

103

# REINVENTING THE SOCIAL SECURITY ADMINISTRATION

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Y 4. W 36: 103-46

Reinventing the Social Security Adn...

## HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS  
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

OCTOBER 28, 1993

**Serial 103-46**

Printed for the use of the Committee on Ways and Means



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# REINVENTING THE SOCIAL SECURITY ADMINISTRATION

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THURSDAY, OCTOBER 28, 1993

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
SUBCOMMITTEE ON SOCIAL SECURITY,  
*Washington, D.C.*

The subcommittee met, pursuant to call, at 10 a.m., in room B-318, Rayburn House Office Building, Hon. Andrew Jacobs, Jr. (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE  
TUESDAY, OCTOBER 19, 1993

PRESS RELEASE #8  
SUBCOMMITTEE ON SOCIAL SECURITY  
COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES  
1102 LONGWORTH HOUSE OFFICE BLDG.  
WASHINGTON, D.C. 20515  
TELEPHONE: (202) 225-1721

THE HONORABLE ANDY JACOBS, JR. (D., IND.), CHAIRMAN,  
SUBCOMMITTEE ON SOCIAL SECURITY, COMMITTEE ON WAYS AND MEANS,  
U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A HEARING ON  
REINVENTING THE SOCIAL SECURITY ADMINISTRATION

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The Honorable Andy Jacobs, Jr. (D., Ind.), Chairman, Subcommittee on Social Security, Committee on Ways and Means, U.S. House of Representatives, announced today that the Subcommittee will hold a hearing on "reinventing" the Social Security Administration (SSA) by implementing measures to revitalize and streamline its operations. The hearing will be held on Thursday, October 28, 1993, in room B-318 of the Rayburn House Office Building, beginning at 10:00 a.m.

**BACKGROUND:**

The Clinton Administration has put forward a vision of making the Federal government more efficient, competent, and responsive to the people it serves. As part of its broad-scale effort to "reinvent government," the Administration has proposed to cut unnecessary spending, develop budgets based on outcomes, empower employees through delegation of authority and responsibility, and measure success in terms of customer satisfaction. Vice President Gore recently completed a National Performance Review (NPR) which includes hundreds of agency-specific recommendations to achieve these goals.

No agency is more central to the success of this effort than the Social Security Administration. Today one in four households receives a benefit check each month from SSA; and over the course of a year, SSA records the wages of nearly every worker in the U.S. -- some 135 million taxpayers. Because SSA touches so many lives, its service provides an important gauge by which Americans judge the overall performance of government.

Yet the challenge of reinventing government at SSA is a substantial one. Over the past decade, SSA's performance has deteriorated as the result of frequent changes in leadership, repeated reorganizations, sharply rising caseloads, and cuts in staffing which reduced agency personnel by over 20 percent. While SSA attempted to compensate for these staffing losses through increased reliance on technology, it has achieved mixed results. Customer waiting times have risen, a huge backlog of pending disability claims has developed, and SSA has relied increasingly on highly centralized, impersonal modes of service which many Americans find unresponsive to their needs and preferences. Moreover, overwhelmed by the combination of staffing cuts and rising workloads, SSA has done little to prepare for the sharply increased demands that will confront it over the next decade as the baby-boom generation approaches retirement.

**FOCUS OF THE HEARING:**

The hearing will focus on three issues of critical importance in the effort to "reinvent government" at SSA and will examine proposals for action from the National Performance Review and from a recent management review of SSA by the General Accounting Office (Social Security: Sustained Efforts Needed to Improve Management and Prepare for the Future, August 1993). The three issues upon which the hearing will focus are:

(MORE)



(1) **Averting Crisis in the Disability Program:** The combination of staffing cuts and rising applications has resulted in a backlog of more than half a million disability claims. As a result, the average waiting period for an initial decision is nearly three months, and the full appeal process may take more than two years. In addition, SSA has sharply reduced the number of Continuing Disability Reviews (CDRs) it performs to verify beneficiaries' ongoing eligibility. The number of overdue CDRs now exceeds one million. What does SSA need to do to reduce its backlog of disability applications and CDRs? Can advanced technology be used to achieve significant results? What level of additional resources is required?

(2) **Redefining Performance Goals in Terms of Customer Needs and Preferences:** In its recent management review, the GAO found that SSA's previous management routinely made decisions without seeking input from customer or client groups. As a result, it invested heavily in some systems and technology that may not be useful to customers and missed opportunities to achieve the greatest improvements in service quality. In some cases, these investments have achieved savings by transferring internal operating costs to the public -- e.g., the termination of public telephone access to local Social Security offices in favor of a centralized 800-number with high busy rates. How should SSA's new management go about soliciting public opinion? How can it insure that it receives broad, unbiased samples of customer preferences? How should it use this information in its planning process?

(3) **Anticipating Future Customer Needs:** The GAO management review also characterizes SSA as lacking a vision of where and how it will provide service in the future. Developing such a vision, GAO states, is especially important in light of several factors: the baby-boom generation will soon begin placing increased demands on the agency; demographically, large numbers of baby-boom retirees may relocate in the South and West; and SSA continues to shift to more centralized, impersonal service in the absence of a vision for the future. Where and how should SSA provide service in the next century? in person? by telephone? by computer? in local offices or at centralized sites? As SSA develops high-tech service alternatives, should it also maintain traditional modes of service -- i.e., in person or by telephone -- for those who prefer them? How much access should customers have to SSA personnel who make decisions that affect them? How important is it to maintain community-based alternatives to centralized service?

**DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD:**

Requests to be heard at the hearing must be made by telephone to Harriett Lawler, Diane Kirkland or Karen Ponzurick [(202) 225-1721] no later than noon Monday, October 25, 1993. The telephone request should be followed by a formal written request addressed to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The Subcommittee staff will notify by telephone those scheduled to appear as soon as possible after the filing deadline. Any questions concerning scheduled appearances should be directed to the Subcommittee staff [(202) 225-9263].

In view of the limited time available to hear witnesses, the Subcommittee may not be able to accommodate all requests to be heard. Those persons and organizations not scheduled for an oral appearance are encouraged to submit written statements for the record of the hearing. All persons requesting to be heard, whether they are scheduled for oral testimony or not, will be notified as soon as possible after the filing deadline.

(MORE)

Witnesses scheduled to present oral testimony are required to summarize briefly their written statements in no more than minutes. THE FIVE MINUTE RULE WILL BE STRICTLY ENFORCED. The Congressional Budget Office and similar U.S. Government agencies may be granted an exception. The full written statement of each witness will be included in the printed record.

In order to assure the most productive use of the limited amount of time available to question witnesses, all witnesses scheduled to appear before the Subcommittee are required to submit 150 copies of their prepared statements to the Subcommittee on Social Security office, room B-316 Rayburn House Office Building, at least 48 hours in advance of their scheduled appearance. Failure to do so may result in the witness being denied the opportunity to testify in person.

**WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE:**

Any persons or organizations wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statements by the close of business, Thursday, November 11, 1993, to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 150 additional copies for this purpose to the Subcommittee office, room B-316 Rayburn House Office Building, before the hearing begins.

**FORMATTING REQUIREMENTS:**

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

Chairman JACOBS. The Social Security Subcommittee will commence its hearing, I guess in essence on the General Accounting Office's suggestions for greater efficiency at the Social Security Administration. We are pleased to welcome the new Social Security Commissioner, Dr. Shirley Chater, who follows neatly, I think, in the footsteps of Gwen King for whom we had enormous—we still do, don't we—respect and affection. We look forward to a pleasant working relationship with you, Dr. Chater, so if you would like, you can proceed in your own fashion.

[The prepared opening statements of Chairman Jacobs and Mr. Bunning follow:]

## Statement by Chairman Andy Jacobs, Jr.

Today's Subcommittee hearing will examine the challenges that the Social Security Administration (SSA) will face in providing service to the public during the next 20 years.

To conduct this examination, we will review recommendations from the National Performance Review on "reinventing" the Social Security Administration and from a recent management review of SSA conducted by the General Accounting Office.

In the course of a year, the Social Security Administration will have an impact on the life of nearly every American. One in four households receives a benefit check from SSA. In addition, SSA records the yearly wages of each of the 135 million U.S. workers. Because of the enormous public reliance on the performance of the agency, it is imperative for SSA to have stable leadership to deal with day-to-day and long-term management decisions.

During the past 16 years, SSA -- once considered a model Federal agency in its ability to provide top notch service to the public -- has seen its performance slip dramatically. In this time, SSA has had 12 commissioners, five of who have served only as acting commissioner and six of whom have served less than 15 months. This instability at the highest level of the agency has inhibited development of long-term goals. Since 1975, SSA has undergone six reorganizations or "realignments" which have displaced personnel at all levels, creating repeated changes in responsibilities for program administration and policy development. This repeated upheaval has made it difficult for the agency to focus on its future operational needs as the baby boom generation ages.

In the mid 1980's, SSA did develop and implement a plan to streamline the agency. Devised at the Central Office of the Social Security Administration in Baltimore, the plan reduced the size of SSA staff and assumed that lost staff would be replaced with technology. Members of Congress concerned about the significant budget cuts requested by the Reagan Administration were assured that, when the plan was implemented, SSA could do more work for less money. Today, nearly ten years later, the anticipated technology is not yet fully in place, and the agency continues to reel from the effects of lost staff.

This downsizing plan is the single most significant reason for the decline in the quality of service provided to the public by SSA.

The impact of the plan has been devastating to both agency personnel and the public. In the past few years, the Social Security Administration has lacked the resources to perform a wide array of tasks ranging from the simplest to the most complex. Some taxpayers have been inconvenienced by SSA, experiencing high busy signal rates, lost case files and long waits in Social Security offices. Others have suffered severe hardship, being forced on public assistance while waiting for their benefits. In some cases, beneficiaries have died while waiting for a final decision on their claims.

When Americans pay their Social Security taxes they expect and deserve more than the consequent right to benefits -- and they pay for more than that. They pay also for the necessary personnel and equipment to deliver efficiently those benefits. That's what the Social Security System is supposed to be about.

OPENING STATEMENT BY  
THE HONORABLE JIM BUNNING  
SOCIAL SECURITY SUBCOMMITTEE HEARING  
OCTOBER 28, 1993

MR. CHAIRMAN, I AGREE WITH YOUR STATEMENT IN YOUR PRESS RELEASE. "THE CHALLENGE OF REINVENTING GOVERNMENT AT SSA IS A SUBSTANTIAL ONE."

I WELCOME THE WITNESSES WHO WILL BE COMMENTING ON THE NATIONAL PERFORMANCE REVIEW AND THE GAO REPORT AND LOOK FORWARD TO THEIR TESTIMONY. OVERALL I SUPPORT THE EMPHASIS ON OVERSIGHT ACTIVITIES, DEBT COLLECTION, CONTINUING DISABILITY REVIEWS, AND IMPROVED CUSTOMER SERVICE. I SHOULD POINT OUT, HOWEVER, THAT THESE ARE NOT ALL NEW IDEAS. A NUMBER OF THESE HAVE BEEN TRIED IN THE PAST WITH DISASTROUS CONSEQUENCES.

HONESTLY, I DON'T SEE HOW SSA CAN ABSORB ANY MAJOR SHARE OF THE 250,000 PERSON REDUCTION IN THE GOVERNMENT WORKFORCE AS ENVISIONED IN VICE PRESIDENT GORE'S REPORT, AND IMPROVE CUSTOMER SERVICE OR THE BACKLOG OF CONTINUING DISABILITY REVIEWS. SSA NEEDS AN INCREASE IN STAFF TO GET THESE JOBS DONE. WITHOUT MORE STAFFING, IT WILL BE HARD TO SEE ANY LIGHT AT THE END OF THE DISABILITY TUNNEL.

I HAVE SOME RESERVATIONS ABOUT THE PROPOSAL TO TRANSFER THE ADMINISTRATION OF TIER I-- WHICH IS THE SOCIAL SECURITY EQUIVALENT-- FROM MANAGEMENT BY THE RAILROAD RETIREMENT BOARD TO THE SOCIAL SECURITY ADMINISTRATION. UNLESS THE PLAN ENVISIONS THE TRANSFERRING OF STAFF, I WOULD BE CONCERNED ABOUT THE WORKLOAD THIS WOULD CREATE.

FURTHER, WHILE FIELD OFFICE RESTRUCTURING IS AN ONGOING NECESSITY TO KEEP UP WITH DEMOGRAPHICS OF POPULATION SHIFTS, I HAVE SOME CONCERN ABOUT BENEFICIARY SERVICES, AND HOPE THAT IMPROVED PUBLIC SERVICE WILL BE MADE THE OVERRIDING GOAL.

MR. CHAIRMAN, FRANKLY, I AM DISAPPOINTED MORE BY WHAT WAS LEFT OUT OF THE PACKAGE OF REFORMS THAN BY WHAT WAS INCLUDED. PARTICULARLY IN VIEW OF THE CRISIS IN THE DISABILITY PROGRAM, WHICH HAPPENED UNDER HHS OVERSIGHT, I REGRET THAT THE VICE PRESIDENT DID NOT ENDORSE THE CONCEPT OF SOCIAL SECURITY AS AN INDEPENDENT AGENCY. THE SPECTER OF HEALTH CARE REFORM MAKES IT EVEN LESS LIKELY THAT HHS WILL HAVE THE TIME AND ENERGY NEEDED TO REENGINEER SOCIAL SECURITY.

FINALLY, I WOULD HOPE THAT IN THE CONTEXT OF REFORM, THE ADMINISTRATION WILL CONSIDER SUPPORTING PROPOSALS THAT HAVE BEEN ADDRESSED BY THIS SUBCOMMITTEE, SUCH AS OUR BILL H.R. 3265, WHICH CREATES A SOCIAL SECURITY COURT OF APPEALS--OR CONGRESSMEN ARCHER'S PROPOSAL TO ELIMINATE THE CURRENT APPEAL STAGE OF THE DISABILITY DETERMINATION PROCESS SO THAT CLAIMANTS ARE NO LONGER CAUGHT IN THE PIPELINE OF TRYING TO GET TO COURT. IN SHORT, THERE ARE THINGS THAT CONGRESS CAN BE DO TO HELP THE SOCIAL SECURITY ADMINISTRATION.

OVERTIME WITNESSES HAVE MADE GOOD SUGGESTIONS TO US FOR IMPROVING THE ADMINISTRATION OF SSA. I AM SURE THAT TODAY'S WITNESSES WILL DO THE SAME AND I HOPE THE ADMINISTRATION WILL BE RECEPTIVE. CLEARLY, THERE IS MUCH WORK FOR US ALL.

**STATEMENT OF HON. SHIRLEY S. CHATER, PH.D., COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY LAWRENCE H. THOMPSON, PRINCIPAL DEPUTY COMMISSIONER**

Ms. CHATER. Thank you, Mr. Jacobs. Mr. Jefferson, although I have not had the pleasure of meeting you personally, I look forward to a time to talk with you later. I want to tell you that I am pleased to be here today. I am also pleased to be with our principal deputy commissioner, Dr. Larry Thompson, who has joined me at the table.

You know, of course, that this is my first opportunity to appear before this subcommittee and the first of what I hope will be many productive dialogs among all of us. I have had the opportunity to meet individually with some of the members of the committee, and because it is certainly a priority of mine to know you and to be responsive to your concerns, I will make certain that I meet with each member of the committee as time goes on.

I am delighted that my first congressional hearing as Commissioner of Social Security concerns the reinventing of the Social Security Administration. It gives me the opportunity to share with you my vision of some of the management priorities for Social Security.

Now, coming in as I have as a new person to the largest agency in Federal Government, it is difficult at best to understand all of the issues and the complexities of this enormous challenge. We know, for example, that the expanding demands for the Social Security Administration services during this time of budgetary restraints requires a commitment to long-term planning and very attentive management.

We will, I want you to know, use the GAO report as a framework against which to reinvent the Social Security Administration. We will also use the present strategic plan, part of which is a service delivery plan. We will also be utilizing the National Performance Review as well as Secretary Shalala's plan for continuous improvement in the short term.

We will be using all of these ideas to put together a framework against which to reinvent the Social Security Administration. We are certainly conscious, Mr. Chairman, of your desire for a very concise presentation and, therefore, because the management challenges at SSA are both numerous and complex, I would like to submit for the record my full written testimony, which describes in some detail the challenges we face—

Chairman JACOBS. Without objection.

Ms. CHATER [continuing]. And some specific ways in which we propose to deal with these challenges. I would like to use my time this morning, then, to briefly discuss my thoughts on service delivery to our customers and specifically two important issues: one, telephone service, and two, the disability program.

Let me begin by commending the General Accounting Office for its report entitled, "Social Security: Sustained Effort Needed To Improve Management And Prepare For The Future." We concur with most of the recommendations in that report, and I am pleased to tell you that we are already implementing most of them. Our

goal is nothing less than to ensure world class service to the millions of people who come to SSA for assistance.

The first step in meeting that goal, a step that we are currently taking, is to establish a comprehensive service delivery plan, and in order to make the plan an effective one, we must begin as GAO recommended, by finding out what kind of service the American people want. We will gain that knowledge in different ways.

One way is the use of focus groups. We will have 12 of them throughout the country made up of current Social Security and supplemental security income beneficiaries, as well as the general public. The responses of these groups to the service delivery ideas we place before them will help us learn what the public expects in terms of service delivery.

At the same time, we will be discussing these issues and ideas with various audiences, including but not limited to Congress, advocacy groups, the States, as well as SSA employees. We want to talk to those who are stakeholders in the Social Security Program. The information we receive will enable us to develop a formal service delivery plan, and as we work to bring our service quality up to a higher level, there are two areas that I want to discuss that will receive considerable emphasis, as I said—telephone service and the disability program. So first, telephone service.

As this committee well knows, we need to do a better job of answering our telephones both in the local field offices and our 800 number. We are now developing strategies to achieve this objective. I appreciate your concerns regarding accessible telephone service to local offices. I know that you are mindful that additional phone lines alone will not raise the quality of SSA's service in those offices to our traditional levels. We need to ensure that those lines, once installed, will be answered promptly and efficiently.

If our callers wish to speak to a person as opposed to an automated program, we certainly wish to oblige them, and we are developing different approaches to help us do just that. I want you to know, Mr. Chairman, that I appreciate your offer to help us to get the resources that we need to improve that telephone access. I look forward to working with you on this issue.

In regard to the 800 number, we are considering a number of different options for improvement. Among them is offering all callers an immediate choice of using an automated script for simple actions. We are going to be training staff with special programs so they can learn to handle the 800 number requests. We will be utilizing some additional backup staff for peak hours during our busy times, and we want to put in place a program that would educate our clients so that they might call at nonpeak times and therefore receive better service. We are also considering testing additional 800 numbers that could provide services in languages other than English.

I would like to turn now to the disability issue. The challenges facing the disability program are enormous. We all know that the unprecedented workload increases in both the disability insurance and the SSI programs and the resulting strain on resources have been the agency's most challenging problem.

SSA has received valuable support from Congress and from Secretary Shalala in securing additional funds for disability proc-

essing and for investment in a state-of-the-art computing network that will allow us to streamline the disability claims process, but even with these additional dollars, Mr. Chairman, we will still be fighting a losing battle unless significant changes are made in the way we administer the disability program. That is why we have undertaken an effort to reengineer the way we do business at SSA, to review and to modernize practices that are based on conditions and capabilities that existed when the agency began over 50 years ago.

Our objective in reengineering the disability process is to rethink our processes from start to finish and to ask the question how would we do it better if we were starting all over today. I want to modernize the process in a way that will make it easier for people to file for benefits and that will ensure that eligible beneficiaries receive their benefits promptly and efficiently and that will minimize the number of appeals in the system.

Through this process, Mr. Chairman, I pledge our best efforts, and I ask for this subcommittee's help. It will not be easy, but in the end we will have an agency able to provide rapid, efficient, accurate and responsive service to the American people. That is our goal, and we look forward to working with each of you to make this a reality. I will be pleased to answer your questions and so will Dr. Thompson.

[The prepared statement and attachment follow:]



**TESTIMONY OF SHIRLEY S. CHATER  
COMMISSIONER OF SOCIAL SECURITY**

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to discuss plans to "reinvent" the Social Security Administration (SSA) by revitalizing and streamlining its operations. I am delighted that this is the topic of my first Congressional hearing as Commissioner of Social Security, because it gives me an opportunity to share my vision of management priorities at SSA.

Consistent with the announced purpose of this hearing, my discussion will specifically address the difficulties SSA is experiencing in the administration of the disability program, and the need to redefine performance goals in terms of customer needs and preferences and to anticipate future customer needs. As you requested, I will also discuss the recommendations of both the Vice-President's National Performance Review (NPR) and the August 1993 General Accounting Office (GAO) report, Social Security: Sustained Efforts Needed to Improve Management and Prepare for the Future. I will begin by discussing our service delivery vision.

Achieving Our Service Delivery Vision--The Need for Public Input

Mr. Chairman, let me begin by saying that our goal is to provide world-class service, as well as "service equity," so that, whether living in Indianapolis, Indiana or Southgate, Kentucky, a person receives equally responsive, swift, and accurate service.

As you point out in your press release, Mr. Chairman, an essential step toward achieving world-class public service, and one that cannot be emphasized enough, is to find out what kind of service people want. Do people want to deal with SSA in person, by telephone, by mail, or by fax or personal computer? We need to learn how people want to be served, so that we will be prepared to provide services in ways the public finds to be convenient. This need for public input was also recognized by the GAO and the NPR team.

We are now preparing to obtain input from the general public about their service delivery preferences. We plan to do this at every step of the process: in developing, testing, and implementing new service delivery mechanisms, beginning with focus group tests of a vision of service delivery. These tests are crucial to our having a clear understanding of what the public expects in terms of methods of service delivery and the level of service they expect.

We will begin by obtaining input from up to 12 of these focus groups throughout the country. Participants in the groups will represent a cross-section of current Social Security and Supplemental Security Income (SSI) beneficiaries and the general public. Each focus group will be composed of 10 to 12 people from different geographic locations and different age, race, sex, and income populations. Two of the groups will consist entirely of non-English speaking participants. Later, we plan to expand the number of non-English speaking groups, and add at least one group of native Americans.

At the same time we are conducting focus groups, we will also be discussing these issues with various audiences, including --but not limited to--the Congress, advocacy groups, and the States--the people who are stakeholders in the Social Security program. We will also make a special effort to involve groups representing SSA employees in our various planning processes. We know that SSA employees are our most important resource, and their commitment to SSA's goals is essential for the success of our endeavors.

The purpose of these discussions with various audiences will be to share our service delivery ideas and our approach to testing, get individual input on all phases of our activities,

and identify problems that require resolution. I am pleased that our plans address the concerns expressed in your letter of invitation, and are consistent with the recommendation in the GAO report--which I will discuss later in my statement--to involve external groups in our planning process. I cannot agree with that recommendation more strongly.

Input from those in our focus groups and our discussions with our other stakeholders will enable us to develop a formal service delivery plan. Since we are still at the very beginning of the planning process, I cannot tell you with any degree of certainty what the plan will include, nor can I promise you that we can complete the kinds of major changes we may need to make within a couple of years. I would like to discuss, however, some of the specific objectives and ideas which we are considering as major service improvements for the future.

#### Telephone Service

Mr. Chairman, let me begin with telephone service. To state our goal simply, we want our telephone service to be as good as the best in the private sector, with every telephone call answered on the first try. We want service to be available in most languages, and our goal is--for those who wish to use the telephone--to handle most business, including claims and postentitlement actions, in a single telephone call.

As this committee well knows, we need to do a better job of answering our telephones--both in our local field offices and on our 800 number service. We are now developing strategies to achieve this objective.

As a start, we are considering a number of local office demonstration projects. These projects would be designed to improve local office service by handling selected customer requests to completion on the first telephone call. People with relatively easy transactions would be able to complete them quickly and easily, while those who want or need to talk to an SSA employee would have that option.

One demonstration project would test the use of a feature called "automated attendant" call answering service. This feature would greet the caller with a menu of call handling options. The caller would select an option by pressing a touch tone key. Provisions for callers with rotary telephones would be included. This service could handle requests for Social Security numbers, forms, and pamphlets, and provide and receive messages.

A second demonstration project would be similar to the first in that the automated attendant feature would be used to offer the caller the choice of speaking to an employee or the automated voice mail service. However, if all lines to the local office were busy, the call would be routed to the 800 number if the customer so desired.

A third demonstration project would test the use of voice mail without the automated attendant feature. This would allow the field office to provide messages to callers and record and store their messages. It would be used to capture information for Social Security number requests and other simple workloads. This would give the caller the option of doing business with the local office after business hours.

With regard to the 800 number service, some of the options for improvement we are considering are:

- o Offering all callers an immediate choice of using an automated script for simple actions--basically, this would be a recorded message which presents the caller with a menu of options;

- o Training staff who do not routinely handle public inquiries to answer calls during peak calling hours; and
- o Testing additional 800 numbers which will provide services in languages other than English.

Mr. Chairman, your letter raises one very important point about telephone service: SSA has a responsibility to provide the kind of service that the public prefers. I want to make it very clear that--although SSA is looking at a number of ways in which technology may be used to improve our telephone service--we recognize that some people will prefer to talk to one of our employees. We realize, therefore, that, in addition to our improvements in automation, we need to make more employees available to answer calls from people who do not want to use an automated system.

#### Face-to-Face Service

As with telephone service, I want our face-to-face service to be comparable with the best in private industry. Our customers should receive world-class service regardless of whether they choose to do their business face-to-face or on the telephone. Again, the service improvements I will mention are only examples of the kinds of ideas we are looking at, not firm decisions or promises we can make at this time.

When customers enter our offices, they will be able to see our service objectives prominently posted, as recommended in the NPR, and know the level of service we expect to provide. Our goal is to ensure that waiting times for interviews are minimal, whether the office is in an urban, suburban, or rural area, and that service will be available in commonly used languages. Moreover, the customer should be able to conduct most business with us with only one contact. Just as with telephone calls, our goal is to have one visit take care of everything the customer needs.

#### Reengineering Our Business Processes

In order to achieve world-class service delivery, SSA must "reengineer" its current business practices, which are based, in large part, on procedures begun 50 years ago. It is unrealistic to believe that merely hiring additional staff would allow SSA to keep up with growing workloads if they are managed under our existing practices. And, given current budget realities, it is also unrealistic to expect any significant increase in SSA resources. Clearly, then, SSA must reengineer its way of operating.

Our reengineering program is the culmination of a very rigorous investigation by SSA of the reengineering efforts of private companies, public organizations, academic institutions, and consulting firms with the most "hands on" experience in this area. Our reengineering methodology will combine a strong customer focus with classic management analysis techniques and computer modeling and simulation.

We will examine our key business processes and ask the question, "How would we do this if we were starting over?" Our current business processes have gradually evolved over more than 50 years, and tend to reflect small, incremental changes designed to address various pieces of our overall process. The objective of a reengineering review is to fundamentally rethink and radically redesign our business processes as a whole, from start to finish, so that they become many times more efficient and, as a result, significantly improve SSA's service to the public.

Reengineering Disability

As you are aware, despite the outstanding efforts of our employees and the State Disability Determination Services (DDS) throughout the country, SSA continues to have difficulty providing a satisfactory level of service to claimants for disability benefits, and improvement is urgently needed.

Mr. Chairman, as you know, in recent years the disability insurance (DI) and SSI claims workload has been SSA's most challenging problem. SSA has been faced with unprecedented workload increases in both the DI and SSI programs which have severely strained its resources. Thanks to the contingency funding received earlier this year and large amounts of overtime worked by dedicated Federal and State personnel, processing times for initial claims have somewhat leveled off at about 100 days. While I am pleased to see that the processing times have stabilized a bit, a claimant should not have a long wait to receive a determination on a disability claim. The American people expect more, and I am convinced that we can and must do better.

That is why I plan to continue efforts begun last year to process disability cases faster. Our plans include refinements to case development and documentation procedures, increased use of overtime, continuation of the teamwork undertaken by SSA and the State DDSs, and acceleration of automation efforts.

In addition, by working with other senior Administration officials, Secretary Shalala was instrumental in seeing that the President's budget requested additional resources for SSA in the fiscal year (FY) 1993 and FY 1994 budgets. The appropriations bill signed by the President on October 21, 1993 provides SSA with \$320 million to invest in disability processing, as well as another \$300 million for an automation investment fund.

The \$320 million will help us to maintain the capacity to deal with both initial claims and appeals workloads. Of course, the funds appropriated for automation will help SSA to create a uniform, state-of-the-art computing network throughout SSA and the DDSs. When complete, I believe the automated disability process will help SSA to further reduce the time required to process disability claims.

It is clear, however, that these incremental improvements SSA is making will not be sufficient to achieve the level of service which will make a substantial difference to our customers. For that reason, our initial reengineering effort is focusing on the disability process.

The disability reengineering review began in early October when a special project team composed of 18 Federal and State employees assembled at SSA headquarters in Baltimore. Throughout the fall and early winter, members of the team will make fact-finding visits to numerous SSA and DDS offices, and to public and private organizations throughout the country which have an interest in working with SSA to improve the disability process.

We will be open to ideas from any source to make sure that our reengineered process will give the public the kind of service it wants. The team will be assisted from time to time by outside experts, possibly including business officials who have participated in successful reengineering projects in their own companies.

Obviously, not all groups who have an interest in the process can be personally visited, so we are developing a program to communicate in other ways with interested parties, solicit their ideas, and keep them informed of significant developments. Concurrent with our reengineering efforts, SSA, together with the

Department, is undertaking an aggressive disability research program designed to expand our knowledge about unanticipated increases in applications resulting in workload backlogs and trust fund deficits.

I want to emphasize that the object of reengineering is not to change the disability program, but rather our disability process. Although reengineering the disability process is certain to involve significant administrative change, our effort will not change the statutory definition of disability or affect in any way the amount of disability benefits for which individuals are eligible. We hope to change the process in a way that will make it easier for individuals to file for and, if eligible, receive disability benefits promptly and efficiently, and minimize the need for appeals. By the end of March 1994, the team will develop one or more design proposals for a reengineered disability process.

#### The GAO Report and SSA Goals

Mr. Chairman, let me now turn to a brief discussion of the August 1993 GAO report. First, I would like to commend GAO for its report. I agree with GAO's assertion that expanding demands for SSA services during a time of budgetary restraints requires a commitment to long-term planning and attentive management. GAO's report provides us with a baseline review of some of our management processes and could not have come at a better time. I concur with most of GAO's recommendations. We are already implementing some of them, including the one which was mentioned in your letter of invitation--and which I briefly described a moment ago--to ensure that our service delivery plan is developed with input from customer groups. Also, as GAO's report recommends, we are developing a human resources plan.

GAO notes that the dual impact of growing workloads and budget constraints place "...increased pressure on SSA's management to provide high quality public service at minimum cost." Mr. Chairman, I view this pressure as a challenge. Indeed, as I stated at my confirmation hearing before the Senate Finance Committee last month, restoring public confidence in the program and providing "world-class" service are two of my top goals for the agency. I believe accomplishing these goals is critical if the Social Security program is to continue to fulfill its mission and remain a vital part of American society.

Although the first goal--restoring public confidence--is not specifically included in the GAO report, I mention it now because I believe that we cannot successfully administer the program or plan for its future without public confidence and support. As you may be aware, a recent survey by the American Council of Life Insurance found that fifty-six percent of the respondents expressed a lack of confidence in the Social Security program. Likewise, data from a survey conducted by the 1991 Advisory Council on Social Security indicated that over two-thirds of the respondents with a college degree did not believe that Social Security would have money to pay them when they retire.

Clearly, doubts about the future of the program have taken root in the public psyche and must be addressed. Therefore, I intend to put special emphasis on informing workers--especially young workers--about the value of Social Security programs and the value of the income security protection we provide. I believe one of the best ways of accomplishing this is by automatically sending workers a Personal Earnings and Benefit Estimate Statement, as we will begin doing in 1995.

I personally intend to be an active, ardent, and forceful voice in informing the American public as to the value of Social Security protection to individuals and families, and to make the 65,000 Social Security employees public educators as well. We

are also exploring innovations for providing accurate information about Social Security to every citizen. For example, SSA is about to pilot-test a video question-and-answer kiosk that can provide a wide range of general information about Social Security earnings and benefits. If this particular approach proves cost-effective, it can be replicated in community centers, shopping malls, and other public places.

These initiatives will help ensure that the program has the kind of public support that is essential for long-term planning. And that brings me to a discussion of SSA's long-term management and planning effort.

#### SSA's Strategic Planning Process

Before closing, Mr. Chairman, let me take a moment to give an overview of the strategic planning process itself, which was the focus of the GAO report.

The centerpiece of SSA's planning process is the long-range Agency Strategic Plan (ASP)--a customer-oriented plan which recognizes the resource and workload challenges SSA is facing. The ASP includes projections of the workloads we will face in 10 years, and a variety of commitments to the public we serve and to our employees. It also includes a vision of how and where we will deliver service in the future, establishes our five strategic priorities, and includes specific key service delivery goals and objectives such as paying benefits correctly, paying benefits when due, and providing prompt and courteous service. Following publication of the ASP, we developed a transition guidance document that specifies initiatives and sub-initiatives to help us address the five priorities. We are now moving forward with many of these initiatives. We are committed to making sure the strategic plan is a living document to guide SSA to excellence.

While the ASP defines the overall planning approach for the Agency, there are also a number of more specific plans under development to support the ASP. For instance, we are developing a separate Service Delivery Plan (SDP), dealing with the way SSA will improve service to the public. We have also devoted considerable effort toward the preparation of a human resources plan, following steps similar to GAO's model. The plan we are formulating will provide the framework for continuous improvements in recruitment and staffing, a supportive work environment, and appropriate employee training and development. We have already published an information systems plan that supports the Agency Strategic Plan, and a facilities plan will be developed in the future.

