

REVIEWING THE PERFORMANCE OF THE SOCIAL
SECURITY ADMINISTRATION AS AN INDEPEND-
ENT AGENCY

HEARING
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

—————
JULY 25, 1996
—————

Serial 104-78

Printed for the use of the Committee on Ways and Means



U.S. GOVERNMENT PRINTING OFFICE

39-773 CC

WASHINGTON : 1997

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-055079-3

COMMITTEE ON WAYS AND MEANS

BILL ARCHER, Texas, *Chairman*

PHILIP M. CRANE, Illinois
BILL THOMAS, California
E. CLAY SHAW, JR., Florida
NANCY L. JOHNSON, Connecticut
JIM BUNNING, Kentucky
AMO HOUGHTON, New York
WALLY HERGER, California
JIM McCRERY, Louisiana
MEL HANCOCK, Missouri
DAVE CAMP, Michigan
JIM RAMSTAD, Minnesota
DICK ZIMMER, New Jersey
JIM NUSSLE, Iowa
SAM JOHNSON, Texas
JENNIFER DUNN, Washington
MAC COLLINS, Georgia
ROB PORTMAN, Ohio
JIMMY HAYES, Louisiana
GREG LAUGHLIN, Texas
PHILIP S. ENGLISH, Pennsylvania
JOHN ENSIGN, Nevada
JON CHRISTENSEN, Nebraska

SAM M. GIBBONS, Florida
CHARLES B. RANGEL, New York
FORTNEY PETE STARK, California
ANDY JACOBS, JR., Indiana
HAROLD E. FORD, Tennessee
ROBERT T. MATSUI, California
BARBARA B. KENNELLY, Connecticut
WILLIAM J. COYNE, Pennsylvania
SANDER M. LEVIN, Michigan
BENJAMIN L. CARDIN, Maryland
JIM McDERMOTT, Washington
GERALD D. KLECZKA, Wisconsin
JOHN LEWIS, Georgia
L.F. PAYNE, Virginia
RICHARD E. NEAL, Massachusetts
MICHAEL R. McNULTY, New York

PHILLIP D. MOSELEY, *Chief of Staff*
JANICE MAYS, *Minority Chief Counsel*

SUBCOMMITTEE ON SOCIAL SECURITY

JIM BUNNING, Kentucky, *Chairman*

SAM JOHNSON, Texas
MAC COLLINS, Georgia
ROB PORTMAN, Ohio
PHILIP S. ENGLISH, Pennsylvania
JON CHRISTENSEN, Nebraska
GREG LAUGHLIN, Texas

ANDY JACOBS, JR., Indiana
BARBARA B. KENNELLY, Connecticut
L.F. PAYNE, Virginia
RICHARD E. NEAL, Massachusetts

CONTENTS

Advisory of July 12, 1996, announcing the hearing	Page 2
---	-----------

WITNESSES

Congressional Research Service, Rogelio Garcia, Specialist in American National Government, Government Management and Operations Section, Government Division	8
U.S. General Accounting Office, Hon. Charles A. Bowsher, Comptroller General of the United States; accompanied by Jane L. Ross, Director, Income Security Issues, Health, Education, and Human Services Division; Cynthia M. Fagnoni, Assistant Director, Income Security Issues, Health, Education, and Human Services Division; and Patricia T. Taylor, Director, Information Resources Management for Health, Education, and Human Services, Accounting and Information Management Division	28
Social Security Administration, Hon. Shirley S. Chater, Ph.D., Commissioner .	57

SUBMISSION FOR THE RECORD

Brown, Hon. George E., Jr., a Representative in Congress from the State of California, statement	6
--	---

**REVIEWING THE PERFORMANCE OF THE
SOCIAL SECURITY ADMINISTRATION AS AN
INDEPENDENT AGENCY**

THURSDAY, JULY 25, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10 a.m., in room B-318, Rayburn House Office Building, Hon. Jim Bunning (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
July 12, 1996
No. SS-6

CONTACT: (202) 225-9263

Bunning Announces Hearing to Review the Performance of the Social Security Administration as an Independent Agency

Congressman Jim Bunning (R-KY), Chairman of the Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee will hold an oversight hearing to examine the performance of the Social Security Administration (SSA) in its first year as an independent agency. **The hearing will take place on Thursday, July 25, 1996, in room B-318 of the Rayburn House Office Building, beginning at 10:00 a.m.**

In view of the limited time available, oral testimony will be heard from invited witnesses only. However, any individual or organization may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

Public Law 103-296, the Social Security Independence and Program Improvements Act of 1994, established SSA as an independent agency beginning on March 31, 1995. As an independent agency in the executive branch of the Federal Government, SSA's primary responsibility is the administration of the Old Age, Survivors, and Disability Insurance, and Supplemental Security Income programs, which currently pay benefits to 50 million recipients. By 2012, the year in which Social Security benefit payments are expected to exceed Social Security tax revenues, the number of recipients is expected to exceed 60 million. At that time, benefit payments will approach 8 percent of the gross national product. The change in the status of SSA was intended to improve public service by both stabilizing top management and alleviating political pressure on the agency.

In announcing the hearing, Chairman Bunning stated: "I am very interested to see how well SSA has used its expanded authority to function as an independent agency, now that it has completed its first year of operation under the new law. Specifically I am interested in how well SSA's management is doing at running a large, complex independent agency, on which millions of Americans now depend, and on which many more millions of today's workers will depend in the future. Our Subcommittee wants to know if SSA is at least taking the necessary steps to build itself into an independent agency equipped to meet the many challenges it will soon face as we begin to address the long-term solvency issue and the problems in the disability program, to name just two. I have asked the General Accounting Office (GAO) to examine SSA's progress in a number of management and policy areas, and to report its findings at the hearing."

FOCUS OF THE HEARING:

The Subcommittee will focus on the findings of the GAO review about SSA's progress in establishing its independence as the agency positions itself for future challenges.

(MORE)

WAYS AND MEANS SUBCOMMITTEE ON SOCIAL SECURITY
PAGE TWO

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statement, with their address and date of hearing noted, by close of business, Thursday, August 8, 1996, to Phillip D. Moseley, Chief of Staff, 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 200 additional copies for this purpose to the Subcommittee on Social Security office, room B-316 Rayburn House Office Building, at least two hours 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 including attachments.
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. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.
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.

Note: All Committee advisories and news releases are now available on the World Wide Web at '[HTTP://WWW.HOUSE.GOV/WAYS_MEANS/](http://www.house.gov/ways_means/)' or over the Internet at '[GOPHER.HOUSE.GOV](http://gopher.house.gov)' under 'HOUSE COMMITTEE INFORMATION'.

Chairman BUNNING. The Subcommittee will come to order.

Today the Subcommittee will examine the Social Security Administration's performance since becoming an independent agency.

For the record, I would like to say that Andy Jacobs and I began working on separating SSA from the Department of Health and Human Services soon after I was appointed to this Subcommittee. Our efforts resulted in the enactment of Public Law 103-296 on August 14, 1994, finally making SSA an independent agency.

Congress recognized that Social Security is too important to the American people to be kept in the basement of HHS, or the subject of political gamesmanship. By making SSA independent, we made every effort to ensure that Social Security is removed from politics. We also intended that its management be based on good policy and sound financial principles, not on who sits in the White House or in the Speaker's chair.

Congress depends on the advice and counsel of SSA's field managers, actuaries and policymakers to give us an accurate picture of what is happening with the program. In a bipartisan fashion, we must make decisions that affect the lives of millions of Americans. Long-term planning and strong, attentive management at the highest level is critical for SSA, as its challenges and demand for information from the public and Congress increase.

Congress provided SSA a substantial increase in its statutory authority to act independently beginning March 1995. If SSA fully uses this authority, it has the ability to set up its own direction, as well as having a major role in deciding the future of Social Security.

Of course, SSA leadership will be the deciding factor in whether this occurs as Congress intended. After 15 months as an independent agency, SSA should be well on its way. We shall soon hear if that is the case.

Today we will hear from Rogelio Garcia, an expert in government from the Congressional Research Service, who will tell us what SSA could do using its expanded authority as an independent agency. Then we will hear from the Comptroller General, who will tell us what SSA should do in using its authority as an independent agency. Finally, we will hear from the Commissioner of Social Security, who will tell us what SSA did do in its first year with the expanded authority Congress gave it as an independent agency.

In the interest of time, it is our practice to dispense with opening statements, except from the Ranking Democratic Member, Mr. Jacobs. All Members are welcome to submit statements for the record.

I yield to Congressman Jacobs for any statement that he might want to make.

Mr. JACOBS. Thank you, Mr. Chairman.

Mr. Chairman, you cited a date, and let me cite a date, also. August 4, 1996, 2 p.m. eastern, via ESPN, we will have the opportunity to see our fine Chairman inducted into the Baseball Hall of Fame. As I told Congressman Portman a few moments ago, both I and my VCR will be watching.

The only other thing I want to say is that it's rare on this Earth when anybody succeeds so well at the top of the game in two disciplines. Mr. Bunning's baseball career is a part of American his-

tory, legend, and it's been a pleasure to play ball with him in politics. His service in Congress has been sincere, talented and tireless.

I don't throw much poetry around, but I think this is an apt description of your service in the Congress. You have excelled in two disciplines and that makes you rare, indeed. I am grateful for your friendship and really the friendship of all my colleagues on this Committee.

I hope that's a little better valedictory than I said a few months ago, when I said valedictorian instead of valedictory. Dr. Chater, that was my problem. With these Ph.D.s, you have to be more careful. She wasn't in the room, and I'm glad she wasn't.

Chairman BUNNING. Thank you, Mr. Jacobs. I appreciate that very much.

Before I call our first witness, I would want to mention that Congressman George Brown has submitted testimony expressing his concerns about the proper assignment of wages to workers' Social Security earnings records.

I ask unanimous consent that Mr. Brown's statement be placed in the record.

[The statement of Mr. Brown follows:]

CONGRESSMAN GEORGE E. BROWN, JR.**Testimony Before the Committee on Ways and Means
Subcommittee on Social Security***July 25, 1996*

Thank you, Chairman Bunning, for the opportunity to testify before your subcommittee on an issue that is of great importance and relevance to this hearing on the Social Security Administration's performance as an independent agency.

When Congress voted to make the Social Security Administration an independent agency two years ago, it did so for a number of reasons. Primary among these was to take partisan politics out of the decision-making process of the Social Security system, as much as possible. In doing so, we hoped to renew the faith of the American people in Social Security and instill a greater sense of income security for the American people.

I would like to draw attention to a problem, which I perceive to be one of major consequence for my constituents, as well as all Americans. I have visited Social Security Offices in my district and have met with General Accounting Office officials and strong evidence suggests that American workers are being short-changed by the very insurance system designed to safeguard their economic future. The Social Security Administration's procedure for posting wage and self-employment returns has pitfalls previously unknown to workers and even Social Security staff themselves.

The result is perhaps millions of American workers and families have been receiving smaller benefit checks than they are due. The accumulation of unposted earnings has built to over 200 million items spanning over five decades, which has been placed in what is called the "open suspense file." While this represents a small fraction of all wage reports, the ease with which many can be matched to the proper worker represents an urgent challenge to the newly independent SSA.

Put another way, millions of working Americans during the past 50 years have been cheated out of hard-earned Social Security benefits because of poor record-keeping, managerial screw-ups, and bureaucratic bungling. Now the problem has grown so large that nobody wants to admit that it exists, let alone tackle it head on.

Employer reports are often in error yet the Social Security Administration accepts all but those with more than a 90% error rate. Form letters may go out to other offending employers without follow-up to assure corrections. Typical errors include unreadable data, garbled information, first name reported as surname, middle initial as surname, and internal jargon used in place of employee names. The lack of sanctions for bad reporting leaves the worker and his or her family to suffer possible lost benefits, never knowing the error occurred.

Even when the employer reports correctly, the Social Security Administration's strict matching policy results in wages going into the suspense file. Women who do not change their names on the Social Security Administration's data banks lose credit for earnings until they do. Even then, there are no controls to search for lost reports in prior years. Others who change their names or use variations of their names are at risk because the Social Security Administration's computers demand an exact match to grant credit.

This begs the question: Has the Social Security Administration, as an independent agency, taken steps to address this problem? The most reliable data I have seen indicates that the open suspense file now contains some 200 million records and is growing. These numbers are not merely statistics. To a large extent, they represent Americans who have paid into the Social Security system in good faith, believing they would receive in their retirement years what they have earned during their years of hard work.

As I understand, the Social Security Administration has put together an internal task force which is currently examining this problem. This is commendable, and I hope demonstrates a commitment on the part of the Social Security Administration to fully address this problem. However, I fear that the somewhat overwhelming number of earnings records that have already been placed in the open suspense file may tempt the SSA to "sweep under the rug" the current entries, rather than coming up with ways to match them to workers' records. This problem needs to be addressed for both current retirees and current workers.

There has been little incentive for the Social Security Administration to solve this decades-old problem. The FICA taxes have been paid whether the worker gets credit or not. The trust funds are aided by income on which benefits may never be paid. Computer operations that could easily detect many mismatches are expensive and have had no priority in budget-setting. I am told that lack of knowledge of the extent of the problem has prevented claims staffs in local offices from being effective in finding and crediting lost wage earnings.

The adverse impact of this ticking time bomb on working Americans is staggering. These mismatches, whether they be the fault of shoddy employer practices or the inflexibility of the Social Security Administration's strict matching policy, have the practical effect of denying millions of Americans up to hundreds of dollars on their monthly retirement or disability income. The overall numbers are mind-boggling and, quite frankly, I am astounded that this problem has not received the attention of the public, the media, Congress, or the Administration that a problem of such scope demands.

Mr. Chairman, I am sure you would agree that we should strive for nothing less than 100% accuracy for the American wage earner. I have here a letter which requests the General Accounting Office to investigate this problem and report on possible solutions. I would appreciate your consideration, and the consideration of your subcommittee, in joining with me to request and ensure that this problem be looked at with a fine microscope by GAO as a top priority.

I should note that GAO has released previous reports, the latest dating from 1993, which address some of the problems associated with the open suspense file and suggest as a partial solution, the possible sharing of data with the Internal Revenue Service. However, these reports have been focused on IRS and the Social Security Administration sharing data, as was their directive, and do not address the problem from the overall policy perspective that is required to contain and remedy the problem. On an expedited basis, we need an updated and thorough evaluation of the magnitude of the suspense file and the Social Security Administration's policies and processes for placing wages in the suspense file as well as a determination of whether any other methods could be used to post wages from this file to the appropriate accounts.

Thank you again, Chairman Bunning, for giving me the opportunity to bring the problems associated with the open suspense file to the attention of your subcommittee. As you know, the most serious problems with administering federal programs first manifest themselves at the local level often times. I know for a fact that the suspense file problem that is compounding in local Social Security Administration offices in my district is symptomatic of a very serious problem that exists nationwide. I know this is an issue of concern to you as well, and I look forward to working with you and members of your subcommittee in the future to make sure that hard-working Americans receive every dime in retirement benefits they deserve.

Chairman BUNNING. Now let's begin the hearing.

I would ask Mr. Garcia to take a seat at the table. Mr. Garcia is a specialist in American National Government with the Congressional Research Service. He has extensive background in the analysis of management of government agencies, particularly independent agencies.

He was involved with the legislation that made SSA an independent agency, and he will discuss what factors contributed to an agency's independence, in particular SSA's.

Welcome, Mr. Garcia. Would you please begin.

STATEMENT OF ROGELIO GARCIA, SPECIALIST IN AMERICAN NATIONAL GOVERNMENT, GOVERNMENT MANAGEMENT AND OPERATIONS SECTION, GOVERNMENT DIVISION, CONGRESSIONAL RESEARCH SERVICE

Mr. GARCIA. Thank you, Mr. Chairman. Thank you for inviting me to testify regarding the characteristics of an independent executive agency and how the Social Security Administration fits into that category. In its broadest sense, the term "independent executive agency" refers to agencies in the executive branch that are located outside of and are independent of executive departments.

Among independent agencies, we may distinguish between two types, those that are under the direction and control of the President, and those that are not under such direction and control. The President may summarily remove the official or officials heading agencies under his direction and control, but he needs cause to remove those heading agencies that are not under his direction and control. It is the latter type of independent executive agency that I am addressing today.

Several other factors to consider regarding an agency's independence include its involvement with the Office of Management and Budget regarding budget review, communications with Congress, rulemaking, and data collection, and finally, its authority to litigate.

Let me touch briefly on each of these matters.

Starting first with the term and tenure of the head or heads of agencies, the most effective weapon that a President has to control presidential appointees is his power to remove them from office. The Commissioner of Social Security serves a 6-year term of office and may be removed only for neglect of duty or malfeasance in office. Heads of numerous other independent agencies also have fixed terms of office and are also removable only for cause.

Turning to budgetary affairs, executive agencies are required by law to submit their appropriations requests, which include staffing levels, to OMB, which may change the requests when they are consolidated into the President's budget. The Social Security Administration sends its budget to OMB which transmits it, without revision, along with the President's budget to Congress. Only a handful of independent, multiheaded regulatory agencies are exempt from OMB review. Several have authority to send their budget request to Congress and OMB concurrently.

Turning to communications with Congress, OMB directs executive branch agencies to send to it for clearance communications that are being transmitted to Congress, unless the agency is au-

thorized to transmit the communications directly to Congress. The Social Security Administration lacks the statutory exemption enjoyed by several other independent agencies in this matter. Some independent agencies without statutory exemption have reported that they send their communications directly to Congress.

Turning to rulemaking, Executive Order 12866 directs all executive agencies to send their regulations to OMB for clearance before being published. Independent regulatory agencies are exempt from this clearance procedure. Although not a regulatory agency, there is some question as to whether the Social Security Administration is legally bound to clear its regulations with OMB.

Looking at data collection, the Paperwork Reduction Act requires executive agencies to submit proposed new data collection requests to OMB for clearance. If OMB rejects the request, multiheaded regulatory agencies may override the decision and collect the data. The Social Security Administration lacks the overriding authority.

Finally, as to litigation, by statute, litigating authority is centered in the Department of Justice. While a handful of independent agencies have complete litigating authority, most agencies, including the Social Security Administration, have limited authority. Litigation may be conducted jointly with the Department of Justice, depending on the complexity of the issues, their impact on specific agency concerns, and governmentwide concerns.

In conclusion, let me say that, within constitutional and political limits, Congress determines how independent an agency will be from the President's direction and control. Within the general criteria established by the Supreme Court regarding the limits that might be placed on the President's power to remove an official from office, Congress has considerable authority to assure an agency's independence.

Among the singleheaded agencies, the Social Security Administration enjoys considerable independence. The Commissioner serves a 6-year term and may not be removed except for cause. While the agency's budgetary and staffing requests may be subject to revision by OMB, its own budget, along with the President's budget, is sent to the Appropriations Committee.

Finally, as an independent agency, it is uncertain whether its communications with Congress and regulatory actions are subject to OMB clearance.

Thank you, Mr. Chairman. I am ready to answer any questions.
[The prepared statement follows:]

**STATEMENT BY ROGELIO GARCIA
CONGRESSIONAL RESEARCH SERVICE
HOUSE SUBCOMMITTEE ON SOCIAL SECURITY
JULY 25, 1996
CHARACTERISTICS OF INDEPENDENT EXECUTIVE AGENCIES**

Mr. Chairman, thank you for inviting me to testify regarding the characteristics of an independent executive agency and how the Social Security Administration fits into that category. In its broadest sense the term "independent executive agency" refers to agencies in the executive branch that are located outside of and are independent of executive departments.¹ This type of independence is fairly common in U.S. practice.

There are two types of independent executive agencies—those that are under the direction and control of the President and those that are not under such direction and control. The crucial difference between the two types of agencies is whether the President may *summarily* remove the official or the officials heading the agency.² He may do so if the agency is under his direction and control, but he may not do so if the agency is not under his direction and control. The President may remove the head of an agency that is not under his direction and control only for cause. It is this type of independent executive agency that I am addressing today.³

Nearly all of the agencies independent of the President are multi-headed regulatory agencies. Only two agencies, the Social Security Administration and the Office of Special Counsel, are headed by a single official. The degree of functional agency independence varies, depending on the amount of independence they exert when 1) preparing their budget requests for Congress; 2) communicating with Congress; 3) developing and issuing regulations; 4) collecting survey and other data from the public; and 5) litigating before the federal courts. For multi-headed agencies, the following factors are also important: how the chairperson is selected, and whether political balance among its members is required.

Fixed-Term Positions and Protection Against Arbitrary Removal by the President

Most executive branch agencies carrying out executive responsibilities fall under the authority and direction of the President. Officials heading those agencies are appointed by the President with the advice and consent of the Senate. The appointees generally serve indeterminate terms of office and may be removed whenever the President wishes. The power to remove an appointee, which is inherent to the power to appoint, is the President's most effective instrument in assuring his direction and control over the action of his appointees.

Some agencies, however, have duties and responsibilities that the Congress has determined should be shielded from partisan politics. In those instances, Congress has established a fixed-term of office for the heads of those agencies and prohibited the President from summarily removing an incumbent before his or her term expires, except for cause. In limiting the President's power to remove an official, Congress must be careful not to violate his core constitutional responsibilities. In a series of decisions, the Supreme Court has established the following criteria to determine if the restrictions are constitutional: (1) was the agency created to exercise its judgment without hindrance of any other executive official? (2) does restricting the President's removal power impede his ability to carry out his constitutional duties? and 3) if the President's core constitutional powers are impeded, is the action justified by an overriding need to promote objectives within the constitutional authority of Congress?⁴

Let me turn now to the organizational characteristics that make the Social Security Administration and other agencies "independent" of the President's direction and control.

Fixed-Term of Office

A fixed-term of office provides protection against the arbitrary removal of an incumbent, but not complete protection. The courts have held that absent certain conditions, a fixed-term only sets the outer

¹ Exceptions to the rule are the Federal Energy Regulatory Commission, located in the Department of Energy, and the Surface Transportation Board, located in the Department of Transportation. Although both are located within executive departments, they are independent executive agencies.

² The agency may be single-headed (e.g., Office of Personnel Management, Social Security Administration), or multi-headed (e.g., Consumer Product Safety Commission, Tennessee Valley Authority).

³ Tables in the Appendix list fixed-term positions requiring Senate confirmation, and statutes limiting the President's power to remove officials. For a discussion on executive-legislative control over executive agencies that includes much of what is in this paper, see Louis Fisher, *The Politics of Shared Power: Congress and the Executive*. 3d Edition. Washington, D.C., Congressional Quarterly Press, 1993, especially pp. 119-144.

⁴ See *Myers v. United States*, 272 U.S. 52 (1925); *Humphrey's Executor v. United States*, 295 U.S. 602 (1935); *Wiener v. United States*, 357 U.S. 349 (1958); *Morrison v. Olson*, 487 U.S. 685-86 (1988); and *Mistretta v. United States*, 488 U.S. 361 (1989) n. 13 (quoting *Nixon v. Administrator of General Services*, 433 U.S. 443 (1979)).

limits of an incumbent's tenure and that he or she may be summarily removed by the President at any time during that tenure. Such removals, while rare, have occurred.

The degree of independence is affected by the length of the term, whether the term has a holdover provision, and, in the case of a multi-headed agency, whether the term is staggered. The longer the term, the greater the degree of independence. An official serving a short term may be more susceptible to Presidential direction, especially if he or she wants to be reappointed. Moreover, an official whose term of office is longer than that of the President who appointed him or her is less likely to feel a sense of allegiance or commitment to a new President. Both the Commissioner and Deputy Commissioner of Social Security enjoy a six-year term of office.

A second factor that may enhance independence is if the position has a holdover provision that enables an incumbent whose term expires to remain in office either for a specified period of time or until he or she is replaced. The provision is designed to assure that an agency is not left leaderless or without a quorum. On the other hand, a holdover provision in some instances may encourage a President to take no action to replace an incumbent whose term has expired, if the incumbent appears responsive to the Administration. The Commissioner of Social Security is covered by a holdover provision.

Moreover, a holdover provision also may limit the President's power to make a recess appointment. Such an appointment may be made only if a position is vacant. Depending on the wording of the holdover provision, courts have ruled that some holdover provisions do not create a vacancy and that the incumbent may be replaced only by someone who is confirmed by the Senate.⁶

An additional feature enhancing the independence of multi-headed agencies is the staggered date arrangement by which fixed-terms expire. The terms are kept staggered by appointing members to fill only the remaining term of incumbents who resign or who die before their terms expire. This assures that a President cannot replace all members at one time.

Restricting the President's Power to Remove an Appointee

In most instances, unless a fixed-term position carries with it a restriction on the President's removal power, the incumbent may be removed by the President whenever he wishes. Consequently, a provision limiting the President's removal authority is the most important way to preserve agency independence. The Commissioner of Social Security has such independence, because the Commissioner may not be removed during his or her term of office except for cause.

Some statutes limit the President's authority to remove an incumbent *only* for the causes cited in the statute. These causes may be *only for neglect of duty, or malfeasance in office;*⁶ *only for inefficiency, neglect of duty, or malfeasance in office;*⁷ *only for inefficiency, neglect of duty, malfeasance in office, or ineligibility;*⁸ *or only for cause.*⁹ Other statutes omit the *only* qualifier. These causes include *for inefficiency, neglect of duty, or malfeasance in office;*¹⁰ *if the President finds the member guilty of appointing or promoting an official on the basis of a political test or qualification;*¹¹ *or simply for cause.*¹²

Whether the President may remove an official for shortcomings other than those specified if the qualifier *only* is lacking, is uncertain. In 1940 the Supreme Court let stand a circuit court decision

⁵ See *Mackie v. Clinton*, 827 F.Supp. 56 (D.D.C. 1993), vacated, 10 F.3d 13 (D.C. Cir 1993); *Wilkinson v. Legal Services Corp.* 865 F.Supp. 891 (D.D.C. 1994), reversed on other grounds by the D.C. Circuit on April 9, 1996.

⁶ *Consumer Product Safety Commission* (15 U.S.C. 2053(a)), *National Labor Relations Board* (29 U.S.C. 153(a)), and *Social Security Administration* (42 U.S.C. 902(a)).

⁷ *Federal Energy Regulatory Commission* (42 U.S.C. 7171(b)), *Federal Labor Relations Authority* (5 U.S.C. 7104(b)), *Merit Systems Protection Board* (5 U.S.C. 1202(d)), and *Office of Special Counsel* (5 U.S.C. 1211(b)).

⁸ *National Mediation Board* (45 U.S.C. 154. First).

⁹ *Postal Rate Commission* (39 U.S.C. 3601).

¹⁰ *Federal Maritime Commission* (46 U.S.C. 111), *Federal Mine Safety and Health Review Commission* (30 U.S.C. 823(b)(1)), *Federal Trade Commission* (15 U.S.C. 41), *National Transportation Safety Board* (49 U.S.C. 1111(e)), *Nuclear Regulatory Commission* (42 U.S.C. 5841(e)), *Occupational Safety and Health Review Commission* (29 U.S.C. 661(b)), and *Surface Transportation Board* (49 U.S.C. 702(b)).

¹¹ *Tennessee Valley Authority* (16 U.S.C. 831c).

¹² *Federal Reserve System* (12 U.S.C. 242).

allowing the President to remove an official for causes other than those specified in statute, because the official was "performing predominately executive or administrative functions."¹³ Recent decisions, however, indicate that the Court may rule differently today.¹⁴

The Social Security Administration enjoys the key characteristic of an independent agency—the Commissioner has a six-year term of office and can be removed by the President *only pursuant to a finding by the President of neglect of duty or malfeasance in office*.¹⁵ In making the agency independent, Congress sought to assure that "policy errors resulting from inappropriate influence from outside the agency such as those occurring in the early 1980s do not recur in the future."¹⁶

The absence of a removal provision regarding a fixed-term position, however, does not mean that the President can remove an incumbent at will. In 1958 the Supreme Court ruled that unless specifically authorized by statute, the President may not remove members of a body created to exercise purely adjudicatory functions that are not subject to review by any other executive branch official.¹⁷ Since then the Court has expanded and extended the grounds under which Congress can impose limits on the President's power to remove incumbents before their term of office expire.¹⁸

Under criteria established by the Court, at least thirteen agencies without a removal provision in their statutes, all multi-headed and involved primarily in regulatory activities, appear to fall under the independent executive agency category.¹⁹

Let me turn now to other factors bearing upon the degree of Presidential involvement in the management of independent agencies.

Budget and Staff Needs

The degree of independence enjoyed by an agency also is affected by the amount of control it has in preparing its appropriations request and sending it to Congress. The Budget and Accounting Act of 1921, as amended and now codified in 31 U.S.C. 1108(b)(1), requires executive agencies to submit their appropriations requests to the President. The requests generally are changed by the Office of Management and Budget (OMB) when it consolidates them into the comprehensive budget that is submitted to Congress. Unless specifically authorized, agencies may not send budget requests directly to Congress.

Since Congress generally relies on the recommendations in the President's budget, a President may use the process to curb an agency's independence. The budget and staffing requests of many independent agencies were cut significantly during the last decade.

In some instances, OMB's impact may be due more to its "specific reprogramming guidance" than to its budget cuts. There is evidence that such OMB guidance has affected agency programs by channeling agency actions into certain activities and curbing it in others.²⁰

¹³ *Morgan v. Tennessee Valley Authority*, 115 F.2d 990 (6th Cir. 1940), certiorari denied, 312 U.S. 701 (1941).

¹⁴ See *Morrison v. Olson*, 487 U.S. 685-86 (1988), and *Mistretta v. United States*, 488 U.S. 361 (1989) n. 13 (quoting *Nixon v. Administrator of General Services*, 433 U.S. 443 (1979)).

¹⁵ 42 U.S.C. 902(a)(3), P.L. 103-296, Sec. 102(a)(3) (1994), 108 Stat. 1466.

¹⁶ U.S. Congress. House. Conference Committee Report 103-670. *Social Security Administration Reform Act of 1994*. 103d Congress, 2d sess. Govt. Print. Off., Washington. 1994. p. 90.

¹⁷ *Wiener v. United States*, 357 U.S. 349 (1958). See also *Securities Exchange Commission v. Blinder, Robinson, and Co.*, 855 F.2d 677 (10th Cir. 1988), (SEC commissioners may only be removed for cause despite statutory silence on removal.)

¹⁸ See *Morrison v. Olson*, 487 U.S. 685-86 (1988), and *Mistretta v. United States*, 488 U.S. 361 (1989) n. 13 (quoting *Nixon v. Administrator of General Services*, 433 U.S. 443 (1979)).

¹⁹ These agencies include the Commodity Futures Trading Commission, Defense Nuclear Facilities Safety Board, Equal Employment Opportunity Commission, Farm Credit Administration, Federal Communications Commission, Federal Deposit Insurance Corporation, Federal Housing Finance Board, Federal Election Commission, National Credit Union Administration, Railroad Retirement Board, Securities Exchange Commission, United States International Trade Commission, and United States Parole Commission.

²⁰ Brigman, William E. The Executive Branch and the Independent Regulatory Agencies. *Presidential Studies Quarterly*, v. 11, Spring 1981. p. 256.

Five independent multi-headed banking agencies generate their own funds and therefore need not be concerned with OMB involvement regarding their budgets.²¹ Two other agencies are shielded by statute from having their budget requests revised by OMB.²²

The Social Security Administration submits its budget to the President, who sends it without revision, along with the annual budget to the Congress.²³ As a result, the Appropriations Committees are able to compare the original budget request with any changes that may appear in the President's budget.

Eight other independent agencies submit their budget requests concurrently to Congress and to OMB. In these instances also, the Appropriations Committees are able to compare the original budgets with any changes that may appear in the President's budget.²⁴

Agency staffing levels also are affected by the Office of Personnel Management (OPM). Every two years, OPM, in consultation with OMB, reviews each agency's request regarding the number of Senior Executive Service positions it wants, and sets the specific number of such positions for each agency.²⁵

The process does not affect the five independent multi-headed banking agencies, because their senior executives do not belong to the Senior Executive Service, but to an equivalent system that is independent of OPM and OMB control. In effect, the agencies determine their own needs.

Among the other independent executive agencies, SSA appears to be in a unique position regarding its need for SES positions. Its enabling statute directs OPM to authorize the agency a substantially greater number of positions than it had before it became independent.²⁶ The statute also requires OPM to report to the House Ways and Means Committee and to the Senate Finance Committee the number of SES positions it authorized for SSA.²⁷ OPM is therefore on notice that the number of SES positions it authorizes in response to SSA's request is subject to careful congressional scrutiny.

Apparent concern over possible interference by the President in appointment or removal of officials to or from SES positions in multi-headed regulatory agencies, led Congress to pass legislation providing that

Appointment or removal of a person to or from any Senior Executive Service Position in an independent regulatory commission shall not be subject, either directly or indirectly, to review or approval by any officer or entity within the Executive Office of the President.²⁸

²¹ Farm Credit Administration, Federal Deposit Insurance Corporation, Federal Housing Finance Board, Federal Reserve Board, and National Credit Union Administration.

²² United States International Trade Commission (19 U.S.C. 2232) and the United States Postal Service. The Postal Rate Commission sends its budget request to the United States Postal Service, which may revise the request, but OMB may not revise the budget of the Postal Service (39 U.S.C. 203 and 3604).

²³ Social Security Administration (42 U.S.C. 904(b)).

²⁴ Commodities Futures Trading Commission (7 U.S.C. 4a(h)(1)), Consumer Product Safety Commission (15 U.S.C. 2076(k)(1)), Federal Election Commission (2 U.S.C. 437d(d)(1)), Federal Energy Regulatory Commission (42 U.S.C. 7171(j)), Merit Systems Protection Board (5 U.S.C. 1205(j)), National Transportation Safety Board (49 U.S.C. 1113(c)), Railroad Retirement Board (45 U.S.C. 231(f)(1)), and Surface Transportation Board (P.L. 104-88, Title II, sec. 2, 109 Stat. 934). The Federal Energy Regulatory Commission, which is located inside the Department of Energy, submits its budget request to the Secretary of Energy. The Secretary incorporates the Commission's budget into the Department's budget, before sending it concurrently to OMB and Congress (42 U.S.C. 7171(j)).

²⁵ 5 U.S.C. 3133(c).

²⁶ 42 U.S.C. 904(a)(3) provides that "Notwithstanding any requirements of" 5 U.S.C. 3133, OPM is to authorize for SSA "a total number of Senior Executive Service positions substantially greater than the number" the agency had immediately before August 15, 1994, while it was still in the Department of Health and Human Services, "to the extent that the greater number of such authorized positions is specified in the comprehensive work force plan as established ... by the Commissioner under" 42 U.S.C. 904(b)(2).

²⁷ P.L. 103-296, 42 U.S.C. 904 note, 108 Stat. 1472.

²⁸ 5 U.S.C. 3392(d).

SSA is not covered by the above provision because it is not a "regulatory commission."²⁹ Inclusion under the provision may provide it with an extra degree of immunity from Presidential interference in its personnel policies.

Communications with Congress

Another factor to consider when examining an agency's independence is whether its legislative recommendations, testimony and comments are cleared by OMB before being submitted to Congress. OMB has directed all executive branch agencies to send their communications to it for clearance before being sent to Congress, except for the agencies that are exempted from such clearance procedure by law.³⁰

Nine of the independent agencies are exempted from the clearance procedure by provisions in their enabling statutes that prohibit another executive agency or official from reviewing or approving legislative communications before they are sent to Congress.³¹ Three other independent agencies have statutory authority to send their communications concurrently to Congress and OMB. Five others, whose statutes are silent on the matter, reportedly rely on their status as independent regulatory agencies to send their communications directly to Congress.³² As a matter of courtesy the communications are also sent to OMB.

SSA's enabling statute is silent regarding its communications to Congress.³³ As an independent agency, it may not need OMB clearance before sending its communications directly to Congress. However, the congressional liaison officer in the agency reported that communications regarding policy matters are cleared with OMB before being sent to Congress.³⁴

Rulemaking

Another factor in determining an agency's independence is whether its rulemaking is subject to review by OMB. Since 1981, executive agencies have been required by executive order to send their

²⁹ 44 U.S.C. 3502(10) of the Paperwork Reduction Act defines the term independent regulatory agency as including the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Consumer Product Safety Commission, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Energy Regulatory Commission, the Federal Housing Finance Board, the Federal Maritime Commission, the Federal Trade Commission, the Interstate Commerce Commission (since abolished and replaced by the Surface Transportation Board), the Mine Enforcement Safety and Health Review Commission (renamed Federal Mine Safety and Health Review Commission), the National Labor Relations Board, the Nuclear Regulatory Commission, the Occupational Safety and Health Review Commission, the Postal Rate Commission, the Securities and Exchange Commission, and any other similar agency designated by statute as a Federal independent regulatory agency or commission. A problem identifying "any other similar agency designated by statute as a Federal independent regulatory agency or commission," is that while there are other such commissions, they are not identified as such in their enabling statutes. In fact, only a few of the above listed agencies are identified as an "independent regulatory commission" in their enabling statutes.

³⁰ OMB Circular A-19, Revised, September 20, 1979.

³¹ Commodity Futures Trading Commission (7 U.S.C. 4a(h)(2)), Consumer Product Safety Commission (15 U.S.C. 2076(k)(2)), Federal Deposit Insurance Corporation (12 U.S.C. 250i), Federal Election Commission (2 U.S.C. 437d(d)(2)), Federal Reserve System's Board of Governors (12 U.S.C. 250), National Credit Union Administration (12 U.S.C. 250), National Transportation Safety Board (49 U.S.C. 1113(c)), Railroad Retirement Board (45 U.S.C. 231R(f)) and Securities and Exchange Commission (12 U.S.C. 250).

³² Agencies with statutory authority to send their communications concurrently include the Farm Credit Administration (12 U.S.C. 2252(a)), Federal Energy Regulatory Commission (42 U.S.C. 7171(j)), and Merit Systems Protection Board (5 U.S.C. 12059(k)). Those relying on their independent status include the Federal Maritime Commission, Federal Trade Commission, Nuclear Regulatory Commission, Surface Transportation Board, and United States International Trade Commission. (Information regarding agencies relying on their independent status is based on telephone conversations with officials in each agency).

³³ There is a provision in the statute, however, that one of the functions of the Social Security Advisory Board includes "making recommendations to the President and to the Congress with respect to policies that will ensure the solvency of the old-age, survivors, and disability insurance program, both in the short-term and the long-term." P.L. 103-296, 108 Stat. 1467-1468.

³⁴ Telephone conversation with Legislative Reference Officer in Social Security Administration on July 19, 1996. Sending policy related communications to OMB for clearance before transmitting them to Congress raises questions regarding how an agency head perceives and uses the independence that he or she has been given.

regulations to OMB for clearance before being published.³⁶ Most independent multi-headed regulatory agencies cited under 44 U.S.C. 3502(10), have been exempted from having to submit their regulations to OMB.³⁸

Although SSA is not a multi-headed regulatory agency, its independent status may protect it from having to send its regulations to OMB for clearance, since such clearance is required by Presidential direction and not by statute. However, the agency sends its regulations to OMB for clearance before publishing them.

Paperwork reduction

The unique status of independent multi-headed regulatory agencies also is reflected in the Paperwork Reduction Act, where, for the first time, the individual commissions were singled out as "independent regulatory agenc[ies]" in the United States Code.³⁷ In an effort to reduce the cost of paperwork to the public, all agencies in the executive branch are required to submit proposed new information collection requests to OMB for approval before they may be sent to the public in the form of new questionnaires or other data collection requests. Under the Act, only the multi-headed independent regulatory agencies, by majority vote of their members, may override OMB if it disapproves one of their requests.³⁸

SSA lacks the independence of the regulatory agencies regarding its ability to collect data from the public, since it cannot override OMB if it denies a request to approve such data collection.

Litigation

Finally, an agency's independence is affected by the degree of litigation authority it has. Under Sections 516, 518, and 519 of Title 28, the Justice Department serves as the central litigating authority for executive agencies. While the general litigating authority is vested in the Attorney General, most of the agencies enjoy a certain measure of independent litigating authority on civil matters. That litigating authority, however, is a confused hodgepodge of exceptions to the general statutes.

The authority varies considerably, depending on whether it involves defensive litigation, offensive litigation, or appeals to the Supreme Court. Some agencies have complete or near complete authority in all three areas, others have partial authority in some or all of the areas, and a few have no formal authority without the approval of the Attorney General. In some instances it is unclear whether agencies have certain litigating authority.³⁹ Some of the agencies participate in judicial review, or defensive litigation. Most have statutory authority to do so,⁴⁰ while others apparently do so as a matter of custom without having specific authority.⁴¹

³⁵ Executive Order 12291, 46 *Fed. Reg.* 13139 (1981), and Executive Order 12866, 58 *Fed. Reg.* 51735 (1993), which revoked the earlier order but continued the clearance process.

³⁶ Sec. 1(d) of E.O. 12291 Executive Order 12291, and Sec. 3(b) of Executive Order 12866.

³⁷ 44 U.S.C. 502(10). See note 29 for a list of the agencies.

³⁸ 44 U.S.C. 3507(c).

³⁹ While the *Study on Federal Regulation*, Vol. 5 (Regulatory Organization), U.S. Congress. Senate. 95th Cong., 2d sess. Gov. Print. Off., Washington, D.C., 1977, remains a key source regarding commission litigating authority, two more recent sources include, a CRS memorandum *Litigating Authority of Federal Entities* by P.L. Morgan of the American Law Division, dated July 7, 1988; and U.S. Administrative Conference of the United States. *Multi-Member Independent Regulatory Agencies: A Preliminary Survey of their Organization*, (Revised Edition), May 1992. This section relies heavily on these three sources.

⁴⁰ Federal Communications Commission (28 U.S.C. 2348 and 2350, and 47 U.S.C. 154(f)(1)), Federal Deposit Insurance Corporation (12 U.S.C. 1819), Federal Energy Regulatory Commission (42 U.S.C. 7101 *et seq.* and 7171(i)), Federal Labor Relations Authority (5 U.S.C. 7105(h)), Federal Maritime Commission (28 U.S.C. 2348 and 2350), Federal Trade Commission (15 U.S.C. 56), National Labor Relations Board (29 U.S.C. 29 U.S.C. 154(a)), Nuclear Regulatory Commission (28 U.S.C. 2348 and 2350), and Securities and Exchange Commission. (12 U.S.C. 1109(a), 1125(d) and 1129(d)). See *ACUS Preliminary Survey*, p. 5, 9, 12, and 15, and *Study on Federal Regulations*, Vol. V (Regulatory Organization), pp. 57-58.

⁴¹ See P.L. Morgan, p. 7, 9, 11, and 13; *ACUS Preliminary Survey*, p. 6, 11, 13, and 18; and *Study on Federal Organization*. Vol. V (Regulatory Organization), pp. 57-58. The Department of Justice will often agree to allow agency counsel to participate, or even totally conduct litigation where the knowledge, expertise and interest on the subject matter resides in the agency.

The authority to initiate and conduct lawsuits and offensive litigation varies considerably among the agencies. Six have complete or near complete authority to initiate and conduct lawsuits independent of the Justice Department.⁴² Five others have partial or uncertain authority to do so.⁴³ Only four have no independent authority to sue in their own name without the approval of the Attorney General.⁴⁴

Finally, under 28 U.S.C. 2350(a), three agencies may petition the Supreme Court for a writ of certiorari,⁴⁵ and three others appear to have almost complete authority to appeal and argue directly before the Court.⁴⁶

Litigation with which SSA is involved is conducted jointly with the Department of Justice. The degree of SSA control appears to depend on the type of case, its complexity, workload of the offices involved, and the importance of the litigation to specific agency concerns or broader government-wide concerns.

Other Independent Criteria Applicable to Multi-headed Agencies

For multi-headed agencies there are two more factors to consider regarding their independence—how the chairman of the agency is selected, and whether the members of the agency must be politically balanced.

In most instances, the chairman has broad administrative powers, including control over the agenda, budget and staff of the agency. The chairman of the multi-headed agencies are selected either by the members themselves or by the President. Selection by the members assures greater independence. If the President selects the chairman, whether he has sole authority to select or needs Senate confirmation is important.

Seven multi-headed agencies have chairmen whose designations are subject to Senate confirmation,⁴⁷ while two designate their own chairmen.⁴⁸ The chairmen of most multi-headed agencies are designated by the President alone.

Political balance is required for most multi-headed agencies to assure that a wide variety of ideological as well as other positions are represented among the members. Nearly all of the members are affiliated either with the Democratic Party or the Republican Party. In some instances, however, members may belong to another political party or to no political party.

Most multi-headed agencies by statute require that no more than a simple majority of the members may belong to the same political party (i.e., two out of three, or three out of five). One agency that lacks a statutory provision requiring political balance—the Federal Reserve System—by tradition has a balanced membership.

⁴² Federal Deposit Insurance Corporation (12 U.S.C. 1819), Federal Energy Regulatory Commission (42 U.S.C. 7101, *et seq* and 7171(i)), and 15 U.S.C. 717 *et seq* and 717e), Federal Labor Relations Authority (5 U.S.C. 7106(h) and 7123(b), 7123(c) and 7123(d)), Federal Trade Commission (15 U.S.C. 56), National Labor Relations Board (29 U.S.C. 154(a), 160(e), 160(j) and 160(k)), and 161(2)), and Securities Exchange Commission (15 U.S.C. 77(b), 77(c), 78u(c), 78u(d) and 78u(e)), 11 U.S.C. 1109(a), 1125(d), and 1129(d)). See P.L. Morgan, pp. 7-10 and 13-14; *ACUS Preliminary Survey*, pp. 7-8, 11, 13, and 18; and *Study on Federal Regulation*, Vol. V (Regulatory Organization) p. 62.

⁴³ Commodity Futures Trading Commission (7 U.S.C. 4a(c) and 13(a)(1)), Consumer Product Safety Commission (15 U.S.C. 2061, 2064(g), 2071, and 2078(b)), Farm Credit Administration (12 U.S.C. 224(c)), Federal Maritime Commission (46 U.S.C. 1705(k)), and Federal Reserve Board (12 U.S.C. 1828(c)(7)(D)). See P.L. Morgan, pp. 3-4, 9, and 11; *ACUS Preliminary Survey*, pp. 2-3, 9, and 12; *Study on Federal Regulation*, Vol. V (Regulatory Organization) p. 62.

⁴⁴ Federal Communications Commission, National Transportation Safety Board, Nuclear Regulatory Commission, and Occupational Safety and Health Administration.

⁴⁵ Federal Communications Commission, Federal Maritime Commission, and Nuclear Regulatory Commission.

⁴⁶ Federal Deposit Insurance Corporation (12 U.S.C. 1819), National Labor Relations Board (29 U.S.C. 154(a), 160(e), 160(j), and 161(2)), and Federal Trade Commission (15 U.S.C. 56).

⁴⁷ Commodity Futures Trading Commission (7 U.S.C. 4a(2)), Consumer Product Safety Commission (15 U.S.C. 2053(a)), Federal Deposit Insurance Corporation (12 U.S.C. 1812), Federal Reserve Board (12 U.S.C. 242), Merit Systems Protection Board (5 U.S.C. 1203(a)), National Transportation and Safety Board (49 U.S.C. 1111(d)), and Railroad Retirement Board (49 U.S.C. 1902(b)(3)).

⁴⁸ Federal Election Commission (2 U.S.C. 437c), and National Mediation Board (45 U.S.C. 154).

