
August 1995

Income Security Issue Area Plan

Fiscal Years 1995-96



Foreword

As the investigative arm of Congress and the nation's auditor, the General Accounting Office is charged with following the federal dollar wherever it goes. Reflecting stringent standards of objectivity and independence, GAO's audits, evaluations, and investigations promote a more efficient and cost-effective government; expose fraud, waste, abuse, and mismanagement in federal programs; help Congress target budget reductions; assess financial and information management; and alert Congress to developing trends that may have significant fiscal or budgetary consequences. In fulfilling its responsibilities, GAO performs original research and uses hundreds of databases or creates its own when information is unavailable elsewhere.

To ensure that GAO's resources are directed toward the most important issues facing Congress, each of GAO's 35 issue areas develops a strategic plan that describes the significance of the issues it addresses, its objectives, and the focus of its work. Each issue area relies heavily on input from congressional committees, agency officials, and subject-matter experts in developing its strategic plan.

The Income Security issue area focuses on programs and policies accounting for nearly 40 percent of all federal spending at the Social Security Administration (SSA), the Department of Health and Human Services (HHS), and the Department of Labor. Millions of Americans rely on income security programs for financial support. However, the high costs and rising caseloads of many of these programs are the subjects of congressional concern. Designed decades ago, some of these programs, such as Aid to Families With Dependent Children (AFDC), are currently undergoing major reform; others, including disability programs, are expected to be redesigned over the next few years. On the pages that follow, we outline Income Security's most significant planned work in the following areas:

- ensuring that public assistance program funds are spent efficiently and protected from fraud, waste, and abuse;
- improving SSA's administrative efficiency and service to the public;
- evaluating Social Security, state and local government, and private retirement benefits;
- redesigning the nation's disability programs to provide disabled people with greater opportunities to work;
- monitoring federal and state efforts to move welfare recipients from welfare to work and to reduce their dependence on welfare; and

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- assessing government efforts to preserve families and protect vulnerable children.

Because events may significantly affect even the best of plans, our planning process allows for updating the plan and responding quickly to emerging issues. If you have any questions or suggestions about this plan, please call either me or Leslie G. Aronovitz, Associate Director, at (202) 512-7215.



Jane L. Ross
Director
Income Security Issue Area

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Table I: Key Issues

Issue	Significance
Promoting a more efficient, cost-effective government: How adequate are government efforts to ensure efficient spending of public funds?	Each year billions of dollars provided for public assistance programs are lost to fraud, waste, and abuse. For example, in 1994 over \$6 billion in overpayments were made in the AFDC, Food Stamp, Medicaid, and Supplemental Security Income (SSI) programs. The SSI program in particular has grown tremendously and has been criticized by media and congressional reports for alleged abuses. Moreover, the federal government and the states are spending more than \$2 billion a year to collect about 25 percent of the \$34 billion owed in child support.
Improving SSA service and operations: How can the Social Security Administration (SSA) reduce costs and improve service to the public?	SSA spends over \$5 billion annually to administer the nation's Social Security and disability programs with nearly 65,000 staff. Despite significant growth in its workload and long-standing service weaknesses, SSA conducts business in many of the same ways it has done since its inception in 1935. As a newly established independent agency, SSA will continue to face significant challenges as it attempts to downsize its workforce and reengineer its business practices in order to serve the public more efficiently and effectively.
Ensuring adequate retirement benefits: Can the current Social Security, public, and private pension systems ensure adequate retirement benefits in a society with an aging population?	The Social Security, state and local government, and private pension systems will face financial pressures over the next decades to pay benefits to a burgeoning retirement population, raising questions about the ability of these systems to provide adequate retirement benefits. The Social Security system, for example, currently provides over 42 million people with income; this number will grow rapidly in the next century as the Baby Boom generation retires. While the Social Security trust funds are expected to grow from \$413 billion to over \$3.2 trillion by 2020, these funds will not be sufficient to ensure the long-term viability of the Social Security program. Moreover, many public and private pension plans continue to be underfunded.

Table I: Key Issues

Objectives	Focus of work
<p>—Identify cost-saving opportunities in welfare, disability, and child support programs.</p> <p>—Reduce fraud, waste, and abuse through computer matching and fraud prevention programs and improvements in disability program eligibility processes.</p> <p>—Recommend improvements to SSA procedures under which recipients have disposed of income and assets to receive Medicaid long-term care benefits.</p> <p>—Examine ways for SSA to strengthen its continuing disability review system to more effectively determine which SSI recipients have medically improved and should be removed from the disability rolls.</p> <p>—Identify ways to collect more child support payments.</p>	<p>—Evaluate computer matching and fraud prevention programs.</p> <p>—Explore how SSA can improve its initial and continuing eligibility decisions for the SSI and Disability Insurance (DI) programs.</p> <p>—Determine whether SSA notifies state Medicaid agencies about SSI recipients' disposal of assets.</p> <p>—Assess SSA's efforts to target and conduct disability reviews of SSI and DI recipients.</p> <p>—Examine options for privatizing child support functions.</p> <p>—Identify effective child support enforcement practices.</p>
<p>—Assess how effectively SSA serves the public.</p> <p>—Provide information to Congress on SSA's efforts to reengineer its disability claims process.</p>	<p>—Evaluate alternative ways to improve public service.</p> <p>—Determine if anything may prevent SSA from achieving the five primary objectives of its redesigned disability claims process.</p> <p>—Evaluate SSA's reengineering implementation plans.</p>
<p>—Study alternative options for resolving Social Security's long-term funding problems.</p> <p>—Evaluate whether defined contribution plans will provide benefits to future retirees comparable to those provided by defined benefit plans.</p> <p>—Monitor how well state and local government pension plans protect their participants' interests.</p>	<p>—Evaluate alternative Social Security financing proposals.</p> <p>—Analyze the extent of retirement savings in defined contribution pension plans.</p> <p>—Review state and local government pension plans to determine how proposed changes would affect future retirees.</p>