The NPR also provides a vision for improving service government-wide, along with several specific recommendations applicable to SSA. In general, these recommendations are consistent with the vision and priorities already articulated in the ASP. I have attached a list of all the recommendations specifically applicable to SSA.

#### Conclusion

In conclusion, Mr. Chairman, I appreciate the opportunity to be here today, and I commend both this Subcommittee and the GAO for focusing attention on the need for thoughtful, long-term planning of the Social Security programs. This includes developing a vision of the future, which anticipates the

retirement of the "baby-boomers," the potential geographic shifting of workloads, changes in technologies and customer needs, and other factors.

It is clear that, to meet future challenges as well as to improve public service in the current era of rapidly and dramatically increasing workloads and resource constraints, we will have to make fundamental changes in the way SSA does business. It is equally clear that this will not be easy. There will be some hard choices to make, and some difficult adjustments ahead.

We want to make visible improvements in public service very soon, but the completion of all the initiatives I have mentioned today will stretch over a period of years. We also realize that, with current fiscal constraints, we will not be able to accomplish everything at once, but will have to implement some changes in steps, as resources permit.

Mr. Chairman, SSA will need the support of you and all of the concerned Members of this Subcommittee to help guide the Agency--and the country--through the journey ahead. For it is a journey we must make; SSA simply cannot go on operating in a fashion begun more than 50 years ago, before today's world of technological advances, constrained resources, and growing workloads.

Through it all, Mr. Chairman, I ask your help, and I pledge my best effort. As I said at my confirmation hearing last month, SSA does more than just write and mail checks. It enriches lives and gives people a sense of security. It provides the basic support people need to become independent and lead self-fulfilling lives. I also pledge to you--and to the American public--that SSA will never lose sight of that reality.

Attachment

National Performance Review (NPR) Recommendations That Directly Affect SSA

- o Improve SSA Disability Claims Processing to Better Serve People with Disabilities and Safeguard Trust Fund Assets
- o Protect Social Security, Disability and Medicare Trust Funds Assets by Removing Barriers to Funding Productive Oversight Activities
- o Coordinate Collection and Dissemination of SSA Death Information to Protect Federal Program Assets
- o Take More Aggressive Actions to Collect Outstanding Debts Owed to the Social Security Trust Fund
- o Redesign SSA Service Delivery and Make Better Use of Technology to Provide Improved Access and Services to Customers
- o Review the Field and Regional Office Structure of the HHS and Develop a Plan for Shifting Resources to Match Workload Demands
- o Improve SSA Customer Service Performance Standards
- o Restructure the Management of the Railroad Industry Benefit Programs



Chairman JACOBS. Thank you, Dr. Chater.

Mr. Bunning.

Mr. BUNNING. I have no questions.

Chairman JACOBS. Mr. Jefferson.

Mr. JEFFERSON. Thank you, Mr. Chairman. The question I have pertains to one of the issues raised in the GAO report. You address it somewhat in your presentation.

In the GAO report there is a statement that the administration has developed service objectives and priorities internally without involving the public interest groups or congressional committees.

You said that you were going to organize focus groups around the country, and in that way test what the public expects of the administration.

Is that the agency's response to this criticism? I also note that you said you were going to ask the Congress what it thought and involve it, so I am not saying that is the extent of what you said, but I am talking about the public input.

Is that the way you expect to exact public input and to meet that objection by GAO as to how the administration has formulated policies in the past?

Ms. CHATER. I can't speak exactly to how the administration formulated policies in the past, but I can tell you that our notion of focus groups is one of several ways that we wish to work with the public. To put together the focus groups and get very specific data from a particular region and a particular group of people will form for us an important database against which to then measure the extent to which we can provide the service they want.

I think there are other ways. For example, as I have met with some of the committee members I have also talked with some of your caseworkers, and they, too, have told me stories about the needs of their customers. So there are other ways beside just the focus groups, but certainly it is a key way to do so.

Mr. JEFFERSON. In this asking the customer area, there are a lot of customer complaints that you are probably aware of. The biggest one is that it is very hard to get claims resolved in the disability area particularly. People wait inordinate lengths of time to get relief, and frankly, it isn't of much use to them. Some of the people are old and they need the immediate attention of the agency.

How do you see your agency getting at this problem of delays in getting claims processed? I know you said just then that we want to make it easier to file. You want the beneficiaries to receive benefits more promptly and you want to limit appeals. Could you be more specific about how you plan to get after each one of those objectives?

Ms. CHATER. I would like to reemphasize the reengineering process that we are engaged in right at the moment. We have a committee of very capable people within the agency who are really examining the question, how would we do the disability processing anew if we were starting all over again, without trying to remodel the processes we have.

The reengineering concept is literally to wipe the slate clean and see how we could do it more efficiently and effectively. For example, there are many changes in medical evidence now, better tests to determine disabilities, better tests for the examination of clients.

We have to program all of that into our process to make it better. The reengineering concept is one of let's see what we can do from the beginning instead of remodeling what we have. Let's start over and see if we can put into place a process that would make it easier to file claims and certainly one that is a great deal shorter to benefit the clients who receive the disability payments.

Mr. JEFFERSON. The appeals limitations issue that you raise, how do you see getting at that question?

Ms. CHATER. I am sorry?

Mr. JEFFERSON. One of the objectives that you said you have in mind is to limit appeals. What do you mean by that? How do you see that being done?

Mr. THOMPSON. I am not sure that we said we were going to limit appeals.

Mr. JEFFERSON. She said to make filing easier, to receive benefits more promptly, and, I suppose, to limit appeals, I guess to limit the need for appeals by doing the first two of those things?

Mr. THOMPSON. Yes. As we do our reengineering, one of the things we want to keep is the right at some point for beneficiaries who feel they have not gotten justice to have a bridge before they have to go into the Federal Court—some sort of an independent appeal process. But at the moment our feeling is that there are too many people who have to go to appeals and that the appeals are taking too long and are very labor intensive. So one of the things we would like to look into is how to make better decisions quicker for everybody.

Let me give you another example. We have analyzed the process. The process we have works, but it was designed many years ago before we had a lot of electronic transfers of information. It is not uncommon that 40 different people are involved in touching a case file before it gets paid in the disability program, and every time it goes from person one to person two to person three, it goes into an in-basket and sits for a few days and then gets taken care of. One of the reasons it takes so long is that there are so many people involved.

What we need to do is work out a way that fewer people are involved, the decision makers ideally get to see the individual early on, and therefore can make a more accurate decision and a quicker decision. It is an easy thing for us to say. It is not so easy to do. We have a very talented team trying to figure out exactly how to do this.

Mr. JEFFERSON. How long do you estimate this reinventing process that you are going to undertake will take from beginning to end?

Ms. CHATER. The committee has been charged to bring to us a report by March 1994, so we are talking about a few months.

Mr. JEFFERSON. In the Department of Justice and EEOC they use a kind of duty system where they had local employees from time to time answer the phone on a kind of duty basis, rotating basis to gauge how the public was responding to them and how the office was responding to the public.

Have you considered that sort of alternative to some of the other ideas you discussed about getting public input and being able to as-

sess how the public is relating to the office? Are you familiar with what I am talking about?

Ms. CHATER. No.

Mr. JEFFERSON. Then I will—

Ms. CHATER. But I would be happy to visit with you, Mr. Jefferson, and discuss it with you. I am anxious to have all ideas that would help us.

Mr. JEFFERSON. Mr. Chairman, I will relinquish the microphone now. If you have a chance to get back to me, let me know.

Chairman JACOBS. Thank you, Mr. Jefferson.

Mr. Bunning and I both ask unanimous consent to include our opening statements in the record.

Mr. Houghton.

Mr. HOUGHTON. Good to see you here this morning. First, I want to say something. One of my real heroes is sitting over here, Arthur Flemming, who has a book written many years ago called, "The Wise Men." I consider him one of the wise men of our country. We are honored to be here in his presence. It is great to see you.

I would like to take a little different tack. Clearly some things that are wrong, I mean you are worried about the telephone service, you are worried about disability, you are worried about strategic plans. Rather than going to the negatives, what could you do better in terms of the things you do very well now? Because you have got so many positives in the administration, what are those things, not the voids, but the pluses that you really can concentrate on as you look over the hill of the next 10 years, what are those strengths and what can we do to help you in giving them more push?

Ms. CHATER. Thank you very much for acknowledging the strengths of the agency. I am pleased to have you note that. We do get caught up in some of the negative criticisms and forget about all the wonderful things we do.

In my visits to field offices, visits to places where employees work, I can tell you that one of the things that we do well is answering the telephone and giving accurate answers to clients.

I had the opportunity to listen to some of the telephone calls and to watch our employees answer questions that were raised about Social Security. I was very much impressed with the personal attention given to the telephone calls. Some of the callers asked questions that Social Security employees would have no experience or training to answer, but out of the kindnesses of their hearts, gave answers to the best of their ability to help these people.

That leads me to say that one of the things we do well is the educational program for employees, moving employees around so they sample the larger perspective of the agency and have a broader base from which to make decisions. We want to continue doing that. We have plans for training, for educational programs, for employees, for supervisors and for administrators within the department. That is one example.

Mr. HOUGHTON. All right. Let me just continue that a moment because what you are talking about as far as good, thoughtful telephone service and education involves people, and there are rumors flying around here that we have got to take another cut in the expenses. If I understand it, your administrative expenses as a per-

cent of your revenue, your administrative expenses are something like 1 percent. You send out, I don't know, 30 million checks a month. It is really an extraordinary number, but it involves people. It involves caring people. It involves educated people.

Are you going to be able to keep up technologically as the pressures come to reduce our costs here in the government to do the things which you have to do in terms of giving the service to the American people?

Ms. CHATER. Are we going to be able to keep up? We must keep up. We simply must keep this program on track. Our objective here is to do more, better and smarter. I know for certain that we can't keep doing it the way we have been doing it, but we are looking for ways; we are trying to rethink how we can do our processes and procedures more expediently.

Part of that is the use of technology where it works, while at the same time valuing the personal service that some of our clients prefer. It is hard. It is an enormous challenge, but we must keep up; we must find ways to do it.

Mr. HOUGHTON. So where there is a will there is a way?

Ms. CHATER. There has to be.

Mr. HOUGHTON. All right. Thank you, Mr. Chairman.

Chairman JACOBS. Mr. Brewster.

Mr. BREWSTER. Thank you, Mr. Chairman. Kind of to continue that line a little bit, it is my understanding that you are attempting to move more toward telephone service, high-tech service and maybe away from face-to-face personal service-type situations. I view that with some concern, and I wondered do you feel that you can provide as good a service on that kind of basis as has been handled in the past?

Ms. CHATER. I don't want to have you think that we are going to full automated services that would eliminate opportunities for people to have a personal contact with the Social Security Administration. I don't want us to do that because we have clients who don't feel that computers are the way to enter into a dialog with the Social Security Administration.

I do think, however, that the baby boomers coming on track are computer literate. They are accustomed to using a Touch-Tone telephone to get information from banks, from retirement programs, et cetera, so I think we have to provide both. We have to use these methods of touching base with our customers to know exactly where and who our client groups are in order to know what kind of service to provide.

Mr. BREWSTER. Well, as one who represents a large rural, relatively uneducated district of a lot of elderly people, it is going to be very difficult for most of those people to understand how to handle that, and I am curious, do you plan to kind of tailor your service to the area that you are serving?

Ms. CHATER. I think with the National Performance Review calling for decentralization of services, the personalization of services based on area, client group, yes, we want to personalize service. That will happen, I think, in terms of place, geographic location, the age of our clients, and the reason that they are in touch with Social Security in the first place.

Mr. BREWSTER. I noticed, too, in some information given us last week that our area of the country on disabilities had the lowest successful completion rate of any area of the Nation, that is the Dallas district. I serve southeastern Oklahoma.

For many years it seemed like regardless of the disability that a person went in with, they were turned down initially, and through the appeals process you usually got eventually approved. That looks very time consuming to me.

I know as a pharmacist I have known many of these patients for many years. Many go in with primary care physicians records, surgeons records, they are 55 years old—52 years old maybe, have a leg cutoff in an accident and they are told to go get a desk job and they have an eighth grade education, when their own doctors are saying this person cannot continue working in this line of work they have been doing.

Is there any thought to tailoring the situation more to individual circumstances rather than trying to do a cookie-cutter-type approach? We have had some physicians working for Social Security, who I don't think ever approved anyone.

Ms. CHATER. Well, I would like to think that our reengineering process would address some of these specific cases.

Mr. BREWSTER. I would hope so. Thank you.

Chairman JACOBS. Mr. Reynolds.

Mr. REYNOLDS. Thank you, Mr. Chairman. Often in my congressional district in our office we get calls about service and people not getting the service that they feel that they should get. One has to always take that into consideration that there are a lot of people who are getting adequate service, but we still have to look into those kinds of things. It is a question of field offices.

Do you know how many field offices that we currently have in Social Security and do you think that it is an adequate number?

Ms. CHATER. We have 10 regional offices, and 1,300 district offices, and I don't know if that is the right number.

Mr. REYNOLDS. Do you have an idea what might be the optimum number for service?

Ms. CHATER. Not in 2 weeks I don't, Mr. Reynolds.

Mr. REYNOLDS. OK. Well, I would like for you to sort of give me some idea in the future if you could.

Ms. CHATER. I will be happy to.

Mr. REYNOLDS. Earlier on this committee there was a discussion on telephone numbers being listed locally. Has that problem been corrected?

Ms. CHATER. We are in the process of adding telephone lines to certain offices, and what we would like to do is work very hard to provide the people to answer the telephone lines when the phones ring.

Mr. REYNOLDS. Well, there was a question of adding the lines, but it was also a question of making the lines local numbers so people could call local instead of having to call into some vast 1-800 system. Have we done that now?

Ms. CHATER. Yes, they are in the phone books.

Mr. REYNOLDS. OK. Thank you very much, Mr. Chairman.

Chairman JACOBS. Mr. Bunning.

Mr. BUNNING. Thank you. Glad to see you again, Doctor. Both you and the GAO report agree that involving the public you serve in designing future public service is critical; in other words, getting input from your constituents. But aren't the results of such consultations likely to conflict with your mandate to reduce personnel and probably even the number of field offices?

In other words, isn't the results of your consultation going to say you need more people and more service and the mandate from the administration is that we are going to have to reduce people and field offices? How is that conflict going to be resolved unless we put more dollars in the administration of Social Security?

Ms. CHATER. Well, that is exactly the challenge of this position. I am well aware of the fiscal constraints, and, yes, I think you are absolutely right. We will certainly in the end come up with customer requests that we are unable to meet, but I feel that we have an additional responsibility to our customers, and that is not just to ask but to share, to share ideas and have them understand how best that they can help us improve the service to them.

Let me give you an example. Most of our telephone calls come at the beginning of the month because that is when people receive their checks. If we can persuade our clients to call us on the 5th, 6th and 7th instead of the 3rd of the month, it will reduce our peak workload so that we can give better service when they do call.

I consider part of our responsibility an educational one, educating the clients we serve to how best we can serve them.

Mr. BUNNING. That is fine, but if their check didn't show up on the 1st, 2nd or 3rd, they are going to be madder than the devil because it didn't show up, so to defer to the 6th, 7th or 8th may not be something they want to do. They want service when they call.

We have 75 Social Security recipients monthly call our office with a problem with the system. I don't know how many of my colleagues sitting at this desk would have the same amount that call, but they want service. It is something that the Social Security Administration is having a problem with. Or their check is not right or they are having a problem getting approval or they are having a disability problem.

The range, as you well know, can be very varied. I suspect with each Member of Congress averages about 50 to 75 Social Security calls at their district offices. Your ability to handle that is going to be directly related to your ability to put on new personnel and to have additional money rather than less money to handle the problem.

Ms. CHATER. Well, I would like to have additional resources, I have to tell you that.

Mr. BUNNING. According to what I hear, you are not going to get any. In fact, you are going to have to make some reductions.

Ms. CHATER. As I said earlier in my testimony, I think there are a number of things that we can do. For example, we have already in place the ability to take people from one particular function within an office and move them to a teleservice center during those peak hours.

If we go to automation, we will be able to take care of some of the simple requests with electronic voice mail perhaps, a simple change of address and that sort of thing.

Mr. BUNNING. Doctor, those suggestions have been around an awful long time. For you to have that ability additional resources are needed, and unless we come up with some miraculous way of funding those things, you are not going to get those additional resources to do all those wonderful things.

We tried to automate Social Security in 1987. There was a very strong thrust to do that, and so far only part of it has been done. It is the same with phone calls, the 800 numbers, the local numbers, the ability to handle all those things. In reinventing the Social Security Administration and its ability to deal with people, it seems to me that you are going to have to come to the Congress and say, instead of less people I am going to need more people, and I wonder how you are going to make that case to the Congress.

Ms. CHATER. I will do my best, Mr. Bunning.

Mr. BUNNING. Well, then, you will have the same result as the other Social Security Commissioners. The best hasn't been good enough so far because we still have the problem of 75 calls to my office and to other Member offices. In order to reinvent Social Security, in my opinion, we are going to have to figure out a way that we can use some of the Social Security tax to handle the administration of the system. Thank you.

Chairman JACOBS. Dr. Chater and Mr. Bunning, let me suggest this. All we really need to figure out is a way to talk one administration after another out of using the Social Security surplus as a subterfuge to hide what the Federal funds budget situation really is. You have plenty of money to do your job if the law would allow you to use your own money to do it. When a citizen of the United States pays his or her Social Security taxes, that citizen pays not only for the right to benefits, but something equally important, the delivery of the right.

A right without execution is something you can hang on the wall or talk about at dinner. However, if you pay your taxes and you provide a surplus, enough to put the nest egg aside for the baby boomers when they retire, which was the reason in 1983 that the bailout was undertaken, it should not come out of current services. Nobody in 1983 said it was their plan to do that.

You have already testified that yours is the most frugal overhead of any program that anybody can imagine, government or non-government. You certainly beat private insurance companies by a country mile. So it seems to me that the problem is partly with the management and budget people and partly with the Congress itself.

Now, the administration opposes the proposal for an independent Social Security agency, and therefore you must oppose it also. You are part of the administration, but Mr. Bunning and I and several other members of the committee do not oppose it. We think that it is a giant step toward allowing the Social Security system to mind its own business and requiring the rest of the Federal Government to mind its own business.

A mandate from OMB that everybody is going to be cut a certain amount is rather like saying all cottage cheese is made in cottages. You are an entirely different animal. You are supposed to be separate. You have your own funding and you have your own obligations, and skimping on those obligations won't cause the Federal

Government to borrow one nickel less. I think the challenge is for the Congress and for the President to recognize that simple fact. Lord knows the people who pay the taxes and are entitled to the benefits don't find that concept complicated at all.

Sometimes the political process's main goal is to complicate the uncomplicated and therefore unobscure the realities. I think there are a lot of members of this committee who aren't interested in doing that. There was one item in the GAO——

Mr. HOUGHTON. Will the gentleman yield just a minute?

Chairman JACOBS. Of course, absolutely. We need somebody to run the system.

Mr. HOUGHTON. No, no, I would just like to add a concern here because I would agree with you and Mr. Bunning. I think the concept of having an individual Social Security agency is very, very important, but it doesn't mean anything unless the funds go with it. If you could isolate the funds with it and not just have a managerial change, that is the critical issue.

Chairman JACOBS. Mr. Houghton, the funds are already isolated. We have already done that. The Social Security Trust Funds are already off the budget. They are their own budget. What I am saying is that moving the mind set of OMB and the Appropriations Committee here from either a fantasy or a calculated subterfuge, whichever it might be, in any case, can be partly advanced by re-emphasizing this is a separate operation of the government. I might add it is a separate operation of the government that will not follow the example of the Postal Service.

If you want to know what a cowboy will do when he gets drunk, you find out what he did the last time he got drunk. This one has traditionally been frugal and been efficient. I don't know, maybe I should put that a different way. If you want to find out what a cowboy did the last time he was sober——

Mr. BUNNING. Mr. Chairman, are you sure you want that on television?

Chairman JACOBS. Yes, I like cowboys. They operate better when they are happy.

Mr. BUNNING. If you would yield, I would suggest all members of our subcommittee sign on to our independent agency bill. I would appreciate that very much.

Chairman JACOBS. That would be great. I should add that I am quoting Senator Mike Monroney who said that at a speech in Indianapolis, I think, in 1956. It sort of caught in my mind. He also said that Texas had always considered Oklahoma as sort of an outlying province, but that is impossible because nobody can outlie Texas.

How is that for television? Safe enough if you are from Indiana, I guess.

Mr. BREWSTER. Mr. Chairman, I think you are getting deeper in trouble.

Chairman JACOBS. Could be. Could be. The GAO report asserts that when it comes to disability determination, automation is like tanks in Korea, not too relevant to the job. In other words, that it is labor intensive, so do you agree with that portion of the report?

Ms. CHATER. It is labor intensive, yes.



Chairman JACOBS. So we don't really just have a "take-a-pill-and-call-me-tomorrow" situation. That is an infantry job. You have got to slug it out with Nick and Charlie. So with that, are there any further questions or observations?

You have done beautifully on your maiden voyage here, Dr. Chater. Thank you very much for coming to us today.

Ms. CHATER. Mr. Jacobs, thank you very much, members of the committee.

Chairman JACOBS. Our next witness is, in fact, the General Accounting Office represented by Jane Ross.

Ms. Ross, please proceed in your own fashion.

**STATEMENT OF JANE L. ROSS, ASSOCIATE DIRECTOR, INCOME SECURITY ISSUES, HUMAN RESOURCES DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY LEONARD BAPTISTE, JR., ASSISTANT DIRECTOR FOR INFORMATION RESOURCES MANAGEMENT ISSUES, ACCOUNTING INFORMATION AND MANAGEMENT DIVISION**

Ms. ROSS. Thank you. I have with me Bob Rosensteel and Len Baptiste who were instrumental in developing this GAO management report, and I would like to submit my full statement for the record and just summarize.

Chairman JACOBS. Without objection.

Ms. ROSS. I am pleased to be here today to testify on our current review of the management of the Social Security Administration. We are suggesting actions that SSA should take in order to provide the world class service to its beneficiaries that Dr. Chater talked about.

If the agency fails to make major changes in the way it conducts business, it risks serious degradation of its service levels. Dr. Chater certainly has a daunting task ahead of her, but she has laid out an ambitious program that is worthy of our attention.

We are happy to note that she has demonstrated a commitment to the SSA planning process that should assure it continued momentum. As of now, however, the agency is experiencing severe strains and good public service is in jeopardy. Disability work loads are rising dramatically because more people are applying for benefits today than ever have before.

The growth in these workloads has so stressed the local offices that there are terrifically long delays in making decisions. An applicant now waits a hundred days at least for an initial claim to be processed and over a year if the decision is appealed. Also SSA has reduced the number of reviews of continuing eligibility for disability in order to take care of its backlog.

That decision costs the trust fund hundreds of millions of dollars yearly and certainly jeopardizes public confidence in the program. Further, on the topic of telephones, people that call the local office encounter busy signals over half of the time, and callers to the 800 number find the phone lines busy about a quarter of the time.

As if the current situation isn't sufficiently dire, SSA will face even greater challenges in the future. By 2005 there will be almost 5 million more people age 65 and older than there were in 1990. In addition, changes in the demographics will have more of the aged population moving South and West while there are large

numbers of the SSI, the aged and disabled poor concentrated in metropolitan areas in the North and East. That will require some readjustment of services.

Also as a result of immigration, SSA expects greater numbers of non-English-speaking people as clients. While they are experiencing this tremendous increase in their case load, they will be experiencing major staffing changes as well. Roughly 75 percent of the current supervisory staff at SSA will be eligible for retirement within the next 10 years. Maybe they ought to try getting through on the telephone, right?

The scope of these changes and the increased pressure to reduce the costs of government, as Mr. Bunning said, suggests that SSA will have a terrifically difficult job, but will certainly have to prudently and innovatively manage if they are going to have less resources and more requirements.

SSA's vision of how to meet its public service challenges is contained in their strategic plan. However, as has been mentioned already, the plan's objectives for how fast and accurately SSA will serve the public were developed without any consultation with clients or anyone else outside the agency. If they really are going to be responsive to clients, they will have to ask beneficiaries, Congress, and interest groups what services they want and need. That could also help prioritize, so they spend most of their resources on more important things.

SSA next needs to determine the mix of face-to-face and telephone services they will provide, the numbers of field offices they will need, the skills they should recruit for and the number and types of computers they will purchase. In other words, they need to develop not just this vision in the strategic plan but a real blueprint for how they are going to do business. Without the clear blueprint of how and where the agency should operate in the future, SSA is risking billions of dollars on computer system solutions that may fall short of supporting their operational needs and improving public service.

Clearly SSA must also streamline its work processes if it is to achieve the maximum quality and productivity from its substantial investment in new systems technology. As we have heard already, SSA has already begun to reengineer the disability process. This is certainly an excellent end we think just exactly the right first step. We encourage them to continue that and to look at reengineering all of their key processes.

While they have made significant improvements over the course of our financial management—I am sorry, over our management reviews, we are concerned about one thing in the area of financial management. They need to complete their debt management information system and centralize responsibility for that function.

If SSA fails to meet these management challenges, there may be drastic consequences. SSA provides benefits for about 47 million people today. It will provide benefits for many more people in the future. If they can't establish necessary long-range plans and then efficiently manage computer systems modernization, address their work force needs and control their finances, it risks significant deterioration of its future ability to serve the public.

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

[The prepared statement follows:]

**TESTIMONY OF JANE L. ROSS  
ASSOCIATE DIRECTOR, INCOME SECURITY ISSUES, HUMAN RESOURCES DIVISION  
SOCIAL SECURITY ADMINISTRATION**

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.

Chairman JACOBS. Thank you, Ms. Ross.

Mr. Bunning.

Mr. BUNNING. First of all, I would like to compliment the GAO for such a comprehensive report. I am sure you have given the new commissioner an awful lot of worries and a lot of food for thought.

In my view, your report makes an excellent case for a Social Security Administration as an independent agency again. Would you say that would be true, Ms. Ross?

Ms. ROSS. One of the most important things we need at Social Security is leadership commitment and probably continuous leadership. I am not sure that you can get more committed leadership or leadership that lasts a longer period of time in an independent agency or an agency within HHS.

GAO in the past hasn't taken a position, nor are we today.

Mr. BUNNING. I understand the problem, but the fact of the matter is that the problem has continued administration after administration, after administration, so if it were pulled out of an administration, out of HHS the possibility of having continuous management over a period of time would be greater than it is presently; is that true?

Ms. ROSS. It may be possible, but our concern is that whatever leadership there is that it is committed to these important actions that need to be taken, and I am not sure that commitment is synonymous with continuity. We are very concerned about the commitment of the leadership of the organization.

I would say Dr. Chater today signaled that she was committed to making changes.

Mr. BUNNING. But in the bill that we introduced there is a definite term of office for the people that are involved in the management of Social Security. Repeatedly you have made the point that SSA's planning efforts are set back when either the administration or, more commonly, the commissioner changes.

Short of placing more responsibility and accountability directly on SSA, how would you suggest Congress or SSA address the chaos created by turnovers. If it wouldn't be by an independent agency, how would you suggest that it would be done?

Ms. ROSS. One of the things that we would suggest is that subcommittees like yours exercise the kind of oversight you are doing now and that we continue to do our overseeing management reviews so that we select a set of goals for the agency and then we all monitor them.

We can monitor them on your behalf, that we actually look from the outside and hold their feet to the fire.

Mr. BUNNING. That is kind of an ivory tower look from the top, not a bottom-up review from out in the field. The good doctor suggested that they are going to have these hearings and all the consultation with the constituents.

What if the constituents come back and say we want smaller field offices, we want more of them, and we want face-to-face meetings on SSI or whatever it might be. They really would like face-to-face meetings on all these things. Obviously we can't do that, can we?

We don't have the money to do it unless we got an independent agency to take care of it, so—go right ahead.



Ms. ROSS. It is risky to ask people what they want because they may tell you. It seems to me that one of the things the beneficiaries and others can tell SSA is how to set their priorities, how to spend some of their time and resources on what is more important and some other on what is less important. But let me make another point, too, and that is that I think you are right that when you ask beneficiaries or Congress, they will want to know how you can add to the front line face-to-face service with beneficiaries.

One of the things that SSA has to be doing at the same time is figuring out how all of its processes are more efficient so perhaps there are more people to put right on the front line. That is where I think reengineering comes in. They have to figure out how to improve the processes which are now very time consuming and very labor intensive.

By improving the efficiency of how work is done, there will be more people who can deal with the public and fewer who will be doing the back room kinds of things.

Mr. BUNNING. But isn't it true that as you said in your report, there is going to be how many more millions of people involved by the year 2005, and we can't handle what we have now. How are we going to handle 10 million more by the year 2005? What are we going to do to take care of that? I don't think the man-hours can be cut down by automation or by screening, by whatever process you would like to speak about that would make handling that many more people possible unless there is more personnel put into the administrative part of it.

Ms. ROSS. You may well be right. One of the things we haven't done, but we think needs to be done is that SSA look at its staffing imbalances. There are offices where people wait hours and hours for service. There are other places where you zip in and out. I think that needs to be looked at.

I also think that we might—we would like to see some workload analysis done to figure out where there could be some productivity gains achieved within the organization. Those are the kinds of things we think SSA ought to be about.

Mr. BUNNING. Thank you very much.

Chairman JACOBS. Mr. Jefferson.

Mr. JEFFERSON. To clarify what Mr. Bunning was asking, do you think the Congress made a mistake some years ago when it decided to streamline the agency, if you will, by cutting employees and depending upon automation or technology to create greater efficiencies and make up for the service gap that might otherwise be thought to exist because employees were dropped? Was that a mistake? And if it was, what should we do to correct it now?

There is no point in talking about reinventing government if we aren't facing the realities of what people want and what they need out there, and all of the niceties about how we will make it work, somehow it will work out, really doesn't get us anywhere. If we are going to reinvent it, we might as well reinvent it so it works.

Ms. ROSS. I would agree with that. I think the approach that was taken in the 1980s where the people went away and then you figured out how to do things better with those people missing wasn't necessarily the way I would recommend doing it.

I think if you are going to try and figure out how to have a more efficient operation, you do things like reengineering. Now, we have all talked about it so much already this morning you probably think we believe it is a panacea. It no doubt isn't, but I do think you have to start and look at work processes and figure out how to do them more efficiently, and that is how you figure out how many people you need. And then when you figure that out, I would hope somebody would allow SSA to have that many.

Mr. JEFFERSON. So the cutting or streamlining of the staff was done on the hope that the efficiencies would produce acceptable results, but no one had taken any steps to really test that out or to be in a position to test it in advance.

Now, with the benefit of experience, though, looking back over it, my question is, if it is considered a mistake, how do we fix it now? Do we fix it now with the study you are talking about in this reengineering business and all the rest?

What I am concerned about is all the calls. We are getting all the other things that have been discussed here this morning, and how do we handle all these people who have real problems out there. All of this talking around the issue, we really need to once and for all resolve it for them. After all, the Chairman is saying they are paying for it, at least they think they are anyhow, and I guess they are, but we aren't delivering for them.

Ms. ROSS. You are certainly correct that most of the stuff people have talked about this morning in terms of reengineering and computer systems may be an aid in the longer term, maybe 5 years, 3 years from now, some of those things will start to kick in. I am worried, as you are, about what the next couple of years look like.

We don't have anything particular to tell you as a magic answer to that. You already have a disability program with terrific backlogs, and with people working large number of hours of overtime. I don't know how things can get better. Well, I can think of one way, and I bet you can, too, of how things could be made a little better in the short term.

Maybe GAO certainly doesn't subscribe to asking for more staff, but it doesn't appear that the long-term solutions are going to kick in for a while, and I don't know whether overtime can make it in the short term. You have a couple of years that you still have to grapple with.

Mr. JEFFERSON. And the only answer to that couple of years is more staff, isn't it?

Ms. ROSS. If I were sitting where you are, I think that would occur to me.

Mr. JEFFERSON. I don't have any further questions.

Chairman JACOBS. Mr. Houghton.

Mr. HOUGHTON. Thank you, Mr. Chairman. Two specific questions; one, about the continuing disability reviews. I guess the Social Security Administration plans to do this through a questionnaire rather than a person-to-person approach. It just doesn't seem right to me to be able to do that proper review on a piece of paper rather than across the table or on an individual basis.

How do you feel about that? Then, I have another question I would like to ask you.

Ms. ROSS. OK. We have certainly encouraged SSA to try to see if they can be more efficient in the way they do their continuing disability reviews and see if they couldn't do some profiling in advance of selecting the people who will be reviewed, and they have done that. I think they ought to continue to see how you could fine tune this selection process so that you are only asking people to get medical reviews where you understand a little better the probability that they really have are covered.

We ourselves have some reservations about the role that this mailer will play in the process. People self-reporting their medical condition. We are doing a job for this committee, a piece of work for this committee to respond to that concern that you have and that we share. In a couple of weeks we will be briefing staff here to tell them what we found out, at least at first blush because Social Security has just started to use this system.

There is a lot of concern about the self-reported mailing part, I agree.

Mr. HOUGHTON. OK. Now, the next question is a little more general. I have the sense that we are sort of reviewing each other all the time. I mean, you did a great report and you are interested in helping the SSA. We are reviewing that with you. Other people are reviewing you over at the Government Operations Committee.

Ms. ROSS. Yes, they are.

Mr. HOUGHTON. Everybody is reviewing one another. I wonder whether we are really getting at the critical issues.

Here you say that if Social Security can't develop necessary long-range plans—well, why won't they? If they can't manage the computer system modernization, why won't they? If they don't address work force needs, and control finances? I mean, if they don't, clearly we are in trouble, but what makes you think in terms of the impetus and the motivation and the drive of that agency that they won't do those things?

