



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D. C. 20548

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HUMAN RESOURCES  
DIVISION

B-164031(4)

SEPTEMBER 20, 1979

The Honorable Patricia Roberts Harris  
The Secretary of Health, Education,  
and Welfare *AGC 00022*

Dear Mrs. Harris:

Subject: The [Social Security Administration Needs  
To Continue Comprehensive Long-Range  
Planning] (HRD-79-118)

In January 1979, former Secretary Califano *AGC 00026* announced that the Social Security Administration (SSA) was being reorganized in order to improve its operating efficiency and services to the American public and to provide SSA with added flexibility to respond to changing future demands. However, the reorganization does not provide for continuing the development of comprehensive long-range plans for identifying future SSA responsibilities and operational goals and objectives.

Such long-range planning was *DLG 02800* previously performed by SSA's Office of Advanced Systems (OAS). We have analyzed some of OAS' activities during our review of automatic data processing (ADP) systems planning at SSA, as requested by the Chairman of the House Committee on Government Operations. Our analysis of OAS was not to assess the quality of individual projects. Instead, we attempted to study the OAS role in comprehensive long-range planning to ensure responsiveness to future program needs.

SSA needs comprehensive long-range planning for allocating resources and designing and developing ADP systems to support changing program operations. Thus, in our view, responsibility for comprehensive long-range planning should be clearly fixed within SSA's new organizational structure.

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SSA NEEDS TO CONTINUE  
LONG-RANGE PLANNING

In a 1976 report to the Congress 1/ we cited the advantages that comprehensive long-range planning offers to Federal agencies, and concluded that long-range planning is a necessary, supportive part of the management process. It can provide management with viewpoints and descriptions of (1) the impact of present decisions, (2) long-range trends in agency activities, and (3) trends in the surrounding environment. Thus, comprehensive long-range planning should give an agency the ability to balance present concerns with potential future needs or consequences and, in effect, improve management decisionmaking.

Long-range planning is essential in SSA due to the magnitude and scope of its programs and operations. Total program and administrative expenditures of about \$106 billion in 1978 are expected to reach an estimated \$129 billion in 1980--about 25 percent of the total Federal budget. Moreover, SSA programs and operations have a direct effect on many Americans; for example, SSA directly affects the lives of about 98 percent of the Nation's workers through payroll taxes.

Mounting congressional and public concern over future SSA program integrity, and especially over the financial stability of social security trust funds, has recently been demonstrated by the passage of legislation raising social security taxes. In addition, reports of substantial program overpayments have gained considerable attention from the Congress, the public, and the news media. This increased interest requires that SSA management strive even harder to make the most effective and efficient use of available resources.

Thus, considering the critical tasks associated with managing SSA's large, complex, and changing programs, long-range planning becomes necessary for ensuring efficient resource management and effective direction of current and future program operations.

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1/"Long-Range Analysis Activities In Seven Federal Agencies"  
(PAD-77-18, B-184659, Dec. 3, 1976).

Long-range planning can also help SSA better manage its ADP systems design, development, and operations. SSA relies on these systems to carry out most of its basic responsibilities and program functions--such as computing benefit payments and maintaining hundreds of millions of social security numbers, master payment records, and lifetime earnings records. Our past audit work at SSA has identified serious systems deficiencies which not only contributed to the difficulty SSA has had in fully updating earnings records, but also caused substantial erroneous benefit payments.

Proposed ADP systems development projects, redesign efforts, and related equipment acquisitions aimed at upgrading present SSA systems and data processing operations are expected to cost at least several hundred million dollars. Long-range planning in SSA appears necessary for coordinating these activities with the design and development of ADP systems intended to support future program operations, thus avoiding costly mistakes that could result from poorly planned ADP acquisitions. We have reviewed such proposed acquisitions during past audit work; the subsequent cancellation of these acquisitions saved many millions in social security trust fund expenditures.

RECENT LONG-RANGE PLANNING BY SSA  
IN RESPONSE TO OUR PRIOR RECOMMEN-  
DATIONS AND PRESIDENTIAL DIRECTIVE

We previously reported that SSA needs to set long-range operating goals and objectives and that it needs to plan for future systems. In our April 19, 1974, report to the Congress entitled "Increased Efficiency Predicted If Information Processing Systems of the Social Security Administration Are Redesigned," (B-164031(4)) we recommended that SSA

- establish long-range goals and objectives to guide system designers in integrating functions of different offices and bureaus and
- establish an expert systems planning group, freed from changes caused by day-to-day operations, to design and develop new information processing systems which will take full advantage of modern computers.