Table I: Key Issues

Issue	Significance
Redesigning disability programs: How can federal disability programs be redesigned to take advantage of greater opportunities for people with disabilities to work?	Over 7 million Americans receive DI and SSI cash benefits at an annual cost of \$60 billion, plus \$50 billion more for Medicaid and Medicare coverage. Nearly 1 million are children with disabilities. Once on the disability rolls, extremely few beneficiaries ever return to work. Yet recent medical, technological, social, and legal changes challenge the assumption that people with disabilities are unable to work.
Moving from welfare to work: What are the effects of government efforts to move welfare recipients into work and reduce welfare dependency?	Congress is currently considering sweeping changes to AFDC and related welfare programs. The federal government and the states spent about \$25 billion in fiscal year 1993 to provide AFDC benefits to nearly 5 million families. Proposed changes are aimed at capping federal expenditures, reducing welfare dependency, and giving states more flexibility to design and manage programs. Current proposals call for an increased emphasis on moving adult AFDC recipients from welfare into the workforce. Regardless of how welfare programs are restructured, ensuring that federal funds are used efficiently, and that programs are focused on outcomes, will remain important.
Preserving families and protecting children: How adequate are government efforts to preserve families and protect vulnerable children?	Dramatic increases in child abuse and neglect and the growth in single-parent families have fueled public dissatisfaction with the nation's child welfare system. The federal government and the states will face challenges over the next several years as they attempt to operate this system more efficiently and effectively in the face of growing budget constraints.

Table I: Key Issues

Objectives	Focus of work
<p>—Analyze medical, social, and technological changes that improve the work potential of people with disabilities.</p> <p>—Identify disincentives in the current structure of DI and SSI that impede an individual's return to work.</p> <p>—Examine changes in beneficiary characteristics that affect the potential for return to work.</p> <p>—Provide a framework for congressional consideration of alternative designs for DI and SSI.</p>	<p>—Provide Congress with a baseline analysis, synthesizing research and program data on key program elements.</p> <p>—Analyze disability beneficiaries' characteristics to assess how return-to-work programs could be improved.</p> <p>—Explore potential redesign options from the perspective of beneficiaries to determine ways to maximize work motivation.</p> <p>—Develop promising alternative approaches to disability management by analyzing disability programs in the private and nonprofit sectors, the states, and other countries.</p> <p>—Assess how states would decide the mix of cash and services disabled children would receive under the proposed SSI block grant.</p> <p>—Work with Congress and executive branch agencies to develop pilot tests, evaluate alternatives, and monitor progress and results.</p>
<p>—Identify promising strategies for reducing welfare dependency.</p> <p>—Help Congress assess policies designed to make work pay.</p>	<p>—Monitor implementation of state welfare experiments.</p> <p>—Evaluate options for increasing the supply of child care for low-income workers.</p>
<p>—Assess efforts aimed at family preservation.</p> <p>—Examine options for caring for abused and neglected children who have been removed from their homes.</p>	<p>—Analyze family preservation and support efforts.</p> <p>—Evaluate and compare foster care, kinship care, and adoption policies.</p>

Table II: Planned Major Work

Issue	Planned major job starts
Promoting a more efficient, cost-effective government	<ul style="list-style-type: none"> —Welfare fraud prevention and detection efforts —Efficiencies and savings from consolidating programs for children and families —Feasibility and cost-effectiveness of privatizing child support functions —Efforts to increase child support collections through interagency coordination —Effects of implementing the Government Performance and Results Act on the Office of Child Support Enforcement —Effectiveness of SSI computer matching programs —SSA's referral to Medicaid of asset disposal by SSI recipients —Initial verification of financial data for SSI applicant eligibility —Effectiveness and results of SSI redetermination process —SSA's strategy for conducting continuing disability reviews
Improving SSA service and operations	<ul style="list-style-type: none"> —Efforts to improve telephone service for customers —Efforts to improve public service provided by field offices —Workload implications of providing personalized earnings and benefit estimate statements to increasingly larger segments of the population —Reengineering implementation status, progress, and barriers —Impact of new disability claims manager position on disability claims process
Ensuring adequate retirement benefits	<ul style="list-style-type: none"> —Options to resolve Social Security's long-term funding problems —Extent of retirement savings in defined contribution plans —Funding levels and other characteristics of state and local pension plans
Redesigning disability programs	<ul style="list-style-type: none"> —Lessons from private sector disability management —Alternative ways to deliver and finance rehabilitation services —Ways to make work a more attractive choice for the disabled —State implementation of SSI children's program
Moving from welfare to work	<ul style="list-style-type: none"> —Welfare waiver experiments' implementation —Efforts to expand child care supply for low-income workers with nonstandard work schedules
Preserving families and protecting children	<ul style="list-style-type: none"> —Child welfare agencies' response to abused and neglected children —Permanent pathways out of foster care

Table III: GAO Contacts

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