It seems to me that one of the things that we have lacked is sufficient funds for the Social Security system really to do its job. I don't mean necessarily people funds, but capital funds. There is no ability to take massive moves such as private industry does and really reinvent a computer system because it all has to be expense. There is no sort of a natural evolution in terms of a capital program. Would you like to make some comment about that?

Ms. ROSS. I think trying to do some of those things, long-term planning and doing the systems modernization, are very complicated in the government because of all the people who get to say no to either the number of staff you want or the budget and so on.

I want to go back to a different point which has less to do with money and has to do with committed leadership. We think that if you have a very committed leadership at SSA, that a lot of the long-term planning, a lot of the redesigning and reengineering can happen and that some of those things really aren't very costly, at least in the first instance.

I am not saying that you will be able to do this, all these things with no expenditures—that is preposterous—but what we were concerned about as we did the management review was seeing continually that things slipped away or dropped off the table because

the senior management just didn't push them enough, so we would want to make a big point of that.

Chairman JACOBS. Mr. Brewster.

Mr. BREWSTER. Thank you, Mr. Chairman. I notice here it has that SSA's disability backlogs are clearly a source of customer dissatisfaction. I think we would all be agreeable on that. Does GAO believe that these backlogs can be handled through streamlining the agency as is suggested by National Performance Review or do you believe additional resources will be required?

Ms. ROSS. I think that we will have to hear what the report in March 1994 says about how you would reengineer the process before I would be able to judge whether you would need more or fewer resources.

Mr. BREWSTER. I noticed, too, that I believe Congress gave Social Security something like \$1.2 billion back about 1987 or 1988 to start modernizing equipment. How has that gone? What has been—has the money been utilized? Is some of it still to be spent? Do you have any idea on that?

Ms. ROSS. If you are asking just about the dollars, I really don't know exactly where they are in the dollars. I am not sure if you do.

Mr. BAPTISTE. The 1987 modernization really was to bring in the tap terminals that they use today in the offices. That gets into the reengineering area. What they did is they brought in equipment to automate their current processes. There aren't really any efficiencies in that. In their new modernization, going out and asking for what they call intelligent work stations and local area networks, we are concerned that they don't make the same mistake. That is why they have initiated this reengineering effort, which we think is very positive.

Mr. BREWSTER. So the money spent in 1987 to get new equipment, that equipment won't be used in the new modernization?

Mr. BAPTISTE. Their plan is to change over to a completely different system, yes.

Mr. BREWSTER. So how much was spent on that system, any idea?

Mr. BAPTISTE. I don't have those figures, but we can get that for you if you like.

Mr. BREWSTER. I saw some figures that indicated total modernization was going to be upward of \$20 billion.

Mr. BAPTISTE. We have seen estimates anywhere from \$5 billion to \$15 billion. This includes the software to support the mainframe systems they have today, which will interact with the intelligent work stations that they are planning to put in place. That is why we are concerned that before you make such a commitment, you identify how you are going to do business in the future so that the computer systems can support the new way of doing business and not the old way, like Dr. Chater had said, which has evolved over 50 years and is very labor intensive and very inefficient.

Mr. BREWSTER. I agree, it certainly makes sense. Thank you.

Chairman JACOBS. Mr. Pickle.

Mr. PICKLE. Mr. Chairman, I will reserve my questions. I want to hear some of the panel. Thank you.

Chairman JACOBS. Mr. Jefferson brings up a point that I think ought to be emphasized. During the 1980s, if I recall correctly, the RIF was something on the magnitude of 17,000 people. Is that correct, for the Social Security Administration? And the theory was that all 17,000 would be replaced by automation. During the 1980s there were several false starts, as I recall, on what the automation would be. Different commissioners thought that the buttons on the computers should be different colors or something like that, but they kept starting over again rather like trying to build a bridge across the river, every morning picking another button and someplace else on the river to get across. However, the reduction in force continued precisely on schedule as the automation fell back, and thereby created the gap in personnel and the diminution in adequate administration of the benefits.

I should add that up until yesterday around 3 p.m., I had always heard the figure to be about 6,000 personnel lag right now; that is to say that automation had covered about 11,000 of the 17,000 who were let go, and there was still a gap of 6,000 in order to have any hope of providing decent and adequate service and administration of the benefits.

At 3 o'clock yesterday afternoon I read your report and maybe I was tired already, but I thought I saw a figure like 17,000 needed between now and the turn of the century. Did I read that right, or did I dream that up?

Ms. ROSS. We said that—I believe we were quoting people within SSA who said if you looked at the workloads that were coming up and if you continued to do work in the same way it is done now, this would be the—this might be the outcome.

Clearly you can see why they are busying themselves about things like reengineering. Nobody expects them to get 17,000 people. Might I just say, I wasn't in a position to say this officially for the 1980s, but my recollection is there wasn't a RIF, there was a freeze. I just don't want you to think that people were—

Chairman JACOBS. Freeze, RIF, 17,000 went some way or other, up the flue, down the tubes, down the drain, some way or other they were beamed out. Disappeared, just like that. You don't want to take a position on the independent agency, do you, Ms. Ross?

You are not authorized to take a position? You would have to tell us at lunch?

Ms. ROSS. I guess in terms of the things that we are talking about today, I am not sure that an independent agency solves the concerns that we have about leadership commitment.

Chairman JACOBS. Do you take into account the second-stage thinking that I suggested, the psychological effect on the shakers and movers at OMB and the Appropriations Committee, the psychological effect with the public generally that if it were an independent agency they would stop swallowing this myth that the Social Security surplus is somehow part of the Federal funds budget. That is really the question.

Ms. ROSS. I don't know what role the SSA—

Chairman JACOBS. They say where there is no brain there is no pain. All that happens up here in perceptions in politics, they animate action. That was my point, and I think that is Mr. Bunning's

point as well. I want to make it plain enough so that even people at OMB can understand.

Ms. ROSS. I see.

Chairman JACOBS. I know that is another ambitious program, but—

Ms. ROSS. Well, if you—the thing that we have seen is evidence that there are a lot of—a large proportion of the public that doesn't have very much confidence in the fact that there will be funds there to pay their benefits when they get older. If you think that this moves in the direction of public confidence, then it might seem appropriate.

Chairman JACOBS. You mean an independent agency?

Ms. ROSS. Yes.

Chairman JACOBS. Great. You are dismissed. You can go.

Mr. Pickle, are you germinating a thought there?

Mr. PICKLE. No.

Chairman JACOBS. We thank you for your testimony, especially the end of it.

Our next witness is the Honorable, some ways venerable, Arthur S. Flemming. A great hunk of history visits us again today from the Save Our Security organization. Dr. Flemming, we are pleased and honored that you are here. Please proceed in your own fashion.

**STATEMENT OF HON. ARTHUR S. FLEMMING, CHAIR, SAVE OUR SECURITY, AND FORMER SECRETARY, U.S. DEPARTMENT OF HEALTH, EDUCATION AND WELFARE**

Mr. FLEMMING. Mr. Chairman, I appreciate the opportunity of appearing before you. I have listened to the discussion that has occurred so far in this hearing with great interest. I am going to ask that my testimony be inserted in the record as prepared.

Chairman JACOBS. Without objection.

Mr. FLEMMING. I will use some of the testimony, but I would like to precede it by relating to some of the discussion you have just had.

First of all, may I say that I have had the opportunity of coming to know the new Commissioner of Social Security, and I, of course, have known over the years the Deputy Commissioner. I think it is an excellent team, and I think we can look forward to the future with real anticipation.

I have listened to the discussion about finances as far as Social Security Administration is concerned. This is a subject on which I have real feeling. I would like to start with your observation about the trust fund and the utilization of money in the trust fund in order to render service to the people who have put the money there.

I agree with you completely, and I agree with you that we have got to bring about some change, basic change in the attitude of the Bureau of the Budget in order to accomplish that. Of course, there is pending a bill that would also take the administrative budget off the general budget.

I know many of you feel that you have already done that, but nevertheless the Bureau of the Budget ruled that you hadn't done it and therefore there is a bill pending that would bring that about. I have watched with great interest the evolution of the institution

of the Bureau of the Budget. I happened to have the opportunity of dealing with them in the Roosevelt administration. I have had the opportunity of dealing with them ever since then.

Something really has to be done to bring about a halt to the present evolution of the Bureau of the Budget if we are going to accomplish some of these objectives. There is no doubt about it.

I have listened to your observations relative to an independent agency. I testified a few weeks ago in the Senate Finance Committee in support, in behalf of SOS in support of an independent agency, and in support of a bipartisan board to head that agency, but, you know, even an independent agency would have difficulties with the present attitude of the Bureau of the Budget. Let me illustrate.

During the Roosevelt administration Harold Smith was Director of the Budget, and I happen to know that one day he sent for Secretary Ickes, Harold Ickes, who was Secretary of the Interior, to have lunch. While they were having lunch he said you don't seem to understand what objectives the President desires to accomplish with a particular program. Ickes bristled because he felt he was pretty close to the President and felt he understood what the President wanted. He said, "Why do you say that?" He said, if you had—"If you really understood what the President wants to achieve, you would have asked for more money."

Now, I maintain that is an historic conversation between a cabinet officer and the Director of the Budget. That doesn't occur very often today, but it seems to me that it must occur between Commissioner of Social Security or the head of an independent Social Security agency if we are really to accomplish something here, and that is what brings me to the report of the National Performance Review.

I have been very much impressed with that report because it deals with the functions of government. Now, I served on both of the Hoover Commissions. I served on President Eisenhower's three-man committee on the organization of the government, but here is a group that has really come to grips with the functions of government, and I think that they are making some changes which—or recommendations which, if put into effect, would provide a revolution as far as this form of government is concerned.

Many of the recommendations, for example, have just one objective in mind—to empower a Federal official in the field to act on the spot when he is confronted with a need that the Federal Government has committed itself to meet.

Today he can't act on the spot. He is confronted with some rule or regulation that tells him he can't act, whereas he knows that he should act in order to meet a human need. I have some optimism relative to this report because the President has already signed seven executive orders and six presidential memoranda directing that some of the recommendations be put into effect. The report places major emphasis on the reform of the agencies whose activities affect all parts of the government.

It desires to see these agencies become primarily service agencies, facilitating the operation of Government rather than control agencies impeding the swift and effective operation of Government. For example, the report would reduce the activities of the Bureau

of the Budget, activities that many have complained about for years and yet we haven't seen anything done about them.

The recommendation of the President should direct OMB and agency heads to stop setting FTE ceilings. In fiscal year 1995 it would relieve SSA, for example, of an unnecessary and burdensome task. As the report states, instead of controlling the size of the Federal work force by employment ceilings, which cause inefficiencies and distortion in managers, personnel and resource allocation decisions, the new system will control the Federal work force by dollars available in operating funds. That is the way the work force should be controlled, and all this ritual relative to FTE should be abolished.

Chairman JACOBS. Dr. Flemming, we have sort of run out of your allotted time, but maybe we can develop the rest of your thoughts with questions.

Mr. FLEMMING. If I might just take a couple points because it is relevant to the issues that you have raised here.

The proposal that the President issue an order, which he has already done, instructing OMB to review only significant regulations—not as under the present process all regulations—is excellent. This is a step in the direction of restoring to an operating agency such as SSA the responsibility of deciding on the regulations it feels are needed in order to carry out its operation.

Far too many SSA regulations have not been issued or have been unduly delayed because OMB, which is far removed from day-to-day operations, has endeavored to substitute its judgment for SSA whose regulations grow out of the day-by-day operation with which it is acquainted.

I am sorry to take just a little time, but I really feel—I would like to draw on my experience and just say the proposal to delegate approval of the voluntary customer survey to departments with the ability to comply with the law instead of OMB ensure that they create rapid approval processes is an excellent one. But this delegation has already been made by OMB. For example, you have talked about SSA determining what the customer needs.

Today if an SSA official in the field determines that he wants to prepare an instrument that would reveal what his customers feel about a particular matter in the field, that instrument has to go all the way up to OMB before it can be put into effect. That makes no sense, and that is being eliminated. The Vice President report states that the Office of Personnel Management would deregulate personnel policy by phasing out the 10,000-page Federal Personnel Manual and all agency implementation regulations.

I greet that with great enthusiasm. I served for 9 years as a member of the United States Civil Service Commission. I know how some of these regulations have been prepared. I have got further comments on that which you can read in the record, but the implementation of this portion of the recommendation will be greatly facilitated by the establishment of a National Partnership Council which the President has already moved to establish which will foster labor management relations. That is a revolutionary recommendation, but that recommendation has a real impact on the workload of SSA.



If that recommendation were effected, many SSA employees would be relieved in order to render service to the SSA. The report recognizes that many of its recommendations will lead to elimination of positions, but the report also concludes that SSA needs additional positions. It says these positions are needed if the process is to be adequately carried out for periodically reviewing persons on the disability role to see if they recovered to the point where they no longer need disability benefits.

The report also finds that using present management practices, the staff lacks the capacity to provide benefits to legitimate claimants. This situation has been partially met by the 1994 budget in providing SSA with 2,400 positions and also providing the State units that work on initial claims with an additional \$200 million. SSA, however, needs to make sure that these new positions are actually authorized to be filled promptly and not held up as they are now being held up by existing budgetary procedures.

All I am saying, I feel that we have some forces at work at the present time that make me hopeful as far as our form of government is concerned. Today it is true that person after person has said that they have lost confidence in the way our government operates. I believe that some of these proposals that are now pending that are now being put into operation will have a direct impact on the ability of the SSA to render the services it should render, as well as the rest of the government.

I am sorry for taking some of your time, but I had—I just felt that I had to say that to you because of the issues.

[The prepared statement follows:]

TESTIMONY OF ARTHUR S. FLEMMING  
FORMER SECRETARY OF HEALTH, EDUCATION AND WELFARE

I. Introduction

- A. I appreciate the opportunity of appearing before this Subcommittee to discuss some of the service-wide recommendations of the National Performance Review and their impact, if adopted on the operation of the Social Security system.
- B. I believe that, after sixty years of debate, the outstanding leadership being provided by the President and Mrs. Clinton, assures us that there will be a national health plan, a plan that will round out the Social Security system as originally conceived by President Roosevelt's task force.
- C. I believe that, as a result of President Clinton's commitment, many of the recommendations in Vice President Gore's report will be put in effect.
1. It is an outstanding document.
  2. Its recommendations, when implemented, will have a revolutionary impact on the way our government discharges its responsibilities.
  3. Many of the recommendations, for example, have just one objective in mind: To empower a Federal official in the field to act on the spot when he is confronted with a need that the Federal government has committed itself to meet.
- D. In fact the President has signed already seven executive orders and **six** presidential memoranda directing that some of the recommendations be put into effect.

II. Body

- A. The report places major emphasis on the reform of the agencies whose activities affect all parts of the government.
1. It desires to see these agencies become primarily service agencies, facilitating the operation of government rather than control agencies impeding the swift and effective operation of government.

2. It wants to eliminate many of the control regulations which have the effect oftentimes of bringing the government to a halt and to substitute for them a monitoring system to guard against fraud, abuse, and waste.
- B. The report would reduce the activities of the Bureau of the Budget-- activities that many have complained about for years.
1. The recommendations that the President should direct OMB and agency heads to stop setting FTE ceilings in fiscal year 1995 would relieve SSA of an unnecessary and burdensome task.
    - a. As the report states, "Instead of controlling the size of the Federal workforce by employment ceilings--which cause inefficiencies and distortions in managers' personnel and resource allocation decisions--the new system will control the federal workforce by dollars available in operating funds."
    - b. That is the way the workforce should be controlled.
  2. The proposal that the President issue an order, which he has already done, instructing OMB to review only significant regulations, not, as under the current process, all regulations, is excellent.
    - a. This is a step in the direction of restoring to an operating agency, such as SSA the responsibility of deciding on the regulations it feels are needed in order to carry out its operations.
    - b. Far too many SSA regulations have not been issued or have been unduly delayed because OMB--which is far removed from day-to-day operations--has endeavored to substitute its judgment for SSA whose regulations grow out of the day-to-day operations with which it is acquainted.

3. The proposal to delegate approval of voluntary customer surveys to departments with the ability to comply with the law, instead of OMB, and ensure that they create rapid approval processes is an excellent one.
  - a. This delegation has already been made by OMB.
  - b. It has made no sense to require such surveys to be submitted all the way up to OMB.
- C. The Vice President's report states that "The Office of Personnel Management will deregulate personnel policy by phasing out the 10,000 page Federal Personnel Manual and all agency implementing regulations."
  1. The report states that "OPM will then replace the Federal Personnel Manual and agency directives with manuals tailored to user needs, automated personnel processes, and electronic decision support systems."
  2. This recommendation assumes that SSA managers, for example, have the ability and the desire to see to it that these new personnel standards, including the standard on equal employment opportunity are carried out--an assumption which I know from recent experiences is justified.
  3. The primary purpose of the Office of Personnel Management and the SSA personnel offices will be to assist the persons who have management authority to carry out their duties and to monitor activities to help ensure that standards are met--they will take the place of agencies that have as their primary purpose the issuance of thousands of detailed regulations which have the result of impeding the operations of government.

4. SSA will be relieved of the responsibility of trying to obey regulations that deprive managers of the authority they need to carry out one of their most important functions, namely, to get a well-qualified person on the job in the shortest possible period of time.
  5. The implementation of this portion of the recommendations will be greatly facilitated by the establishment of a National Partnership Council, which the President has already moved to establish, which will foster labor-management partnership.
- D. The report recognizes that many of its recommendations will lead to an elimination of positions.
- E. The report also concludes that SSA needs additional positions.
1. It says that these positions are needed if the process is to be adequately carried out for periodically reviewing persons on the disability rolls to see if they have recovered to the point where they no longer need disability benefits.
  2. The report also finds that using present management practices the staff lacks the capacity to provide benefits to legitimate claimants.
  3. This situation has been partially met by the 1994 budget in providing SSA with 2,400 positions and in also providing the State units that work on initial claims with an additional \$200,000,000.
  4. SSA, however, needs to make sure that these new positions are actually authorized to be filled promptly and not held up by existing budgetary procedures.

III. Conclusion

- A. I believe that the Social Security Administration, one of the largest domestic agencies in our government, faces a new day if the recommendations in this report are carried out--they will be able to spend their time on what the customer needs and then do everything possible to meet the needs the national community has committed itself to meet.
- B. The President is determined to exercise his authority to this end.
- C. I feel sure that the Congress will do the same.

Chairman JACOBS. Mr. Jefferson.

Mr. JEFFERSON. No questions.

Chairman JACOBS. Mr. Pickle.

Mr. PICKLE. No questions.

Chairman JACOBS. Well, since you went a little longer I guess there aren't any questions. How could anybody ask a question after that?

Thank you, Dr. Flemming, very much for your testimony.

Mr. FLEMMING. I appreciate the opportunity, and I look forward to some progress on this perennial SSA question, particularly with the disability workload. Thank you very, very much.

Chairman JACOBS. Thank you.

Our first panel includes the American Association of Retired Persons, Robert Shreve; National Senior Citizens Law Center, Ms. Ethel Zelenske; and the National Council of Social Security Management Associations, Mary Chatel.

Chairman JACOBS. Mr. Shreve, please, you are all familiar with the New York athletics rules. Come out of the corner, 5 minutes each, and so forth; go to a neutral corner in case of a knockdown. Mr. Shreve, you are on.

#### **STATEMENT OF ROBERT SHREVE, MEMBER, BOARD OF DIRECTORS, AMERICAN ASSOCIATION OF RETIRED PERSONS**

Mr. SHREVE. Thank you, Mr. Chairman. I am Robert Shreve, a member of the board of directors of the American Association of Retired Persons. AARP appreciates the opportunity to present its views on reinventing the Social Security Administration. Streamlining government is a legitimate and desirable goal, particularly in times of fiscal restraint. However, efforts to improve SSA must be consistent with the agency's central purpose of providing quality service to beneficiaries and workers whose trust fund dollars have contributed toward that service. You, Mr. Chairman, have noted this in your comments to Dr. Chater earlier this morning.

The National Performance Review report contains many worthwhile recommendations for consolidating overlapping functions, reforming government hiring and procurement practices, and eliminating bureaucratic regulations. Such recommendations will improve the government's ability to get its job done.

SSA currently experiences serious service delivery problems. This is largely due to turnovers in SSA leadership, a poorly designed and poorly implemented computerization plan, the lack of systematic long-range planning, and the impact of an over 20 percent reduction of staff.

The problems are particularly acute in the processing of disability applications and in services provided by local offices. The association urges Congress and SSA to move cautiously in implementing proposals to reinvent SSA that might worsen the current situation.

Backlogged applications are one part of SSA's disability crises. The other is the virtual abandonment of continuing disability reviews. If CDRs were resumed, the Social Security Trust Funds would be saved \$1.4 billion over 5 years. However, 1 million overdue CDRs cannot be conducted or the disability backlog reduced until SSA receives adequate funding.

NPR recommends that each Federal agency and department assess public opinion about its service and then restructure its operations accordingly. In addition, the General Accounting Office believes that SSA should involve the public, interest groups, and congressional committees in its planning efforts, and we certainly agree with that. Indeed, a survey that we conducted last year for AARP found that customer satisfaction with SSA service varies significantly according to the nature of the contact and who is asking for assistance.

Finally, the committee is rightfully concerned about SSA's ability to keep pace with its future workload. SSA must develop systems that can better process large numbers of benefits. Given the criticism of SSA's automation initiatives, the association urges the agency to undertake technological upgrades only after a comprehensive analysis of needs and proof that new acquisitions will serve the test of time.

Even with automation the agency must maintain traditional modes of public access. Beneficiaries and applicants who lack the education, the confidence or the mental capacity to conduct business in a highly technological environment need special attention and at convenient local offices that are properly staffed.

When and how SSA reinvents itself will be a lengthy process. However, the following interim steps can and should be taken to improve the agency's service. First, make SSA an independent agency, as the Chairman and Mr. Bunning have called for again. Second, remove the administrative expenses of running the Old Age Survivors and Disability Insurance programs from the discretionary cap established under OBRA 1990. And finally, monitor SSA's efforts to improve its corrective service delivery problems and infuse the agency with additional funding.

Thank you, Mr. Chairman.

Chairman JACOBS. Thank you, Mr. Shreve.

[The prepared statement and attachment follow:]



**TESTIMONY OF ROBERT SHREVE  
AMERICAN ASSOCIATION OF RETIRED PERSONS**

The American Association of Retired Persons (AARP) appreciates the opportunity to present its views on revamping the Social Security Administration (SSA) as part of the Administration's proposals to "reinvent" government. We commend the committee for holding this hearing on an issue in which all of us have a stake.

Streamlining government is a legitimate and desirable goal, particularly in times of fiscal restraint. However, efforts to "improve" government must be consistent with the central mission of providing quality service to Social Security beneficiaries and workers whose trust fund dollars have contributed towards that service. Because SSA is one of the few federal agencies with which virtually all Americans have contact, and because the agency's personnel and resources already have been cut back, AARP urges Congress to move cautiously in implementing changes that may further strain Social Security's ability to deliver quality service.

**I. BACKGROUND**

**A. The Report of the National Performance Review (NPR)**

After a six month analysis of the federal government's operations, the Report of the National Performance Review was released on September 7. Commonly referred to as "reinventing government," the report contains many worthwhile recommendations for consolidating overlapping functions, reforming government hiring and procurement practices, and eliminating bureaucratic regulations that bog down the government's ability to get its job done. AARP urges Congress to examine the report thoroughly and implement those proposals that will genuinely improve the way the government does business.

The NPR recommendations are divided into four general categories: 1) cutting red tape, 2) putting customers first, 3) empowering employees to get results, and 4) cutting back to basics. While the report contains an agency by agency breakdown, it is very general and, with a few notable exceptions, does not specifically apply to SSA. Furthermore, details on how individual agencies plan to implement the generalized suggestions were unavailable when the report was released. However, AARP is concerned about one possible application: the possibility that SSA might consolidate some local offices as a way to "reinvent" SSA.

**B. The Problems at SSA**

Almost everyone has contact with SSA at some point in their lives, and to some it is the government. The agency provides monthly checks to about 42 million Social Security beneficiaries and over 5 million Supplemental Security Income (SSI) recipients, maintains wage records for 135 million workers, issues new and replacement Social Security cards, processes millions of claims, and responds to countless information and assistance requests. Besides its Baltimore headquarters, it has 1300 local offices and 10 regional offices nationwide.

While SSA was once known for its service to the public, serious service delivery problems have emerged over the last decade. Some of these problems arose because of turnovers in agency leadership, a poorly designed and poorly implemented computerization plan, and the lack of systematic long-range planning. However, the largest factor leading to deteriorating service is the over twenty percent staff reduction that took place from 1985 through 1990. Accomplished through attrition, the downsizing had a particularly devastating impact on the processing of disability applications and on services provided by the network of local offices.

While these staff reductions were being implemented, the agency was assigned additional responsibilities resulting from federal legislation and court-mandated changes in the SSI disability process. This further strained SSA's resources.

During the 5-year staff reduction, SSA put into place a toll free 800 telephone number. Intended to relieve pressure on the local offices, the 800 number has been plagued by its own

problems. Too many callers receive busy signals, especially at peak hours, and some people receive incomplete and inaccurate advice. The agency cannot expect applicants and beneficiaries to use a system that limits access and dispenses inaccurate or inadequate information.

## II. AVERTING A CRISIS IN THE DISABILITY PROGRAM

The delays that disability applicants currently face are a matter of concern and, in fact, are mentioned in the NPR report. Despite some SSA initiatives to relieve the disability application backlog, applicants still wait an average of three months before being notified whether they will receive benefits. Those who appeal an initial denial must wait another year and a half or more before they know the outcome. Receipt of back benefits offers only modest consolation to those who have endured two years of financial hardship.

The NPR also notes that SSA has virtually abandoned Continuing Disability Reviews (CDR) and recommends their resumption in order to save the Social Security trust funds \$1.4 billion over 5 years. However, the agency cannot conduct the one million overdue CDRs or reduce its disability application backlog until it receives adequate funding for both administration and additional personnel.

Although Congress has provided SSA with additional funding in Fiscal Year 1994 to relieve the casework backlog and for an automation initiative, delays in processing, and overdue CDRs cannot be eliminated unless SSA and the state-run Disability Determination Services have a sufficient number of staff who are familiar with the disability evaluation process. Moreover, technology can expedite some of the initial paper processing, but experience has shown that some problems in evaluating a disability are best eliminated with a face-to-face assessment.

The Association also wishes to remind this committee that the NPR report calls for a reduction in the federal work force. It is presumed that the downsizing can be achieved through attrition and early retirements. Given SSA's problems because of the previous downsizing, the Association believes that Congress must monitor this process to ensure that SSA staffing is sufficient to meet all of its responsibilities. We do not believe it is appropriate to consider further staff cuts at SSA.

## III. CUSTOMER SERVICE

Customer satisfaction is a key element of the National Performance Review. If a government review had taken place 20 years earlier, SSA might have been touted in the report for its service to the public. However, AARP has found that customer satisfaction with SSA service varies according to the nature of the contact and who is asking for assistance.

In May and June of 1992, ICR Survey Research group conducted a study for AARP to learn more about the public's experience with SSA. Although previous agency-initiated surveys showed the public regarded SSA's service as "excellent" or "good," AARP members reported difficulty reaching the agency, getting correct information, or resolving problems.

A total of 4,021 people were surveyed about the nature of their contact, if any, with SSA and the quality of service received. The survey was conducted in four waves.

The results of the survey were first presented to this committee in our March 25, 1993 testimony on President Clinton's stimulus and investment proposals affecting SSA. (A summary is enclosed for today's hearing.) We would like to point out some survey highlights that pertain to today's hearing.

1. Almost 7 in 10 respondents rated SSA's service as "excellent" (32 percent) or "good" (37 percent). **That means the remaining 31 percent viewed service as "fair" or "poor".**
2. Black respondents reported a higher level of dissatisfaction with service (26 percent rate it "poor") -- a dissatisfaction which appears to cut across all educational levels.
3. Ratings of "poor" were higher in the South and West where office waits tended to be longer. (Poor ratings were higher among those who had to wait a long time in the local office for assistance.)
4. Favorable ratings dropped significantly for those with non-routine problems. (One in eight respondents contacted SSA to discuss a problem.)
5. The major reasons for contacting SSA are to obtain information (42 percent), to file for benefits (28 percent), to change information (23 percent), to discuss a problem (12 percent), or to get a Social Security card (11 percent).
6. Respondents are as likely to use the 800 telephone number as the local office telephone number. Slightly more than half the respondents (51 percent) got through the first time on the 800 number. However, almost one in four (23 percent) used both numbers.

The NPR report recommends that each federal agency and department assess public opinion about its service and then restructure its operations accordingly. The General Accounting Office (GAO) has criticized SSA ("Health and Human Services Issues", December 1992) for ignoring "a fundamental tenet of effective planning: that meeting the public's expectations--not internal needs--is the measure of service quality. SSA proceeded without involving the public, interest groups or congressional committees, leaving the agency without the assurance that its objectives and priorities corresponded with the public's expectations. As a result, SSA may spend its scarce resources on service objectives that it thinks are important but the public does not." (page 13)

Surveys such as the one conducted for AARP do provide helpful information, especially when the questions are customer-oriented. Many previous SSA customer surveys included individuals with telephones and/or those who respond to mailed questionnaires. Both approaches exclude most who cannot afford a telephone and those who are uncomfortable about responding to mailed surveys. Yet, this is the population whose needs may go unmet but whose input would be particularly valuable to SSA in developing possible alternative service delivery models.

It also would be useful to have an outside contractor survey SSA staff to gather the opinions of those SSA employees who work directly with the public to determine whether they think the public is being served well and what improvements could be made. By obtaining as much information about service delivery and by involving representatives of affected groups in the planning process, the agency will avert past problems and go a long way towards achieving the NPR goal of quality customer service.

#### IV. ANTICIPATING FUTURE NEEDS

SSA's workload will continue to increase as the population ages and the work force expands. To accommodate this growing workload and to return to a higher quality of service to beneficiaries, SSA must function in a stable environment that is conducive to undertaking and implementing long-range programs and policies.

Yet, the GAO has consistently criticized SSA's inability to correct significant, long-standing problems in management and service delivery, to provide a clear and consistent sense of direction to its components, to adequately control its systems modernization efforts and to focus on personnel management. If these problems go uncorrected, then SSA will have difficulty meeting the challenges presented when well over 70 million Baby Boomers begin to retire in the next century.

SSA's efforts to modernize its automated data processing (ADP) system exemplify these problems. In December 1992, the GAO again reported that:

"...much remains to be done to fully justify SSA's systems modernization plans, which could cost from \$5 billion to \$10 billion over the next five years. Specifically, SSA has not completed its operations service delivery plan on how it will conduct work in the future, including the identification of alternative work processes. In addition, SSA has not fully justified the costs and benefits of proposed systems enhancements. Until it takes these actions, SSA could be acquiring new technologies to automate old processes, rather than developing new, cost-effective information systems based on more efficient work processes."

GAO's concern about SSA's systems modernization plans prompted the House Appropriations Subcommittee on Labor, Health and Human Services and Education to request an Office of Technology Assessment review of the automation initiative. In view of the ongoing criticism of current SSA automation initiatives, the Association urges the agency to undertake technological upgrades, now and in the future, only after a comprehensive analysis of the agency's needs and proof that new acquisitions will serve the test of time.

Even with technological improvements in place, the agency must maintain some of its traditional modes of access. Some future beneficiaries and applicants will lack the education, the confidence, or the mental capacity to conduct business in a highly technological environment. For them and all others who need the special attention that can best be provided in an in-person environment, convenient local offices with the necessary staff levels must be available.

## V. INTERIM STEPS

When and how SSA "reinvents" itself will be a lengthy process. However, there are a number of interim steps that can be taken that could improve the agency's service. In particular, Congress should:

- ▶ Remove the administrative expenses of the Old Age, Survivors and Disability Insurance programs from the discretionary cap established under the Omnibus Budget Reconciliation Act of 1990
- ▶ Make SSA an independent agency. This would ensure that the agency is run from a Social Security-based agenda and promote public confidence among today's workers (tomorrow's beneficiaries).
- ▶ Closely monitor SSA's efforts to improve its service delivery problems and be prepared to infuse the agency with additional funding.

## V. CONCLUSION

SSA faces challenges now and in the future. If the NPR report stimulates a healthy discussion of how the agency can best serve the public, then it will have made a meaningful contribution. In the meantime, a number of interim steps that ensure the independence and adequate administration of SSA should be taken. The Association looks forward to continued work with this subcommittee to ensure efficient and quality service to all Social Security beneficiaries, both now and in the future.



RESEARCH DIVISION

Sampling

## Social Security Administration Services: How the Public Rates Them

A nationwide survey of Americans 18 years and older was conducted for AARP's Federal Affairs Department in May-June, 1992. ICR Research Group of Media, Pennsylvania, surveyed 4,021 persons\* to find out about the incidence of and their satisfaction with recent contacts they had with the Social Security Administration.

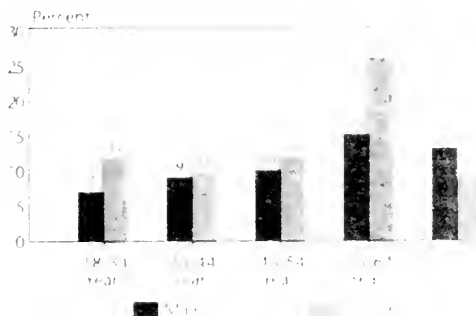
### Contacts with the Social Security Administration

- A total of 1,050 respondents (11% of the sample) reported at least one recent contact with the Social Security Administration. Some reported having two and three contacts, with different reasons for different contacts.
- Most likely to have had a contact with the Social Security Administration were those aged 55-64, with 21% reporting contact.
- Among this age group (55-64), 26% of the women had a contact, compared with only 15% of the men.
- Least likely to have had a contact are younger males between the ages of 18 and 34, with only 7% reporting a contact.
- Phone calls and in-person meetings accounted for almost equal amounts of all reported

types of contact (37% and 38%). Only 21% of contacts were made in writing.

