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SOCIAL SECURITY
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SSA Needs to Act Now to
Assure World-Class Service

Statement of Jane L. Ross
Associate Director, Income Security Issues
Human Resources Division



SUMMARY

In the near future, the Social Security Administration (SSA) faces risks posed by significant changes in the volume of claims it will receive, how it will process them, and who will do the work. SSA needs to make a number of improvements now to respond to these changes and to reduce the risk of future public service problems.

Over the next 10 to 20 years, rising numbers of claims from the "baby boom" generation will cause SSA's work loads to soar. To meet this challenge, SSA has begun redesigning its computer systems and purchasing additional computers. At the same time SSA will experience major changes in the composition of its work force. The size and nature of these changes will require effective management if SSA is to continue to provide quality public service.

SSA needs to take several actions to improve its long-range planning process. The critical service delivery and human resources plans should be completed as soon as possible. The service delivery plan is needed to explain how and where SSA will provide service in the future. The human resources plan is needed to guide the hiring and training of agency personnel. Both plans are essential to identifying how the new computer system should be designed. SSA should also obtain input from the public and interest groups on how and where SSA's customers would prefer to receive service.

The successful design and implementation of modernized computer systems is one of SSA's biggest challenges. SSA must make improvements in its work processes or it will not obtain significant productivity improvement from its new systems technology. In addition, SSA needs to ensure that key systems-modernization decisions are made with sufficient justification for costs and benefits.

SSA also needs a well-trained work force and a positive work environment to effectively handle current work loads and prepare for the future. However, many SSA staff we spoke with told us that they lacked the necessary training to perform some job tasks or to fully use computers. Also, because SSA could lose many managers to retirement over the next several years, the agency needs to incorporate the choosing and training of replacements as part of its human resources plan.

The information needed to manage the \$3.6 billion in debt owed SSA is inadequate. Further, SSA needs to appoint a single manager responsible for all aspects of debt management.



Mr. Chairman and Members of the Committee:

I am pleased to be here today to testify on our current review of the management of the Social Security Administration (SSA). We are suggesting actions that SSA should take to provide world-class service to its beneficiaries. If the agency fails to make major changes in the way it conducts business, it risks serious degradation of its ability to provide high-quality public service.

We reviewed SSA's management in 1987 and again in 1989 and made many recommendations for improving long-range planning and the management of computer systems, personnel, and finances. During our current review, we evaluated SSA's progress in making improvements in these areas and in preparing for the service delivery challenges of the future. Many of the actions we suggested that SSA undertake are echoed in the report of the National Performance Review (NPR).

The challenges facing SSA include major changes in its work loads, and its automated and human resources. The aging of the baby-boom generation will dramatically increase SSA's work loads. By 2005, there will be 4.8 million more persons aged 65 and over than there were in 1990. For those who are 65, life expectancy will be an additional 15.8 years for men and 19.7 years for women. This will result in a significant increase in the number of beneficiaries and a corresponding increase in the demand for claims processing and maintenance of payment accounts and wage records.

SSA's work loads also will increase beginning in 1995 when it is required to send personal-earnings and benefit-estimate statements to all 60 to 65 year old individuals not receiving benefits. Beginning in 1999, all workers will receive these statements. SSA estimates that several thousand additional work years will be needed to process these work loads.

Disability work loads have already risen dramatically because today more persons are applying for and receiving disability benefits than ever before. The rapid growth in these work loads has resulted in unacceptably long delays in making disability decisions. It now takes on average about 100 days to have a claim processed without appeals and over a year including appeals.

In addition, changes in beneficiaries' demographics could alter where and how SSA does business. In the future, a higher percentage of the population will live in the South and West, while large numbers of SSI beneficiaries will be concentrated in the metropolitan areas of the North and East. Decisions about where and how to provide service may involve redeploying staff and redesigning work processes to accommodate these situations.

As a result of a steady increase in immigration, SSA expects greater numbers of non-English-speaking clients. This will require SSA to develop or hire staff who are multi-lingual. SSA also

expects to serve both an increasing number of computer-literate clients who want to do business through automated means as well as a significant segment of the client population who lack the ability to function in an automated environment. This will require SSA to provide a variety of service options to fully meet client needs.

At the same time, SSA will experience major staffing changes due to the aging of its work force and the exodus of a large number of managers. The size and nature of all these changes and the increased pressure to reduce the costs of government suggest that SSA will have to prudently and innovatively manage its resources to continue to provide quality public service.

LONG-RANGE PLANNING

In 1987, SSA lacked a vision for how to conduct business and had no systematic way to surface or resolve long-standing problems such as computer systems modernization and the disability program. Since then, SSA has made considerable progress in establishing a process to set agencywide goals and guide budget decisions. However, additional improvements are needed.