Conclusion

Let me conclude by saying that, within constitutional limits, it is Congress that determines how independent an agency will be from the President's direction and control. The political environment helps to determine the duties and responsibilities assigned to an agency, its location in the executive branch, and the degree of independence it enjoys. Within the general criteria established by the Supreme Court regarding the limits that may be placed on the President's power to remove an official from office, Congress has considerable authority to assure an agency's independence.

Congress has made the Social Security Administration one of the most independent executive agencies. It is unique among the single-headed agencies. The Commissioner serves a six-year term and may not be removed except for cause. While its budgetary and staffing requests may be subject to revision by OMB, its own budget is sent to the Appropriations Committees. Finally, as an independent agency, its communications with Congress and regulatory actions may not be subject to OMB clearance. Such independence is shared only by a handful of agencies.

Departments & Independent Agencies	Position	Term	Statute
Department of Agriculture Rural Electrification Administration	Administrator	10	7 USC 901
Department of Health & Human Services Office of Surgeon General	Surgeon General	4	42 USC 205
Department of Justice Community Relations Service	Director	4	42 USC 2000g
Federal Bureau of Investigation	Director	10	28 USC 532 note
Office of Immigration Related Unfair Employment Services	Special Counsel	4	8 USC 1324b(C)(1)
Executive Office for U.S. Attorneys	U.S. Attorney (94)	4	28 USC 541(b)
United States Marshals Service	U.S. Marshal (94)	4	28 USC 561(d)
Department of Labor Bureau of Labor Statistics	Commissioner	4	29 USC 3
Department of Transportation Saint Lawrence Seaway Development Administration	Administrator	7	33 USC 982
Department of the Treasury Office of Comptroller of the Currency	Comptroller	5	12 USC 2
Office of Thrift Supervisor	Director	5	12 USC 1462a(c)(2)
United States Mint	Director	5	31 USC 304(b)
Department of Veterans Affairs Veterans Benefits Administration	Under Secretary	4	38 USC 306(c)
Veterans Health Administration	Under Secretary	4	38 USC 305(c)
National Endowment for the Arts	Chairman	4	20 USC 954(b)(2)
National Endowment for the Humanities	Chairman	4	20 USC 956(b)(2)
National Science Foundation	Director	6	42 USC 1864(a)
Office of Personnel Management	Director	4	5 USC 1102(a)
Office of Government Ethics	Director	5	5 USC Ap.5 401(b)
Office of Special Counsel	Special Counsel	5	5 USC 1211(b)
Social Security Administration	Commissioner	6	42 USC 902(a)
	Deputy Commissioner	6	42 USC 902(b)

* Independent in the sense that they are located outside of executive departments.

Collegial Board or Commission	Position	Years	Statute
Commodity Futures Trading Commission	Commissioners (5)	5	7 USC 4a(a)
Consumer Product Safety Commission	Commissioners (5)	7	15 USC 2053(b)
Defense Nuclear Facilities Safety Board	Commissioners (5)	5	42 USC 2286(b)
Equal Employment Opportunity Commission	Commissioners (5)	5	42 USC 2000e-4(a)
	General Counsel	4	42 USC 2000e-4(b)
Export-Import Bank	Directors (5)	4	12 USC 635(c)
Farm Credit Administration	Members (3)	6	12 USC 2242
Federal Communications Commission	Commissioners (5)	7	47 USC 154(c)
Federal Deposit Insurance Corporation	Directors (2)	6	12 USC 1812
Federal Election Commission	Commissioners (6)	6	2 USC 437(c)(a)
Federal Energy Regulatory Commission	Commissioners (5)	4	42 USC 7171(b)
Federal Labor Relations Authority	Members (3)	5	5 USC 7104(c)
Federal Maritime Commission	Commissioners (5)	4	46 USC 1111 note
Federal Mine Safety & Health Commission	Commissioners (5)	6	30 USC 823(a)
Federal Reserve System	Directors (7)	14	12 USC 242
Federal Trade Commission	Commissioners (5)	7	15 USC 41
Foreign Claims Settlement Commission	Chairman	3	22 USC 1622 note
Inter American Development Bank	Executive Director	3	22 USC 283a
International Bank for Reconstruction and Development	Executive Director	2	22 USC 286(a)
	Alternate Exec Dir	2	22 USC 286(a)
International Monetary Fund	Executive Director	2	22 USC 286a(a)
	Alternate Exec Dir	2	22 USC 286a(b)
Merit Systems Protection Board	Members (3)	7	5 USC 1202(c)
National Credit Union Administration	Members (3)	6	12 USC 1762(a)
National Labor Relations Board	Members (5)	5	29 USC 153(a)
	General Counsel	4	29 USC 153(d)
National Mediation Board	Members (3)	3	45 USC 154
National Transportation Safety Board	Members (5)	5	49 USC 1902(b)
Nuclear Regulatory Commission	Commissioners (5)	5	42 USC 5841(c)
Occupational Safety and Health Review Commission	Commissioners (3)	6	29 USC 661(a)
Postal Rate Commission	Commissioners (5)	6	39 USC 3601(b)
Railroad Retirement Board	Members (3)	5	45 USC 231f(a)
Securities & Exchange Commission	Commissioners (5)	5	15 USC 78d(a)
Surface Transportation Board	Members (3)	5	49 USC 701(b)
Tennessee Valley Authority	Directors (3)	9	16 USC 831a
U.S. International Trade Commission	Commissioners (6)	9	19 USC 1330(b)
U. S. Parole Commission	Commissioners (9)	6	18 USC 4202

Note: Number in parenthesis under 'Position' indicates number of positions.

TABLE 3. Statutes Limiting President's Authority to Remove Officials Appointed with Advice and Consent of Senate

A. Positions where statutes stipulate that the President may remove an official only for the cause or causes cited:

1. Only for inefficiency, neglect of duty, malfeasance in office

- Federal Energy Regulatory Commission, Commissioners, P.L. 95-91, title IV, 91 Stat. 682, 42 U.S.C. 7171(b)
- Federal Labor Relations Authority, Members, P.L. 95-454, title VII, 92 Stat. 1196, 5 U.S.C. 7104(b)
- Merit Systems Protection Board, Members, P.L. 95-454, title II, Sec. 202(a), 92 Stat. 1122, 5 U.S.C. 1202(d)
- Merit Systems Protection Board, Chairman of Special Panel, P.L. 95-454, Title II, Sec. 7702, 5 U.S.C. 7702(d)(6)(A)(iii)
- Office of Special Counsel, Special Counsel, P.L. 95-454, 92 Stat. 1122, 5 U.S.C. 1211(b)

2. Only for inefficiency, neglect of duty, malfeasance in office, or ineligibility

- National Mediation Board, Members, Act of June 21, 1934, 48 Stat. 1193, 45 U.S.C. 154, First

3. Only for neglect of duty or malfeasance in office

- Consumer Product Safety Commission, Commissioners, P.L. 92-573, 86 Stat. 1210, 15 U.S.C. 2053(a)
- National Labor Relations Board, Members, P.L. 86-257, title VII, 73 Stat. 542, 29 U.S.C. 153(a)
- Social Security Administration, Commissioner, P.L. 103-296, 108 Stat. 1466, 42 U.S.C. 902(a)

4. Only for general cause

- Postal Rate Commission, Commissioners, P.L. 94-421, 90 Stat. 1304, 39 U.S.C. 3601

B. Positions where statutes omit the term only before the cause or causes cited for removal:**1. Inefficiency, neglect of duty, or malfeasance in office**

- Federal Maritime Commission, Commissioners, 46 U.S.C. 1111, Reorganization Plan # 7 of 1961
- Federal Mine Safety and Health Review Commission, Commissioners, P.L. 91-173, title 1, 91 Stat. 1313, 30 U.S.C. 823(b)(1)
- Federal Trade Commission, Commissioners, Act of Sept. 26, 1914, 38 Stat. 717, 718; 15 U.S.C. 41
- National Transportation Safety Board, Members, P.L. 93-633, 88 Stat. 2167, 49 U.S.C. 1111(c)
- Nuclear Regulatory Commission, Commissioners, P.L. 93-438, 88 Stat. 1242, 42 U.S.C. 5841(e)
- Occupational Safety and Health Review Commission, Commissioners, P.L. 91-596, 84 Stat. 1603, 29 U.S.C. 661(b)
- Surface Transportation Board, Members, P.L. 104-88, 109 Stat. 932-933, 49 U.S.C. 702(b)

2. For cause

- Federal Reserve System, Board of Governors, Act of June 3, 1922, 42 Stat. 620, 12 U.S.C. 242

C. Positions where President need only communicate reasons for removal to the Senate or to both Houses of Congress:

- Archivist of the United States, P.L. 98-497, 98 Stat. 2280, 44 U.S.C. 2103
- Chief Benefits Officer, Department of Veterans Affairs, 38 USC 306(C)
- Chief Medical Officer, Department of Veterans Affairs, 38 U.S.C. 305(c)
- Comptroller of the Currency, Act of June 3, 1864, 13 Stat. 99; R.S. Sec. 325; Aug. 23, 1935, 49 Stat. 707, 12 U.S.C. 2
- Director of the Mint, Act of Feb. 12, 1873, 17 Stat. 424; P.L. 97-258, 96 Stat. 879, 31 U.S.C. 304(b)(1)
- Director of Operational Testing and Evaluation, Department of Defense, P.L. 98-94, title XII, 79 Stat. 684, 10 U.S.C. 138
- Inspector General Act; P.L. 95-452, 92 Stat. 1101, 5 U.S.C. Ap 3, 3(b)
- Office of Inspector General and Deputy Inspector General, Department of Energy, P.L. 95-91, title II, 91 Stat. 676, 42 U.S.C. 7138

D. Positions where removal probably requires cause or causes even though statutes are silent on matter

- Commodity Futures Trade Commission, Commissioners
- Defense Nuclear Facilities Safety Board, Members
- Equal Employment Opportunity Commission
- Farm Credit Administration, Commissioners
- Federal Communications Commission, Commissioners
- Federal Deposit Insurance Corporation, Board of Directors
- Federal Election Commission, Commissioners
- National Credit Union Administration, Board of Directors
- Railroad Retirement Board
- Securities and Exchange Commission, Commissioners
- United States International Trade Commission, Commissioners
- United States Parole Commission, Commissioners

The absence of a removal provision regarding a fixed-term position does not mean that the President can remove an incumbent whenever he wishes. In 1958 the Supreme Court ruled that unless specifically authorized by statute, the President may not remove members of a body created to exercise purely adjudicatory functions that are not subject to review by any other executive branch official.⁴⁹ Since then the Court has expanded and extended the grounds under which Congress can impose limits on the President's power to remove incumbents before their term of office expire.⁵⁰

⁴⁹ *Wiener v. United States*, 357 U.S. 349 (1958). See also *Securities Exchange Commission v. Blinder, Robinson, and Co.*, 865 F.2d 677 (10th Cir. 1988). (SEC commissioners may only be removed for cause despite statutory silence on removal.)

⁵⁰ See *Morrison v. Olson*, 487 U.S. 685-86 (1988), and *Mistretta v. United States*, 488 U.S. 361 (1989) n. 13 (quoting *Nixon v. Administrator of General Services*, 433 U.S. 443 (1979)).

Chairman BUNNING. Thank you, Mr. Garcia.

I will start it off and then, as we normally do, proceed through the Members as they want to ask questions.

You mentioned in your testimony that SSA, as an independent agency, no longer reports to the Department of Health and Human Services. In addition, you stated that SSA has independence from the direction and control of the President.

Given that the Commissioner has a fixed term of office, 6 years, in fact, thereby overlapping presidential terms, and that the President may only remove the Commissioner for cause, in your view, how much independence does this provide the Social Security Administration?

Mr. GARCIA. It provides it with the independence that, if there is a disagreement with the President over policy, the President is not free to remove the Commissioner the way he would be free to remove an official who does not have the protection against removal.

Chairman BUNNING. Like the Secretary of Defense or the Secretary of State or any of those Cabinet-level offices?

Mr. GARCIA. Yes, Mr. Chairman. They could be removed at any time by the President.

Chairman BUNNING. You have summarized five factors to determine an agency's degree of independence. In your analysis of various independent agencies, would you say the agency's degree of independence is more the result of statutory authority or more the result of the attitude of the agency's head in interpreting its statutory authority to be independent?

Mr. GARCIA. Well, the statutory authority for independence has to be there for the head of the agency to be able to act on the particular authority he or she has. How the head of the agency acts on that authority depends on his or her attitude.

Chairman BUNNING. Could you name another independent agency, headed by a single person with a fixed term of office, that was given statutory authority similar to that afforded SSA when it was established as an independent agency?

Mr. GARCIA. There is only one single head of agency that fits that description, and that is the Office of Special Counsel. The head of that agency is appointed for 5 years and is also removable only for cause. So it has a similar protection. But it's a much smaller office, not as large as the Social Security Administration.

Chairman BUNNING. In fact, it only has 92 employees and an \$8 million budget, according to the research that I have on it.

Mr. GARCIA. Yes, sir.

Chairman BUNNING. Ninety-two employees and an \$8 million budget, compared to SSA's 65,000-plus employees and a budget of over \$400 billion, \$6 billion for operating and administrative expenses alone.

Mr. Jacobs.

Mr. JACOBS. I have no questions, Mr. Chairman.

Chairman BUNNING. Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

Would you agree that it's one of the Commissioner's responsibilities to protect the independent SSA from politically motivated manipulation on the part of the executive branch?

Mr. GARCIA. That has been Congress' intent, so I would agree that that's the reason Congress made the agency independent.

Mr. JOHNSON. So it's clear then in the legislation, in your view?

Mr. GARCIA. During hearings, those were the intentions that were announced by many Members.

Mr. JOHNSON. You mention also that the statute specifies that they submit their budget directly to the Congress without revision as well as to the Congress as part of the overall budget of the President.

Can you tell me what leverage the President has to ensure that the SSA, now that it's independent, submits a budget that is acceptable to the President?

Mr. GARCIA. Well, the agencies will normally negotiate with OMB regarding their budgets. By statute, SSA's original budget is eventually submitted to Congress. But along with that budget, Congress receives the budget that's prepared by OMB for all of the agencies. The latter budget, the presidential budget, may be a revised version of the budget that has been prepared by the agency.

However, the Appropriations Committees are aware of the original budget that the agency submitted to the OMB, and whatever changes OMB has made in the President's budget regarding the agency.

Mr. JOHNSON. But Social Security doesn't have to submit their budget to OMB, is that true?

Mr. GARCIA. Yes, they do, sir.

Mr. JOHNSON. They do?

Mr. GARCIA. Yes. There are some agencies that do not submit budgets because they generate their own funding. These are primarily multiheaded, regulatory banking agencies—the Federal Reserve Board, the Federal Deposit Insurance Corp. However, the Social Security Administration, by law, must submit, as other agencies, must submit its budget to OMB.

Now, there are two agencies that have statutes which prohibit OMB from revising their budgets. They are the U.S. International Trade Commission and the U.S. Postal Service. There are other agencies that submit their budgets to OMB and at the same time submit budgets to Congress, but in those instances where there's no stipulation preventing OMB from revising the budget, those budgets may be revised. So the SSA budget——

Mr. JOHNSON [continuing]. Falls into that category.

Mr. GARCIA [continuing]. Falls into that category.

Mr. JOHNSON. Thank you, sir.

No more questions, Mr. Chairman. Thank you.

Chairman BUNNING. Mr. Neal.

Mr. NEAL. Thanks, Mr. Chairman.

Mr. Garcia, you seemed to indicate that SSA could, on its own volition, decide to issue regulations or send communications to Congress without having been reviewed by OMB. The independent agency legislation was thoroughly studied and reviewed by Congress and legislation was introduced repeatedly over a decade, and there were many, many hearings.

Don't you think that Congress would have made the Social Security Administration independent of OMB if it had intended to?

Mr. GARCIA. It's possible, sir, but the fact that the agency was made independent—Let me back up.

It's possible. Why they did not do so, I don't know.

Mr. NEAL. That's the only question I had, Mr. Chairman.

Chairman BUNNING. Mr. Collins.

Mr. COLLINS. I just have one question, Mr. Chairman.

Mr. Garcia, without passing additional legislation, what can Congress do to further the Social Security Administration's independence and insulation from political pressures?

Mr. GARCIA. I would venture to say, to provide SSA greater independence or to see that the independence it has is utilized, would likely depend on the support given to it by its oversight committees and the Congress. Support in the sense of backing the agency when it may have a conflict with the administration over budget and staff, policy and other matters.

But I'm not—I don't have sufficient knowledge to go into those areas. The area that I'm particularly involved with is simply what is in the statutes and how the particular characteristics of the agencies are applicable, or of their independence, are applicable to one agency or another agency.

Mr. COLLINS. As a followup, without additional legislation, though, it primarily would depend on the person appointed as Commissioner and their interpretation and their attitude toward loyalty to the congressional intent to establish an independent agency or to the President?

Mr. GARCIA. I would assume, sir, that any head of agency that is independent, how he or she exercises his or her independence, is determined by various factors—the attitude of the individual heading the agency and various political considerations.

Beyond that, the Congress could look at certain reports that are required to be filed, to determine how the agency is operating. I'm thinking now, for instance, of the Senior Executive Service. The level of Senior Executive Service positions are established by the Office of Personnel Management, in consultation with OMB. The statute establishing the agency as an independent agency stipulates that when OMB establishes the number of senior executive positions for the agency, the number should be substantially greater than it was when the agency was in HHS, and also stipulates that whatever numbers are established by OPM, that OPM provides that information to the Committees. So I would imagine that scrutinizing those reports would help the Committees determine what is happening in that area.

Mr. COLLINS. Another followup question. I thought I just had one, but it's getting interesting.

Chairman BUNNING. The green light is still on.

Mr. COLLINS. The cash flow of the Social Security Administration, too, can drive the attitude, not only of the chief executive officer of the country but those political pressures upon the Commissioner who handles that cash flow, as to how independent that agency will be; is that not true?

Mr. GARCIA. Sir, I'm not qualified to comment on those issues. I don't know what the pressures are. I have no knowledge, really, of the substantive issues that the agency is involved with, apart from what I read in the newspaper.

I can address the characteristics that help to make an agency independent, but as to what political pressures there are, I'm really not qualified to comment on that.

Mr. COLLINS. As long as the cash flow is deposited into the U.S. Treasury, and the checks for the Social Security benefits are drawn on the U.S. Treasury, rather than an independent Social Security Administration, political pressures will remain to keep that cash flow in a place so that it can offset and hide the deficit. That's what I'm referring to.

The cash flow of the Social Security Administration plays an important role in the pressures that they receive, as the Commissioner and as the agency, from the chief executive officer of this country to help, as I said, offset or hide the deficit. I think, if you're going to make it an independent agency, you ought to make it an independent bank account. Surpluses could then be used to purchase government securities, but make it an arm's-length transaction, as any other independent, private sector agency would do.

Thank you, Mr. Chairman.

Chairman BUNNING. Mr. Portman.

Mr. PORTMAN. Mr. Garcia, thank you for your testimony. I enjoyed it.

I think there is a remarkable independence that most Americans would be surprised at, thanks to Mr. Bunning and Mr. Jacobs and other people's efforts. I think you described it pretty well.

What confuses me still is on the regulatory side. Under the statute, can the Social Security Administration send regulations directly to Congress without going through the OMB review process, and if they can, I would like your appraisal as to whether that has been done, to your knowledge, and whether there are other agencies perhaps not even as independent that have that authority.

Mr. GARCIA. The rulemaking I was referring to deals with agency rules and regulations issued under the Administrative Procedure Act. Those regulations are not normally submitted to Congress, although under the recently amended Regulatory Flexibility Act, major regulations are now subject to congressional disapproval by joint resolution.

But regarding rulemaking, under Executive Order 12866, which was issued in September 1993—and that followed an earlier order first issued in 1981—agencies in the executive branch are required to send their rulemaking, their regulations, to OMB for review and, in effect, clearance before the agency can publish in the *Federal Register* the draft and the final regulation.

The Executive order mandating the agencies to send their regulations to OMB exempted the multiheaded, independent regulatory agencies. There is some question whether SSA—which is not a regulatory agency but which is independent—there is some question whether SSA has to submit its regulations to OMB for clearance because of its independent—

Mr. PORTMAN. In your estimation, is SSA more or less independent than those regulatory agencies that you mentioned, in other respects than regulatory and the rulemaking?

Mr. GARCIA. Since OMB may insist on changes to a particular regulation, this would impact on the independence of the particular agency that issues the regulation.

Mr. PORTMAN. I guess what I'm suggesting is, do you think there is a logic to having SSA treated differently than those other independent agencies as it relates to rulemaking, given the fact that SSA's independence by statute is so broad?

Mr. GARCIA. That's again a question that will have to be handled by Congress, depending on the responsibilities of the particular agencies. There are established independent regulatory boards and commissions with certain independence for certain reasons—political, policy, and so forth—and the same would be true for the Social Security Administration.

Mr. PORTMAN. What is your interpretation of the statute? Because of the Executive order and not specifically exempting SSA, is SSA mandated to submit its proposed rules to OMB for review prior to being published in the *Federal Register*?

Mr. GARCIA. The question is whether an Executive order can require an agency with certain independent status to follow certain procedures. I'm not qualified to evaluate these procedures—

Mr. PORTMAN. So you would say it's a gray area at this point?

Mr. GARCIA. It's a gray area as to whether the agency must submit its regulations—

Mr. PORTMAN. Under current practice—I don't know the answer to this—you indicated the budget is submitted separately so that Congress sees the budget and the appropriators know what the budget is. Does SSA do that with rules as well?

Mr. GARCIA. No. The rules and regulations are not sent to Congress, except for the—

Mr. PORTMAN. So prior to the OMB screening, there would be no way for Congress to know what the rules were being proposed?

Mr. GARCIA. That's correct.

Mr. PORTMAN. Thank you.

Thank you, Mr. Chairman.

Chairman BUNNING. Mr. Christensen.

Mr. CHRISTENSEN. Thank you, Mr. Chairman.

Mr. Garcia, which key SSA vacancies are needed to be filled by presidential appointment, assuming—I don't know if there's hundreds or tens—

Mr. GARCIA. No, there are at least three with Senate confirmation. It's the Commissioner, the Deputy Commissioner, who is also appointed for a 6-year term, but there's no provision regarding the removal of the Deputy Commissioner, and the Inspector General. Those are the three primary positions, presidential appointees requiring Senate confirmation.

Mr. CHRISTENSEN. And you say the Deputy and the Inspector General are there with—as far as cause? How are they—

Mr. GARCIA. No, the Deputy can be removed at any time. The Inspector General can be removed as long as the President submits his reasons for removal to Congress. The statute just stipulates that he just has to submit reasons for removal.

Mr. CHRISTENSEN. During your time here in Washington, have you ever seen a situation where the President has refused to make a key appointment in terms of trying to find leverage over the SSA Director?

Mr. GARCIA. I can't specifically mention any instances, but that is one of the leverages that a President might have, to postpone making an appointment or submitting a nomination to Congress.

Mr. CHRISTENSEN. As far as an agency goes, if the Commissioner is willing to argue his or her case strongly, and is a tough negotiator, do you see that the Commissioner tends to have quite a bit of independence subsequent to what the President tries to do to him or her in terms of leveraging their power?

Mr. GARCIA. I would say the fact that the President cannot remove a head of an agency gives the head of the agency much greater authority than someone who can be removed because he or she disagrees with the President.

Mr. CHRISTENSEN. During your time here over the various Commissioners that have served, which Commissioner showed the most independence as far as being a strong agency head over that time?

Mr. GARCIA. Well, the one that comes to mind, and the one that's often referred to, is the Federal Reserve Board.

Mr. CHRISTENSEN. No, I meant with the SSA. Which SSA Commissioner over the last—

Mr. GARCIA. Sir, I haven't followed the activities of SSA. I'm not familiar with its responsibilities or even with its prior Commissioners.

Mr. CHRISTENSEN. OK. On a scale of 1 to 10, with the Federal Reserve Board being a 10 as the most independent agency, how would you rank SSA's degree of independence?

Mr. GARCIA. It's hard to say, because the various factors that I mentioned before, not all of the agencies have the same characteristics, so that one agency which could have protection against the revision of its budget doesn't necessarily have the ability to submit its communications to Congress without OMB review.

I would say that, among the multiheaded regulatory agencies, there are a few others besides the Federal Reserve Board, especially the banking agencies, that have relatively more independence. Among the independent singleheaded agencies, it's unique in its authority and in the independence that has been granted to it by Congress. It has a little more independence than the Office of Special Counsel because the Office of Special Counsel cannot submit its budget to Congress directly—it goes through OMB, and Congress has only the budget that OMB has placed into the President's budget.

Mr. CHRISTENSEN. Thank you, Mr. Garcia.

No further questions, Mr. Chairman.

Chairman BUNNING. Mr. Laughlin, we have about 6 minutes.

Mr. LAUGHLIN. I'll try not to use all that much, Mr. Chairman.

Mr. Garcia, as I listened to your testimony and talking about the attitude of the independent agency, it reminds me of the time after I had graduated from law school and was a company commander in the Army, and had about 110 men under my command. My mother called me and she wanted me to review what I had been doing.

After I told her what I had been doing, she wanted to know what I was going to be doing, and when I told her, at some point she said, "Well, you've got my permission to do that."

As I listened to some of your testimony, it kind of reminded me of that relationship. Here was my mother, who I had deep love and affection and respect for—and we're talking about an independent agency that may have that political connection to the President—yet in my instance I had far greater independence than what I'm hearing you talk about, because I was solely dependent upon my Army paycheck as a means of living, and I had a clear understanding of the court martial procedure if I didn't follow what the battalion commander told me.

As I listened to your talking about the independent head here in the agency we're talking about, who submits communications, regulations, to OMB—and I'm not sure I understood about the budget—dependent upon the President's agency for litigation, it seems that the independent agency head that we're talking about here doesn't quite have the independence I had from my mother in this military relationship.

Is that kind of what you're telling us here today?

Mr. GARCIA. I'm only trying to say what authority or what independence Congress has given to the agency through statute. The heads of all executive agencies are to an extent members of an administration and they have to depend to a certain extent on the administration for legislation, for support of its policies, legislation through Congress, and so forth.

Mr. LAUGHLIN. Very quickly, is there anything you would recommend that Congress do other than pass legislation? Are there any actions that you would recommend that we take?

Mr. GARCIA. I'm really not qualified to get into that because that's primarily in political areas, sir.

Mr. LAUGHLIN. OK. So we're talking about altering a political relationship then?

Chairman BUNNING. Mr. Laughlin, I'm going to ring the bell just a little prematurely, because we have 5 minutes to get to the vote on the floor—

Mr. LAUGHLIN. And there's four votes.

Chairman BUNNING. And we will recess until we finish our voting. We apologize.

Mr. LAUGHLIN. Thank you, Mr. Garcia.

Mr. GARCIA. Thank you.

[Recess.]

Chairman BUNNING. The Subcommittee will resume.

I would like to ask Mr. Garcia a couple of questions.

You mentioned political considerations numerous times in your testimony. What do you mean by political considerations for the record?

Mr. GARCIA. The political environment, the various constituency groups that would be involved and interested in particular issues, the support or opposition generated by these groups, the political dynamics that are involved in any policy, any action that the administration is pursuing.

I don't know anything beyond that. I'm not really qualified to get into Social Security issues.

Chairman BUNNING. In lieu of what you just said, what recourse would the President have if the Commissioner chooses to communicate to Congress directly and not submit communications to the

White House, or OMB, first, given the legislation and the statutory authority that Congress gave this independent Social Security Administration? What recourse would the President have?

Mr. GARCIA. Since the agency has to submit its budget to OMB, and OMB can revise the budget when it presents it in the President's budget to Congress, it could possibly cut the budget or possibly even cut the staff. But I don't—I mention this in a general sense, that of the actions that OMB can take against an agency, I don't have any knowledge of whether these actions are taken, have been taken, or will be taken. I don't know.

Chairman BUNNING. The Social Security independent agency could do just about what they want to do and Congress could back them up? SSA could submit their budget, and if the administration and OMB decides to delete certain things in the budget, the Social Security independent agency could come to Congress and plead their case. SSA could say to Congress, This is why we submitted x amount of dollars for this. Can this independent agency do just about anything they want to do to make the Social Security Administration independent from anyone?

Why else would we have given overlapping terms to the Commissioner? Why else would we give the Deputy Commissioner the same term?

Mr. GARCIA. The reasons that Congress has established these positions with their fixed times in office I can't really discuss, sir, because I'm not knowledgeable about that.

Chairman BUNNING. It's in the legislation.

Mr. GARCIA. Yes. What I can say is that Congress has the ultimate authority regarding any agency regarding the budget of the particular agency.

Chairman BUNNING. That's correct.

Mr. GARCIA. And regarding the staffing for the particular agency is Congress' decision.

Chairman BUNNING. Just like when we did our earnings limit bill, we put an appropriation in for more money for continuing disability reviews. The administration didn't ask for that, nor did the Social Security Administration. We took it upon ourselves to say this is a way to clear out the backlog of continuing disability reviews at SSA.

So the cooperation between the Congress of the United States, the Commissioner and Deputy Commissioner and other appointed offices at SSA can make that agency just about as independent as they want it to be.

Mr. GARCIA. Within the statutes provided by Congress and within the President's constitutional authority, responsibilities and accountability as head of the executive branch.

Chairman BUNNING. Mr. Garcia, I appreciate that very much.

Mr. Collins, do you have anything else?

Mr. COLLINS. No. Thank you, Mr. Garcia.

Chairman BUNNING. Thank you for your testimony. We appreciate it.

Mr. GARCIA. Thank you, Mr. Chairman.

Chairman BUNNING. I would like now to ask the witness from the U.S. General Accounting Office to come forward, Hon. Charles A. Bowsher, Comptroller General of the United States, accom-

panied by Jane Ross, Director, Income Security Issues, Health, Education and Human Services Division; Cynthia Fagnoni, Assistant Director, Income Security Issues, Health, Education, and Human Services; and Patricia Taylor, Director, Information Resources Management for Health, Education, and Human Services, Accounting and Information Management Division.

Welcome to you all. For the benefit of our guests, GAO is the audit and investigative arm of Congress.

Mr. Bowsheer, it is an honor to have you here today, and I want to thank you for personally presenting the GAO testimony on the issue of SSA's performance as an independent agency. Your presence illustrates the great importance of this hearing.

Having read your testimony, I know that you particularly understand how important a strong, efficient independent Social Security Administration is to the American public. My personal thanks to you and your outstanding staff once again for their continued excellent work. I thought that the title of your testimony was right on the mark and I look forward to hearing your findings.

Mr. Bowsheer, would you please begin.

STATEMENT OF HON. CHARLES A. BOWSHER, COMPTROLLER GENERAL OF THE UNITED STATES; ACCOMPANIED BY JANE L. ROSS, DIRECTOR, INCOME SECURITY ISSUES, HEALTH, EDUCATION, AND HUMAN SERVICES DIVISION; CYNTHIA M. FAGNONI, ASSISTANT DIRECTOR, INCOME SECURITY ISSUES, HEALTH, EDUCATION, AND HUMAN SERVICES DIVISION; AND PATRICIA T. TAYLOR, DIRECTOR, INFORMATION RESOURCES MANAGEMENT FOR HEALTH, EDUCATION, AND HUMAN SERVICES, ACCOUNTING AND INFORMATION MANAGEMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. BOWSHER. Thank you very much, Mr. Chairman, Mr. Collins. It's a pleasure to be here today.

What I thought I would do is summarize my testimony, but I would appreciate if the full text of my testimony could be put in the record.

Chairman BUNNING. Without objection.

Mr. BOWSHER. As you know, Mr. Chairman, the Social Security Administration administers one of the largest Federal programs in our whole government, and it has a very large staff of 64,000. The expenditures totaled \$363 billion in 1995, nearly one-fourth of the Nation's \$1.5 trillion Federal budget.

I think it's also important to realize that SSA serves 50 million beneficiaries, nearly 1 out of every 5 individuals in this country.

Managing SSA, I think, is one of the great management challenges. You have a huge work force, you have a complicated program, you have old systems and some modern systems, and so managing this organization is no small task.

In 1995, Congress, in an effort to address some of the critical policy issues and correct some of the programmatic and operational weaknesses, passed legislation to make SSA independent of HHS. Today we are here to provide GAO's assessment of SSA's efforts to address the policy, program, and operational issues and their ef-

forts to prepare for managing the challenges they face in the 21st century.

First, the good news. SSA has surpassed, I think, many of the Federal agencies in financial accountability. In both their ability to perform under the CFO Act and as a pilot agency under the GPRA Act of 1993, we certainly give them high marks.

Second, I think SSA has, as most everyone knows, a big financial problem facing them, namely, that their trust funds are in a surplus position now but will not be some time in the next century. So one thing I would like to do is just read one paragraph that I do have here on page 3 of my statement.

As the baby boom generation ages, growing numbers of people will receive Social Security retirement and survivors benefits in the years to come. By the year 2015, as baby boomers begin entering their midsixties, the numbers of individuals receiving benefits will reach an estimated 50 million, more than one-third greater than the 37 million receiving Social Security retirement and survivors benefits in this past year, 1995.

Once on the rolls, retirees can be expected to receive benefits for longer time periods than past recipients. A 65-year-old male who began receiving Social Security benefits in 1940—the first year SSA began paying monthly benefits—was expected to live, on average, about an additional 12 years. By the year 2015, a 65-year-old male will have a life expectancy of 16 years, or a 35-percent increase. During that same time period, the life expectancy for women aged 65 will actually increase by 50 percent. Meanwhile, the ratio of contributing workers to beneficiaries will decline. By 2015, an estimated 2.6 workers will be paying taxes into the Social Security system per beneficiary, and in 1950, it was 16.5 workers paying Social Security taxes per beneficiary.

Now, when the Congress passed legislation for an independent SSA, they were expecting more leadership on how to deal with these big financial problems that are looming in the future. A very big political issue is how to deal with Social Security funding in the future. I think each, the President and the Congress, are facing this; Democrats and Republicans are facing this; and everybody is somewhat hoping that the other one will go first. So I think one of the things that SSA has to do is to be able to do the research, develop the appropriate policy options and be more of a leader in helping the Congress and the President in the public debate that is going to be a very crucial issue here in the future.

SSA is only now strengthening its research, policy analysis and evaluating capabilities to be better prepared to assist the decisionmakers in this debate. The sooner the research is done, the sooner some of the options can be debated and, hopefully, decided, because sooner means less draconian changes later. This is also true for individual Americans who possibly will have to adjust their retirement plans.

Next I would just like to say a few words about the disability program. In recent years, disability caseloads have really shown unprecedented growth. In other words, in 1986 you had 4.4 million people in the programs, and in 1995 you had 7.5 million, a 69-percent increase. The dollars were up practically as much, 66 percent, from \$25 to \$57 billion. And the characteristics of the new beneficiaries changed. From 1982 to 1992, the mental impairment awards to younger workers increased by about 500 percent. In 1992, the new DI awardees were on average 48 years old. Therefore, they might spend as much as a third of their adult life on disability before reaching age 65.

As more applied, SSA became slower in processing these claims and appeals. Currently, the disability claims process accounts for about 50 percent of SSA's administrative budget. They are now trying to reengineer the processes in this disability area. SSA's redesign plans include 82 initiatives over a 6-year period, from 1995 to the year 2000. Forty are supposed to be done in the next 2 years.

GAO has some concerns about this program. It seems to be very slow to move into implementation. What you really need in a program like this, for Congress and the Commissioner to understand how much progress is being achieved, is milestones and regular reporting on outcomes and the return on investment.

GAO recently issued a report on improving performance through technology, and this is one of the things we have stressed, not only for the Social Security Administration but for IRS and other agencies, and that is, you have got to have a program on your technology improvement that shows what kind of progress we're supposed to be making at key times. The Congress, by the way, has passed CIO, Chief Information Officer legislation based on this work that we have done.

On the return to work efforts, we have reported to you that Social Security has placed little priority on helping claimants to move off the rolls by obtaining employment, and we have pointed out that if only an additional 1 percent of the 6.6 million working aged people receiving disability benefits in 1995 were to leave the rolls, lifetime cash benefits would be reduced by an estimated \$3 billion.

We have reported on the inadequate oversight of SSI. There is where we've been concerned about some of the fraud, waste and abuse in that program. We have also reported on some specific things, like prisoners receiving millions of dollars in cash payments and problems in the eligibility process for SSI children with disabilities.

So in summary, let me say that SSA must manage the growing workloads that they are facing, with reduced resources. The Federal downsizing here in the future is going to be dictated by the budget resolutions that have been passed, which show a 20 to 30 percent decline in discretionary funding. SSA is down from higher staffing levels of the mideighties to approximately 64,000 staff now. So one of the great things they need to do is to reengineer processes and to make sure the technology investment really is a payoff for less cost and more efficient improvement.

I think you need strong, capable leadership in an organization like this. I'm a strong believer in the 6-year term. I believe that the Congress made the right decision there. I think that you need a strong SES, Senior Executive Service, to manage an organization of this size, and I think you need some very good personnel development and training programs.

We see four major issues, really, that are badly needed. You need the research and the options being developed by the SSA, so that the leadership of the Congress and the President can debate these issues.

Two, we think this reengineering effort in the disability area is very key to the future of SSA. We think you've got to get on top of the fraud, waste and abuse in the SSI Program, and we think you've got to make this technology program a success and make it pay off both in customer service and in cost.

That would conclude my summary, Mr. Chairman. We would be happy to answer any questions.

[The prepared statement follows:]

**STATEMENT OF CHARLES A. BOWSER
COMPTROLLER GENERAL OF THE UNITED STATES
SOCIAL SECURITY ADMINISTRATION
U.S. GENERAL ACCOUNTING OFFICE**

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to provide our assessment of the Social Security Administration's (SSA) efforts to address policy and program issues and to prepare for managing the challenges it faces in the 21st century. With a staff of 64,000, SSA administers the nation's largest federal program--Social Security--as well as the largest cash welfare program, Supplemental Security Income (SSI). SSA's expenditures totaled \$363 billion in fiscal year 1995, nearly one-fourth of this nation's \$1.5 trillion federal budget.

SSA's programs touch the lives of nearly every individual in this country. Social Security¹ provides benefits to retired and disabled workers and their dependents and survivors; SSI provides assistance to the needy aged, blind, and disabled. In 1995, 50 million beneficiaries--nearly one out of every five individuals in this country--received benefits from SSA each month. In addition to administering benefits, SSA records the wages of nearly every U.S. worker and issued almost 17 million Social Security cards in 1995. Moreover, SSA maintains a large and visible presence in communities nationwide. In 1995 alone, an estimated 24 million people visited SSA's 1,300 field offices, and SSA received 62 million calls on the agency's nationwide toll-free 800 number.

SSA recognizes that the American public depends on SSA to quickly and accurately provide benefits, properly record workers' earnings, and effectively safeguard benefit programs from fraud and abuse. Any failure to do so seriously undermines the public's confidence in government and its ability to efficiently and cost-effectively administer programs and protect taxpayer dollars. Yet as SSA acknowledges, public confidence in its programs is low and has been low for some time. Although much of this lack of confidence stems from concerns about the future solvency of the Social Security system, public confidence is also eroded by reports of fraud and abuse. Media accounts of prisoners erroneously receiving disability checks and allegations that immigrants and children are feigning mental illness to obtain SSI undermine the public's trust in SSA and in the federal government.

To bolster SSA's ability to address critical policy issues and correct programmatic weaknesses, the Congress enacted legislation making SSA independent of the Department of Health and Human Services (HHS) as of March 31, 1995. In establishing SSA's independence, the Congress recognized the importance of strong and stable leadership for the agency. As we noted in our February 1995 report on SSA's transition to independence,² independence heightens the importance of SSA's playing a strong leadership role in addressing long-standing problems and preparing for future challenges.

In that report, we highlighted the challenges that SSA would face as an independent agency: the shortfall in funds to pay future Social Security benefits, growing and changing disability caseloads, and public concerns about SSI program growth. Today, I will describe these policy and program challenges and assess SSA's progress in addressing them and in preparing to manage its future challenges. I will also assess what additional actions are needed to help SSA meet these challenges. These observations are drawn from completed and ongoing GAO work on Social Security issues. We also spoke with SSA officials, selected officials of the Social Security Advisory Council and Advisory Board, and other experts to determine SSA's progress so far, what problems remain, and what else is needed to make SSA a premier agency.

¹The Social Security program has two parts--Old Age and Survivors Insurance (OASI) and Disability Insurance (DI).

²Social Security Administration: Leadership Challenges Accompany Transition to an Independent Agency (GAO/HEHS-95-59, Feb. 15, 1995)

In summary, SSA is ahead of many federal agencies in managing for results and improving financial accountability. This gives the agency a sound base from which to manage its current and future challenges, which are significant. SSA, however, has not performed the research, analysis, and evaluation needed to inform the public debate on the future financing of Social Security--the most critical long-term issue facing SSA. The aging of the baby boom generation, coupled with increasing life expectancy and the declining ratio of contributing workers to beneficiaries, will place unprecedented strains on the Social Security program in the next century. Unless the Congress acts, the Social Security trust funds are expected to be exhausted by 2029. More than a year after gaining independence, SSA is just now strengthening its research, policy analysis, and evaluation capabilities to more actively participate in the financing debate.

Also challenging SSA have been disability caseloads that have grown by nearly 70 percent in the past decade. To its credit, SSA has undertaken an important effort to fundamentally redesign its inefficient disability claims process. However, while SSA has begun many of its planned initiatives, none is far enough along for the agency to know whether specific proposed process changes will achieve the desired results. Moreover, SSA has not sufficiently promoted return-to-work efforts in the administration and design of its disability programs. If even an additional 1 percent of the 6.6 million working-age people receiving disability benefits were to leave SSA's disability rolls by returning to work, lifetime cash benefits would be reduced by an estimated \$3 billion. In addition, SSA has not done enough to combat fraud and abuse in the SSI program and address program weaknesses.

SSA faces increasing responsibilities in the future and must manage its growing workloads with reduced resources. SSA estimates that it would need over 76,000 workers to handle its growing workloads if it conducts business as usual. Instead, SSA expects to do this work with about 62,000 workers--fewer than it has today. To successfully meet its workload challenges, SSA knows that it must increasingly rely on technology and build a workforce with the flexibility and skills to operate in a changing environment. SSA faces significant challenges, however, in modernizing its information systems--a complex, multiyear effort that could easily cost billions of dollars. Compounding this challenge will be the possible loss of many senior managers and executives--over the next 5 years, nearly half of SSA's senior executives will be eligible to retire. Moreover, SSA faces difficult decisions on how best to deliver services in the future.

At this critical juncture, effective leadership is needed so the agency can take the following actions to better ensure its success in the 21st century: inform the national debate on Social Security financing issues, complete its redesign of the disability claims process and promote return to work in its disability programs, enhance efforts to ensure program integrity, and make the technology enhancements and workforce decisions needed to meet increasing workloads with fewer resources.

SSA STEPS AHEAD WITH RESULTS-ORIENTED MANAGEMENT AND IMPROVED FINANCIAL ACCOUNTABILITY

At this time of heightened attention to the costs and effectiveness of all federal programs, the Congress and the Administration have acted to promote a more efficient federal government that stresses managing for results and accountability. These efforts include the Chief Financial Officers Act of 1990 (CFO Act), the Government Performance and Results Act of 1993 (GPRA), and the Government Management Reform Act of 1994 (GMRA). In addition, the Administration has undertaken, under the Vice President's direction, the National Performance Review (NPR) aimed at making government work better and cost less. We strongly

support these efforts as important and necessary steps to improving federal management.

SSA has surpassed many other federal agencies in these areas. For example, as a pilot agency under GPRA, SSA has worked to strengthen its strategic management process and to identify and develop performance measures that help its managers, the Congress, and the public assess its performance. In addition, for several years now, it has measured satisfaction levels among some of its customers and used focus groups to understand its customers' and employees' views, reflecting the customer service focus promoted by NPR. SSA is also a leader among federal agencies in producing complete, accurate, and timely financial statements as required by the CFO Act and GMRA. For example, for fiscal year 1995, SSA issued audited financial statements 3 months before its legal mandate. Moreover, SSA was among the first federal agencies to produce an accountability report, which is designed to consolidate current reporting requirements under various laws and provide a comprehensive picture of an agency's program performance and its financial condition.

To be most effective, SSA's ongoing efforts in strategic management, performance measurement, and accountability reporting will need to be continually improved and integrated into the agency's daily operations and management. SSA has a foundation in place on which it can build to manage the significant policy and program challenges it faces in the future.

LONG-TERM SOLVENCY IS THREATENED; SSA IS NOT YET ACTIVELY PARTICIPATING IN FINANCING DEBATE

As the baby boom generation ages, growing numbers of people will receive Social Security retirement and survivors benefits in the years to come, as shown in figure 1. By the year 2015--as baby boomers begin entering their mid-60s--the numbers of individuals receiving benefits will reach an estimated 50.4 million: more than one-third greater than the 37.4 million people receiving Social Security retirement and survivors benefits in 1995. Once on the rolls, retirees can be expected to receive benefits for longer time periods than past recipients. A 65-year-old male who began receiving Social Security benefits in 1940--the first year SSA began paying monthly benefits--was expected to live, on average, about an additional 12 years. By 2015, a 65-year-old male will have a life expectancy of 16 years--a 35-percent increase. During that same time period, the life expectancy for women aged 65 will increase by almost 50 percent--from an average of over 13 years to an average of nearly 20 years. Meanwhile, the ratio of contributing workers to beneficiaries will decline. By 2015, an estimated 2.6 workers will be paying taxes into the Social Security system per beneficiary; in 1950, 16.5 workers were paying Social Security taxes per beneficiary.

SSA Is Now Taking Steps to Be More Active

In our report on SSA's transition to independence, we noted that the agency's independence would heighten the need for it to work with the Congress in developing options for ensuring that revenues are adequate to make future Social Security benefit payments. More than a year after gaining independence, however, SSA is not yet ready to fully support policymakers in the current public debate on financing issues.

SSA has been involved in financing issues through its Office of the Actuary, which has provided data and analyses to the Advisory Council and policymakers developing financing options. The Office of the Actuary plays a unique role within the agency because it serves both the Congress and the Administration.⁵ SSA will also be providing assistance to the Social Security Advisory Board, which was established by the independence legislation to advise the Commissioner and make recommendations to the Congress and the President on SSA program policy.

These supportive roles represent SSA's major activities related to long-term financing issues. SSA has acknowledged that it has not undertaken the policy and research activities it needs to examine critical issues affecting its programs, including long-term financing, and to provide additional support to policymakers. The agency recognizes the need to be more active in these areas and, in May of 1996, took steps to reorganize and strengthen its policy analysis, research, and evaluation offices. It believes this reorganization will better position it to take a leadership role in critical policy and research issues related to its programs. At the time of our review, however, the reorganization had just begun, and the office responsible for coordinating all policy planning activities was only partially staffed. Although SSA did not have a specific time frame for when the reorganized policy office would be fully staffed and operational, it did expect to be better prepared to join the public debate over the next year.

SSA is in a unique position to inform policymakers and the public about the critical nature of long-term financing issues. Focus groups conducted by SSA have demonstrated that the public's knowledge of Social Security programs is generally low and the public's confidence in the Social Security system is undermined by its future financing problems. To address these issues, SSA is conducting a public education campaign that discusses what the current system offers in disability, retirement, and survivors benefits. It also emphasizes that the Social Security system can pay benefits for many more years and that the Congress has time to act before the trust funds are depleted. SSA, however, is not discussing options for maintaining or changing the current system. Feedback SSA has received from its focus groups indicates that addressing the public's lack of knowledge without also discussing possible options for ensuring the system's future solvency does not instill confidence and weakens the agency's credibility with the public.

