

CHALLENGES FACING THE NEW COMMISSIONER
ORAL STATEMENT
HAL DAUB, CHAIRMAN
May 2, 2002

Mr. Chairman, Mr. Matsui, and Members of the Subcommittee, I appreciate the opportunity to speak to you this morning on behalf of the Social Security Advisory Board. We commend you for taking time to examine the condition of the Social Security Administration and to consider the changes that are needed.

My statement reflects the extensive work that the Board has done over the last five years. During that time we have consulted with hundreds of employees in SSA and State disability offices throughout the country. We have collected and analyzed data, and held public hearings.

As my statement emphasizes, SSA's problems are serious and need to be addressed as promptly as possible. The agency will have to make major changes in the way it conducts its business and it will also need additional resources if major service shortfalls are to be averted.

Commissioner Barnhart is a former member of the Board, where she made an outstanding contribution to our work. We know her well, and we know that she has the knowledge, experience, and personal qualities to lead the agency through a period of rapid change. She will need the support of the Congress, the President, and the Board. For our part, we intend to work with her and the agency on the changes that are urgently needed.

To summarize there are three primary areas where the Commissioner needs to focus her attention.

The first is on improving the quality of SSA's service to the public, where problems are large and growing. In our reports we have documented critical service shortfalls in field offices and on SSA's 800 number, as well as throughout the disability application and appeals process. Service levels in all of these areas are unacceptably low.

A second and related area is improving the agency's stewardship – ensuring that the public's funds are responsibly collected and expended. The Board issued a report on this subject in March. Each of you was sent a copy.

Particularly after the events of September 11, SSA's inability to ensure the integrity of the enumeration process is extremely disturbing. Employees in the field are aware that many applicants for Social Security cards are presenting fraudulent documents. Processes for validating documents with other sources, such as the INS, either work poorly or do not exist at all. Employees lack the time, training, and tools they need to determine authenticity for themselves. The area of greatest difficulty is documents submitted by individuals who are foreign born, but there are problems with fraudulent U.S. documents as well. Far too many replacement cards are being issued and many of them are unquestionably being used for illegal purposes. I want to underscore the high level of concern that many of SSA's frontline workers feel about this problem.

The third major area where improvement is needed is in the agency's capacity to develop Social Security and SSI policy so that it can provide the comprehensive research and analysis that policy makers need to address complex issues like Social Security financing and disability.

These problems will not be easy to address. They will require new ways of thinking, new practices, and changing the culture of the agency.

Facing growing workloads, SSA needs a plan that clarifies how it will meet service delivery needs in the future. It needs a budget that provides the resources that will carry out its objectives. We commend the Commissioner for moving forward to develop a more coherent, work-based budget that will give the Congress the information it needs to make judgments about the funding levels that are required to serve the public appropriately.

The agency's current performance measures are seriously flawed. They emphasize process rather than outcomes, speed at the expense of quality, and skew performance in inappropriate ways. They are breeding cynicism in the field about the agency's objectives and motives. SSA needs more balanced measures of performance, a management information system that ensures quality performance, and better measures of the type and quality of service that the public wants and needs.

As we have emphasized in our reports, disability is at the heart of SSA's many challenges. It accounts for two-thirds of the agency's administrative budget – about \$5 billion this fiscal year. Disability benefits will account for nearly \$100 billion in spending this year, or nearly five percent of the Federal budget. The current disability structure is seriously flawed and needs to be reformed in the interests of both claimants and taxpayers.

Institutional problems also need to be addressed. Over the years, SSA has developed a culture that discourages open discussion of problems. Communication between headquarters and operations in the field is poor, and teamwork among various

components, although improving, is demonstrably inadequate. Addressing these issues of agency culture will require strong leadership.

Finally, maintaining a skilled and experienced staff ranks near the top of the most difficult challenges for the agency. SSA needs to do everything it can to attract and retain a skilled workforce. It needs to hire new employees before older ones leave so that there is time to train, mentor, and pass on to a new generation the agency's positive traditions. Weaknesses in human capital can undermine public support for – and confidence in – the ability of government to perform. Social Security's programs are too important to allow this to happen.

In conclusion, Mr. Chairman, I hope that the Congress will continue to hold regular oversight hearings on the issues we are discussing here today. It is extremely valuable to SSA to have thoughtful, balanced, and consistent oversight by the Congress. These hearings force the agency and all of us to focus on the important problems that need attention. The public is well served when critical issues are forthrightly addressed.

I ask that a document entitled "Challenges Facing the New Commissioner of Social Security", December 2001 be included in the record. This document lays out in much greater detail matters that I have summarized.

I will be happy to answer any questions that you may have, and I assure you of the continued commitment of the Board to be of help to you as you conduct your work.