The foundation of SSA's management strategy is the agency's strategic plan. The plan describes SSA's future direction and provides a framework for its planning efforts. However, the plan's objectives for how fast and accurately SSA will serve the public, for example, providing access to an SSA representative through SSA's 800 number within 24 hours of the client's first call, were developed without consulting clients or otherwise involving anyone outside the agency. Had SSA asked its clients and others, SSA may have changed or refocused some of its service objectives. SSA needs to involve beneficiaries, the Congress, and interest groups in its planning to develop a clearer understanding of the levels and types of service SSA beneficiaries will want and need in the future and to help prioritize its efforts to meet service objectives. Several NPR recommendations likewise focus on actions SSA should take to better reflect customer needs and emphasize customer service.

In this regard, we have begun holding beneficiary focus groups in Atlanta and Boston to test the feasibility of soliciting customer input for planning purposes. We understand that SSA is planning to conduct focus groups for this purpose beginning in January 1994.

The next step in long-range planning should be the development of a service delivery plan or business process plan, but SSA has not yet completed this step. The plan should give specific information on where and how beneficiaries will be served in the future. In developing this plan, SSA needs to determine the number and type of field offices needed, the number and type of personnel needed (including their required skills and abilities), and desired processing times and accuracy rates for its critical work loads.

Such a plan should also spell out computer needs, including how many and what types of computers are needed and how and where data should be transmitted and stored.

That SSA needs to determine the appropriate number of its field offices is consistent with the NPR's conclusions. NPR recommended that the Department of Health and Human Services review its field office structure to emphasize customer service and increased accountability.

Without a clear vision of how the agency should operate in the future, SSA is risking billions of dollars on computer-system solutions that may fall short of adequately supporting operational needs and improving public service. For these reasons, SSA needs to reexamine its systems modernization plan to be certain that the plan fits with SSA's vision of how it plans to conduct business in the future.

In addition to planning effectively, SSA's management needs to know whether the actions that it takes to improve operations and ultimately public service achieve their intended results. To do this, SSA should establish a systematic evaluation process. This will allow SSA to determine which initiatives are succeeding and why, to terminate or adjust those initiatives that are not succeeding, and to effectively target its resources in subsequent budgets.

COMPUTER SYSTEM MANAGEMENT

The quality of SSA's service to the public depends largely on how well its computer systems support operations. SSA is currently planning a major redesign of its computer systems that could cost between 5 and 10 billion dollars through fiscal year 2005. SSA hopes that the new system will handle the anticipated growth in the beneficiary population and decrease long processing times for disability decisions while improving public service and productivity. However, given SSA's long-standing problems in managing its computer systems effectively, additional steps are needed.

We have already discussed integrating the computer-systems plan with the business process or service delivery plan. SSA must also streamline its work processes if it is to achieve the maximum quality and productivity improvements from its substantial investment in new systems technology. Already, SSA has begun to reengineer the disability program, and we encourage SSA to reengineer all of its key processes.

In addition, SSA needs to identify the costs and benefits of its systems modernization initiatives. We have reported on problems in this area since 1987 and, in our view, SSA continues to make key systems decisions without sufficient justification. For example,

SSA is planning to acquire 80,000 computers and 2,800 local area networks through fiscal year 1998. However, SSA has neither fully justified the need for all this hardware nor shown the extent to which the hardware will increase productivity and improve service. Substantial productivity and service gains could possibly be achieved with less computer hardware than SSA purchased and placed in the offices where it is conducting its pilot tests.

HUMAN RESOURCES ISSUES

SSA needs a human resource plan to provide direction on the number and type of personnel needed to provide effective public service. A human resource plan would also coordinate the various initiatives to improve management training, succession planning, career advancement, and the quality of SSA's work environment.

Developing a well-trained and motivated work force should be one of SSA's primary concerns. However, many of the supervisors we spoke with said that they are not receiving the training that SSA requires after promotion to leadership positions. In addition, many lower-level SSA employees told us that they lack the training necessary to apply agency policy and fully use computer systems. SSA also needs a formal program to develop and train potential supervisors and managers. Roughly 75 percent of current supervisory staff will be eligible for retirement within the next 10 years.