We are concerned that SSA has not seized the opportunity as an independent agency to speak out on the importance of addressing the long-term financing issues sooner rather than later. As we have

⁵In recognition of this, in March of this year, the Contract with America Advancement Act of 1996, P.L. 104-121, established the Actuary as a permanent position within SSA and required that the Actuary report directly to the Commissioner. The Actuary had previously reported to a Deputy Commissioner; this change is expected to better ensure the Actuary's objectivity and independence.

noted in our previous work,⁶ the sooner action is taken to resolve the future funding shortfall, the smaller the changes to the system need to be and the more time individuals will have to adjust their financial and retirement plans.

SSA IS REDESIGNING ITS DISABILITY CLAIMS PROCESS BUT HAS PLACED LITTLE PRIORITY ON RETURN-TO-WORK EFFORTS

In recent years, disability caseloads have faced unprecedented growth. To manage this caseload growth and the resulting slow processing times, SSA plans to redesign and dramatically improve its disability claims process. However, SSA's redesign effort has encountered serious implementation problems. Moreover, while SSA is taking steps to improve the process for moving eligible individuals onto the disability rolls more quickly, it has not sufficiently emphasized helping beneficiaries return to work and leave the disability rolls.

Disability Caseloads Continue to Grow

During the past decade, SSA has faced significant increases in caseloads and expenditures for its two disability programs--DI and SSI. DI, enacted in 1956 and funded through payroll taxes, provides monthly cash benefits to severely disabled workers and their families; SSI was enacted in 1972 and provides assistance to needy individuals with insufficient work histories to qualify for DI. Unlike DI, SSI is funded through general revenues.⁷ DI and SSI caseloads and expenditures increased dramatically between 1986 and 1995, and the pace of this growth accelerated in the early 1990s. In 1986, 4.4 million blind and disabled persons under age 65 received DI or SSI benefits; by 1995, this number had soared to 7.5 million--a 69-percent increase.⁸ As the number of DI and SSI beneficiaries increased, so did the amount paid in cash benefits. The combined DI and SSI cash benefits increased from \$25 billion to \$57 billion in 10 years.⁹ Adjusted for inflation, the increase in the value of these cash benefits was 66 percent.

As these programs have grown, the characteristics of new beneficiaries have changed in ways that pose additional challenges for SSA. Beneficiaries are, on average, younger and more likely to have longer lasting impairments. Increases in beneficiaries with mental illness or mental retardation, especially, have driven this trend. Between 1982 and 1992, for example, mental impairment awards to younger workers increased by about 500 percent. This growing proportion of younger beneficiaries with longer lasting impairments means that the beneficiary population, on average, is likely to spend more time on the disability rolls. In 1992, for example, new DI awardees were, on average, 48 years old. Depending on the type of impairment that qualified them for benefits, these beneficiaries could spend nearly one-third of their adult lives on disability before reaching age 65.

Implementation of Redesigned Claims Process Faces Problems

As more and more people have filed for disability benefits, SSA has been slow to process initial claims, and appeals and backlogs have grown. To manage the disability caseload growth,

Deficit Reduction: Opportunities to Address Long-Standing Government Performance Issues (GAO/T-OCG 95-6, Sep. 13, 1995).

⁷Some states supplement federal SSI funds with their own funds.

⁸This number includes about 900,000 children receiving SSI disability benefits.

⁹This includes DI payments to disabled workers aged 18 to 64 and federal-only SSI payments to all SSI blind and disabled beneficiaries regardless of age.

increase efficiency, and improve service to its customers, SSA has started a massive effort to fundamentally change how disability decisions are made. Making disability decisions is one of the agency's most important tasks; it accounted for more than half of SSA's total administrative budget--about \$3 billion--in fiscal year 1995. Even so, claimants face long waits for disability decisions. As of June 1996, the wait for initial decisions averaged 78 days for DI claims and 94 days for SSI claims, with an additional 373-day wait for appealed decisions. Overall, the current disability claims process is not meeting the needs of claimants, the agency, or taxpayers.

To deal with these problems, in 1993 SSA formed a team to fundamentally rethink and develop a proposal to redesign the disability claims process. This labor-intensive and paper-reliant process has changed little since the DI program began in the 1950s.¹⁰ Efforts like SSA's--business process reengineering--have been used successfully by leading private-sector organizations to dramatically improve their operations. In April 1994, we informed the Congress that the agency's redesign proposal was its first valid attempt to address the fundamental changes needed to cope with disability workloads. At that time, however, we also acknowledged that implementing this needed change would be difficult and that we would be monitoring SSA's progress.¹¹

During this past year, we have been reviewing various aspects of SSA's redesign effort for this Subcommittee and have identified several implementation problems. SSA's redesign plan includes 83 initiatives to be started during a 6-year period (1995-2000), with 40 of these to be completed or under way in the first 2 years. On the basis of our ongoing work, we have found that the scope and complexity of many initiatives have limited SSA's progress toward its redesign goals. Although SSA has begun many of its planned initiatives, none is far enough along for SSA to know whether specific proposed process changes will achieve the desired results. Moreover, we are concerned that SSA has undertaken too many complex tasks and has not given sufficient priority to those redesign initiatives most likely to reduce processing times and administrative costs.

Some of its planned initiatives require extensive design and years of development before full implementation can begin. For example, a key initiative of the redesign involves consolidating the duties, skills, and knowledge of at least two current positions into a new Disability Claim Manager (DCM) position. SSA plans to establish over 11,000 DCM positions in about 1,350 federal and state locations, recruiting these DCMs from its current workforce of federal claims representatives and state disability examiners. SSA is currently struggling to resolve stakeholder disagreements among representatives of federal and state employees about how to proceed with testing this new position. SSA must also develop training plans, conduct tests at pilot sites, post vacancy announcements for positions, and select and train DCMs.

Developing software designed to allow SSA to move from its current manual, labor-intensive process to an automated process is critical to the success of SSA's disability redesign. The scheduled implementation of this new software, however, has been delayed by more than 2 years. Moreover, although SSA has separate implementation schedules for its various redesign initiatives and for its systems development activities, these two schedules are not linked. In addition, although SSA has developed individual plans for its redesign initiatives and for its system development activities, it has not developed a comprehensive detailed plan that

¹⁰The same disability claims process is used for the SSI program.

¹¹Social Security Administration: Major Changes in SSA's Business Processes Are Imperative (GAO/T-AIMD-94-14, p. 14, 1994).

integrates these two efforts. Such a plan should reflect priorities, resource allocations needed, key milestones, and decision points and identify relationships among ongoing and planned process and systems changes. For example, SSA cannot effectively develop software to support its key DCM position until it has completed a pilot for this position and determined in more detail what its duties will be and what information will be needed by the new claims manager. Although SSA officials recognize the need to develop such a plan, in June 1996 they noted that the testing of process redesign features involved too many uncertainties for SSA to develop an integrated plan.

Weak Return-to-Work Efforts

Although SSA has focused on improving its processes for moving eligible claimants onto the disability rolls, it has placed little priority on helping them move off the rolls by obtaining employment. This spring, we reported that policies guiding SSA's disability programs are out of sync with today's view of the capabilities of individuals with disabilities.¹² At one time, the common business practice was to encourage someone with a disability to leave the workforce. Today, however, a growing number of private companies have been focusing on enabling people with disabilities to return to work.

In contrast, SSA's programs lack a focus on providing the support and assistance that many people with disabilities need to return to work. Eligibility requirements, for example, focus on applicants' inabilities, not their abilities; once on the rolls, beneficiaries receive little encouragement to use rehabilitation services. A greater emphasis on beneficiaries' returning to work is needed to identify and encourage the productive capacities of those who might benefit from rehabilitation and employment assistance. Although the main reason for emphasizing returning to work is so that people maximize their productive potential, it is also true that an estimated \$3 billion could be saved in subsequent years if only an additional 1 percent of the 6.6 million working-age people receiving disability benefits in 1995 were to leave the rolls by returning to work.

SSA needs to develop a comprehensive return-to-work strategy that includes providing return-to-work assistance to applicants and beneficiaries and changing the structure of cash and medical benefits. As part of an effort to place greater priority on beneficiaries' returning to work, we recommended that SSA identify legislative changes required to implement such a strategy. Although evaluating any SSA response to our recommendations would be premature, we will be assessing SSA's efforts to help beneficiaries return to work.

SSA has also missed opportunities to promote work among disabled beneficiaries where it has the legislative authority to do so. In 1972, the Congress created the plan for achieving self-support (PASS) program as part of SSI to help low-income individuals with disabilities return to work.¹³ However, SSA has not translated the Congress' broad goals for the PASS work

¹²See SSA Disability: Program Redesign Necessary to Encourage Return to Work (GAO/HEHS-96-62, Apr. 24, 1996) and Social Security: Disability Programs Lag in Promoting Return to Work (GAO/T-HEHS-96-147, June 5, 1996).

¹³The PASS program provides for work-related expenses, such as training or transportation, to be excluded when an individual's eligibility or benefit amount is determined. In some cases, this allows DI beneficiaries who would not otherwise be eligible for SSI to receive SSI benefits in addition to their DI benefits. See PASS Program: SSA Work Incentive for Disabled Beneficiaries Poorly Managed (GAO/HEHS-96-51, Feb. 28, 1996).

incentive into a coherent program design. We recently reported that SSA needs to improve PASS program management, and it has taken steps to better manage the program in accordance with our recommendations.

INADEQUATE OVERSIGHT OF SSI UNDERMINES PUBLIC CONFIDENCE

Limiting opportunities for fraud, waste, and abuse in government programs is an important goal and essential to promoting public confidence in the government's ability to wisely use taxpayer dollars. Moreover, problems in any one of the programs that SSA administers can undermine confidence in all of its programs. Recent media reports on SSI fraud and abuse have focused attention on SSA's management of this program. Several of our recent reviews of the SSI program have shown that SSA's oversight and management of SSI have been inadequate and that the agency is not aggressively pursuing opportunities to increase program efficiencies. Although quantifying the extent of fraud, waste, and abuse is difficult, we have repeatedly identified program weaknesses that SSA needs to address either on its own or with the Congress to better control these problems.

For example, the media have reported allegations that some parents coach their children to fake mental impairments so that they can qualify for cash benefits. These benefits can total almost \$5,500 per year for each disabled child. Our review of SSI for children with disabilities found that part of the process for determining eligibility is overly subjective and susceptible to manipulation. The Congress may want to consider legislation to improve eligibility determinations for children with disabilities.¹⁴ Current legislative proposals incorporate changes addressing this problem.

In addition, in our review of the fraudulent use of translators to help individuals become eligible for SSI, we reported that SSA could reduce this type of fraud if it had a more comprehensive, programwide strategy for keeping ineligible applicants from ever receiving benefits.¹⁵ Moreover, we have several reviews under way of other program weaknesses. For example, in our ongoing work for the Subcommittees on Human Resources and Oversight of the House Committee on Ways and Means, we have found that even though prisoners are ineligible for SSI if they have been in jail for 1 calendar month or longer, prisoners in many large county and local jail systems have received millions of dollars in cash benefits. This means that taxpayers have been paying twice to support these individuals--both for SSI benefits and the cost of imprisonment. SSA has taken steps to review information on current prisoners to stop inappropriate payments; however, it is not taking action to develop information that would allow it to recover benefits paid to those who may have been incarcerated and received benefits in prior years, although this information is available.

SSA acknowledges that it needs to do more to prevent and detect fraud, waste, and abuse. It has several initiatives under way to accomplish this, and we will be monitoring these efforts. In addition, the new SSA Inspector General's Office, created when SSA gained independence from HHS, is increasing its emphasis on fraud and abuse.

¹⁴Social Security: New Functional Assessments for Children Raise Eligibility Questions (GAO/HEHS-95-66, Mar. 10, 1995).

¹⁵Supplemental Security Income: Disability Program Vulnerable to Applicant Fraud When Middlemen Are Used (GAO/HEHS-95-116, Aug. 31, 1995).

SSA FACES DIFFICULT CHALLENGES IN PREPARING FOR FUTURE WORKLOADS

In addition to its policy and program challenges, SSA will need to meet customer expectations in the face of growing workloads and reduced resources. SSA expects to redesign inefficient work processes and modernize its information systems to increase productivity, knowing that its customer service will deteriorate to unacceptable levels if it continues to conduct business as in the past. In addition, it faces the urgent need to complete year-2000 software conversion to avoid major service disruption at the turn of the century. SSA will also need to effectively manage its workforce and consider what service delivery structure will work best in the future.

SSA Must Manage Growing Workloads With Reduced Resources

As the baby boom generation ages, more and more people will be applying for and receiving SSA program benefits. In addition to increasing retirement and disability caseloads, SSA's other workloads will grow because of increasing responsibilities. For example, SSA must meet a legislative requirement that most workers be mailed annual statements of their earnings and estimated retirement benefits,¹⁶ called Personal Earnings and Benefit Estimate Statements. The creation and mailing of these annual statements to all workers aged 60 and older, begun in 1995, must be expanded to those aged 25 and older--about 123 million individuals--by the year 2000. We are currently reviewing for this Subcommittee whether the usefulness of these statements can be improved and what impact they will have on SSA's workloads.

Moreover, SSA has been unable to fully meet legislative requirements to periodically review the status of disabled beneficiaries to ensure that those who are no longer disabled are removed from the rolls. SSA now has plans to review the status of more than 8 million beneficiaries in the next 7 years. To accomplish this, SSA would have to conduct about twice as many reviews as it has conducted over the past 20 years combined.¹⁷

SSA knows that it must meet these increasing demands in an era of federal downsizing and spending reductions. SSA has estimated that it would need the equivalent of about 76,400 workers to handle its workloads by the end of the century if it conducted business as usual. Instead, it expects to handle this work with about 62,000 workers--fewer than it has today.

Technology Critical to SSA's Future Success

To handle increasing workloads and improve public service, SSA has begun to redesign inefficient work processes and develop supporting modernized information systems. SSA is in the process of a multiyear, multibillion dollar systems modernization effort expected to support new ways of doing business and improve productivity. SSA's Automation Investment Fund of \$1.1 billion supports its 5-year plan, from fiscal years 1994 to 1998, of moving from reliance on computer terminals hooked to mainframe computers in its Baltimore headquarters to a state-of-the-art, nationwide network of personal computers. The new network is expected to improve productivity and customer service in field offices and teleservice centers and allow for further technology enhancements.

Although this new computer network environment may yield productivity improvements, it poses significant challenges for SSA.

¹⁶Under the legislation, SSA must provide individuals aged 50 and over estimates of their potential monthly retirement benefits, beginning no later than Oct. 1, 1999.

¹⁷Special funding has been authorized for 7 years for SSA to complete these reviews.

The usefulness of new computer systems will depend on the software developed for them. Software development has been identified by many experts as one of the most risky and costly aspects of systems development. To mitigate the risk of failing to deliver high-quality software on time and within budget, SSA must have a disciplined and consistent process for developing software. SSA has already experienced problems, however, in developing its first major software application for use in its new network. These problems include (1) using programmers with insufficient experience, (2) using software development tools that have not performed effectively, and (3) developing initial schedules that were too optimistic. As we noted earlier, these problems have collectively contributed to a delay of over 2 years in implementing this new software. Although SSA has begun to take steps to better position itself to successfully develop and maintain its software, it faces many challenges as it works to develop software in its new computer network environment.

Year 2000: Converting Software Top Priority to Avoid Benefits Disruption

SSA faces another systems challenge--one of the highest priority--that affects not only its new network but computer programs that exist for both its mainframe and personal computers. Most computer software in use today is limited to two-digit date fields, such as 96 for 1996. Consequently, at the turn of the century, computer software will be unable to distinguish between 1900 and 2000 because both would be designated "00." By the end of this century, SSA must review all of its computer software--about 30 million lines of computer code--and make the changes needed to ensure that its systems can handle the first change to a new century since the computer age began.

This year-2000 software conversion must be completed to avoid major service disruption such as erroneous payments or failure to process benefits at the turn of the century. Errors in SSA programs could also cause difficulties in determining who is eligible for retirement benefits. For example, an individual born in 1920 could be seen as being 20 years old--not 80--and therefore ineligible for benefits. Similarly, someone born in 1980 could be seen as 80 years old--not 20--and therefore entitled to receive Social Security benefits.

Beginning work on this problem as early as 1989, SSA has reviewed and corrected about 20 percent of the computer code that must be checked, according to its Deputy Commissioner for Systems. To complete the job, SSA estimates that it will take 500 work-years, the equivalent of about \$30 million. Agency officials reported that the amount of resources dedicated to the year-2000 effort could impact staff availability for lower priority projects and SSA's ability to tackle new systems development work.

Developing a Trained and Flexible Workforce Is Essential

SSA recognizes that to maximize the effectiveness of its reengineered work processes and investments in technology, it must invest in ongoing employee training and career development. Ultimately, SSA envisions a less specialized workforce with a broader range of technical skills that can be flexibly used in areas of greatest need. In addition, SSA has taken steps to reduce its number of supervisors, as part of the Administration's efforts to eliminate unnecessary bureaucracy by working with fewer supervisory layers. To manage these changes, SSA is training some of its headquarters employees on the concepts and techniques of teamwork. To manage with fewer supervisors in its field operations, SSA also plans to work with its unions to test a number of team concepts.

Complicating SSA's efforts is its aging workforce: 47 percent of SSA's senior executives and 30 percent of its grade 13 to 15

personnel are eligible to retire over the next 5 years. In the 2 fiscal years ending this September alone, SSA will have lost, and have needed to replace, two of its seven Deputy Commissioners to retirement.¹⁸ SSA has acknowledged the importance of having skilled managers to prepare for the demands of heavier workloads, new technology, and expected changes in its employee and client base. However, it has been 4 years since SSA participated in HHS' executive level management development program, and it has not announced its own program since becoming an independent agency. SSA also has not selected candidates for its mid-level management development program since 1993. The agency recognizes the need for management development programs but has not yet scheduled future programs.

Difficult Restructuring Decisions Lie Ahead

Although SSA has begun to discuss its use of improved technology and a more flexible workforce to conduct its business in new ways in the future, it has maintained its traditional service delivery structure, including 1,300 field offices. Given the significant changes facing SSA, it has not adequately considered whether its current service delivery structure is really what is needed for the future. This important issue needs serious consideration.

According to SSA officials, the agency has not developed specific plans for restructuring its organization and redeploying staff in response to demographic and workforce changes and shifting customer expectations. The demand for SSA's 800-number telephone service continues to grow and SSA's surveys show that callers prefer to use the telephone for more and more of their business. Customer feedback also indicates that customers would like to complete their business in a single contact. Over time, SSA will likely need to restructure how it does business to cost-effectively meet changing customer preferences; this may ultimately involve office closures. Issues of where, how, and by whom work will be done entail sensitive human resources issues and may have negative impacts on local communities; to resolve these, SSA will need to work closely with its unions, employee groups, and the Congress.

To improve its 800-number service, for example, SSA has many initiatives under way, which we are reviewing at your request. SSA currently has 39 teleservice centers. Studies indicate that this is far too many teleservice centers to operate SSA's 800-number system in the most cost-effective way. A 1990 report from HHS' Inspector General, for example, indicates that SSA could operate more efficiently and cost-effectively with one-third the number of centers it currently has. SSA is studying and plans to work with employee groups on this issue but has not developed specific plans for reducing the number of teleservice centers.

LEADERSHIP NEEDED TO HANDLE CHALLENGES

As the 21st century approaches, SSA faces dramatic challenges: funding future retirement benefits, rethinking disability processes and programs, combating fraud and abuse, and restructuring how work is performed and services delivered. How SSA performs in these areas can have a powerful effect on its success in fulfilling its mission and on the public's confidence in this agency and the federal government.

To help SSA meet these challenges, the Congress took steps through the independence legislation to build public confidence in and strengthen the agency. The independence legislation provides

¹⁸SSA currently has seven Deputy Commissioners, who oversee the following functions: operations; systems; finance, assessment, and management; programs and policy; communications; human resources; and legislation and congressional affairs.

that SSA's Commissioner be appointed by the President with the advice and consent of the Senate for a fixed 6-year term, with removal from office by the President only for a finding of neglect of duty or malfeasance in office. As the Congress was considering the legislation, we testified that a fixed term of several years for Commissioner would help stabilize and strengthen SSA's leadership. We continue to support the need for a fixed term. The legislation also calls for a fixed 6-year term for a Deputy Commissioner, also to be appointed by the President with the Senate's advice and consent.

The Commissioner and Deputy Commissioner head the leadership team needed to address the agency's existing problems and manage its future challenges. SSA's efforts to maintain an effective cadre of leaders are complicated by the impending retirement of many of its executives and managers and by the absence of a Commissioner and Deputy Commissioner with the stability of fixed terms.¹⁹ This leadership must be in place for SSA to progress on the four fronts we have highlighted.

First, SSA must step up to its role as the nation's expert on Social Security issues; it is uniquely positioned to inform the public policy debate on the future financing and structure of Social Security.

Second, SSA must redesign the disability claims process and place greater emphasis on return to work in its disability programs. To increase the redesign project's likelihood of success, SSA needs to ensure that those initiatives most likely to save significant costs and time are implemented. Because of the scope and duration of SSA's redesign, it should report on an annual basis the extent to which it is meeting its processing time reduction goals. It must also sustain its efforts to build and maintain stakeholder support. In addition, SSA must develop a comprehensive detailed plan that integrates its redesign initiatives and systems development activities. The Commissioner also needs to act immediately to place greater emphasis on return to work by changing both the design and the administration of the disability programs.

Third, SSA must better protect taxpayer dollars. As the administrator of the nation's largest cash welfare program, SSA must ensure program integrity in SSI. Reports of fraud and abuse trigger public perceptions that SSA is not making cost-effective and efficient use of taxpayer dollars.

Finally, SSA must manage technology investments and its workforce, and--when needed--make difficult decisions about handling increasing workloads with reduced resources. It must also continue to focus on and closely manage its year-2000 conversion to help ensure that SSA will move into the 21st century with systems that function correctly. Moreover, as SSA prepares to meet greater demands and changes in its employee and client base, it may have to make difficult workforce decisions to better respond to customer needs. For example, SSA may need to close offices and move its workers to different locations to better meet growing demand. In an environment of shrinking budgets and increased expectations for government agency performance, ensuring that agency decisions are based on comprehensive planning and sound analyses will be even more essential.

SSA's success in meeting these challenges is critical. The agency is all important, accounting for one-fourth of federal spending and touching the lives of almost all Americans. How it meets its challenges as it moves into the next century can make a

¹⁹The current Commissioner was appointed by the President and confirmed by the Senate before the agency gained independence; the current Deputy Commissioner serves in an acting capacity.

significant difference in the well-being of America's vulnerable populations--the aged, disabled, and poor--and in how the public feels about its government.

- - - - -

Mr. Chairman, this concludes my formal remarks. I would be happy to answer any questions from you or other members of the Subcommittee. Thank you.

For more information on this testimony, please call Jane L. Ross, Director, Income Security Issues, Health, Education, and Human Services Division, at (202) 512-7215, or Cynthia M. Fagnoni, Assistant Director, at (202) 512-7202.

(105935)

Chairman BUNNING. Mr. Bowsher, since this is probably going to be your last appearance before our Subcommittee, and you're retiring this fall, on behalf of the Subcommittee I want to commend you on your 15 years of distinguished service to the Congress. Thank you and your staff once again for all of your outstanding work. We wish you the very best in retirement. You have done a great job and we appreciate it very much.

Mr. BOWSHER. Thank you.

Chairman BUNNING. You're not off the hook, because I want to go vote, return, and ask you some questions.

Mr. JACOBS. Would the gentleman yield?

Chairman BUNNING. I'll be glad to yield.

Mr. JACOBS. Ditto. [Laughter.]

Chairman BUNNING. Mr. Laughlin, would you start the questioning while I go to vote.

Mr. BOWSHER. We will.

Mr. LAUGHLIN. Mr. Bowsher, don't you think that the public's personal stake in the Social Security Program makes it particularly important for the Social Security Administration to preserve the integrity of the programs in the eyes of the public through a strong Office of Inspector General, particularly since the IG has enforcement power granted in statute?

Mr. BOWSHER. Yes, I do.

Mr. LAUGHLIN. From the GAO's perspective and experience, what are some of the particular challenges that the SSA Inspector General's Office will face in auditing and investigating SSA programs and operations? What are some of the greatest SSA vulnerabilities?

You mentioned fraud and abuse. What about computer fraud, and program abuse and fraud, and employee fraud?

Mr. BOWSHER. Those are the main concerns. In other words, in SSI you've got a program that is vulnerable to fraud, waste and abuse. We've seen it and we've reported on it. What the IG needs is the expertise to go out and review that area.

Also, I think there are two areas that worry me a little bit about the SSA IG, and that is that you've got to have experienced systems talent to review all this investment that you're making in technology, and also the systems that are in place now, to see if the proper controls are there to prevent that kind of abuse.

Also in the CFO Act. In other words, you need CPAs, you need experienced accountants and everything like that. So I think the IG Office, which is just getting started under its first IG—and I might for full disclosure here point out that the new IG did serve some time at GAO; in other words, he was with our organization for a period of time—I think he's got to build a strong staff over there and build the right mix of talent to do his job.

Mr. LAUGHLIN. Mr. Bowsher, as head of the congressional auditing and investigative arm, I'm sure you understand the need for an adequate number of auditors and investigators if you are to do the work properly.

How the SSA is setting up and staffing its new Inspector General's Office is of serious concern to this Subcommittee. This year the SSA's total budget will include Social Security and SSI benefit payments of close to \$400 billion, going to roughly 50 million people, both here and abroad. As you know, the disability programs

are poorly monitored and are particularly easy targets for fraud and abuse. Yet, SSA's Inspector General's Office has only 215 auditors and investigators combined.

Consider these agencies in comparison: The Veterans' Administration has a \$40 billion budget versus \$400 billion at SSA. The VA has a \$40 billion budget monitored by 300 auditors and investigators. The Department of Energy has a \$30 billion budget monitored by 277 auditors. The Department of Education, \$30 billion, monitored by 273. HHS, with a workload not unlike SSA's, has 579 auditors and investigators, monitoring \$319 billion. And DOD has a whopping 1,338 auditors and investigators monitoring \$277 billion.

Don't you agree that SSA's Inspector General's Office is woefully understaffed, given the challenges it faces, and given the size and complexity of SSA's programs, the growing problems with computer fraud and the need to maintain public confidence in the integrity of the program? Wouldn't you suggest that SSA shift personnel resources to substantially increase its current IG staff—maybe double or triple?

Mr. BOWSER. Well, I'm not sure. What I would like to see, and maybe the Subcommittee should request this from the IG, is what is the talent base that he has inherited.

One of the problems with the IGs historically has been that when the legislation was passed, some of the departments had large numbers and some had very small numbers, so we've been out of balance, I think, in the whole government you might say, in the IG community. Gradually, some of them have been better balanced, let's say, and in pretty good shape. I think that's what you want to achieve here at the SSA.

In other words, I wouldn't want to jump to say they should be doubled or tripled or anything like that, but I do believe that it ought to be adequately staffed, and you need the right skills every bit as much as the numbers that you need.

I think one of the things that maybe the Subcommittee would want to do at some point next year is have the IG come forward with what he thinks is necessary in that.

Mr. LAUGHLIN. My time is about to expire, but you mention in your testimony the waste, abuse and fraud.

From your review, do you consider the SSA's Inspector General's Office adequate to monitor, to correct or to address the waste, abuse and fraud that you have reviewed?

Mr. BOWSER. Without having done a study, I can't give you a definitive answer. But I would be concerned that it might not—I'm quite sure it doesn't have the right mix. What I'm not sure of is how many more people are needed.

Mr. LAUGHLIN. I yield back.

Thank you, Mr. Chairman. Sam, I think you're the Chairman.

Mr. JOHNSON [presiding]. The time of the gentleman has expired.

Mr. Jacobs.

Mr. JACOBS. Mr. Chairman, I have two housekeeping items. First, I would like unanimous consent to insert in the record a couple of newspaper articles and a summary of the accomplishments of SSA since it's been made an independent agency.

Mr. JOHNSON. Without objection, so ordered.

[The articles were not available at the time of printing.]

Mr. JACOBS. I only have one question for you, Mr. Bowsher. Have you an opinion as to whether the independent agency of Social Security should be allowed by law to submit directly its budget to the Congress?

Mr. BOWSHER. Well, I think you have a history here that's important, and that is, when you created the OMB in 1921, you were bringing all of the budgets of the Federal Government under the President, you might say. That was started by Teddy Roosevelt. You remember the executive budget movement. It finally got passed in 1921.

Mr. JACOBS. Except the correct pronunciation in that case was Roosevelt. He was Roosevelt and Franklin was "Rosevelt," and most people think Eleanor did not change her name when she married Franklin, but, in fact, she changed the pronunciation of her name.

Mr. BOWSHER. I see. I'll keep that in mind.

Mr. JACOBS. Little known and less useful facts. [Laughter.]

Mr. BOWSHER. So I think what you did set up here by legislation—in other words, the Congress can see what SSA has submitted to OMB. OMB has the right to modify that when OMB sends over the President's budget, and then the Congress has the right to appropriate whatever they think is appropriate. So I think you have the information available for you at this time.

Mr. JACOBS. Thank you.

Mr. JOHNSON. Thank you, Mr. Jacobs.

Mr. Collins.

Mr. COLLINS. Thank you, Mr. Chairman.

Mr. Jacobs, my daddy's name was Henry Roosevelt Collins. He was born in 1903, and I'll give you a guess at which Roosevelt he was named after.

Mr. JACOBS. Well, my dad continued to call Franklin Roosevelt, and I always wondered why everybody else was saying "Rosevelt" but he was old enough as a kid to remember Ted.

Mr. BOWSHER. If I could just take 1 minute, you know, I grew up in Elkhart, Indiana, and I went to Roosevelt school, which was named after Teddy. So, you know—

Mr. JACOBS. You've got to admit that in Indiana, Versailles is "Versales." [Laughter.]

Mr. JOHNSON. Now that this history class is over—

Mr. JACOBS. Wait 1 minute, Mr. Chairman. I have to add one other thing, since we're both—By the way, you said when you did this in 1921. Like you, I'm retiring, but I wasn't here in 1921.

I should add, too, so Indiana can be better understood by the world, that they say the Hoosier rule of grammar is that if it sounds wrong, it's right. [Laughter.]

Mr. BOWSHER. Right.

Mr. COLLINS. One other bit, tidbit. My father was short in stature but he toted a big stick. I have felt that big stick on occasions.

Mr. Bowsher, let me get back to my question.

What issues should the Social Security Administration focus on to improve the public's confidence in it as an agency and the programs it administers? Every townhall meeting that I have, I'm asked about Social Security and about the IOUs and the notes and

the use of the money, the robbing of the till. What should the SSA focus on so that we can build confidence back in people of all ages, and what would especially be effective among young adults?

Mr. BOWSHER. Well, I think what you've got here is you've got a financing issue. In other words, will the money be there for the younger people. That's being asked. So you've got to develop a program, Congress working with the President at some point in time, that will put the program on a very sound financial basis in the next century.

It's on a sound basis at the moment. The big concern is, as the baby boomer comes to retirement, and we have fewer workers and more beneficiaries, you have got to have some change in the program. I think that's one of my strong recommendations here, to have a strong policy group in SSA that is developing the research and the policy options and everything like that, to see what can be done here.

I think what you need also is a good explanation of how the money actually does flow. I think there's a lot of confusion on that. I think if that was articulated in a brochure of some sort and could be given out to people, that could be distributed, I think that might be very helpful.

Then I think the other big thing is to run the department successfully. In other words, you've got to get rid of the fraud, waste and abuse in the SSI area, to the extent that you can. You have got to be able to have your programs operated with modern technology.

I think a good example of this is—you know, there's a big insurance firm down in San Antonio that has insurance for the military, but a lot of retired military. Ten years ago they said they had to hire every college kid in the neighborhood at night to find missing files. Then they actually got their system in and working, which is on a PC, where if you call up, they can get your file right up, whoever takes your call. That's what more and more organizations are going to. That's the basic thrust of the reengineering that they're trying to do at SSA.

If that could become successful, then the calls that would come in, people would feel that, boy, they're on top of my problem. So I think it's the reengineering and the technology program. It's getting the proper controls on your SSI programs.

Mr. COLLINS. Those proper controls would answer a lot of the questions, or the problem. But the real issue is, you know, people have these funds deducted from their paycheck, and it's their money.

Mr. BOWSHER. Yes.

Mr. COLLINS. Of course, it's hard for any of us to trust other people with your money. Of course, this is a mandated deal. We have no choice. It's going to come out of our paycheck and it's going to the government. There's a lot of distrust there.

You heard my questions earlier about the cash flow. How could we establish that cash flow that would take away some of that reluctance or that distrust?

Mr. BOWSHER. I don't think you can create a new bank account. In other words, I think that would be destroying what was set up here in 1921 and in 1967 with the unified budget. But I think if

you could get a better explanation of how the trust fund actually works, and the fact that the money is there now and things like that, then what you need is a new financing plan that is credible to the average American, including the young people. That's what is needed.

Mr. COLLINS. In my closing seconds here, on Sunday's "Meet the Press" with Tim Russert, Sam Nunn gave a very good explanation that no one group in this town has the answer. But when you get to Social Security and Medicare, it is politically incorrect because one side or the other is going to attack, attack, attack the other side, to use it as a political tool.

How can we get rid of that political tool that is used by both sides?

Mr. BOWSHER. I think you need some kind of a bipartisan approach to it, whether you go to a commission or some kind of thing to give you cover. But you will never solve this problem except on a bipartisan basis.

There is one thing I would like to add to a previous answer I gave you. I think that this annual statement going out to the citizens will be a very key communications tool. I think that is very important to the building of future confidence.

Mr. COLLINS. Thank you, and thank you, Mr. Chairman.

Chairman BUNNING [presiding]. Sam, do you have any questions?

Mr. JOHNSON. No questions.

Chairman BUNNING. Mr. English.

Mr. ENGLISH. Thank you, Mr. Chairman.

I would like to follow up, Mr. Bowsher, on your last comment. What is your assessment of SSA's progress in implementing issuance of the Personal Earnings and Benefit Estimate Statement, the PEBES that you just referenced?

Mr. BOWSHER. We're doing a study on that right now, and we don't have it completed. But I think one of your problems there is that, when you send those statements out, the information on it has got to be accurate or, needless to say, you will have more of a lack of confidence.

But I think it's important to send the statements out and make sure that the systems are working, and you've got to have accuracy. Once you achieve that, I think people are going to feel good about the program. If you think of most of the large employers in this country, and when I was in the private sector, I always got an annual statement as to what my Keogh said, where my pension stood and everything like that. The employers do that because they want the employees to feel good about what's being taken out of their paycheck.

I think once SSA can produce accurate annual statements to the public here, I think it can be a big boon to the confidence level.

Mr. ENGLISH. Thank you very much.

Shifting topics a little bit, I would like to get your observations on the legislative policy and budget role the Office of Management and Budget has played in SSA's affairs since it became an independent agency.

Mr. BOWSHER. I believe what happened is that SSA submitted their budget to OMB, as they normally did. OMB may, with the legislation that you passed, modify that as part of the President's

budget which is sent to Congress. SSA's unrevised budget is required to be sent to you at the same time as the President's budget.

But, as I said earlier, Congress then has the right to change the appropriation—you know, to send an appropriation back different than the President's budget. So you have every right to converse with the Commissioner as to what that person thinks is needed.

Mr. ENGLISH. How would you characterize the level of independence that SSA recently has had from OMB? Do you consider it to be very independent?

Mr. BOWSHER. No, I think OMB still basically has oversight over SSA. In other words, I think SSA came out from under HHS's review of the budget and everything like that. But you have this information flow to the Congress on what is needed.

You know, one of the things that's interesting, if I could just take 1 minute, is that once you have the executive budget of the President coming over here, in most departments, the head of the agency is asked to specifically support the President's budget. You know, sometimes, like at the Pentagon, they slip over here and the head guy says we support, but somebody else might say we need a B-2 bomber, Mr. Congressman.

But what you gave the Commissioner is official authority to discuss, I think, with the Congress their budget that they submitted to OMB, their needs.

Mr. ENGLISH. That point is well taken.

Let me just ask a final question. When Congress made SSA an independent agency, we required the Office of Personnel Management, by statute, to authorize substantially more Senior Executive Service positions at SSA.

From your findings, can you tell us how many SES positions SSA had as part of HHS, and what kind of increase OPM authorized for SSA as specified in the law?

Mr. BOWSHER. Yes. I can tell you that OPM did not approve their request. I think what they had at the time of independence, they were authorized 104, which was an increase of 14 percent at that time. Since independence, SSA has identified 113 and requested an increase of 5, and OPM denied that request.

Mr. ENGLISH. Can you comment on the policy implications of that denial?

Mr. BOWSHER. Well, I think it's unfortunate, to be very blunt about it. In other words, I think the request of five more SES to manage a department of this size was very reasonable. I understand the administration is under some pressure to try to bring down the number of SESers, but I think it's shortsighted myself.

Mr. ENGLISH. Thank you, Mr. Bowsher. I appreciate your testimony here today.

Thank you, Mr. Chairman. I yield.

Chairman BUNNING. Mr. Portman.

Mr. PORTMAN. Thank you, Mr. Chairman.

Mr. Bowsher, I appreciate your being here, and I'm glad you sat through the earlier testimony as well, so you have some sense of where we are in terms of our questioning. I think part of the problem that SSA has is that we could make improvements to the law that it has to administer. Part of the problem you indicated is they are not necessarily fulfilling the big picture role. I think the annual

reports, the PEBESs, are going to help with regard to that, but I couldn't agree with you more, that they have a role there to educate our constituents, the American public in general, as to what the situation is currently and how we will have to deal with an increasing aging population and fewer and fewer workers.

But on the management side, which is really where you have given us a lot of good input, as a service organization, you have indicated some shortfalls, and I want to focus on a couple of those.

One is the disability area, and particularly the CDRs. In your testimony I think you talk about the fact that there's a rather ambitious plan to complete 8 million CDRs in the next 7 years. Do you think that's realistic?

Mr. BOWSHER. I think it's going to be tough, yeah.

Jane, would you want to add anything to that? You're pretty close to that.

Ms. ROSS. Yes. We think it's an ambitious goal. SSA says they can make it, but some of the assumptions on which they base their optimism is that they will be able to put some fairly major improvements in place in order to do more CDRs.

We are in the process now of looking for this Subcommittee at whether we think they can complete their work on the backlog.

Mr. PORTMAN. Do you think, Ms. Ross, that by more private contracting, more aggressive contracting than the pilot programs that are out there, that there's a better chance that that ambitious number could be reached, based on GAO's study of this?

Ms. ROSS. I think this is an area where contracting out would be something that SSA might want to look at. We haven't done any looking at it. But they have pretty much thought about how you would do this strictly internally, and perhaps that's another option they ought to examine.

Mr. PORTMAN. Any thoughts on that, Mr. Bowsher?

Mr. BOWSHER. I think they ought to consider it and do some pilots maybe.

Mr. PORTMAN. In terms of technology, the whole notion of bringing a Federal Government agency into the nineties, if not into the 21st century, how would you judge SSA as compared to other agencies? The IRS comes to mind, and others.

Mr. BOWSHER. I used to consider SSA one of the worst, and I was wondering whether they were ever going to get beyond their tape drives over there. But they have made some progress in recent years on that. So I think now they have got a department that has made real improvements and I would hope that this technology program that they're currently involved in would be successful.

But one thing, of course, that now worries us is we hear about the 28-month slippage on the software, that is a concern. Pat might just add a few words on that. Because this is very important.

Mr. PORTMAN. If you could also address the redesign issues and kind of the bigger issue of whether there is, I guess, an architecture for design.

Ms. TAYLOR. Right. On the 28-month delay, though, only 10 months of the delay is really due to the software development problems. SSA knows about those. Right now their biggest challenge is they're moving from the old mainframe computers and going to a more modern, PC-based network system, and the people that they

have are trained in the mainframe environment. That means that everybody needs to get trained in the new environment, and SSA recognizes that that's a problem.

Also, some of the tools that they used in the software development didn't work the way they were supposed to, so that means they ended up doing a lot of manual entry of data and that's part of that 10-month delay.

Now, the remaining 18 months, though, are due to SSA's response to feedback from outside consultants, who said that their initial rollout schedule was too ambitious from the very beginning, so they have made some adjustments there.

Also, their consultants told them that they needed to do at least one more pilot test than what they were originally planning to do and that test should be in the reengineered environment. I think we would be in support of that. That's a little bit more conservative approach.

Mr. PORTMAN. So they were unrealistic in their initial expectations?

Ms. TAYLOR. Right, which we see a lot.

Mr. PORTMAN. Again, getting back to the CDRs, do you have some solutions that you would recommend in terms of more private contractors, anything else? I'm about to run out of time here.

Ms. TAYLOR. I'm not sure how the technology supports the CDRs, because we haven't really—

Mr. PORTMAN. I'm just making an analogy to CDRs, whether there are some specific recommendations you would make with regard to the technology.

Mr. BOWSHER. Whether we need to have more privatization of the effort, you might say, with outsourcing of the effort.

Ms. TAYLOR. Right. Really, about 90 percent of the software development and systems they do in-house, and they really haven't contracted out much at all.

I think the caution there, as we've seen in other places, is that even if you bring in outside consultants or contractors, you need to know how to manage them. I think SSA, since they haven't had that experience a lot, that's going to be one thing we'll probably need to watch.

Mr. PORTMAN. Thank you, Mr. Chairman.

Chairman BUNNING. Mr. Christensen.

Mr. CHRISTENSEN. No questions.

Chairman BUNNING. OK.

In my letter to you, I specifically asked GAO to analyze the extent to which SSA is establishing a research agenda, and you addressed that by saying it should be bipartisan. If we're going to solve the problem on funding, for the Social Security Administration, it has to be bipartisan.

I couldn't agree with you more. It's very difficult when the Commissioner of Social Security is out speaking on behalf of the administration on political issues, to have bipartisan cooperation between the two parties that sit at this table.

I would just ask you, as a personal observation, do you think the head of an independent agency should be out speaking politically on issues that the administration and the Congress might have a difference of opinion on?

Mr. BOWSHER. Well, I think that often heads of independent agencies try to avoid that, for the very reason that—In other words, they certainly should be out there explaining the program, but just what you're referring to, as to any statements made by the Commissioner, I don't have that background.

But I think it's important, in a role like this, to try to be as independent of other politics as you can, other than the program that you are in charge of.

Chairman BUNNING. You said that the Social Security Trust Funds would be solvent until approximately 2015, and if we don't do something prior to that, we're going to run into some funding problems, and confidence problems between the individuals who are waiting to retire and the retirement program itself.

Wouldn't it be better to address funding and confidence problems sooner rather than later?

Mr. BOWSHER. Very definitely. In other words, we have issued some reports on the overall budget deficit problem, and the entitlement programs, of course, are a big part of the problem that is building, and the retirement program is there, too.

The 2013–15 period is when you start to have greater expense, and you still have the trust fund balances at that point in time. But the confidence level is a very important factor here. I think the sooner that decisions can be made on whatever changes are needed, I think it helps both the running of the Federal Government but also very much helps the individual Americans out there who have to plan for their retirement.

Chairman BUNNING. Do you think it's very important for the Social Security independent agency to lead in those suggestions on how we can solve these funding problems?

Mr. BOWSHER. I think it's important that they do the research so that you can be looking at various options and policy changes. I think eventually it's the Congress and the President that will, of course, have to make the final policy decisions that get enacted and signed into law.

I think it is very much appropriate for the agency to do a great deal of policy and research to help shape that final product.

Chairman BUNNING. Mr. Bowsher, I've been getting suggestions from everyone; Latin America, think tanks up here in Washington, other individuals, who know how to solve this problem. I have yet to have a suggestion or a policy suggestion from SSA on how we can eventually solve this funding problem. I await their suggestions, so that we can take a look at what the agency itself believes is a solution.

You also suggested there might be an independent commission set up to do that. The last commission that was set up in 1983 got us through this century. I would like to see the funding issue solved on a more permanent basis, even though it has been solved for 20 or 30 years. That time span doesn't give the confidence that I think is necessary for those that are dependent on the Social Security Administration to deliver what they said they would deliver and what the Congress promised to deliver. So I look forward to their suggestions.

Does anyone else have any other questions?

Sam.

Mr. JOHNSON. Thank you, Mr. Chairman.

In regard to that, what specific role do you think SSA should play in that long-term solvency debate?

Mr. BOWSHER. Well, as I have said, I think they ought to have a good research and policy unit over there that is doing research and maybe even going out and doing focus groups. You have to find out what the people are thinking and how they would react to various policy changes. So I think you need a good research group and that's what they have started over there. So I think now hopefully they will come—

Mr. JOHNSON. I was under the assumption they hadn't done any of that, or at least it wasn't being done as rapidly as—

Mr. BOWSHER. It just got started. I think what happened was that some time back they had a policy group, and that disappeared. So you've had an organization here for a number of years that didn't have that capability, not that maybe some people weren't working on some of that at the agency. But I think now what they're doing is starting to rebuild that capability and I think, hopefully, you will get products.

Cindy, would you want to add to that? You've kind of been following this area more.

Ms. FAGNONI. Just to comment on or explain specifically, the SSA had a fairly major reorganization of its policy component and just in May 1996 they have added a new office that will look at long-term research. They've added an evaluation component to their research shop, to help evaluate existing legislation and to help develop policy options. So they do recognize the need to bolster their ability in these areas and they do now have a plan to beef up those areas. But their plan was just set in action in May, so some of these pieces are not fully staffed up at this point.

Mr. JOHNSON. Are they, in fact, trying to educate the public on the problem, and the long-term solvency in particular?

Ms. FAGNONI. Their public education campaign at this point has been focused more on explaining what their programs are and not talking about the long-term solvency issue.

When SSA does talk about long-term solvency, they tend to talk about it in terms of there are a lot of years and there is time to make a decision, rather than perhaps discussing options and emphasizing the need to take action sooner rather than later.

Mr. JOHNSON. Thank you.

Thank you, Mr. Chairman.

Chairman BUNNING. Mr. Jacobs.

Mr. JACOBS. Mr. Chairman, I may have something relevant—and I don't necessarily say I agree with it. But it's a quotation from the Speaker, who says, in an article on January 3, 1995, under the title "Gingrich says Social Security may need new look, but not now," that "it would be unwise to try to deal with Social Security's own long-range financing problems until early in the next century." So there are various points of view on this subject.

Chairman BUNNING. I would just comment that I don't agree with the Speaker on a lot of issues, and that's one of them.

Mr. JACOBS. I just thought he had a right to be heard from. [Laughter.]

Chairman BUNNING. Mr. Collins.

Mr. COLLINS. Thank you, Mr. Chairman.

I just want to follow up on your comments, Mr. Chairman, and your inquiry about waiting for the agency to come forward with some proposals that will address the problems that exist, the solvency problems for the future.

