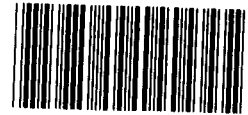


GAO

Testimony



139651

For Release
on Delivery
expected at
10:00 a.m. EDT
September 28,
1989

(Social Security Administration's
Systems Modernization Plan)

Statement of
Michael Zimmerman, Director
Human Resources Information Systems
Information Management and Technology Division

Before the
Committee on Ways and Means
House of Representatives



0-46618/139651

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here to discuss our views on the Social Security Administration's (SSA) efforts to modernize its information systems. My statement will focus on (1) SSA actions to establish a modernization plan, (2) what SSA has accomplished through its modernization efforts, and (3) what SSA needs to do to develop and implement a system capable of meeting the public's future needs. Let me say at the outset that SSA has made progress on a number of systems modernization initiatives, and the results to date have improved service to the public. We believe, however, that SSA has much to do before it achieves an efficient state-of-the-art system.

We have a longstanding interest in SSA's extensive automated data processing (ADP) systems. The agency maintains one of the largest collections of automated systems in the world. Data stored on these systems are accessed and updated when beneficiaries make inquiries, claims, or when their addresses or eligibility status change. Between 1982 and 1988 SSA spent an estimated \$643 million to maintain and modernize its ADP systems. Another \$381 million is to be spent over the next 2 years. This funding supports the processing of monthly benefit payments to over 40 million beneficiaries and maintaining of earnings records on over 300 million people.

SSA's Actions to Establish a Modernization Plan

In 1982, SSA reported that its ADP systems were obsolete, difficult to maintain, and vulnerable to failure. The agency believed that if the deficiencies were not corrected it would not be able to process much of its work load. At that time, SSA proposed a comprehensive 5-year Systems Modernization Plan, to provide the strategic direction for improving its data processing operations. The plan set forth SSA's long-range goals, which

included improving (1) client service, (2) staff effectiveness, and (3) the quality and timeliness of data processing. SSA emphasized software improvements to achieve these goals. This strategy was different from past SSA approaches that had focused primarily on buying more hardware and adding more people.

The Systems Modernization Plan was divided into three phases--survival, transition, and state-of-the-art--that were to be completed between March 1982 and February 1987. SSA defined its survival phase as immediate action to improve ADP capability and capacity in order to survive its ADP crisis. In the transition phase, SSA was to make the changes necessary to put the agency in a modern data processing environment and pave the way for the final transition to a state-of-the-art operation.

SSA made some progress during the survival and transition phases of the plan by redesigning portions of its software, acquiring computer equipment, expanding its telecommunications network, and improving access to its data bases. However, the agency did not achieve all of its goals.

In a series of reports issued between 1982 and 1987, we identified problems that hindered SSA's ability to modernize its computer systems, manage and control ADP operations, and measure and improve performance. (See attachment.) In response to our reports, SSA, in June 1987, began to refocus and narrow the scope of its modernization to concentrate on software redesign and data base integration activities that remained to be completed.

At the same time, SSA began to develop an agencywide strategic plan to provide overall guidance for all organizational activities, including computer systems modernization. The new agencywide plan, called 2000, A Strategic Plan, was issued in January 1988 and incorporated modernization projects that had been delayed. The plan includes a planning framework and outlines the types of

customer service that the agency expects to deliver by the year 2000 and beyond.

What SSA Has Accomplished
Through Its Modernization

SSA, in a February 1989 report, Social Security Administration Computer Modernization and Related Expenditures, stated that it had made significant improvements in processing time for a number of key activities including issuing social security cards, posting annual wages, and processing retirement claims and cost-of-living increases. These accomplishments are impressive. However, most can be attributed to new computer capacity that allows information to be collected and processed faster, rather than to improvements in its headquarters software and data bases or the introduction of new technologies.

In addition, SSA has developed new software for use by its field offices to improve data collection and validation activities on data transmitted to SSA's national computer center. This new software, along with the installation of 25,500 new terminals in its field offices, gives agency claims representatives additional devices for accessing SSA's master files. These improvements have significantly reduced paper forms, the number of processing steps performed, and the time needed to get the transactions to the computer systems for processing.

In a May 1989 report on field office modernization, we noted some generally positive reactions to the improvements.¹ Field office staff said the new equipment and the associated training has improved service to the public. The new software has also provided easier and faster access to information in the agency's

¹ADP Systems: SSA Efforts in Implementing Its Field Office Modernization (GAO/IMTEC-89-45, May 17, 1989).

data bases. This has assisted field staff in responding more quickly to customer questions, resolving problems, and submitting changes to accounts. Also, fewer follow-up contacts with applicants are needed because the new software ensures that more complete information is obtained initially.

What SSA Needs To Do In
Its Effort to Modernize

Although SSA is making progress in modernizing its existing systems to support its traditional methods of delivering customer service, much remains to be done. SSA needs to continue its efforts to upgrade its headquarters software and data base environments so they can adequately support future initiatives. To make the needed technological improvements in these areas will take several years.

SSA believes that it can improve its service delivery methods through its agencywide strategic plan. This plan calls for a series of initiatives, the majority of which we believe have merit. However, the plan does not identify the specific functions the agency will perform to support the type of service envisioned, the levels of service quality and timeliness to be achieved, and the level and type of resources needed. Until such information is developed, SSA cannot accurately determine the value of an enhanced information processing environment or its costs. SSA expects to have in place, by September 1990, a new planning and budgeting process that will help provide this type of information.

To obtain independent and objective advice regarding its systems modernization and planning efforts, SSA contracted with the National Academy of Sciences. Currently, the Academy is evaluating both SSA's modernization activities and its strategic plan and expects to report by November 1989. Next, the Academy will evaluate and report on SSA's technical and managerial

environment for implementing its systems modernization plan. This report is scheduled for September 1990.

In conclusion, SSA's overall approach relies on existing technologies rather than emerging technologies to modernize its processes. The challenge to SSA is to develop new methods for service delivery that successfully accommodate important social changes and technological advances.

- - - - -

Mr. Chairman, this completes my statement. I will be glad to answer any questions you or the other Members may have at this time.

LISTING OF GAO REPORTS DEALING WITH SSA'S EFFORTS
TO IMPLEMENT ITS SYSTEM MODERNIZATION PLAN

Examination of the Social Security Administration's Systems
Modernization Plan (GAO/HRD-82-83, May 28, 1982).

Solving Social Security's Computer Problems: Comprehensive
Corrective Action Plan and Better Management Needed
(GAO/HRD-82-19, December 10, 1982).

SSA Data Communications Contracts With Paradyne Corporation
Demonstrate The Need for Improved Management Controls
(GAO/IMTEC-84-15, July 9, 1984).

Social Security Administration's Computer Systems
Modernization Effort May Not Achieve Planned Objectives
(GAO/IMTEC-85-16, September 30, 1985).

SSA Should Limit ADP Procurement Until Further Testing Is
Performed (GAO/IMTEC-86-31, August 8, 1986).

Software Systems: SSA Encountering Significant Delays in Its
Claims Modernization Project (GAO/IMTEC-87-8, December 22,
1986).

Social Security Administration: Stable Leadership and Better
Management Needed to Improve Effectiveness (GAO/HRD-87-39,
March 18, 1987).

ADP Systems: SSA's Modernization Efforts Need Redirection
(GAO/IMTEC-87-16, April 10, 1987).

ADP Budget: Analysis of SSA's Fiscal Year 1988 Information
Technology Systems Request (GAO/IMTEC-87-37, August 6, 1987).