Former President Ford expressed similar concern in December 1974 when he directed SSA to develop a plan for acquiring the best possible ADP system using advanced computer technology.

In response to our recommendations and the President's directive, the Commissioner of SSA established the Advanced Operating Systems Staff in April 1975. This staff, later expanded and renamed the Office of Advanced Systems, was given responsibility for designing and developing an operating process--to serve SSA through the 1980s--which would maximize efficiency, curtail constantly increasing personnel costs, improve service to the public, and maximize the use of the most advanced data processing technology. As we had recommended, OAS was organizationally separate from other SSA components responsible for daily operations, and it reported directly to the Commissioner. Its efforts to design an SSA process were endorsed by the Under Secretary of Health, Education, and Welfare in December 1977, and the National Academy of Sciences in mid-1978 and again in mid-1979. OAS activities have also received congressional support each year since fiscal 1977 through budget approval of planned OAS expenditures.

#### OAS activities

OAS had spent over \$17.1 million through March 1979--\$10.3 million for personnel costs, \$5.6 million for contractor services, and \$1.3 million for general and administrative costs--in designing and developing an operating process for SSA. In response to the President's 1974 directive, OAS completed its first major product, an initial feasibility study entitled the "Master Plan for the Development of the Future SSA Process," in June 1975. It described the broad goals, objectives, and limitations of SSA's long-term systems planning effort and outlined a general plan for totally re-designing the overall administrative process SSA uses in carrying out its mission. The Master Plan called for a 6-year advanced systems project consisting of four overlapping phases: conceptualization, requirements definition, design and development, and implementation (phases I, II, III, and IV, respectively).

Conceptualization began in July 1975 and concluded in April 1977 with publication of a report describing a trial project design concept. The major phase I activities--undertaken by OAS with contractor assistance--contributing to the development of that report included

- a description of what services SSA provides, current service levels, and future desired service levels, which were used to establish a range of acceptable levels of service and to project associated costs;
- an assessment of current and evolving technology to support the advanced systems project, including a review of literature, visits to users and vendors of advanced processing systems, and estimates of the cost of these ADP resource requirements;
- an analysis of various resource distribution alternatives for SSA's future system, including descriptions of the flow of major services associated with each, as well as the flow of the various work processes within these major services; and
- completion of the first in a series of publications documenting the basic operational processes of the social security program, intended to facilitate OAS' overall assessment of current agency operations.

In May 1977 OAS began detailed planning for phase II--requirements definition--of the advanced systems project, and in July 1977 the Commissioner concurred with OAS that private sector contractors, rather than inhouse SSA personnel, should be used to develop the systems architecture and detailed design of the project. From July 1977 until the SSA reorganization, OAS activities were directed primarily toward completion of phase II. During that period, OAS, assisted by contractors, was managing several major concurrent activities:

- Continuation and extensive refinement of the present process documentation effort, providing more detailed descriptions of current SSA operational processes and systems.
- Development of detailed user functional requirements.

--Examination of how transition from the present process to the future process should be accomplished.

--Development of the primary phase II end product, a Request for Proposal containing the necessary specifications for competitive bidding by the vendor community on the detailed system design.

In conjunction with these phase I and phase II activities, OAS awarded 53 consultant contracts between September 1975 and March 1979 for technical assistance in such areas as configuration analysis, systems engineering, privacy and security, telecommunications, data base design, user acceptance testing, user time and work sampling, and field office workload modeling. As of March 1979 contractors had completed their work under 36 of these contracts, accounting for about \$1.8 million of the \$5.6 million OAS had expended for technical assistance.

Under SSA's 1979 reorganization, CAS is no longer involved in comprehensive long-range planning activities. OAS' responsibilities have been changed from designing a future process to coordinating a shorter-range effort aimed at competitively replacing existing ADP equipment. When the Commissioner of SSA redirected the efforts of OAS during the reorganization, further work on the advanced systems project was, in effect, suspended. As a result, phase II of the project, including major individual OAS activities, was never completed. Thus, we believe that neither project results nor ultimate OAS planning effectiveness can be evaluated because the OAS long-range plan was never implemented. Nevertheless, we fully endorse comprehensive long-range planning and the employment of its techniques by OAS as a first step in developing a future ADP system for SSA.

OAS long-range planning efforts were appropriately directed toward (1) defining the agency's mission, (2) setting clear and specific goals and objectives, and (3) setting priorities for achieving those goals and objectives. These are key elements of the comprehensive planning process. OAS recognized that, before developing an ADP system, future operating goals and objectives must be established, policies must be formulated to support those goals and objectives, and actions must be taken to implement those policies. Thus, in designing activities to develop a future ADP system, CAS wanted to ensure that the resulting system would not only

maximize the use of limited available resources but also reflect and support

--SSA's mission,

--planned levels of service to the public, and

--current and future program needs.