My question, though, is based on the current status of the Commissioner—and I may have a misunderstanding of the status—but the current Commissioner was nominated and confirmed as Commissioner of SSA under HHS, but since SSA has become an independent agency confirmation as Commissioner of the new independent agency has not happened.

With the Commissioner's current status as the carryover Commissioner of the former agency under HHS, and politics as they are, can we realistically expect proposals based on political vulnerability, even at the White House or here in Congress, from the current Commissioner?

Mr. BOWSER. I think it puts the current Commissioner in a more difficult position and certainly not as independent as if she was confirmed under the new legislation. No question about it.

Mr. COLLINS. As a followup to that, going back to the first witness, would a good, strong attitude toward the agency, the beneficiaries, the contributors, rather than the politics of it—and I refer back to the Chairman's comment about the current Commissioner stumping politically, political rhetoric for one side versus the other, that's a situation that will not render good policy and will not assist those beneficiaries or those who are paying into the system. Do you concur with that?

Mr. BOWSER. Well, when I'm talking about policy, I would like to see it rooted in the research and in the policy analysis, which would then be articulated up to the Congress and to the President. That's what I'm talking about.

Mr. COLLINS. Thank you, sir.

Thank you, Mr. Chairman.

Chairman BUNNING. A final question. In your view, what is the single most important thing that's needed to be done at SSA? If you had your choice of all the things over there, what would it be?

Mr. BOWSER. I think the summary of my statement, those four major things, I think in the final analysis you need strong leadership and a great management team, including technology experts, to modernize the systems and the processes.

Chairman BUNNING. And what do you think are the criteria for that type of strong leadership? Would it be a great manager, a great "nuts and bolts" person, somebody who has program knowledge?

Mr. BOWSER. You know, that's always difficult to say because, to a certain extent, I'm a great believer that you've got to build a great management team. If you're going to be a great leader, you have to build a great team under you—

Chairman BUNNING. For 65,000 employees?

Mr. BOWSER. For 65,000, exactly. That's why I think the SES issue is so important.

Chairman BUNNING. OK. We appreciate your testimony. Thank you very much for being here. Good luck.

Mr. BOWSER. Thank you. Thank you very much.

Chairman BUNNING. Usually our hearings do not last past 2 hours, but we have had 45 minutes of voting, so we're going to pass a little past 2 hours and continue on.

Our final witness is Hon. Shirley Chater, Commissioner of Social Security since October 1993. Commissioner Chater, we appreciate your willingness to appear before the Subcommittee. Please proceed when you are ready.

Thank you.

**STATEMENT OF HON. SHIRLEY S. CHATER, PH.D.,
COMMISSIONER, SOCIAL SECURITY ADMINISTRATION**

Ms. CHATER. Thank you, Mr. Bunning.

I do want to say before I begin my testimony that, since this may be Congressman Jacobs' last hearing, I would like to thank you for your longstanding support of the Social Security Administration, and I do that on behalf of all of our employees, especially those in Indiana, and those in Baltimore and Washington. We couldn't have asked for a better champion and I thank you.

Mr. JACOBS. Thank you very much.

Ms. CHATER. I am pleased to address this Subcommittee this morning and talk with you about what we have done during this transition year of Social Security. I want to say, too, that we are very well aware of the challenges that we face today. We are very well aware of the challenges that we face in the future. They are daunting challenges.

But I am also aware that we have had extra difficulties during this transition year. We have worked through 2 shutdowns, and we have had 13 continuing resolutions. Nevertheless, in the first year, beginning with the transition process itself, we have met with success. I am frankly very proud of the success of our employees who have all worked together to meet some of the challenges that are before us.

Since we became independent, we have continued to distribute benefits to the right person, in the right amount, at the right time, just as we have for the past 55 years. We have continued to fulfill the requirements of the legislation that gave us independent status. We have assumed the personnel responsibilities for all of our 65,000 employees. We have continued to ensure the integrity of SSA's programs, as we have worked hard to put together an Office of the Inspector General and our own Office of the General Counsel. In addition, the Office of the Actuary and a Chief Financial Officer now report directly to the Commissioner.

Since the Commissioner now participates in Cabinet meetings, and serves on the President's Management Council, our independent status has given SSA and its programs a greater visibility, not only to other areas of the Federal Government, but also to our customers, the millions of Americans that we serve.

Our agency focus is on providing our customers with world class service, and we work very hard to accomplish that goal.

If you look at the material on our service delivery accomplishments—that's over there on the board—I want to remind you that SSA's 800 number service is recognized as the best in both the public and private sectors, according to an outside and independent surveyor, Dalbar, Inc., that 41 percent more disability applicants

received hearings in 1995 than in 1993, that processing times for disability claim applicants decreased by 11 percent between 1993 and 1995, and that continuing disability reviews increased from 116,000 in 1993 to 285,000 in 1995.

Next, our average processing time to assign a Social Security number was cut in half between those years. Social Security's new Office of the Inspector General recovered more than \$9.6 million during its first year, which included its transition and startup time. And in fiscal year 1995, we issued 10.7 million Personal Earnings and Benefit Estimate Statements, and we are right on track in doing the number that we said we would do.

In fiscal year 1995, SSA maintained 240 million earnings records. We processed more than 5 million benefit claims, and over 6,200 disability beneficiaries were successfully rehabilitated through our vocational rehabilitation program and returned to work. This will result in a savings to the trust fund of \$257 million.

We are working now with all 50 States, the District of Columbia, and the Federal prison system to make sure that prisoners are taken off the rolls. I also want to point out that it is this administration, it is we, who found this to be a problem and have corrected it.

We have met with success in modernizing our automation systems, and, because we have been successful in dealing with the computer change for the year 2000, one of our employees serves as the leader of an interagency group planning on how to change computer systems for the year 2000.

Now, in order to inform the public and build confidence in Social Security, we created an Office of Communications, led by a Deputy Commissioner, and we have put into place a nationwide educational program because we feel strongly that people must understand "what is" before they can understand what "might be." So, in addition to sending out the PEBES statement, we're speaking across the country and meeting with journalists at every opportunity. We're writing OpEd pieces and letters to the editor, that correct the mythology of Social Security and the misinformation. And we are sending out Social Security Public Service Announcements for radio and television broadcast. In fact, we had about 1.2 million dollars' worth of broadcast time for these public service announcements donated to us.

We have also at the schools' requests, distributed about 17,000 teacher's kits to schools, high schools, and colleges across the Nation, in an attempt to have faculty incorporate this information so that young people will know what the Social Security Program is about.

One minute ago, I mentioned that the creation of the OIG and the Office of General Counsel is part of our transition. They are both making quite a significant contribution to the agency. We are absolutely determined, as a very high priority, to deal with the issues of fraud, waste, and abuse. The OIG is strengthening its investigative resources in particular by increasing the number of criminal investigators from 124, as of August this year, to 158 by September 30, more than a 25-percent increase.

With the OIG and Office of General Counsel now working with other components across the Nation on a daily basis, we're taking

the position that we're not waiting for problems to arise. We are trying to solve the problems before they arise.

I want to say something about planning. We have always thought that long-range policy and program planning was important, and that's why I recently approved a reorganization of our policy office, now known as the Office of Programs and Policy. We are recruiting about 12 FTEs to fill empty slots in that newly created office, and we know that this component will be responsible for developing research and long-range policy options.

As we enter the 21st century, we're updating our strategic plan and beginning to address the challenges that lie ahead. We know we're faced with increasing numbers of disability insurance claims, and we're working, as you know, on a thorough redesign of the disability claims process. And while this is a long-term initiative, we have already made some major accomplishments to improve current service and prepare for the future.

Preparing for the future also requires us to ensure the solvency of Social Security, and we all recognize and state that changes will be required to sustain the program in the long term. We know, too, that those changes should be ideally made sooner rather than later. The Advisory Council, which has been charged to come up with some policy options, is close to completing its assessment for long-range solvency, and we understand its report will be forthcoming some time in August.

I am confident that, with informed discussion, we can reach a bipartisan agreement on the changes that will be needed to ensure the continuing success of the program. And with the crucial role that Social Security plays in our society, our efforts are of critical importance to the Nation and the future of its citizens.

In closing, I would like to give you a larger overview of SSA's accomplishments in the first year of independence, and they, too, appear before you on the posterboard.

First, we accomplished a seamless transition to independent agency status, with very, very few problems. We restructured the SSA policy organization for increased effectiveness; we increased SSA focus on fraud, waste, and abuse; we have continued momentum in reengineering of the disability program; and we have begun and implemented a program to increase public confidence in Social Security.

I would be pleased to have my formal, written testimony entered into the record, and I would be happy to answer your questions.

Chairman BUNNING. Without objection.

[The prepared statement follows:]

**STATEMENT OF SHIRLEY S. CHATER
COMMISSIONER
SOCIAL SECURITY ADMINISTRATION**

Mr. Chairman and Members of the Subcommittee:

Thank you for your invitation to testify today concerning the Social Security Administration (SSA) as a separate independent agency within the executive branch. I am happy to have the opportunity to talk about our first year as an independent agency, one which is marked with exceptional achievements.

In our first year, despite two furloughs and thirteen continuing resolutions, we have fulfilled the requirements of the legislation establishing SSA as an independent agency. We not only accomplished a seamless transition to independent status, we also maintained our longstanding commitment to providing the best possible service to the American people. SSA's service delivery remains consistently well rated by our customers.

We are justifiably proud of the accomplishments of our 65,000 employees. SSA makes timely and accurate benefit payments to 47 million beneficiaries every month. In fiscal year (FY) 95, SSA maintained 240 million earnings records; processed 16.9 million requests for Social Security numbers; processed over 5 million claims for benefits; handled more than 62 million calls to the 800 telephone service; and sent 10.7 million Personal Earnings and Benefit Estimate Statements (PEBES). All of this while holding our administrative budget to less than two percent of all benefits paid.

Independent agency status has given SSA greater visibility in the executive branch and throughout the Federal government. Because of our independent status, issues are raised to the level that they deserve commensurate with the importance of the Social Security programs to the American people. The Commissioner of Social Security now communicates directly with the President and his Cabinet officers. I serve on the President's Management Council. Because SSA is a recognized leader in customer service, I head the PMC's Workgroup on Customer Service.

Organizational Changes

In addition to transferring the personnel functions for 65,000 employees from HHS to SSA, we have established an Office of the Inspector General (OIG) and an Office of the General Counsel (OGC).

SSA gains significantly from having our own OIG and OGC. Both Offices are able to focus exclusively on issues related to the Social Security programs. SSA is always the number one priority, and both components have a greater day-to-day level of involvement with all SSA components both at SSA headquarters and in field offices.

In addition to the above mentioned changes, we have also made changes in our structure creating three new offices, each headed by a Deputy Commissioner. These offices are: Programs and Policy; Communications; and Legislation and Congressional Affairs, all of which report directly to the Commissioner. We have also provided for a Chief Financial Officer and an Office of the Actuary that reports directly to the Commissioner.

Strategic Planning Key to SSA Success

SSA places great importance on long-range planning and management, and we use our strategic planning process as a framework to coordinate our efforts. Strategic management encompasses the range of activities needed to "get the job done," from planning and budgeting to implementing, tracking, and measuring performance outcomes. Strategic management at SSA

allows us to recognize the forces changing our world--rising workloads, changing customer expectations, reductions in resources--as well as the technological innovations that allow us to deal with those changes. It has enabled us to respond to these pressures while keeping a steady eye on our mission and our vision for the future.

Our current strategic plan, *A Framework for the Future*, includes:

- o Identification of societal trends and their applicability to SSA and the programs we administer;
- o Statement of SSA's mission;
- o General goals, which are to:
 - Rebuild public confidence in Social Security;
 - Provide world-class service;
 - Create a supportive environment for SSA employees; and
- o Quantifiable service delivery performance measures.

The Social Security Administration was one of several agencies to volunteer to participate as a Government Performance Review Act pilot agency. Thus we have outlined performance goals to serve as standards for delivery of customer service. In addition, we have developed a technology strategy consistent with the Strategic Plan and our Business Plan. Our annual Accountability Report released to Congress in December 1995 is also a first for government agencies.

Service Delivery

Service delivery improvements continue under independent agency status. As I noted in my testimony before you last month, we cut busy signal rates on our national 800 number in recent months to less than half of last year's rate. We have been rated the best provider of telephone customer service, not only for the public sector but the private sector as well, in a 1995 survey by Dalbar Inc., a financial services company.

In addition, we also improved processing time for issuing Social Security numbers by issuing 97 percent of Social Security cards within 5 days of the request in fiscal year 1995. In the disability area, we processed 41 percent more hearings in 1995 than in 1993, and decreased our claims processing time by 11 percent for the same period.

Stewardship

To preserve the integrity of the disability programs, it is essential that we conduct periodic CDRs to ensure that only beneficiaries who continue to be disabled remain on the disability rolls. A more efficient CDR process, which relies in part on a questionnaire mailed to disabled beneficiaries, has allowed us to significantly increase the number of CDRs performed annually. During FY 1995, we processed 285,000 CDRs--an almost 84 percent increase over the previous fiscal year--and made initial determinations in 41,800 cases that benefits should be ceased due to medical improvement and the ability to work. This year, the President requested an increase of \$260 million for CDRs over last year. The house passed Appropriations bill included \$160 million of that request. The Administration supports funding of CDRs at a level to ensure full implementation of CDR reviews for all recipients on a timely basis. Congress is to be commended for supporting and funding this initiative.

Working with our State partners, other public agencies and private organizations, SSA has made major progress in returning our beneficiaries to work. In fiscal year 1995, over 6,200 beneficiaries were successfully rehabilitated and returned to

work. This is a net estimated lifetime savings of \$256.7 million. We have recently published regulations to increase the pool of providers to include private vocational rehabilitation service providers when a state does not serve a beneficiary.

SSA has asked the Congress to extend the current demonstration authority and to further expand that authority to include new applicants. This authority will enable SSA to explore new ways to help beneficiaries return to work.

A Leader in Technology

Our accomplishments in our first year of independence go far beyond simply fulfilling the requirements of the legislation. SSA has become an acknowledged leader in the Federal government in technological advancement. Back in 1988, long before the issue surfaced publicly, SSA began changing computer systems to accept dates in the 21st century. Today SSA leads an interagency group on this subject that is working to change software used by all federal agencies.

We have successfully modernized our automated systems. As part of an agency initiative to create a state-of-the-art computer processing environment for all agency employees, a contract of over \$279 million was awarded to provide hardware, installation, software, and support of 56,500 computer workstations (including over 1,700 local area networks) over the 30-month period beginning November 1996. This will serve as the architecture for the Redesigned Disability System.

SSA has been a leader in offering on-line Internet services. In May 1995, we were named one of the 101 best web sites by PC-Computing Magazine. More recently, this year the Washington Post business section called us, "the ultimate Federal web site." In June alone, our "Home Page" was accessed 56,000 times. Access requests have been increasing at the rate of 20 percent each month.

In April of this year, SSA began a test of an on-line request for Personal Earnings and Benefit Estimate Statements (PEBES) on the Internet's World Wide Web. Anyone with "secure browser" and access to the Internet is able to complete an online form and request a statement that will be mailed to them in less than 4 weeks. Since the test began, it has been enthusiastically accepted by the public. Through mid-July, more than 13,000 people have made an on-line request for a PEBES. More than 2,500 comments have been received. These comments have been overwhelmingly positive and supportive of SSA's efforts at providing a real on-line service for the public.

One of my priorities as Commissioner has been to create a management environment which emphasizes communication and teamwork among agency components with other agencies and groups. This environment was essential to facilitate all of the technological improvements discussed above. I am proud that we have achieved cooperation and interaction of groups at an early level of policy planning and development, when it is the most effective.

Disability Redesign

One of the most daunting challenges we faced these last few years was initiating solutions to the projected increasing growth in the disability insurance (DI) program. As I have testified in prior hearings before this Subcommittee, program growth is a product of the complex interaction of a number of economic, demographic, social, programmatic, and other factors--internal and external to the program, long-standing and short-term--that influence application, award, and termination rates. The

enormous demands confronting SSA in the form of unprecedented DI workloads resulting from the projected increase in applications, combined with staffing reductions, required us to evaluate policies and procedures which might be streamlined or altered to protect the workload more efficiently.

The redesign of the disability claims process is a long-term initiative expected to run beyond the turn of the century. Nevertheless, we have made major strides in implementing near-term features and setting the stage for future implementation efforts. More specifically, in the past 12 months we have:

- o strengthened the relationship between SSA field offices and State Disability Determination Services (DDSs) by asking claims representatives and disability examiners to work in teams to expedite and improve initial disability interviews;
- o begun testing the Single Decisionmaker Model, which allows the disability examiner to utilize medical consultants on an as needed basis;
- o implemented piloting for the new adjudication officer position in 9 State sites and in 17 Federal sites;
- o published 9 new Social Security rulings clarifying disability policy for all levels of adjudication. Training on these rulings is scheduled to begin within the month for over 14,000 disability decisionmakers.

Efforts to Reduce Fraud and Abuse

One of SSA's most important responsibilities is protecting the integrity of the trust funds, and ensuring accurate and timely payment of benefits. As an independent agency, SSA has given priority attention to our responsibilities for uncovering waste, fraud, and abuse. Social Security's Inspector General is directly responsible for promoting economy, efficiency, and effectiveness in SSA programs and detecting and preventing fraud, waste, and abuse.

During the first year of independence, OIG activities resulted in the recovery of more than \$9.6 million in fines, judgments, and restitutions. Our recoveries and recommended cost avoidances in the last 6-month period more than exceeded the OIG's total budget for the reporting period.

An example of recent OIG activity was its investigation of a fraudulent credit card scheme in New York. We are working with the authorities to ensure that all participants are prosecuted to the fullest extent of the law. Similarly OIG is initiating a major nationwide investigation targeting individuals illegally receiving Supplemental Security Income (SSI) payments while living in other countries. Allegations from SSA field offices in border areas suggest that individuals who have left the country may be obtaining benefits for which they are no longer entitled. OIG will identify and terminate SSI payments to recipients receiving payments based on false statements regarding residency or other eligibility factors.

Finally, the OIG continues to work with the States of Washington and California in cases involving suspected interpreter fraud. Thirty-three arrests of middlemen have already been made, 14 have resulted in conviction and the remaining cases are pending. We continue to implement aggressive actions to detect and deter fraud by and against non-citizens through the hiring of bilingual employees and other reviews to ensure program integrity.

These increased activities have required strengthening the investigative resources of the OIG. As a result, the OIG plans

to increase the number of criminal investigators, from 124 investigators to be employed as of August 1 to 158 investigators by September 30.

Another challenge we face is administering the prohibition against paying benefits to prisoners. Toward this end, SSA has undertaken affirmative steps to ensure that institutions report inmates timely and accurately and that ineligible individuals do not receive Social Security and Supplemental Security Income (SSI) benefits. We now have agreements to receive prisoner data from 47 States, the District of Columbia, Puerto Rico, the Federal Bureau of Prisons, and all but a small percentage of the more than 3500 local jurisdictions. This represents an almost 20 fold increase of those jurisdictions reporting now over the number reporting in 1993. We are renegotiating the agreements with the 3 States whose agreements have lapsed. However, we have received prisoner reports from those States.

In order to provide an additional incentive for State and local institutions to provide prisoner data on a timely basis, SSA supports legislation which would provide State and local correctional institutions with a one-time \$400 payment (from program funds) for each prisoner identified as receiving a Social Security or SSI benefit if the data is supplied to SSA within 30 days of confinement. SSA would provide a \$200 payment if the information is supplied from 31 through 90 days after confinement.

SSJ Reform

P.L. 104-121, enacted on March 29, 1996, eliminates drug addiction and alcoholism as the basis for receiving SSI and DI benefits. This change was effective immediately for new applicants and will be effective January 1, 1997 for current recipients. SSA is expeditiously implementing the new provisions. Notices have been sent to approximately 200,000 affected beneficiaries advising them of the change in the law.

In the pending welfare reform legislation, the criteria used to determine eligibility for disabled children are revised. This legislation would eliminate the individualized functional assessment as well as the double counting of maladaptive behavior. SSA supports these changes. Also contained in welfare reform are provisions that would restrict benefits to certain noncitizens. All of these provisions would result in significant workloads for SSA.

Future Challenges

Despite two furloughs and thirteen continuing resolutions during our first year as an independent agency the Social Security Administration has made progress toward its goals and increased employee productivity. Still, we are also aware of the significant challenges that lie ahead.

o Policy Development

To enhance policy development, I recently approved a reorganization of the former Office of Programs, Policy, Evaluation, and Communications, renamed the Office of Programs and Policy, which will be responsible for developing long-range policy options, and for improving SSA's ability to engage in rapid decisionmaking. Through this new office, SSA will intensify its focus on policy planning and development by working with the management of other components, the Administration, Congress, advocacy groups and our customers.

o Advisory Board

The Independent Agency legislation established a bipartisan Social Security Advisory Board composed of seven members. Three

of the members are appointed by the President and two each are appointed by the Speaker of the House and the President Pro Tempore of the Senate. This Board is to advise the Commissioner, the President and the Congress. The Board is fully operating and has had several meetings.

o Solvency Issues

As you are aware, under the 1996 Trustees Report's intermediate assumptions, the assets of the combined OASI and DI Trust Funds are expected to grow until 2019, and then to decline until they would become exhausted in 2029, a year earlier than was estimated in last year's Report. Clearly, considering the crucial role that Social Security plays in our society, its future solvency is of critical importance to the nation.

We all recognize that changes to the program will be required to sustain Social Security in the long term. The Advisory Council on Social Security is close to completing its assessment of long-range solvency options. Although the Advisory Council is not expected to reach a consensus, its work demonstrates that there are a number of options available for consideration.

As past successful efforts to reform Social Security have shown, changes to the program can occur only after bipartisan debate and public discussion.

I have emphasized that the Social Security program is not in immediate financial danger and there is no immediate crisis. Under the intermediate assumptions, the program will be able to fully meet its benefit obligations for the next 33 years. In addition, even if no changes in the program were made by then, payroll taxes in 2029 would be sufficient to pay 77 percent of benefits.

I want to emphasize, however it is important to address the Social Security financing issue earlier rather than later. The earlier a bipartisan solution can be achieved, the less dramatic the changes will need to be.

Educating the American public is critical to achieving a resolution. An accurate understanding of the program is needed as the foundation for public discussion. I have been traveling around the country, talking to senior citizens and young people alike, to discuss the Social Security program and the need for long term changes. In addition, during my travels across this country over the past 2 years, I have used every opportunity in the cities across America that I have visited to meet with journalists, both print and broadcast, to educate them on the current state of Social Security. By taking the time to meet with numerous editorial boards, participate in many radio and television programs, and sit down in countless one-on-one interviews with newspaper and magazine reporters, I have been able to put journalists in a much better position to accurately inform the millions of Americans who get their information each day from the news media about the current financial status of Social Security.

In addition to public addresses by agency officials, we have developed a Teacher's Kit which has been distributed to more than 17,000 secondary schools around the country. The kits use lesson plans, factsheets, handouts, a video, and a teacher's guide to present a comprehensive overview of the program.

We also issue PEBES, so that workers can see exactly how much they have paid into Social Security, and what benefits they can expect when they retire. By 2000 everyone age 25 and over will receive an annual statement. As I travel around the

Nation, I have had countless people tell me how much they appreciate getting their PEBES, and how useful they are in helping to plan for retirement. The people I meet are consistent in their praise of the information provided.

We launched a multi-media "National Education Campaign" on August 14, 1995. This includes a series of public service announcements to educate the public about the value of Social Security benefits sent to 5000 TV and radio stations-over \$1.2 million worth of air time has been donated in 46 states. These announcements point out that Social Security is a family program covering dependents and survivors as well as retirees. Thus we cannot analyze Social Security's value to young workers strictly by projecting retirement benefits.

In conclusion, Mr. Chairman, SSA has successfully completed its transition to an independent agency and is hard at work on meeting the challenges that lie ahead.

Chairman BUNNING. Commissioner Chater, before we get into questions on the substance of this hearing, I would like to ask you a very straightforward question.

Why is it that you and your agency can't seem to provide this Subcommittee with even the most routine information in a reasonable amount of time? For example, since the June 27 hearing, I have been trying to obtain through GAO copies of regional award agreements documents that were signed some time ago. You delivered them this morning. That is, all but two were delivered this morning, before this hearing.

Then Ruth Pierce promised to provide various information on how employees can decertify the union as their representative. GAO followed up on Ms. Pierce's promise several weeks ago, and yet, we have had no response. And last week I sent Ruth Pierce a letter regarding the revelations by NBC news that political activity was being conducted on government time by SSA union representatives.

I have a copy of it, without objection, I will put into the record.
[The following was subsequently received:]

JIM BUNNING, KENTUCKY, CHAIRMAN
SUBCOMMITTEE ON SOCIAL SECURITY

SEAN JOHNSON, TEXAS
NANCY COLLINS, GEORGIA
BOB PORTMAN, OHIO
PHILIP D. ENGLISH, PENNSYLVANIA
JOHN CHRISTENSEN, NEBRASKA
CONCEPCION N. TEJAS

JACOB JACOBI, INDIANA
BARBARA D. KENNEDY, CONNECTICUT
L. J. RYAN, CALIFORNIA
MICHAEL E. WALSH, MASSACHUSETTS

FRANK
BILL ARCHER, TEXAS
SAM W. LEEBURN, FLORIDA

BILL ARCHER, TEXAS, CHAIRMAN
COMMITTEE ON WAYS AND MEANS

PHILIP D. MODELEY, CHIEF OF STAFF
VALERIE SARAPAS HODOL, SUBCOMMITTEE STAFF DIRECTOR

JAMES HAYS, MINORITY CHIEF COUNSEL
SANDRA CARMER WISE, SUBCOMMITTEE MINORITY
July 16, 1996

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

SUBCOMMITTEE ON SOCIAL SECURITY

Ms. Ruth A. Pierce
Deputy Commissioner for Human Resources
Social Security Administration
Baltimore, MD 21235

Dear Ms. Pierce:

On July 10, 1996, you appeared on the NBC "Nightly News" segment, "The Fleecing of America." During the segment, you were asked by Lisa Myers if union representatives at the Social Security Administration engaged in partisan political activities, to which you replied, "No, not in this organization they do not."

Ms. Myers then showed you a fax sent from the Democratic Leader, Congressman Richard Gephardt, to a full time union representative at SSA, entitled, "Top Ten Worst Things About the Final Republican Budget." You replied that the fax was not appropriate and that you would look into it because it is clearly not something SSA condones. I am glad to know that SSA does not condone this action and will be conducting an investigation.

Attached are four other correspondences which were distributed via official Social Security E-mail or fax systems. I advise you to investigate these as well.

In your investigation of this matter, I would like to be kept completely informed of your actions as you take them. Please let me know what steps you have taken or intend to take to ensure that SSA union representatives do not engage in partisan political activities. If you have not taken any action in this matter, please let me know when you intend to do this. I would appreciate your providing me with copies of all correspondence associated with your investigation, including agency memoranda and correspondence with SSA unions. Thank you for your cooperation in this matter. I look forward to your reply not later than July 23, 1996.

Best personal regards,


JIM BUNNING
Chairman

Attachments

House E-Mail Fax Cover Sheet



**Congress of the United States
House of Representatives
Washington, D.C.**

Company:

To: Mary Hanson

From: Democratic Leader Richard Gephardt

Subject: Message for 6/11/96 (5)

Sent at: 23:59 on 10 Jun 1996

Number of pages (including this cover sheet) - 3.



From the House Democratic Policy Committee Phone (202) 225-4760 Fax (202) 226-0938

Today's Message

Tuesday, June 11, 1996

Page 6
House
Democratic
Leadership

Communications

Richard Gephardt, Chair
Richard Durbin, Vice Chair

Top Ten Worst Things About the Final Republican Budget

House Republicans vote today on their final budget blueprint for FY 1997. With this budget, the GOP continues down their path of harming American families at the expense of the wealthy and special interests -- including maintaining deep cuts in Medicare to pay for tax breaks for the wealthy. Here are the top ten worst things about this bill:

- 10. Fewer toxic waste cleanups.** The Republican budget will result in fewer cleanups, thanks to a funding freeze for Superfund, with no allowance for inflation.
- 9. Welfare reform that's weak on work and tough on kids.** The Republican budget would devastate children, without moving enough adults off welfare and into the workforce.
- 8. Bigger deficits to pay for frontloaded tax breaks.** By cramming tax breaks into the first three years of their six-year budget, Republicans will actually increase the deficit for the next three years. This could also force huge automatic cuts in Medicare and Medicaid.
- 7. Limits direct student loans.** The Republican budget caps the popular and successful direct loan program -- probably at the Senate level, forcing 700 schools and 700,000 students out of the program in '97 alone, and about 7 million students by FY 2002.
- 6. Tax increases on working families.** The Republican budget would increase taxes on millions of working families earning less than \$28,000 a year.
- 5. Eliminates guarantees for health care for low-income women and children, seniors in nursing homes, and the disabled.** The Republican budget makes deep cuts in Medicaid funding and assumes enactment of a bill that would end the requirement that states, with federal support, provide health care to the most vulnerable in society.

(continued)

U.S. House Democratic Leadership on the World Wide Web... <http://www.house.gov/democrats/>

4. Hundreds of rural hospitals could close because of deep Medicare cuts. The average rural hospital relies on Medicare for nearly half of its revenue. According to the American Hospital Association, the GOP's deep Medicare cuts could force many to close.

3. Allows doctors to overcharge seniors for their medical care. The Republican proposal would allow doctors who leave the traditional Medicare program to overbill their patients, which could increase seniors' out-of-pocket medical costs by 40 percent.

2. Public relations gimmicks to hide reason for Medicare cuts. Republicans have separated their budget into three pieces, in a desperate attempt to preempt arguments that they cut Medicare to pay for tax breaks for the wealthy. Don't be fooled -- it's all one budget, even if pieces of it get voted on separately. Medicare cuts still pay for tax breaks.

1. SECRET PLAN to cut Medicare to pay for "crown jewel" tax breaks for the wealthy. The GOP budget cuts Medicare just as deeply by 2002 as their budget from last year. Where does the money go? Into a slush fund to pay for as yet unnamed tax breaks -- likely the "crown jewel" of the Contract with America, which GOP leaders repeatedly put first on their legislative priority list: capital gains tax breaks, which benefit the very wealthy.

NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS
 COUNCIL 220, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES
 P.O. BOX 617576
 CHICAGO, IL 60661-7576
 (312)886-1047 FAX (312)353-1938
 JULY 10, 1996

FROM: Witold Skwarczynski, President *Witold Skwarczynski*
 TO: Executive Committee, Local Presidents and Local Reps
 SUBJECT: The "Fleeing" of the Public

A few hours from now, on the Wednesday edition of the NBC Evening News, that network is running a story about APGE and SSA, on its "Fleeing of America" series. It appears that NBC will adopt the criticisms that Congressman Jim Bunning (R-KY) recently made of our use of official time. And this is unfortunate.

Mr. Bunning really does not understand federal-sector labor relations. Or, if he does, he would like to send our LMR back to the stone age. Or, more likely, he is just fulfilling the Republican election-year agenda to "get" unions--especially the effective federal-employees union that made a shambles of Newt's plan to hold the government hostage last winter.

There is no substantive truth to Mr. Bunning's allegations, and so we expect this satter to dissipate once the light hits it. But, given the open, public nature of these latest attacks, neither can we sit back and ignore his potential influence on the gullible and the naive.

Attached, therefore, are some talking points, to use as a start to responding to local media, and to give to your bargaining-unit members who may have seen the broadcast. Remember to mention how joint SSA/APGE initiatives, especially, have taken up more and more of the official-time used in the agency. And that these joint activities are directly related to increasing the efficiency of the agency and improving service to the public.

But, this is complicated, as are the other 5 pages of information in the six-page talking points. I recommend, therefore, that if local media do contact a Local Rep or other bargaining-unit member, that person should get the name and phone number of the caller, get on the line with your Local President and together call the reporter back. Or you can have the reporter call me or Executive Vice President Ralph deJulius (201/357-4175).

In conclusion, there is more than one way to "fleece" the public, and it appears that NBC and a member of Congress are going to try out a new one tonight. We cannot stop them, but we will try to correct their more outrageous errors.

Please send me a copy of any media coverage that you get on this.

**TALKING POINTS FOR POSSIBLE AMENDMENT
TO LABOR-BES APPROPRIATIONS ON
UNIONS' OFFICIAL TIME AND SSA**

**REPUBLICAN ATTACKS ON OFFICIAL TIME ARE PART OF GOP ANTI-WORKER
WITCH HUNT**

1 Ways and Means Subcommittee on Social Security Chairman Jim Bunning (R-KY) said he wanted to know why some union representatives at SSA are allowed to perform "union work" full-time "instead of serving the public." His implicit assumption that union activities are incompatible with public service demonstrates just how out of touch the Republican leadership is with the new federal workplace and the changing face of labor unions.

1 It is unfortunate that the Committee has chosen to use the GAO as part of the GOP majority's witchhunt against the democratically elected representatives of working men and women. The Committee will find that federal employees and their union representatives are proud of the service they provide for the American people, and they will not shrink from an attack on their good work.

WHAT IS OFFICIAL TIME?

1 All federal employees represented by a union are entitled to receive the benefits of the union's services and representation even if they are not union members. When Congress enacted the Civil Service Reform Act in 1978, a deliberate decision was made to directly support certain union functions by allowing the use of "official time", rather than require non-members to pay their fair share of the representation and services the union is obligated by law to provide.

1 Union representatives can use official time only for those activities which are reasonable, necessary, and in the public interest. These standards are imposed by law. Legally permitted union activities include negotiating collective bargaining agreements, handling employee grievances, and conducting and receiving training.

1 Union representatives are prohibited from using official time on any internal union matters. This means they cannot use official time to organize workers, solicit new members, campaign for office, or conduct union elections. Union representatives are also forbidden to use official time for any partisan political activities.

1 The emergence of labor-management partnership in the federal sector over the past few years is based on the understanding that genuine changes to the effectiveness of government are possible only where labor and management are working hand-in-hand to improve quality

and deliver the best possible service to the American people.

! With these mutual goals serving as the foundation for partnership, union representatives at SSA and elsewhere throughout government are using official time to work together with management to improve productivity, efficiency, and service delivery. Official time is an essential tool for bringing about a government that works better and costs less.

THE CHALLENGE FOR SSA

! SSA touches more lives than any other government agency, maintaining records on almost 140 million Americans and paying out benefits totalling nearly \$300 billion to some 50 million customers every month.

! The federal workforce is smaller than at any time since 1963, yet there is no less demand for efficient, high-quality public service. SSA is a prime example of an agency that has to do more with less. Even as its workforce has shrunk from 80,000 in the late 1980s to 65,000 today, over 3.5 million new beneficiaries are added to the Social Security rolls every year.

! SSA employees field over 60 million telephone calls on the agency's toll-free number each year, sometimes as many as 1.7 million on a single day.

HOW UNIONS AT SSA ARE WORKING FOR THE TAXPAYER

! SSA is setting the gold standard for high-quality performance and customer service. These gains are being made for the American taxpayer not in spite of "union activity," but because of what unions and management have been able to accomplish by working together in partnership.

! Here's an example. When Dalbar Financial Services, the largest financial news publisher in North America went looking for the best toll-free customer service in the world, it was SSA that ranked number one, beating out such service-oriented companies as Federal Express, LL Bean, Southwest Airlines, Disney, and Nordstrom.

! This success did not come by accident. By working with union representatives and their members on the front lines, SSA was able to transform the way work is done and customers served.

! Here's another example. Faced with angry customers and a mounting backlog of disability

claims that could take as long as two and a half years to resolve, SSA got together with AFGE and completely reengineered the way disability claims are handled. Working together, SSA and its unions designed a new disability system which will be able to process more claims in less time with fewer people. Fashioned with the customer -- and taxpayer -- in mind, this new system promises to cut the total waiting time by nearly 20 months, saving hundreds of millions of dollars.

1 SSA learned that if you want government to operate with the efficiency and productivity of the best private sector companies, you have to learn the right lessons and study the best that private industry has to offer. That's what SSA and many other federal agencies have done.

1 And what they've learned is that, in a unionized workforce, long-term success and real gains in quality and customer service are linked directly to effective working partnerships between labor and management.

1 Union activities* and greater union involvement do not come at the expense of the American people, but rather in their service.

1 By any reasonable measure, SSA's investment in better labor-management relations is paying big dividends through better service to the American taxpayer.

1 AFGE represents over 55,000 employees at SSA, and yet there are only 145 full-time rank-and-file union leaders, or three-tenths of one-percent of the unionized workforce. This lean, efficient use of agency and union resources is right in line with other government agencies and as good or better than large private sector companies.

1 For federal workers, American citizens, and taxpayers, union leaders and members want better government.

LEADING AMERICAN COMPANIES KNOW THAT PARTNERSHIPS WITH LABOR ARE GOOD FOR BUSINESS

1 SSA's workplace partnership with its unions is simply good business. High-performance organizations like Saturn, Corning Glass, and Harley Davidson have demonstrated that work reengineering and quality improvements are doomed to fail without the support and active involvement of unions and their elected representatives.

1 The best and the brightest in both the private and public sectors all preach the same

greater union involvement in workplace decisionmaking as a vehicle for productivity, efficiency, and better customer service. These have traditionally been seen as the exclusive province of management. That outdated notion is precisely what unions are trying to change by working in partnership with SSA and other agencies.

1 The nature of "union activities" has undergone a radical transformation over the past few years with the advent of partnerships between labor and management. Union leaders in today's federal workplace are dedicating more and more of their time to improving government performance and delivering higher-quality services to the American people.

1 At a time when downsizing and privatization efforts are threatening to reshape the federal workforce, the shift in focus away from labor-management confrontation and toward cooperation and mutual goals has become a matter of survival for both labor and management.

1 If Republicans were truly interested in how well the public is served by SSA, they would not ask how much time and resources are spent on union work, but how much of the work done by today's unions is dedicated toward gains in productivity, improvements in customer service, redesigning antiquated work systems, and cutting the costs of doing business.

1 It is especially hard to believe the Republicans' motives are genuine in light of the Republican majority's support for the TEAM Act. This bill would change labor laws to allow management to create "company unions" under the guise of labor-management cooperation committees. The Republican majority apparently has no trouble embracing the virtues of workplace cooperation and teamwork -- all on paid company time -- as long as there are no unions around. But when employees want an independent voice in the workplace and elect a union to speak for them on these very same matters, the virtues of cooperation and workplace parrot. .!ps suddenly become, in one Republican's words, "a case of misplaced priorities."

1 The only time Social Security workers were not on the job serving social security recipients was when the Republican leadership decided last year that it would rather shut down the government than negotiate a clean continuing resolution with the President. Union members held demonstrations called "work-ins" in front of Social Security offices all over the nation. So if you ask us who cares more about senior citizens, the House Republican leadership or rank-and-file SSA employees, we don't think that's a hard call.

1 The Republican leaders effort to question labor's commitment to the elderly lies in the face of the labor movement's staunch opposition to the Republicans' proposed Medicare cuts. And no one has been a stronger defender of Social Security benefits -- on which the elderly rely for a dignified life -- than the American labor movement.

MAY 21 '96 10:34AM forward header
 Author: Ralph de Juliis Council 220 at NY Subject: November Elections and AFL-CIO
 Date: 5/14/96 7:19 AM VP of SSA FO operations

From hkelber@igc.apc.org Tue May 14 07:13:18 1996
 Date: Tue, 14 May 1996 00:50:41 -0500
 From: Harry Kelber <hkelber@igc.apc.org>
 Reply-To: publabor@relay.doit.wisc.edu
 To: Multiple recipients of list <publabor@relay.doit.wisc.edu>
 Subject: LaborTalk: AFL-CIO's 'Wedge' Issue

LaborTalk: AFL-CIO's 'Wedge' Issue
 By Harry Kelber

For the first time in ages, Republican Party leaders are worried about the political clout of organized labor in this

*Sent to
 all SSA
 Union Members
 on SSA Computers (E-Mail)*

presently. It is with good reason.

P. 3/3

What has triggered their concern is the AFL-CIO's radio and television advertisements which have portrayed Republicans in Congress as flint-hearted enemies of the working poor for opposing an increase in the minimum wage. While the ad campaign was targeted to 27 Republicans and two Democrats, it has had a national impact, so that the minimum wage issue has moved to the forefront in the election debate.

Since 1989, the last time federal minimums were increased, Republicans have had no problem about opposing an increase in minimum wages. While being showered with huge campaign contributions from fast-food chains and other retail businesses, they have insisted, hypocritically, that their opposition is based on studies that thousands of low-paid workers will lose their jobs if the minimum wage is raised from \$4.25 an hour to \$5.15 over two years. Now, many Republicans seeking re-election fear that unless they approve an increase in the minimum wage, they may lose the votes of the Reagan Democrats and the 40 percent of union members who voted for them in the 1994 congressional elections.

The division among Republicans on this issue is now out in the open. Candidates in the Northeast and Midwest, where unions represent important constituencies, favor passage of minimum wage legislation, while those in the South and Southwest oppose it. Like abortion, it has become a "wedge" issue, provoking heated debate and dissension within the Republican Party.

There are also sharp differences in what attitude to take to a revitalized union movement that has launched a well-financed political campaign to oust anti-labor lawmakers from Congress. Newt Gingrich and other right-wing Republicans refer to the AFL-CIO as "Big Labor" and to labor leaders as "bosses," steeped in corruption. But a growing number of Republicans consider these epithets counter-productive, serving to further alienate union members who have become disillusioned with the G.O.P. record in Congress.

It is significant that a prominent Republican, Senator Alphonse D'Amato, hardly a friend of labor, attacked the House leadership. "We make a mistake if we just say labor is the enemy," he said. "Sometimes we're deeply wrong when we simply use harsh rhetoric and label them as thieves. That just antagonizes people."

Republicans have other causes for worry. The AFL-CIO will have 100 well-trained political operatives campaigning in each of 75 congressional districts where their incumbents face a difficult race. And they haven't figured out how they'll respond to the AFL-CIO's "union summer" campaign when 1,000 articulate college students and young workers start ringing doorbells, distributing handbills and talking to voters on issues like the minimum wage, education, Medicare and Medicaid.

It is hard to predict whether the right-wing control of Congress will be ended this November, but the possibility is there--and growing.

16] From: Ralph de Jullis Council 220 at --NY 7/11/96 3:35PM (3989 bytes: 1 ln)
 priority: Urgent
 subject: Amendment Introduced to Eliminate Official Time in SSA
 unknown recipient: ^AFGE BROADCAST at --SSA, ^AFGE Council 220 Broadcast at
 --SSA, ^AFGE Officers-Reps-Designees at --SSA

----- Message Contents -----
 From AFGE National Office:

Amendment to HR 3755, As Reported

Offered By Mr. Bunning of Kentucky

page 87, after line 1, insert the following new section:

- 1 Sect. ___ None of the funds made available in this
- 2 Act for transfer from the Federal Old-Age and Survivors
- 3 Insurance Trust Fund or the Federal Disability Insurance
- 4 Trust Fund may be used for expenditures for official time
- 5 for employees of the Social Security Administration pursu-
- 6 ant to section 7131 of title 5, United States Code, or for
- 7 facilities or support services for labor organizations pursu-
- 8 ant to policies, regulations, or procedures referred to in
- 9 section 7185(b) of such title.

Author: DIANNE TRIPP ac -S2D445206
date: 7/8/96 12:37 PM
riority: Normal
O: Mail List - #-S2D445206 ALL
subject: Official Time/Awards/Fleeing of American/NBC World News 7/8
----- Message Contents -----

NBC World News

7/8/96

Nightly News 6:30 P.M. Eastern Daylight Time

John Gage and Ruth Pierce were interviewed for the FLEEING of AMERICA segment. It will deal with Official Time and Awards.

You probably don't want to miss it...I mean you probably will want to miss it; but, you should know what is being said bad about us.

On a related note, Dave Glassford said he spoke with Cong. Bunning's staffer about these issues and said Bunning was Union busting. He said that got a very strong reaction. Apparently, the Republicans are very sensitive to accusations that they are Union busting.

I agree with Dave that they are and we should not let up on them for Union-busting as we get closer to the election.

Chairman BUNNING. During the news segment, Ms. Pierce told NBC that SSA didn't condone such activity and promised to look into it. Although I have asked Ms. Pierce in my letter to let me know by July 23 what she was doing about this serious abuse of government time and equipment, I have yet to receive even the courtesy of an acknowledgment from her. It's almost like requests fall into a deep, black pit when we send them over to SSA headquarters.

So tell me, Madam Commissioner, how does this Subcommittee, which has the responsibility for oversight of SSA, get the courtesy of a prompt response from you or from your staff? Tell us what we must do to get your attention to these and other various problems.

Let me explain why. When you send a proposal to us, such as the technical corrections bill that you thought was necessary, we had no problem receiving that from you. This Subcommittee, in a bipartisan fashion, passed that bill this morning without anyone objecting to it. I expect the same courtesy on the other end from the Social Security Administration and from you personally, because we have to cooperate if we are going to get this job done.

Do you have some reason for the problems we are having with communications?

Ms. CHATER. Yes, Mr. Bunning. We have had some problems.

First I want to state very clearly that, of course, we want to cooperate with you. One of the bits of information that you asked for had to do with people. You asked for the amounts of awards for particular people. We did take a long time to get that back to you—but for a very good reason.

First, I wanted to be sure that the numbers that we had on a printout were, indeed, accurate, so we verified that information, which took a bit of time. Second, I felt, because of the Privacy Act, it was our responsibility to inform the employees that we were going to be sending this data that you asked for. So we made every effort to contact the employees individually to let them know that. At the end of that process, which I agree took longer than we anticipated, we forwarded it to you.

On the other issue of having Ms. Pierce look into the union and who can do what and what they have done, I have referred that to our General Counsel, to examine the laws, the rules, the regulations, so that we can give you the most accurate response.

Chairman BUNNING. Well, we have the American Federation of Government Employees sending into Social Security offices around this country a legislative update, with very false information. We think this is an abuse of the SSA fax machines, and that SSA's management should be aware that these things are going on. When this abuse continues, we need answers as quickly as we can from the Social Security Administration, so that we can try to understand what you're doing to combat this.

If Ms. Pierce says that SSA is doing something, or you're going to look into it, we would like to know what results are taking place.

Ms. CHATER. And we will send you that.

We have already, for example, taken away all of the privileges of e-mail, computers, and so forth, from one employee, and we will certainly look at all the rest.

Chairman BUNNING. This is dated July 22, so this just occurred.

Ms. CHATER. A recent one.

Chairman BUNNING. Yes.

Let's get on with the hearing and get on with what we're trying to accomplish here.

Do you agree that Congress and the American public should be able to look to SSA to frame the debate over national Social Security policy, as far as the overall policy and where we are heading with SSA in the future? Do you think that's the independent agency's job?

Ms. CHATER. Yes, I do. And toward that end, as I said, we are putting together our Office of Research, under the Office of Programs and Policy, so that we can better respond to long-range policy issues and become much more proactive than this agency has been in the past.

Chairman BUNNING. Did it take you 14 months as an independent agency to discover that, or is that something you were trying to put off? Explain to me why it took 14 months to get a research group at Social Security?

Ms. CHATER. Well, why did it take so long? Because we studied the problem, because I personally, for example, went over to our research office and interviewed our researchers, and talked with them about the kind of research they're doing, trying to make a decision about what we needed and how best to organize.

