



Health, Education and Human Services Division

B-255826

December 6, 1994

The Honorable Shirley S. Chater
Commissioner
Social Security Administration
Department of Health and Human
Services

Dear Dr. Chater:

We initiated a study to assess how well the Social Security Administration (SSA) serves employers in resolving wage reporting issues. As part of our review, we interviewed employers from two SSA regions who had previously contacted SSA about wage reporting issues and discussed with them their experience in resolving those issues. At the conclusion of this initial work, we decided that the information we collected was sufficient to report to you, given your interest in providing world-class service and the recommendations recently published by Vice President Gore's National Performance Review group on providing services to the public by federal agencies.

Most of the employers we contacted were satisfied, with the services SSA's regional magnetic media coordinators¹ were providing to them. However, we identified two situations that we believe warrant your attention and possible action. First, some employers we contacted are having problems reaching knowledgeable staff in SSA headquarters to help resolve their wage related questions and issues. Next, employers are having problems learning whether or not their wage reports were corrected after submitting additional data to SSA headquarters.

To alleviate or lessen the above problems, SSA headquarters staff need to be (1) more knowledgeable about wage reporting, (2) able to respond to questions about a wide range of wage reporting issues, and (3) able to direct callers to the appropriate source for technical

¹This coordinator is a wage specialist who provides wage information to employers for preventing or resolving wage problems.

information. Providing written feedback to employers who submit additional wage data would also prove useful. Another option for improving service could be to provide a toll-free 800 number specifically for use by employers similar to that used to provide service to program clients.

BACKGROUND

Employers are required to annually report wage and payroll tax information about their employees to SSA. Accurate information is critical so that SSA can properly credit workers' earnings records. This information is ultimately used to determine the amount of benefits each worker will receive under SSA's retirement and disability insurance programs. Currently, about 6 million employers submit annual wage reports estimated to total about \$2.5 trillion to SSA.

In many cases, employers are confused about what information to submit to SSA and what to report to the Internal Revenue Service (IRS) and state governments. Differences exist in formats and filing requirements in addition to differences in what constitutes reportable wages among the various government agencies and programs, making wage reporting complex and subject to errors. In the past few years, SSA has worked to enhance the accuracy of wage reports by establishing an electronic bulletin board² with instructions on preparing wage reports. SSA has also sponsored wage reporting conferences to help enhance the accuracy of wage reports. Nevertheless, about 10 percent of the 6 million wage reports submitted to SSA annually have errors. At SSA's most recent wage reporting conference in August 1994, several employer representatives related problems they were having filling out SSA's required reports.

A variety of SSA components receive telephone calls from employers seeking assistance with wage reporting problems. SSA's Office of Central Records Operations (OCRO) in headquarters handles general inquiry calls and calls about reconciliation and reports submitted in magnetic media format. Reconciliation is the process of matching the wages employers report annually to SSA with the cumulative wages they report quarterly to IRS. This process is necessary when employers report more wages to IRS than they report to SSA. Magnetic media coordinators in the regions

²This is a commercial telephone number that employers can call to get wage report instructions electronically.

and other SSA components receive calls on a variety of wage reporting problems that sometimes duplicate calls received by OCRO. OCRO receives the wage reports from employers and usually notifies them by letter when errors are found or when employers' reports are missing. The letter generally includes a headquarters telephone number in OCRO to call for help in resolving the issues so that all wages can be posted to the appropriate workers' accounts. Although the letter directs employers to call headquarters for help, some employers call the magnetic media coordinator in their region because they have gotten help there in the past.

MOST EMPLOYERS CONTACTED
WERE SATISFIED, BUT SOME
ENCOUNTERED PROBLEMS

Forty of the 61 employers we interviewed contacted a regional office magnetic media coordinator to resolve their wage reporting problems. Thirty-nine of the forty employers said that the SSA magnetic media coordinator in their region helped resolve their problems in a reasonable time and they were happy with the service they received. Many of these employers had to pay for toll calls to the regional coordinators. They said that they would have preferred to call a toll-free number but they were willing to pay for calling the region to ensure good service.

However, a different situation existed for the 28 employers who telephoned SSA's headquarters.³ They told us that SSA had notified them by letter that their wage reports could not be processed because of one or more errors in the data. The letter included a headquarters name and telephone number to call for help in resolving the errors. Seventeen of these employers told us that they experienced many problems trying to reach knowledgeable staff at headquarters for help. These problems resulted in delays in posting workers' wage information to their earnings record, and, in some cases, employers were not certain when or if the postings were ever made because they had not heard from SSA.

More specifically, some employers complained that, when they called SSA headquarters, they were put on hold for unacceptably long time periods. Nearly all of them called SSA long-distance, and they told us that they resented

³Seven of the employers who contacted the regional magnetic media coordinator had previously contacted the Baltimore staff, making a total of 28 who contacted headquarters.

having to pay for such a call and then wait for someone to talk to. Furthermore, employers said that some of the headquarters staff they talked to were not knowledgeable about wage reporting and, therefore, could not help correct the data. Moreover, the telephone staff did not know who to direct calls to. As a result, employers said that they were referred to several different individuals before reaching someone who could help resolve their problems.

