Commissioners. At present we believe that SSA top management is sensitive to the potential effect of these cuts on service. However, with a change in leadership, this might not be the case. Therefore, we believe it is important that SSA have a plan for collecting objective data to measure the impact of its reductions and that the service impact be closely monitored over the coming years.

POLICY MAKING AT SSA

I would now like to briefly address SSA's policy-making process as it relates to establishing staffing levels and field office structure.

Generally speaking, there are many factors from many sources that can and do influence SSA staffing levels. For example, the 17,000 staff cut surfaced largely through the budget process in which there are numerous interactions between SSA, HHS, OMB, and the President. SSA cannot and does not establish staffing levels in a vacuum. Similarly, SSA's

field office structure is also sensitive to external influence. A good example in this respect is the Supplemental Security Income program which resulted in SSA establishing a substantial number of additional offices to be accessible to the low income population the program was designed to serve.

Within SSA, in more recent years, office closings, openings, and conversions generally have occurred on an ad hoc basis with little overall direction from SSA headquarters, although headquarters until October 1984 approved nearly all such actions. The service delivery study represents a departure from the previous ad hoc process because SSA headquarters has now taken a much more active role in the development of SSA's field structure.

With respect to staffing, SSA's staffing levels are largely based on workload measurements. Each year, SSA as part of the budget process, determines through analysis which of its activities are going to require more SSA staff to implement and which will require fewer staff. For example, when new legislation is passed, SSA analyzes its activities to determine how many--more or less--staff years will be required to implement the legislation. Similarly, the ability to do more with fewer staff because of expected productivity enhancements, such as those from the systems modernization program, are also taken into account. It is this very process which will be the focal point for justifying the SSA staff reductions over the next several years.

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Mr. Chairman that concludes our statement. We would be happy to answer any questions you or other members of the Committee have.