- Men (53%) were more likely than women (44%) to seek in-person contacts, while women (52%) were much likelier to phone than men (37%).

\* Weighted total=9,313.



### Reasons for Contact

- The reasons reported for contact were as follows:

To get information (42%)

To file for benefits (28%)

To change information (23%)

To discuss a problem (12%)

To get a Social Security card or number (11%).

### Ratings of Service

Respondents were asked to rate the efficiency and quality of the service they received upon contact as excellent, good, fair, or poor. The findings indicate:

- A high level of overall satisfaction, with 32% rating the service as excellent, 37% as good, 18% as fair, and 11% as poor.

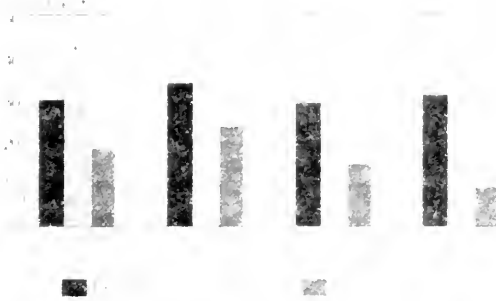


● Difficulties encountered in discussing a problem most often evoked a rating of poor service; 53% gave a fair or poor rating of the service they received in this situation. Other services receiving fair/poor ratings were:

- getting a Social Security number (38%)
- getting information (28%)
- filing for benefits (27%)
- changing information (26%)
- getting a Social Security card (10%)

● More frequent ratings of poor service were found in the South (16%) and West (18%) than in the Northeast (6%) and North Central (3%) regions.

● Black respondents were significantly more likely than whites to rate the service they received as poor: 26% percent of blacks but only 9% of whites rated it as poor. Moreover, blacks were more likely than whites to rate service as poor in all geographical regions of the country.



## Phone Calls and Visits

- Among respondents who had contacted Social Security by telephone, nearly equal numbers said they used the local number and the toll-free 800 number (35% and 36%, respectively). Twenty-three percent reported calling both numbers.
- For those calling the 800 number, only 51% reported reaching a Social Security employee who assisted them on the first call. Fourteen percent said that it took two calls, and 24% said that it took three calls or more.
- The mean number of calls that all 800 callers placed before getting assistance was 2.6 calls.
- Eighty-one percent of those calling the 800 number rated the service as excellent or good, compared with only 68% for the local callers. The highest poor ratings came from those who said they called both numbers, probably reflecting difficulty reaching someone to assist them.
- Respondents who visited a Social Security office in-person reported the following waiting times:
  - 61% waited 15 minutes or less;
  - 23% waited 15-30 minutes;
  - 9% waited 30 minutes to an hour;
  - 3% waited more than an hour.
- Interestingly, those respondents who did not have an appointment tended to have shorter waiting times than those who had appointments. Sixty-five percent of those without appointments waited 15 minutes or less, compared with 53% of those with appointments. Six percent of those with appointments waited over an hour, compared with only 2% of those without appointments. This may indicate that those who visit a local office without an appointment do so for routine reasons (e.g., to pick up a form or ask a question) that do not require counseling or other time-consuming procedures.

## Summary

- While overall service ratings were high for routine kinds of interactions with Social Security, the favorable ratings dropped significantly when people had a non-routine problem to resolve. This may indicate a limited capacity to handle and resolve problems beyond routine ones like filing for benefits or getting a Social Security number.
- One in eight respondents reported a contact to discuss a problem. If this rate is extrapolated to the national level, over 1.3 million potential "problems" exist across the country. Further study of this particular subgroup with problems may be warranted to shed light on the specific difficulties that they are encountering.
- A certain regional unevenness in satisfaction with services persists, with individuals in the South and West reporting more problems than those in the Northeast and North Central regions. Further research exploring the specific sources of dissatisfaction might help to clarify this unevenness.
- Independent of geographic region, blacks report much higher rates of dissatisfaction with service. In addition, this racial differential appears to be maintained at every education level except the very lowest (less than high school), where whites and blacks give similar poor ratings. Why this differential exists is unclear and may be another area for further research.

*For a copy of the full report, contact: Mildred DePallo or Robert Prusata, Research Division, American Association of Retired Persons, 601 E Street N.W., Washington D.C. 20049. Phone: (202) 434-6290.*



Chairman JACOBS. Ms. Zelenske.

**STATEMENT OF ETHEL ZELENKE, STAFF ATTORNEY,  
NATIONAL SENIOR CITIZENS LAW CENTER**

Ms. ZELENKE. Good morning. Thank you for inviting me to testify this morning. I think I will come in under 5 minutes, so I better start talking. Legal services advocates represent tens of thousands of individuals all over the country in every State every year before the Social Security Administration. They handle every type of title II and SSI case and they represent individuals at every administrative and judicial level, and I feel that we are uniquely qualified to know what problems consumers face and to offer recommended solutions to improve the system.

Last January a group of 35 legal services advocates with extensive experience in Social Security and SSI issues met to discuss priorities and strategies in dealing with SSA under the Clinton administration. This meeting produced a collection of position papers, and my written statement includes four which address the focus of today's hearing.

I am not going to go into those in detail. They speak for themselves. However, there are several common themes that run through them. One is that there is a need to increase the avenues of communication between SSA and the public; two, the process needs to be streamlined; and, three, the needs of the consumers must be better served.

In my testimony, I would like to focus on the need to establish avenues of communication with the public. I believe that improving access to SSA and working with the administration is one of our very highest priorities. There are, however, some recent examples that SSA is undertaking major changes without public participation.

I must say I was particularly surprised when I read the Vice President's National Performance Review and found that SSA had developed 34 customer objectives. I understand now that no customers participating in establishing those objectives, and I think we all know how hard it is to change something once it has been committed to writing, and I think it is very important that people be involved in the predraft situation.

Second, we have heard about the process reengineering program. There needs to be a guarantee of real and meaningful input from the public. And finally, there appears to be a move afoot to close some district offices or there is discussion about it. The impact on the public of such an act must be an integral part of formulating any plan. SSA and the public are still reeling from personnel cuts and office closures which took place over the last decade and which have undermined the real strength of the Social Security Administration, which is its network of field offices. These offices allow the public to obtain personal face-to-face service for which phones and computers will never be a substitute.

The importance of including the public and outside advocacy groups in projects are crucial to their success. In the past when SSA and the public have worked together, problems have been successfully resolved and have been much more acceptable and reasonable.

I remember an example last year which is a particularly good example of what happens when you don't involve the public. I was invited to a meeting whose purpose was to obtain so-called public input regarding a change in one of the listing of impairments in the disability process. It involved neurological impairments. The agency came in with a draft which had involved no public input, and there were a group of advocates in there.

A gentleman who is with one of the national cerebral palsy associations very eloquently used his sign board to tell the chief medical officer of SSA that the draft proposal did not reflect the kinds of functional impairments that people with cerebral palsy endure and that it was very important for the public to be involved in these kinds of decisions.

What was of concern to me was that the response was basically what I felt was lip service: Send us your written comments on what we have given you today. Thus I think when SSA acts unilaterally its proposals are much less subject to public approval.

I have several suggestions for improving access to SSA and establishing avenues of communication. One, the commissioner needs to establish regular meetings with the public. Two, there also needs to be linkage established with other components of SSA that have significant dealings with the public such as disability, SSI, and the Office of Hearings and Appeals. Three, there needs to be better access at regional levels and with State DDSs; and, four there needs to be a meaningful prelitigation procedure established, where somebody is identified to receive complaints from advocates and whose job it is to investigate the issue and to determine whether the matter can be resolved and thus obviating the need for litigation.

Thank you.

[The prepared statement follows:]

STATEMENT OF ETHEL ZELENKE, STAFF ATTORNEY,  
NATIONAL SENIOR CITIZENS LAW CENTER

HEARING ON REINVENTING THE SOCIAL SECURITY ADMINISTRATION

OCTOBER 28, 1993

The National Senior Citizens Law Center (NSCLC) provides national advocacy on behalf of poor persons with specific emphasis on representing the interests of the lowest income elderly persons, particularly women and racial and ethnic minorities. NSCLC also provides support to legal services, pro bono, and seniors' advocates who represent elderly poor people. One of NSCLC's priority areas is increasing income security for low-income elderly persons, which includes the programs administered by the Social Security Administration.

Legal services advocates, located in every state and county, annually represent tens of thousands of low income clients in Title II and SSI cases. These advocates have extensive dealings with all levels of the administrative and judicial process as well as with local Social Security offices. As a result of the breadth and wealth of experience, they are uniquely qualified to address the issues facing their clients, as well as to make recommendations about improving the system.

In January 1993, a group of thirty-five legal services advocates with extensive experience in Social Security and Supplemental Security Income (SSI) issues met in Washington, D.C. Participants represented all regions of the country. The purpose of the meeting was to discuss priorities and strategies in dealing with the Social Security Administration on behalf of our clients.

The meeting produced a collection of Position Papers, "A BLUEPRINT FOR IMPROVING THE SOCIAL SECURITY ADMINISTRATION: A Legal Services Perspective." These Papers discuss priority Social Security and SSI issues affecting low income elderly and disabled individuals that the Clinton Administration should address and offer recommendations for these problems. Three common themes run through all of the Papers: (1) Increase avenues of communication between the public and SSA; (2) Streamline the process; and (3) Better serve the needs of the customers.

The Papers most relevant to this hearing are attached and include:

- A. IMPROVING ADVOCATES' ACCESS TO SSA
- B. ADMINISTRATIVE PROCESS
- C. DISABILITY
  - 1. Disability Determination Services
  - 2. General Disability Issues
  - 3. Mental Impairments
- D. SERVICE ISSUES

IMPROVING ADVOCATES' ACCESS TO SSA

Over the last twelve years, the Social Security Administration has not maintained any channels of communication with advocates for poor elderly and disabled persons. Agency officials at SSA's central and regional offices held virtually no meetings with members of the advocacy community. Letters from advocates raising policy issues frequently went unanswered. As a result, SSA became increasingly isolated and removed from the community that it serves. It became apparent to advocates that the only way of getting the attention of SSA administrators was to commence litigation.

This reliance on litigation as the only means of contact meant that all contacts between advocates and SSA officials were conducted in a hostile, adversarial context in which the atmosphere was characterized by mutual distrust and suspicion. Because of this lack of communication, both sides became convinced that the other side was pursuing their own secret agenda. In particular, SSA seldom provided coherent explanations for its actions to advocates. Unaware of SSA's reasoning, advocates could not work cooperatively with the agency.

It is noteworthy, however, that there was a two-year period in the mid-1980's when advocates did work successfully with SSA to resolve problems. As a result of the open and regular communication, the agency and advocacy community worked together to implement legislative and policy reforms.

A series of suggestions are described below which seek to establish the avenues of communication between the advocacy community and SSA at a variety of different levels. The overall goal of these proposals is to reverse the climate of mutual mistrust, so that real dialogue can occur to better benefit our client populations. Such a dialogue would obviate the need for many lawsuits, as advocates will be able to work with SSA to solve problems and to improve the programs that SSA administers. In that way, when litigation does occur, at least both sides will know that it was unavoidable.

1. **Establish regular meetings with the Commissioner.**

The new Commissioner should schedule regular meetings with representatives of advocacy groups, either through a formal advisory committee or other selection process.

At these meetings, advocates would be able to raise issues with the Commissioner who would then be able to investigate the problem and report back to the group. Agenda items would be submitted in advance which allows the Commissioner to consult with appropriate personnel in advance of the meeting and, if necessary, have them present. This process is beneficial in that it raises a problem at an early point in time, provides an opportunity for face-to-face discussion, and gives the agency an opportunity to rectify it first. Advocates have successfully used this model in with many state and local agencies.

2. **Establish linkage to SSA components.**

Some form of access, similar to that described above, should be established with Associate Commissioners of SSA components with whom advocates have regular dealings, such as the Office of Disability, the Office of Supplemental Security Income, and the Office of Hearings and Appeals.

While problems could be raised at these meetings, we also see them as an opportunity for the Associate Commissioners to obtain input from advocates when planning to take significant actions and regarding draft regulations and POMS.

3. **Improve access at regional and state levels.**

First, access to SSA Regional Commissioners and Regional Chief Administrative Law Judges should be established for those issues properly within the jurisdiction of regional offices. In particular, an individual in the regional office should be designated as a "trouble-shooter" who is able to solve problems, primarily service issues, brought to his or her attention. This model has been successfully implemented in the past in certain regions and for specific issues.

Second, DDS Advisory Councils should be established in each state. Those states which currently have councils have found them to be useful tools for dealing with and solving local DDS problems, especially procedural issues. Public access to DDSs is improved by including, as members, representatives of advocates groups, claimants and public citizens. The Massachusetts DDS Advisory Council, in effect since 1983, has been a particularly successful model. This is described in more detail in our "Disability" paper.

4. **Litigation**

Prior to filing litigation, legal services attorneys send a notice letter to the Secretary of Health and Human Services regarding the issues in the case and the relief sought. When these letters are sent, no one is made available to receive a copy and investigate the complaint. As a result, there is usually no serious discussion between parties to resolve the dispute before the case is filed.

We recommend that a person is made available to whom advocates can send demand letters (or a copy of the letter) and whose job it would be to investigate the issue to see if (a) the complaint has merit and (2) if the matter can be resolved through negotiation.

In general, SSA has conducted settlement negotiations through the regional U.S. Attorneys offices. While it is appropriate that negotiations be conducted through counsel, SSA has generally resisted requests by advocates to meet with program personnel or staff from SSA's litigation office, even with the presence of counsel. As a result, settlement negotiations have tended to be extraordinarily protracted because advocates only receive responses to proposals that are filtered through several layers of counsel. In addition, advocates are rarely informed of the reasoning behind SSA proposals or its responses. This lack of communication both delays settlement and prevents the parties from working together to overcome obstacles.

In a small number of exceptional cases, however, SSA has permitted face to face negotiations with a team that includes program personnel as well as counsel. In these cases, the negotiations proceeded far more smoothly, as SSA positions were explained to advocates and the parties could

work together to reach agreement. The recent settlement in the Stieberger cases in New York provides an example of such an approach.

SSA should offer and respond to settlement proposals more quickly and should explain its reasoning, so that the parties can work to reach agreement. Toward this end, SSA should agree to face to face meetings in which agency program personnel who work on the issues involved are present.

#### ADMINISTRATIVE PROCESS

##### I. REOPENING: Improve claimants' ability to reopen applications and limit the Appeals Council's ability to reopen claims

Claimants are generally unsophisticated about their appeal rights. As SSA has acknowledged, 70% of all SSI recipients have "maximum functional literacy skills at between a sixth and seventh grade level."<sup>1</sup> Many claimants file new applications when they are denied benefits, without understanding that they are losing valuable rights by not appealing. While poorly drafted denial notices are part of the problem, a basic inability to comprehend appeal rights will continue to deny benefits to disabled claimants unless their right to reopen past applications is strengthened.

**RECOMMENDATION:** The application forms should specifically ask claimants to state whether they are requesting reopening of any prior applications. When a claimant requests reopening, SSA should follow its existing POMS instructions by making a written decision on the request with reasons given, and should explicitly consider (1) the mental ability of the claimant and (2) any misinformation from SSA on which the claimant may have relied in not appealing the prior denial.

**RECOMMENDATION:** The "good cause" standard for reopening at a claimant's request should not be limited by two year (SSI) or four year (Title II) time limits. "Good cause" regulations should be amended to include such factors as mental ability and misinformation.

**RECOMMENDATION:** Because the claimant should have a right to appeal without jeopardy, the Appeals Council's should end its practice of reviewing favorable portions of partially favorable ALJ decisions. Reopenings by the agency which have not been requested by claimants should continue to be subject to the time limits in current regulations.

##### II. ELIMINATE RECONSIDERATION AND INSTITUTE A FACE-TO-FACE INTERVIEW BEFORE THE INITIAL DENIAL.

Many advocates support elimination of the reconsideration level of review for disability claims, a recommendation which was also made by the SSI Modernization Project. For the most part, advocates view reconsideration as a "rubber-stamp" of the initial determination. Elimination of reconsideration would allow concentration of limited resources to increase the quality of initial claims, including more extensive initial interviews and more thorough attempts to obtain information from treating sources and third parties.

**RECOMMENDATION:** Eliminate the reconsideration level of the administrative appeals process. Provide face-to-face review at the initial level before denial. A model similar to the CDR procedure should be used.

##### III. ESTABLISH A 90-DAY TIME LIMIT FOR THE APPEALS COUNCIL TO ACT ON APPEALS.

As discussed in the "Service" Paper, delays at the Appeals Council have worsened, consistent with the sharp increase in the number of disability applications. The latest statistics available show that the average processing time at the Appeals Council was 254 days, with many cases taking one year before a decision is received. When added to the delays at other administrative levels, it is not at all unusual for a claim to take two to three years to complete the administrative process.

**RECOMMENDATION:** Establish a ninety day time limit for the Appeals Council to act on claimant's appeals. If it fails to act within the time limit, the claimant may file an appeal in federal district court. This procedure is similar to that employed in EEOC complaints.

<sup>1</sup> 46 Fed. Reg. 42338 (Aug. 20, 1981).

#### IV. ESTABLISH AN ADEQUATE PROCEDURE TO DEAL WITH ALLEGATIONS OF ADMINISTRATIVE LAW JUDGE BIAS.

Allegations of unfairness within the ALJ system have been raised by evidence that decisions of some ALJs who hear hundreds of disability cases each year may be tainted by bias. The bias may be based on race, gender, ethnic origin, economic status or specific impairments, such as mental illness or AIDS. These ALJs ignore medical evidence and expert testimony and engage in other unlawful practices in order to deny claims, including verbal abuse of claimants at hearings. Despite these allegations, there is no adequate process in place to deal with claims of bias and misconduct among ALJs. SSA has ignored bias allegations or, when it has acted, no consistent, satisfactory method of considering complaints has been employed.

**RECOMMENDATION:** An independent commission should be established by regulation or legislation to review, investigate and determine allegations of general bias on the part of ALJs or unlawful practices by ALJs that otherwise deprive disability claimants of their right to a hearing before a fair and impartial adjudicator. SSA should provide for meaningful participation by advocates for claimants in the design of these procedures. The key elements of the process include the following:

- (a) A procedure for filing complaints with the commission.
- (b) A standard for determining when claimants have been denied their right to fair hearings.
- (c) The composition of the commission should ensure independence from the agency and impartial review of the complaints brought before it.
- (d) A procedure to ensure thorough investigations of complaints.
- (e) A procedure for hearings on complaints.
- (f) If the commission finds that claimants have in fact been affected by ALJ bias or unlawful practices, it should have the authority to require SSA to: (i) provide new hearings before different ALJs; (ii) reopen and redetermine the claims; (iii) review and monitor future decisions of the ALJ before such decisions are issued to claimants; and/or (iv) provide training and/or counselling for the ALJ. In addition, the commission should have the authority to require that specific disciplinary action against the ALJ, including suspension, be pursued by the Secretary before the Merit Systems Protection Board.

#### DISABILITY

The Disability Paper is divided into three sections: I. Disability Determination Services; II. General Disability Issues; III. Mental Impairments.

##### I. DISABILITY DETERMINATION SERVICES

Disability applicants and their representatives have experienced increasing frustration in recent years with the quality of decisionmaking by the State Disability Determination Services (DDS). Delays in processing times have grown increasingly worse and the quality of decisions made by DDSs has deteriorated. Claimants' and advocates' dissatisfaction is well-founded since SSA's own statistics show that when cases are appealed to the ALJ level, the reversal rate is over 70%.

An overhaul of the DDS system is needed. Many legal services advocates throughout the country are involved in efforts to correct problems identified in the DDS decisionmaking process, including class action litigation and administrative advocacy. The problems and recommendations identified below are based on the experience of these advocates.

##### A. Improve the Evaluation of Residual Functional Capacity (RFC).

The greatest weakness in DDS decisionmaking is in determining the claimant's RFC. Studies have shown that the huge differences in the RFC assessments of DDSs and ALJs account for most of the high reversal rate. The following recommendations would make RFC determinations more accurate.

1. Correct the narrow medical policy at SSA. Change policy to require that medical evaluation guidelines be in writing, available to the public, and re-evaluated by panels of medical and rehabilitation specialists to ensure that they reflect current knowledge.

2. Increase the use of treating source evidence. (a) Require DDSs to request the treating physician's functional assessment, utilizing a clear and effective nationally standardized form which includes an explanation of terms. Specific instructions should be given regarding the information necessary for adjudication. (b) Require the same follow-up to obtain the treating physician's functional assessment required for other types of medical evidence. (c) Require DDSs to purchase "consulting examinations" and testing from the treating physician when necessary and the physician is willing.

3. SSA should develop standardized forms to compile information relating to activities of daily living. A claimant's ability to perform activities of daily living is important evidence, especially in mental impairment cases. DDSs have developed different forms, and are inconsistent in attempts to obtain the information and in weight given to the information.

4. Medical professionals should determine RFC. In September 1991, SSA adopted a policy allowing DDS examiners to complete RFC reports for a DDS physician's signature. This allows non-physicians to make medical judgments and reduces participation of medical experts in determining RFC. SSA should withdraw the September 1991 POMS and return to its former policy requiring independent physician review.

5. Improve the quality of vocational assessments.

A realistic functional assessment is a prerequisite to a realistic vocational assessment; however, this does not occur in many cases. Improper denials based on vocational factors result from identification of jobs which the claimant is clearly unable to perform or by improper application of the medical-vocational guidelines for individuals with nonexertional limitations. SSA should issue POMS and other instructions improving vocational assessments.

B. Revise the Quality Assurance (QA) Program to Review a Statistically Random Sampling of Both Approvals and Denials. The review process should be changed by issuing POMS or instructions to regional offices to require that a larger sample of denials be reviewed by SSA. This change would result in a more accurate picture of the quality of decisions issuing from DDSs while allowing SSA to assure a high level of accuracy in those decisions.

C. ESTABLISH A NATIONAL DDS TASK FORCE.

SSA should create a national DDS Task Force which includes claimant representatives, members of the advocacy community, and members of the medical profession to address DDS decisionmaking issues.

D. DDS ADVISORY COUNCILS SHOULD BE ESTABLISHED IN ALL STATES

DDS personnel have little or no face-to-face contact with claimants. Despite the availability of federal funding, few state agencies have advisory panels or panels which include interested individuals from outside DDS. Those states which have such panels have found them to be extremely valuable in identifying problems with existing procedures or standards and in evaluating proposed changes. The Massachusetts advisory council is a particularly successful model.

RECOMMENDATION: Require each state DDS to have an advisory council which includes disabled persons, medical and service providers, advocates, and claimants' representatives. The councils should be required to meet at least on a quarterly basis.

E. ELIMINATE RECONSIDERATION

Many advocates support elimination of the reconsideration level of review, a recommendation which was also made by the SSI Modernization Project. For the most part, advocates view reconsideration as a "rubber-stamp" of the initial determination. In light of greatly increasing numbers of applications and the limited budget available for processing claims, elimination of reconsideration would allow DDSs to concentrate instead on increasing the quality and number of DDS staff. It would also allow examiners to conduct more extensive initial reviews, including more thorough attempts to obtain information from treating sources and third parties.

RECOMMENDATION: Eliminate the reconsideration level of the administrative appeals process. Provide face-to-face review at the initial level before denial.

## II. GENERAL DISABILITY ISSUES

### A. THE PROPOSED ADULT FUNCTIONAL TESTS MUST BE REVISED.

The current mental disorders listing in Section 12.00 and the HIV infection listing of the Listing of Impairments are the only adult listings that include a functional limitation test requirement. However, SSA has announced plans to issue a notice of proposed rulemaking that will extend to adult claimants the functional equivalence policy that was developed for children following the Zebley decision.<sup>2</sup>

#### 1. Change definition of "marked."

Where a degree of functional limitation must be "marked," the proposed test imposes an unreasonable and rigid "most of the time" requirement. This definition is inconsistent with the purpose of the Social Security Act since it imposes a standard of institutional level severity, rather than one which addresses the ability to work.

#### 2. Change requirements for "episodes of decompensation."

The proposed functional test also imposes an overly rigid requirement that "episodes of decompensation" occur three times a year and last for at least two weeks.

#### 3. Make functional test relevant to evaluation of physical disorders.

Three of the four areas of functioning in the proposed test (social functioning, concentration, and episodes of decompensation) are useful in evaluating mental disorders but not physical disorders. Because the test requires that at least two of the four areas be met, claimants whose impairments are physical rather than psychiatric are put at a severe disadvantage. A functional test must take different areas of functioning into account if it is to apply to claimants with physical impairments.

#### 4. Require only one "marked" limitation to meet the listings.

It is not necessary to require a claimant to meet two areas of the functional test when either marked limitation of activities of daily living or marked limitation of concentration alone would result in the inability to perform substantial gainful activity. This has been included in the new HIV listing.

### B. SSA SHOULD CONSULT WITH CONSUMERS AND ADVOCACY GROUPS BEFORE PUBLISHING MAJOR PROPOSED REVISIONS TO DISABILITY REGULATIONS.

In the past, SSA has consulted with representatives of advocacy groups to design the post-Zebley rules and the current mental disorders listings. By seeking advice from experts in legal and policy issues who are independent, SSA can add significantly to the discussions, ensure accuracy and help secure community acceptance for the outcome. However, SSA has recently revised listings by using panels, generally limiting non-agency membership to medical experts, primarily with an academic background. As a result, many of the proposed listings (e.g., mental disorders, HIV infection) have been roundly criticized by medical and advocacy groups.

**RECOMMENDATION:** SSA should return to the policy of including the advocacy community in the panel process of revising and updating major disability regulations.

### C. SSA SHOULD MAKE SUBSTANTIAL CHANGES IN PROPOSED LISTINGS FOR HIV INFECTION, ADULT MENTAL DISORDERS AND CARDIOVASCULAR SYSTEMS.

Following publication, the proposed listings for HIV infection, Adult Mental Disorders and Cardiovascular Systems, serious problems were raised in the public comments and the proposed listings require substantial revision before publication in final form.

#### 1. Mental Disorders Listings: 56 Fed. Reg. 33130 (July 18, 1991)

The proposed Mental Disorders Listings have several serious problems: (1) They set forth a functional test in the "B" criteria which is more restrictive than that used in the current listings. See discussion in Section A. (2) The role of psychological testing is denigrated. For example, use of personality measures which are used frequently by psychologists to assist in diagnosis, such as the M.M.P.I. and the Milton Multiaxial Clinical Inventory, are given little weight. This makes it more difficult to prove disability. (3) The proposed listings permit DDS examiners to assist in completing the

<sup>2</sup> 56 Fed. Reg. 5534 5536 (Feb. 11, 1991)



Psychiatric Review Technique Form. DDS examiners do not have medical expertise and should not be given this responsibility. See discussion in section on Disability Determination Services.

**2. Proposed Cardiovascular Systems Listing: 56 Fed. Reg. 31266 (July 9, 1991)**

The proposed listing requires the use of treadmill tests for all individuals who allege disability based on ischemic heart disease. However, false assessments of ischemia often occur because treadmill tests do not consider the full range of stresses and exertions that arise in the work place. Sole reliance on the treadmill test to the exclusion of other available relevant evidence clearly violates the Social Security Act requirement of "individualized" determinations. See State of New York v. Sullivan, 906 F.2d 910 (2d Cir. 1990), *aff'g*, 655 F. Supp. 136 (S.D.N.Y. 1987).

**D. ADDRESS PROBLEMS IN IMPLEMENTING REGULATIONS DEALING WITH TREATING PHYSICIAN AND OTHER MEDICAL EVIDENCE**

The regulations dealing with the weight to give medical evidence, including treating physician opinions, 56 Fed. Reg. 36932 (August 1, 1991) raise problems that SSA should address. Issues to be addressed include:

1. Expand definition of "treating source" and "acceptable source"
2. Revise POMS to require more follow-up, particularly with treating source statements regarding functional limitations
3. Encourage use of treating physicians to perform consultative examinations and eliminate POMS requirement that treating source respond to survey in order to perform CE
4. Improve quality of consultative examinations by implementing requirement that background information is sent and giving specific instructions regarding the information necessary for adjudication.
5. Revise POMS to provide examples of disabling impairments, in addition to nondisabling cases.

**E. ADOPT DISABILITY RECOMMENDATIONS IN THE SSI MODERNIZATION PROJECT REPORT [57 Fed Reg. 40732 (Sept. 4, 1992)]**

**1. Establish criteria for deciding whether children under the age of 4 are disabled.**

Where a confirmed diagnosis cannot be made because of a child's young age, SSA should develop criteria for presuming disability at least under the age of 4, based on history or on recognized symptomatology. When these criteria are met, the child should be allowed to continue to receive payments until age 4, without creating an overpayment, even if later testing and diagnosis result in a finding of non-disability.

**2. Alter the definition of "substantial gainful activity" to recognize that people whose ability to work depends on substantial supportive services are not performing SGA either in determining initial or continuing eligibility.**

In order to encourage people to be self-supporting, the definition of SGA should be altered to exclude from the definition of SGA work performed solely by virtue of substantial support services. Such services would include, but are not limited to, on-the-job attendant care, use of a job coach in sheltered or transitional employment, costly specialized transportation without which the individual could not get to or from work or employer accommodations which create a highly specialized job environment.

**III. INDIVIDUALS WITH MENTAL IMPAIRMENTS**

In addition to the problems discussed above, individuals with mental impairments face additional obstacles in their dealings with SSA. Recommendations to improve the process for these claimants is discussed below.

**A. IMPROVE MEDICAL EVIDENCE DEVELOPMENT**

**1. Expand the definition of "acceptable source" to include other mental health professionals actually providing treatment.** Persons with mental impairments are increasingly receiving treatment from providers other than physicians or psychologists, such as nurse practitioners, psychiatric social workers, etc. This is especially true for low income persons who obtain treatment

from clinics. Because of the narrow definition, DDS purchases a CE where there is no "acceptable source," even where credible and otherwise adequate medical evidence exists.

2. Require development of third party evidence before a claim is denied. Accurate evidence of an individual's ability to function in the workplace is vital but often difficult to obtain. Both the preface to the listings and SSRs 85-15 and 85-16 discuss the value and importance of third party or lay sources to fill in functional evidence gaps left by the medical evidence. Use of standardized forms should be explored.

3. Require and revise follow-up to evidence requests. Current requirements are inadequate and should be revised to include at least two follow-ups for medical evidence from professional sources and one follow-up for lay sources. Rules should apply at all administrative levels.

4. Adopt policies to avoid denials for non-cooperation. Current policies for CEs should be revised to include at least the following: (1) adequate advance notice of a scheduled CE that includes the availability of transportation assistance and a name and telephone number of the DDS person to contact for transportation assistance or rescheduling. (2) Require follow-up and rescheduling where mental impairments or language or literacy problems are present or suspected. (3) Identify persons needing special assistance and provide it. See discussion below.

5. Develop all mental impairment allegations before denial. Review current policies concerning when development of a mental impairment is required and revise to avoid penalizing individuals with little insight into their problems or who have limited access to mental health treatment, including poor persons and persons requiring bilingual providers. These persons may merely allege "nerves" or "anxiety" or "sadness." The experience of advocates is that these allegations are often indications of mental impairments that are disabling themselves or in combination with other impairments.

#### **B. IDENTIFY AND ASSIST INDIVIDUALS WHO NEED SPECIAL ASSISTANCE**

A system to provide special assistance in SSA offices is described in the Service section of this paper. The process must provide a way to identify individuals and, once they are in the SSA office, a special process to help with completing forms, meetings, examinations, etc. The use of escorts and home visits should be explored. DDS must also develop a system to cover the situations discussed in Section A.4 above.

#### **C. DEVELOP A POLICY THAT ALLOWS NON-SSA PERSONS TO COMPLETE APPLICATIONS**

Despite staff shortages, SSA discourages non-SSA persons from completing disability applications and ancillary forms. This policy works to the disadvantage of mentally impaired applicants who may be embarrassed or afraid to disclose their impairments or who may lack the cognitive ability to adequately describe their problems.

SSA should develop a policy to: (1) solicit and encourage individuals and groups with close relationships to potential applicants to assist in completing applications and appeal forms; and (2) provide adequate training in SSA application and appeal procedures for non-SSA personnel who work with the mentally disabled and who agree to assist claimants with their disability applications and appeals.

#### **D. EXPAND USE OF WORK INCENTIVE RULES**

The SSI Modernization Report strongly favors the expansion of the availability of work incentives to both add and subtract participants. These are discussed in more detail in the "SSI Nondisability Issues" paper. Specifically, we urge extension of §1619 to Title II recipients and expansion of the use of PASS and IRWE.

### SERVICE ISSUES

#### **1. INCREASE STAFFING AT SSA FIELD OFFICES BY AT LEAST 6,000 EMPLOYEES BY TAKING THE TITLE II ADMINISTRATIVE COSTS OFF-BUDGET.**

**RECOMMENDATION:** Restore service and public confidence in SSA by increasing its administrative budget and adding at least 6,000 positions from the 17,000 cut since 1984. This could

most easily be accomplished by taking Title II administrative costs off-budget. While Title II benefit expenditures have been excluded, it is our opinion that OMB misinterpreted provisions of the Budget Enforcement Act of 1990 to require inclusion of SSA's Title II administrative expenses within the spending caps. The Clinton Administration should reverse the previous interpretation and exempt Title II administrative costs from the spending cap. This misinterpretation could be corrected through a policy change by the new Director of OMB or legislation.

## 2. IMPROVE ACCESS FOR NON-ENGLISH SPEAKING PERSONS

SSA's failure to provide bilingual services discourages many eligible persons from applying for benefits, increases the difficulties of applicants proving disabilities, and delays determinations and receipt of benefits. Current recipients may suffer benefit reductions, incur overpayments or lose all benefits because they cannot understand and meet program requirements.

