



NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC.

April 25, 2000

Dear Chairman Shaw:

I am writing to provide answers to the questions you raised with regard to my recent testimony relating to Social Security's readiness for the impending wave of baby-boomer beneficiaries. I appreciate your continued interest. I hope this will not only help clarify the issues presented in my testimony, but will reinforce the need to ensure that Social Security receives a level of resources sufficient to meet its obligations to current and future beneficiaries.

1. You asked whether some of the future demands on SSA could be met with improved automation or through more efficient use of resources. Not only is this possible, but it will in fact be essential given the scope of the projected workload increase coupled with federal spending limitations. Automation, in particular, offers significant potential for reducing the resource levels needed to serve the expanded beneficiary base. However, in evaluating the potential of future automation to reduce human resource needs at SSA, it is important to understand these three points:

- **Significant gains in automation require a significant commitment of resources.** Software development itself is extremely labor intensive. While the eventual payoffs would exceed the immediate investment, SSA currently has had to table several software improvements simply because there are not enough employees available to handle all projects. The old saying "it takes money to make money" can aptly be applied to automation improvements. It takes an investment in resources today to provide the improvements in software that will save the resources tomorrow. In addition to software, SSA will continually need to upgrade its hardware to ensure it has the platform necessary to take advantage of the improvements in timesaving technology. This is why we believe the Commissioner's idea to establish a capital fund to flexibly fund future hardware needs is a good one.
- **The timing and magnitude of savings produced by automation are often difficult to predict.** Certainly, Congress and the American taxpayer have a right to expect that investments in hardware and software development will result in some combination of service enhancements and service efficiencies at least equivalent to the level of investment. However, in today's fast-paced climate of rapidly expanding technology, the best organizations (public or private) cannot afford to wait until all factors are known prior to investing in significant software development. Like the private sector where investors put their trust in well-managed companies, Congress must invest in agencies with a history of prudent management, with some degree of faith that said investment will result in

tangible, long-term improvements. Not only has SSA's management been rated among the best by organizations both inside and outside the government, but we believe our current executive leadership is up to the task.

- **Automation will not eliminate the need for additional human resources.** Many of those we serve, especially the aged and the disabled, will require personalized face-to-face service regardless of advances in technology. While we must make maximum use of technology to reduce our need for human resources, it would be a mistake to believe that SSA can meet the full challenge of the baby-boom wave without additional human resources.

With regard to other areas where SSA can use its resources more effectively, our association continually works with SSA's Executive Staff to identify such efficiencies. I can honestly tell you that the current team of SSA executives has been open to many of our ideas. As long as the commitment to frequent and honest communication between those of us on the front-line and those in headquarters remains, we believe SSA will continue to be able to identify and act upon such efficiencies.

2. I testified that it generally takes a new claims representative (CR) three years to be fully trained. You asked why learning the job at SSA is much more challenging than adapting to other comparable jobs such as at a bank or a doctor's office. The claims representative is the primary technical position in SSA's field offices. While CRs do many of the same daily functions as the aforementioned private sector employees, such as deal with members of the public and answer inquiries, unlike these private sector employees, their primary function is to accurately administer a complex set of laws and regulations. As such, their responsibilities are probably more closely related to attorneys and others in the legal profession, rather than employees in general office work. CRs must be able to deal with any potential set of client circumstances, and make an accurate "legal" determination as to entitlement. In addition, the CR must understand how to properly document the decision, including securing necessary documentary evidence, and how to effectuate the decision using SSA's complex automated systems. The Program Operations Manual, that contains most (but not all) of the instructions that a CR is responsible to carry out, contains literally dozens of volumes, and in its paper form barely fits in three large bookcases. Given this complexity, it is not hard to understand how it can take three years of experience before a new CR has a journeyman's understanding of program administration.
3. You asked how we could justify SSA's request for \$47 million in information technology without a specific promise as to what this \$47 million will buy for the taxpayer. First let me say that in my position as a field manager and representative of SSA's field management organization, I am not in a position to specify what this money will specifically buy. However, drawing upon my answer to your first question, a certain level of investment in automation is warranted simply to ensure that SSA has the resources needed to invest in technology on a just-in-time basis. If there is one automation lesson to learn from those companies in the private sector

who have been successful, it is the need to be able to act quickly to take advantage of emerging technologies, such as the Internet. The old way of identifying a potential opportunity, studying it for a year or two and then spending an additional year or two securing the necessary resources is simply non-competitive. SSA must have resources ready and available to pounce on technological opportunities. I believe that today's taxpayer would not only support a flexible automation improvement capital fund in a well managed agency such as SSA, but would think it as a wise and responsible way of doing business.

Again, thank you for the opportunity to provide these clarifications as part of the hearing record. We appreciate your support for a strong, viable, and efficient SSA, and hope you and the entire subcommittee will be successful in helping us obtain the resources we need to remain so.

Sincerely,

Steve Korn
President, NCSSMA