It isn't that we were just looking at that unit independently of all the others. We're trying in Social Security to change the culture, to create an atmosphere where we can work together as teams, because I feel strongly that each individual component, when it makes a decision, influences another component. So as we work together and sort out these issues, it does take time.

I don't believe in coming in with a command and control attitude and saying it shall be done. I want us all to work together to figure out how to do this, so that our management team buys into the kinds of initiatives that we put on the table.

Chairman BUNNING. Well, I'm going to let Andy go ahead.

Mr. JACOBS. Mr. Chairman, on that point of the July 22 fax, I think it would be important for the record—

Chairman BUNNING. I've entered it.

Mr. JACOBS. No, I think it would be important for the record if we can identify the person who sent it and determine whether it's the person that Dr. Chater says was ordered not to use the fax.

Chairman BUNNING. It says who it's to, and it says who it's from.

Mr. JACOBS. I just wonder if we could tell Ms. Chater so that she could say whether that person was the one she was referring to. I think that would be pretty important for the record. If you told somebody not to do it and he or she did it, I think that would be really egregious.

Chairman BUNNING. That's Marjorie Johnson.

Mr. JACOBS. Is that the employee?

Ms. CHATER. No, it is not.

Mr. JACOBS. Not the employee.

Chairman BUNNING. Since it's in the record, you will be able to discover very quickly who it went to and the contents.

Mr. JACOBS. Mr. Chairman, I was only interested in whether the person who was directed not to engage in that activity had violated that direction. That's all I had in mind there.

Ms. Chater, would you comment on the government shutdown? Did that have any effect on the independent agency's progress in this matter?

Ms. CHATER. The shutdown had a tremendous effect on our agency. We calculated actually that the shutdown cost the agency about \$77 million. That's not just in salaries, but it has to do with millions of dollars in rent and maintenance for buildings that were not fully utilized.

Besides the heavy cost, the shutdown meant that we were unable to do some of our regular work. We couldn't, for example, verify Social Security numbers, we didn't issue the Personal Earnings and Benefit Estimate Statements, we didn't do a number of things. We didn't even answer the 800 number to the extent that we would have liked to. So all of that simply meant that we had carryover work to do, catchup work to do.

At the same time, we were working with uncertain budgets, so we didn't have overtime and flexibilities in our budget to do all the—

Mr. JACOBS. You're referring to the continuing resolution?

Ms. CHATER. Yes.

Mr. JACOBS. Mr. Chairman, I have kind of a parting shot I would like to make here. It's an idea that I wish to spread on the record. I think I can state it fairly concisely.

In the problem of the long-range security of Social Security, financial security, I have a feeling that a lot of us have seen the trees more clearly than the forest. By that I mean this:

In 1937, when the first Social Security check was paid—I think there was only one person, one lady up in New England who received it—if productivity in the United States had remained the same between 1937 and the early fifties, say 1952, I think it's demonstrable that the Social Security system could not have met its obligations to retirees in as early as 1952.

The productivity did not remain the same. In 1937, 25 percent of our population was on the land producing food and fiber essentially for the United States. Today, the figure is about one-tenth that, around 2 percent, producing food and fiber in such excess that it helps feed and clothe the world. So productivity has improved.

I think the "forest" of this thing, if you get away from the dollars and the adjusted dollars, what is it today and what will it be 10 years from now, 20, 40, 50, 70 years from now, and get to the fundamental "forest" of the matter, the question is what will productivity be.

Today, three people pay taxes to pay Social Security benefits to one retiree. By the year 2025, I guess it will be a little over two people, or 2020, along in there. It will be a little over two people. So fundamentally, the question to be answered is, can two people produce as much 25 or 30 years from now as three people can produce now. That's about all I have to say.

The ultimate question, of course, is why did productivity increase in this country? Did it increase because we became better people and harder workers? Lots of luck. Did it improve because of tech-

nology improvements? Obviously. So ultimately, roads tend to lead back to "luc mentus luc orbis," the "light of the mind is the light of the world."

If our educational system in this country produces better scientists and better mousetraps and better economics and better productivity, if some kid who today is in a ghetto somewhere, who's a genius but whose destiny is to sack up groceries, and for entertainment demonstrates to everybody else on the payroll that he can look at a bushel of apples and see the size of the apples and tell you exactly how many apples are in that bushel just at a glance, that that same kid ends up at Cal Tech and learns to invent a paint that will erase gravity for manufacturing purposes, can you even begin to imagine what that does to productivity in the country?

So ultimately, there will be a lot of discussion about who should be taxed, who should not, whose benefits should be cut and all that, and all that is very worthwhile. But I am only laying out for the record the forest itself and ask that future Members of Congress and executives give that some exercise.

I thank you, Mr. Chairman.

Chairman BUNNING. Mr. Collins.

Mr. COLLINS. Thank you, Mr. Chairman.

In reference to your question about the two to one, Mr. Jacobs, if I live to be 30 years older, I hope that it does work. Because these young people today who will continue working at that time, will enable me to receive my benefits.

Under the current status and situation as it deals with politics in the Social Security Administration, and the political atmosphere that surrounds it as well as a lot of other agencies, I doubt very seriously if we're going to be able to come up with any type of serious proposals that will address beneficiaries and benefits and such, because it makes everybody politically vulnerable.

You know, Ms. Chater, I regret the shutdowns. I regret that the President chose the veto route on those appropriation bills and budget that led to those shutdowns. But in view of the shutdowns, I was under the assumption—and maybe assuming can get you in trouble—but those workers who were affected were supposed to be nonessential.

Do you consider people who handle the applications and the benefit problems of those beneficiaries of the system, do you consider those nonessential workers? Are they classified as nonessential? If not, then why would it affect the processing of that paperwork? I mean, those were supposed to be essential workers, but the way you were shaking your head—for the record, you were shaking sideways, which means no.

Ms. CHATER. Our agency never ever used the word "non-essential." We feel very strongly that every employee we have is most essential to the work of our business.

In the first furlough, we had almost everyone go home, and we kept only people in the agency to take emergency kinds of questions and claims and to maintain the security of the buildings. That didn't last very long. The next one, the next furlough, we had many, many more people working.

The fact of the matter is, just closing our offices and not seeing all of our customers, even though most employees worked during the second furlough, did, in fact, have the effect that I just described to you.

Mr. COLLINS. I think we actually talked during that first furlough, as you call it, a shutdown.

Ms. CHATER. Yes.

Mr. COLLINS. And I voiced my concern then, that these people who handle this paperwork for those beneficiaries to address those problems, even to address new applications, were essential people. Therefore, as you said, they came back to work very shortly after the furlough. They were not out the full time.

Ms. CHATER. That's correct.

Mr. COLLINS. What is your response to the previous witnesses who have put a lot of emphasis on the fact that the attitude of the Commissioner, of the leader of the Social Security Administration, is most important to be able to address problems, solve problems, accomplishments—and I know you have listed a number of accomplishments over here, and I don't blame you. I wouldn't have listed a bunch of failures, either.

What is your reaction to the previous witnesses as they refer to you as, you know, evidently being a very weak leader?

Ms. CHATER. Well, I choose not to use that word, and I don't know that I actually heard that, if I understand what you're saying.

But the attitude of an administrator for an agency is, of course, important. I find myself in a very difficult position. I am a commissioner of an independent agency, with absolutely every responsibility, total accountability, which I take very seriously. But I have not been confirmed by the Congress to assume the position that would have given me a 6-year term to have had the attitude perhaps that you would request.

Mr. COLLINS. That leads me to the next question, then. You mentioned the President's Council and the President's Cabinet. Do you feel uncomfortable, politically, as the head of this agency, having to sit at a political table, and yet you're supposed to be head of an independent agency?

Ms. CHATER. No, I don't feel uncomfortable at all. In fact, I think it's a distinct advantage to Social Security because, prior to becoming an independent agency, Mr. Collins, we received information about the management of government from the Secretary of HHS.

To give Social Security a seat at the table, to hear about the management of government, reinventing government and so on, as part of other governmental agency heads, has been very, very important. It takes away a level of bureaucracy for us, and we're at the table where we can participate in discussions as well.

I consider it a distinct advantage.

Mr. COLLINS. Could I have one followup to that?

Chairman BUNNING. Go right ahead, Mr. Collins.

This is the longest we've ever had on a hearing. I just want you to know that.

Mr. COLLINS. Everybody is acting very patient. Thank you.

Well, that brings me around to another point—and I appreciate you making that point. There are actually three branches of gov-

ernment. There's the judicial, the executive, and the legislative. The legislative branch has the responsibility to raise funds, appropriate funds, and set policy. The executive branch is to carry out that policy, to use those funds to appropriately run the day-to-day operation of the government.

Do you see that as the role of the executive branch?

Ms. CHATER. Yes, I see that as the role of the executive. But I also think the executive branch is influential in determining policy as well.

Mr. COLLINS. It's very influential, because the executive branch administers the daily operations, sets the regulations and the rules by which those agencies operate. Oftentimes those rules and regulations lead to the excessive cost of the operation of government. That's the point I'm making.

Chairman BUNNING. The gentleman's time has expired.

Mr. COLLINS. Politics becomes a very major player in that day-to-day operation.

Thank you, Mr. Chairman.

Chairman BUNNING. Mr. English.

Mr. ENGLISH. Thank you, Mr. Chairman, and welcome, Dr. Chater. We appreciate your coming in today.

You heard the exchange I had with Mr. Bowsher earlier, and I wanted to follow up on that.

When Congress made SSA an independent agency, we wrote a requirement, as you know, into the law that the Office of Personnel Management authorize "substantially," I think is the operative word, more Senior Executive Service positions at SSA.

Following up on my exchange with Dr. Bowsher, can you tell us what kind of a case you made to OPM for additional SES positions based on this provision in the law, and how many SES positions OPM actually authorized, and your level of satisfaction with that response.

Ms. CHATER. Yes, I certainly can respond to that.

When we became an independent agency, you heard the numbers and so you know we received about 103 SES positions. I went personally to talk with the Office of Personnel Management, and in that discussion we made the point that we needed to formulate some units within Social Security that we didn't have before, some of which I have already mentioned in my testimony. Therefore, we had a great need for more.

We asked for five, which I agree is modest, and I would also say to you that the door is still open. Jim King has not said no. He has simply said that, because he is under a directive to decrease the number of SES positions governmentwide by between 5 and 10 percent, he wanted to wait to see how many he could gather together across government and create perhaps a pool—

Mr. ENGLISH. I appreciate that, Dr. Chater, but reclaiming my time, you had asked for five more, you didn't get them, and that sounds like "no" to me. Maybe that is a temporary situation, but in the near term, I think that has a significance.

Did you alert this Subcommittee that OPM had apparently ignored the intent of Congress, that had been spelled out in the law, to provide SSA with those additional positions?

Ms. CHATER. I think the law did not mention numbers of positions. It—

Mr. ENGLISH. But it said “substantially.”

Ms. CHATER. It said substantial.

And your question was did I alert Congress to that effect? No.

Mr. ENGLISH. This Subcommittee. OK.

Ms. CHATER. Or this Subcommittee.

Mr. ENGLISH. According to GAO and OPM, compared to all other Federal agencies, SSA has fewer SESers on board than any other agency, except two—Education, which has 75 for a staff of 5,000, and OPM, which has 39 for a staff of 4,000. By comparison, HHS, with a staff similar in size to the SSA, 58,000 as opposed to 65,000 for SSA, has 540 SES positions to your 104.

What action are you taking with OPM to correct this imbalance, and isn't SSA just as important as HHS?

Ms. CHATER. Yes, of course it is. The action that we're taking is continuing to have conversations with the Office of Personnel Management.

Mr. ENGLISH. So you intend to pursue additional positions beyond, say, the five that you've requested and so far have been turned down for?

Ms. CHATER. Yes.

Mr. ENGLISH. OK.

GAO also reported that 47 percent of your senior executives and 30 percent of your senior managers are eligible to retire in the next 5 years. This, I know, is a real challenge to any public organization.

What are you doing to prepare for the loss of this experienced personnel?

Ms. CHATER. Well, this year we're able to do some recruiting, so that's part of it. We are also trying very, very hard to redeploy people who work in headquarters and move them out to direct service positions.

We have in place new and different training opportunities with our interactive distance learning, so that internally we can train lots of people at one time and bring them up to speed on management techniques and other content that would ordinarily be shared with people who we would want later on.

Mr. ENGLISH. I have a related question.

Is it true that only 91 of your current 104 SES positions are permanently filled right now?

Ms. CHATER. We have 11 vacancies at the moment, 8 of which are in the recruitment process now, and 3 are still to be allocated.

Mr. ENGLISH. So how many positions at the Deputy and Associate Commissioner level are currently filled by temporary candidates in an acting capacity?

Ms. CHATER. I can't give you that information off the top of my head, but I will certainly provide it to you.

Mr. ENGLISH. I would be very interested. Our information was that only 91 of the 104 SES positions allocated to SSA are permanently filled, and I would like to determine if that's true.

Thank you for your testimony.

[The following was subsequently received:]

SSA has 103 Senior Executive Service (SES) allocations. As of July 25, 1996, 92 SES positions were permanently filled. Recruitment activities are underway to fill 8 of the remaining 11 positions, and we are evaluating the appropriate organizational placement of the other 3 positions.

It is normal for an agency to have a number of SES vacancies at any given time. As vacancies occur, agency heads must examine the most appropriate use of the vacated position: The position may be refilled, or either redescribed or abolished, in keeping with organizational needs.

In addition, the recruitment process is a lengthy one. Positions must be advertised, applicants rated, and careful consideration given to determine the selectees. While this time-consuming process takes place, SSA calls on current SES employees or GS-15 employees to perform temporarily in the vacant positions.

Chairman BUNNING. Mr. Christensen.

Mr. CHRISTENSEN. Thank you, Mr. Chairman, and welcome, Madam Commissioner.

You mentioned the word "recruiting" and I wanted to explore that a little bit. I also think it's important that Americans know how their trust funds are being used, and trying to find the most talented people to fill these positions, to work in an area that's very important to all of us.

It is my understanding—and I wanted to make sure this is the correct situation—that your office spent \$30,000 of trust fund money on a "headhunter," to hire two of SSA's political appointees; is that correct?

Ms. CHATER. I actually spent \$49,000 to hire two political appointees.

Mr. CHRISTENSEN. \$49,000?

Ms. CHATER. But could I point out that because our budget comes from multiple sources, only approximately one-half would have come from the trust fund.

Mr. CHRISTENSEN. OK. And it was my understanding that SSA refused to provide that information to GAO.

Is it true that the two individuals that you hired for this \$49,000 fee had no Social Security background? In fact, weren't both former political lobbyists, and one was a former city of New York administrator and the other was a former State of Maryland administrator? Is that correct?

Ms. CHATER. No.

Mr. CHRISTENSEN. Yes or no.

Ms. CHATER. No, sir. That is not correct.

Mr. CHRISTENSEN. What is incorrect about that statement?

Ms. CHATER. One of the employees was, indeed, the former Secretary of Human Resources from a nearby State.

Mr. CHRISTENSEN. What State was that?

Ms. CHATER. Maryland. But the other part of your statement is not correct.

Mr. CHRISTENSEN. And the other individual did not have any Social Security Administration experience?

Ms. CHATER. No, she did not, but she had health-related and welfare-related experience.

Mr. CHRISTENSEN. In light of the fact that a lot of hardworking Americans are paying their FICA taxes and they're being used for headhunter fees instead of Social Security benefits, I'm not saying it's illegal but do you consider that a right justification of taxpayer dollars?

Ms. CHATER. I checked to make sure that it was, indeed, legal, as it is. And yes, I feel very good about having made the decision.

When I came to Social Security, we had vacancies, and I wanted the best possible person to do what I knew had to be done in the future. I wanted people with lots of experience, expertise, qualifications, for the expectations that we had to meet in the future. I was determined to have the very best.

Mr. CHRISTENSEN. Do you consider political lobbyists to be the type of positions that you're looking to fill, that would experience—

Ms. CHATER. I did not hire political lobbyists in those two slots.

Mr. CHRISTENSEN. It's our understanding that you did.

Ms. CHATER. No, I didn't.

Mr. CHRISTENSEN. Did you supply GAO with the information that they repeatedly asked for concerning this area?

Ms. CHATER. Well, I would think so.

Mr. CHRISTENSEN. It's our understanding that you did not.

Ms. CHATER. Oh, they just asked yesterday. I'm sorry. If it was yesterday. I don't know that.

Mr. CHRISTENSEN. I think they have asked earlier than that as well.

I have one more question before my time runs out, Mr. Chairman.

In your testimony you discuss that there's 8 million continuing disability reviews in the next 7 years, which means SSA would have to conduct about twice as many reviews as it has conducted over the past 20 years combined.

Do you believe you're up to the task and can realistically meet this goal of continuing disability reviews?

Ms. CHATER. We have set a goal for ourselves that I hope very much that we can meet, and we fully expect to meet it. We plan to do about 1 million CDRs a year over the next 7 years, so we will eventually catch up.

This year so far, for example, we already have done approximately one-half of our CDR target, and I am hopeful that we'll meet our 1 million target by the end of the year. If we do, we will have even more success at reaching the overall target in a 7-year period.

Mr. CHRISTENSEN. OK. I'm running out of time. Maybe the Chairman can follow up on my previous question.

Thank you, Mr. Chairman.

Chairman BUNNING. Dr. Chater, we want to thank you for coming today, and discussing these things with us.

I am going to submit some questions to you for answers.

[The questions and answers follow:]

1. How will the CDR workload processing targets be determined for each State for the remainder of the next 7 years?

Each State receives the number of CDRs that is proportionate to the percentage of disability beneficiaries in that State.

2. Discuss the current level of preparedness overall, in the DDS nationwide, to address expected CDR workload. How many new hires are expected in the DDSs? What is the current average training time for these new CDR adjudicators? Once the current backlog is reduced, what will happen to the new staff assigned to process the CDR workload?

The DDSs are currently undergoing a major hiring effort in order to process the increase in CDRs in the coming years. Despite the impact of the drug addiction and alcoholism workload, and the impending childhood workload resulting from the Welfare Reform Legislation we remain confident that we will meet our CDR workload targets.

We project the need to hire approximately 2,100 staff in FY 1997 (this includes normal losses from attrition) and another 1,100 in FY 1998. Further hiring may be necessary depending on overall workloads and receipts.

Even after we become current on our CDR workload, much of this staff will need to remain on duty. In order for our CDR workload to remain current, it will be necessary to perform large numbers of CDRs each year. If some staff losses are warranted, we will realize those losses through normal attrition.

Currently, the average classroom training for a disability examiner is approximately 11 weeks. However, the trainee spends additional time with a mentor doing some simple case processing. We estimate that the entire training process takes about 28 weeks. However, it takes approximately one full year for an examiner to become fully productive.

3. Do States have the flexibility to contract out their CDR workload? Are any States pursuing this option?

State DDSs have the flexibility to contract out various portions of their operations. However, State DDSs cannot contract out the disability determination authority. The Social Security Act requires that only the State or the Commissioner determine whether or not a person is disabled or the disability continues.

Currently, there are no States that have contracted out any portion of their CDR workload. Additionally, we are not aware of any States that are planning to do so.

4. What efficiencies is SSA or State DDSs developing to improve CDR case processing in terms of lowering processing times and costs?

The development and implementation of the CDR mailer/profile process has greatly increased the cost-effectiveness, and timeliness of the CDR process and expanded SSA's capacity to process large numbers of cases. The mailer/profile process identifies those cases that have such a low likelihood of cessation that conducting full medical reviews of these cases in the disability determination services is not cost effective. These cases require only a less expensive mailer questionnaire that examines the individual's current medical status and work history. Studies and analyses to incorporate further improvements and efficiencies in the process are ongoing.

5. Is SSA considering any recommendations for legislative changes to the Congr- If so, what is being con- -d and when might these be sub-??=3?

SSA is not contemplating any specific recommendations for legislative changes. However, information obtained from experience with the CDR mailer/profiling process is reviewed and analyzed on an ongoing basis for new ideas that will enhance the effectiveness of the disability program. All new ideas, including those which might require legislative action, will be carefully considered. We will seek legislation, if needed, for those that improve the CDR process.

1. Please provide your views on what role SSA should take in framing the debate over national Social Security policy for the Congress and the American public?

Educating the American public is critical to achieving a resolution of the long-term solvency issue. An accurate understanding of the facts is needed as the foundation for public discussion. As part of this effort, SSA developed Teacher's Kits, which we made available to secondary schools, which used lesson plans, factsheets, handouts, a video, and a teacher's guide to present a comprehensive overview of the program. At the request of secondary schools, we have distributed seventeen thousand of these kits. We also issue Personal Earnings and Benefit Estimate Statements so that workers can see exactly how much they have paid into Social Security and how much their benefit will be when they retire. By the year 2000, PEBES will be sent to every working American over the age of twenty-five. In addition, we began a multi-media campaign to educate the public about the value of Social Security benefits through a series of public service announcements. Over a million dollars of free air time has been donated to date.

As the head of an independent Agency, the Commissioner of Social Security has greater visibility. I have given presentations on Social Security programs in one hundred forty-seven cities in thirty-one states. I have addressed groups of all ages but have tried to concentrate particularly on reaching those of university age, who, our focus groups tell us, are least confident in Social Security's future.

As of March 31, 1996, the one-year anniversary of SSA becoming independent, GAO reported to us that SSA had not even begun to reorganize and strengthen its policy analysis, research and evaluation component capable of anticipating and responding to expected Congressional requests for data and policy analysis, particularly on long-term solvency issues. Please provide an action plan and describe specific actions that SSA has since taken to strengthen its capacity in these areas. In addition, please provide the Subcommittee an additional progress report by March 31, 1997.

The Office of Programs and Policy was created to enhance policy development by formulating long-range policy options, engaging in rapid decisionmaking, and intensifying its efforts to work with its customers. The former Office of Research and Statistics was given formal responsibility for policy evaluation and renamed the Office of Research, Evaluation and Statistics. A new component, the Office of Policy and Planning, was established to develop long-range policy options, and improve SSA's ability to engage in rapid decisionmaking. Through this new office, SSA is intensifying its focus on policy planning and development by generating well-conceived policies in a timely, effective manner.

Currently:

- o Efforts are underway to identify and recruit staff into these new areas.
- o An expedited contracting mechanism has been put in place (a task order contract) which enables the Agency to quickly issue policy evaluation tasks to private firms which are under contract with the Agency. SSA's fiscal year 1997 extramural research budget contains \$2 million for policy evaluation studies to be done under this mechanism.

The first evaluation project will center around the effects of recently-enacted welfare reform legislation.

- o An effort is underway to address issues related to growth in the disability programs. A contract for phase 1 of a multi-year, national disability survey is expected to be awarded by July 1997.
- o SSA is also considering options feasible to ensuring the long-term solvency of the Old Age and Survivors and Disability Insurance Trust funds.

3. The Subcommittee has concerns about eliminating the duplication of responsibility between the new SSA Office of the Inspector General and the Office of Program Integrity Reviews (OPIR). To enable the Subcommittee to better understand the role, scope, and responsibility of OPIR in SSA operations, please provide the following:

- a. A listing of all OPIR reports undertaken or finalized since 1993. Please include special studies and quality assurance reviews.
- b. The beginning and ending date (or projected ending date) of each of the above, and the estimated staff time involved for each.
- c. For each of the items in (a) above, please list the recommendation(s) made, and the status of each (implemented and date, or not implemented and rationale). For each recommendation implemented, please describe as quantitatively as possible the results achieved and benefits derived.

OPIR REPORTS (initiated or finalized since 1993)

Name of Study/ - Recommendation	Start/End Date/ Staff Time	Implementation Date/ Not Implemented	Benefits and Results/ Rationale
Stewardship Review (RSI and SSI) <i>Ongoing</i>	66.7 WY (in FY96)	Data and analysis only	
RSI Index of Dollar Accuracy (IDA) <i>Ongoing</i>	131.3 WY in FY96 (Includes SSI IDA WYs)		
- Issue a program circular on using the Modernized Claims System (MCS) 3.4 earnings records alerts and the interactive computation facility (FY 1993).		Special Program Operations Manual System procedures issued in 8/94 and 11/94	Special program operations manual system procedures resulted in a more simplified and efficient process.
- Earnings record alerts should be controlled, requiring computer input before proceeding with the next claims step (FY 1994, 1995).		Not adopted but will be re-evaluated.	Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.
- Provide a copy of the earnings record to the claimant with the appointment letter (FY 1993, 1994, 1995).		Not adopted as Agency policy.	The Chicago RPIR developed and made available to the field offices (FO) a Dynacomm script that can do the same thing. Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.
- MCS and the Claims Automated Processing System (CAPS) should be identical for prior periods of disability (FY 1994).		Scheduled for 9/98	The Office of Systems advises that this will be resolved when CAPS is eliminated in 9/98. Therefore, computation errors due to improper treatment of prior periods of disability will be reduced.
- An intercomponent workgroup should examine historical IDA data on convincing evidence of age and material discrepancies to evaluate potential policy changes related to proof of age tolerances (FY 1993).		Not adopted.	There is insufficient data for a decision. Analysis continues with each additional year of IDA data.

<ul style="list-style-type: none"> - Revise POMS to require a review of the spouse's earnings record whenever a claimant alleges self-employment income (SEI) involvement or their earnings record shows SEI involvement. Many errors involving SEI occur because SEI was erroneously allocated between spouses (total exceeds \$20 million). - Create an MCS alert to identify potential SEI gaps when the SEI quarters of coverage field on the earnings record shows a pattern of "YNY" for a 3 year period - Generate questionable posting alerts in the application path rather than in the earnings computation process as a more efficient method of reviewing the earnings record resulting in reduced error rates. - Create an MCS alert or processing limitation when military service after 1956 is precluded and it is not being used by the Railroad Retirement Board. - Establish a Windfall Elimination Provision (WEP) field to allow for WEP input changes; if not feasible, a systems modification to allow WEP data to be input or changed after the initial earnings record request. - Develop special processing limitations and alerts to identify when the primary insurance amount (PIA) on the new claim differs from the PIA of record or there is a possible retirement insurance benefit limitation, delayed retirement credit or widow(er) indexing applicability. - Automatically propagate through MCS the protective filing date on the DW01 screen to the filing date on the DECI screen. - Develop systems alerts when: 1) the beneficiary elects an option code of "B" and the date of entitlement was established prior to age 65 and there are no excess earnings, 2) the beneficiary elects an option code of "A" and the month of entitlement is not the earliest possible month and there are no excess earnings. - Modify POMS procedures to review the deceased number holder's earnings record (E/R) with the survivor on any claim. 	<p>Not adopted.</p> <p>Not adopted.</p> <p>No decision has been made.</p> <p>Not adopted.</p> <p>Not adopted.</p> <p>Not adopted.</p> <p>Not adopted.</p> <p>Not adopted.</p>	<p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p>
<ul style="list-style-type: none"> - Automatically propagate through MCS the protective filing date on the DW01 screen to the filing date on the DECI screen. - Develop systems alerts when: 1) the beneficiary elects an option code of "B" and the date of entitlement was established prior to age 65 and there are no excess earnings, 2) the beneficiary elects an option code of "A" and the month of entitlement is not the earliest possible month and there are no excess earnings. - Modify POMS procedures to review the deceased number holder's earnings record (E/R) with the survivor on any claim. 	<p>Not adopted.</p> <p>Not adopted.</p> <p>Pending.</p>	<p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Will be re-evaluated by intercomponent workgroup reviewing previously unadopted recommendations.</p> <p>Many earnings records (total exceeds \$70 million) occur on survivor claims; current procedure directs that the E/R not be reviewed in a subsequent claim.</p>

<ul style="list-style-type: none"> - Revise POMS sections on the development of incomplete postings to state that any year with a posting lower than the prior and subsequent years should be developed. POMS sections on duplicate/erroneous postings should be more specific with respect to required development. - Revise MCS to solicit information about Reserve and National Guard service. 	Pending.	Accuracy rates would be increased and beneficiaries better served.
<ul style="list-style-type: none"> - Generate the claimant's statement on military service, as shown on the MCS screens, on the printed application. 	Pending.	Would ensure that proper credit is given for military service in benefit computation in all cases.
<ul style="list-style-type: none"> - Generate a systems alert when post-1956 military service is incorrectly shown to be precluded on the MCS screens. 	Not adopted.	Would ensure that proper credit is given for military service in benefit computation in all cases.
<ul style="list-style-type: none"> - Automate more of the computations required in widow(er) claims. 	Not adopted.	Would ensure that proper credit is given for military service in benefit computation in all cases.
<ul style="list-style-type: none"> - Develop user friendly software to evaluate very complex computation comparison situations (e.g., multiple entitlement claims involving delayed retirement credits, work deductions, widow(er)'s indexing, PIA's, etc.). Establish a requirement that claims include documentation of the factors that were considered in the selection of the most advantageous type of benefit. 	Not adopted.	Reduce error--Nearly one-half of the computation deficiency dollars occur in widow(er) claims. Reduce error--Many situations of overlooked entitlement occur because potential entitlement amounts are very complicated and difficult to determine.
<ul style="list-style-type: none"> - All systems involving Annual Earnings Test should use a consistent protocol for recording work/nonwork months (FY 1994). 	Scheduled for 9/98	The Office of Systems advised that this will be rectified when CAPS is eliminated in 9/98 with the title II redesigns. Errors from incorrect recording of work/nonwork months will be reduced.
<ul style="list-style-type: none"> - Based on historical IDA data, the Claims Quality Appraisal Discussion Group should investigate improving policy or procedures regarding misinformation. 	Not adopted.	There is insufficient data on misinformation at this time. Therefore no changes have been recommended.

SSI IDA	<i>Ongoing (WY included in RSI IDA)</i>			
<ul style="list-style-type: none"> - Emphasize/provide periodic training in award cases and undetermined claims redetermination cases to ensure that the living arrangement "A" has been carefully considered and ruled out before applying the one-third reduction (FY 1993 - 1994). 	FY 1994, 1995	This was included in the Targeted Assessment System (TAS) reviews.		
<ul style="list-style-type: none"> - Emphasize/provide periodic training on cases in which Inkind Support and Maintenance (ISM) is an issue and to emphasize adjudicator's awareness of the complexities surrounding the issue--be alert to the possibility of cash contributions, especially in disabled adult award cases in which ISM is an issue (FY 1993 - 1994). 	FY 1995.	OPIR and other components conducted a field test of the revised form SSA-8202. The revised form should assist in eliminating these errors. Contributed to reduction in ISM deficiencies from \$93.2 million in FY 1992 to \$73.9 million in FY 1995.		
<ul style="list-style-type: none"> - Emphasize/provide periodic training in careful review of deeming cases to ensure that the correct amounts of income and ineligible child and parent allocations are being used (FY 1993 - 1994). 	FY 1995.	The Deputy Commissioner for Operations stated that it will continue to stress proper adjudication of the deeming provisions in regional circulars and training materials.		
<ul style="list-style-type: none"> - Emphasize skillful interviewing techniques and target cases with alleged financial accounts (especially those with representative payee involvement) for more thorough interviews to yield better estimates or proof of known financial account balances and to uncover undetected accounts. (FY 1993-1994) 	FY 1995	The Office of Operations stated that it will continue to provide field offices (FOs) with interviewing guidelines for detecting undisclosed accounts.		
<ul style="list-style-type: none"> - During the redetermination interview, any case with earnings during the last 24 months should be a candidate for the FO to look for unreported wages (even if no current chargeable wages are alleged by the recipient). (FY 1993 and 1994) 	FY 1995	Included in the TAS reviews.		
<ul style="list-style-type: none"> - SSA should continue efforts to expand nationwide State data matching operations for the detection of unemployment insurance and workers compensation payments. (FY 1993 and 1994) 	FY 1995	By FY 1995, 40 states and the District of Columbia were participating in unemployment insurance matching operations.		
<ul style="list-style-type: none"> - Emphasize periodic training in award cases. Explore the possibility of receipt of unemployment benefits, especially by deemons. (FY 1993 - 1994) 	FY 1995	Operations states that it will stress the importance of adjudicators being alert to unemployment income.		

<p>- The Office of Systems (OS) should establish a specific code to identify unemployment insurance on the unearned income segment of the Supplemental Security Record (SSR). (FY 1994)</p> <p>- Conduct a match of SSI records and State records on income based on need. (FY 1993)</p> <p>- Emphasize periodic training on the importance of carefully reviewing information in the folder before making adjudicative decisions. (FY 1993 - 1994)</p>	<p>Scheduled for late 1998</p>	<p>OS indicated that this information is collected on the Modernized SSI Claims System screen. The 5-year plan calls for the Agency to use (in late 1998) the information on the screen in matching operations that are performed.</p>
<p>- Conduct a match of SSI records and State records on income based on need. (FY 1993)</p>	<p>10/95</p>	<p>An indicator was established to identify "income based on need" limited issue cases for FO review.</p>
<p>- Emphasize periodic training on the importance of carefully reviewing information in the folder before making adjudicative decisions. (FY 1993 - 1994)</p>	<p>FY 1995</p>	<p>Operations will continue to emphasize quality adjudication to FOs as well as provide the technical training and support needed to process their workloads efficiently and effectively.</p>
<p>Probe of SSI Initial Denial Cases due to Excess Income and Excess Resources 8/93 - 2/96 2.0 HY</p> <p>- Establish an ongoing Review of denial cases to provide the Agency with information needed to identify and address causes of erroneous denials.</p>	<p>5/96</p>	<p>This initiative will result in improved service to the public in that the Agency will have ongoing data on the accuracy of these SSI claims denials and to identify needed corrective actions.</p>
<p>Evaluation of SSI Recipient Understanding of Reporting Requirements and Use of Form SSA-4122 (SSI folder) 10/95 - 3/96 1.0 HY</p>	<p>4</p>	
<p>- Field offices should be reminded of the requirements to distribute the SSA-4122 to all SSI recipients.</p>	<p>5/96</p>	<p>In FY 1995, about \$173 million in deficiencies on redetermination cases were attributable to information not obtained or withheld. This initiative will improve recipient reporting and reduce overpayments.</p>

<p>National Follow-Up Study of Reestablished SSI Records 11/90 - 4/94 4 WY</p>	<p>- Systems should accelerate preparation of an action/implementation plan for elimination of the remaining systems limitations. At a minimum, the two highest percentage error categories, "Ineligible Spouse Removed/Added" and "Formation of a Couple" should be addressed. (The T30/SD process has been declared a material weakness under EMFIA and should receive priority attention.</p>	<p>10/95</p>	<p>Although no formal plan was developed, Systems advised in 10/95 that the MSSICS 4.4 release, now scheduled for 5/97, will address remaining systems limitations. Elimination of the system limitations is projected to save an additional 200 FO WY's annually and eliminate overpayments of \$11 million per year and prevent underpayments of \$7 million per year.</p>
<p>- To obtain complete information from recipients, FOs should use form SSA-8203BK for all T30/SD redeterminations.</p>	<p>Not adopted</p>	<p>Operations did not support this recommendation because, in their view, the study did not provide data showing that use of the SSA-8203BK would prevent errors identified.</p>	<p>Not adopted</p>
<p>- Develop a supplemental form or checklist for FO use in T30/SD redeterminations to cover issues unique to the T30/SD process.</p>	<p>4/94</p>	<p>Although all components agreed, work was never completed to develop a national form/checklist. However, MSSICS 4.4 release will make the form/checklist unnecessary.</p>	<p>Will serve to focus on the quality of reestablished records until all systems limitations are eliminated.</p>
<p>- Continue or establish TAS review of T30/SD cases until the process is demonstrated to be sufficiently error free. The reviews should cover, at a minimum, development and disposition of underpayments and overpayments on the T30 record and review the completed redetermination form.</p>	<p>Not adopted</p>	<p>Operations did not support this recommendation because targets are not standardized across regions.</p>	<p>Not adopted</p>
<p>- Develop an audit trail for TAS reviews so that their effectiveness can be monitored and improved.</p>	<p>5/96</p>	<p>Implementation of MSSICS 4.4 in May 1997 will result in improved FO processing of record reestablishment.</p>	<p>Implementation of MSSICS 4.4 in May 1997 will result in improved FO processing of record reestablishment.</p>
<p>Evaluation of Regional Efforts to Improve SSI Reestablished Records Process 4/94 - 5/95 75 WY</p>			
<p>- Systems should pursue enhancements to eliminate processing limitations.</p>			

<p>Regional Study on the Doctrine of Collateral Estoppel 5/93 - 12/93 2 WY</p>			<p>Some SSR improvements were made to provide easier recognition of cases involving collateral estoppel prior to completion of the study report.</p>
<p>Study of SSI Plans for Achieving Self-Support 8/94 - 6/95 20 WY</p>		<p>Pending</p>	<p>Study data indicate that this change would serve to make the PASS program cost-effective rather than the current process where program/administrative costs outweigh program savings.</p>
<p>- Require eligibility for SSI before applying any PASS exclusions.</p>		<p>4/96</p>	<p>POMS has been revised to provide better guidance in the preparation of PASS plans.</p>
<p>- Provide better definition of "self-support" as used in the PASS program.</p>		<p>4/96</p>	<p>Regional cadres of PASS adjudicators have been formed and are being provided specialized PASS training, including the application of vocational factors.</p>
<p>- Take action to assure that vocational factors are considered in establishing PASS plans.</p>		<p>4/96</p>	<p>Implementation with MSSICS 4.4 (5/97) should result in improved administration of the PASS program.</p>
<p>- Office of Systems and the Office of Program Benefits Policy (OPBP) should ensure that a system of diaries and controls is established for timely completion of compliance reviews.</p>		<p>Implementation scheduled for spring 1997.</p>	<p>Should result in improved administration of the PASS program.</p>
<p>- Office of Systems should provide a data base or modify the SSR to provide better management information on PASSES.</p>		<p>5/96</p>	<p>Should result in improved administration of the PASS program.</p>
<p>- OPBP should develop a national PASS application form.</p>			

<p>Pilot of Ongoing Review of SSI Initial Claims Denials 5/95 - still in progress 4 WY</p>		
<p>Ongoing Review of SSI Initial Claims Denials 02/96 - Ongoing 5.5 WY</p>		
<p>Service Representative (SR), Service Representative and/or Data Review Technician and Teleservice Representative (TSR) Pilot Project Quality Reviews 2/93 - 6/93 2.5 WY</p>		
<p>- If it is decided to transfer some or all of the workloads evaluated to the SR/TSRs, their training should address the quality problems identified in the study.</p>	Adopted	SR/TSR responsibilities expanded and training addressed problem situations identified.
<p>Postentitlement Title II Death Terminations Final Report 4/90 - 8/93 4.0 WY</p>		
<p>- SSA should discontinue its current practice of routinely terminating benefits for reason of death without prior verification when incomplete information is received from the Department of the Treasury.</p>	Not yet adopted	The recommendation produced varying opinions regarding workload implications. This recommendation is expected to reappear in the report of the Death Process Review Team.
<p>- The current Automatic Earnings Reappraisal Operation (AERO) selection specifications concerning disability death recalculations should be revised to include children and young widow beneficiaries.</p>	10/93	This addresses an estimated \$33 million, the largest underpayment problem associated with death terminations.
<p>- Identify past disability death recalculation errors in an AERO roundup operation.</p>	Adopted No accounts to be processed before 12/97.	This will correct the recalculations that were not given for death terminations prior to 1991. This roundup could be expected to identify increases to 50,000 or more beneficiaries and result in additional lifetime payments of \$100 million or more.
<p>- Modify procedures in the regional finance centers to provide SSA with the exact date of death received.</p>	Deferred	Action necessary to implement change superseded by higher priority activities. This will increase accuracy and reduce the volume of subsequent verification actions.

<p>Evaluation of RSI Postentitlement Payment Changes 4/91 - 9/94 8 WY</p>	<ul style="list-style-type: none"> - Modify the student reporting process to obtain sufficient information with the initial student benefit application to pay benefits until secondary school attendance is scheduled to stop or the beneficiary is age 19 and 3 months, whichever comes first. - Develop a legislative proposal to terminate benefits because of marriage/remarriage effective with the month after the month of the marriage. - Develop an automated special enrollment period process. - Ensure that the Form SSA-1696-U4, Appointment of Representation, is routinely reviewed to identify situations where the attorneys have waived their fees before offsetting benefits. - Modify the POMS to require that a query be obtained in apparent concurrent title III/XVI situations to determine the status of the title XVI account before withholding title II benefits; and state that the windfall code should be entered only if concurrent entitlement is involved for the period covered by the current title II claim. 	<p>Deferred</p> <p>Not Adopted</p> <p>Adopted To be included in redesign</p> <p>Adopted</p> <p>POMS has not yet been updated.</p>	<p>Corrective action test necessary as first step of implementation. Test deferred until other corrective action work (e.g., ARF/DRC roundup, REGO II activities) is completed.</p> <p>Policy component believes that other initiatives (e.g., beneficiary contact programs) would produce process improvements.</p> <p>Will automate about 150,000 actions per year.</p> <p>Will accelerate payments of about \$80 million annually which were previously delayed.</p> <p>OPIR is investigating why POMS modification has not yet occurred.</p>
<p>RSI Overpayments 1/93 - 10/94 8 WY</p>	<ul style="list-style-type: none"> - Information concerning reported service months should routinely be included in the notice sent based on the receipt of an annual earnings report, and information concerning presumed service months should be included in the notice when an earnings enforcement action is processed. - When SSA knows that the beneficiary is without fault in regard to the occurrence of an overpayment, the beneficiary should be so informed and advised that the first condition--"without fault"-- for waiver of repayment is met. 	<p>Implementation scheduled for 6/97</p> <p>Deferred pending additional information to be provided by OPIR in 1997.</p>	<p>Beneficiaries will be in a position to know when the information previously obtained/processed by SSA was incorrect.</p> <p>Action deferred until OPIR can provide a clear method of distinguishing when an SSA error produced the overpayment.</p>

<ul style="list-style-type: none"> - Automated and manual overpayment notices should be consistent in regard to describing partial repayment. 	Deferred	No decision has been made on how to prioritize notices requiring modification.
<ul style="list-style-type: none"> - SSA should experiment with providing most beneficiaries with a telephone number staffed by personnel in the program service centers' debt management sections. Those beneficiaries needing an explanation of how the overpayment occurred, wishing to protest the overpayment, or wanting to arrange for a reduced withholding rate would be advised to use this number. Those wishing to file for a waiver would be advised that they could call or visit their local SSA office. 	Scheduled for 2/97	Experiment to begin in the Mid America PSC with the goal of improved service to the public.
<p align="center">Evaluation of Primary Insurance Amount Increases <i>1/93 - 10/94</i> <i>8 WY</i></p>		
<ul style="list-style-type: none"> - SSA needs to identify and correct cases where AERO increases were overlooked. 	FY 1995	Agency took action to identify about \$1 billion in underpayments.
<ul style="list-style-type: none"> - MCS 3.4 alert that identifies possible duplicate postings should be modified for use in the AERO process to prevent inappropriate PIA increases. 	Deferred	Additional work necessary to define the new process deferred until involved staff complete the automation required to pay retroactive underpayments.
<ul style="list-style-type: none"> - Expand the scope of the modified alert for use in identifying accounts for prior years where inappropriate PIA increases may have been given. The amount of the error that could be corrected by identifying previously used duplicate postings is estimated at over \$100 million. 	Deferred	Additional work necessary to define the new process deferred until involved staff complete the automation required to pay retroactive underpayments.
<p align="center">Postentitlement Title II Annual Earnings Test (AET) Final Report <i>4/91 - 4/95</i> <i>16 WY</i></p>		
<ul style="list-style-type: none"> - Modify the adjustments of the reduction factor (ARF) and delayed retirement credits (DRC) roundup operation to finalize withholding for the latest ARF/DRC year included; and where some but not all benefits have been withheld, no annual report has been received and the withholding year is at least 3 years, 3 months and 15 days in the past. 	8/95	ARF/DRC roundup was modified beginning 8/95 based on the more specific recommendations that followed the ARF/DRC corrective action test.
<ul style="list-style-type: none"> - Expand the scope of the first modified ARF/DRC roundup to include as many prior years as can be included using data on the benefit record. 	8/95	Correction process complete. Dollar impact is projected to be about \$1 billion in underpayments.

<ul style="list-style-type: none"> - Expand the scope of the underpayment detection aspect of the earnings enforcement operation to include amounts where no annual report has been filed and the beneficiary's estimate exceeds the amount shown on the earnings record. - Change the AET enforcement underpayment notice to make it clear that it is highly likely that additional benefits are payable. 	Scheduled for 1997	New AET process will provide automated underpayment detection in the earnings enforcement process.
<ul style="list-style-type: none"> - Include a description of the special excess earnings rule for the age 70 attainment year in the notices sent to beneficiaries reinstated at age 70. - Resubmit a legislative change to make the penalty resulting from late filing of the annual report of earnings a percentage of the overpayment rather (as is now the case) equal to the lesser of the whole amount or a full month's benefit. 	Implemented beginning 1996. January 1995	<ul style="list-style-type: none"> \$20 million in additional benefits to 30,000 beneficiaries involved. Additional benefits of \$22 million to 13,000 beneficiaries involved.
<p>SSI Overpayment Resolution Study 1/91 - 7/93 4 WY</p> <ul style="list-style-type: none"> - Ensure that POMS instructions (SI 02201.015) for netting overpayments against underpayments and resolving overpayment and underpayment diaries are consistent with policy instructions on notification of overpayment and underpayment prior to adjustment. 	FY 1994	<ul style="list-style-type: none"> Obsoluted by Rego II AET initiative effective January 1997. Since there will be very few penalties in the new AET process, legislation to change the penalty provisions of the law are not needed. Ensures that overpaid recipients are notified when an overpayment exists and is recouped by withholding from an underpayment that is due.
<ul style="list-style-type: none"> - Issue a program circular to remind field offices of the proper procedure to follow when manually resolving SSI overpayments. 	FY 1994	Serves to improve the accuracy of resolved overpayments.
<ul style="list-style-type: none"> - Remind the field offices to give greater attention to documenting the application of the penalty provisions. 	FY 1994	Serves to ensure that the penalty provisions are consistently applied.

Field Office Assistance Visits (FAV) <i>10/93 - Ongoing</i> <i>25 WY (in FY96)</i>			
- Individual recommendations are targeted to specific FO cases reviewed and are driven by inaccuracies found. They vary from FO to FO.			Feedback to FO is immediate for corrective action and/or additional training.
Analysis of Payment Changes Resulting from Redeterminations <i>10/94 - Ongoing</i> <i>1.3 WY (in FY96)</i>			
- Recommendations called for automating data collection and using payment change data to profile redetermination processing.	In process of implementation.		Automating data collection would provide universe data rather than sample data and improved redetermination profiling would make redeterminations more cost-effective.
Review of Update Procedures in Medical Allowances <i>7/92 - 11/95</i> <i>1 WY</i>			
- The May 1992 decision to eliminate updates of nonmedical factors of eligibility in certain living arrangements "A" and "B" should be reversed.	FY 1996		Updates were shown to be cost effective and prevented underpayments.
Redeterminations Requiring Reinstatement of SSI Payments <i>5/92 - 11/95</i> <i>.9 WY</i>			
- Maintain the current 31 day tolerance for redeterminations and couples.	FY 1996		Will maintain current accuracy of eligibility updates.
Probe of PreRelease Agreements <i>11/93 - 5/95</i> <i>2 WY</i>			
- If Field Offices continue to be assigned the responsibility for engaging in SSI outreach initiatives, they should concentrate on contacting all appropriate facilities in their service areas concerning the establishment of prelease agreements.	FY 1996		DCO provided reminder to Field Offices.
Probe of Generation and Processing Critical Birthday Alerts <i>FY93 - FY94</i> <i>3.5 WY</i>			
- Set automatic diaries on more of the currently identified potential eligibles.	FY 1995		Focus field office personnel on specific instructions not being followed. Increase identification of potential other benefits payable.