For more than a decade, this problem has been highlighted by government reports that identified the lack of bilingual services provided by SSA. Until SSA develops nationwide bilingual policies, recruits and hires bilingual staff, and expands its translated written notices, non-English-speaking poor, elderly, and disabled persons will continue to be wrongfully denied access to benefits.

**RECOMMENDATION:** SSA should take the following steps:

(a) Assess the language needs of non-English speaking persons by field offices, and collect data concerning the language needs of callers to SSA's 800-number service. (b) Develop a nationwide bilingual services policy which addresses recruitment, hiring, training, and retention of bilingual staff, the use of interpreters where bilingual staff is insufficient, and the translation of written notices. (c) Eliminate its current POMS provision that places the responsibility for finding an interpreter on the non-English speaking person. (d) Recruit and hire to attain proportional bilingual staff that reflects the needs of the diverse communities it serves. (e) Hire interpreters where SSA has insufficient bilingual staff to meet the demands for language assistance. (f) Greatly expand the provision of translated written notices and other program information to respond to the demand from many large language groups.

## 3. IMPROVE ACCESS FOR INDIVIDUALS WHO ARE BLIND, MENTALLY IMPAIRED, AND HEARING IMPAIRED

**RECOMMENDATIONS:** To adequately address the needs of clients with special needs, SSA should develop a system by which workers ask both orally and in writing if claimants and recipients need special assistance in dealing with SSA and describe the types of special assistance available. If recipients and claimants request special assistance, SSA must provide it.

SSA should also ensure that those persons who indicate that they need special assistance are provided with appropriate assistance whenever they have dealings with SSA, in particular, for initial eligibility determinations and ongoing financial eligibility reviews. Such assistance should include assistance in completing forms, attending interviews and examinations, use of escorts, and home visits. In addition, wherever possible, individuals who need special assistance should be assigned one SSA claims representative who will handle that individual's dealings with his or her local SSA office.

As a model, SSA should consider procedures proposed in J.L. v. Sullivan, 971 F.2d 260 (9th Cir. 1992). The procedures proposed in J.L. are based on a successful program in place for general assistance recipients in Los Angeles, California.

For persons who are hearing impaired, SSA must ensure that all field offices and the 800-number system have working TDD devices and that the TDD numbers are published. In addition, all SSA field offices should have hearing interpreters on staff. For individuals who are blind, SSA should ensure that notices are issued in Braille.

## 4. IMPROVE TELEPHONE ACCESS TO LOCAL SSA OFFICES

The 800-number has not proven to be a successful replacement for local office telephone access. First, individuals have had extreme difficulty having their calls to the 800 number answered; the number has extremely high busy signal rates. Second, even if individuals are successful in getting through, they often received incorrect information or cannot have their questions answered.

**RECOMMENDATIONS:** (1) SSA should reverse its policy of limiting telephone access to local Social Security offices. To that end, SSA should voluntarily comply with the terms of the clarifying language of the 1992 Urban Aid bill. (2) In addition, SSA should relist the numbers of all SSA offices, including those "phase one" offices which are primarily in metropolitan areas and serve 60% of the population. (3) SSA should provide adequate staff in all offices to respond to public inquiries. (4) Finally, should

SSA choose to continue with its use of the 800 number, it should carefully monitor its operation to ensure that persons are both able to have their calls and questions answered.

**5. ESTABLISH A TASK FORCE TO INVESTIGATE NOTICES USED BY SSA.**

SSA notices often are confusing, misleading, lack information, or are otherwise difficult to understand. As a result, many claimants and recipients do not understand the reasons for actions taken by SSA, and more importantly, do not understand that the only way to challenge such actions is to file timely appeals.

**RECOMMENDATION:** SSA should form a task force to be staffed by SSA personnel, and advocates from outside SSA to look at notices used by SSA. Among the subjects that should be addressed are: (a) Ensuring that SSA has fully implemented the OBRA 1990 requirement that notices be clear and understandable. (b) Investigating whether the current policies and practices respecting good cause determinations in late filing cases due to unclear or inadequate notice are adequate and should be liberalized. (c) Improving notices sent concerning benefit amounts and overpayments. Current SSA notices do not adequately explain how benefit amount and overpayment amounts were determined. (d) Ensuring that adequate notice is given to recipients concerning overpayment hardship and that repayment agreements may last longer than three years. (e) Clarifying the right to apply or failure to file a timely appeal based on incorrect, incomplete or misleading information provided by SSA staff. (f) Ensuring that overpaid Title II beneficiaries receive adequate notice of availability of reduced withholding where the overpayment was not intentionally caused and repayment at a higher rate would create hardship. (g) Ensuring that SSA notices are translated into proper languages for non-English speaking persons.

**6. IMPROVE IMPLEMENTATION OF REPRESENTATIVE PAYEE REFORMS.**

Currently, about 5 million SSI recipients and Title II beneficiaries receive payment through representative payees. Overall, implementation of the 1990 reforms have been inadequate. Since no money was appropriated by Congress for implementation, SSA's chronic staffing shortage has contributed to the failure to fully implement the changes.

**RECOMMENDATION:** SSA must continue to work to fully implement reforms to the representative payee program contained in the Social Security Act. SSA should adopt the recommendation of the SSI Modernization Project supporting development of legislation that would mandate a specific program of recruitment, training, and monitoring of representative payees and authorize the payment of funds to implement the program. Specifically, the proposal should provide for:

- (a) reasonable compensation to nonrelative and noncustodial representative payees from administrative funds rather than from beneficiaries' checks;
- (b) contracting by SSA with agencies when suitable payees are not available;
- (c) requiring periodic documentation by payees to support annual accounting;
- (d) recovery of misused funds from the monthly benefits of representative payees receiving benefits in their own right; and
- (e) prosecution of representative payees who misuse funds.

**7. IMPLEMENT ADMINISTRATIVE REFORMS TO REDUCE DELAYS**

The length of time individuals must wait for a decision on a disability claim has increased drastically. The Administration's own statistics predict that the average time to process an initial disability determination will be approximately 5 months in FY 1993, increasing to 6 months in FY 1994. In some states, the delays are currently much longer. These figures are a far cry from the recommended processing time of 60 days. In addition, appeals to the Office of Hearings and Appeals (OHA) have increased dramatically where the average processing time for a hearing is estimated to be nearly nine months in FY 1993. Added to this is the more than nine months it takes for the Appeals Council to process a claim.

**RECOMMENDATIONS:**

- a. Increase staffing by at least 6,000 by taking Title II administrative costs off-budget.
- b. Eliminate reconsideration and institute a face-to-face interview before denial.
- c. Establish more efficient OHA practices.

Procedures should include: (i) faster transfer of files to OHA from district office, docketing at OHA and organization of file at OHA; (ii) increased use of prehearing conferences; and (iii) more decisions on the record.

- d. Establish a ninety-day time limit for the Appeals Council to act on appeals.

Chairman JACOBS. You made it.  
Ms. Chatel.

**STATEMENT OF MARY CHATEL, PRESIDENT, NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS**

Ms. CHATEL. Mr. Chairman and members of the committee, I am Mary Chatel, president of the National Council of Social Security Management Associations. First, I would like to say that we truly appreciate this committee's efforts which we believe influenced a more positive outcome for SSA's budget this year. Thank you.

Our members, the men and women who work in the field offices and teleservice centers across America, enthusiastically support the directives of the NPR to put the customer first, cut red tape, delegate decisionmaking authority, streamline processes, and decentralize. These are principles we have long advocated.

Our experience living and working in the community long side our customers gives us a clear vision of what the public expects from SSA. We can attain world class service if we focus on the historic mission and values that have made SSA a premier public service agency.

Public confidence in SSA was built largely through local accessible community-based offices. We provided service unheard of in government, personal and tailored to the client. We must build upon that foundation as we reinvent SSA.

Our vision of the future is enhanced community-based field office and collocated teleservice centers providing all of SSA's services to the public. Only half of SSA's employees are now engaged in providing direct contact service to the public. We must invest in technology, training, and staff in the field to streamline processes and provide effective personal service.

The IWS/LAN computer project will give us computer access and the tools to complete most processes in field offices. Linked to our State DDSs, we will process disability as well as every other workload more quickly. We can then reallocate staff from outdated processing centers to the field.

It makes economic sense to put more staff close to the public. One additional person to do CDRs in each field office and a similar investment in DDS staff could wipe out the CDR backlog in one year. CDRs are labor intensive, but performing them nets savings for the trust funds and preserves the integrity of the disabilities rolls. It also makes economic sense to grant local management the authority for budget, procurement, and personnel as promised in the NPR.

Managers granted even a little authority have saved money by buying locally and using the savings for other pressing needs. Such delegations would eliminate the need for regional and central office shadow positions involved in budgeting. Those employees could be redeployed to the field. Even in the absence of adequate staffing and computers, our field teams work hard to reinvent within the limited authority granted them.

We identify and draw upon the community resources every day. For example, several California offices train community groups on the application process. These people have appointments to come in with claimants, with their medical records and all paperwork com-

pleted. In my own office in Rhode Island, working with the community and the State agency, we have reduced the average time a claimant waits for a disability decision by 40 days, comparing September 1992 to September 1993.

We ask the claimants to hand carry a request of their medical records to doctors and hospitals. A DDS examiner in my office is able to make some decisions the very day the claim is taken. Imagine how much more we could do with fully staffed, fully automated field offices and teleservice centers! And by making correct decisions at the initial stage we minimize the use for the costly appeals system.

If we are truly to restore public confidence in the program, it must be through the SSA employees, Mr. and Ms. Social Security in the community, talking to and listening to our customers. And we are there when a crisis occurs.

During the recent floods in the Midwest and earlier during the Rhode Island banking crisis, our presence in impacted communities helped ensure timely receipt of Social Security benefits. Our relationships with local media, banks, post office and other agencies means that service, even when disaster strikes, is coordinated and effective. At these times we become the focal point for many types of assistance. If we can show the American public that we really do care and combine that attitude with technological advancements that allow more to be done faster in field offices and localized teleservice centers, with fewer steps in the process, we can provide the world class service to which our customers are entitled. Thank you.

Chairman JACOBS. Thank you, Ms. Chatel.

[The prepared statement follows:]

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STATEMENT OF MARY CHATEL, PRESIDENT  
BEFORE THE SOCIAL SECURITY SUBCOMMITTEE  
COMMITTEE ON WAYS AND MEANS

October 28, 1993

REINVENTING THE SOCIAL SECURITY ADMINISTRATION

The National Council of Social Security Management Associations (SSMA) is very excited about the National Performance Review. We enthusiastically agree with its directive to put customers first and provide them with world class service. Our members are men and women managing Social Security field offices and teleservice centers across the country. We have a clear vision of what the American public everywhere wants and needs from Social Security. We live, work, raise our families, pay our taxes, and participate in local events in communities throughout the U.S. Many of us are neighbors, friends and associates of our customers, the people who visit our offices and telephone us.

Over the more than five decades of our history Social Security has become the central institution of American social policy. The debate over how we should deliver our basic services has absorbed SSA during the last several years. Should those services be concentrated into a smaller number of large processing sites where almost all business is conducted by telephone? Or should SSA maintain, or expand, its network of 1300 field offices and teleservice centers? And how best can we take full advantage of modern technology?

Thank you for inviting us here today to share with you the SSMA vision of service delivery as SSA moves ahead in keeping with the objectives of the National Performance Review. We have advocated tirelessly for years many of the reforms contained in the NPR:

- put the customer first
- cut unnecessary red tape and rules that restrict innovation
- delegate the decision-making authority for operations, budget, and personnel to the managers who directly manage the people who do the work
- streamline the budget process
- get rid of FTE ceilings
- decentralize

SSMA has long recommended that SSA ask the public what they want, and we applaud NPR's directive to listen carefully to our customers. SSMA is eager to work with SSA's leadership as they develop survey forms, focus group questions, and strategies for how and where to survey the public. This must be an ongoing effort -- the public must be asked frequently and often if we are to stay on target with our service delivery. One main source of information which should not be discounted are the SSA employees in the field who speak to the public every day. We listen and learn firsthand what the public is saying.



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We are facing a time when major changes will take place, and SSMA wants to be an active partner in this endeavor. We look forward to working with Commissioner Chater and Deputy Commissioner Thompson to implement the tenets of the NPR and make "world class service" a reality at SSA. We believe that such a goal is readily attainable if we keep our focus on the historic mission and values that have made SSA a special government agency. We must learn from the past as we look toward the future.

#### SSA'S HISTORY OF COMMUNITY SERVICE AND PUBLIC SUPPORT

To chart SSA's future and how we can best serve the American people, we need to understand SSA's history. How did SSA become one of the most widely respected government agencies? How did Social Security garner the most widespread support of any government program? The answer lies in the personal, courteous, efficient and effective service we have provided to the American public.

Public confidence in SSA was built in large measure through the local connection of its field offices to the community. We were visible and accessible, and we provided the kind of service unheard of in government: personal and tailored to the needs of the client. We have been an agency that cares about its programs and the public we serve. We served that public with respect, convenience and compassion.

Over the years, as the programs administered by SSA grew, so did the number of field offices. To provide enhanced service to the public, SSA established a network of teleservice centers which became an integral part of the field office structure. SSA's field managers and supervisors rightfully could take pride in offering responsive, effective service to all. Over time, greater decision-making authority was given the widespread network of field offices and teleservice centers. SSA became the premier public service agency in government.

#### "DOWNSIZING"

Then, during the middle and late 1980's, SSA underwent a drastic staff reduction of 20 percent agency-wide. Disproportionately more field staff were lost, with some offices diminished by as much as 30 percent of their employees. These staff cuts, predicated on efficiencies expected from increased automation, proved to be premature. At the same time, the beneficiary and claimant pool grew steadily.

We struggled to maintain our tradition of excellent public service. Downsizing in the field resulted in an unrelenting assault on personal service to the public. No longer could we take as much time to talk to people, to conduct private interviews, to help them fill out forms, to explain their rights as well as their responsibilities and to refer them to additional sources for help.

Some in SSA's leadership began to believe that advances in automation together with the loss of staff should lead SSA to centralize service delivery. The SSA strategic plan issued by Commissioner Hardy envisioned an SSA where "service to the public is primarily by means other than face-to-face contact with an SSA representative". This misguided push for centralization ignored the lesson of more than fifty years -- that it was personal, community based service by which SSA attained the support of the American people.

The drive to centralize service delivery does not take into account the nature and desires of the populations SSA serves. The American public will live longer and grow older. The aging process takes its toll on one's ability to take advantage of advanced technology, and this is not likely to change. We are faced with



worsening economic and social conditions where the gap between the "haves" and the "have-nots" will continue to widen. The homeless, poverty, crime, drug and alcohol abuse will not soon disappear. Nor will the AIDS epidemic. Nor will the problem of functional illiteracy. There will be an increase in minority and non-English speaking populations. These growing segments of our society will continue to need personal service at community based offices. Others will choose to do business with us where they feel most comfortable -- in their local communities.

The recommendation of the NPR to reduce staffing levels by 12 percent government-wide must not touch SSA's field offices and teleservice centers. We have already reduced to the point where the loss of one additional person in an office means disaster, and an increase by one person in an office could mean the difference between success and failure in meeting the NPR challenge to put the customer first.

#### TECHNOLOGY

Of course, there is now and will continue to be a substantial number of people who can and want to use technology to deal with us. Teleservice is a viable option for those who wish to use it. But the same sophistication that will cause some people to want our automated services will also lead them to prefer the option of personal service. A recent study conducted by SSA shows that people will want to access SSA in different ways for different kinds of services. For example, while they will continue to want to be served by their local field office when they apply for benefits, they will use the convenience of SSA's 800 number to report more routine events.

Rapid and continuing advances in technology will allow virtually any action to be processed anywhere in SSA. While some use this fact to buttress their argument in favor of centralization of service, SSMA contends that these advances in technology, even more than in the past, should make the field office the focal point for most SSA operations. Almost every workload process could be completed right in the field office.

The Intelligent Work Station/Local Area network (IWS/LAN) computer project planned for field offices is critical to our ever becoming able to deal with all of our service delivery workloads effectively. Over 90 percent of our field offices are still run with "dumb" computer terminals which every other agency abandoned at least five years ago. We are hooked by computer to the mainframe in Baltimore, so we can only access benefit records and SSI records and make changes to those records. We cannot use the terminals as personal computers to complete tasks. We cannot install software for use by a wide network. We cannot access the State Disability data to speed processing disability claims. In those fewer than 10 percent of offices where IWS/LAN is up and running, every process is quicker. Each employee has at his or her command computer access and the tools needed to process a claim to completion, to interact with other agencies and offices, to access on-line SSA's program operation manual, and to compose a personalized letter to a beneficiary, a claimant, or a caller.

At her nomination hearing, Dr. Shirley Chater said that she wanted to get SSA more involved with new technology. She said she would strive not only for excellence in service, but for national equity in service through quicker support for offices that get into trouble because of unmanageable workloads. With IWS/LAN we will be able to more efficiently coordinate these workloads among field offices and between field offices and state DDS offices.

An agency the size of SSA with a beneficiary and claimant pool the size of that we serve must have up-to-date technology in the field to manage its work and solve current and future service delivery problems. Without that, we must continue to manage by crisis.

## INVESTING IN PEOPLE

Yet history has taught us an invaluable lesson. In the 1980s automation was touted to save nearly 20,000 jobs in SSA. We "downsized" to pay for automation. That serious mistake has cost untold program dollars -- \$1.4 billion over the last three years by not doing Continuing Disability Reviews, to name just one. It has also cost us untold service delivery problems. As the crisis in disability grew and absorbed more staff time, we were forced to neglect other workloads. We were not able to restore local telephone access in the way the Congress directed. We could not conduct comprehensive investigations of Representative Payees, the persons designated to receive social security benefits for another.

SSA needs to place sufficient staff as well as technology in field offices and teleservice centers across America if it is to put the customer first and restore confidence in Social Security. Recent staffing figures show that only half of SSA's employees are engaged in providing direct contact service to the public. More automation and the handling of all operations at the local level will mean that SSA can eliminate overhead functions and reallocate staff to the field where Social Security can give the public the full measure of personal service they have paid for and rightfully expect. In this way, SSA can answer the President's call for a new customer service contract with the American people -- a guarantee of effective, efficient and responsive government.

For too long we have emphasized the need for efficiency, measured narrowly in terms of processing times of specific workloads, at the expense of effectiveness. Now is the time to restore a balance between the two. We need to restore and improve the ability of our community based offices and teleservice centers to handle all our duties responsively and responsibly.

In addition, no vision of SSA better serving the public today and tomorrow will be achieved if we do not improve training for our employees -- "invest in people," in the President's words.

Social Security programs have become increasingly complex over the years, yet training time for employees has been reduced. Claims Representatives who received 13 weeks of training six years ago now receive only about eight weeks in many regions. We have supervisors who have not received the basic training mandated for all government employees promoted into supervisory positions. Although strides have been made by SSA in piloting a mid-level management workshop, many managers have still not received this basic training. Across-the-board government-wide budget cuts in recent years have hit our training funds hard. Commissioner King had to choose between funding travel to serve Americans in remote locations and funding travel for training.

As new legislation, regulations, policies, and automation necessitate training, supervisors in each field office and teleservice center have to prepare and deliver their own training when training travel funds were not available for offsite sessions. One region is conducting an innovative and effective training technique which could be expanded to others. Trainers come together, prepare training and handouts, and then travel to the offices closest to their homes to deliver the training. In this way, supervisors share the burden of training, handouts are much more effectively prepared, and a uniform message is disseminated.

There are many examples of labor-intensive but very important work which cannot be significantly assisted by automation and must be performed by trained employees. Continuing Disability Reviews (CDRs) are the methods by which SSA is supposed to ensure that individuals receiving these benefits remain entitled to them. We have had to put these reviews aside simply because all of our employees are working to keep the new disability claims moving. CDR backlogs reached over one million cases this year.

Program costs from not conducting CDRs are far greater than what it would cost administratively to do them correctly. One additional person in a field office could conduct at least 15 CDR interviews each week. If each field office were staffed with one additional person, the CDR backlog of one million cases could be interviewed within a year. If a similar investment were made in state DDS staff, we could eliminate the backlog and ensure that backlogs do not recur. This is a case where a cost-saving investment in people is needed to protect the trust funds from misspending and preserve the integrity of the disability rolls.

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**SSMA's vision of the future has at its core enhanced community based field offices and teleservice centers providing all of SSA's services to the public. We must meet the challenge of the future by combining the efficiency of automation with the effectiveness of personal service in the community, where Americans want and need us to be.**

#### **POSITIVE CHANGE HAS ALREADY BEGUN IN THE FIELD**

Vice President Gore introduced the NPR report with the statement that it is about historic change in the way government operates. There are myriad possibilities for change and improvement built on the foundation of community-based service.

We have already mentioned here two overdue changes: moving more well-trained people to the front lines to deal directly with the public and bringing state-of-the-art technology to those front line employees in order to perform every process more quickly and, in most cases, to completion.

Yet even in the absence of adequate staff and up-to-date computers, field office teams are pushing for positive changes by reinventing and streamlining processes as much as possible within the limited authority granted them. We are able to identify and draw upon the community resources around us. We know our communities and how they can help us serve them better. We enlist their help every day.

In California, for example, several offices work so well with community groups that the groups become an extension of the office. One office trains community group members on the application process as well as on basic eligibility issues. These people then have standing appointment times and they come in with claimants, their medical records, and all paper work fully and accurately completed. While it would be better if we had enough staff to handle this correctly, we see this as empowering the community - steering rather than rowing.

Throughout the country, whenever allowed to do so, local managers hire economically disadvantaged students from nearby schools to work for SSA part-time during the school year and full-time during vacations. In addition to easing the clerical burden in the office, the program often makes it possible for these students to continue their education. It is a WIN-WIN situation -- for SSA, for the Stay-In-School employee, and for the community.

#### **Addressing the Disability Crisis:**

As an agency, SSA began long before the NPR initiative to search for a solution to the disability crisis. In an effort to re-engineer our disability processes, SSA is running pilot programs. SSMA is enthusiastic about these pilots -- particularly the disability specialist in the local field offices -- and eagerly awaits the results. It is apparent, however, that without an infusion of staff, we will not be able to keep pace with the rapidly rising disability backlogs. We cannot stand by and wait

for new processes, automation, and staff to become available. In local offices across the country, management teams are trying different methods to both reach prospective disability claimants and to process their claims more quickly with the present resources.

#### **Improving Disability Process**

In Rhode Island, one office reduces the long time that a claimant has to wait to receive a decision on their disability claim by working in conjunction with the R.I. Disability Determination Service (DDS) and the Regional Office to enlist the claimant's help in obtaining the needed medical evidence for their claim. The claimant is asked to hand carry a request for medical records to their doctor/hospitals. About 80 percent of our disability claimants choose to participate. An outstationed DDS examiner in this office makes decisions on cases with sufficient medical evidence at the time the claim is taken. Computer hook-ups between the State DDS and the field office facilitate this pilot. Despite an increase in total number of claims processed, the average overall processing time for initial disability cases fell 40 days, from 114 in September of 1992 to 74 days in September of 1993.

In Massachusetts, a field office developed an outstanding relationship with Memorial Hospital and UMASS Medical Center, which now sets up appointments for disability claims taken on site and provides needed medical evidence.

A Seattle office has set up a liaison with the school district for school resource teachers automatically to provide school records for DDS medical decisions. DDS had been routinely sending Functional Assessment Questionnaires to teachers to fill out. The local office provided a supply of forms and worked out procedures for the teachers to provide this information at the front-end of the process, thus speeding up the disability decision, and saving time for DDS.

Also in Seattle, one office works with the county Health Dept. to facilitate claims processing for AIDS cases. The health Dept. assists in completing medical forms and applications to save the person another contact. They also alert the field office to terminally ill or presumptive disability applicants.

#### **Improving Disability Outreach**

In Indianapolis, the field office works with Marion County Public Aid to get Children in Need of Services (CHINS) on the SSI disability roles. A Claims Representative goes to the Public Aid offices twice a week to work with the case workers to identify potentially eligible children, enabling the county to do more for these abandoned children.

In Minnesota, a "Low Birth Weight" procedure was established with the neonatal clinic of a local hospital. The initial purpose was to identify infants born weighing under 2 pounds and refer the parents to SSA to discuss possibly filing for SSI. In fact, the hospital is referring these infants as well as larger ones with other disabilities, averaging about two referrals per week.

In Milwaukee, as part of the SSI Outreach program, special arrangements are made for taking claims for children in Foster Care programs in Milwaukee County. These children are in very transitory situations, with little connection to traditional areas (stable school environment, etc.) through which they would normally be reached. Because they are children, they could easily miss out on SSI eligibility because no individual adult is closely watching out on their behalf. Normally, securing a safe place for them to live is the only goal of social workers. However, now an SSA claims representative is outstationed at the Milwaukee County

Department of Social Services (DSS) to facilitate foster care file reviews and contacts with foster parents to obtain all information needed for a claim. Since 1991, the outstationed claims representative has taken 700 applications, with over 500 children in foster care subsequently becoming entitled to SSI benefits and automatic health insurance coverage under Medicaid.

Imagine how much more we could do with fully automated, fully staffed local field offices and teleservice centers: The disability claimant arrives at his local Social Security office and begins his claim for benefits. The claims representative inputs the entitlement data into the computer. Corrections to work history are made online and we proceed to the disability process. The medical condition input generates a disease specific series of questions. Upon completion of this series a vocational series of questions is similarly generated. Finally, sources for medical evidence are entered, and this in turn generates disease specific and vocational specific requests for information. At the conclusion of the interview, the medical requests are made electronically to local hospitals and doctors. The response may come back by FAX, Voice Mail or imaging for incorporation into the record. A disability adjudicator (whether in the field office or the state DDS) reviews the electronic screens and makes a determination. And, if the claimant brings his medical records the day he files, a decision can be reached that day. By making correct decisions early, at the initial interview, we can avoid the costly appeals system and reduce the load on the state DDS at the same time.

#### LOCAL RESOURCE MANAGEMENT

We applaud the NPR's push to delegate authority for budget, personnel, and procurement to the managers who manage the employees on the front lines. SSMA has been requesting this authority, which we call Local Resource Management (LRM) for years. Traditionally, these types of decisions at SSA have been made many miles away from the local office. SSA now has an LRM pilot program which began in the Boston and Philadelphia regions, was expanded to four more regions, and soon will be in all ten regions.

Those managers who have so far received LRM authority under the pilot program report very positive results. The local manager is given a budget and the authority to reprogram dollars from one category to another to meet the needs of the office and get the most value for dollars spent. Here are some examples of what field offices have been able to do when given even a little flexibility under LRM:

- A manager purchased better quality photocopy paper for less than one half of the price demanded by the usual government supply process. The money saved was used to train office employees in life-saving cardio-pulmonary resuscitation techniques.
- By reprogramming a few dollars from the limited budget categories, a manager was able to send 8 employees to a one day Customer Excellence seminar held by Indiana University. This course stressed the need to always keep our customers in the forefront of goals.
- A manager was able to purchase high quality office furniture at 25 percent of its actual value from a local business which was liquidating its assets.
- Management teams have been able to budget overtime hours to ensure that we work when the need is greatest, not just when overtime money is made available.
- A manager was able to reprogram money from "supplies" to a depleted travel budget to allow employees to man a booth at a

native American Indian Health Fair/POW WOW in order to build trust with this native American population.

Under LRM, local managers are constantly aware of every dollar spent. We are prepared to make difficult decisions every day, knowing that in a tight budget time such as this, these decisions have to be made at the local level if SSA is to continue its service with reduced resources. We understand and take very seriously our position as stewards of the public trust and public money. We look for the time that restrictions on procurement can be lifted so that we can make even better use of these funds.

And if LRM was fully implemented, unnecessary restrictions lifted, and authority delegated, SSA could eliminate "shadow" functions -- many positions at the Regional and Central Office level which are involved in budgeting and expenditures when budget decisions are made centrally. Those employees could then be redeployed to field offices and teleservice centers where staffing shortages are most critical.

Another positive aspect of LRM is that the money is spent in the local community which the field office serves, saving money while stimulating the local economy.

Local Resource Management, in tandem with an end to FTE ceilings, as the NPR calls for, would give us the flexibility to budget our money and be held accountable locally. We are aware that we need better tools, financial management systems, to help us in our accounting. Several such software programs have already been invented and more efforts must be channeled in this area.

Reducing procurement, personnel, and leasing requirements which stifle rather than stimulate effective government and granting additional delegations of authority necessary to allow managers to make the full range of decisions on hiring, staffing mix, overtime, furniture/equipment, and automation tools would result in better government and much more efficient use of funds.

#### TEAMS

We applaud the NPR's move to decentralize government into small work teams. Local field offices and teleservice centers are the closest to that vision. SSA's experience has shown repeatedly that our smallest offices are regularly our most productive. Community based offices have a flexibility that cannot be gained in large centralized units. It is precisely because we are located in and a part of the community that we can work with the community to deliver the service they need.

Teleservice centers are an important part of the community-based team. A community-based 800 number program would mean calls answered close to where the public calls from and a close working relationship between field offices and local teleservice centers (TSCs). SSMA would like to see as many co-located TSCs with field offices as possible. This would facilitate "geographic accountability." The local 800 number employee would have more knowledge of the local community, local government (such as state supplements for SSI), and the unique problems and characteristics of the community. They could be given more authority to handle issues to completion. When the call must be referred, such as when a claim needs to be taken immediately, the call could be referred quickly to a claims representative in the co-located field office.

SSMA's definition of world class telephone service is more than having your call answered by a machine that either routes you through an electronic menu or refers you to voice mail. World class service would be to have your calls answered by a courteous and knowledgeable person who can either complete your action or refer you to someone else on the field team who can complete it.

**COMMUNITY EDUCATION**

Part of our "service" at SSA is that of educating the public and building their knowledge of, and confidence in, Social Security. In hundreds of locations throughout the nation, local managers or field representatives are known as "Mr./Ms. Social Security." They are the people who still -- even in the face of growing workloads and decreasing resources -- make the time to write the column for the local paper, do the radio shows in the service area, give the speeches at the pre-retirement meetings, represent SSA/DHHS and the federal government on special committees and projects, show up at the town meetings of the areas' Congressional representative to help answer Social Security questions, stop-in at the workshops for the disabled, introduce students to SSNs and FICA and other "adult" topics. They translate the law and relate it to people in understandable ways. They make it interesting and sometimes even fun. They educate, they inform, they inspire, and they build confidence in Social Security's future -- all because they are visible and active in their service area communities.

In these years of downsizing, the degree to which we have been able to deliver this message has been reduced. SSA employees themselves, much less the taxpaying public, are no longer educated about the value of a social contributory insurance program. At a time when the public is asking more questions and needs more of our time, we are unable to spend time describing for them what they get for their tax dollars. Field representatives, who traditionally were out in the community, must now work in our offices to process disability claims. This reduction in our community presence contributes to the loss of public confidence in the program.

SSA endorses the SSA-initiated Personal Earnings and Benefit Estimate Statement (PEBES) program and believes that such information going out to the public is a positive step. However, if we are to truly restore public confidence in the program, it must be through the community based SSA employees. Last month a field management team visited an island in their service area which had not been visited in many years due to lack of time and travel money. After addressing a senior citizens group, the team gave an address to a group of school teachers on the island. The teachers were impressed with the many benefits besides retirement that SSA administers. They mentioned that they had been about to take action to try to get out of paying FICA taxes because they had been told by an insurance salesman that they were throwing their money away. Follow-up work has been done by the office with that group, and they now have a much better understanding of SSA programs.

We need to be there in the community, to talk to AND to listen to our customers if we are to restore public confidence in our programs.

**CONCLUSION**

SSA needs to respond to the changing needs of our customers. As our customers move, SSA may need to move existing offices. We want to be where the people need us. Even for those who want to dial us up on their home computers, we will be in their community, waiting to handle the transaction. And we'll also be there to guide the person who cannot read words (never mind computer language) to a positive resolution of his or her needs. We can do it all. Let's build on our record of success.

SSA's presence in the community and our familiarity with the people who live there produces a type and level of service unattainable by larger, remote, centralized processing centers. Examples arise on a daily basis in our 1300 field offices.

When a banking crisis resulted in credit union closings in Rhode Island, local offices throughout the state were able to ensure that benefit checks were paid just a day or so late even though they were to have been directly deposited to the closed credit unions -- because local managers had contacts at the local banks, the local welfare offices, and with state government representatives. Although it was months (even years in some cases) before the credit unions reopened, SSA/SSI beneficiaries/recipients did not suffer because we, as an ongoing presence in the community, were able to respond quickly. And we were able to respond to the governor's request to run an emergency payment program in the local SSA office for anyone in dire need. State social workers, state police, and SSA employees worked side-by-side to provide this relief.

When several midwest states were severely impacted by the "Great Flood of 1993," SSA's presence in communities impacted by the flooding was instrumental in insuring the continued timely receipt of thousands of Social Security checks and direct deposit actions. Our knowledge of and relationships with local financial institutions, Post Offices, media, and other social service organizations helped to insure that service, even in a disaster area, was coordinated and effective. Local managers participated in community forums and FEMA centers. Local staff insured that callers and visitors were referred to additional agencies who could assist. One office reported that their parking lot was used by Congressional Office staff on a weekly basis to identify and assist individuals impacted by the flood "because SSA was the focal point for the federal government" in the eyes of local citizens.

Even though SSA is a nationwide program, the "melting pot" nature of our country and economic/occupational differences from region to region lead to unique situations and needs which can only be effectively met via local offices. Unique languages, unique issues involved in dealing with the homeless or impoverished or uneducated, unique business structures or vocations (farming, mining, etc.), unique relationships with state, local or non-profit entities all require a presence in the community in order to understand the issues, the questions and the problems as well as to identify and implement solutions.

