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**HOUSE SUBCOMMITTEES ON SOCIAL SECURITY AND RESOURCES
HEARING ON SOCIAL SECURITY READINESS**

On February 10th the Social Security and Human Resources Subcommittees of the Committee on Ways and Means held the first in a series of hearings to examine the Social Security Administration's readiness for the impending wave of Baby Boomer beneficiaries. This first hearing focused primarily on current and future service delivery challenges.

Rachel Emmons attended the hearing and the following is a summary of the proceedings.

The Members of Congress present at the hearing were: Clay Shaw (R-FL); Nancy Johnson (R-CT); Sam Johnson (R-TX); Michael Collins (R-GA); Phil English (R-PA); Benjamin Cardin (D-MD); and Lloyd Doggett (D-TX).

The witnesses presenting oral testimony for the hearing were: the Social Security Advisory Board (The Honorable Stanford G. Ross, Chair and Sylvester J. Schieber, Member); U.S. General Accounting Office (Cynthia M. Fagnoli, Director, Education, Workforce and Income Security Issues, Health, Education and Human Services Division, who was accompanied by Joel C. Willemsen, Director, Civil Agencies Information Systems, Accounting and Information Management Division); and a panel with the following members: James Burke, Futurist, Coates & Jarratt; Harry Hertz, Ph.D., Director, Baldrige National Quality Program; and the Honorable Maurice P. McTigue, Q.S.O., Distinguished Visiting Scholar, Mercatus Center, George Mason University (former Cabinet Minister, and former Member of Parliament, New Zealand).

Stanford G. Ross and Sylvester Schieber of the Social Security Advisory Board were the first witnesses to present testimony. The following are items of importance from their testimony:

The Honorable Stanford G. Ross, Chair, Social Security Advisory Board

- Service delivery problems have increased as workloads have grown and become more complex, yet resources have dwindled.
- SSA employees are highly motivated and that the "can do" attitude they share has helped the agency deal with many administrative crises over the years. They have become more and more concerned about providing what they feel is an appropriate level of service.
- The problems are serious and include: inaccurate benefit checks, failure to file a properly documented disability claim, overpayments, failure to follow up on potential fraud, or erroneous issuance of a Social Security card.
- Dealing with workload pressures by shifting work from one component to another – so that while one problem is addressed, a new one is created.

- The impact of disproportionately large downsizing and severe restrictions on hiring which have resulted in the agency having a rapidly aging workforce – one that will have a large number of retirees at the same time there is a peak in the number of baby boom retirees.
- Certain field positions will be particularly hard hit – SSA predicts that between 6 and 7 percent of managers and supervisors in the field will retire in each year between 2004 and 2008.
- SSA needs to establish a service delivery plan for the short term and the long term; improve service delivery practices and strategies and address longstanding institutional problems.
- The agency must have the support of the Administration and the Congress – including the exclusion of the agency’s budget from the statutory caps.

Sylvester J. Schieber, Member, Social Security Advisory Board

- Downsizing should be replaced with “rightsizing” in order to ensure the necessary staff levels necessary to meet the workload.
- Strengthen the management structure in headquarters and ensure that managers in the field have the flexibility and tools they need to manage their offices effectively.
- The agency must do a better job of measuring the needs and expectations of the people it serves.
- Agency must integrate new technologies into its process – must find quicker ways to get state-of-the-art equipment to its employees.
- Review the administration of the disability programs – the disability administration model is so badly flawed that it cannot be successful.
- The agency must begin to hire new personnel immediately.

The following questions were put forward by the members of the Subcommittees:

Rep. Collins: Where is the Work Force Analysis from the Agency? What is the “culture” in the Agency?

Stanford G. Ross: The culture in the Agency is the traditions, patterns and habits that have become part of the Agency. One example of this culture is the tendency of the Central Office to ignore problems. Another is that no forthright statement of the issues is brought to the attention of the Commissioner.

Rep. Collins: Is there a distinct difference between Baltimore and the field offices? Are there too many people in Baltimore?

Stanford G. Ross: Wouldn’t necessarily say that.

Rep. Collins: Are the unions an issue in Central Office?

Stanford G. Ross: The field offices are also heavily unionized.