- Ensure that clearance inputs for redeterminations and limited issues include clearance of pending diaries.	FY 1995	Focus field office personnel on specific instructions not being followed. Reduce pending unresolved diaries.
- Issue reminder to field offices to ensure clearance of K2, K8 and K9 diaries.	FY 1995	Reminder issued should reduce the number of unresolved K2, K8 and K9 diaries.
Liquid Resource Development Tolerance in Redeterminations and Couples Cases 3/93 - 11/95 2 WY	4	
- The requirement of FO to verify the countable value of liquid resources when the claimant alleges liquid resources over 1,250 but less than \$2,000 for an individual or \$3,000 for a couple not be changed.	FY 1996	Maintain rather than compromise the efficiency of current procedures.
Probe Accuracy of Redetermination Dates FY94 - FY94 1.8 WY		
- Operations should enforce FO instructions to correctly record and input RZ instruction dates.	FY 1995	Reduction of unnecessary duplicative development for eligibility periods previously developed.
Dollar Impact of Redetermination Upgrade with Supplemental Security Record (SSR) and Modernized Supplemental Security Income Claims System (MSSICS) 10/94 - In Progress .5 WY		
- Develop methodology for interface between SSR and MSSICS	In progress	
Study of Goldberg/Kelly Notice Procedure 9/91 - 12/95 0.5 WY		
- Continue to explore the possibility of changing the formula used to determine each month's G/K cutoff date for automated notices to allow FOs to more time to take action.	Implementation scheduled for FY 1997	Developments in electronic processing now allow some more time for field offices to take action and MSSICS 4.4 will enable automated payment correction. Has potential for eliminating a projected \$43.4 million in overpayments.

<ul style="list-style-type: none"> - Have FO management encourage the use of the PV version of Retrospective Monthly Accounting software in manual computations for the next month. - Encourage FO use of G/K notice procedures through training and reminders. 	FY 1996	Will result in more accurate computations of payment changes.
<ul style="list-style-type: none"> - FO to maintain folder when one time payments are issued . - Overpayments on prior records should be addressed before one time payment made 	FY 1995	Will result in more accurate processing of payment changes. Has potential for eliminating a projected \$50 million in overpayments (in addition to the \$43.4 million above).
<p>Study of Supplemental Security Income One-Time Payments 11/91 - 4/94 8 WY</p>		
<ul style="list-style-type: none"> - Take the necessary steps to ensure that comprehensive management information on PASS cases is collected/recorded. - Modify the MSSICS release 4.4 default compliance review diary maturity date to 12 months after the start of the PASS, rather than 17 months. 	Implemented in 1994	Improved documentation of one time payments.
<ul style="list-style-type: none"> - Revise POMS instructions to mandate use of the release 4.4 MSSICS screens for PASS cases. 	Not Implemented Pending MSSICS development.	Would enhance collection of overpayments on prior records.
<ul style="list-style-type: none"> - Closely monitor the quality of field office development in PASS case and issue developmental reminders as needed. 	Final report in preparation	
<ul style="list-style-type: none"> - Collect and disseminate data from the PASS cadres to quantify the numbers of returns to field offices for additional development and the reasons for these returns. 		

<p>- Modify POMS to require: (1) Reconstruction of PASSs and amendments that cannot be located at the time a compliance review is conducted; (2) Retention of photocopies of bills, receipts etc., or specified itemized documentation from completed compliance reviews for use in any subsequent reconciliation action; (3) input of an appropriate end date with the "D" income exclusion; and (4) Submittal of plan amendments in a form consistent with the new form SSA-545.</p>			
<p>Followup Study of Entitlement to Other Benefits Overlooked in the SSI Process 10/91 - 8/93 .5 WY</p>			
<p>- Include questions on form SSA-8203BK to identify potential entitlement to title II and veteran's benefits.</p>	FY 1995	Implemented recommendations would identify about 20 percent of the overlooked benefits (\$63 million out of \$317 million -- 1993 benefit levels).	
<p>- Include lead questions on form SSA-8202 to identify potential entitlement to title II benefits, where recipients are not currently entitled to such benefits, and veteran's benefits.</p>	FY 1995		
<p>- Implement an interim emergency measure to expedite the development of a single page form containing lead questions to identify potential entitlement to title II and veteran's benefits to be used as a supplement to all FO-processed redeterminations until the 2 redetermination forms are revised to include these lead questions.</p>	Not implemented	Development time for the interim measure was close to the time needed to revise the form.	
<p>- Appropriate components to work together to determine what additional information needs to be collected and input to the SSR regarding the results of the investigation of potential entitlement to other benefits.</p>	Delayed	Will be implemented as part of MSSICS 4.4 release to include redeterminations (5/97).	
<p>- Ensure that FOs become especially alert to overlooked entitlement to primary entitlement benefits, aged widows, children, and aged wives' benefits.</p>	FY 1994		
<p>Study of the Impact of MSSICS 4.2 on SSI Claims Quality FY 1994 - FY 1995 4.5 WY</p>			
<p>- DCPPEC should proceed to automate the form SSA-41169 in MSSICS at the earliest opportunity.</p>	FY 1995	Should result in improved payment accuracy.	

<p>- The Deputy Commissioners should coordinate with other impacted Deputy Commissioners to ensure that MASSICS retains adequate documentation to provide an audit trail.</p>	<p>Not Yet Implemented</p>	<p>Deputy Commissioners agreed with the recommendation but have not yet agreed on what documentation would be an appropriate audit trail</p>
<p>Adjustment of the Reduction Factor/ Delayed Retirement Credits (ARF/DRC) Corrective Action Test 6/93 - 8/94 5 WY</p>	<p>8/95</p>	<p>The dollar impact from increased accuracy is \$70 million per year.</p>
<p>- Modify the ARF/DRC roundup operation to finalize withholding for the latest ARF/DRC year included, where some but not all benefits have been withheld, no annual report has been received and the withholding year is 3 years, 3 months and 15 days in the past.</p> <p>- Expand the scope of the first modified ARF/DRC roundup to include as many prior years as can be included using data as it exists on the benefit record.</p>	<p>In Process OPIK is working with Offices of Systems, Programs, and Operations to develop an automated roundup operation using the automated job stream (AJS) and/or other programs to ensure fallout workloads and beneficiary recontacts are minimized.</p>	<p>ARF/DRC roundup process is nearing completion. Benefit increases processed are estimated at more than \$700 million and will be close to the initially projected \$1 billion when the process is completed, with savings of several hundred workyears and increased product quality.</p>
<p>Study of the Targeted Review of SSI Recipients Age 65 and Above 3/93 - still in progress 10 WY</p>	<p>Final report in preparation</p>	
<p>Analysis of FY 1991 IDA AFDC Deficiencies 1/94 - 8/94 .5 WY</p>	<p>Analysis provided to Policy -- no recommendations.</p>	

<p>Alternative Proof of Relationship for Legitimate Children <i>1/94 - 7/95</i></p>	<p>- Accept the Numident record established at birth of legitimate child as proof of relationship for auxiliary or survivor child's benefits.</p>	<p>FY 1996</p>	<p>Reduction in development required will save an estimated 39 workyears in FY 1996, increasing each year thereafter as the number of children enumerated at birth increases.</p>
<p>Mid-Atlantic Program Service Center (MATPSC) Check, Claims and Remittance Examiner (CCRE) Backlog Study <i>1/92 - 1/94</i></p>	<p>- Update POMS GN 02406 (nonreceipt and photocopy requests); GN 02408 (stop payment requests; SM 00619.035B.10 (RETAP termination overpayment alerts); and SM 00624 (REACT returned checks and credit processing to provide CCRE with processing instructions reflecting the role of the REACT (Returned Check Actions) and ARS (Accounts Receivable System) processes.</p>	<p>5/94 SM 00624 updated. GN 02406 and GN 02408 updates pending coordination with Treasury with no release date scheduled.</p>	<p>Reduction in backlog through improved CCRE understanding of job duties.</p>
<p>- Publish the MATPSC listing with issue dates and check ranges for courtesy disbursements and the listing with the same data for PMA (prior monthly accrual, CPS (critical payments) and "OCO A" (one check only) payments in a single monthly operations bulletin. MATPSC should also publish desk aids for nonreceipt and stop payment process. These desk aids should be explained in detail, perhaps as part of refresher training.</p>	<p>NEPSC FALCON system will be shared with all PSCs to publish the listings. MATPSC has a group to develop and distribute the desk aids.</p>	<p>6/94 MADCAP enhancements implemented in 6/94. Local programs have been developed to transfer cases to the IBFS.</p>	<p>Reduction in backlog through improved CCRE performance.</p>
<p>- Modify postentitlement systems to provide reminders for BAs that should reduce subsequent CCRE backlogs. First MACADE death terminations with outstanding payments should result in Category 4 output to remind the BA to forward the case to a CCRE for stop payment preparation 1, if necessary. Second, when appropriate, TATTER (Terminations and Attainments, Transfers and Termination Program) and MACADE death terminations should result in output reminding BAs to transfer jurisdiction to IBFS (Interim Billing and Followup System) if there is a representative payee and outstanding payments.</p>			<p>Reduction in CCRE backlog through improved workflow from BA to CCRE.</p>

<ul style="list-style-type: none"> - Modify REACT programming so that debit accounting alerts are not produced when a courtesy disbursement has been returned - Modify the designation for other output/paper routed to CCRs unnecessarily as follows: (1) SALT (Suspensions and Life Terminations) review output with no actionable remarks should be changed to a prongfile category; (2) MA TPSC should reclassify SALT Category 3 output containing only code "410" from CCRE to NPR (Notice Preparation Reviewer); (3) TATTER SSA-3926 Category 2 output showing "CCE/WOF" should be reclassified "NPR/WOF"; and (4) TATTER output should display an automated stop payment remark whenever REACT will post the stop payment. 	<p>FY 1994</p> <p>Partially Adopted Adoption deferred on changing output distribution as local (reg) programming would be required. Recommendation to change TATTER output obsoleted by a related change to computer output.</p>	<p>REACT code "054" has now suppressed, eliminating unnecessary REACT output/paper.</p> <p>Reduction at CCR based on improved workflow and elimination of paper.</p>
<p>Compensation for Representative Payees <i>10/92 - 11/93</i></p> <p><i>2.1 WY</i></p>	<p>Adopted No change in policy</p>	<p>No fraud or misuse found.</p>
<p>RSI Claims Spouse's Marriage Certification (SSA-2/3 Rule) <i>10/92 - 9/93</i></p>	<p>Adopted No change in policy</p>	<p>Current policy shown to be sound and to avoid unnecessary claims development.</p>
<p>Analysis of SSI Program Debt <i>FY 1990 - 7/93</i></p> <p><i>.5 WY</i></p>	<p>Not adopted</p> <p>Pending</p> <p>FY 1994</p>	<p>Concern that underpayments may not be identified.</p> <p>Pending decision by the Principal Deputy Commissioner.</p> <p>Corrected the overstatement in outstanding SSI debt balances by over \$300 million.</p>
<p>- Implement ADP plan project to clear from the SSR backlogged debt that has been written off.</p> <p>- Appropriate components should work together to conduct the analysis necessary to determine the criteria/methodology to develop an automated means of reconciling excess postings.</p> <p>- Appropriate components to work together to validate amount of SSI debt using direct calculations of overpayment and disposition data on the SSR.</p>		

- Appropriate components to work together to implement ADP plan to automate the posting of overpayments from terminated to reestablished records.		Deferred	Will be implemented with MSSICS in 4/97.
- Appropriate components to work together to conduct analysis to determine the criteria/methodology to develop automated means to eliminate pending debt on prior terminated records.		Pending	Pending decision by Principal Deputy Commissioner. Analysis indicates that \$150 million in overpayments exists on terminated records; however, it is not known how much of the debt has been brought forward to new records and is double counted or how much has already been collected/recovered on the new record.
Study of SSI Initial Applications Taken by Telephone 1/90 - 8/93 11 WY			
- Continue the use of the telephone in taking SSI applications		FY 1994	This option does not compromise the accuracy of payments nor the integrity of the SSI program. It increases accessibility to potential SSI applicants.
Title XVI Approved Waiver Decisions 11/90 - 1/94 4 WY			
- Continue the requirement for FO supervisory review of proposed waivers of overpayments of \$1,000 or more.		FY 1994	This decision was in effect until July 1996 when the waiver tolerance was increased to \$2,000.
- Revise POMS to require that the fact and results of the supervisory review be documented in file.		FY 1994	DCP began the process to revise POMS in 1994. The revision was completed in early 1995.
- Explore the feasibility of capturing data on the disposition of all waiver requests that require decisions.		FY 1994	SSR currently captures data on both approved and denied waivers.
SSI Terminations Probe 6/91 - 2/94 10 WY			
- Conduct a targeted study of T31 terminations not caused by Federal benefits.		FY 1994	T31 terminations are included in ongoing PE review.
- Take corrective action by verifying reports of death received from the Department of Treasury before termination.		8/93	Implementation pending software changes to death match procedures.

SSI Force Payment Study 11/91 - 8/94 2 WY			
- Direct FOs to maintain a folder for each force payment case including documentation of management approval for the force payment.	8/94		Reduces error cases.
- Stress that all FOs recompute the SSI amount for those individuals who do not receive their cost of living adjustment (COLA) update on force payment cases.	8/94		Ensures that recipients receive COLAs.
- Operations and Policy to develop and publish specific folder documentation requirements in POMS.	Deferred		Implementation has been deferred by Systems.
- Systems to work with Operations and OFAM to develop alternative solutions to address the more common situations that result in choosing force payment as the preferred method of payment.	8/94		Improved service to the public.
- Systems and Operations to identify any oversights in POMS instructions regarding overpayment processing for force payment cases.	8/94		Implementation was deferred by Systems.
Study of SSI Undetermined Claim Profile 1 Abridged Procedures 10/93 - 8/95 1.5 WY			
- Issue a program circular reminding FOs of the ten questions required for the abridged procedure on the SSA-8203BK and highlight these questions on the form	10/95		Implementation will save about 55 FO WYs annually.
SSI Recipient Verification Study FY 1996 - 04/96 7 WY			
- No routine use of the life expectancy criteria as a means of stratifying any monitoring of unreported death.	4/96		Findings show no need for establishing procedure to identify unreported deaths in cases where there has been no contact with the recipient for 2 years; for males 79 and above; for females 83 and above.

<p>SSI Claims Denied for Failure to Pursue (N17) 6/92 - 8/94 11 WY</p>		
<p>- Strengthen POMS to ensure that FOs provide SSI applicants with needed assistance in pursuing their claims.</p>	08/94	Serves to protect claimants' eligibility for payments.
<p>- Initiate an intercomponent effort to identify and correct erroneous N17 denials for the period 1/1/92 through 8/31/94.</p>	FY 1995	Over 70,000 denied applicants (denials 3/1/91 - 8/31/94) received a notice asking whether they wanted SSA to look at their applications again to see if the claims were handled correctly. Projecting the study results to these applicants would indicate that over 21,000 denials would be reversed and these applicants would become entitled to continuing SSI monthly payments totaling \$2.2 million annually and retroactive payments totaling \$1.9 million (1995 benefit levels).
<p>800# Caller Recontact Survey-November 1992 11/92 - 3/93 2.1 WY</p>		
<p>SSI State Wage/Unemployment Compensation Match 2/91 - 3/93 1.5 WY</p>		
<p>- Raise the tolerance for both of these matches for cases involving (deeming of income.</p>	Implemented FY 1994	Elimination of about 70,000 wage alerts saving 79 FO workyears. Elimination of 6,000 unemployment compensation alerts saving about 7 workyears. Very little cost in program dollars since benefits and costs were almost equal for eliminated alerts.
<p>DI State Wage Match 9/90 - 3/93 1.2 WY</p>		

<p>- Conduct national match between State wage records and the title II disability rolls.</p>	<p>Pending Implementation Overlaken by other systems priorities.</p>	<p>About \$8 million in savings at a cost of about \$3 million by detecting disabled individuals who return to work. Most of the savings would result from detecting work activity earlier than the annual disability earnings enforcement operation which matches disability rolls to SSA's wage records.</p>
<p>800# Caller Recontact Survey-February 1993 2/93 - 6/93 2.1 WY</p>	<p>Data and analysis only</p>	
<p>800# Caller Recontact Survey-May 1993 5/93 - 9/93 2.1 WY</p>	<p>Data and analysis only</p>	
<p>Analysis of Misassigned SSNs 3/92 - 9/93 5 WY</p>		
<p>- Expand ADP plan to include in the category of enumeration feedback messages, situations that would otherwise permit assignment of an original SSN to an applicant age 18 or over alleging birth in the United States.</p>	<p>Implementation pending development of software</p>	<p>Serves as a fraud deterrent.</p>
<p>- Revise POMS RM 00205.010 and/or POMS RM 00205.020 to simplify instructions as to when a second SSN is permissible in wrong number situations.</p>	<p>12/93</p>	<p>Serves as a fraud deterrent and simplifies instructions.</p>
<p>FY 1994 SSI Redetermination Profiling 6/93 - 10/93 7 WY</p>		
<p>- Yearly modification of SSI redetermination selection profiles based on analysis of QA Stewardship data base.</p>	<p>Implemented</p>	<p>This profiling technique saves about 1,400 workyears each year over the prior selection criteria while detecting the same number of incorrect payments.</p>
<p>VA Death File 6/92 -10/93 1 WY</p>		
<p>- Conduct a one-time match with VA's historical death file.</p>	<p>Implementation began 11/96</p>	<p>Expected detection of more than \$5 million in incorrect payments.</p>

<p>Service Delivery Analytical Report 5/93 - 11/93 .5 WY</p>			
<p>SSI Initial Claims Profile 6/93 - 12/93 .3 WY</p>	<p>Not implemented due to programs and Operations concerns. † about FO time required to determine characteristics to apply the profile. Implementation delayed until Modernized Disability System is operational.</p>	<p>- Pilot testing of a statistical profile which would do a better job than current procedures at determining which SSI initial disability claims should undergo simultaneous development (SD) of medical and non-medical factors. Several options, including reduction of current SD workload or increase in number of initial claims undergoing SD.</p>	<p>Would result in reduction in current SD workload without decrease in medical allowances undergoing SD, or increase in number of initial claims undergoing SD (and decrease in processing time) with no increase in FO workyears.</p>
<p>Tax Year 1991 Wage Posting Accuracy Study 11/93 - 2/94 .5 WY</p>	<p>Data and analysis only.</p>		
<p>SSA-8202 Study 10/91 - 2/94 3.2 WY</p>	<p>10/94</p>	<p>- National implementation of revised SSI redetermination form.</p>	<p>Detection of as many incorrect payments as previous form with estimated yearly savings of 150 FO workyears.</p>
<p>FY 1993 IRS Interface Alert Study 10/93 - 5/94 1.5 WY</p>			
<p>- Raise tolerances for two groups of alerts from match between SSR and IRS 1099 file which were barely cost effective.</p>	<p>FY 1994</p>		<p>Elimination of about 117,000 alerts which were barely cost effective at savings of 135 FO workyears.</p>
<p>Evaluation of Process Year 1993 System Alerts for Statements of Corrected Income and Tax Amounts (Form W-2C) 8/93 - 5/94 .2 WY</p>			

- Modify earnings modernization release 3.2 software to suppress code 1 alert when there are no earnings on the MEF for the process year involved.	Not Implemented Due to higher priorities in Office of Systems.	Reduction in number of alerts generated to FOs.
- Modify earnings modernization release 3.2 software to suppress code 4 alert when there is only one W-2 entry on the MEF which one W-2C is correcting.	Not Implemented Due to higher priorities in Office of Systems.	Reduction in number of alerts generated to FOs.
Quality of the Enumeration Process January-June 1993 <i>1/93 - 6/94 2.5 WY</i>	Data and analysis only	
Tax Year 1991 Earnings After Death (EAD) Study <i>11/92 - 6/94 1 WY</i>		
- Educate employers via the American Payroll Association and the Internal Revenue Service instructions to minimize the receipt of faulty employer reports.	FY 1995	
- Modify the EAD process software to reduce the volume of items alerted for investigation.	Not adopted	Overall volume not burdensome and reducing volume would fail to resolve some cases.
- Change procedures to assist SSA employees in processing EAD inquiries.	10/94	
- Post valid EAD earnings to the noncovered portion of the earnings records, thereby clearing open items from the suspense file.	Partially adopted in FY 1995	It was agreed to remove these earnings from "suspense" but not to post to the earnings record since earnings after year of death are not covered for FICA.
- Enhance the death update system to provide an EAD audit trail.	Accepted. Delayed implementation until release #3 of ADP Plan Project #6864.	
- Send clearly written EAD letters to employees. Make it easier for them to supply data SSA needs without having to go to the local FO.	Not adopted	The notices are necessarily vague in that SSA is bound by agreements with the States not to reveal that the original death report came from a State source.

IRS Interface--Followup Analysis 5/94 - 7/94 .5 WY			
- Use a statistical profile to better target the number of IRS alerts the FO must develop.	FY 1995		Reduction in the number of IRS alerts by an estimated 225,000 alerts per year at a savings of 275 FO work-years.
Service Delivery Evaluation--Preliminary Data (2nd Survey) 6/94 - 8/94 .5 WY			
Comment Card Survey 3/94 - 8/94 1.5 WY	Data and analysis only		
Phase II of 800# Network Prompt Evaluation 2/94 - 8/94 1.5 WY	Data and analysis only		
800# Expert Systems (ES) Test in Albuquerque 7/93 - 9/94 1 WY			
- Make 800 number ES available to all teleservice representatives (TSR), program service center (PSC) SPIKES (staff assigned to answer calls during peak periods) and FOs and management should encourage use of ES.	Operations to provide ES to all TSRs and SPIKES when IWSS/LAN is installed in each of the offices.		Established that use of ES results in statistically significant improvements in payment and service accuracy.
- ES Development Staff should continue to develop and implement further enhancements to the 800 number ES, especially enhancements making ES quicker and more user friendly.	Ongoing		Will improve accuracy of SSA responses to 800 number callers.
Caller Recontact Survey--May 1994 5/94 - 9/94 2.1 WY	Data and analysis only		
FY 1995 SSI Redetermination Profiling 6/94 - 10/94 .7 WY			

<p>- Increase volume of High Error Profile (HEP) redeterminations, which have benefit cost ratio of 14 to 1, from about 237,000 per year since 1988 to about 310,000 because the number of recipients on the rolls has increased by 40 percent since 1988.</p> <p>Gating SSI FE Calls Into Auburn Teleservice Center (TSC) 8/93 - 10/94 2 WY</p>	Not Implemented	Selection profiles were implemented but Operations decided field offices could not absorb the increased HEP workload.
<p>Spanish Language Call Monitoring and Caller Recontact Survey 4/93 - 10/94 1.5 WY</p>	Data and analysis only	
<p>- Provide reminders/training on identified major problem areas to Spanish-speaking TSRs.</p>	12/94	Improved service to SSA's Spanish-speaking 800 number callers.
<p>- Provide reliable 800 number call volume data for Spanish-speaking callers.</p>	12/94	Enhanced management information data resulting in improved service to Spanish-speaking 800 number callers.
<p>1994 SIPEBES 04/94 - 11/94 1 WY</p>	Data and analysis only	
<p>Protective Filing Dates in Claims Initiated by Calling the 800 Number 11/92 - 12/94 4 WY</p>		
<p>- Issue a program circular to all FO staff reminding them to be alert to possibility that an earlier filing date may be appropriate based on a call to the 800 number.</p>	6/95	Reminder issued and POMS rewritten to address protective filing dates based on calls to the 800 number, which will result in improved accuracy of handling claims received through the 800 number.
<p>800# Accuracy for April - September 1993 4/93 - 1/95 1.5 WY</p>		
<p>- Operations should reemphasize importance of obtaining SSN and securing all systematic queries relating to claims status inquiries</p>	Operations will highlight pertinent systems queries in TSC Operating Guide (TSCOG) update.	Improved service to public and increased safeguarding of SSA records

<p>- Adapt then-available Expert System (ES) help screens to SSA's mainframe computer system.</p>	<p>ES help screens will become available as IWS/LAN initiative progresses.</p>	<p>Simplified processing and improved service to public.</p>
<p>- Limit TSR query access by requiring input of all caller identification items.</p>	<p>Not implemented</p>	<p>Initiatives already undertaken to improve instructions and revise POMS. New caller identification screen had become operational since issuance of draft report.</p>
<p>- Modify then-available mainframe Postentitlement Menu (PEMU) to elicit required acceptable reporter identifiers, prohibiting processing of title II reports without them.</p>	<p>Implementation delayed</p>	<p>Implementation delayed until impact of new mainframe computer system caller identification screens and POMS revisions assessed.</p>
<p>- Clarify policy to bring reporter and disclosure requirements into alignment.</p>	<p>Not implemented</p>	<p>Addition of address to requirements for disclosure has brought more consistency to reporter/disclosure requirements.</p>
<p>- Issue reminder items to SPIKEs which outline acceptable reporter identification requirements, emphasize their importance and remind SPIKEs to thoroughly screen general inquiries for possible eligibility.</p>	<p>FY 1995</p>	<p>Improved service to the public and increased safeguarding of SSAs records.</p>
<p>SSA's FY 1994 Customer Satisfaction Survey of the Enumeration Process 3/94 - 2/95 1 WY</p>	<p>Data and analysis only</p>	
<p>800# Caller Recontact Survey for August 1994 8/94 - 3/95 2.1 WY</p>	<p>Data and analysis only</p>	
<p>Study to Evaluate the Extent to Which Uncredited Earnings Can be Resolved by Using IRS Data 11/93 - 3/95 1 WY</p>	<p>Implemented. SSA negotiating for IRS to share its National Account Profile. Systems modifications to begin late 1996.</p>	<p>Revised program software will use IRS data in SSA's suspense reinstatement to credit the earnings to the individual's master earnings file. Will result in annual reinstatements of 21,000 items with dollar value of \$136 million.</p>
<p>- SSA should pursue effort to use IRS data to help reduce uncredited earnings.</p>		

<p>Study of Applications for Original SSNs by Applicants Who are Age 18 or Over and Alleged Being Born in the U.S. 7/93 - 4/95 .5 WY</p> <p>- Issue a reminder item immediately to the FOs reemphasizing procedural requirements for developing applications for original SSNs from alleged U.S.-born adults over age 18.</p>	<p>Implemented SSA program circular released 3/95.</p>	<p>Serves as fraud deterrent.</p>	
<p>- Application should automatically be considered "suspect" as soon as age and U.S. place of birth are keyed into the system for an applicant for an original SSN who is over age 18. The MES should then prevent issuance of the SSN until two different personal identification numbers are input, one of which belongs to a supervisor or other management official. While not foolproof, bypassing these safeguards will require a conscious effort by FO employees.</p>	<p>Implementation pending. Systems to implement in 8/97 as part of Release 2 of the Integrated Client Database.</p>	<p>Serves as fraud deterrent.</p>	
<p>Field Office Referral Study</p>	<p>2/94 - 4/95 2.5 WY</p>	<p>Data and analysis only</p>	
<p>800# Accuracy for April - September 1994</p>	<p>4/94 - 4/95 15.5 WY</p>	<p>Data and analysis only</p>	
<p>800# Caller Recontact Survey - November 1994</p>	<p>11/94 - 5/95 2.1 WY</p>	<p>Data and analysis only</p>	
<p>FO Teleservice Monitoring Evaluation</p>	<p>9/94 - 5/95 5.5 WY</p>	<p>Not yet implemented</p>	<p>Interest-based bargaining to conduct pilot went to impasse. Review before Federal Services Impasse panel held 12/96. Decision pending.</p>
<p>- Conduct another test in all ten regions to obtain more information on policy/procedural problems in obtaining sample FO calls based on a different sampling scheme than used in the first pilot.</p>	<p>SSA's FY 1994 Customer Satisfaction Survey of Initial Claims</p>	<p>Data and analysis only</p>	
<p>800# Quality Study of SPJKE Use of the 800# Expert System</p>	<p>8/94 - 6/95 1.7 WY</p>	<p>Data and analysis only</p>	

<p>800# Caller Recontact Survey - February 1995 2/95 - 6/95 2.1 WY</p>	<p>Data and analysis only</p>	
<p>Probe of Multiple Requests for Replacement SSN Cards 11/94 - 7/95 1 WY</p>	<p>Data and analysis only</p>	
<p>800# Accuracy for October 1994 Through March 1995 10/94 - 8/95 9.5 WY</p>	<p>Data and analysis only</p>	<p>TSCOG not being expanded due to plans to transfer to on-line instructions in POMS through IWS/LAN technology. Recommendation to be addressed regionally and through refresher training or written reminder items to TSKs and SPIKEs. Should lead to improved service to public.</p>
<p>- Include a section in the Medicare chapter of the TSCOG outlining SMI direct billing procedures.</p>	<p>Partially Adopted</p>	<p>Planned transition to on-line POMS instructions obviated need for recommendations.</p>
<p>- Incorporate TSCOG Work Notices chapter in the Annual Report of Earnings chapter and rename the chapter Annual Earnings Test (AET).</p>	<p>Not Adopted</p>	<p>Should lead to improved service by ensuring that claimants are screened for all potential benefits.</p>
<p>- Remind TSRs and SPIKEs to be alert to check for potential entitlement.</p>	<p>10/95</p>	<p>Regional reminder items should lead to improved service to the public and increased safeguarding of SSA records.</p>
<p>- Remind TSRs and SPIKEs of recently implemented caller identification requirements and review additional identifiers required before permitting disclosure from SSA records.</p>	<p>10/95</p>	
<p>800# Caller Recontact Survey - May 1995 5/95 - 9/95 2.1 WY</p>	<p>Data and analysis only</p>	
<p>FY 1996 SSI Redetermination Profiling 6/95 - 10/95 .7 WY</p>		
<p>- SSI redetermination selection profiles are modified each year based on analysis of QA Stewardship data base.</p>	<p>Implemented</p>	<p>Savings of about 1,400 workyears each year with detection of the same number of incorrect payments.</p>

Quality of the Enumeration Process - January - December 1993 1/94 - 10/95 2.5 WY	Data and analysis only	
800# Final Report on TTY Call Monitoring and Caller Recontact Survey 5/94 - 11/95 1.5 WY		
- Refine TTY 800 number MI and provide TSRS with a way to identify which callers waited ON HOLD the longest.	4/96	The Office of Telephone Services (OTS) was to remind TTY TSRS how to identify which TTY callers have waited the longest on hold. OTS was also to remind regions to monitor TTY traffic and add staff or request rerouting of TTY calls when necessary. This will improve service to 800 number TTY customers.
- Investigate whether equipment or software was available to which could provide more extensive programming of commonly used question/information, e.g., the capability to program more macros.	6/96	OTS was to order an upgrade to software for the TTY equipment which will provide up to 20 additional macros, allowing pre-programming of frequently used phrases, etc.
- Provide training/reminders on major error prone areas and training for non-hearing impaired TSRS on communication differences.	2/96	OTS was to research the availability of a training package that specifically addresses differences in American Sign Language and English. This will improve service to 800 number TTY callers.
FY 1994 Customer Satisfaction Survey of Initial Denials 10/93 - 11/95 6 WY	Data and analysis only	
800# Caller Recontact Survey August 1995 8/95 - 11/95 2.1 WY	Data and analysis only	
Public Confidence Survey 5/95 - 12/95 1 WY	Data and analysis only	
800# PSC SPIKE Study 4/95 - 12/95 4 WY		
- SPIKEs should be encouraged to use the 800 number ES when they receive IWS/LAN since they only answer calls during peak work/load times.	3/96	Improved 800 number service to the public.

- Allow SPIK-ES to gate title XVI calls since PSC routine workloads do not include SSI issues.	3/96	Special gate has been established which allow PSC SPIK-ES to transfer SSI-related calls if a representative is unable to handle SSI issues. This results in improved SSI 800 number service to the public.
- Provide training and desk aids for the major problem areas noted.	3/96	Training provided by OTS in SPIKE sites and desk aids developed locally. This should result in improved 800 number service to the public.
Evaluation of SSA's Kiosk Pilot 8/95 - 12/95 .3 WY	Data and analysis only	
Evaluation of a New Computer Matching Operation 9/93 - 2/96 2.9 WY	Data and analysis only	
Evaluation of Notice Improvements Study 4/95 - 3/96 2.5 WY	Data and analysis only	
800# Accuracy -- April - September 1995 4/95 - 4/96 9.5 WY	Data and analysis only	
Quality of the Enumeration Process, Calendar Year 1995 1/95 - 5/96 1.8 WY	Data and analysis only	
SSA's FY 1994 Customer Satisfaction Survey of the Redetermination Process 10/93 - 5/96 6 WY	Data and analysis only	
800# Caller Recontact Survey February 1996 2/96 - 7/96 3 WY	Data and analysis only	
Caller Reaction to FO's Automated Telephone Service 4/95 - 9/96 6 WY	Data and analysis only	

800# Accuracy October 1995 - March 1996 10/95 - 9/96 10.5 WY	Data and analysis only		
Use of W-2/Schedule SE as a Source of Addresses for SIPEBES 5/95 - 9/96 3 WY	Data and analysis only		
FY 1997 SSI Redetermination Profiling 6/96 - 10/96 7 WY	Data and analysis only		
- SSI redetermination selection profiles are modified each year based on analysis of QA Stewardship data base.	Implemented		This profiling technique allows the Agency to save about 1,400 workyears each year over the prior selection criteria and detect the same number of incorrect payments.
DISABILITY REPORTS:			
Initial QA Ongoing 73.8 WY (in FY96)	Data and analysis only		Provides ongoing MI on a monthly basis. Sample enriched when accuracy declines. Focuses attention on quality.
Reconsideration QA Ongoing 18.7 WY (in FY96)	Data and analysis only		Provides ongoing MI on a monthly basis. Focuses attention on quality.
CDR QA Ongoing 20.4 WY (in FY96)	Data and analysis only		Provides ongoing MI on a monthly basis. Focuses attention on quality.
Prefecture Review Ongoing 268.1 WY (in FY96)	Data and analysis only		Saved \$1.50-200 million in lifetime benefits by correcting error.
Consistency Review Ongoing 1.9 WY (in FY96)	Data and analysis only		Measures consistency among review components.
OHA Screening Ongoing 58.8 WY (in FY96)	Data and analysis only		Helped manage OHA backlogs and paid claimants more timely.
Disability Hearings QA 3/93 - Ongoing 10.7 WY (in FY96)			

<p>- Improve the hearings process and ALJ decisions.</p>	<p>Adopted</p>	<p>4 Training of new ALJs now includes a session on the quality review process, thus emphasizing the Agency's interest in quality. Some ALJs have received vocational training. ALJs who have served as peer reviewers in the QA process have, in most instances, become advocates for the quality review process.</p>
<p>Racial Bias Study</p>	<p>Data and analysis only</p>	<p>Study showed no systemic racial bias in ALJ decisions at the national and regional levels.</p>
<p>Rebuttal Review</p>	<p>Data and analysis only</p>	<p>Brings case with adjudication problems to the surface for OPIR and OD review resulting in the issuance of many policy clarifications.</p>
<p>Linear Growth Case Bank</p>		<p>Case banks provide adjudicators training on difficult issues.</p>
<p>HIV Focus Review</p>	<p>Review in progress</p>	<p>Clarification of policy issues and increase national consistency in case adjudication.</p>
<p>Adjudication Officer</p>	<p>Review in progress. Based on DDHQ recommendations, roll-out delayed. Handbook being revised.</p>	<p>Evaluating performance and program implications of AO. Recommendation to extend test period and institute corrective action approved and implemented.</p>
<p>Staff Attorney (SA)</p>	<p>Review in progress. Recommended to provide SAs with case-specific information.</p>	<p>Evaluating performance of SA. Clarification of decisional and documentation policy approved and implemented</p>

<p>Single Decision Maker 5/96 - Not Ended 24.3 WY (in FY96)</p>	<p>Will evaluate feasibility of the disability examiner acting as the decisionmaker, using the physician only as a consultant.</p>	<p>Review in progress</p>	
<p>Exercise Electrocardiographic (ECG) Tracings Study 3/95 - 7/96</p> <p>- Do not eliminate the current regulatory requirement that the disability file contain ECG tracings from an exercise test.</p>	<p>Implementation of the recommendation prevented \$71.6 million in underpayments and \$122.5 million in overpayments (for a net program savings of \$50.9 million) that would have resulted if the ECG tracings requirement had been eliminated</p>	<p>12/96</p>	
<p>Residual Functional Capacity 4/95 - 1/96</p>	<p>Intent of study is to identify sources of RFC information. Report shows problems of consistency and completeness of current methods of documenting RFC which will be considered when testing the redesign functional standard for disability.</p>	<p>Report in clearance</p>	<p>1.7 WY</p>
<p>Pain Case Bank 5/94 - 6/95</p> <p>- Emphasize the importance of pain in the adjudication of claims.</p>		<p>Process unification training underway for adjudicators and ALJs provides emphasis on consideration of pain.</p>	<p>5.7 WY</p>
<p>Linear Growth Impairment Probe 5/94 - 5/95</p> <p>- Conduct a case bank on linear growth impairments.</p>	<p>Provides training using a national case bank of cases containing many of the pitfalls which occur in linear growth development. Identified issues needing policy clarification.</p>	<p>Case bank on linear growth impairments was conducted in FY 1996.</p>	<p>.3 WY</p>

Ultimate Allowance Rate Study <i>Ongoing</i>		Data and analysis only	Provided disability program baseline data by tracking denials longitudinally through the appeals process.
Disabled Child Review <i>Ongoing</i>	16.5 WY (in FY96)	Data and analysis only	Ongoing MI. Measured accuracy of childhood claims.
Tier 1 Review <i>Ongoing</i>	45 WY (in FY96)	Data and analysis only	Direct Feedback to DDSs. Freed DDS resources for online work.
Multiple Impairment Case Analysis 10/93 - 6/94	3.8 WY	Data and analysis only	Evaluate accuracy of claims with multiple impairments.
RPC Case Bank	5.7 WY	Data and analysis only	Provided adjudicators training on difficult RFC issues. Focused attention on quality.
ALJ 1988 Reversals 1/93 - 9/94		Data and analysis only	Focused on ALJ decision quality.
Medical Source Statement 1/93 - 10/93		Data and analysis only	Improve development of DI claims.
Reconsideration Denial Study		Study provided input to recommendations made by Office of Disability to direct corrective action in States having problems with reconsideration denial accuracy.	Corrective action taken.
Impairment Code Analysis		Analyzed data used in briefings.	Provides baseline data for studies and disability redesign data.

- d. Number OPIR staffing level in total and by position
Classification and grade, and location (headquarters,
Specific regional office, etc.).

GRADE	series: 105	301	303	318	326	334	335	343	344	998	1515	1530	TOT
15	24	0	0	0	0	0	0	0	0	0	1	0	25
14	45	0	0	0	0	0	0	1	0	0	1	0	47
13	153	1	0	0	0	0	0	5	0	0	3	1	163
12	802	0	0	0	0	8	0	12	0	0	1	0	823
11	46	0	0	0	1	1	0	0	0	0	0	0	48
9	19	1	0	0	0	2	0	0	0	0	0	0	22
8	0	0	1	1	0	0	0	0	1	0	0	0	3
7	6	0	0	9	1	0	0	1	9	5	0	0	31
6	0	0	4	29	0	0	2	0	9	2	0	0	46
5	3	0	25	21	6	0	2	0	5	13	0	0	75
4	0	0	1	0	10	0	0	0	0	1	0	0	12
3	0	0	2	0	0	0	0	0	0	0	0	0	2
TOTAL	1098	2	33	60	18	11	4	19	24	21	6	1	1297

OFFICE OF PROGRAM AND INTEGRITY REVIEWS (OPIR)
NUMBER OF EMPLOYEES BY SERIES AND GRADE (12/96)

(INCLUDES FT AND PT PERMANENT EMPLOYEES AND EMPLOYEES DETAILED OUTSIDE OF OPIR)

OFFICE OF PROGRAM AND INTEGRITY REVIEWS
 NUMBER OF EMPLOYEES BY SERIES AND GRADE
 PHILADELPHIA

GRADE	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	TOTAL
	105	301	303	318	326	334	335	343	344	998	1515					
GS-15	1															
GS-14	4															
GS-13	12															
GS-12	62															
GS-11	2															
GS-9	1															
GS-8																
GS-7	1			1												
GS-6				3												
GS-5			3	2												
GS-4					2											
GS-3																
GS-2																
Total	83		3	6	2	0	0	0	0	0	0	0	0	0	0	94

Includes Full-Time and Part-Time-Permanent Employees and Employees Detailed Outside of OPIR

OFFICE OF PROGRAM AND INTEGRITY REVIEWS
 NUMBER OF EMPLOYEES BY SERIES AND GRADE
 KANSAS CITY

GRADE	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	TOTAL
	105	301	303	318	326	334	335	343	344	998	1515				
GS-15	1														
GS-14	3														
GS-13	9														
GS-12	41														
GS-11	1														
GS-9	1														
GS-8															
GS-7															
GS-6															
GS-5															
GS-4															
GS-3															
GS-2															
TOTAL	56	1	8	5	0	0	0	0	0	1	0	0	0	0	71

Includes Full-Time and Part-Time-Permanent Employees and Employees Detailed Outside of OPIR

OFFICE OF PROGRAM AND INTEGRITY REVIEWS
 NUMBER OF EMPLOYEES BY SERIES AND GRADE
 DENVER

GRADE	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	TOTAL
	105	301	303	318	326	334	335	343	344	344	998	1515					
GS-15	1																
GS-14	3																
GS-13	5																
GS-12	39																
GS-11	1																
GS-9	1																
GS-8																	
GS-7	1																
GS-6				1													
GS-5				1													
GS-4																	
GS-3																	
GS-2																	
Total	51	0	0	2	0	0	0	0	1	0	0	0	0	0	0	0	54

Includes Full-Time and Part-Time-Permanent Employees and Employees Detailed Outside of OPIR

OFFICE OF PROGRAM AND INTEGRITY REVIEWS
 NUMBER OF EMPLOYEES BY SERIES AND GRADE
 SEATTLE

GRADE	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	TOTAL
	105	301	303	318	326	334	335	343	344	998	1515					
GS-15	1															
GS-14	2															
GS-13	4															
GS-12	34							1								
GS-11	3															
GS-9																
GS-8																
GS-7					1											
GS-6										4						
GS-5																
GS-4						1										
GS-3																
GS-2																
Total	44	0	0	1	1	1	0	0	1	4	0	0	1	4	0	51

4

Includes Full-Time and Part-Time-Permanent Employees and Employees Detailed Outside of OPIR

OFFICE OF PROGRAM AND INTEGRITY REVIEWS
 NUMBER OF EMPLOYEES BY SERIES AND GRADE
 OAC/AMDMS

GRADE	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	TOTAL
	105	301	303	318	326	334	335	343	344	344	344	344	344	344	344	344	344	344	TOTAL
GS-15	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GS-14	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GS-13	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GS-12	11	-	-	-	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-
GS-11	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
GS-9	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-
GS-8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GS-7	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GS-6	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
GS-5	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
GS-4	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
GS-3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GS-2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	22	0	0	1	1	11	4	13	3	0	0	0	0	0	0	0	0	0	55

Includes Full-Time and Part-Time-Permanent Employees and Employees Detailed Outside of OPIR

OFFICE OF PROGRAM AND INTEGRITY REVIEWS
 NUMBER OF EMPLOYEES BY SERIES AND GRADE
 OAIPO

GRADE	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	TOTAL	
	105	301	303	318	326	334	335	343	344	344	998	1515								
GS-15	5																			
GS-14	6																			
GS-13	11	1																		
GS-12	42																			
GS-11	2																			
GS-9	5																			
GS-8																				
GS-7				1																
GS-6				4																
GS-5			3	4																
GS-4																				
GS-3																				
GS-2																				
Total	71	1	3	9	0	0	0	0	0	1	0	0	0	0	0	0	0	0	85	

Includes Full-Time and Part-Time-Permanent Employees and Employees Detailed Outside of OPIR

NUMBER OF EMPLOYEES BY SERIES AND GRADE
ODPQ

GRADE	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	TOTAL
	105	301	303	318	326	334	335	343	344	998	1515	1530									
GS-15			3																		
GS-14			8																		
GS-13			14																		1
GS-12			71																		
GS-11			5																		
GS-9			1																		
GS-8				1																	
GS-7					1					1											
GS-6																					
GS-5				2	3					2											
GS-4				3	5					3											
GS-3																					
GS-2																					
Total	102	0	7	9	1	0	0	0	0	6	6	1									132

Includes Full-Time and Part-Time-Permanent Employees and Employees Detailed Outside of OPIR

OFFICE OF PROGRAM AND INTEGRITY REVIEWS
 NUMBER OF EMPLOYEES BY SERIES AND GRADE
 OSSAS

GRADE	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	SERIES	TOTAL
	105	301	303	318	326	334	335	343	344	998	1515									
GS-15	3																			1
GS-14	2																			1
GS-13	8								2											3
GS-12	20								1											1
GS-11	1																			
GS-9																				
GS-8																				
GS-7																				
GS-6					2															
GS-5			1																	
GS-4																				
GS-3			1																	
GS-2																				
Total	36	0	2	2	2	0	0	0	3	2	0	0	0	0	0	0	0	0	0	6
																				51

Includes Full-Time and Part-Time-Permanent Employees and Employees Detailed Outside of OPIR

- e. The OPIR work plan (or list) for FY 1997, including the staff resources estimated to accomplish each item of the plan (or list).

**OFFICE OF PROGRAM AND INTEGRITY REVIEWS (OPIR)
FISCAL YEAR (FY) 1997 WORKPLAN**

Ongoing Workload Commitments

RETIREMENT AND SURVIVORS INSURANCE (RSI) STUDIES

RSI Dollar Accuracy Review of Initial Claims to Provide SSA and Oversight Agencies with Payment Accuracy Data (Index of Dollar Accuracy (IDA))

Objectives

To determine the dollar accuracy of claims adjudicative actions expressed as a proportion of dollars paid accurately over life cycle dollars that should be paid.

To identify which specific dollar accuracy problems are most significant and distinguish those that appear most correctable.

To initiate a dialogue in SSA that leads to practical action plans for corrective action.

Description

The reviews for the IDA samples involve an examination of documents in SSA records and verification of payment accuracy through contacts with beneficiaries, their representatives and collateral sources (such as employers). The determination of whether payment is accurate is not limited to whether or not procedural developmental guidelines and tolerances were followed. Dollar impact is described in terms of life cycle effect on benefits.

RSI Stewardship Payment Review of Existing Active Accounts to Provide Congress with Accuracy of Payments

Objectives

To monitor the dollar accuracy of monthly RSI payments.

To identify which specific dollar accuracy problems are most significant.

To distinguish payment accuracy problems that are eventually corrected from those that are not.

Description

OPIR annually reviews samples of the RSI beneficiary rolls. The reviews involve an examination of documents in SSA records and verification of payment accuracy through contacts with beneficiaries, their representatives and collateral sources (such as employers).