Someone in Idaho will not be able to communicate effectively with a significant pocket of Hmong speaking population in Wisconsin. Someone in New York City will not be able to respond knowledgeably to an Iowa farmer's question about payment-in-kind commodity distributions. Someone in Texas will not be able to respond effectively to the needs of a homeless individual in Chicago. Someone in Virginia will not be able to answer a question regarding a contractual arrangement between a St. Louis based sheltered workshop and the Missouri Division of Family Services.

These examples illustrate only a small part of the value derived from SSA's presence in communities throughout the nation. Our "being there" gives us the potential for responsive leadership in the service arena. If we can show the American public that we really do care -- and combine that attitude with the ever growing technological enhancements that allow more to be done faster in field offices and localized teleservice centers, with fewer steps in the process -- we can provide the world class service to which our customers are entitled.



Mr. BUNNING. Just thank you, for your testimony, all three.

Chairman JACOBS. Ms. Zelenske, I especially say to you that I am glad your testimony is compatible with Mr. Bunning's and mine in this session. That is refreshing. You may well have been right before, I don't know. Mr. Shreve, Ms. Chatel, Ms. Zelenske, thank you for your contribution to the record today.

Our last panel, National Council of Disability Determination Directors, our friend, Stan Kress; American Federation of Government Employees, AFL-CIO, John Sturdivant; and the National Committee to Preserve Social Security and Medicare, Max Richtman. Stan, you are first.

**STATEMENT OF STAN KRESS, PAST PRESIDENT, NATIONAL COUNCIL OF DISABILITY DETERMINATION DIRECTORS**

Mr. KRESS. Mr. Chairman, good to see you again. Our president is ill and I got a chance to return as the past president and present the testimony.

Chairman JACOBS. I was going to say you have had a little practice at this.

Mr. KRESS. We appreciate the chance to talk about reinventing SSA by implementing measures to revitalize and streamline its operations. Our testimony today will focus primarily on the issue of averting crisis in the disability program.

The projection presented by SSA for fiscal 1994 is for the backlog of initial claims to grow to 1,320,000 claims by September 30, 1994. That came from the budget presentation, while at the same time letting the CDR backlog of cases continue to go unattended.

This doesn't mean that SSA is not concerned or not doing anything about these issues. They have piloted and are implementing on a small scale the CDR mailer process in 1994. SSA has listed the Crisis and Disability Program as its number one priority, and it is to be the first area addressed in the reinventing of SSA.

Requests for EDP equipment and software to facilitate the operations of the DDSs have been made. Congress has also indicated its awareness of the problem by appropriating additional funds above the President's request.

I would like to thank you for that. However, even with the extra \$75 million that will go to the DDSs from the congressional budget, at least 200,000 additional initial cases will be added to the pending workload by year's end. With all this activity one might assume that the problem will soon be under control. Unfortunately, that is not the case.

The backlogs are going to mount during the next few years. There is no substitute for having an adequate staff and sufficient resources to process the workload. The DDS's productivity level has soared to 260 cases per year from 160 just a few years ago. Additional gains may be made through the reengineering process, but that is 2 to 3 years away.

The DDSs also need flexibility to manage our limited resources. I have included a detailed proposal and justification for that concept in my written testimony. I won't take your time to go into that today. I am happy to learn that Commissioner Chater has just announced that she is going to accept some of those recommenda-

tions. I think that is an indication that Commissioner Chater is headed in the right direction.

Additionally the NCDDD supports the development and use of improved technology. Improved technology will help, but it alone will not solve the problem, and as a matter of fact a recent study conducted by a contractor for SSA confirmed that that will not alone solve the problem. We would, in spite of all of these things, however, like to endorse the concept of reengineering SSA and the disability program.

We offer a number of suggestions in my written testimony of things that could be addressed in the reengineering process. I would like to just mention three of the dozen or so that we have presented in the written testimony. There are many options being considered right now for splitting the disability claims workload between SSA field offices and the State DDSs.

You just heard a little about one of the pilot projects being operated right now. If that could be implemented on a full scale basis with trained disability people at the time the application is taken, with medical evidence brought in, perhaps 35 percent of all the cases could be decided at the time the interview takes place.

In terms of reengineering, another radical idea, perhaps SSA should consider adopting the OHA review standard for the DDSs. Such a change would create more consistency between DDSs and the OHA levels; and third, the use of doctors could be limited by providing—having them limited to providing consultation on difficult cases. Why get them involved in every single simple case that is addressed in the disability program?

Additionally, one of the things we have talked about is that we wouldn't change the law, but maybe we ought to think about that. That is another thought for you and Mr. Bunning to consider, and that is, perhaps it is time to consider—

Mr. PICKLE. A change in the law in what manner?

Mr. KRESS. Mr. Pickle, one of the things that we could do to solve the CDR workload problem would be to limit the amount of time that somebody is going to get disability funds at the time we give them to them.

Many times we know people have a disability created by an accident or whatever on the workplace. They are going to be out of work for a year or two years. Right now we put them on the disability rolls and the only way we take them off is if we do a CDR. We haven't gotten around to doing the CDRs, so they stay on practically forever. If we said right up front you are going to get those benefits for 18 months, they would know that they had them for 18 months and be prepared to go through the rehabilitation process and get back to work by the time those 18 months were over.

I think we ought to think about some of those concepts. I see I am running out of time. In summary, we believe in the concept of improved technology. We believe in the concept of reengineering government. In the short term, however, we need the staff and the resources to do the work in the disability program in order to make sure that the people get the services they deserve.

Thank you for the opportunity to testify.

Chairman JACOBS. Thank you, Mr. Kress, and thank you for yielding to Mr. Pickle.

Mr. KRESS. It was a pleasure, and I still managed to get in under 5 minutes.

[The prepared statement and attachment follow:]

TESTIMONY OF  
Stan Kress, Past President, NCDDD

Mr. Chairman, Members of the Committee, I appreciate the opportunity to appear before you and testify on behalf of the National Council of Disability Determination Directors (NCDDD) on "reinventing" the Social Security Administration (SSA) by implementing measures to revitalize and streamline its operations. Our testimony will focus primarily on the issue, "*Averting Crisis in the Disability Program*", the first of the three issues to be dealt with by this hearing.

The background information you presented on this issue, Mr. Chairman, is absolutely accurate and goes to the heart of the problem. At the end of fiscal year 1993, 717,000 disability claims were pending a decision. This does not include the one-million plus cases whose diary dates for a disability review have lapsed. The projections presented by SSA for fiscal year 1994 is for the backlog of initial claims to grow to 1,320,000 by September 30, 1994<sup>1</sup>, while at the same time letting the Continuing Disability Review (CDR) case backlogs continue to grow!

This doesn't mean that SSA is not concerned or not doing anything about these issues. They have piloted and are implementing, on a small scale, the CDR mailer process in '94. This process is designed to reduce the number of CDRs that will need full scale reviews and deserves a trial. There is, however, a danger that claimants will "learn" how to answer the mailer and avoid a disability review. SSA, to its credit, is testing and watching out for that possibility.

President Clinton asked for additional funds for the disability program in his stimulus package. However, as you know, the funds were not forthcoming.

SSA has listed the crisis in the disability program as it's number one priority and it is to be the first area to be addressed in the reinventing of SSA. Requests for EDP equipment and software to facilitate the operations of the Disability Determination Services (DDSs) have been and will be made.

Congress has also indicated it's awareness of the problem by appropriating additional funds, above the President's request, for the disability program. However, even with the extra \$75 million the DDSs will get from the Congressional budget, at least 200,000 additional initial cases will be added to the pending workload by year's end.

With all of this activity, one might assume that the problem will soon be under control. Unfortunately, that is not the case. Even with short-term initiatives, released contingency funds, CDR mailers, EDP requests for the Modernized Disability System (MDS), additional resources being added to the appropriations bill, enhanced DDS productivity and the reinventing of the disability process, the backlogs are going to mount during the next few years.

<sup>1</sup>Department of Health and Human Services, Fiscal Year, 1994 Justification of Estimates for Appropriations Committees

We ... SSA, Congress, the DDS, the Advocacy Community and the public, really need to decide the level of and type of service that we are going to provide to those individuals making application for disability funds. We must focus our efforts to protect the trust funds through the CDR process and focus all our efforts to get there as soon as possible. This means we will have to have adequate staffs and resources to process. It also means we need the most modern equipment and technology (MDS) to aid in the process and we need to re-invent and re-engineer the disability process. It will take all of these and more to avert the crisis in the disability program.

If I may, I would like to address each of these areas in more detail. First, there is no substitute for having an adequate staff and sufficient resources to process the workload. The DDS productivity level has soared to 260 claims per employee per year from a PPWY (Production Per Work Year) of only 160 a few years ago. Additional gains may be made through the re-engineering process, but that is 2-3 years away, according to those heading up that process. The 260 PPWY figures have been achieved through improved management techniques, short-term initiatives, 1,191,711 hours of overtime and another 2,137,462 hours of part-time employees. In addition, we used a great many temporary employees, for which I don't have figures. To avert further crisis we need adequate, permanent employees to process the initial and the CDR workloads. Sufficient resources and employee numbers will avert the crisis.

The DDSs also need flexibility to manage our limited resources. The following is a proposal and justification for this recommendation.

#### PROPOSAL

The National Council of Disability Determination Directors feels very strongly that as competent administrators we must be provided with the flexibility to manage our workloads. The following recommendations for flexibility are consistent with sound management practices and with part 20 code of federal regulations 404 and 416 which govern the federal-state relationship.

1. Provide full year allocations, once a federal budget has passed. It is difficult to manage without actually having a set money amount.
2. Eliminate workyear and FTE ceilings. SSA should provide advisory workyear levels only and give the DDSs the discretion to manage our money.
3. Provide the authority to make EDP and equipment purchases within the annual budget allocation. The succession of second guessers within several components of SSA add no value to decision making and only delay purchases. All EDP purchases must be consistent with SSA specifications.
4. Distribute EDP money by the end of the first quarter. The existing process significantly delays funding, which delays progress toward systems implementation, which reduces productivity.

The budget process should work as follows:

1. Full year authorizations are provided to the DDSs as soon as possible after Congress and the President pass and sign the budget.
2. Letters should be sent to all parent agencies and DDS directors with the full authorizations. The letters would include.
  - A prescription that sanctions will be applied if the DDS exceeds its authorization.
  - A note that SSA will not be responsible for expenditures beyond the full year authorization.
  - A caution that at various times beyond the first six months of the fiscal year, SSA will request the return of funds that will not be used for redistribution to other states.
3. All existing reporting mechanisms would remain in place.
4. A list prioritizing all DDSs relative to approval of EDP funding would be issued by the end of November.
5. All EDP monies taken off the top of the DDS budget would be distributed by the end of the first quarter.

#### JUSTIFICATION

SSA is currently violating the spirit of 20 CFR 404 and 415. A review of the summary of the final rules published on 05/29/81 reveals the following excerpts:

"The primary purpose of these regulations is to improve the quality of state agency performance in following our adjudicative criteria and to improve the timeliness of disability determinations. These regulations will afford the states maximum practicable management, flexibility in meeting objectives."

"The States will have control over management of their operation as long as performance is adequate under the standards ..."

"Basically, our implementation approach is to specify certain performance results and let the states perform through their best management procedures with minimum federal involvement as long as their performance is acceptable."

The regulations do allow for fiscal and administrative oversight, however, SSA's current 1950's mode of central control violates the flexibility implied throughout the regulations.

SSA is violating the wording of the regulation summary which calls for a negotiation of the budget. The summary reads as follows:

"Individual state budgets . . . will continue to be negotiated on the regional level . . . the objective of negotiations will be to determine a level of

funding within available resources that will be perceived by federal and state officials as sufficient to meet standards and stated goals. The negotiated budget is an integral part of the decision of setting goals."

There is no negotiation process. All budgets are dictated to the states. In fact, we have often been asked to change our projected and actual costs in order to make them fit into SSA's planning figure. Since the money amounts are dictated, we must have the flexibility to manage them.

Additionally, the National Performance Review and all of the current literature on managing and re-engineering indicates that flexibility and empowerment are the keys to success.

All we are requesting is the ability to exercise the management skills that we are paid to employ. This proposal provides flexibility while maintaining SSA monitoring and oversight.

I am happy to report that we have just learned that Commissioner Chater has announced her intention to act positively on some of these recommendations. We understand that we will receive a full year's funding figure with six-month allocations and be given a yearly work year ceiling with the flexibility to determine how that will be allocated, i.e., permanent staff, temporary staff, overtime, etc. This is a sign that Commissioner Chater is headed in the right direction.

Second, the NCDDD supports the development and use of improved technology. Improved technology will help but it is not the solution. To support this statement, I would like to quote from the summary of the findings in a report of a private contractor which SSA hired to determine the effects of automation on the disability process.

"In spite of extensive efforts to "tease out" the effects of automation through regression analysis, the study concludes quite clearly that there is "virtually no correlation" between the degree of automation in a DDS and any of the three performance measures. Although initially disturbing, this appears to corroborate the process review findings by the Office of Workforce Assessment to the effect that only about one day out of the average 90 days per case is spent in actual processing activity which could potentially be impacted by baseline automation."<sup>2</sup>

(A copy of the summary is attached to my testimony)

Thirdly, I would like to state that the NCDDD strongly supports the need for re-engineering the disability program. We feel this process must entail looking at all segments of SSA and not just the DDSs and the field offices (FOs). We also feel strongly that the DDSs must be full partners in this re-engineering process and not just the recipients of what is developed.

We are quite disappointed at the fact that SSA only included two DDS people out of 19 on the disability re-engineering project team. None of the 19 are disability

<sup>2</sup>Final Report to the Social Security Administration, Information Technology Systems Review Staff, Review and Analysis of Office Automation Questionnaire for the State Disability Determination Services, June 30, 1993

examiners, and the Office of Disability in Central Office has only one representative. In spite of these shortcomings, we offer a number of ideas to be considered by the project team. First, however, we feel it would be worthwhile to make some suggestions for the process:

1. The re-engineering goal needs to be a clearly understood . Such a goal would set the overall parameters or scope of change needed. For example, a factor of increase in the current production rate of 260 PPWY could be used. A 260 PPWY level is less than one clearance per day per person in the DDSs. The goal could be that process change is needed to the extent that 1.5 or 2 clearances per person per day are necessary to meet future workload demands (let the management and budget people set the target). Selection of a universally understood goal will allow budgeteers, policy people, and DDS administrators and staff to gauge the extent of re-engineering needed and have a common understanding of the degree of change needed.
2. A public decision-making process. This is a public program with state, advocacy group, and legal community interests having ownership interests. Some means to gather this input and reaction are needed to speed clearance and acceptance of the initiatives selected. An open forum to debate and get input on major changes is desirable. Something like the process Congressional committees use when they conduct offsite hearings would serve us well.
3. There is need for a "re-engineering" lab. This would be a model site with full DDS functionality and claimant focus groups under the management of the re-engineering staff. It would test out significant new ideas that will come forward and rather than speculate about costs and benefits of proposed changes, we could gather this data in the lab under conditions as realistic as possible. FDDS and DDSs are too close to the process and have over-riding production concerns that might limit there effectiveness in such a role.
4. Seek Outside Expertise. Ours is basically an administrative claims process. Experts in this field exist. The Administrative Conference of the United States (ACUS) has done studies for SSA in the past and likely could suggest administrative process experts for this project. One course SSA has used in the past is the Administrative Law School of The University of the Pacific in Sacramento, California. They have experience in consulting for large administrative claims processes in the workers comp, administrative claims, the court systems and others. The contact with them has been Glen Fait. I am certain these or others would be available. In any event we need outside insight.

Now for some suggestions on what could be re-engineered.

- Many options are under consideration for splitting the disability claims workload between SSA FOs and state DDSs. One with particular appeal is for FOs to focus their interview and effort on requesting and obtaining existing medical evidence before the claim goes to the DDS. If this is done



by an experienced disability expert, perhaps 35% of the cases could be adjudicated without going to the DDS.

- Use national procurements for DDS systems, FAXs, phones, furniture, photocopiers, etc.
- Redesign the DDS budget process to facilitate productivity.
- Develop a National Vendor payment system for all DDSs using individual state fee schedules, vendor data and CE panelists.
- In terms of true re-engineering, perhaps SSA should consider adopting the OHA review standard for the DDSs. This is a "reasonable man" or "substantial evidence" review standard whereby the decision made is judged on whether it is a reasonable interpretation of the facts in the case.
- Since the standard of review in large part dictates the adjudicative climate, such a change would create more consistency between the DDS and OHA levels.
- Disability program decisions are administrative decisions involving issues of SGA, medical severity, and vocational assessment. Examiners, not doctors, are better suited to strike this balance in most cases. The use of doctors could be limited to providing consultations on difficult cases.
- Evidence does not need to be read, analyzed and interpreted multiple times "de novo." This is inefficient, duplicative work. Replace it with a process where the evidence is read and interpreted upon receipt, resulting in an "evidentiary finding" being made, entered into the system, and used at all subsequent workflow steps.
- Have standardized forms for the following questionnaires:
  - Activities of Daily Living
  - Pain
  - Fatigue
  - Seizures
  - Vocational (to prior employer)
  - Third Party (to friend or family member)
  - Drug & Alcohol Abuse
- Give more information on what it takes to qualify for disability benefits to those interested in applying. This might result in some self-screening and eliminate some highly dubious claims, which must be dealt with nonetheless.
- Combine and condense the PRTF (Psychiatric Review Technique Form) and the MRFC (Mental Residual Functional Capacity) forms.
- The Personalized Denial Notices (PDNs) are supposed to explain denials to claimants in such a way that they will understand and accept why they are denied benefits. They take time and do not provide proper explanation to

prevent refiling of claims. They could be eliminated and a good standardized notice would do just as well.

The following suggestions would take more than an administrative decision or a change of regulation, i.e., an Act of Congress, but we feel they have value nonetheless.

- It may be worthwhile to consider awarding time-limited disability benefits, i.e., in many cases we see individuals who are currently disabled but are expected to recover and/or could be trained for other employment. If we could give benefits for six months, a year, or more, along with requiring vocational training in some instances, we could announce in advance when payments would stop. In other countries, where this method is utilized, they have found that most recipients go back to work 2-3 months before their benefits run out.
- The differences between DDS decisions and Administrative Law Judge decisions have the potential for serious legal difficulties. A court decision could result in the DDSs having to go back and apply ALJ-type decisions to all those who were denied but didn't appeal. SSA needs to take steps to bring these two types of decisions together before that happens.

Now we would like to briefly address the other two issues being addressed by this hearing:

#### REDEFINING PERFORMANCE GOALS

SSA should look at proven methods used by other successful retail operations that rely heavily on consumer feedback for survival. Industry leaders have always been sensitive to the needs of the customer. During a recent visit to a prominent hamburger chain with a very successful track record of pleasing it's customers, I was confronted with a customer opinion poll which targeted the french fries.

The survey was extremely complete; asking questions ranging from the oil content and the effect on taste to the nutritional value. I am confident that by the time the data is compiled, the retailer will have valuable information which will shape the direction of the company. This kind of approach, involving other users of the service could be implemented in Social Security field offices.

Public opinion samples, even though statistically valid, can still be subject to criticism. The public perception can to some degree be shaped by the way in which it is approached. People are expecting more from the agencies that serve them. If they have confidence that the information obtained would be used to improve service, there would be greater participation and less desire to make negative comments.

If SSA were to implement a feedback campaign, they would find out what the public and to some degree the employees have been saying. People want to be treated with dignity, courtesy and respect. They want the same level of service from the Government that they require of retail establishments.

Armed with this information, SSA could design complete operations around the basic concept of "good, efficient service".

#### ANTICIPATING FUTURE CUSTOMER NEEDS

The public seems willing to give up some degree of local presence if they can be assured of better, more responsive service. Much of SSA's field operations could be duplicated in larger facilities with lower overhead with no appreciable loss in service.

Recent system improvements would enable mega-sites to glean off at least 40% of existing work presently done in field offices. Limited service offices could still exist in most of the same communities as they are located today. They would, however, cost less to operate because they would be staffed with fewer employees, doing less complicated work and being paid less money.

An issue that relates indirectly to customer needs is in the area of program simplification. Everyone talks about the need for making the job easier. The tendency is to cut too seldom and too lean. Major overhauls are in order to streamline SSA into an agency that resembles a consumer-driven rather than regulation-driven public agency. If the program administered by SSA were seriously looked at and cleaned up, significant costs related to implementation could be recouped immediately. Those savings could be channeled back into the front line at the field office level to provide the kind of service the public is demanding.

In summary, I would like to reassert that we support improved technology but it alone will not solve the crisis. The disability process is too labor intensive. We also support re-engineering and I hope some of our suggestions will be helpful. The bottom line, however, is that to truly avert the crisis in the disability program we must have adequate staffing levels and adequate resources to process the cases of those individuals filing an initial disability claim, along with working the CDR caseload.

Thank you for the opportunity to present these ideas.

ATTACHMENT

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WILLIAMS, ADLEY & COMPANY

PLANNING ANALYSIS CORPORATION

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FINAL REPORT TO THE  
SOCIAL SECURITY ADMINISTRATION  
Information Technology Systems Review Staff

Review and Analysis of Office Automation  
Questionnaire for the State Disability  
Determination Services



Volume I

Prime Contract Number  
600-92-0101

Task Order  
Number 4

June 30, 1993

Submitted by:

Williams, Adley & Company  
1300 I Street, N.W.  
Washington, DC 20005

Planning Analysis Corp.  
8200 Greensboro Drive  
McLean, VA 22102

Some of the findings are not surprising, but some are unexpected:

- o In spite of extensive efforts to "tease out" the effects of automation through regression analysis, the study concludes quite clearly that there is "virtually no correlation" between the degree of automation in a DDS and any of the three performance measures. Although initially disturbing, this appears to corroborate the process review findings by the Office of Workforce Assessment to the effect that only about 1 day out of the average 90 days per case is spent in actual processing activity which could potentially be impacted by baseline automation.
- o This also substantiates the importance of proceeding ahead strongly with the effort to reengineer processes on a broader scope and confirms that future automation, as well as the reengineering effort, should focus on the "other 89 days," spent largely in transferring files and waiting for information. As the report states, "In the case of medical evidence development, most of the DDSs have yet to take advantage of automation to evaluate responsiveness and direct requests to the more timely respondents or utilize electronic transfer of records." The Agency's reliance to date on projected savings in minutes-per-case of processing time to automatically justify all automation funds should be carefully examined in light of the report's conclusion that "Without structural changes, the benefits of automation may fall short of expectations."
- o However, the study did find a statistically significant relationship between the quality of automation as implemented in certain States and the productivity measure. In the words of the report, "... there is a performance improvement in automation if the system being employed is robust and user friendly." From this, the report develops recommendations on training, content and user input for future systems that should be considered in the development and fielding of the MDS.
- o The study found that predevelopment initiatives were associated with longer processing times: that mail distribution and other management efforts to get cases to examiners as rapidly as possible after receipt were associated with shorter processing times. One explanation offered for this finding, which apparently runs counter to current management efforts, is that the predevelopment initiative was a patch to current procedures which failed to correct or adequately mitigate the fundamental process reasons for the backlogs.
- o In another counterintuitive finding, the study reported that accuracy in the determination process is not necessarily improved by greater involvement of medical consultants in decisionmaking.
- o Other management conditions which the study found to be more strongly identified with performance success than automation included performance incentives, productivity goals and more extensive examiner training.
- o Significant from the perspective of MDS development was the finding that requirements for extensive examiner keying of determination documents are counterproductive in terms of all three performance measures.
- o The most significant factors related to performance success were found in demographic factors, such as case mix, predominant medical conditions, claimant age and the percent of non-English speaking claimants. The study recommends that these factors be considered in allocating resources among DDSs, and that they be used to adjust performance indicators and other management information. It also suggests greater use of such normative data to develop and utilize management and adjudicative models to improve performance.

Chairman JACOBS. Mr. Sturdivant.

**STATEMENT OF JOHN N. STURDIVANT, NATIONAL PRESIDENT,  
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,  
AFL-CIO**

Mr. STURDIVANT. Thank you, Mr. Chairman. I am John Sturdivant, president of the American Federation of Government Employees, AFL-CIO. AFGE represents approximately 55,000 SSA employees across the country.

I thank you for the opportunity to appear today before your committee to offer our perspectives and recommendations regarding reinventing the Social Security Administration. As an opening gambit, let me just say, Mr. Chairman, that AFGE supports the concept of independent agency, and we also support the concept very strongly of moving the administration account off budget.

As we begin the very difficult process of reinventing government through its attendant agencies, including SSA, policymakers, leaders and employees through their union representatives will have to discard any previous notions of how government works and begin a bold initiative that will provide the American taxpayers more effective, more efficient government at less cost.

Federal employees are as interested and concerned about the cost and services that government provides as any other citizen. After all, we are taxpayers, too, and we see the waste and inefficiency every day. We are the ones who see the long lines in Social Security district offices, and we are the ones who experience the inability to ensure that the 800 number is answered.

The President has determined that agencies will meet various customer service standards and that agency heads and management officials will negotiate such performance standards with the President. The Federal employees represented by the American Federation of Government Employees who work at Social Security stand ready to join in partnership with the administration to create the changes and make the necessary recommendations to ensure that Social Security meets its responsibilities to its applicants and beneficiaries.

We see the increased opportunity to discuss with Social Security management the more substantive issues of how the work is done as an opportunity to jump start and encourage a tremendous reservoir of employee creativity and energy that will have a resounding positive impact on Social Security's operations.

As you will see from our testimony, many decisions have been made that were contrary to the recommendations of rank and file workers through their unions. It is absolutely imperative that the administration listen carefully and work closely with AFGE and SSA leaders in order to ensure that every change, every purchase of technology, every initiative to train or retrain employees or to assign them to new tasks is done with the ultimate goal of providing the best possible service for our beneficiaries. That is why we see AFGE playing a pivotal, productive role in not only reinventing Government but reinventing SSA.

We concur with the administration when it says that reinventing Government is about right sizing, not downsizing, and as we have told the administration on many occasions, having more effective

and efficient Government will require, in many instances, increases in staff rather than reductions.

For instance, it seems reasonable to us that if you have a segment of the Government that is producing or collecting revenue, you would want more individuals performing those functions. Concurrently, a program that touches and impacts on so many Americans such as Social Security must have the necessary staff and technology to ensure that the citizens receive prompt, effective, and efficient service.

AFGE believes that right sizing SSA means that staffing levels have to be increased. The Congress also believes that staff needs to be increased. H.R. 2158, which was signed by the President last Thursday, provides funding for 2,400 FTEs above the President's fiscal year 1994 budget request level.

We believe that these staff are needed as a first step in addressing the SSA's current crisis. Certainly staff should not be further reduced or offices consolidated before the SSA has defined its service delivery criteria and measured those against the current and future demands. No committee in Congress is more aware of SSA's problems and its recent history than this one. No committee has done more to solve those problems. I want to take this opportunity to personally thank you, Mr. Chairman, the committee's current and former members and your outstanding staff for your collective service on behalf of the SSA program, its employees, and the public it serves. This year's success in the appropriations process in no small measure is due to your efforts.

The committee has asked that three issues be addressed at the hearing today: averting crisis in the disability program, redefining performance goals in terms of customer needs and preferences, and anticipating future customer needs. We have answered those in our written testimony, Mr. Chairman. I see no necessity to try to repeat those here in the time allotted.

I will be happy to try to answer any questions that you may have and thank you for this opportunity.

Chairman JACOBS. Thank you, Mr. Sturdivant.

[The prepared statement follows:]

TESTIMONY OF JOHN N. STURDIVANT  
NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,  
AFL-CIO

Mr. Chairman, Members of the Committee:

I am John N. Sturdivant, National President of the American Federation of Government Employees, AFL-CIO (AFGE). AFGE represents approximately 50,000 SSA employees across the country. Thank you for the opportunity to appear before the Committee today to offer our perspective and recommendations regarding "Reinventing the Social Security Administration."

As we begin the very difficult process of "reinventing government" and its attendant agencies including SSA, policy makers, leaders and employees through their union representatives will have to discard any previous notions of how government works and begin a bold initiative that will provide the American taxpayers more effective, more efficient government at less cost. Federal employees are as interested and concerned about the cost and services that government provides as any other citizen. After all, we are taxpayers too, and we see the waste and inefficiency everyday. We are the ones who see the long lines in Social Security District Offices, and we are the ones who experience the inability to insure that the 800 number is answered.

The President has determined that agencies will meet various customer service standards, and that agency heads and management officials will negotiate such performance standards with the President. If we look at every high value, high productivity workplace in the private sector, such as Xerox, Harley Davidson, Cadillac, GE, we will note that there were two significant actions taken in order to turn their situations around. One, they were in crisis; two, they determined that all by forging a partnership with their frontline employees through their unions would they be able to affect the change that is necessary to become highly productive. We would submit to you that the federal government, and in fact, Social Security is in crisis. The federal employees represented by the American Federation of Government Employees who work at Social Security stand ready to join in partnership with the Administration to create the changes and make the necessary recommendations to insure that Social Security meets its responsibilities to its beneficiaries. We see the increased opportunity to discuss with Social Security management the more substantive issues of how the work is done as an opportunity to jump-start and encourage the tremendous reservoir of employee creativity and energy that will have a resounding, positive impact on Social Security's operations.

There are too many instances of employees having positive and productive ideas that would have improved the agency's operations and being unable to present them because of adversarial, confrontative relations between AFGE and SSA management. There are too many good ideas and suggestions that lay dormant in the workplace because individuals have been relegated into very narrow career boxes with no opportunity to breakout or excel. There are too many good ideas that will make the workplace in Social Security not only a more humane, a more caring, a more compassionate place to work, but will expand our ability to provide service to beneficiaries. That is why we see AFGE playing a pivotal, productive role in not only reinventing government, but reinventing SSA.

As you will see from our testimony, many decisions have been made that were contrary to the recommendations of rank-and-file workers through their unions. It is absolutely imperative that the Administration listen carefully and work closely with AFGE SSA leaders in order to insure that every change, every purchase of technology, every initiative to train or retrain employees or to assign them to new tasks is done with the ultimate goal of providing the best possible service for our beneficiaries.

We concur with the Administration when it says that reinventing government is about rightsizing not downsizing, and as we have told the Administration on many occasions, having more effective and efficient government will require in many instances increases in staff rather than reductions. For instance, it seems reasonable to us that if you have a segment of the government that is producing or collecting revenue, you would want more individuals performing these functions. Concurrently, a program that touches and impacts upon so many Americans, such as Social Security, must have the necessary staff and technology to insure that the citizens receive prompt, effective, and efficient service. In spite of this, as you will see from our testimony, although the workload has continued to increase, the number of staff necessary to manage that workload has been reduced.



AFGE believes that "rightsizing" SSA means that staffing levels have to be increased. The Congress also believes that staff needs to be increased. H.R. 2158, which was signed by the President last Thursday, provides funding for 2,400 FTEs above the President's initial request level. We believe that these staff are needed as a first step in addressing the SSA's current crisis. Certainly, staff should not be further reduced or offices consolidated before the SSA has defined its service delivery criteria and measured those against the current and future demands.

No Committee in the Congress is more aware of SSA's problems and its recent history than this one. No Committee has done more to solve those problems. I want to take this opportunity to personally thank the chairman, the committee's current and former members, and your outstanding staff for your collective service on behalf of the SSA program, its employees and the public it serves. This year's success in the appropriations process in no small measure is due to your efforts.

I would like to briefly review the status of SSA's workload, its workforce and its administrative cost.

- ◆ In 1985 SSA had approximately 40,000,000 beneficiaries. Today we are approaching 46,000,000 beneficiaries.
- ◆ In 1985 SSA had approximately 80,000 FTEs. Today there are approximately 64,000 FTEs.
- ◆ From 1985 to 1990 there was a 21% reduction in FTEs. From 1985 to 1990 there was a 26% reduction in workyears used. (Workyear is the truest measure of the SSAs level of effort.)
- ◆ Initial pending disability claims are at approximately 800,000 and expected to grow to 1.3 million by the end of FY 94.
- ◆ Approximately 1.5 million continuing disability reviews (CDR's) are backlogged. If these reviews and other improvements were effected, according to the Administration, \$4 billion could be saved during the 1994 - 1999 period. As you know \$4 is recovered or saved for every \$1 spent on the administration of CDRs.
- ◆ The administrative overhead for both titles II and XVII is .7% of benefit payout. The private sector industry average for similar insurance programs is more than 12%.
- ◆ Given the scope of its mission, SSA is amazingly efficient. For example, Giant Food has approximately 24,000 employees in the Washington/Baltimore Metropolitan area. By comparison SSA has only 63,000 employees nationwide to perform all of SSA's tasks.

The Committee has asked that three issues be addressed at the hearing today. 1) Averting crisis in the disability program; 2) Redefining performance goals in terms of customer needs and preferences; and 3) Anticipating future customer needs.

#### Averting Crisis in the Disability Program

Unfortunately, it is too late to avert a crisis. The crisis exists today. Applicants wait too long and will wait longer in the future. Disability reviews are piling up at the rate of approximately 400,000 per year. There are over 1.5 million pending reviews now. Literally billions of trust fund dollars are at risk. Since most of the payments made in error either cannot or will not be recovered, action should be taken as soon as possible in that our savings will be in the "cost avoidance" category. The American people do not and will not trust and support a system that does not perform its most basic functions. Clearly, processing initial claims and reviewing continuing payment cases are two basic functions.