Other employers complained that they had to leave a message on a headquarters voice mailbox system and that it sometimes took up to 4 days before SSA staff returned the call. Once again, employers were referred to several different individuals because SSA headquarters staff were not knowledgeable enough about wage reporting. Some considered it a waste of their time to call several telephone numbers before reaching knowledgeable staff. In general, these employers felt that SSA's staff should be better able to refer callers to the appropriate wage specialists on the first call.

Employers also told us that they often had to submit additional information to get their wage data corrected. Many of them stated that SSA headquarters never acknowledged receipt of such data nor notified them that the additional data submitted was sufficient to correct the wage report. One of them stated that he had been waiting for more than 2 years to learn whether his additional wage report information was ever processed.

Because employers reported having had good experience when they called the regions for help, we asked the magnetic media coordinators in all 10 regions about the potential impact on them if all wage reporting calls were directed to the region rather than to headquarters. All of them said they could not handle the increased workloads that would be generated.

SSA NEEDS TO IMPROVE
ITS SERVICES TO EMPLOYERS

SSA told us that during 1993 headquarters received about 78,000 telephone calls from employers seeking answers to their questions on problems with wage reporting. Since 17 of the 28 employers we contacted who had called headquarters experienced poor service from SSA, we are concerned that many more could be experiencing delays in reaching knowledgeable SSA headquarters staff to resolve problems. Given SSA's dependence on employers to provide accurate and timely wage information, it seems that

providing well-trained and more knowledgeable OCRO staff would reduce the number of delays at headquarters and improve SSA's business customers' satisfaction.

More knowledgeable staff in OCRO could reduce the number of delays that employers are experiencing by providing prompt and accurate information in resolving wage reporting problems and by knowing exactly where to refer callers for technical information. This could improve SSA's business customers' satisfaction and produce more timely processing of problem reports. These staff could also provide information on reporting wage information more accurately, which would ultimately reduce SSA's costs for processing wage reports. SSA has estimated that it cost the agency \$.31 to process an error-free report, but this cost jumps to \$265 when the report has errors.

Establishing a toll-free 800 number for employers to call SSA could further improve SSA's business customers' satisfaction and may encourage more employers to call if they have questions before sending in their wage reports. The number could be used as the primary contact point to SSA for referral to both headquarters and regional office personnel.

SSA has developed a pledge in response to Vice President Gore's National Performance Review recommendations, which says that it will provide world-class service to its customers. The agency provides an 800 number for program clients to call for help, but it does not provide such a number to employers. Employers play a major role in the wage reporting cycle by providing, without compensation, wage information on each of their employees. Without this information, SSA could not properly compute the benefits of program beneficiaries. Given the fact that employers spend thousands of dollars to report and resolve wage information each year, it seems that SSA should consider providing free access to needed information to ensure the accuracy of its wage records.

In 1991, SSA estimated an annual cost of \$183,000 to operate an 800 number for employers to call for assistance. In 1993, SSA estimated the annual additional cost to be \$1 million; however, we could find no study or SSA staff who could explain the basis of this cost figure. Also in 1993, SSA developed a plan to establish a single-purpose telephone number for employers to call for assistance. An 800 number was one of the options but was rejected in favor of a commercial number because SSA said a new 800 number would cause confusion with the current 800 number being

used for beneficiaries. We believe that confusion with the current 800 number for beneficiaries could be minimized by advertising a new 800 number only in materials sent to employers. The plan has since been delayed, and we understand that SSA is not sure when or if it will be implemented.

SUGGESTIONS FOR IMPROVEMENT

Given SSA's interest in providing world-class service to its employers, staff at OCRO need to be more knowledgeable about wage reporting for employers to call to get needed information for preventing and/or resolving wage reporting issues. The staff should also be able to respond to a wide range of wage reporting issues and be prepared to refer callers to the most knowledgeable SSA person on the first attempt. You may want to reconsider the pros and cons of establishing a toll-free number for employers to call for wage reporting information to provide service comparable to that SSA provides to its program clients and to encourage correcting wage reporting problems before they occur. Finally, you may want to consider providing written feedback as soon as practical to employers who submit additional required wage data to SSA, telling them when the data are expected to be processed.

To develop the information contained in this correspondence, we obtained a list of employers who had contacted SSA about a problem or question on wage reporting within the past 3 years from SSA's Atlanta and Philadelphia regional offices. We randomly selected and telephoned 20 employers from each area to get information on the types of errors SSA had identified in their wage reports and discussed employers' experiences in resolving them.

To supplement this, we also held two group interviews with employers' representatives. One session was held in Washington, D.C., and included nine participants who were members of the American Society of Payroll Management (ASPM) from around the country. The other session was held in Virginia and included 12 participants who were members of the American Payroll Association (APA). These participants represented employers who operate their businesses in the SSA Philadelphia regional office area and who generally called SSA headquarters for service. In total, we discussed wage reporting issues with 61 employers. In addition, we discussed wage issues with the magnetic media coordinators in SSA's Atlanta and

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Philadelphia regional offices and with staff from OCRO in Baltimore.

Our work was performed between February and November 1994 at SSA's headquarters in Baltimore and at SSA's regional office locations in Atlanta and Philadelphia.

If you have any questions about these issues, please contact me at 202-512-7215 or Roland Miller of my staff in Baltimore, Maryland, on 410-965-8925.

Sincerely yours,

A handwritten signature in cursive script that reads "Jane L. Ross".

Jane L. Ross
Director, Income Security Issues

(105256)

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