RSI Postentitlement (PE) Payment Change Accuracy Review Requested by the Agency

Objectives

To determine the amount of payment changes that occur and the accuracy and timeliness of those changes.

To identify which specific dollar accuracy problems are most significant, distinguish those that appear most correctable and test the most effective methods to correct the problems.

To initiate a dialogue in SSA that leads to practical action plans for corrective action.

Description

OPIR reviews a random sample of accounts on which actions result in payment changes. Separate samples are reviewed to determine the timeliness and accuracy of subsequent correction for those types of payment errors being found. Life cycle dollar projections for errors and the need for new corrective actions are based largely on this aspect of the payment change review.

The review of these samples involves an examination of documents in SSA records and verification of payment accuracy through contacts with beneficiaries, their representatives and collateral sources. Dollar impact is described in terms of life cycle effect on benefits

RSPE Debt Resolution Review Requested by the Agency

Objectives

To monitor the accuracy and effectiveness of the various debt collection actions.

To identify which specific accuracy/efficiency problems are most significant and distinguish those that appear most correctable.

To initiate a dialogue in SSA that leads to practical action plans for corrective action.

Description

OPIR will review a sample of accounts with existing or recently cleared debts, drawn randomly from all such records. The review involves an examination of documents in SSA records. The appropriateness of actions taken will be verified through contacts with beneficiaries and their representatives. Also, collateral sources will be contacted to resolve issues that cannot be satisfactorily explained by beneficiary contact alone.

RSI PE Payment Delivery Service Review Requested by the Agency

Objectives

To monitor the accuracy and timeliness of actions taken to redirect delivery of benefits, stop benefits when they are undeliverable or resolve nonreceipt of benefits.

To identify which specific quality problems are most significant, distinguish those that appear most correctable and test the most effective methods to correct the problems.

To initiate a dialogue in SSA that leads to practical action plans for corrective action.

Description

OPIR reviews a random sample of actions involving changes to the address to which benefits are delivered, initiation or change in direct deposit, return of benefit checks or correspondence as undeliverable or resolving nonreceipt issues.

The review involves an examination of documents in SSA records. The appropriateness of actions taken is verified through contacts with beneficiaries, their representatives and collateral sources (such as financial institutions).

Corrective Action Tests to Establish Means for Implementing Recommendations

Objectives

To promote efficient implementation of corrective actions affecting large numbers of beneficiaries.

To produce precise budget estimates of the program benefit and administrative costs/savings associated with corrective actions involving high amounts of benefit payments (or collections) and large numbers of beneficiaries.

Description

Some of OPIR's study findings identify incorrect payments to large numbers of beneficiaries and result in corrective actions proposals that would affect many beneficiaries and have important budget implications. For example, a problem identified with unprocessed rate increases in the annual earnings test (AET) reviews concerns more than 400,000 beneficiaries and over \$1 billion in program benefits. In this particular example, OPIR will actually process a substantial part of the workload using DynaComm tools developed in the corrective action tests.

Making changes that efficiently implement corrective actions will be dependent on precise cost/benefit projections and detailed profiling of the accounts affected. By identifying a large sample of the accounts affected using OPIR and/or Systems data bases, and correcting those sampled accounts, OPIR can produce precise budget and cost-benefit estimates and a profile of the accounts affected. This will enable systems, policy and operations components to maximize automation and prepare processing procedures that fully outline what actions are necessary in the nonautomated situations for the operating components.

Workyear Savings Analysis to Detect Unproductive Program Service Centers (PSC) Alerts and Actions

Objectives

To determine whether workloads with very little or no dollar or service delivery impact can be reduced or discontinued. To reduce folder dependency and increase workload automation.

Description

The ongoing dollar accuracy studies provide SSA with a comprehensive picture of the dollar impact of both correct and incorrect actions. In doing so, they also identify some actions that have minimal or no effect on payments or beneficiary service. These ongoing samples, however, do not include most of the actions that have no effect on payments or beneficiary service. Previous systematic reviews of "no impact" workloads identified large volume activities that had become a routine part of SSA processes (e.g., operational reviews of systems alerts) that did not result in any change. Millions of such actions were subsequently discontinued. A number of years have passed since research along these lines has been conducted on a large scale. This kind of research, using samples of low or no impact work, can be expected to produce information that redirects resources more productively towards backlog reductions, higher accuracy and service improvements.

The PSCs process exceptions and alerts from the various computer processing systems. In this project, a series of large volume exceptions and alerts from each of the postentitlement (PE) computer processing systems will be reviewed. Each exception and alert will be analyzed to identify assumptions that could be made to process the action with a high degree of accuracy. These assumptions would be made part of the processing logic for the processing system. In essence, this would overlay the logic of expert systems into the logic of processing systems. A determination will be made concerning the accuracy percentage each assumption would need to achieve to be adopted. The project will help to reduce folder dependency and eliminate quality/service inconsistencies resulting from technicians with different levels of expertise manually processing computer exceptions.

Field Office Assistance Visits (FAV) to Provide Direct, Local Feedback and Advice in the Spirit of Total Quality

Objectives

To provide regional support through field office (FO)-related activities designed to: 1) Reduce dollar error indicated by national IDA data; 2) obtain new insights into the root causes of error; 3) provide timely/indepth feedback to regional/local management on selected offices/issues; and 4) provide information on program simplification through "best practices" analysis.

Description

FAV is focused at the FO level where day-to-day transactions have the greatest potential for reducing payment errors and improving the quality of workload processing. Individually tailored methodologies for each region will employ case and field reviews and individual FO visits according to the needs of the region.

SUPPLEMENTAL SECURITY INCOME (SSI) STUDIES

SSI Stewardship Payment Review of Existing Active Accounts to Provide Congress with Accuracy of Payments

Objectives

To monitor the dollar accuracy of monthly SSI payments

To identify which specific dollar accuracy problems are most significant.

Description

OPR annually reviews samples of the SSI recipient rolls. In FY 1997, OPIR will review 4,000 payments. The review involves an examination of documents in SSA records and verification of payment accuracy through contacts with recipients, their representatives and collateral sources (such as employers).

SSI Dollar Accuracy Review of Initial Payments and FO Redeterminations to Provide Agency Performance Measures (IDA)

Objectives

To determine the dollar accuracy of claims adjudicative actions expressed as a proportion of dollars paid accurately over life cycle dollars that should be paid.

To identify which specific dollar accuracy problems are most significant and distinguish those that appear most correctable.

To initiate a dialogue in SSA that leads to practical action plans for corrective action.

Description

The reviews for the 3,000-case sample of initial claim awards and FO-processed redeterminations involves an examination of documents in SSA records and verification of dollar accuracy through contacts with recipients, their representatives and collateral sources (such as employers). Dollar impact is described in terms of life cycle effect on benefits.

SSI Posteligibility Review System

Objective

To measure the impact and quality of significant SSI posteligibility transactions.

Description

OPIR is expanding its title XVI quality measurement to posteligibility transactions in addition to the IDA review of redeterminations. The review selects posteligibility transactions that either have the potential to affect payment/eligibility or are major service delivery items.

OPIR sampled about 8,200 transactions in FY 1996 and this will continue in FY 1997. These transactions are change of address, limited issue, underpayments, terminated cases and returned checks. The review will consist of both a casefile and field review (FR). To the extent possible, FRs will be conducted by telephone.

OPIR fully implemented the review of change of address and limited issue transactions in October 1994. The review of underpayment transactions was implemented in January 1995. The remaining reviews were implemented in April 1995.

Review of Initial Claims Nonmedical Denials

Objective

To determine whether initial nondisability determinations of SSI ineligibility are correct

Description

OPIR will review the FO casefiles on 1,000 recent denials. If the casefile documentation supports the nonmedical denial, further review is not warranted. When the casefile documentation does not support the denial, contact with the sampled individual is required to resolve discrepancies. We estimate 5 percent of the sample will require face-to-face contact to complete the review.

Analysis of Payment Changes Resulting from Redeterminations

Objective

To identify the amount of payment change and the reason(s) for the payment changes resulting from each type of FO redetermination, i.e., from each of the following redetermination categories: High-error profile cases, Data Operations Center (DOC) transfers, DOC exclusions, previously undetermined and unscheduled cases.

Description

OPIR conducted the original study of the dollar impact of redetermination (DIRZ) for FY 1988. In April 1992, OPIR established the DIRZ review as a piggyback to the IDA review. Currently, OPIR's DIRZ review is the only management information on the dollar impact of FO redeterminations (RZ) and the cost-effectiveness of these actions. The Offices of Regional Program and Integrity Reviews (ORPIR) staffs conduct casefile reviews to identify the amount of payment change discovered at FO RZs and the reason(s) for the changes. Study results are input to the quality assurance (QA) data base via the special studies screen. For FY 1994 and FY 1995, the sample size was increased to allow for more reliable reporting of data by RZ category. An 8,000-case sample was reviewed--4,000 piggybacked IDA RZs and a supplemental sample of 4,000 cases selected from the universe of FO RZs. For FY 1996 the sample was reduced to a total of 3,600 cases--2,000 piggybacked IDA RZs and 1,600 supplemental RZ cases including 600 cases where the RZ resulted in suspension or nonpayment of benefits.

FAV to Provide Direct, Local Feedback and Advice in the Spirit of Total Quality

Objectives

To provide regional support through FO-related activities designed to: 1) Reduce dollar error indicated by national IDA data; 2) obtain new insights into the root causes of error; 3) provide timely/indepth feedback to regional/local management on selected offices/issues; and 4) provide information on program simplification through "best practices" analysis.

Description

FAV is focused at the FO level where day-to-day transactions have the greatest potential for reducing payment errors and improving the quality of workload processing. Thirteen of the 38 FAVs scheduled for FY 1996 have been completed.

Four regions--Philadelphia, Kansas City, Dallas and Seattle--have developed different approaches to FAVs. Philadelphia offers a menu of various FAV services from which to choose; Kansas City focuses on process review, e.g., Overpayments (OP) for 1996; Dallas is exploring work approaches that are similar to both RSI and SSI; Seattle will be doing only telephone reviews. All other FAV reviews consist of casefile reviews and field/telephone interviews tailored to the particular needs of the individual FO.

DISABILITY

Legislative Requirement to Review 50 Percent of Disability Determination Services (DDS) Title II and Concurrent Title II/XVI Allowances Prior to Effectuation (Preeffectuation Review (PER))

Objectives

To detect and correct erroneous title II and concurrent title II/title XVI favorable determinations before they are effectuated.

To monitor DDS compliance with SSA policy and procedures in adjudicating disability claims.

Description

A profiled sample of DDS favorable determinations (initial medical allowances and reconsideration reversals) is selected through the automated sample selection process and reviewed for accuracy and uniformity. The profiles are designed to identify error-prone cases. The cases are forwarded to the disability quality branches (DQB) and central office for review. On a yearly basis, SSA is required to submit a report on the review to Congress.

Legislative Requirement to Review a Representative Sample of DDS Initial Determinations (Initial QA Review)

Objective

To review a sample of all initial DDS disability determinations for accuracy and provide management information on various aspects of the initial claims process.

Description

A random, stratified sample of initial disability determinations is automatically selected as the DDSs clear the cases. If, for 2 consecutive quarters, a DDS fails to meet the threshold accuracy rate and fails to meet one of the processing time standards, then the DDS is in noncompliance with the Standards of Performance Regulations. The cases are forwarded to the DQBs for review.

Reconsideration QA Review

Objective

To measure accuracy for all reconsideration determinations at the DDS level and gather management information on various aspects of the reconsideration process.

Description

A random, stratified sample of reconsideration disability determinations is automatically selected as the DDSs clear the cases. The cases are forwarded to the DQBs for review.

Consistency ReviewObjective

To promote consistency in the review process among geographically separate SSA components.

Description

An automated sample of claims reviewed by the DQBs in each of the 10 ORPIRs is selected for review in central office. The DDS determination and the DQB review are scrutinized for accuracy of the determination and uniform application of SSA policy and procedures.

Continuing Disability Review (CDR) QA ReviewObjective

To determine, by sample, accuracy rates for CDR determinations at the DDS level and gather management information on various aspects of the CDR process.

Description

A random, stratified sample of CDR disability determinations is automatically selected as the DDSs clear the cases. The cases are forwarded to the DQBs for review.

Quality Review of CDRs--Office of Disability and International Operations (ODIO)Objective

To measure the accuracy of the disability determination and the application of SSA policy and procedures. To detect and correct erroneous decisions.

Description

ODIO is to perform a quality review of CDR determinations prepared by disability examiners in ODIO. A sample of completed ODIO disability determinations will be selected and reviewed for accuracy and compliance with SSA policy and procedures.

Disability Hearings Quality Review Process (DHQRP)Objective

To promote fair hearing decisions and collect sufficient data to permit analysis of other adjudicative issues at the hearing level.

Description

The DHQRP was instituted as an Administration response to a General Accounting Office report inferring possible bias in the adjudication of claims by administrative law judges (ALJ). The mission of the DHQRP is to conduct an ongoing quality review which provides management and program information about ALJ hearing decisions. (Ad hoc reviews of senior attorney and adjudication officer decisions are also being carried out.)

The ongoing review consists of all ALJ initial disability decisions, with an equal number of allowance and denial decisions being sampled. The sample is randomly selected each month on a postadjudicative basis by the Office of Information Management (OIM) using the Office of

Hearings and Appeals (OHA) case control system; i.e., after the effectuation of the ALJ decision. The sample is stratified by the type of disposition, region and African-American and all other claimants. Currently, the review entails approximately 200 cases per month.

Each case will be reviewed by an ALJ on detail from OHA who will serve as a reviewing judge and conduct substantial evidence and de novo reviews on each case. Cases also will receive reviews from physicians/psychologists in SSA's central office and from OPIR's Disability Examiners (DE) who apply the policy and procedural guidance found in the Program Operations Manual System (POMS) guidelines. The physicians/psychologists/DEs also evaluate the initial and reconsideration denial determinations which preceded each hearing decision.

Case Bank Reviews

Objective

To identify disability policies, procedures and guidelines which are inadequate or are being misinterpreted and to recommend corrective action.

Description

OPIR identifies problematic policy and procedural issues based on data evaluation and program experience. Possible case examples are selected from completed consistency review cases. Selected cases are altered to enhance their value as policy testing and teaching devices. A "textbook" answer is prepared after conferring with physicians/psychologists in the Office of Disability (OD). The selected cases are then sent to the DQB's and regional physicians/psychologists for team reviews after which consensus responses are prepared and returned to central office for evaluation and a final response.

CROSS-CUTTING

Service Evaluation of 800 Number

Objective

To monitor the quality of service provided by the teleservice centers (TSC) and SPIKES and to comply with a congressional request for information on 800 number service levels.

Description

OPIR conducts an ongoing evaluation of SSA's 800 number service. Calls from the public are monitored by all 10 ORPIRs throughout each month. Sample size is being reduced in FY 1997 from 12,800 calls to approximately 4,000 calls. Data are reported on a 6-month basis.

800 Number Caller Recontact Surveys

Objective

To evaluate caller's perceptions of service and to provide Congress with information regarding 800 number service levels on a continuing basis.

Description

OPIR conducts an ongoing customer survey of SSA's 800 number service. On a semiannual basis, about 1,500 callers to SSA's 800 number are surveyed to determine their opinions and perceptions of SSA's service.

Enumeration Quality AppraisalObjective

To measure the level of quality of the enumeration process. Enumeration accuracy is a performance measure included in the Agency Strategic Plan.

Description

OPIR conducts an ongoing end-of-line review of the enumeration process. The Enumeration Quality Appraisal System is based on a review of a random sample of approximately 2,000 enumeration transactions (non-Enumeration at Birth (EAB) Social Security Numbers (SSN)) selected from daily accretions to the Numident. A copy of the application is obtained and the application data are compared to the Numident. The alpha-index file is also queried to determine whether the applicant was either assigned an SSN belonging to someone else or assigned an SSN different from the SSN already assigned to the applicant.

Special Studies (in progress and planned for FY 1997)
RSI STUDIES

Disability Insurance (DI) Claims Nonmedical Review (Retirement, Survivors and Disability Insurance; i.e., nonmedical aspects of title II, claims)

Objective

To review the quality of the nonmedical aspects of DI claims.

Description

This study is a review of nonmedical payment accuracy of DI cases. In the Office of Inspector General's (OIG) review of the IDA study, they were critical of the absence of management information pertaining to nonmedical DI quality. OPIR began a probe which is carrying over to FY 1997.

DI PE ReviewObjective

To determine the accuracy of nonmedical DI PE actions.

Description

The nonmedical PE quality of disability cases will be included in the ongoing title II PE review. Reviews will begin in FY 1997 to provide data for the FY 1998 report.

Representative Payee PilotObjective

To develop and test a review of the representative payee changes and accounting processes for inclusion in the ongoing Postentitlement Quality Manual System (PEQMS). Representative payee accountability is a performance measure for which OPIR has responsibility.

Description

The four noncolocated regions will develop and test the procedures for reviewing representative payee changes and accounting using the general principles in the PEQMS.

Claims Systems UtilizationObjective

To further improve the application, use and efficiency of SSA's basic RSI claims processing system.

Description

SSA has improved many aspects of the RSI claims processing system over the past few years. This study will be a comprehensive examination of the pieces of that system.

The study will focus on Modernized Claims System, Claims Automated Processing System, the automated SSA-101 (A101) and manual processing. It will include the following topics: Reasons and causes for the selection of a particular back-end processing option; implementation of prior recommendations to improve the A101 and its processing and additional corrective actions; the level of identifying information, accuracy and integrity of proofs certified electronically; the effect of increased automation of dual-entitlement processing, as that facility becomes operational; the impact of the earnings item correction process on payment accuracy; and the use of the earnings computation facility and its exceptions and alerts to increase the accuracy of earnings records during claims taking. The study will also feature the collection of subjective data, especially the evaluation by users of the features of the system and how to make them better. Objective data will be obtained via collection of additional information from ongoing IDA cases and special study samples.

Mid-Atlantic PSC Claims Authorizer Screening/BacklogObjective

To determine the relationship between erroneous or incomplete actions and subsequent PSC workloads.

Description

Claims authorizers' work will be sampled and examined to determine whether the workload is related to prior SSA errors. About 600 actions will be reviewed. This is the third in a series of reports on backlogs in the Mid-Atlantic PSC. The first two reviewed the check claims review examiner and the benefit authorizer backlogs. Both prior reviews resulted in a number of systems and operational improvements.

Evaluation of the Automatic Job Stream (AJS) Exception - "Month of Election (MOEL) Option (X)"

Objectives

To eliminate unproductive and/or unnecessary workloads.

To improve service by paying benefits making adjustment actions faster.

To determine why the AJS generates an "Exception" and is unable to automatically determine the most advantageous MOEL without manual processing.

Description

OPIR will select a sample of AJS MOEL exceptions and verify the reasons for the excepted condition and identify any systems problems and/or limitations that prevent automated action.

Evaluation of Month of Entitlement (MOET) and Medicare Date of Entitlement (DOE) for Disabled Widow(er)s--Prior SSI

Objectives

To identify and initiate corrective action on disabled widow(er)'s claims with incorrect MOETs and/or Medicare DOEs.

To produce precise budget estimates of the program benefit and administrative costs/savings.

Description

OPIR will identify cases involving disabled widow(er)s where there is SSI involvement and the Medicare enrollment is after January 1991 and conduct a case file and systems reviews to: Identify claims with an incorrect MOET and/or Medicare DOE and take the necessary corrective action; and develop procedures and processing routines to prevent future errors.

AET Study

Objective

To identify problems with the earnings test information obtained during the initial claims process and how that will affect the AET process under the REGO II proposal.

Description

OPIR will review the AET information gathering during the interview process to determine why certain aspects do not work well and how that will affect the new REGO II process for AET. This will be done in the context of FAV visits to FOs.

Recovery of Overpayments, Accounting and Reporting (ROAR) Diary Alerts

Objective

To analyze ROAR TC23 alerts to see if the debtor inquiries are being resolved timely and to determine if there is a more efficient way to process the workload.

Description

OPIR will obtain a duplicate run of ROAR alerts. The sample will include all major types of beneficiary protests and will include both initial 90-day alerts and 60-day followup alerts. After sufficient time has elapsed, analysts will query the system/obtain folders to determine the status of the protest and review the reconciliation process. Beneficiary contact will be made to resolve remaining problems.

Integrated Work Station/Local Area Network (IWS/LAN) Pilots/Paperless Module ReviewObjective

To develop a comprehensive strategy for assessing quality and recommending solutions for problems in a paperless environment.

Description

The Chicago Insurance Program Quality Branch will continue its pilot study of the IWS/LAN and paperless processing module in the Great Lakes PSC. The review will consist of the full range of functions envisioned for the paperless environment, including claims and PE IDA reviews, stewardship and processing actions. A report of the initial findings with some recommendations for improvements was completed early in 1996. The continuing review will monitor the Agency's progress in moving to a paperless environment.

SSI STUDIES***Study of SSI Recipient Residency and Unreported Absences From the United States***Objectives

To determine if residency/absence (periods of absence of at least 30 consecutive days) problems exist in all or in certain U.S. border areas.

To determine in what geographical areas further study is warranted.

To identify operational policy/procedure that can improve Agency identification of recipients who are not U.S. residents, who move outside the country after eligibility is established or who fail to report absence from the United States for more than 30 days.

Description

The probe will be based on a targeted random sample of foreign-born SSI recipients--both citizens and aliens. The probe will be conducted in all regions except Kansas City. Since past quality review experience has shown that foreign-born recipients are more likely to leave the United States for extended periods of time, the probe will be restricted to this population.

OIG investigators will make unannounced visits to locate sampled individuals and, upon contact, interview the recipient, request documentation of residency, make some verification contacts, and inform the recipient that an SSA representative may need to contact him/her for additional information. The OIG investigator will submit a written report to ORPIR. If the recipient satisfactorily proved that he/she resided at the reported address and no unreported absences

were uncovered, then no ORPIR review will be required. If the investigator could not establish residency or noted extended periods of absence, the ORPIR reviewer will undertake additional development, e.g., revisiting the recipient and/or making additional verification contacts.

Unable to locate or unwilling to cooperate cases will be referred to the servicing FO for appropriate action--redetermination and/or suspension of payments.

Redetermination by Mail Demonstration Project

Objective

To devise and test a process for completing SSI redeterminations completed by FOs by first screening out the considerable portion of such that result in no change. Up to 1,000 FO workyears are expended each year completing the approximately two-thirds of that workload which result in no change.

Description

A workgroup with representation from OPIR, Operations, Programs and Systems has drafted a letter to be sent to recipients scheduled for FO redeterminations. The letter would provide the Agency's most current information on the facts of eligibility for that recipient. The recipient would be asked to confirm or show the change for each eligibility factor and return the document in the envelope provided to the servicing FO.

The FOs would screen all "no change" out and input "completed RZ." Any indications of change would be resolved by the easiest path available: Phone call clarification verifying no change, limited issue development; or call in for regular redetermination. All demonstration project cases input as "no change" will be subject to a complete IDA type OPIR review to confirm the accuracy of that disposition.

Before beginning the demonstration project in all regions, a test of the eligibility factor letter to recipients will be conducted on undetermined claim redeterminations in selected FOs of the Atlanta and Kansas City Regions. This test will allow refinements to the letter design before using it in the nationwide project.

Benefit Restructuring

Objective

To determine the effect the simplified benefit proposal will have on SSI recipients and to estimate any administrative and program savings.

Description

The SSI Modernization Project determined that the elimination of in-kind support and maintenance should be one of SSA's top priorities. To accomplish this, the Agency has proposed that the current living arrangement (LA) development policy be replaced with a 25-percent reduction in benefits for any person residing in a household with another adult.

To determine the effect this simplified benefit proposal will have on SSI recipients and to estimate any administrative and program savings, the Atlanta ORPIR will coordinate a national piggyback review of 1,600 stewardship cases to compare current and proposed LA and benefit policies.

FOs will be asked to participate in a time study to determine the administrative costs of the present policies. OPIR staff will determine the administrative costs of the benefit proposal.

Plans for Achieving Self-Support (PASS)

Objective

To ensure POMS compliance.

Description

Resources have been committed to continue the review of PASS cases as the regional PASS units begin adjudication of these cases. A commitment was made by OPIR to complete an Early Warning review of these cases to ensure POMS compliance.

Supervisory Review Waiver Tolerance Study

Objectives

To measure accuracy of FO OP waiver decisions (approved/denied).

To evaluate the need for supervisory review of SSI waiver decisions and, if needed, determine the appropriate dollar threshold for the reviews.

To measure compliance with POMS instructions for processing SSI OP waiver decisions.

Description

In FY 1995, the threshold of required supervisory review of approved SSI OP waiver decisions was increased from \$1,000 to \$2,000. The Office of Program Benefits Policy requested that OPIR conduct a study to assess the continued need for a supervisory review and, if needed, to determine appropriate dollar threshold for the review of title XVI waiver decisions.

A sample of cases with recent waiver decisions will be selected for review each month. The FOs will forward case folders to the ORPIR staff for review of the accuracy of the waiver development and decision. The folders with review results will be returned to the FOs for appropriate action.

Financial Accounts and Interest Tolerance Study

Objective

To determine the effect of the interest income tolerance on interest income errors in RZs.

Description

A sample of cases where financial accounts are alleged will be identified. The alleged amount(s) from the RZ and from the FR will be compared with the verified amount provided by the financial institution. Cases with alleged interest income on the RZ form after applying the interest tolerance will be compared with actual value of interest alleged and verified during the FR.

Child Support Payment Study

Objectives

To determine the number of child recipients who could be receiving child support from an absent parent or a direct payment of child support from a State or county agency (pass through).

To assess the effectiveness of SSA procedures in identifying receipt of child support or pass through payments and taking adjustment actions if such payments are received.

To determine if SSA policy and procedures adequately address the issue of filing for child support payments.

Description

This is a national study that involves five regions with Chicago as the lead region. The sample size will be 225 cases. Each case will receive a casefile and a field review. In addition, the custodial natural parent(s) will be contacted concerning marital status, household arrangements and child support. If possible, the absent parent(s) will be contacted for additional information on child support payments, employment status, etc.

Data will be compiled on the frequency of absent parents, whether child support has been pursued, and the impact of child support payment arrangements on SSI benefits.

Modernized Supplemental Security Income Claims System (MSSICS) 4.4 Accuracy

Objective

To determine the effect of the 4.4 version of the MSSICS screens on claims quality and casefile review dollar accuracy.

Description

Two past studies of MSSICS releases provided valuable insight on various aspects of FO processing accuracy. Informal discussion between OPIR and Office of Systems staffs indicated the latter would prefer any future study to encompass the results of the 4.4 release.

The study will review redeterminations only and will be a piggyback to the FY 1998 IDA review. The review will be conducted for either the last 6 months of FY 1998 IDA or the entire year. A supplemental sample of targeted 4.4 program areas will be selected as required.

Early Information Systems to Monitor Welfare Reform Implementation

Objective

To determine if the Welfare Reform law is being implemented properly throughout its various stages within the Agency.

Description

All incoming claims will be subject to review with a 1000 case sample spread over six months in each of the RSI and SSI programs. Selection will be determined by citizenship field and/or any other indicators established by Systems. Reviews will be case file to determine adequacy of documentation in determining eligibility.

Tiers 1, 2 and 3 of Sections 401-403 will be sampled to determine continuing eligibility for the more than 400,000 recipients who will be redetermined by FOs. Scope will include Goldberg-Kelly notices through decision and continuing payments. Sample reviews of the remaining 600,000 cases will also be completed, beginning no earlier than September 1997 to determine the accuracy of the suspension actions.

DISABILITY

Disability Redesign: Process Unification (PU) Training Assessment

Objective

To determine the effectiveness of the PU training in improving adjudicators' and reviewers' understanding and application of clarified policies governing the evaluation of pain and other symptoms, the evaluation and weighing of medical evidence and medical source opinions, the assessment of residual functional capacity and other aspects of case review.

Description

In June 1995, the Commissioner approved a group of initiatives prepared by the Disability Process Redesign Team aimed at unifying the process of disability adjudication at all levels under SSA's purview. OD prepared a series of Social Security Rulings and a related training program to address the above-noted adjudicative policies. OPIR's assessment will involve case review of determinations and decisions made at a variety of adjudicative levels beginning with the initial determination and extending to the hearings decisions.

Disability Redesign: Single Decision Maker (SDM)

Objective

To evaluate the SDM process.

Description

One of the redesign actions is to empower an SDM to make disability determinations. OPIR is to evaluate the SDM process to determine effectiveness, cost implications and other impacts. A test and control group of cases will be reviewed to gather data on the SDM process. The data will be compiled and a report issued on the evaluation of the process.

Disability Redesign: Early Decision List (EDL)

Objective

To evaluate the EDL process.

Description

One of the redesign actions is to empower claims representatives to make "early" disability allowance decisions in specific types of cases. OPIR is to evaluate the process to determine effectiveness, cost implications and other impacts. A sample of EDL cases will be reviewed to gather data on the EDL process. The data will be compiled and a report issued on the evaluation of the process.

Disability Redesign: Full Process (FP)

Objective

To determine if the FP process can produce an accurate and appropriately documented disability determination more efficiently than the current process in terms of time and resources and the number of administrative steps a claimant must go through to receive a final decision.

Description

One of the redesign actions is to test the full process model. OPIR is to evaluate the quality of the proposed process with an FP test conducted in seven States. During the test period, data will be collected from each site and from control groups to answer questions which the test will address.

Disability Redesign: Disability Claims Manager (DCM)

Objective

To evaluate the DCM process and to assist the Agency in implementing the DCM position.

Description

As part of the Disability Process Redesign, OPIR is reviewing the DCM workload and process. 1) The nonmedical quality of title II eligibility; 2) the nonmedical portion of the title XVI entitlement; and 3) the medical aspects of both title II and title XVI disability claims. OPIR will establish a nonmedical review baseline evaluation with which to compare actions processed by the DCMs and analyze the results with the baseline information.

Adjudication Officer (AO) Subset of Full Process Review

Objective

To evaluate the AO work product and provide data to management to assess how the new process is working.

Description

SSA is testing the full process design developed by the Disability Process Redesign consisting of an SDM, no reconsideration determination, a predecision interview and AO involvement. As part of its assessment of the full process design, the OPIR Division of Disability Hearings Quality (DDHQ) will evaluate AO activity in a sample of cases. The review will include both allowances and cases which AOs certify as fully developed and ready for hearing.

AO Process Review

Objective

To evaluate the AO process and provide management information on how the new process is working.

Description

SSA has created the position of AO to develop the evidentiary record on cases appealed to OHA prior to a hearing by an ALJ. In addition, SSA has authorized AOs to issue fully favorable on-the-record (OTR) decisions when warranted by the evidentiary record. Because the Office of

Management and Budget (OMB) must concur in the continued viability of this project in order to permanently establish an AO at the hearing level, data are required for SSA to inform OMB and others about the continuing feasibility of establishing an AO position.

OPIR is conducting Early Information System (EIS) PERs to ensure that AOs are making accurate decisions. The first EIS consisted of about 856 cases. A second EIS of State Agency AOs has begun and consists of about 615 cases. A second EIS for Federal AOs will be initiated in the next few months and will consist of approximately the same number of cases.

Each case will be reviewed by an ALJ on detail from OHA who will serve as a reviewing judge and conduct substantial evidence and de novo reviews. Cases also will receive reviews from physicians/psychologists and DEs who apply the policy and procedural guidance found in the POMS guidelines. The physicians/psychologists/DEs also evaluate the initial and reconsideration denial determinations which preceded each senior attorney (SA) or attorney advisor (AA) decision or paralegal (PL) determination.

OPIR is responsible for determining the impact of the AO process on program costs by tracking both favorable decisions and hearing certification cases to completion. OPIR is tracking all cases as well as cohorts of cases to provide specific timeframe information. OPIR also will conduct a review of certification cases conducted by ALJs in the hearing offices participating in the AO testing process. This review will assess how well AOs are developing and preparing cases which require hearings before ALJs.

Short-Term Disability Project Initiative #7 (STDP #7)

Objective

To provide the Agency with a program quality assessment of STDP #7 SA, AA and PL fully favorable OTR decisions and determinations.

Description

OPIR continues to conduct a quality review of SA and AA decisions and PL determinations under the STDP #7 to ensure that these OTR determinations and decisions are comparable to OTR allowances made by ALJs.

A posteffectuation review of SA, AA and PL allowances is being done by a random sample selection by OIM from the OHA case control system. The goal is to continue to receive and review 200 cases per month. It is unknown at this point how long STDP #7 will continue. However, it is quite likely that it will extend beyond the original December 1996 sunset.

Each case will be reviewed by an ALJ on detail from OHA who will serve as a reviewing judge and conduct substantial evidence and de novo reviews on each case. Cases also will receive reviews from physicians/psychologists in SSA's central office and OPIR's DEs who apply the policy and procedural guidance found in the POMS guidelines. The physicians/psychologists/DEs also evaluate the initial and reconsideration denial determinations which preceded each SA or AA decision or PL determination.

In addition to its regular quality review reporting, DDHQ will measure the effectiveness of the December 1995 and later corrective action initiatives taken by OHA. DDHQ also will begin providing written feedback to STDP #7 decisionmakers on specific cases.

Human Immunodeficiency Virus (HIV) Focus ReviewObjective

To determine whether policy and procedures are adequate to permit adjudicators and quality reviewers to arrive at correct decisions in cases involving HIV and to provide management with an assessment of the extent to which policies and procedures for adjudicating HIV cases are being consistently followed since revision of the HIV listings.

Description

For 6 months the DQB's will select 500 initial allowances/denials and reconsideration affirmations/reversals from the QA sample in which HIV is the primary or secondary impairment. Data resulting from a review of selected cases will be collected and analyzed.

Drug and Alcohol Addiction (DAA) EISObjective

To determine if the new rules governing eligibility for title II, title XVI and concurrent benefits are being applied properly by the DDSs. Recent legislation changed the eligibility requirements where DAA is material to the finding of disability.

Description

The first 25 allowance cases (DDS decides DAA is not material under the new rules) and the first 25 denial cases (DDS decides DAA is material) from each State will be reviewed. Also, the first 25 DAA redetermination appeal decisions from each Disability Hearing Unit will be reviewed. If a predefined number are found to be correct, no additional sampling is required; if a predefined number are not correct, additional sampling would be done and continued until the State performs satisfactorily.

PER of ALJ DecisionsObjective

To develop actions to support consistent disability decision at all steps of the adjudicative process.

Description

The Intercomponent Policy group has been asked to enforce all changes needed for PU. A PER of OHA allowances has been proposed using the Appeals Council's own-motion review authority to review 10,000 allowances a year. Unsupported cases will be sent to the Appeals Council to review for possible reversal or remand to the deciding ALJ. Sample cases where OPIR and the Appeals Council disagree are to be reviewed by an SSA Intercomponent Panel.

Probe for Performance Measure of Initial Title II and Title XVI DI Claims Payment AccuracyObjective

To measure the accuracy of title II and title XVI DI claims, both medical and nonmedical, and to report on the accuracy of the first payment made to newly awarded claimants as well as any payments that should have been made in erroneous denial cases. OPIR is assigned the task of developing performance measures dealing with stewardship accuracy of DI and SSI payments.

Description

For 1 month, all initial QA cases will be tracked through the completion of all initial benefit payment actions. The cases will be subject to a normal QA review by DQB reviewers to determine the accuracy of the medical factors. Then, when all payment actions have been completed, these cases will be reviewed to determine the accuracy of the nonmedical factors. Due to reduced resources, a comprehensive stewardship review of the disability program is not possible at this time. This initiative will establish a methodology for a measurement system which will be used when resources are available for an extensive review.

CROSS-CUTTING

Annual Customer Satisfaction Survey of Recent TransactionsObjective

To provide data for SSA's customer service standards performance report and to gauge SSA's success in meeting specific objectives of the Agency Strategic Plan and the Government Performance and Results Act.

Description

OPIR has taken over from OIG their annual survey of SSA's customers who have had a recent transaction with SSA. OPIR will use the same questionnaire and methodology as OIG had planned for the 13th annual survey. This year OIG was planning to use a new rating scale which had "excellent" instead of "very good" as the top rating. In order to determine the impact of this scale on the overall satisfaction ratings, OPIR will conduct 1,500 interviews using the new scale and another 1,500 using the prior scale. The survey will begin in December 1996.

Customer Satisfaction Survey of Initial AwardeesObjective

To provide data for SSA's customer service standards performance report and to gauge SSA's success in meeting specific objectives of the Agency Strategic Plan and the Government Performance and Results Act.

Description

OPIR is conducting a scaled down version of the FY 1994 survey of initial awardees to provide the Agency with longitudinal information on key performance indicators. The data will be used for the September 1996 update of SSA's customer service standards performance report. Approximately 500 awardees are being interviewed from each of the RSI, DI and SSI programs.

Customer Satisfaction Surveys of Disability Redesign PilotsObjective

To obtain customer feedback on various aspects of the redesigned disability process.

Description

OPIR will conduct event-specific customer surveys after a particular redesign pilot is fully implemented and adequate time has elapsed for employees to attain a level of competency and comfort with the new process to allow for a representative assessment by customers. In FY 1997 we anticipate carryover of the customer surveys of the AO pilot we are initiating in FY 1996. These include separate surveys of unrepresented claimants, claimants who had representation and claimant representatives themselves. We also expect to conduct surveys related to other pilots (dependent on the implementation timetable for the pilot) where redesigned aspects of the process may be visible to claimants, such as the sequential interviewing or DCM pilots.

Customer Satisfaction Survey of Current BeneficiariesObjective

To obtain feedback from beneficiaries in current pay status on overall perceptions of SSA service and preferred methods for doing business with SSA.

Description

Unlike other satisfaction surveys which are transaction-based, this survey samples beneficiaries in current pay status receiving RSI, title II DI and SSI benefits regardless of whether they have had recent contact with SSA. The survey, with interviews of about 3,000 individuals, will obtain overall perceptions of service and information about beneficiaries' preferred methods for doing business with SSA. Interviews will begin in September 1996 and continue into early FY 1997.

Electronic Service Delivery - VideoconferencingObjective

To measure the quality of and public reaction to the use of videoconferencing technology in taking title II and title XVI disability claims.

Description

This customer survey will use a three-phase approach: 1) A customer satisfaction survey to evaluate public reaction to the use of videoconferencing equipment in the claims process; 2) a QA review to evaluate DDS decisional accuracy; and 3) a review to evaluate integrity of evidence provided during the videoconferencing.

Office of Finance, Assessment and Management (OFAM) Employee SurveyObjective

To obtain ideas from OFAM employees for improving customer service.

Description

This survey will obtain ideas from OFAM employees for improving customer service. In support of Executive Order 12862, all SSA employees were surveyed in 1994; a followup survey will be conducted of all OFAM employees to obtain additional ideas.

Employer Satisfaction SurveyObjective

To determine employers' expectations of the kind and quality of service SSA provides, as well as measures of their satisfaction with SSA.

Description

OPIR will survey employers to identify their expectations in service from SSA and to measure their satisfaction with service provided. We will also solicit comments on their experience with SSA's wage reporting system. The survey will provide information that will assist SSA in setting employer-related customer service standards, provide feedback on the usefulness of the SSA/Internal Revenue Service (IRS) Reporter newsletter for employers, and provide specific filing information that will be integrated into SSA's electronic filing initiative. The survey will involve a random sample of 3,000 employers in 3 strata based on number of employees.

National FO Teleservice Monitoring PilotObjective

To determine the review protocol and procedures to be used if the Agency decides to implement ongoing monitoring of FO teleservice.

Description

OPIR conducted a Phase I study of FO telephone service in 1995 using six pilot sites. The current study will be Phase II and will involve 50 FOs. The purpose of these pilots is to further review the protocol and procedures that would be used if the Agency implements.

Evaluation of Automated Teleservice Initiatives to Achieve PERFECT ACCESSObjective

To obtain data on caller reaction to use of automated scripts on 800 number calls to possibly improve access rates and queue times.

Description

A special caller recontact survey was conducted in May 1996 to gather data on caller reaction to the new automated scripts/services initiated in February 1996. This project, PERFECT ACCESS, was designed to increase access rates and improve queue times. However, during the time the survey was conducted, AT&T had not delivered all previously agreed upon enhancements; e.g., enhancements were not provided to nighttime callers and the voice recognition and Spanish language features were not available. OPIR will conduct another survey in FY 1997 when all the PERFECT ACCESS features are operational. The survey will involve recontacting callers who used the new 800 number automated features with the sample stratified on the options available.

HCFA 800 Number Medicare PilotObjective

To determine if the contractor hired by HCFA to answer 800 number Medicare calls can properly identify and refer/respond to SSA-related issues.

Description

HCFA is conducting a pilot in Maryland and Delaware to obtain information on whether to establish a national 800 number to respond to the public's Medicare questions. Pending agreement from HCFA, RPIR monitors from 3 regions will listen to the contractor's calls from a remote site. The monitors will collect information on the types of calls received, actions taken, etc. Of specific interest is whether the contractors are accurately requesting and interpreting SSA systems queries, identifying SSA-related issues and correctly responding to these issues or referring callers back to SSA's 800 number. The probe will involve the scheduling of 600 calls to the Medicare contractors.

Match of Disabled Beneficiaries Working Under Another SSNObjective

To determine the feasibility and cost-effectiveness of establishing an ongoing matching operation between SSA's payment files and earnings suspense files to detect unreported work activity.

Description

Through an address standardization program, the addresses of titles II and XVI disability beneficiary/recipients were matched against the addresses shown on unpostable 1993 earnings. Alerted cases (1,000) are being developed by ORPIRs to determine if disabled beneficiaries have given employers incorrect SSNs to avoid detection of work activity and medical improvement.

Evaluation of Death AlertsObjective

To measure the costs and benefits of FOs' working alerts resulting from discrepancies in reported dates of death.

Description

Alerts are generated when SSA receives a report of a beneficiary/recipient death that has a different date of death than what is on the Numident file. The Death Alert Control and Update System will be screened to select a sample of death alerts. The study will determine if tolerances can be established to reduce the estimated 100,000 alerts currently released to FOs each year.

Evaluation of a Pilot Computer Matching Program Between the Supplemental Security Records (SSR) and Treasury's Currency and Banking Retrieval System (CBRS)Objective

To obtain cost benefit data on an ongoing matching operation between the SSR and the CBRS.

Description

The CBRS file is a summary of reports from financial institutions of cash transactions of \$10,000 or more, foreign bank account balances, customs reports of individuals entering or leaving the country and reports by gambling casinos of currency transactions. Treasury's file will be matched against the SSR, and a sample of SSI recipients/deemors who have these kinds of transactions will be identified. The sample cases will be developed by FOs for previously unreported income or resources to obtain costs and benefit data and to determine if an ongoing matching operation should be established.

Evaluation of Pilot Match Between the SSR and State (California) Records of Confined Juveniles

Objective

To pilot and obtain cost and benefit data on a matching operation between the SSR and California Records of Confined Juveniles.

Description

This project involves conducting and evaluating a pilot matching operation. A file of juveniles confined in California's public institutions will be matched against the SSR to detect recipients who should be suspended. A sample of about 500 matched records will be developed using existing adult prisoner population procedures.

Test the Effectiveness of the Matching Operations Between the SSR and the Railroad Retirement Board (RRB) File

Objective

To determine the cost-effectiveness of conducting the SSR/RRB matching operation more often than once a year.

Description

The payment files of the RRB will be matched against the SSR 6 months after the regularly scheduled annual match. The extent to which new OPs or ineligible (new accretions or increased payment levels) are detected will be the basis for our recommendation as to whether to expand this match to more than once a year.

Test Effectiveness of the Matching Operations Between the SSR and the Department of Defense (DOD) File

Objective

To determine the cost-effectiveness of conducting the SSR/DOD matching operation more often than once a year.

Description

This study will use a similar methodology to the RRB match evaluation described above.

Prisoner Match Evaluations

Objective

To produce a more accurate SSN verification rate for the reported prisoner population.

Description

OPIR conducted a phase 1 probe of the prisoner matching operation in 1996. As a result of that probe, the Principal Deputy Commissioner asked OPIR to review the prisoner records that are coming to SSA under the Commissioner's March 1 request that all State penal institutions provide files of their current prisoner population. The primary purpose of phase 2 is to determine

if duplicate prisoner reports can be identified so that a more accurate SSN verification rate can be estimated. OPIR is also evaluating the back-end of the prisoner match, i.e., the alerts. Samples of recent prisoner alerts, as well as alerts produced from the "March 1" files and also the 1995 alerts, have been sampled and are being reviewed to determine the effectiveness of the alert process.

Evaluation of the SSN Telephone Replacement Card (TRC) Pilot

Objective

To determine whether SSA should start issuing replacement SSN cards based on information applicants provide over the telephone.

Description

The TRC pilot is a 1-year test. OPIR will conduct a study to determine whether the TRC process would be more fraud prone than the current SSN replacement card procedures. In order to provide baseline data, there will be a review of replacement card applications processed under current procedures. In addition, applicants will be required to submit a photo identification. This phase of the study will be conducted in the 20 pilot FOs prior to the beginning of the pilot. During the pilot, there will be a review consisting of a sample of replacement cards issued using the pilot procedures and will provide data similar to the baseline data. In addition to the 20 pilot FOs, two TSCs and related FOs will be included.

Notice Improvement Evaluation

Objective

To measure whether language used in SSA notices is easy to read and understand and accurately communicates the necessary information in support of the Agency's Tactical Plan.

Description

OPIR conducted a study of a title XVI notice to measure whether the notice language was easy to read and understand; accurately communicated all necessary information, and clearly indicated any action/information SSA expected from the recipient of the notice. The draft report was released in March 1996. OPIR is planning in FY 1997 an evaluation of another notice, the RSD/SSI Notice of Disapproved Claims in FY 1997.

800 Number TSC Referral Study

Objective

To identify types of actions referred by TSCs for FOs and to track actions taken in response.

Description

Slightly over 13 percent of the TSC workload for the period March through September 1995 involved nonappointment referrals to FOs. A special study is proposed to track TSC referrals to completion to provide information on whether or not actions were taken on the issue and what the action was. The study data would also provide information on the types of actions actually taken on TSC referrals. These data may warrant further analysis to determine the necessity of the TSC referral, whether additional steps could be taken by teleservice representatives (TSR) within a relatively short time period (so as not to adversely affect call handle time), etc., and recommendations made so that TSRs could handle more types of actions to completion.

Monitoring of 800 Number Telephone Calls Handled by Office of Central Records Operations (OCRO) Employees

Objective

To evaluate the quality of 800 number service being provided by OCRO employees.

Description

OCRO employees are currently handling 800 number calls involving Personal Earnings and Benefit Estimate Statement (PEBES)-related issues. Callers who select the automated PEBES option during daytime hours are routed to OCRO employees. Assuming equipment can be obtained to permit remote monitoring, OPIR will conduct a special monitoring study to evaluate the quality of the 800 number service that OCRO provides.

Monitoring of 800 Number Calls Handled by the Direct Service Unit (DSU) in Central Office

Objective

To measure the quality of 800 number service provided by DSU employees.

Description

A major activity of the DSU in central office is to help answer 800 number calls during peak periods. If equipment can be obtained to permit monitoring from a remote site, OPIR will conduct a special study to measure the quality of service in calls handled by the DSU. The protocol used will be the same as used in OPIR's ongoing monitoring of other 800 number calls.

