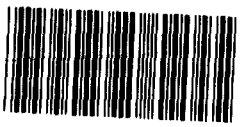
United States General Accounting Office 141342

GAO Testimony



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For Release
on Delivery
Expected at
10:00 a.m. EDT
Friday
May 11, 1990

SOCIAL SECURITY: Comments on S. 2453--The Social Security Restoration Act of 1990

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Before the
Subcommittee on Social Security and
Family Policy
Committee on Finance
United States Senate

SUMMARY OF TESTIMONY ON THE SOCIAL SECURITY RESTORATION ACT OF 1990, S.2453.

GAO has testified on most of the bill's provisions in the past. It presents a brief summary of the major points of its past positions in Appendix I.

Today's testimony focuses on three sections of S.2453 dealing with changes to the hearings and appeals process, establishing a minimum staffing level at SSA, and changes to telephone access at SSA.

Regarding the appeals process, GAO believes that the process now takes too long. Changes which the bill would mandate will shorten the time required for appeals but S.2453 raises a significant number of unanswered questions about costs and services. Before proceeding GAO suggests testing the process in a limited number of locations to determine the cost implications of the bill.

SSA staff levels need to be reassessed to determine if reallocations due to staff imbalances can mitigate staff needs. Though GAO is aware of areas where staff may be needed, increases should only follow thorough work force planning.

The bill proposes to improve telephone access by publishing local SSA office phone numbers in the phone book. Though this action may appear inconsequential, it has the potential to undermine the efficiencies and service monitoring capabilities of the new 800 system. Recent SSA actions giving local numbers to those that request them may improve access and should be given a chance to work.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to testify on S. 2453. The bill would (1) establish the Social Security Administration (SSA) as an independent agency, (2) require development of a prototype counterfeit-resistant social security card, (3) shorten the time frames for mandatory annual dissemination of social security account statements, (4) make administrative and operational changes to the social security hearings and appeals process, (5) establish a minimum number (70,000) of federal employees at SSA, (6) expand telephone access to SSA's field offices, and (7) improve federal tax forms.

Our position on many of the suggested changes is addressed in prior testimonies before this committee and others in both houses of the Congress. A brief summary of the major points in these prior statements is contained in appendix I. My testimony today will focus on three provisions of the legislation--changes to the hearings and appeals process, establishing a minimum staffing level at SSA, and changes to telephone access to SSA.

TITLE IV--STREAMLINING THE APPEALS PROCESS

The bill makes several significant changes to the social security appeals process. S. 2453 affects two stages in the current process that appear to delay many disability applicants in receiving their benefits. By mandating time limits under which

appeals must be handled, the bill appears to have the effect of eliminating the reconsideration phase of the process--now the function of the state Disability Determination Services (DDSs)--and eliminate SSA's Appeals Council.

The current process takes too long for applicants who appeal original state decisions, and we support efforts to shorten this time and reduce the associated human costs resulting from these delays. If this bill is implemented, and the necessary resources are provided, social security applicants will receive more timely decisions on appeal and have access to judicial review sooner than they do now.

However, in our view, there are a number of unanswered questions about: (1) the impact of the legislation on the appeal rates of the denied disability applicants, (2) how substantial the increased ALJ workloads will be, (3) the effect of new time limits on the quality of disability determinations, and (4) the cost to SSA and related resource implications for the state DDSs.

The bill would affect resources in two ways. First, the increased workload resulting from eliminating reconsideration will increase ALJ staffing requirements. Second, the new, shorter mandated time frames for conducting hearings and issuing decisions will probably add to these staffing needs. As many as 180,000 additional cases could be expected to go to administrative law judges (ALJs) each

year, which would add between $100 and 200 million in new administrative costs. We do not, however, know the impact of the timeframe requirements on ALJ workloads and costs. Some of the additional cost due to increased workloads and shortened time frames could be offset by savings from eliminating the earlier case reviews at the state level, many of which are reviewed again by ALJs. But, estimating these savings is difficult.

There also will probably be a large workload impact on the U.S. courts. The bill appears to eliminate the Appeals Council, although the Secretary would have 30 days in which to review any ALJ decisions before they become final. This provision has the potential for increasing the workloads of the federal district courts. Currently, about 57,000 applicants appeal to the Appeals Council, and while less than 15 percent are successful, the district courts now only receive about 7,000 of them on subsequent appeal. Under the proposed process, the potential exists that all 57,000 applicants could appeal directly to the courts.

Because of the uncertainties concerning the bill's impact, we suggest that before mandating such a major change to the appeals process, the legislation be modified to require SSA to experiment in selected states or areas of the country with different appeal structures, such as those provided for in this bill.

TITLE V--SOCIAL SECURITY ADMINISTRATION EMPLOYEES

S. 2453 mandates a staffing floor for SSA of 70,000 "full-time positions," effective October 1, 1990. This represents a significant increase over the 63,000 full-time equivalents that the administration has proposed for fiscal year 1991.

Though we have noted areas where there may be a need for more staff--such as for the 800 number telephone system and for Supplemental Security Income outreach activities--we are not aware of any comprehensive studies to determine what SSA's actual staff needs are. We have, for several years, recommended that SSA develop a work force plan and this has not been done. SSA needs such a plan to determine its staff needs and the extent to which they can be met through a redistribution of existing resources. Most information we have seen on SSA needs is anecdotal and, to some degree, unsubstantiated. A thorough study needs to be undertaken before wholesale increases in staffing are made.