Sylvester J. Schieber: The presence of the unions has made administration of the program more difficult. The unions complicate matters but I can see why they exist. (Collins responded by saying he felt that Mr. Schieber’s opinion was wrong.)

Rep. Shaw: What should Commissioner Apfel be doing at this time?

Stanford G. Ross: The Commissioner needs to get started on the necessary changes. He also needs to receive a clear signal from the Administration and Congress on taking the first steps and changing direction.

Cynthia Fagnoni of the GAO was the next witness to testify. The following are items of importance from her testimony:

Cynthia M. Fagnoni, Director, Education, Workforce and Income Security Issues, Health, Education and Human Services Division, U.S. General Accounting Office

- SSA faces significant customer service challenges over the next 10 years: Customer demand for services is likely to grow and change, and retirements of SSA staff will affect the Agency's ability to meet challenges.
- Service delivery plan is needed to focus efforts to address future challenges.
- SSA is pursuing various information technology initiatives, but impact on service delivery cannot yet be determined. SSA's computer modernization benefits are not yet known: SSA has initiated a new technology strategy to support its disability claims process. Various initiatives are being implemented to support OHA, but long-term efforts have not been defined. SSA is exploring other technologies to enhance service delivery.
- SSA's efforts to prepare its workforce for future challenges are in early stages, and much work remains: SSA is making progress in workforce planning initiatives, but some lack future focus. SSA recognizes need to improve hiring and investments in human capital. State disability offices face similar workforce challenges.
- Implications of SSA's current plans and efforts for its future readiness.

The following questions were put forward by the members of the Subcommittees:

Rep. Shaw: Could you elaborate on the "aging workforce within the Agency?"

Cynthia M. Fagnoni: The retirement of many SSA employees will peak at about the same time as the workload peaks. The Agency needs to go farther in identifying the "skill mix" necessary for the future.

Rep. Shaw: What about equipment replacement – is there an orderly plan in place?

Joel C. Willemsen: The Agency has undergone a major modernization effort. An additional major replacement program is scheduled to start in FY 2003.

Rep. English: How much does SSA know about who receives services and the quality of the services they receive?

Cynthia M. Fagnoni: SSA does not have the ability to evaluate this at the field office level. They have an incomplete picture of how the field offices are performing.

Rep. English: You indicated that while SSA is making progress it lacks a "future focus."

Cynthia M. Fagnoni: While SSA has re-instituted leadership programs they still have not documented what skills they have on hand. They still have not projected what "skill mix" is necessary for the future.

Rep. English: What about the market mechanism program?

Cynthia M. Fagnoni: That was put in place a couple of years ago. It is still not possible to get a handle on what data is being collected.

The panel was the final group to testify. These witnesses supplied various suggestions and plans for improving service delivery.

The following questions were put forward by the members of the Subcommittees:

Rep. Shaw: What will SSA need to consider when they hire the workforce for the future?

James Burke: The Agency will need to hire people who can deal with many different issues including: the Baby Boom generation; cultural diversity; entrepreneur mentality – people who wish to maximize their ability to continue working; and a core group of people who have a great desire to see that “justice is served.”

Rep. Shaw: If you were Commissioner what three things would you change about the program?

Harry Hertz: Not comfortable answering that question. I do know that I would focus on retaining the attitude and level of commitment that already exist. Another immediate action would be to try and understand the management and communications systems, as well as the needs and desires of employees and customers. I would also apply the Baldrige Plan and immediately write a Business Overview for the Agency.

Rep. Shaw: Could you compare the system we have in place with that of New Zealand?

Maurice P. McTigue: New Zealand has a more comprehensive system that deals with all crises that come up in people’s lives. Caseworkers have more flexibility and more authority to deal with whatever comes up. The focus of the organization is more on solving people’s problems rather than on the administration of the program. There is also no payroll tax and no income testing.

Rep. Sam Johnson: What is your total tax?

Maurice P. McTigue: There are two tax levels: .19/dollar and .33/dollar. The government funds schools, retirement and healthcare. The average tax per person amounts to about 37%.

Rep. Sam Johnson: What would an Agency need to do to achieve the degree of change you talked about in your statement?

Harry Hertz: Requires a cultural change within the Agency and would require approximately 5-6 years. There needs to be a complete change in philosophy beginning at management level.

Copies of all of the participants’ written statements are available. Please contact us if you have any questions or would like copies.

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