IRS Address Acquisition Match

Objective

To determine the cost-effectiveness of the matching operation that obtains the IRS address of record for unlocatable overpaid individuals so that collection efforts can be re-instituted.

Description

For those cases where a "better" IRS address has been obtained, the ROAR will be periodically reviewed to determine the amount of OPs collected and other disposition information.

Evaluation of State Wage and Unemployment Compensation (UC) Data Files with the SSR

Objective

To determine if revised tolerance levels can be established to reduce the number of unproductive alerts.

Description

OPIR will determine the cost/benefit ratio of this matching operation to see if revised tolerance levels can be established to reduce the number of unproductive alerts. A sample of recently alerted wage and UC reports will be tracked to determine their impact on SSI payment amounts and/or continued eligibility.

Probe of SSA Records That Do Not Match State Birth Records Of ChildrenObjective

To determine the incidence of fraud in cases where SSA records do not match State birth records for children born since 1991.

Description

SSA has agreed to provide States with SSNs of children born since January 1, 1991. This information is in support of State immunization programs. A question was raised about what to do when there is no matching birth record for the SSA record; i.e., is this an indication of fraud. A probe will be conducted to determine how these no-match situations should be handled. Selected States will notify SSA when there is no matching birth record for the SSA records. OPIR staff will obtain a Numident record and a copy of the SS-5/EAB information to determine if there are any apparent reasons for the no match. Cases with no apparent reason for the no match of SSA/State records will be forwarded to the servicing FO for development (e.g., contact with parents, hospitals, etc.)

Study of the Accuracy of FO Utilization of the Earnings Modernization (EM) 2.8 SoftwareObjective

To measure the accuracy of the EM 2.8 software.

Description

EM release 2.8 provides field components with the capability of making corrections to earnings records via online screens, including reinstating earnings from the suspense file. To evaluate this process and determine the types and causes of errors, a sample of EM 2.8 transactions involving earnings moved from the Suspense file to the Master Earnings File (MEF) will be reviewed. The findings will be used to develop corrective action recommendations.

Tax Year (TY) 1995 Earnings Posting StudyObjective

To evaluate the accuracy of SSA's posting of reported earnings.

Description

SSA processes more than 250 million earnings items each year. OPIR will select random samples from the FY 1995 annual wage reports--paper, magnetic media and self-employment. The reported wages and earnings will be compared to the MEF entries, or suspense file, if applicable.

Targeted Studies of the Annual Wage Reporting (AWR) ProcessObjective

To identify the types and extent of errors in the AWR process.

Description

A sample of TY96 Transmittal of Wage and Tax Statements, and Forms W-3's and W-2s, Wage and Tax Statements, will be reviewed to identify areas of the AWR process which are error-prone.

Benefit and Tax Statement SurveyObjective

To determine the efficacy of providing retired workers with information about their Social Security benefits and taxes, as required by H.R. 3136.

Description

This statement, to be sent to retired beneficiaries whose entitlement began after 1983, would contain an estimate of the individual's aggregate covered earnings, the aggregate Social Security taxes (including the employer share) and the total amount of benefits paid on that record. OPIR would conduct a customer satisfaction survey to obtain public reaction to receiving this statement.

Employee Perception of FraudObjective

To determine employee perceptions regarding the extent of fraud in SSA's programs, as recommended in the tactical plan.

Description

In December 1995, additional proposals were made for inclusion in the existing tactical plan on fraud, waste and abuse. To support the need to have a way to measure SSA's success in reducing fraud, waste and abuse, it was recommended that an employee survey be conducted by OPIR. Before a decision is made to conduct the full survey, focus groups will be held (scheduled for August 1996) to obtain baseline data on employee's perceptions of fraud in SSA and to get feedback on the survey instrument. If further information on employees perception of fraud issues is required by the Agency, OPIR is prepared to conduct a statistical survey.

Electronic Service Delivery - PEBES on InternetObjective

To determine customer reaction to using the Internet to request a PEBES.

Description

Users of the Internet who request a PEBES through Internet will be recontacted by OPIR to participate in a customer survey to determine their impressions of this service.

11/12/96

FY 1997 RSI RESOURCE ALLOCATION PLANNING

PROJECT	ORIGIN	VOLUME	RSI/RPIR WKYRS	RSI/RPIR CUMUL	RSI/OAIPQ WKYRS	RSI/OAIPQ CUMUL	OPIR WKYRS	TRAV \$ ESTIMATE	REGIONS
1244	IDA		32.0	32.0	6.0	6.0	38.0		ALL
1242	Stewardship	2,500	17.0	49.0	1.5	1.5	18.5	\$70,000	ALL
1243	PE Payment Change	4,000	24.0	73.0	4.4	11.9	28.4	\$30,000	ALL
1241	PE Debt Resolution	3,500	13.0	86.0	4.4	16.3	17.4		2,3,4,5,7,9
1245	PE Payment Delivery	3,500	7.0	93.0	2.0	18.3	9.0		ALL
1216	PE Corr Action Tests/Wkyr Analysis	8,000	25.0	118.0	6.0	24.3	31.0		2,3,4,5,7,9
1247	FO Assistance Visits		20.0	138.0	0.5	24.8	20.5	\$25,000	ALL
1248	DI Claims Nonmedical QA Probe	250	3.2	141.2	1.0	25.8	4.2		ALL
1249	DI Nonmedical IDA Development	533	6.8	148.0	1.0	26.8	7.8		ALL
1210	DI Nonmedical GDRs Probe	390	5.0	153.0	1.0	27.8	6.0		ALL
1211	DI Redesign: DCM Nonmedical QA	1,200	7.5	160.5	3.0	28.8	10.5		ALL
1212	DI PE Review	1,000	6.0	166.5	2.0	30.8	8.0		2,3,4,5,7,9
1213	Rep Payee Study Pilot	500	5.0	171.5	0.1	30.9	5.1		ALL
1214	WB/Medicare Prior SSI	200	1.0	172.5	0.1	31.0	1.1		2,3,4,5,7,9
1215	AET Study	250	0.2	172.7	0.1	31.1	0.3		7
1216	Roar Diary Alerts	250	0.2	172.9	0.1	31.2	0.3		7
1217	IWS/LAN		1.0	173.9	0.4	31.6	1.4		5
1218	Microsoft Platform Training		5.0	178.9	1.0	32.6	6.0		ALL
1219	OSSAS STUDIES		16.0	193.9		32.6	15.0		ALL
1220	RSI Systems Support		2.3	196.2	2.0	34.6	4.3		ALL
1221	Streamlining		4.0	200.2	4.0	38.6	8.0		ALL
1222	Direct Deposit Early Warning Review	4,000	2.0	202.2	0.4	39.0	2.4		ALL
1223	DSU Teleclaims Accuracy	500	2.0	204.2	2.0	41.0	4.0		ALL
1224	SSA/HGFA MOU--PE Data	1,000	4.0	208.2	1.6	42.6	5.6		2,3,4,5,7,9
1225	Critical Payment System	500	1.0	209.2	0.1	42.7	1.1		5,9
1226	Welfare Reform								
1227	Title II Citiz Development	1000	1.0	210.2	1.0	43.7	2.0		CO
1228	INS Document Verification	250	1.0	211.2	0.3	44.0	1.3		CO

Total AIPQB RSI and SSI Workyears Available-----422.9 workyears
 Shortfall -----26.4 workyears

OT for ROPIRS= 26.4 divided by 2.13 overhead factor = 12.39 direct workyears x 1776 = 22,004 OT hours needed

11/12/96

FY 1997 SSI RESOURCE ALLOCATION PLANNING

PROJECT	ORIGIN	VOLUME	SSI/RPIR WKYRS	SSI/RPIR CUMUL	SSI/OAIPQ WKYRS	SSI/OAIPQ CUMUL	SSI/OAIPQ WKYRS	SSI/OAIPQ CUMUL	OPIR WKYRS	TRAV \$ ESTIMATE	REGIONS
201 IDA	CORE	3,000	34.2	34.2	6.0	6.0	6.0	6.0	40.2	\$130,000	ALL
202 Stewardship	CORE	4,000	32.4	66.6	3.0	3.0	3.0	3.0	35.4	\$165,000	ALL
203 PE Review	CORE	8,100	49.6	116.2	7.5	16.5	7.5	16.5	57.1	\$8,750	ALL
204 Denial Pilot Review	OPIR	1,000	4.0	120.2	2.0	18.5	2.0	18.5	3.4	\$3,000	ALL
205 DIRZ Supplemental	SSA	1,600	2.6	122.8	0.8	19.3	0.8	19.3	3.4		ALL
206 FO Assistance Visits	DCO	900	20.0	142.8	1.0	20.3	1.0	20.3	21.0	\$25,000	ALL
207 Nonresident/Absent Recipients	ROPIR	900	10.0	152.8	4.0	24.3	4.0	24.3	14.0	\$9,000	All but KC
208 Redet by Mail Demo-Test Phase	OPIR	400	5.0	157.8	1.0	25.3	1.0	25.3	6.0	\$6,000	4.7
209 Benefit Restructuring	ROPIR	1,600	4.0	161.8	0.8	26.1	0.8	26.1	4.8		ALL
210 PASS Compliance Review	SSA	1,000	4.0	165.8	2.0	28.1	2.0	28.1	6.0		ALL
211 Overpayment Walver Sup Rev Toler	DCP	2,000	4.0	169.8	0.4	28.5	0.4	28.5	4.4		ALL
212 MSSICS 4.4 (Development Only)	OPIR	500	1.5	171.3	2.4	30.9	2.4	30.9	3.9		ALL
213 Rep Payee Study Pilot	ROPIR	500	5.0	176.3	0.1	31.0	0.1	31.0	5.1		ALL
214 OSSAS STUDIES			10.0	186.3		31.0		31.0	10.0		5
215 IWS/LAN	OTC		0.5	186.8	2.0	33.0	2.0	33.0	2.5		ALL
216 Microsoft Platform Training	SSA	500	5.0	191.8	1.0	34.0	1.0	34.0	6.0		ALL
217 SSI Systems Support	OPIR	400	4.0	195.8	4.0	38.0	4.0	38.0	8.0		ALL
218 Streamlining	OPIR	400	4.0	199.8	4.0	42.0	4.0	42.0	8.0		ALL
219 Direct Deposit Early Warning Review	OPIR	3,000	2.0	201.8	0.0	42.0	0.0	42.0	2.0		ALL
220 DTIDA Nonmedical Review	OIG	533	3.2	205.0	1.0	43.0	1.0	43.0	4.2		ALL
221 DCM Review	SSA	600	3.7	208.7	0.1	43.1	0.1	43.1	3.8		ALL
222 SSI Children with Earned Income	ROPIR	185	0	208.7	0.8	43.9	0.8	43.9	0.8		4.7,9
223 Third Party Assist Claims	ROPIR	800	4.0	212.7	0.8	44.7	0.8	44.7	4.8		ALL
224 Absent Parents Support Payments	ROPIR	400	3.2	215.9	0.4	45.1	0.4	45.1	3.6		3,5,6,7,9
225 EI pas. IG Review	OIG	2,000	1.2	217.1	0.1	45.2	0.1	45.2	1.3		6
226 1619B Probe	ROPIR	100	1.5	218.6	0.2	45.4	0.2	45.4	1.7	\$150	8
227 Welfare Reform-App Effective Date	SSA	300	1.5	220.1	0.5	45.9	0.5	45.9	2.0		ALL
228 Welfare Reform-Instalized Children	SSA	300	1.5	221.6	0.5	46.4	0.5	46.4	2.0	\$15,000	ALL
229 Welfare Reform-Alien Eligibility											
230 a. Initial Claims - Awards	SSA	500	2.0	223.6	0.5	46.9	0.5	46.9	2.5		ALL
231 b. Initial Claims - Denials	SSA	500	2.0	225.6	0.5	47.4	0.5	47.4	2.5		ALL
232 c. PE - Terminated Nonresponders	SSA	500	3.6	229.2	0.5	47.9	0.5	47.9	4.1		ALL
233 c. PE - Limited Issue	SSA	500	1.5	230.7	1.0	48.9	1.0	48.9	2.5	\$750	ALL
234 d. INS Document Verification	SSA	250	1.0	231.7	0.3	49.2	0.3	49.2	1.3		GO
235 e. Age 18 Childhood CDRs	SSA	390	4.2	235.9	1.0	50.2	1.0	50.2	5.2		ALL
236 Welfare Reform-U/P Installments	SSA	200	2.2	238.1	0.5	50.7	0.5	50.7	2.7	\$300	ALL

FY 1997 DI RESOURCE PLANNING

PROJECT	ORIGIN	VOLUME	DIRECT RPIR WYS	TOTAL RPIR WYS	CC WYS	CC CURRIL	OPIN WYS	TRAV \$ BUDG'D	ADD'L \$ NEEDED	OPIR CURRIL
QA										
INITIAL	ONGOING	39,100	27.5	50.6	7.6	7.6	7.6			7.6
RECON	ONGOING	8,300	5.1	11.5			58.6			58.6
CDR	ONGOING	49,900	33.9	77.2			11.5			11.5
PER--DOBS	ONGOING	219,000	96.9	206.2	5.6	13.2	211.8			149.9
QHA SCREENING	DI SWAHT	6,900	4.7	10.0	0.0	13.2	10.0			361.7
RETURNS	ONGOING	15,815	8.0	17.0	1.9	15.1	18.9			371.7
SUBTOTAL RPIR		339,015	176.3	375.5						390.6
BENCHMARK/DESIGN	OPIR	NA	0.0	0.0	0.0	15.1	0.0			390.6
MON & SUPPORT	ONGOING	NA	0.0	0.0	0.0	15.1	0.0			390.6
OHU CDR QA	ONGOING	1,500	1.0	2.3	0.5	15.6	2.6			393.2
QDB SCRAFFING EIS	ONGOING	1,200	0.1	0.2	0.0	15.6	0.2			393.4
EIS T XVI CHLD	D.P.	3,900	2.7	5.8	0.1	15.7	5.9			399.3
EIS T XVI CDR	DCP	3,900	2.6	5.5	0.1	15.8	5.6			404.9
EIS DNA	DCP	2,600	1.8	3.8	0.1	15.9	3.5			408.8
SUBTOTAL RPIR		351,115	184.5	392.9						
ALY PER	ONGOING	6,200			20.7	36.6	20.7			429.5
QHA HEARING	ONGOING	1,000			2.1	38.7	2.1			431.6
DDHQ ANALYSIS	ONGOING	3,080			25.5	64.2	25.5			457.1
QDB CR INITIAL	ONGOING	1,500			2.0	66.2	2.0			459.1
QDB CR PER	ONGOING	1,500			4.2	70.4	4.2			463.3
QDB CR CDR	ONGOING	1,500			4.2	74.6	4.2			467.2
DI SYSTEMS SUPPORT	ONGOING	NA			6.4	81.0	6.4			473.9
QDB SUPPORT/POLICY	ONGOING	NA			5.0	86.0	5.0			478.9
REBUTTALS	OD	40			6.4	92.4	6.4			485.3
RIV FOCUS REVIFH	OPIR	NA			2.1	84.5	2.1			487.4
CASE BANKS	OPIR	NA			3.2	97.7	3.2			490.6
TASK TEAM MEMBERS	OPIR	NA			0.0	97.7	0.0			490.6
LITIGATION	ONGOING	NA			1.0	98.7	1.0			492.6
DICARS MAINTENANCE	OPIR	NA			5.0	103.7	5.0			498.6
HEARING ALLOM RATE	SPEC. STUDY	NA			2.0	105.7	2.0			500.6
VOC. EXPERT PROJECT	SPEC. STUDY	NA			3.0	108.7	3.0			503.6
TOTAL		365,935	184.5	194.2	198.7					503.6

FY 1997 DI RESOURCE PLANNING

OOBQ has identified the need for OPIR support in the following areas.

PROJECT	ORIGIN	VOLUME	DIRECT		TOTAL	CO		TRAV \$	ADD'L \$	OPIR	OPIR
			RPIN	HYRS		HYRS	CURRU				
EARLY DECISION LIST	DEPT	12,000	6.4	37.9	44.3	1.7	310.4	19.6		52.3	2
ADJUDICATION OFFICER	DEPT	5,000	0.0	0.0	0.0	4.5	114.9	4.5		52.7	7
PROCESS UNIFICATION	DEPT	7,200	2.0	4.3	6.3	16.5	131.4	20.8		54.8	5
FULL PROCESS MODEL	DEPT	15,000	10.5	22.4	32.9	7.7	139.1	30.1		57.8	6
DIS. CLAG MGR.	DEPT	3,500	2.5	5.3	7.8	2.1	141.2	7.4		50.6	0
ROLE OF MED CONSULT.	DEPT	0	0.0	0.0	0.0	0.4	141.6	0.4		50.6	4
SINGLE DEC MAKER	DEPT	23,000	16.2	34.5	50.7	4.3	145.9	38.8		62.5	2
STAFF ATTORNEY	DEPT	1,000	0.0	0.0	0.0	6.5	152.4	6.5		63.1	7
REDESIGN TOTAL		67,600	39.6	84.4	124.0	43.7		128.1			

PROJECT	ORIGIN	VOLUME	DIRECT		TOTAL	CO		TRAV \$	ADD'L \$	OPIR	OPIR
			RPIN	HYRS		HYRS	CURRU				
IWS/JAN WINDOVS NF	UPGRADE	NA	3.4	7.2	10.6	2.7	155.1	9.9		64.1	6
GRAND TOTAL		433,535	224.1	486.5	710.6			641.6			

HYRS AVAILABLE - FTP *	368.5	128.4	496.9
HYRS AVAILABLE - PTP	12.0	1.3	13.3
NEW STAFF - PART YEAR AVAILABILITY **	40.4	11.2	51.6
SHORTFALL	65.6	14.2	79.8
TOTAL	486.5	155.1	641.6

OT ROPRS 65.6 Total HY / 2.13 (OH Factor) = 30.0 x 1776 hrs. = 54,701 OT hours needed.
 OT CO HRS not applicable to CO, estimated need 14.2 x 1776 hrs. = 25,219 OT hours needed.
 Total DI OT Need 79,920 hours.

- * FTP assumes 4 percent annual attrition (2 percent at year midpoint)
- ** New staff ROPRS: 13 new hires DUS examiners productive 11/96. Remaining new staff productive 3/97.
- *** New staff CO: Estimated 2 new hires DUS examiners productive 12/96. Remaining new staff productive 3/97.

4. Please provide a detailed action plan and a progress report on actions SSA has taken since July to consolidate and transfer duplicative program integrity functions from other SSA components, in particular, the Office of Program Integrity Reviews, to the new office of the SSA Inspector General, which has enforcement power granted in statute. In addition, please provide the Subcommittee with additional status reports on the progress this transfer functions to the OIG by March 31 and June 30, 1997, by which time the Subcommittee hopes that transfer of functions will be completed.

Since the newly independent Social Security Administration was established, the Commissioner and other Executive staff have met with the Inspector General on many occasions to identify and discuss issues of concern to our new Inspector General. Most of these issues have been resolved. Discussions are continuing over program assessment issues. Per your request, we will update you on our progress.

5. This Subcommittee has always had a very serious interest in making sure that waste, fraud, and abuse are eliminated in the programs that SSA administers--close to \$400 billion annually. In fact, this Subcommittee was extremely supportive of the increase in resources appropriated recently. Do you share this commitment to providing adequate resources to protect the trust funds? It is interesting that the HHS Inspector General has a budget of about \$75 million and a staff of 927 to monitor spending of about \$320 billion, as compared to SSA's IG, which has a budget of roughly half that, and a staff of roughly a third of HHS's. Do you agree with the Subcommittee view that protecting Social Security trust funds from fraud and abuse is at least as important as protecting Medicare and Medicaid?

In fiscal 1994, the last full year that SSA was part of HHS, the HHS Inspector General had a staff of 1,253. In 1996, the first full year that SSA is independent of HHS, the HHS IG has a staff of 927. In my view, it's reasonable that the staff of the SSA IG should be at least 526, the difference between the current HHS IG staff, and what it had when it did SSA's IG work, yet it had only 313 at the start of this fiscal year. (DOD has 1,388 auditors and investigators in its IG office monitoring spending of \$277 billion!)

Given the growing problems with credit card and general computer fraud, and the increasing assaults on SSA's data base, what action are you taking to ensure that the SSA IG will have the resources needed to guard against these growing threats?

I agree that protecting the Social Security trust funds from fraud and abuse is as important as protecting Medicare and Medicaid. As head of a new independent agency of government, one of my first decisions was to reallocate 50 full-time equivalent (FTE) positions and related funding from SSA components to the Office of the Inspector General (OIG). This reallocation was reflected in the amended FY 1996 appropriation request submitted in Spring 1995. Along with some proposed redistribution of staff within OIG, it represented a first step in building a stronger investigative capacity. We continue to believe that such increased OIG investigative capacity is one of our highest priorities.

For FY 1997, Congress appropriated \$10 million more than requested for OIG. This additional \$10 million carried with it no additional FTEs. As a result, FTEs have again been reallocated to OIG from SSA components. This should allow OIG to hire another 75 new employees in FY 1997 and bring its total strength to around 380, compared to 259 transferred from the Department of Health and Human Services in 1995. At the same time, FTEs for other staff components continue their decline, while FTEs for SSA operational components are projected to remain about the same.

6. What are your views on the role and importance of the new Advisory Board to SSA?

Don't you agree that the Board must function as the independent, credible, bipartisan Advisory board that Congress intended if it is to be helpful to the Administration, the public, and the Congress?

As I have testified before Congress during the past year, experience has shown that basic changes to the Social Security program should occur only after extensive bipartisan debate and public discussion regarding the reasons for changes and the options available for addressing problems. I consider the Advisory Board to be an important element in the development of bipartisan consensus, and I agree with you that it must function in an independent manner if it is to play a meaningful role in the future of Social Security.

As set forth by law, the specific functions of the Advisory Board are:

- o Analyze the Nation's retirement and disability systems and make recommendations with respect to how Social Security and the Supplemental Security Income (SSI) programs, supported by other public and private systems, can most effectively ensure economic security;
- o Study and make recommendations relating to coordination of programs that provide health security with Social Security programs;
- o Make recommendations to the President and Congress with respect to policies that will ensure the solvency of Social Security programs in both the short-term and the long-term;
- o Make recommendations with respect to the quality of service that SSA provides to the public;
- o Make recommendations with respect to policies and regulations regarding Social Security programs and SSI;
- o Increase public understanding of Social Security;
- o Make recommendations with respect to a long-range research and program evaluation plan for SSA;
- o Review and assess any major studies of Social Security as may come to the attention of the Board; and
- o Make recommendations with respect to other matters as the Board determines to be appropriate.

7. When Congress made SSA an independent agency, Congress wrote a requirement into the law that the Office of Personnel Management (OPM) authorize substantially more Senior Executive Service (SES) positions at SSA. According to OPM, SSA has an allocation of 103 SES positions--exactly the same number it had as part of HHS, and only 92 executives are on board. OPM staff advised that this allocation is based on the only request it has from SSA, one from Ruth Pierce dated May 26, 1995, requesting "only 102" of the "113 supportable SES positions." OPM staff further advised that OPM based its allocation of 103 SES positions in part on the case SSA made for additional positions, a weak one, and the fact that fewer than the full allocation of slots has been filled.

Please explain why only 92 SES positions are currently filled, what additional SES slots you believe SSA needs (including positions for Regional Offices and "experts," such as economists), specific action you have undertaken with OPM to gain additional SES slots, and what you have been advised by OPM. Please submit copies of any relevant correspondence.

As of January 6, 1997, the Agency had 88 SES slots filled, with recruitment and staffing activities underway to fill a number of SES vacancies. For example, we are actively staffing several positions in the Office of General Counsel as well as 2 leadership positions in the Regions.

As a vacancy occurs, we carefully assess the most appropriate use of the slot. In keeping with mission priorities, we refill the vacancy, redescribe it, or abolish it--transferring the slot to a more critical leadership need if necessary. Since the SES recruitment process takes considerable time because of numerous legal and regulatory requirements, it may appear that little is underway to utilize our allocation--but this is far from true. Further, OPM final decisionmaking on our May 1995 request for a slot increase was protracted by their need to address Governmentwide executive resource needs. Therefore, we have been doubly prudent in weighing the often competing factors at play in determining the best use of SES slots since the SSA allocation has been so limited.

In a number of communications with OPM staff and Director King, including the May 1995 request you reference, we went on record asking for an increase in allocation to address our needs. Specifically, we spoke on behalf of high quality executive direction in the Offices of General Counsel and Inspector General (two new agency components). In addition, we underscored our need to ensure strong leadership in the areas of: communications, legislation and congressional affairs, policy research, program development and evaluations, actuarial science, human resources, finance, systems, information technology, and regional management. We pointed out that all these areas have greatly expanded roles and responsibilities stemming from our independent agency status.

OPM recently agreed to respond favorably to our May 1995 request for 113 SES slots, an increase of 10, and to work with us on the allocation of additional slots provided such could be accommodated within the Governmentwide ceiling. With my closest advisors, we are now carefully developing strategies for optimum placement and expeditious filling of our newly augmented number of slots.

9. According to GAO and OPM, compared to all other Federal agencies, SSA has fewer SESers on board than any other agency except two--Education, which has 75 for a staff of 5,000, and OPM, with 39 for a staff of 4,000. By comparison, HHS, with a staff similar in size to SSA--58,000, versus 65,000 for SSA--has 540 SESers to SSA's 104. Shouldn't the number of SES positions at SSA be more in line with the importance Congress places on SSA programs?

In communications with OPM since the independence of SSA in the spring of 1995, we have emphasized that a pool of 103 SES slots is not commensurate with the pressing leadership needs of either our service delivery mission or the human resource management challenges associated with a 65,000 person workforce.

9. It is reported that 47 percent of SSA's senior executives and 30 percent of its senior managers are eligible to retire over the next 5 years. What is your specific plan to cope with this loss of experienced personnel?

How many of SSA's deputy and associate commissioner positions are currently filled by temporary candidates in an "acting" capacity? Why are there any such important positions not permanently filled?

SSA component heads, under the leadership of the Chairperson of the Executive Resources Board, are now actively considering approaches to prepare for anticipated losses in both senior executive and senior management (GS 13-15) levels in the next 5 years. Following their comprehensive examination of our situation and projected needs, this group will present recommendations on directions we should take in our succession planning efforts.

The following key positions are currently filled by individuals in an "acting" capacity:

- The Principal Deputy Commissioner
- 2 Deputy Commissioners
- 2 Assistant Deputy Commissioners

No Associate Commissioner positions are currently on an "acting" basis.

We have deferred filling these positions on a permanent basis so as to maintain maximum flexibilities for future top leadership of the Agency.

10. In order to advise Congress of the true level of administrative funding it needs, Congress deliberately gave SSA statutory authority to submit a budget that can't be changed by OMB directly to the Congress, in addition to the one that is submitted as part of the budget of the President. Please describe the major differences in SSA's two budget submissions.

Isn't you interested in letting Congress know what SSA's true resource and staffing needs are, so that, to the extent possible, the Subcommittee can go to bat with the appropriators in getting SSA what it needs? What are your plans for the next budget cycle?

A brief description of SSA's original FY 1997 request to OMB (submitted in September 1995) was included in the FY 1997 President's Budget Appendix released in March 1996 (copy attached).

Our FY 1997 administrative budget request of \$6.3 billion was within the range of the President's \$6.1 billion request which represented an increase of nearly \$250 million over the FY 1996 levels being considered by Congress at the time. The President's request also included an additional \$510 million for implementation of the Administration's welfare reform proposals.

Both Congress and the Administration have recognized SSA's need to handle the work at hand as well as to invest in the future. However, this may not always be the case. There may come a day when we will come directly to Congress and ask for more funds than the Administration is willing to provide for SSA.

Attachment

9a.

SOCIAL SECURITY ADMINISTRATION

GENERAL FUND RECEIPT ACCOUNTS
From Public-Continued

11.3	Other personal compensation	1	1	1
11.9	Total personal compensation	10	14	14
12.1	Old-age personnel benefits	2	3	3
22.1	Retiree payments to SSA	2	1	1
23.3	Communications, supplies, and miscellaneous	1	1	1
25.2	Other services	1	1	1
25.4	Operation and maintenance of facilities	3	1	1
31.8	Equipment	1	1	1
32.8	Land and structures	1	1	1
33.8	Liability on deposits	-22	-19	-19
99.9	Subtotal benefit acct.—member/retiree payments	1	1	1

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	1996 est.	1996 ac.	1997 est.
Offsetting receipts from the public:			
75-311600 Receipts from SSA administrative fee	102	154	143
75-309600 Recovery of beneficiary employment taxes			
SSA proceeds	825	825	860
General fund offsetting receipts from the public	927	979	1,003
Intergovernmental payments:			
75-310219 Quinquennial adjustment for military service credits, FOIA		179	
75-310500 Quinquennial adjustment for military service credits, Federal disability insurance			701
General fund intergovernmental payments		179	701

The object classification and personnel summary do not include resources related to the adjustment to 1996 continuing resolution levels or to the welfare reform allowance. The welfare reform allowance appears elsewhere in the Budget.

Personnel Summary

Mechanism used 75-8007-6-7-431	Personnel Summary		
	1996 est.	1996 ac.	1997 est.
Liability account—direct:			
Total comparable positions:			
6001 Full-time equivalent employment	64,135	63,463	64,095
6005 Full-time equivalent of overtime and holiday hours	2,422	805	774
Liability account—manufactured:			
Total comparable positions:			
7001 Full-time equivalent employment	353	291	291
7005 Full-time equivalent of overtime and holiday hours	9	23	23

As directed by Section 104 of P.L. 103-296, the Social Security, Independence and Program Improvements Act of 1994, the Commissioner of Social Security shall prepare an annual budget for the Social Security Administration (SSA), which shall be submitted by the President to the Congress without revision, together with the President's annual budget for SSA. The Commissioner's annual budget for fiscal year 1997 includes a total of \$6,267,944 thousand in discretionary resources. This total includes \$6,239,410 thousand for SSA administrative expenses, including \$300,000 thousand in no-year funds for the Automation Investment Fund. SSA also requests \$28,534 thousand for the newly formed Office of Inspector General. This request is based on current law. Actual needs will require adjustment for the impact of any newly enacted legislation.



11. What role does OMB play in development of SSA legislation, policy, and budget, now that SSA has become an independent agency?

Why do you choose to submit virtually everything SSA does to OMB for review, when by law you are not required to?

- o The legislation which made SSA an agency independent of the Department of Health and Human Services did not exempt it from Executive Branch oversight. Therefore, SSA is still subject to Administration direction.
- o Under the law, the Commissioner of Social Security is directed to prepare an annual budget for SSA which is submitted by the President to Congress without revision, together with the President's annual budget for SSA. At the same time, we understand the current budget restrictions facing the Congress and the Administration today, and take seriously our responsibility to prepare a budget which recognizes these restrictions.

12. In his testimony, the Comptroller General discussed the fact that implementation of the new redesign software has been delayed by 6 months, and expressed concern about the lack of a comprehensive, detailed plan regarding system efforts. How do you respond to these findings?

What is SSA doing to protect itself against sophisticated fraud within its immense and complex computer system?

Shouldn't the SSA IG be involved in the effort to protect the integrity of SSA's computer systems?

The disability modernization plan, developed in 1992, took a three tier approach:

- Maintaining existing State disability case processing systems;
- Providing new and/or updated case processing systems to some States lacking automation or requiring upgraded software programs; and
- Developing a new, national, client server-based disability processing system.

The original target date for releasing the new software for pilot testing the national disability processing system was October 1995. The actual release date to the Virginia DDS and the Federal DDS was November 29, 1996--a 13-month delay from the initial target date. The delay was caused by a number of factors, including additional time needed to complete the initial software requirements, recruit and train personnel, and complete procurement activities.

OIG needs to be involved in protecting SSA's Computer Systems to the extent that OIG is responsible for investigating, documenting, and prosecuting fraud and misuse of SSA's systems by both employees and the general public.

OIG is the part of the Agency that is responsible for conducting audits of the integrity of SSA computer systems, as well as participating in SSA intercomponent workgroups discussing broad issues in these areas.

OIG participates in fraud committees. There is a National Fraud

Committee (NFC) that is chaired jointly by the SSA Inspector General and the Deputy Commissioner for Finance, Assessment and Management. In the regions, Regional Fraud Committees (also chaired by OIG) coordinate the investigations and other more complex approaches to detection and investigation of fraud.

OIG is a key sponsor of the SSA Tactical Plan to Combat Fraud. The fraud tactical plan demonstrates broad, Agency-wide participation, identifying initiatives at the grass roots level throughout the Agency, with the full support of the NFC. Specific projects under OIG leadership include:

- o Fraud Vulnerability Study
- o SSN Fraud Detection Guide
- o Strengthening Fraud Infrastructure
- o Special Operations (Joint Field Operations)
- o Expanding Sharing of Third Party Information with Federal Agencies
- o Establishing Access to Pooled Fraud Detection Services and Data Bases
- o Implementation of Civil and Monetary Penalty Authorities
- o Building a Single SSA/OIG Database and Control System

13. In your testimony, you discussed the progress of 4 redesign initiatives. GAO has told us there are a total of 83 initiatives planned, and that the scope and complexity of many of these have limited any real progress in implementing them. How do you react to GAO's findings regarding redesign?

GAO recommended that SSA concentrate on those initiatives most crucial to the redesign's ability to produce significant, measurable reductions in claims processing time and administrative cost--including those initiatives intended to achieve process unification, establish new decision making positions, and enhance information systems support; and combine those initiatives into an integrated process, test that process at a few sites, and evaluate testing results before proceeding with full-scale implementation.

SSA responded by stating that we agree in general with the recommended approach, and have been proceeding in a manner consistent with it. We stated further that we have identified a small number of redesign areas in which we are concentrating most of our redesign efforts to support critical, long-term efficiencies. These are:

- Single Decision maker testing;
- Full Process Model (FPM) testing;
- Disability Claims Manager testing;
- Adjudication Officer test evaluation and implementation;
- Process Unification;
- Quality assurance;
- Simplified disability methodology research; and
- Development of systems enablers.

We advised GAO that the FPM will serve as an integrated redesign test site for several other redesign features. FPM testing, which will begin in early 1997, will incorporate several key redesign elements, including the single Decision maker, the pre-decision interview, elimination of the reconsideration and the adjudication officer.

Redesign is our highest priority. Our redesign investment is critical to providing a far more efficient and equitable process that will benefit our customers and SSA's ability to meet the workload demands of the future.

14. GAO reported that SSA now plans to complete 8 million continuing disability reviews (CDRs) in the next 7 years, which means SSA would have to conduct about twice as many reviews as it has conducted over the past 20 years combined? Do you believe SSA is really up to this task and can realistically meet this goal?

Budget and staffing reductions, and historically high workloads, limited our ability to remain current in processing CDR cases. Due to the resulting high CDR backlogs SSA redesigned (i.e., the CDR mailer/profiling process) the CDR process.

In FY 1996, SSA cleared almost 518,000 CDRs which was the second highest number of CDR clearances ever and the most since FY 1983. In FY 1996, a machine-readable CDR mailer form was implemented substantially increasing the number of CDRs that could be processed via the CDR mailer/profiling process. In fact, there were twice the number of mailer clearances in FY 1996 than in FY 1995.

We are confident that our CDR strategy will lead to reliable and cost-effective monitoring of all beneficiaries and the elimination of this backlog in the next 7 years.

15. You mentioned that SSA successfully rehabilitated 6,200 disabled workers in 1995. That's 6,200 out of over 4.3 million-- a little over one-tenth of one percent. How many workers did SSA rehabilitate in previous years? Hasn't the number been roughly the same since 1990, when it hit a high of 7,300? Have you developed a strategy to return disabled individuals to work and self sufficiency? If you have, please submit a copy for the record.

In fiscal year (FY) 1995 SSA reimbursed the State Vocational Rehabilitation agencies for rehabilitating 6,238 beneficiaries with disabilities. Attached is a chart of our reimbursement history from FY 1983 through FY 1996. In an effort to increase the number of SSA beneficiaries with disabilities who are successfully rehabilitated, SSA is actively involved in the development of a comprehensive strategy to increase the number of beneficiaries who work despite their impairments, thereby lessening their dependence on the benefit rolls.

To this end, we are collaborating with a number of other agencies within the Federal government who have a responsibility to our citizens with disabilities; these agencies include the Department of Education, the Department of Labor, and the Health Care Financing Administration within the Department of Health and Human Services.

SSA has been working on a specific strategy that we expect to be ready to release to you shortly.

VR REIMBURSEMENT PROGRAM

**REIMBURSEMENT CLAIMS
14 YEARS AT A GLANCE**

FY	CLAIMS RECEIVED	CLAIMS PROCESSED	CLAIMS ALLOWED	% CLAIMS ALLOWED	\$ ALLOWED	AVERAGE COST
FY 83	3,626	1,813	110	6%	\$216,000.00	\$1,964
FY 84	7,739	4,990	2,202	44%	\$4,094,000.00	\$1,859
FY 85	4,912	5,019	2,645	53%	\$9,850,000.00	\$3,724
FY 86	6,649	6,482	3,693	57%	\$20,195,373.61	\$5,468
FY 87	8,092	7,414	4,469	60%	\$28,087,991.71	\$6,285
FY 88	11,032	9,361	5,092	54%	\$36,456,373.31	\$7,160
FY 89	11,267	9,762	5,828	60%	\$48,740,569.44	\$8,363
FY 90	10,222	12,539	7,330	59%	\$60,245,992.53	\$8,219
FY 91	12,300	11,004	6,032	55%	\$56,593,433.25	\$9,387
FY 92	10,567	11,510	6,269	54%	\$63,692,774.80	\$10,160
FY 93	10,744	10,817	6,154	57%	\$64,467,871.54	\$10,476
FY 94	10,297	10,599	5,653	53%	\$63,462,164.00	\$11,226
FY 95	10,590	10,148	6,238	61%	\$72,733,912.87	\$11,660
FY 96	11,859	8,922	6,024	68%	\$65,480,627.30	\$10,869

16. How have customer expectations shifted over say the last 10 years, and how is SSA positioning itself to address those changing expectations? What specific steps are you taking to downsize headquarters, and beef up staffing of SSA field offices?

From its beginning, SSA has placed a high priority on delivering quality customer service. SSA public contact staff have consistently received high ratings in independent surveys of the Agency's customers. Providing world-class service to the public has been one of my top three goals for the Agency during my tenure.

The difference in SSA's approach to customer service over the last few years is that, instead of assuming we already know, we have begun asking our customers how they define world-class service. This approach is consistent with recommendations from the National Performance Review and Executive Order 12862, "Setting Customer Service Standards." In fact, SSA is proud to be considered a leader among U.S. agencies in "putting customers first."

To respond to the Executive Order, in 1994 we conducted our first major round of activities to solicit information about the expectations of our customers, employees, and other stakeholders. We obtained input in five ways:

- o Focus group discussions with beneficiary and non-beneficiary customer groups across the country;
- o Service-delivery surveys of our recent 800-number callers and recent applicants for benefits by our Office of Program and Integrity Reviews;
- o A World-Class Service Survey that asked SSA employees as well as external stakeholders how they define "world-class service;"
- o Postcard surveys asking customers for specific, numeric measures of good service; and
- o An annual customer satisfaction survey by the Office of the Inspector General.

Customer expectations and preferences clustered around several general themes. Our respondents identified courteous treatment

and employees' job knowledge and helpfulness as critical characteristics of good service. They said they wanted choices in how they deal with us. Customers also wanted quick access to the Agency (short in-office waiting times and easy-to-reach telephone service); short claim processing times, particularly for disability claims; the ability to complete business with one call or visit (or with the same representative if the issue requires multiple contacts); and "one-stop shopping" for doing business with agencies having overlapping requirements. We found that our customers recognize resource limitations and are usually quite reasonable in their expectations of service.

We continue to solicit input from our customers through satisfaction surveys that assess our service delivery performance and explore customer preferences. Further, SSA now routinely uses focus group testing to inform the public about planning and policy initiatives such as Personal Earnings and Benefit Estimate Statements and a reengineered disability claim process.

Currently, we are planning a major new series of activities to solicit customer input that will give us a good sense of how customer expectations have changed since 1994. This information will be a critical resource as we set priorities for the Agency. We recognize that focusing on customers' needs and expectations will become increasingly important as Congress and the Administration work toward a balanced budget. As we hear from our customers and set our priorities, we will begin working to make the process changes needed to support improved customer service. As before, we will obtain and use input not only from our customers, but also from employees, stakeholders, and Agency executives who own the processes.

SSA has made excellent progress in meeting its goals for reducing employment in headquarters and other staff/support functions. From the beginning of FY 1994 to the end of FY 1996, SSA reduced full-time permanent (FTP) employment in staff components by about 1,600, or more than 14 percent overall.

The reductions have been accomplished through attrition (including early-out and buyout program incentives), as well as from Agency programs to redeploy/reassign employees to direct service positions in field or hearing offices or in newly-established direct service units in headquarters.

During this same period, FTP employment increased by more than 1,200 in field offices, teleservice centers, and hearing offices.

KEY INFORMATION:

SSA FTE On Duty (excludes seasonal employees)

	<u>10/93</u>	<u>9/96</u>
Staff	11,222	9,593
Increase for OIG, OGC, CDR quality reviews	--	--
Staff Component Total . . .	11,222	9,593
Workload Operations:		
Processing Centers/DSU/FDDS	14,382	13,121
Field/TSCs	31,146	31,655
Hearings and Appeals	<u>6,002</u>	<u>6,726</u>
Workload Total	51,530	51,502
(Estimated workload supervisors included above)	(6,062)	(4,860)
SSA Total	62,752	61,095

17. Please provide complete details regarding the \$40,000 plus that you spent on a "head hunter" to hire two of SSA's political appointees--most of which was Medicare and Social Security trust fund money. Please provide the exact amount of the fee for each hire, the firm to whom the fees were paid, the names and dates of the persons hired, and the resumes of qualifications they submitted at that time.

Is it true that the two individuals you hired for these large fees had no Social Security background?

How would you justify this expenditure from the trust funds to hardworking Americans who pay the FICA taxes, supposedly for Social Security benefits? To your knowledge, has any other Commissioner used trust funds in this manner (if so, please provide specifics.)

It is within my legal authority to use the services of a headhunter to assist in finding the best candidates for specialized executive positions at the Social Security Administration. The firm used, Goodwin & Company, received \$49,000 - half from trust funds and half general revenues which is in the same proportion as every item in the Social Security Administration's administrative budget as required under section 201(g)(1) of the Social Security Act. This fee was not broken down specifically respective to each search.

One candidate so hired was Joan Wainwright, Deputy Commissioner for Communications and the other was Carolyn Colvin, Deputy Commissioner for Programs and Policy. Resumes as submitted were previously provided with my letter to you of August 7, 1996.

I have no knowledge whether previous Commissioners used search firms.

16 In the case of hiring under your leadership, we understand that instead of hiring political people as "temporary" or Schedule C (political) you have hired (or converted) some as "career," or permanent status. This means that these political employees who are loyal to the current party in the White House, or to the political appointees who actually hire them, will stay on at SSA during future administrations, and encumber scarce FTE positions, which are severely limited within agencies.

How many "career" status employees have you hired at Baltimore headquarters and at the Washington office who report to a political appointee? In particular, how many "career" status employees have you hired for the Office of Legislation? How many have prior Social Security backgrounds? Why did you hire these employees as permanent "career," rather than temporary "political" as would have been more appropriate? How many of the 20 additional non-competitive political slots Congress provided in statute when it made SSA independent have you hired?

How many employees originally hired as "non-career" or "political" have you since converted to "career"?

How can you justify hiring any and giving them permanent "career," rather than temporary "political" status, given how overstuffed Baltimore headquarters is, and how understaffed SSA field offices are? And how can you justify anyone as a permanent "career" employee, rather than as a temporary "political" employee if their qualifications are basically political?

The number of individuals appointed to competitive service positions (Baltimore and Washington, D.C.) who report to a political appointee is as follows:

Office of the Deputy Commissioner for Legislation & Congressional Affairs (ODCLCA)	6
Office of Disability	1 (career transfer from another Federal agency)

During my tenure as Commissioner, only one individual appointed initially as a Schedule C in SSA has been converted to career status following appropriate competitive examining procedures. With the exception of the career transferee (who previously competed for appointment in the former Agency), competitive examining procedures were also followed for the six ODCLCA appointments in accordance with law and regulation.

All of the appointees referred to above met the applicable qualification requirements and were determined to be the best qualified for the positions to which appointed.

Of the 20 positions allotted under the independent agency legislation which may be held by either noncareer SES or Schedule C appointees, 10 are currently filled.

19. What specific action is SSA taking or planning to take in response to GAO's suggestions on improving the Personal Earnings and Benefit estimate Statement (PEBES)? Please provide dates of action or planned action.

SSA is using GAO's suggestions to develop a range of redesign options for the PEBES. As GAO recommended, these options will be tested extensively during 1997 to determine the format and presentation which makes the statements most useful and user-friendly for the recipients while balancing cost effectiveness in terms of both production and operational impact. The testing will be completed in time for final decisions to be included in procurement of the next printing and distribution contract in mid 1998. The redesigned forms will then go into production in January 1999.

20. After three years at SSA's helm, in your view what are the three most important things that must happen at SSA if it is to meet all the challenges it faces?

Throughout my tenure at SSA, I have consistently focused on three main goals, and I believe efforts toward reaching these goals must continue if SSA is to meet the challenges it faces:

- Rebuild public confidence in Social Security. I believe that we must continue to work to educate the public about the value of Social Security because of the income security protection it provides;
- Provide world-class service. SSA must continue to strive for face-to-face and telephone service which is comparable to the best in private industry, and to strive to serve the public with compassion, courtesy, consideration, efficiency, and accuracy; and
- Create a supportive environment for SSA employees. We need to ensure that our workforce has the stability, resources, training, and tools to do its job in an efficient, dedicated, and caring way, and that we recognize and reward employee contributions and provide a variety of opportunities for career development.

Chairman BUNNING. We are pressed a little bit for time, since we do have some other Committee assignments today. I want you to know that you don't have to go directly to OMB and OPM. If they don't cooperate with you, there's an alternative method of getting funding, you can come to Congress and tell us that OPM and OMB are not funding at the level that you might, as an independent agency, want for personnel, just like we did for CDRs. We can take the bull by the horns when we have to.

I can tell you that the cooperation between this Subcommittee and you will continue to be as Andy Jacobs made it for a long time, if we have mutual cooperation, a two-way street, not a one-way street. So I thank you for your testimony.

Mr. JACOBS. Mr. Chairman, before the witness leaves, because the question was raised, I wonder if I may be recognized for just one question.

Chairman BUNNING. Go right ahead.

Mr. JACOBS. It's about this confirmation business.

Dr. Chater, will you state for the record what the then-Chairman of the Senate Finance Committee told you about his disposition toward your confirmation when you made your courtesy call after you were nominated by the President?

Ms. CHATER. Yes.

Mr. JACOBS. Do you recall?

Ms. CHATER. I do recall. He said there won't be any problem, and he elaborated on it.

Mr. JACOBS. I understand he went on to say, "You have my vote"?

Ms. CHATER. Yes.

Mr. JACOBS. Thank you.

Chairman BUNNING. Anything else to come before the Subcommittee? Thank you, Dr. Chater.

The Subcommittee is adjourned.

[Whereupon, at 12:45 p.m., the hearing was adjourned.]