We of course recognize that provisions in S. 2453 place many new requirements on SSA that would result in the need for more staff. Just how much staff is needed to comply with the provisions of the bill would also need to be determined by SSA.

TITLE VI--TELEPHONE ACCESS

Title VI of the bill would provide increased telephone access to SSA field offices. Specifically, SSA would be required to (1) advise all callers to the 800 system that they have an option to call a local field office and (2) publish in phone directories the numbers of local offices. At present, SSA's policy is to publish in phone directories only the 800 phone number and not the local office numbers. However, SSA modified its policy in January 1990, in response to pressure from the Congress and others to provide greater access to local offices. Now SSA provides the local office number to users of the 800 service on request.

In a September 1988 report, we supported SSA's decision to establish nationwide 800 service. Compared to SSA's old system, 800 service was designed to be more efficient. Efficiency gains are realized by centralized phone service delivery, which requires fewer staff to provide a given level of service. The 800 system also provides comprehensive management information on the quality of access, as measured by the rate of busy signals and the wait time on hold. With such information, SSA has, for the first time, data to monitor the quality of its service and manage its telephone workloads.

Our work 4 years ago on SSA's old phone system revealed poor service in many areas, the existence of antiquated system design, and the absence of meaningful information on service quality. Further, given the advances in telecommunications technology and the state-of-the-art telephone service in the private sector, it was apparent that SSA's phone system had major structural problems. At that time, SSA phone service could best be described as a patchwork of 34 teleservice centers, 20 mini-teleservice centers, 12 statewide answering units, and 627 local field offices.

The transition to 800 service has not been easy. The system has been plagued by start-up problems including high busy signal rates and spotty service. Perhaps the most difficult problem to address, however, is the concern by some about the impersonal nature of the 800 service. The notion that someone very remote from the caller is handling inquiries is disturbing. The provisions in Title VI appear to be designed to remedy this, for example, by publishing the phone number of local offices in the phone book. Though on the surface taking this action appears inconsequential, we believe it could seriously undermine the progress being made developing an up-to-date phone system.

To the extent that callers will call local offices rather than the 800 number, the overall cost of phone service will increase and the capability of SSA and the Congress to monitor service quality will decrease. Increased cost would be attributed to the additional

staffing resulting from decentralizing phone service and operating two phone systems concurrently--the 800 number and the local office system composed of many local offices independently providing phone service.

The key question with respect to expanding telephone access to the field offices is: What will the volume be? At this point, no one knows. But the answer has a direct bearing on the cost and the feasibility of expanding access, both of which should be known before proceeding with implementation. To illustrate: If, for example, 70 percent of the public were to call a local number rather than the 800 number, it is possible that many SSA field offices would be overwhelmed, resulting in poor phone service and disruption to other office services and operations. At the same time, it is possible that many of SSA's 3,300 teleservice center representatives would be idle because of the diversion of calls to local offices.

In summary, first, we believe there needs to be a balance between providing direct phone access to local field offices and the efficiencies realized from more centralized phone systems, such as SSA's 800 system. SSA has recently expanded access to local offices, and we believe that this policy should be given a chance to work. Second, we believe that the idea of expanding direct telephone access to local offices as proposed by title VI needs careful study. Little is known at this point on how SSA

operations and service to the public would be affected, and this impact could, in fact, be significant.

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Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions you and the committee members may have.

SEPARATE AGENCY STATUS FOR SSA

As we have stated in testimonies in July 1984, April 1985, and June 1989, independence is not essential to solving SSA's management and operational problems. We agree with the premise behind S. 2453 that SSA's management problems are caused by constant turnover in leadership. But it is our conviction that a single administrator would be the best management structure for SSA. Contrary to assumptions about the advantages of boards, they do not provide for leadership stability or insulate the agency from political and economic pressures. In fact, they often cause more problems than they cure in an agency's day-to-day management. Our concerns about section 103 of S. 2453 relating to personnel, procurement, and budgetary matters and the various sections requiring the Comptroller General to help implement the bill's demonstration projects are documented in our June 2, 1989, testimony.

SOCIAL SECURITY CARDS

In our testimony before this Committee on April 18 of this year, we stated that focusing on strengthening the social security card alone, without assessing the Immigration Reform Control Act (IRCA) system as a whole, could have marginal effects on the reliability

of the verification system because the card's reliability may not be critical to the whole process. In our view the Attorney General in conjunction with the Secretary of Health and Human Services, should review and report on the verification system as a whole while changes to the social security card are being studied as required by S. 2453. This report should, among other things, include an assessment of options involving the incorporation of validated social security numbers on state driver's licenses. Because of the urgency to affect reductions in discrimination under IRCA, reports on both the IRCA system and the social security card should be issued within 1 year of S. 2453's effective date.

SOCIAL SECURITY ACCOUNT STATEMENTS

In two previous testimonies (July 1988 and June 1989), we have stated that there is merit in providing covered workers with better information about their social security earnings and benefits. Last year the Committee enacted requirements to issue such statements automatically in three phases. S. 2453 greatly accelerates the previous schedule in phases 2 and 3. We are not convinced of the need for an annual statement as opposed to one every 2 years as previously required. It would be costly, and the benefits of annual earnings statements relative to these costs should be considered.