SSA disability problems cannot be solved in the short run without more personnel at the federal and state levels. Both levels are probably at capacity where overtime use is concerned. In the long run it is possible that re-engineering the disability process could save time and money. However any such system is at least two years away. If history and experience are our guide, any redesign that could be implemented is even further away. Systems and/or automation changes are generally looked to as a potential magic bullet. We now have an SSA study that makes, as its primary point, that there is neither a positive nor negative correlation between highly automated and less automated state disability operations in terms of productivity. The report points out that approaches have to change. That is, it will do little good to further automate the existing process. (SSA Contract # 600-92-0101)

AFGE is currently working with SSA in redesigning its disability process. Undoubtedly, we will improve the process. However, we would caution those who believe that there is an easy, effective, efficient, and most of all, cheap approach to administering what is finally a labor-intensive process.

Former Commissioner King testified that it would take \$100 million to reduce initial pending disability backlog by 100,000 cases. Therefore, if we have one million pending cases at the end of the fiscal year and we seek to reduce the initial pending backlog to 400,000 cases, which is higher than the historical backlog in earlier years, it would take \$600 million. At another hearing before Congress, former Commissioner King testified that it would take 5,000 workyears to reduce the backlog to a normal level. Please note that these resource levels do not address the CDR problem. As mentioned above, for every \$1 spent on conducting CDR's we will save \$4.

In summary, the longer we wait to address the disability program's problems with an infusion of resources, the worse the problem will become. There is not a quick fix in the near term and probably not in the long term.

#### Redefining Performance Goals in Terms of Customer Needs and Preferences

It is not new to AFGE's SSA members that previous management routinely made decisions without seeking input from customer or client groups nor did they consult the SSA workers who serve the customers and clients. We are working to change that. As you know we have been testifying long and often about the problems inherited by the current Commissioner. If only previous administration had listened and acted upon our advice. We were always skeptical about the previous systems' redesign. That system has never delivered the promised benefits. Benefits that were delivered were almost never timely. Clearly there have been program changes that shifted the burden and cost to the public. The so-called "self-help" SSA-3368 disability application form is a classic example. It placed the burden on the applicant of beginning the application process and completion was lengthy and often difficult. Many individuals are confused and intimidated by the form--to say nothing of the process generally. Increasingly we are hearing of a growing industry of non-attorneys that are recruiting disability applicants who are attempting to negotiate SSA's disability process. The applicants are being charged hundreds of dollars for a service for which they have already paid through FICA taxes.

As noted by the committee, the 800 number is another example of cost shifting. Telephone lines and FTEs were removed from field offices. The 800 number experiences high busy rates which go off the charts during peak periods. The result of the two actions has been disastrous for the public and a morale destroyer for our members.

You ask the question how should SSA seek outside input so that it can receive unbiased samples of the public's preferences where service is concerned. Also, how should the information be used in the planning process? Of course the public's preference should be given enormous weight. Arguably, Social Security is the "people's" program. Almost every citizen participates in one of SSA's programs. We believe that SSA should use a private contractor to perform the sampling of the public. The issues to be sampled should be developed by a team composed of public citizens, advocacy groups, SSA rank-and-file employees and SSA leadership. The

contractor would then develop the sampling instrument which would be reviewed by the team. Once the sampling instrument is agreed upon the contractor would conduct a survey according to industry standards to yield an unbiased and valid result. The public's preference should drive the Agency's planning process. Every effort should be made to accommodate the public's preference. As the agency develops a macro strategy and then seeks to implement that strategy, the public and the team should be involved at every step to insure that the Agency's decisions reflect what the public wants, and not what the Agency feels it wants to do.

If the SSA is to serve the public well, it must seek out the knowledge and experience of its workers who have literally hundreds of thousands of contacts with the public daily. We have a clear sense and appreciation for what the public wants and needs. The following are general principles:

- ◆ The American public wants SSA to deliver accurate, timely benefits.
- ◆ The public does not want to wait an excessive amount of time for service.
- ◆ There should be quick telephone response.
- ◆ There should be personal access to local SSA offices.
- ◆ SSA offices should be free from health and safety hazards and should be user friendly.
- ◆ Office settings should assure privacy and confidentiality. Interviewing areas must be private. There should be no monitoring of telephone calls.
- ◆ There should be effective outreach. The public wants to be informed of benefits to which they are entitled.

#### Anticipating Future Customer Needs

It is probable that the baby-boom generation is already placing increased demands on the agency. This is reflected in the rise in disability applications. The disability program and many other of SSA's responsibilities will continue to require personalized service. The move toward centralization has served the agency's perceived internal needs, which were driven by a lack of funding resources and staff. The program has moved dramatically away from the public. This is graphically reflected in the massive closing of contact stations in recent years and the virtual disappearance of field representatives whose primary task was to carry SSA's message and services to the public away from SSA's fixed sites. SSA is already making maximum use of the teleclaims approach. The truth is that many people prefer, and in fact, need to meet face-to-face with an SSA employee to conduct their business. There is no reason to believe that this will change. The further we remove the program from the public, the less accessible the program becomes. There undoubtedly will be a loss in public support for the program if the program becomes more centralized.

In the future we believe that SSA should plan for:

- ◆ Maintaining and increasing contact stations, enabling the public in remote sites, institutions, etc., convenient access to SSA.
- ◆ Maintaining a motivated, efficient workforce:
  - Actively train employees and management to reduce stress.
  - Less monitoring of work in ways which increases stress levels.
  - Sufficient space in facilities to allow employees to work in comfort and maintain claimant privacy.

- Improvements in space design, such as front-end interviewing which is safe and comfortable for both the employee and the public.
- ◆ Strategic planning that includes the full and open participation of the public, beneficiary organizations and the AFGE.
- ◆ Public participation through hearings, town meetings and forums throughout the country to elicit input as to the type of services and levels of services SSA needs to offer to the citizens in the future.
- ◆ Unrepresented groups, such as the homeless, the poor, immigrants with language barriers, etc., should be sought out for ideas/input regarding how SSA will service their needs and concerns in the future.
- ◆ Serious consideration must be given to expanding SSA's offices and services to meet the public's needs.
- ◆ SSA is already in place in 1400 offices and TSC's. Consider using them for additional services such as processing of Health Insurance claims under a National Health Insurance program.
- ◆ Federalize the DDS's to bring consistency in decision making and allow better utilization of resources between SSA and the DDS's.
- ◆ Closed door agency meetings to study office closings, "full service facilities," etc., cannot continue. SSA needs to work with the public and the unions on planning how SSA should be structured in the future.
- ◆ Computer enhancements and training should be subject to full employee input and participation to insure that changes meet employee and Agency needs.
- ◆ Training courses should include employee planning and participation so courses are user friendly and are guaranteed to enhance the employee's ability to do their job and serve the public.
- ◆ Major initiatives should be the subject of pilot projects before nationwide implementation so that projects can be tested and altered if necessary. An example of poor planning is the 800 number service which was initiated nationally without testing and which has resulted in continuing service problems.
- ◆ Congress and the Administration should not assign SSA new responsibilities and initiatives without providing the necessary resources in staff, equipment, training, etc. to be able to accomplish the assigned tasks.
- ◆ Headquarters, Program Service Centers and Data Operation Centers should be maintained. SSA and the union should meet in a cooperative manner to decide what role these large centers should play in SSA's future. Parties should seek innovative solutions to erosion of work. These facilities have trained experienced workers who can continue to do valuable work for SSA. Employees can be used to relieve backlogs in other components.
- ◆ There is a need to eliminate rigid concepts of work assignments, PD's, etc.
- ◆ Public service should be assessed independently of cost. Only after standards are developed should SSA analyze the amount of funding required to meet those standards. Issues such as staffing levels, office locations, numbers of interviewers, etc., can be determined after standards are defined.

- ◆ Funding from Congress should be sought to allow SSA a reasonable opportunity to meet the service standards.

AFGE stands ready to cooperate and work with this Administration and the Congress on reinventing SSA to become the premier public serve agency in our Nation. Mr. Chairman, members of the Committee, that concludes my statement. I would be happy to answer any questions.

Chairman JACOBS. Mr. Richtman.

**STATEMENT OF MAX RICHTMAN, EXECUTIVE VICE PRESIDENT, NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE**

Mr. RICHTMAN. On behalf of the 6 million members and supporters of the National Committee to Preserve Social Security and Medicare, I want to thank you, Mr. Chairman, for scheduling this hearing to assess the potential impact on Social Security of proposals to reinvent government. Our statement reflects the observations of our president, Martha McSteen. As a former Acting Commissioner of Social Security, she understands keenly the responsibility and challenges at SSA and regrets that she can't be here today due to a scheduling problem.

In fact, Mr. Chairman, she is on her way back from Indianapolis where she addressed the Indiana Governor's Conference on Aging yesterday.

Chairman JACOBS. It is very sad. She would probably prefer to stay there.

Mr. RICHTMAN. I am sure you are right. She mentioned that she would prefer to stay.

In my testimony I want to make three points. First, the national committee members support reinventing government if reinventing really means responding to customer needs and desires in a cost-effective way. If efforts to achieve savings are customer-driven, we believe delivering quality service can go hand-in-hand with streamlining management.

We agree that a review of the central bureaucracy is warranted and that layers of bureaucracy at the central level are, in fact, staggering and hinder the organization in accomplishing its mission. Our members, however, would not support a simple arbitrary staff reduction to fulfill some concept of reinventing Government.

At the front line of service delivery, direct service positions need to be increased, to fulfill SSA's mission. A number of witnesses have said that already.

Second, the Social Security Administration has been exemplary by attempting to improve Government service at reduced cost. During the last half of the 1980s the Social Security Administration sustained staffing cuts larger than those being recommended in the report of the National Performance Review. I think, 17,000 were beamed out, is the way you described it. Unfortunately, staffing and budget decisions were based primarily on political considerations and no survey of customer needs or desires seems to have been conducted in advance of staff cuts. No allowance was made for modifying cuts if service to the public deteriorated.

Third, the Social Security Administration is a long way from providing service equal to the best that business can offer. SSA must start with the realistic appraisal of the agency's problems before determining its staffing needs. As you know, there is a disability claim backlog of over a half million new cases. There are over 1 million cases awaiting continuing disability review. We think that the integrity of the disability insurance system is impugned when persons who have recovered from their disabilities remain on the benefit rolls. The public becomes incensed when they witness these

cases and then they question the validity of the Disability Insurance Program.

Other front line services needing improvement are outreach to persons who may be SSI and QMB eligible, more timely response on requests for information and post entitlement actions and reduction in busy signals on 800 number service calls, as well as the full restoration of local office telephone service.

According to the National Performance Review report, 47 million Americans interact with Social Security every year, and SSA has a responsibility to its customers. Computer technology can lighten the load, but no reinvention of government can change the fact that carrying out Social Security responsibilities requires personal interaction between Social Security staff, claimants and beneficiaries. We think that a major mistake occurred when the 800 number was implemented nationwide. SSA attempted to rely on it as a substitute for direct contact with local offices, and that, I think, was an inadequate and an unfortunate assumption. The 800 number can contribute to superior service as long as Social Security understands that the 800 number and local offices are essential to quality customer service.

Some individuals have no problem conducting their business by telephone. Others, especially seniors, you know, do. A customer-driven Social Security Administration will determine the diverse needs of its clients and find a way to accommodate them. Only then will it be prepared to deliver service equal to the best that business offers and that government should offer.

We believe that Social Security can indeed reinvent government, be part of it, but it must have leaders who understand the needs of customers and sufficient administrative funds to accomplish the agency's mission.

Mr. Sturdivant opened his statement with a plug for independent agency, and I will close mine with a plug for independent agency.

[The prepared statement follows:]

**TESTIMONY OF MAX RICHTMAN  
EXECUTIVE VICE PRESIDENT, NATIONAL COMMITTEE TO PRESERVE SOCIAL  
SECURITY AND MEDICARE**

On behalf of the six million members and supporters of the National Committee to Preserve Social Security and Medicare, I thank you, Mr. Chairman, for scheduling this hearing to assess the potential impact on Social Security of proposals to reinvent government. National Committee President Martha McStein regrets that a scheduling conflict prevented her from being here today, but this statement reflects her observations. As a former Acting Commissioner of the Social Security Administration, she understands keenly the responsibility and challenges at SSA.

In my testimony, we want to make three points.

First, National Committee members support reinventing government if reinventing truly means responding to customer needs and desires in a cost effective manner. If efforts to achieve savings are customer driven, we believe delivering quality service can go hand-in-hand with streamlining management. Our members, however, will not accept an arbitrary staff reduction in fulfillment of some abstraction called reinventing government.

Second, the Social Security Administration has been an exemplary organization by attempting to improve government service at reduced cost. For example, Social Security staffing was cut by 21 percent and overall administrative expenses were reduced below 1 percent of benefit payments during the last half of the 1980s. These decisions, unfortunately, were based primarily on political considerations without adequate consideration of customer needs. The agency struggled to continue to fulfill its mission despite growing problems.

Third, the Social Security Administration is a long way from providing service equal to the best that business can offer. The Social Security Administration must start with a realistic appraisal of the agency's problems before determining its staff needs. These problems include, but are not limited to, the urgent need to reduce the processing time for new disability claims and to cut the backlog of current continuing disability reviews. Other front-line services needing improvement are a reduction in busy signals on 800 number service calls, restoration of the local office telephone service, increased outreach to persons who may be SSI and QMB eligible and more timely response on requests for information and/or post-entitlement actions.

#### **The Social Security Administration and Reinventing Government**

According to the National Performance Review report, 47 million Americans interact with SSA every year. Social Security's responsibilities to its customers are labor intensive. Computer technology can lighten the load, but no reinvention of government can change the fact that carrying out Social Security responsibilities requires personal interaction between Social Security staff and claimants and beneficiaries. If Social Security is to better serve its customers, the agency must be more rather than less flexible in its dealings with the public. There is no one way to serve everyone.

We would not argue that a review of the central bureaucracy is unwarranted. The layers of bureaucracy at the central level are staggering and hinder the organization in fulfilling its mission. The ratio of managers to workers may very well need review. At the front-line of service delivery, however, direct public service positions need to be increased, not further reduced, to fulfill SSA's mission.

#### **Staff Cuts in the Past**

Those who believe that government-wide personnel reductions can be achieved—and we are among them—should keep in mind that the Social Security Administration has already sustained cuts larger than those being recommended in the Report of the National Performance Review. Staffing cuts made in the 1980s unfortunately affected direct service delivery in local offices and largely ignored the vast layers of bureaucracy in the headquarters offices.

No survey of customer needs or desires was conducted in advance of staff cuts. No allowance was made for modifying the cuts if service to the public deteriorated. The computer technology which was to make the cuts achievable was not realized. A prohibition against replacing persons who resigned or retired created losses in the wrong places and wrong job categories. Funds for job retraining were cut and, even if additional training funds had been available, staff shortages limited the ability of managers to schedule staff training. Waiting lines grew in local offices around the country and, because they could not be seen, more and more individuals turned to the telephones hoping to receive answers. More people encountered busy signals when they called local offices.



The Social Security Administration's response was two-fold. The 800 number service was expanded and nationwide implementation was accelerated. Calls were diverted to the 800 service by ordering the removal of Social Security district and branch office phone numbers and addresses from local phone books. Information operators were instructed not to provide any alternative phone numbers. Frustrated customers attempting to reach Social Security were left to dial and redial in the hope of getting through to the newly established telephone service centers.

In the face of these problems, SSA has increased staff modestly in the last few years, but the budget has been an important constraint. Given past staff cuts, it isn't a foregone conclusion that additional staff cuts are appropriate.

#### Need for Customer Driven Solution to Problems

A typical example of the current state of customer service is a letter our organization received just this week from Mr. Don Young of Encino, California. Mr. Young provided all pertinent information and asked a straight forward, simple question: "How much will my wife receive as a widow benefit if I predecease her?" Nine months ago he wrote an essentially identical letter to Social Security. In acknowledgment of his inquiry, he was sent a post card stating he would receive an answer after the question was researched. He is still waiting.

When Mr. Young was telephoned to ask permission to use his letter in this testimony, he recounted another experience.

Last February he visited his local Social Security office for only one purpose. His step-mother had died in late January. He wished to report her death and return her February 3 check. Without being given even a brief opportunity to state why he was there, he was instructed to take a number and sit down. Forty-five minutes later, he again approached the desk to ask couldn't he just return the check. Before he could say a word, he was curtly told "We didn't call your number." He went to the guard and asked if there wasn't some way to circumvent the number system and return the check. The guard provided Social Security's 800 number. Mr. Young left the local office, called the 800 number and was given an address for return of the check. He received no acknowledgment, but concluded the report of death must have been recorded since no additional checks arrived.

Neither of Mr. Young's experiences represents government at its best

Nor does the current state of disability determinations and redeterminations represent acceptable customer service. There is a new case backlog of over half a million pending claims with cases routinely taking three months for an initial decision. A problem of equal severity is the over one million case backlog of continuing disability reviews. The integrity of the Social Security Disability Insurance system is impugned when persons who have recovered from their disabilities remain on the benefit rolls. The public becomes incensed when they witness these cases and they question the validity of the Disability Insurance program.

The National Committee is not in favor of a new round of reviews resulting in the kind of massive benefit terminations that occurred from 1981 to 1984. But an accumulation of unprocessed disability review cases lays the groundwork for a recurrence of that travesty. That is a major reason why review of disability claims should be routine and ongoing.

Another important reason, of course, is that the failure to review claims in a timely manner results in the payment of inappropriate benefits. If nothing is done to reduce the disability review backlog, the loss to the Disability Insurance trust fund is estimated to be \$4 billion between now and 1999. This is an example of how employing sufficient additional staff to timely process the workload could be cost effective.

Requiring newly disabled individuals to endure excessive waits for benefits while not reviewing the claims of persons likely to have recovered is unacceptable service both to customers and to taxpaying individuals still in the work force.

The 800 number, on the other hand, can provide not just acceptable service. It can provide superior service as long as Social Security understands that both 800 number and local office service are essential to quality customer service.

A major mistake occurred when the 800 number was implemented nationwide. SSA unfortunately attempted to rely on the 800 number as a substitute for direct contact with local offices. That was an inadequate and unfortunate assumption.

Some individuals have no problem conducting the majority of their Social Security business by telephone. However, persons with hearing impairments may find it impossible. Others may be reluctant to file a claim by telephone. When it comes to revealing personal details of their lives, many of Social Security's customers want face to face service and, if they have follow-up questions or concerns, want to talk to the person in the local office they have come to know and trust.

Public service announcements of the 800 service appeared to have created a new service demand. As more and more callers attempted to use the service, busy signals became a constant problem. In response, SSA depleted local office staffs of essential personnel by instituting intra-agency transfers. More callers got through to the 800 number, but they were increasingly at risk of receiving wrong answers because tele-service representatives were put on the job before they were adequately trained. With the loss of additional front-line staff, waiting times for local office service grew ever longer. It became a vicious circle of declining service, reduced staff morale and, in many instances, resignation of front line workers whose workload became overwhelming and frustrating because they could not devote adequate time to the individual in need of service.

This subcommittee has rightfully insisted on the restoration of local office addresses and phone numbers. Local office lines will remain essential. The 800 number also has become an essential service. More aggressive public education efforts might deflect some 800 calls, but sixty million callers last year testify to public acceptance of the 800 number for answers to routine, non-urgent questions about Social Security. Nevertheless, telephone service is not universally acceptable for conducting all Social Security transactions. That, too, can be verified by callers to the 800 number. More than ten percent of 800 number calls were for information on how to reach a local office.

A retired worker filing a claim for Social Security benefits could receive more than \$100,000 over his or her lifetime. Ask yourself this question: Can you imagine managing a financial organization and permitting telephone completion of an application that could result in \$100,000 paid out to an individual? I think not.

A customer driven Social Security Administration will determine the diverse needs of its clients and find a way to accommodate them. Only then will it be prepared to deliver service equal to the best that business offers and that government should offer in an exemplary manner. Social Security can indeed reinvent government, but it must have leaders who understand the needs of its customers and who have sufficient administrative funds to accomplish SSA's mission. SSA has a special responsibility because there is a lifetime covenant between the worker and government. In return for contributions, the government has promised to pay correct benefits in a timely manner.

Chairman JACOBS. It looks like it is all sealed up.

Mr. Bunning.

Mr. BUNNING. I want to thank you for your testimony and thank you for the plug for the independent agency. We have got a vote on, Mr. Chairman, and I am going to go to vote.

Chairman JACOBS. Mr. Reynolds?

Mr. REYNOLDS. No questions right now.

Chairman JACOBS. Mr. Pickle, did you ask your questions?

Mr. PICKLE. Not yet, I have been quiet all morning.

Mr. Chairman, the National Performance Review Commission Report is a very able document, and if we can carry it out we can save a lot of money, but if we don't do it, we are going to be laughed at again. That document doesn't make many specific recommendations about Social Security I don't think, but it does cause Social Security to take an inward look at their own operations. We have got to make some changes and we ought to do it of our own volition.

Now, there are a lot of areas where I think we can do it, but there are two areas it seems to me we ought to concentrate on in this program, and one is the disability program. We know that we are being swallowed up in numbers. That doesn't have to be. We can increase personnel and we can change the way we are doing business.

I noticed, Mr. Kress, you testified, made some very valuable suggestions, and I am impressed with the fact that your State doesn't have a big backlog on disabilities like a lot of others, because you do something about it. There is no excuse in the world that we would have nearly a million people backlogged in the disability program.

It seems to me like we ought to have more staffing. We ought not to rely on computerization only, and we ought to change the way we are doing business. For example, with CDRs, I don't know whether we can put a limitation on the number of years a person gets benefits without a reevaluation, one year, two years, three years, but we do know that now once they get on disability they stay a lifetime.

Mr. KRESS. That is right.

Mr. PICKLE. Because very few people come in and say I believe I am working again, I want you to take me off disability. They just don't do it. Human nature is such that that is not happening. We must resume the CDR process, and I think that is absolutely necessary, and I think that some of the States ought to be given a chance to redo the way they are considering these cases, such as the face-to-face interview.

Would you, Mr. Kress, approve the face-to-face interview?

Mr. KRESS. I don't think there is any question that if you start the process off, having a face-to-face interview with the claimant right at the beginning, if you encourage them to bring in the medical evidence with them and you had a trained person dealing with them right at the start, maybe a third or more of those people you could allow them benefits that day with the evidence you had in your hand after interviewing them. That would be a positive change for the public.

Mr. PICKLE. I think it would, too, but I think we ought to have some proof of it. I am hoping some States, particularly mine, have a demonstration to show that that can be done, but the area of disability determinations has got to be changed.

The other area I think, Mr. Chairman, ought to be given consideration is what is happening in the SSI program. I am told the biggest cost we have now, the biggest growth of all is the combination of SSI and disability. They get on SSI, mainly through mental impairment or whatever, and then after a time, if they choose, and many of them do, they go for disability, and many of them get both.

Now, if that is the biggest growth we have got in the whole program, we ought to give some attention to it. I just think we ought to concentrate on that. I think some attention should be given to both disability and SSI.

I want to suggest that we look into that in the future, Mr. Chairman. Thank you.

Mr. REYNOLDS. Mr. Chairman, I just had a really quick question for Mr. Richtman.

Mr. Richtman, as involved in an organization that represents an awful lot of people across this country, do you have any estimates as to how many additional personnel will be needed to adequately address the current shortfall in the public service positions from your membership?

Mr. RICHTMAN. I can supply that for the record, but just to followup, and it is in response to your question as well, Congressman Pickle, the National Performance Review suggests that \$4 billion could be saved in speeding up the disability review process, but there is nothing in there about how much it would cost to have adequate staff to, in fact, speed that up. And there are estimates that it would cost about \$2 billion to take care of that backlog.

It takes about \$1,000 per case on average. There are some good ideas and some pretty good numbers on savings in the performance review proposal, but there isn't any funding in this specific case on disability. To think that Social Security could just absorb that \$2 billion is a big mistake because they have already absorbed too much, and reduced staff by 17,000, as has been discussed earlier.

Mr. REYNOLDS. Thank you, Mr. Chairman.

Chairman JACOBS. Thank you. And we thank the panel for your contribution to the record.

This concludes the hearings, cha-cha and off.

[Whereupon, at 12:05 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

## ASSOCIATION OF ADMINISTRATIVE LAW JUDGES, INC.

November 2, 1993

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Mr Chairman

The Association of Administrative Law Judges, Inc. [Association] is a recognized professional association having the stated purpose of promoting due process hearings for adjudication of controversies with the Social Security Administration [SSA] and the Department of Health and Human Services. This statement is presented by the Association and not by any individual administrative law judge.

The primary topic for the hearing recently before you related to the effort to "reinvent government" at SSA. Several issues were raised within this subject and this statement will concentrate on recommending proposals to avert the crisis in the disability program.

During the past several years, the Association has consistently maintained that the SSA disability process is systemically flawed. The Association has further maintained that the problems have a historical basis which relates back to both poor agency management and faulty program decisions, and that the current increase in disability claims has brought these problems to the surface. These problems can be addressed only by substantive structural changes which protect the due process rights of the claimants as well as the public, as provided by the Administrative Procedure Act. The Association has addressed these issues in a statement prepared for the National Performance Review. A copy of that statement is attached hereto as Exhibit A.

The Association remains willing to cooperate with the Committee in any way you deem necessary.

Very truly yours,

*Ronald G. Bernoski*  
Ronald G. Bernoski  
Vice President *cmw*

ADMINISTRATIVE LAW JUDGES, INC.  
STATEMENT OF THE ASSOCIATION OF

EXECUTIVE SUMMARY

The operation of the nation's Social Security program is in disarray. In the case of the disability system, which is administered by the Social Security Administration [SSA] and disburses billions of dollars in benefits, pressure on the system is driven by the burgeoning caseload of claimants seeking benefits. Next year, 840 administrative law judges (hereinafter "ALJs" or "judges") are expected to receive 500,000 new requests for hearing on claims already twice denied by the agency, with no new resources to cope with the increased caseload. The system for claims adjudication is antiquated, inefficient and legally inconsistent.

Congress has enacted an excellent program which the agency has chosen not to implement, or has simply undermined. The current crisis arises directly from two factors: first, the agency's unwillingness to follow the law, and second, mismanagement of the hearings process. The current structure of the federal benefits system is unnecessarily multi-layered, cumbersome, and unable to provide proper service to the public. At the hearing level, judges have no input in terms of management of personnel and operational resources, resulting in frustration of the independent judicial function. Standards for determining eligibility vary from one adjudicative level to another, and vary geographically as well, resulting in unequal treatment in what purports to be a nationwide program. The agency is constantly at odds with the judges who adjudicate appeals from claims it denies, and tries by various means to control the judges, primarily by control of staff and resources.

We propose that the system of claims adjudication be entirely overhauled. We submit that the current crisis cannot be remedied unless two events occur: first, that the agency be required to follow the law at every level of claims adjudication, and second, that control of the hearing process be restored to the judges. We therefore make the following recommendations:

RECOMMENDATIONS TO REFORM SSA DISABILITY BENEFITS SYSTEM

A Fundamental changes in the adjudicative process

1. Passage of the "Reorganization of the Federal Administrative Judiciary Act"<sup>1</sup> to accomplish economies of scale, eliminate layers of management, ensure the independence of adjudicators from improper agency influence, and streamline the personnel structure by replacing it with an efficient system with a lower supervisor-to-staff ratio.
2. Increase the number of judges to a level sufficient to meet the current workload crisis, together with adequate support staff.
3. Require the agency to adhere to all provisions of the 1984 Social Security Disability Reform Act, in particular those requiring uniform standards of adjudication at all determination levels. It is the failure of the agency to follow the law at the first two levels of adjudication [initial and reconsideration at DDS] that puts the system into inevitable breakdown.
4. Require the agency to discontinue inconsistent policies which impact adversely on the hearing process.
5. Improve the quality of appellate review of ALJ decisions, to provide for decisions of precedential value and thus a uniform system of disability law.

B Fundamental changes in the disability program

6. Fund and require the agency to perform continuing disability reviews to assure that only those who remain eligible continue to receive benefits.
7. Require the agency to implement and monitor meaningful substance abuse rehabilitation programs, as well as representative payee programs.

<sup>1</sup>Now pending in Congress: S. 486 and H.P. 2586.

8. Require vocational rehabilitation in cases where such rehabilitation is likely to result in a productive work life for a claimant [e.g., those whose condition is expected to improve, or who are disabled by vocational factors rather than at "listing" level severity]

9. Reconcile the provisions of the Americans With Disabilities Act with those of the Social Security Disability Act.

#### C. Procedural changes in adjudication<sup>2</sup>

10. Begin constructing the hearing file at the DDS level, and eliminate redundant documents before hearing

11. Implement face-to-face interviews at DDS

12. Eliminate the reconsideration determination

13. Implement meaningful alternative dispute resolution [ADR] measures pre-hearing and make better use of the legal talents of staff attorneys

14. Close the evidence after the ALJ hearing

15. Streamline the decision writing process by, for example, providing for oral decisions from the bench; entry of minute orders, or authorizing judges to order claimant's counsel to prepare a proposed decision in cases where the claim is approved

### DISCUSSION

#### A. Current Organization

The current field organization of the Office of Hearings and Appeals [OHA] of the Social Security Administration [SSA] consists of approximately 840 administrative law judges [ALJs] who are located in approximately 140 hearing offices throughout the nation. SSA administrative law judges are delegates of the Secretary of HHS appointed pursuant to the Administrative Procedure Act as independent adjudicators. The current head of OHA is an Associate Commissioner appointed by the Commissioner of SSA. In brief, OHA's current organizational structure consists of

Central Office	Office of the Associate Commissioner, and Office of the Chief Administrative Law Judge
Regional Offices	Ten separate regions throughout the country that correspond roughly to the eleven federal circuit courts of appeals. Each region consists of a regional chief administrative law judge and staff.
Hearing Offices	140 on-site field offices consisting of judges, who conduct hearings and decide cases, and support staff. Each hearing office is managed by a chief judge and office manager.

Other associated entities are (1) the disability determination services [DDS], which are SSA field offices within each state that adjudicate the claims initially and on reconsideration, and (2) the Appeals Council, which is the Secretary's administrative appellate body and is located in Central Office. The Appeals Council reviews cases on appeal from administrative law judge decisions and makes certain policy determinations.

#### B. Nature of the work

The majority of OHA's work concerns claims for disability benefits under the insured portion [Title II] of the Social Security Act or under the supplemental security income [Title XVI] provisions of the Act (42 U.S.C.). The ultimate issue in a disability matter is whether the individual claimant suffers from a medically determinable impairment that renders him or her incapable of substantial gainful activity for a period of at least 12 months. To answer this question, a five-step sequential evaluation process has been promulgated for application at all levels of administrative adjudication (20 CFR 404.1520 et seq).

<sup>2</sup>Some of these recommendations have already been proposed by OHA. Only the ADR has been actively pursued.

Such a claim may undergo as many as four levels of administrative review

- 1 An initial determination by disability examiners at DDS. If the claim is denied at this level and appealed, it undergoes
- 2 A reconsideration determination by different disability examiners at the same DDS office. If the claim is denied at this level and appealed, it undergoes
- 3 A formal hearing held by an administrative law judge, who issues a decision that may become the final decision of the Secretary. If the claim is denied at this level and appealed, it undergoes
- 4 Review by the Appeals Council. A decision of the Appeals Council may be challenged by a complaint in the federal district court.

Current data indicate that few claims denied by DDS at the initial review are changed on reconsideration by DDS. In contrast, approximately 75% of those claims appealed from the DDS reconsideration denial are granted by the administrative law judge. Systemic problems explain this disturbing disparity, an issue addressed below.

In FY 1992 OHA had a record year: it received approximately 391,000 requests for hearing. These numbers continue to increase and the projections for FY 1993 extend to nearly 500,000 requests for hearings which further stresses the capacity of OHA to meet this work load. During this same period no additional administrative law judges were hired and there were fewer support staff on duty. In October 1991 there were 860 ALJs on duty, this number had decreased to 819 by February 1993 and only recently rose to 840. During this same time period, the field staff has declined from 4,256 to 4,094 persons. Given that OHA is the hearing level adjudicative arm of SSA, its work is labor-intensive and any reduction in personnel has an immediate impact on its capacity to hear and decide cases. The immediate result is delay for people claiming benefits.

As we explain in further detail below, the judges have continually risen to the challenge of confronting the tidal wave of hearing requests. However, the recent unprecedented increase in hearing requests raises alarms. The agency knows how many disability claims are filed, how many are denied by DDS, and what percentage is appealed.<sup>3</sup> As the onslaught of work has continued, OHA has consistently asked the agency for funds for more judges, more staff, and more resources. Yet most of these requests have been denied. To our knowledge, the agency did not allow OHA to testify when it (the agency) asked for a \$300 million budget supplement in the March 1993 hearing on the President's Stimulus and Investment Proposals Affecting SSA, before the Subcommittee on Social Security of the House Ways and Means Committee. Indeed, OHA now operates with skeletal resources.

Additionally, the pressure of the burgeoning caseload has resulted in such concern in the bureaucracy that the highest priority is to dispose of cases quickly and get them out of the way, whether the decisions are right or not is secondary. As a result, many judges feel tremendously pressured to issue large numbers of decisions. Judges are trained to issue decisions that are factually and legally sufficient. Production demands such as those now being imposed by the agency make it impossible to issue a high quality product that is fair, just, and sustainable in the federal courts. Not only is this state of affairs disheartening to the judges, the public and the people claiming benefits deserve better.

Data from the Appeals Council fluctuate depending on which era one wishes to study. In the past, the Appeals Council and the agency, particularly during the 1980's, targeted decisions favorable to claimants for scrutiny. In later years, as the agency struggled with the decisions in the federal courts and the conflict such decisions created with agency policy, the Appeals Council targeted unfavorable decisions, often in an effort to "educate" administrative law judges by remanding cases for re-adjudication in

<sup>3</sup>In 1992 SSA received 1.8 million applications and initially allowed only 42%. Of the 58% denied (1.1 million), 48% (505,000) appealed. On reconsideration 17% (86,000) additional claims were granted and 83% (420,000) were denied. Seventy percent (294,000) appealed to the ALJ level. Forty percent of all claimants (721,000) dropped out before a hearing (595,000 before, and 126,000 after reconsideration). 1992 Green Book, H.R. Committee on Ways and Means, Overview of Entitlement Programs (May 15, 1992), p. 61.



accordance with policy while ignoring the time-honored "substantial evidence test." The latter program increased the case backlog.