FINANCIAL MANAGEMENT

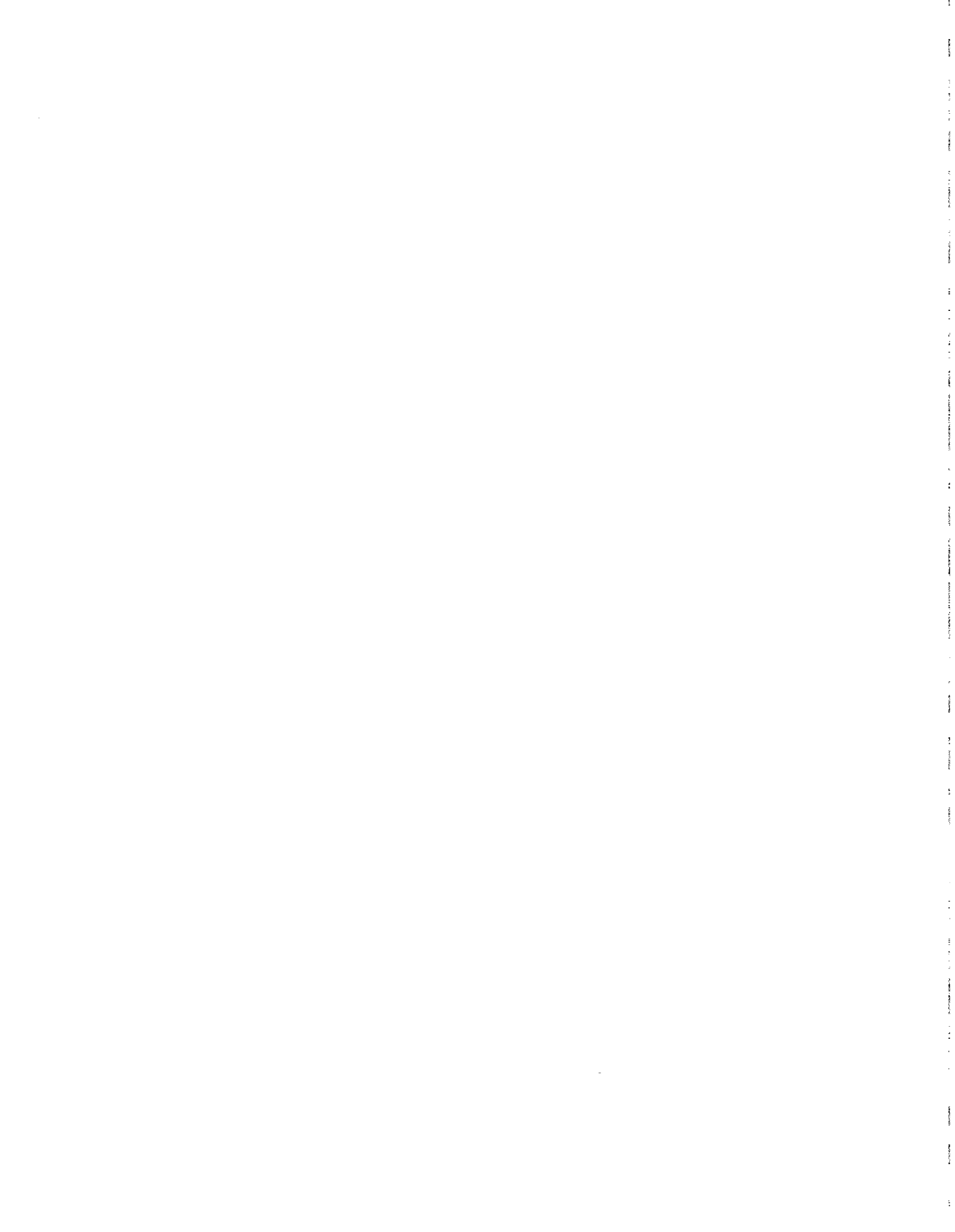
While SSA has made significant improvements to its financial management systems over the years, we would like to underscore a continuing problem. Debts owed SSA at the end of 1992 totaled about \$3.6 billion. The information needed to manage this debt is woefully inadequate and the automated system to generate the information has been under development for 10 years and likely will not be completed until 1995 at the earliest. We believe that SSA needs to create a debt-management organization with a single manager responsible for all aspects of debt management, similar to the model used in many private businesses. This would provide greater focus on this process in SSA and promote a single point of authority and accountability for improving debt-management techniques, processes, and results. To date, SSA has been unwilling to make this change. NPR has made several recommendations to help improve financial management at SSA, including enhancements to improve the collection of debt and removal of ineligible beneficiaries from the benefit rolls. We support these recommendations and believe that they would help improve SSA's financial operations.

CONCLUSIONS

Failure to meet SSA's management challenges could have serious consequences. SSA provides benefits to about 47 million people today. It will have to provide benefits and services to many more people in the future. If SSA cannot establish the necessary long-range plans, efficiently manage computer-systems modernization, address work-force needs, and control its finances, it risks significant deterioration of its future ability to serve the public in an efficient and effective manner.

Moreover, budgetary constraints and the downsizing of government suggest that SSA can no longer afford to conduct business as usual. SSA has to do more with less.

This concludes my statement. I will be happy to answer any questions.



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