### C. Adjudicative Standard[s].

The agency guidelines for disability adjudication at the initial and reconsideration levels are set forth in the Program Operations Manual [POMS]. In contrast, administrative law judges apply legal principles to disability claims, and thus are guided by statute, regulation and case law. These standards are not consistent and frequently lead to different results on the same fact situation.

More often than not, the inconsistency between the two standards is not reconciled. For example, in the last decade, the federal courts have established important rules concerning adjudication of pain; evaluation of treating physicians' opinions, and the viability of substance abuse as a disability. These standards are not employed at the DDS level. As a result, the DDS determinations often require reversal by the administrative law judge. It is this difference in standards that accounts for much of the backlog at OHA and the high rate of reversal of DDS decisions by administrative law judges.

### D. The need for reform in the OHA administrative process.

SSA/OHA and its administrative law judges have a decades-long legacy of conflict. This conflict was exacerbated in the early 1980's, when the then-new administration instituted draconian efforts to reduce the disability rolls, often terminating benefits without a hearing. SSA administrative law judges, applying constitutional and legal principles to disability claims, responded by reinstating thousands of claims. This tension between the "program" side of the agency and the "due process" side of the agency led to the infamous Bellmon review which led Congress and the federal courts to take action protecting claimants.<sup>4</sup>

That tension remains unresolved to this day. For example, with the alarming increase in disability claims, the agency's current agenda is to process claims quickly. In short, its primary goal is for judges to handle cases quickly, in volume, and in so doing to adhere to the "program" or "pooley" established by the agency. As one can see from the American court system throughout the land, due process is, however, inherently time-consuming, oriented to individual rights and needs, and not as expedient as agency managers would wish. This is as true in administrative agency adjudication as it is in any court system. Thus, the need for speed and policy necessarily conflicts with the need to assure due process for each person appealing from denial of benefits.

The ALJs and support staff of OHA have a long and proud history of hard work and service to the public. In 1975 the average number of dispositions per administrative law judge per month was 16. The staffing ratio was 2.9 employees per judge. In FY 1992 the average per judge disposition was 36.6 with a staff ratio of 3.35 per judge. This evidence shows that the judges have increased their dispositions by 128% while the staffing ratio has increased by only 15.5%. It further shows that the judges have increased their dispositions by 725% more than the increase in staff. This is a remarkable performance especially in view of the fact that the cases have become far more complex, more voluminous, require the use of more experts, have more lawyers appearing and are more time consuming. This performance represents a tremendous public service and contribution to the administration of justice. It demonstrates that the corps of administrative law judges and support personnel of OHA are motivated by the highest professional standards. But the time has now come when more production cannot be squeezed from the judges.

A historical review of OHA clearly establishes that the root cause of the conflict between the agency and its administrative law judges results from the agency's inability to accept the concept of independent administrative adjudication, as provided in the Administrative Procedure Act [APA]. This conflict and controversy is well documented. Congressional hearings in 1975, 1979, 1981, 1983 and 1988, numerous federal court decisions, the recent study completed by the Government Accounting Office [GAO], and the report of the Federal Court Study Committee have clearly established that the problems are systemic. These congressional hearings, decisions and reports have demonstrated that historically the agency has lacked an appreciation for the role of administrative law judges as independent decision makers within the agency. The GAO report specifically found low morale among the administrative law judges as well as the support staff. The background materials for the Federal Court Study Committee stated, "Such tension is inevitable in a system which houses supposedly independent adjudicators within a misoriented department."

<sup>4</sup>The inevitable result was a body of caselaw that varies from circuit to circuit.

In 1983 the Subcommittee on Oversight of Government Management of the Committee on Governmental Affairs in the United States Senate conducted a hearing which inquired into the role of the administrative law judge in the Title II Social Security Disability Insurance Program (S. PRT 98-111). The Committee issued its findings on September 16, 1983. The principal finding of the Subcommittee was that the agency was pressuring its ALJs to make decisions approved by the agency.

The Committee further found that the agency was increasing the rate at which administrative law judges were expected to decide cases (the disposition rate), thereby reducing the quality and quantity of time that an administrative law judge had to devote to each case, and further lessening the opportunity for the judge to develop additional evidence. The conclusions of the Committee are set forth in part as follows:

"The APA mandates that the ALJ be an independent, impartial adjudicator in the administrative process and in so doing separates the adjudicative and prosecutorial functions of an agency. The ALJ is the only impartial, independent adjudicator available to the claimant in the administrative process, and the only person who stands between the claimant and the whim of agency bias and policy. If the ALJ is subordinated to the role of a mere employee, an instrument and mouthpiece for the SSA, then we will have returned to the days when the agency was both prosecutor and judge."

In the case of Association of Administrative Law Judges, Inc. v. Heckler, 620 F. Supp. 1123 (1984), the Court found that the Social Security Administration had implemented the Bellmon Review Program in a manner that pressured judges to issue fewer allowance decisions. The Court stated as follows:

"The evidence, as a whole, persuasively demonstrates that the defendants retained an unjustifiable preoccupation with allowance rates, to the extent that the ALJs could reasonably feel pressure to issue fewer allowance decisions in the name of accuracy. While there was no evidence that an ALJ consciously succumbed to such pressure, in close cases, and, in particular, where the determination of disability may have been largely on subjective factors, as a matter of common sense, that pressure may have influenced some outcomes

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In sum, the Court concludes, that defendants' unremitting focus on allowance rates in the individual ALJ portion of the Bellmon Review Program created an untenable atmosphere of tension and unfairness which violated the spirit of the APA, if no specific provision thereof. Defendants' insensitivity to that degree of decisional independence the APA affords to administrative law judges and the injudicious use of phrases such as "targeting", "goals" and "behavior modification" could have tended to corrupt the ability of administrative law judges to exercise that independence in the vital cases that they decide."

The recent report of the Federal Courts Study Committee addressed the problems in the Social Security Administration Hearing System. The report stated as follows:

"Recent experience suggests that the process is vulnerable to unhealthy political control. The Social Security Administration has made controversial efforts to limit the number and amount of claims granted by the administrative law judges, leading to widespread fears that the judges' proper independence has been compromised. (And the Appeals Council of the Social Security Administration lacks even the protection that the Administrative Procedure Act gives the administrative law judge.)"

In a study titled Judges, Bureaucrats, and the Question of Independence, D. Cofer demonstrated that management-minded bureaucrats and APA judges cannot live under the same roof and that the current situation is a disservice to the American people.

It should be noted that even the Department of Health and Human Services has questioned the wisdom of having the judges employed by the same agency whose cases they decide. In a May, 1981 Management Oversight Review Report on the Office of Hearings and Appeals and the Social Security Administration, the Office of Inspector General found that the appeals process could be more effectively located outside the Social Security Administration. The report highlighted the appearance of impropriety.

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and the incongruity in having one arm of the Social Security Administration making the basic eligibility determinations in cases while the Office of Hearings and Appeals arm of the Social Security Administration adjudicates that decision. It went on to question the wisdom of putting the Office of Hearings and Appeals under the direction of an Associate Commissioner because the Social Security Administration staff controls the resources, space, equipment and supplies of the Office of Hearings and Appeals which, if restricted, could indirectly control the number and quality of the hearings held.

The fundamental problem in the Office of Hearings and Appeals, as currently constituted, is that the responsibility and accountability for the entire hearing and decisional process is placed upon the individual administrative law judge, yet the judge has been given no authority to carry out this mandate. Some years ago, a "managerial" decision was made to take away from the administrative law judge all supervisory authority over hearing office support personnel, including staff attorneys, decision writers, clerical support staff and typists. The result of this office configuration is that administrative law judges have no power to expedite the work or assure that it is done correctly. Authority for case control, resource improvement and management has been given to an ever enlarging group of non-legally trained bureaucrats who have no understanding of the concepts underlying the Administrative Procedure Act or the concept of administrative due process. With respect to the current parallel rather than cooperative system of management, we experience staff who are not supervised by judges but by others, who assess their performance. Thus, many times judges make requests only to find that they have been countermanded or ignored by staff. Judges in some offices find that staff attorneys are ignoring their instructions in drafting decisions, resulting in much lost time while the judge makes the appropriate corrections. The judges have become demoralized, especially with the added pressure to issue a large volume of cases, because of their frustration in trying to assure that their work gets done appropriately. In many offices, this has resulted in numerous unhealthy byproducts which undermine the ability of the judges to do the work they are hired to do: confusion, improper priorities, delay, lack of communication. At the least, a work product of lesser quality for this agency has resulted in more remands of decisions and a longer processing time for claimants.

OHA also currently experiences much waste due to poor hiring practices, poor use of professional and staff personnel, and inexplicable travel policies. For example, in response to a GAO recommendation in 1989, the agency hired 200 new judges in 1990 and 1991. However, they were not placed in offices according to workload needs. Rather, some new judges went to offices that were already adequately staffed, and therefore when they arrived, they had insufficient work at that locale; while other offices did not get the judges they needed. As a result, judges from the overstaffed offices were and continue to be sent traveling nationwide, at considerable cost to the public, to address the backlog in those areas that need help. Another example is that currently, because in many offices staff respond only quixotically to judges' requests, many judges type their own correspondence and envelopes and do their own xeroxing. This is a poor use of professional personnel, who receive a much higher salary than clerical staff, and thus the cost of clerical work performed by a judge is a waste of taxpayers' money.

OHA has thus been plagued for over a decade with an inefficient management system. This situation has resulted in a bloated bureaucratic structure consisting of multiple, duplicative, administrative layers that respond to a centralized control process. This organization has created a network of Regional Offices which micromanage the field offices, which also have a local management team. The only function of the Regional Offices is to act as a funnel for actions from Central Office, an unnecessary function because modern communication systems permit Central Office to correspond directly with the field offices. The existence of these management practices has been documented by the 1991 Process Review Report of OHA that was prepared by SSA. This report concluded, in part, that OHA employees receive considerably less training and fewer career development opportunities compared to other organizations within SSA. OHA is faced with a variety of personnel and staffing-related problems, and the facilities, equipment and furniture for OHA offices are not always conducive to high quality work. That the hearing process is held in such low esteem by the agency is illustrated by the fact that many OHA field offices are just now getting fax machines installed, and the fact that they are just now getting computers, the first of which are assigned not to the judges or attorneys who issue decisions, but to the bureaucrats who issue reports to headquarters.

With respect to micromanagement, SSA has of late been using the term "Total Quality Management." Actual experience shows that while the agency and OHA employ the term "Total Quality Management," they do not in practice understand or implement its principles. The essence of Total Quality Management is horizontal involvement of the work force, with consequent investment and empowerment of each employee. This principle is completely at odds with the goals of control and micromanagement now present within OHA. The result has been an expression in favor of Total Quality Management, without any overt attempt to implement the system.

In addition, OHA has been impaired by inconsistent policies of other branches within SSA which have impacted upon its ability to perform efficiently. As an example, the recently instituted Quality Assurance Program has created an elaborate 22 page checklist to review ALJ decisions, which are themselves frequently much less than 22 pages in length. Twenty-five judges have been taken from their judicial duties to perform quality assurance review, another inroad on our ability to adjudicate the backlog of claims pending. At the same time the SSA Workgroup on OHA Workload Issues has suggested that, in view of the caseload crunch, judges issue short-form decisions and "limit editorial changes to initial draft decisions." The Office of Human Resources of SSA is simultaneously implementing a program which replaces OHA attorney decision writers with non-attorney writers. Thus, while appearing to demand a high quality legal product, the agency denies its judges the resources to meet the demand. Inconsistent policies of this type, of other branches within SSA, impact upon OHA in an adverse manner which is wasteful and inefficient. These practices result in a poor quality work product, a waste of resources and delay for claimants.

The judges have fought a long and hard fight to assure the integrity and impartiality of the administrative hearing process. During the 1980's, when SSA adopted a program which attempted to systematically deny many Social Security claimants administrative due process, the ALJs were the sole force in the agency that stood up against this program and protected rights of the people appearing before them. The American Bar Association [ABA] subsequently issued a commendation to all ALJs in SSA for this public service. The award stated as follows:

Be It Resolved, That the American Bar Association hereby commends the Social Security Administrative Law Judge Corps for its outstanding efforts during the period from 1982-1984 to protect the integrity of administrative adjudication within their agency, to preserve the public's confidence in fairness of governmental institutions, and to uphold the rule of law

We submit that SSA has not sufficiently supported the APA-protected due process hearing rights of claimants. The SSA judges could not have performed their past heroic public service without APA protection. The need to continue a strong and independent judiciary protected in fact -- not merely in theory -- by the APA is more important today than ever. The agency seems intent on establishing a disability program without independent adjudicators.<sup>5</sup>

The need for systemic reform in the SSA hearing process is apparent. Legislative reform is necessary to provide the claimants with an administrative hearing system that meets the constitutional requirements of a fair hearing.

#### E Recommendations

The Association of Administrative Law Judges therefore recommends that the SSA disability hearing process be reformed by adopting the following changes which in many situations will result in monetary savings and reduce claimant delay:

1. Adopt the Reorganization of the Federal Administrative Judiciary Act. This Act will reorganize the administrative judiciary into a unified corps of ALJs independent of the agencies, and will promote independence, efficiency, productivity, the reduction of administrative functions and provide economies of scale to better serve the public in the resolution of disputes. This

<sup>5</sup>In June 1993, an Update on Social Security Administration's Planning Process And Implementation of The Strategic Priorities set forth the following timetable for establishing a hearing process without APA due process protections:

#### FY 1993

Develop proposal for statutory and/or regulatory change to allow the use of case adjudicators other than ALJ for Medicare Part B cases.

#### FY 1994

Revise policy and procedural material and establish senior staff attorney position with magistrate authorities. Make recommendations on expansion of the use of senior staff attorney adjudicators in titles II and XVI cases and Medicare A cases.

#### FY 1995

Develop proposal for statutory and/or regulatory changes to allow the use of case adjudicators other than ALJ's for title II and XVI and Medicare Part A cases.

reorganization is required because the nature of administrative hearings has changed. The hearings now resemble Article III court actions with most respondents represented by skilled counsel. This is a change from the classic agency licensing and rate-making model. This development requires a new system that will provide due process for all parties, without agency interference, without inconsistent policies, and without misuse of resources and personnel. This change creates the forum needed by this new imperative. Preliminary figures from the Congressional Budget Office suggest the Act will result in tremendous cost savings.

2. Increase number of judges and support staff The increase in caseload can partially be addressed by returning the SSA judges corps to its 1980's size of 900 judges together with adequate support staff -- not supervisors but persons who work on cases. This increase in personnel will provide OHA with the ability to reduce the processing time for claimants by handling the cases in a timely manner.

3. Implement Social Security Benefits Reform Act of 1984 This Act directed the Secretary to establish by regulation uniform standards to be applied at all levels of determination, review and adjudication in determining whether individuals are under disabilities. This mandate has not been implemented. Our best estimate is that if the agency required the same standard at every level of adjudication, as required by the 1984 Act, the beneficial results would be enormous: (1) deserving claimants would be paid earlier, (2) there would be a 30% to 40% lower appeal rate to the hearing level, (3) there would consequently be no backlog as we see now, and (4) the reversal rate at the administrative law judge level, rather than being at 70-75%, would decline to approach that of a true appellate system.

4. Discontinue inconsistent policies within SSA Inconsistent policies of other branches within SSA must be discontinued. These policies have adversely impacted upon the ability of the judges to function efficiently and have resulted in lesser work product and claimant delay.

5. Improve quality of appellate review of ALJ decisions The quality of appellate review of ALJ decisions at the Appeals Council level should be improved to provide for a system of written opinions with precedential value. This change will create a system of law that is national in scope instead of the present patchwork process. The disability law will then have consistency which will provide predictability and reduce the number of cases that are now remanded after appeal. If the quality of appellate review of the Appeals Council can not be improved, it should be abolished.

6. Reinstate continuing disability reviews The agency labors under a crushing volume of claims, without adequate staff to monitor the progress of any one claim. We are particularly concerned that claimants continue to be paid for years, often due to the fact that the agency lacks personnel to review the case, update the facts, and determine whether the condition continues to be disabling. Judges often, in granting claims, request review in a 12 to 24 month period, but these reviews are not actually done. Despite the initial cost in personnel time, we believe the investment in personnel will ultimately result in considerable cost savings to the people of the United States. It should result in returning some claimants to a productive life. We are concerned that given the finite resources of the disability trust fund, those funds must be preserved for truly deserving future claimants, and not exhausted simply because the agency cannot review the cases.

7. Substance abuse rehabilitation Largely because of court decisions and developing medical principles, the Secretary recognizes that substance addiction may be disabling in and of itself. While the disability program mentions the need for rehabilitation, many substance abusers end up receiving benefits but no treatment. Not only is this distasteful to the public; more importantly, the government often ends up funding at least a portion of the drinking or drugging of claimants. We recommend funding of a meaningful drug and alcohol rehabilitation program, with strong requirements for attendance, possible time limits for receipt of benefits, and close supervision and review of the claimant's disability. It is also imperative to monitor the representative payee program.

8. Reinstate vocational rehabilitation We further recommend funding of a meaningful vocational rehabilitation program. Many claimants over time assume what is commonly known as a "disability conviction," a state of mind wherein one presumes he/she cannot be productive. Certainly the receipt of disability benefits without an accompanying rehabilitation program reinforces that state of mind, and the downward spiral it engenders. We are strongly convinced

that investment in vocational rehabilitation, followed by actual productive trial work, would ultimately benefit not only the claimant but society in general.

9. Reconcile the statutes. We also recommend that the interplay between the Americans with Disabilities Act [ADA] and the Social Security disability program. The ADA envisions that, at considerable cost to employers, accommodations be made for the handicapped so that they can be put to work. Yet the disability program finds many handicapped individuals disabled who would otherwise be employable with accommodation required by the ADA.

10. Start constructing the hearing file at the DDS level. At the present time a new file is created at each level of the disability process. This inefficient method should be replaced by a system which adds exhibits to the disability case file at each succeeding level. This initiative will save substantial worker hours and money at the OHA level.

11 and 12. Implement a face to face interview at initial determination level. The interview should be informal and accessible to claimants. A uniform adjudication standard should be used. The appeal to reconsideration at the DDS should be abolished because of the ineffectiveness of the review at this level in the past. This change will reduce the number of requests for hearings at the ALJ level.

13. Alternative dispute resolution. We recommend broadening the means of resolving claims pre-hearing, and expanded use of the legal talents of our staff attorneys. The goal should be to identify meritorious claims, grant them without a hearing [and thus earlier], and free up judge time for for difficult cases. Other possible means of pre-hearing resolution could include a summary judgment provision when the issues are entirely legal and facts not in dispute.

14. Close record after ALJ hearing. The evidentiary hearing record should be closed after the ALJ hearing is completed. An exception should be provided for unrepresented claimants and for newly discovered evidence. This change will encourage attorneys to be more diligent at the hearing and will avoid the numerous remands for evidence first presented at the Appeals Council or district court level. It will also develop a doctrine of administrative finality, reduce the hearing caseload, reduce claimant delay and save money.

15. Streamline OHA decision writing process. In cases where the claim is approved, the judge should have authority to issue minute orders, rule from the bench, and/or order the claimant's attorney to prepare a proposed decision for the judge's consideration. The psychiatric review technique form data and attorney fee order should be eliminated and simply incorporated into the ALJ decision, reducing the requirement from three forms to one for each written decision. These changes will save substantial worker hours and money at the hearing level.

RESPECTFULLY SUBMITTED this 26th day of August, 1993

**TESTIMONY OF ROBERT BURGESS  
PRESIDENT, NATIONAL ASSOCIATION OF DISABILITY EXAMINERS**

CHAIRMAN JACOBS AND SUB-COMMITTEE MEMBERS:

My name is Bob Burgess, and I am the President of the National Association of Disability Examiners. On behalf of our Association, I am pleased to offer comments on the subject of "Reinventing the Social Security Administration."

We would like to comment briefly on President Clinton's initiative to re-invent government. We believe that this effort is fortuitous for the Social Security Administration. It is difficult to believe that the escalating workloads and accelerating cost coupled with deterioration in the amount and quality of service during the past several years is amenable to anything less than a fundamental restructuring. MADE joins other Americans in advocating cutting unnecessary spending and measuring the success of government programs in terms of customer satisfaction. It recognizes that budgets based on service outcomes represents the responsible management approach. We have a particular interest, however, in that aspect of re-inventing government which calls for the empowerment of employees. We have been a long time advocate of allowing disability examiners to make those decisions which they can accurately make without unnecessary and cumbersome bureaucratic interventions and overlays. We appreciate the opportunity to comment.

**AVERTING CRISIS IN THE DISABILITY PROGRAM**

At current cessation rates there are still considerable savings to be realized through full implementation of the CDR process. It is difficult for the general public to understand why funding is not available for a process which will save more than it will cost. We strongly urge adequate funding for the Continuing Disability Reviews which are backlogged, as well as for ongoing CDR reviews. The cost, in both economic and human terms, associated with inordinate delays in processing initial claims is not so apparent, however, it is just as real. A substantial portion of monies in the disability program are now used in managing backlogs rather than processing them. Cases which are not processed in the most timely possible way accrue additional and unnecessary cost. It is not possible, therefore, to under estimate the importance of adequate funding for the disability program. Over the long term, advanced technology may achieve substantial results. This is by no means proven, but because of the complexity of the program it does not offer any short-term relief. Past efforts in this direction, such as implementation of the "800" number, while reducing local service, allows the opportunity to benchmark unproven technologies.

We do believe that dramatic results can be obtained in a relatively short period of time. We offer the following suggestions.

1. Empower examiners to utilize their full knowledge and expertise. Examiners should be allowed the professional discretion that hearing officers and administrative law judges possess, permitting them to make correct decisions earlier in the disability claims process. An important component of this initiative would be a total restructuring of the goal of the medical consultant in disability decision making. The medical consultant should offer valuable medical knowledge and clinical experience on difficult and complex cases. There should be no requirement for pro forma medical review of claims which can be decided by non-medical adjudicators.

2. SSA's current re-engineering initiative should undertake a top to bottom review of procedures, benchmarking any procedural requirement against customer satisfaction, quality of product, and efficiency. Many of the requirements of the program, some of them required by Congressional mandate, have not been proven to add to the quality or timeliness of the decision. All such procedures should be submitted to scrutiny.

3. Decrease complexity in the decision making process. Disease processes and their impact on an individual's capacity to work are inherently complex. Over the past several years, however, unnecessary complexity of process has been introduced. These factors make disability decisions more prone to errors; more expensive since they require ever increasing specialist input without any concomitant improvement in quality; and decrease the public's capacity to participate in and understand the nature of a process which has such an important impact on an individual's life.

#### REDEFINING PERFORMANCE GOALS IN TERMS OF CUSTOMER NEEDS AND PREFERENCES

We believe that the SSA's first step in improving its records with customer input should start with its own organization. Rules and procedures which affect the Field Offices and the State DDS's are routinely promulgated without substantial input from these entities. It is often discovered that implementation of these procedures is very difficult. At other times it is virtually impossible. When SSA does request input from affected entities the time frame given for response is often so short as to make meaningful response impossible. The DDSs can be asked to comment on very complex subject matter with no more than a few days to prepare and mail a response. Once the SSA brings these components fully into the decision making process, they can tap through to claimant's which the Field Offices and the DDSs directly serve. Other, well established, sampling techniques would allow direct input from disability applicants or other interested individuals. Any serious effort to redefine performance goals in terms of customer needs and preferences will mandate that these preferences, once identified, must drive the planning process, not merely be used in it.

#### ANTICIPATING FUTURE CUSTOMER NEEDS

The General Accounting Office has criticized the Social Security Administration for not developing a vision for the future. NADE does not see the possibility of such a vision being developed unless Social Security is established as an independent agency. The frequent changes in leadership, tied to current administrations, puts those of us who are assisting in the administration of the program in a position of undoing initiatives that were done a short time earlier. This stop and go approach to the disability program squanders resources, compromises the quality of service, and undermines public confidence in the program.

We are longtime supporters of full utilization of appropriate technologies. In an information society, organizations which lag behind in processing of information cannot possibly succeed. On the other hand, the substitution of unproven technologies for compassionate human beings in a human service delivery program will succeed even less. More advanced technologies are in transitional stages and do not offer immediate help.



A recent study, commissioned by the SSA, found that examiner productivity decreased with certain of the technologies SSA currently employs. No automation of the disability determination services should take place without full user input into the form that the automation will take. Support for this point lies in the deterioration in quality of Field Office disability background reports following the recent downsizing which took the most knowledgeable employees off the line; the upgraded modernized technology did not fill the vacuum left by the departure of knowledgeable employees.

NADE believes that for the long-term, perhaps indefinitely, technology cannot substitute for necessary human assistance to disabled Americans. Individuals who apply for disability benefits are customarily out of work; impaired, sometimes, quite seriously; and vulnerable in a multitude of ways in which other individuals are not. An experience with an unfriendly or hostile technology can only add to their despair.

The disability program must provide an atmosphere and a type of assistance which will ameliorate the difficulties of disabled individuals, not add to it. It should provide a timely, accurate, and compassionate decision. Subsequently, it should afford these individuals, when appropriate, every opportunity to return to full productivity. The disability program must be transformed from an income replacement program exclusively for persons with severe impairments who can not work into a work assistance program for persons with severe functional limitations who need support in order to work. SSA should promote the concepts of independence, productivity and integration into the community for persons with severe disabilities. All such rehabilitation efforts should incorporate safeguards against loss of safety-nets such as income maintenance or vital health care.

This concludes our statement. Thank you for holding this hearing on such a critical, timely issue. I wish you much success in your deliberations.

## STATEMENT ON BEHALF OF THE NATIONAL ASSOCIATION OF SENIOR SOCIAL SECURITY ATTORNEYS

The National Association of Senior Social Security Attorneys (NASSSA) is an association of supervisory management officials within the Social Security Administration's Office of Hearings and Appeals. We are presently awaiting final recognition as a management association by the Department. Our member attorneys work in the frontline hearing offices and are presently facing the largest increase of cases requesting hearing since at least the inception of the Title XVI Supplemental Security Income Benefits Program in 1974. At that time the expanding workload and delays in processing called for innovative work processes and creation of unique new positions to help expedite the decision making process. These new positions included the hiring of SSI Judges to adjudicate the influx of title XVI claims and reviews, and the creation of the Attorney Advisor position to help the SSI Judges and the Title II Administrative Law Judges prepare their decisions. Both programs were highly successful. The SSI Judges were eventually allowed to also hear and decide Title II cases and the Attorney Advisors were commended for their contribution to management of that tidal wave of appeals.

Faced with case dockets that are growing every day, we are acutely aware of the crisis that the Social Security Administration is facing. These growing caseloads create long delays for the claimants who are anxiously struggling to cope while awaiting receipt of their benefits. We answer calls from these claimants every day and understand and empathize with their concerns. We support the measures proposed by the Administration to help expedite the processing of the cases but feel it is time to initiate significant new methods in case processing to handle the explosion of cases awaiting disposition.

NASSSA believes that our proposals would fulfill the goals set out by Vice-President Albert Gore in the Report on National Performance Review. Vice-President Gore urges decentralization in the executive service of authority over equipment, hiring, and promotion. Specifically on page 23 of the Report it is stated that "...under this decentralized system agencies will be allowed to make their own decisions about when to hire a candidate directly, without examination or ratings."

NASSSA believes that two initiatives could be quickly undertaken that would contribute substantially to increasing the disposition of awaiting claims: the creation of an Attorney-Magistrate position and changes in the procedure which OPM mandates that SSA must use to select applicants for the Administrative Law Judge position.

A. CREATION OF A SENIOR ATTORNEY-MAGISTRATE POSITION

As early as 1979 staff attorneys in the Office of Hearings and Appeals argued that the legal skills of the experienced attorney-advisors could be better utilized if they were allowed the limited authority to review appeals, hold hearings and make recommended decisions to the Administrative Law Judges. This proposal was essentially forgotten at a time when the workload had lessened considerably. However, in the last few years, as the number of cases on appeal has exploded, the proposal has been revived in various forms.

Associate Commissioner Dan Skoler has signed off on a decision memorandum that would permit designated staff attorneys to hear and prepare decisions in small Part B Medicare claims (under \$5,000). This proposal has been included in the strategic plan of SSA under the general priority "to improve the appeals process." The Attorney-Magistrate decision would be subject to Administrative Law Judge approval and signature. Commissioner Skoler opined that this procedure would allow the Administrative Law Judges to spend more time on complex cases and disability claims.

NASSSA has already proposed a Senior Attorney-Magistrate position that expands the jurisdiction of the Attorney-Magistrate to Medicare Part B cases involving claims under \$5,000 and Title II and Title XVI overpayment and waiver of overpayment claims where the overpayment at issue is \$5,000 or less. As most Medicare Part A claims involve well under \$1000, these cases could also be placed under the Attorney-Magistrate's jurisdiction. The Attorney-Magistrate would only hear cases where the claimant/appellant was represented. We proposed that all cases meeting the above criteria would first be assigned to an Administrative Law Judge and remain under the Administrative Law Judge control if the Administrative Law Judge decided to assign it to the Attorney-Magistrate to conduct an administrative hearing. Any claimant/appellant who is dissatisfied with the Attorney-Magistrate's would have 10 days in which to file exceptions with the Administrative Law Judge. The Administrative Law Judge would retain the authority to adopt the decision proposed by the Attorney-Magistrate in whole or in part, reverse the proposed decision, return the case to the Attorney-Magistrate for a new hearing, or hold a hearing and issue a decision.

NASSSA's proposal would require amendment of the Social Security Act and the Administrative Procedures Act so that the position and the hearings would be specifically covered by the Acts. We feel that our proposal will allow simpler cases to be expedited



while assuring that a claimant/ appellant retains the right to have their case remain under the control and review of an Administrative Law Judge. We also believe that this process and the prehearing conference program that has been already been tested in the Office of Hearings and Appeals would be in line with Executive Order 12778 of October 23, 1991, section 1(b) and the objectives of Public Law 101-552, Administrative Dispute Resolution Act, in encouraging federal agencies to use mediation and other dispute resolution techniques to avoid or resolve disputes. In July 1993 NASSSA proposed that the Association of Administrative Law Judges participate in the formation of a joint committee to work with the Attorney Advisors in areas of mutual concern. We have submitted our proposed Senior Attorney-Magistrate position for their review and comment.

B. ALLOWING THE HIRING AGENCY TO SELECT APPLICANT'S FROM THE ADMINISTRATIVE LAW JUDGE REGISTER CREATED BY OPM WITHOUT BEING BOUND BY THE OPM DETERMINED SCORE

Under the present system, applicants for the position of Administrative Law Judge must go through the selection process created by OPM, receive a score, and then be selected by an agency from a roster of those scored most highly by OPM. This centralized hiring process severely limits the hiring agency which is only able to hire those rated highest under OPM's selected criteria. The hiring agency is not allowed to hire individuals who the agency may believe are most qualified and most clearly meets the agency's needs.

Under the present circumstances, SSA is hindered in it's attempt to hire Administrative Law Judges who have the most knowledge of the laws and regulations that must be adjudicated by SSA and those who have a clear understanding of the needs of a diversified client population. OPM presently gives significant weight to experience in litigation and little weight to familiarity with the agency's laws and regulations or experience in the administrative law process. OPM gives little weight to an individual's experience and involvement in the decision making process.

Section 13 of the Disability Reform Act of 1984, Public Law 98-460 directs that the Secretary of Health and Human Services take action to establish positions which enable staff attorneys employed by OHA to gain the qualifying experience necessary to compete for the position of Administrative Law Judge. Despite the creation of a GS-13 Supervisory Attorney position and use of attorneys in the Pre-Hearing Conference Project, OPM continues to rate attorneys working for OHA poorly in the experience and qualifications sections of the Administrative Law Judge examination. Thus almost all of the final ratings of OHA attorneys are too low to qualify for the list of potential

Administrative Law Judges from which SSA is forced to hire. The process used by OPM excludes from serious consideration as decision makers those neutral case review attorneys who devoted most of their careers to reviewing cases, drafting recommended decisions, and advising decision makers. In October 1988 a study by the General Accounting Office showed that OHA attorneys consistently received below average ratings from OPM. We have seen little improvement since then and have little faith that, even if the Attorney-Magistrate position is established, OPM will give higher experience ratings to OHA applicants .

NASSSA supports measures that would decentralize the hiring process and give the hiring agency greater latitude in the final rating and hiring process. Each agency is more acutely aware of that agency's particular needs as regards skills, experience, and temperament. GAO studies have also established that the present centralized system has resulted in low levels of hiring of women and minorities. Moreover, as is the case presently in SSA with the exploding workload, the agency needs to select individuals who can quickly make equitable and speedy dispositions because of their intensive knowledge of the law involved and because of their experience as a neutral advisor whose role it is to carry out the Congressional intent of the Act. The agency will also have years of familiarity with the individual's temperament and reputation for fairness and lack of bias so it will not be hiring an unknown individual who may later turn out to have significant biases when handling the economically and racially diverse population that SSA applicants represent.

We therefore urge that, after individual applicants have been examined and rated by OPM, agencies be allowed to hire from a list of qualifying applicants without being required to select those with the highest ratings in the criteria that OPM feels is generally most important. The agency should be given the power to select individuals who are more valuable to the agency because of agency specific experience which can be gained both from within the agency or through practice before the agency. Such a system would also allow the agency to create a more diversified group of qualified Administrative Law Judges and expeditiously meet the formidable task before SSA in the years to come.

This statement is submitted by the National Association of Senior Social Security Attorneys. The Association is represented by the following executive officers:

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