We also believe that OAS' long-range planning approach was well organized and systematic. Throughout its work on phases I and II of the advanced systems project, OAS systematically developed and evaluated alternative solutions to solving the major problems toward which the project was directed; e.g., its analysis of various resource distribution alternatives.

In addition, OAS planning reflected detailed consideration of many factors affecting both current and future SSA operations. For example, OAS had commissioned individual studies aimed at ensuring that the future process contain adequate privacy/security safeguards to protect beneficiaries, and that the process would be responsive to the ADP systems support and management information needs of the users--SSA field office personnel. Also, during phase I OAS required that new systems developed during the project be fully tested and validated before implementation. We have identified deficiencies in each of these three subject areas during past reviews of SSA operations.

OAS planning of the advanced systems project has been evaluated in detail by the National Research Council of the National Academy of Sciences. The Council's evaluation addressed OAS planning from project inception through 1978 and dealt with both technical and management planning issues. The Council's review was discussed in two detailed reports issued in July 1978 and June 1979.

The Council concluded that no major breakthroughs in technology or techniques are necessary for designing, developing, and implementing the advanced systems project. Although the Council challenged some aspects of the OAS long-range plan and suggested added emphasis on others, it concurred with the plan's general thrust. In fact, because the lessons from the OAS planning experience and the simultaneous Council review appear to have a more general applicability to the

planning and development of other large information/communications systems, the Council has commended both its reports to organizations outside SSA.

NO PROVISION FOR COMPREHENSIVE  
LONG-RANGE PLANNING UNDER SSA'S  
LATEST REORGANIZATION

The primary objectives of SSA's latest reorganization, as specified by the Commissioner, are to (1) more clearly define management responsibilities regarding operations as well as policymaking, (2) upgrade the role of agency field personnel, (3) create a special management focus on operational quality and efficiency, and (4) consolidate the previously fragmented approach to managing current data processing operations and future systems planning.

OAS has become a component of the Office of Systems under the new SSA organizational structure, rather than an independent entity reporting directly to the Office of the Commissioner. The Office of Systems is not responsible for continuing the comprehensive long-range planning effort begun by OAS; instead, it is primarily responsible for providing ADP systems support for SSA's daily program operations and for planning and implementing short-range systems improvement and development projects. No other organizational component within the reorganized agency structure is specifically responsible for comprehensive long-range planning.

Based on organizational mission statements prepared by SSA's Reorganization Task Force--formed by the Commissioner to implement the agency reorganization--it appears that agency planning activities are to be undertaken by each of the following offices:

- Office of the Deputy Commissioner for Programs.
- Office of Systems (Office of Systems Planning and Control).
- Office of Policy.
- Office of Operational Policy and Procedures.
- Office of Management, Budget, and Personnel.



Our discussions with officials of each office as well as the Reorganization Task Force, however, showed that (1) the responsibility for comprehensive long-range planning, previously undertaken by OAS, has not been specifically reassigned to any other single agency component and (2) in its new agency structure, SSA has not provided for any continuing effort to define long-range operating goals and objectives or to design a future operating process. Although each of the five offices discussed above has some involvement in planning for future SSA activities, none has lead responsibility for coordinating planning within the agency. It appears that their planning efforts are generally short-range, directed toward specific issues and agency needs and performed mostly at lower organizational levels. In our view, none of these activities can be considered comprehensive long-range planning.

According to Reorganization Task Force officials, providing for comprehensive long-range planning within SSA has not been of major concern to either the Task Force or the Commissioner; thus, it has not been pursued during the latest reorganization. The Task Force officials stated that they did not know whether responsibility for such planning would eventually be assigned to any single component within SSA's organizational structure.

### CONCLUSIONS

As stated in our 1976 report, Federal agencies can generally benefit from comprehensive long-range planning. Regarding planning in SSA, the recommendations in our 1974 report, as they pertain to both comprehensive long-range planning and systems planning, are still valid. Such planning in SSA is essential because the agency still needs to establish long-range goals and objectives to respond to future program needs and service level requirements and to help design ADP systems that can support future as well as present agency operations.

SSA has made a substantial investment in long-range planning through previous OAS activities. In our view, these activities represented positive steps toward implementing our 1974 recommendations. However, SSA's reorganization does not support those positive efforts because it does not provide for continuing comprehensive long-range planning. Planning efforts, as they presently exist within the agency,

are fragmented and lack sufficient high-level management involvement and support needed for successful implementation of comprehensive long-range plans. This is likely to result in inadequate consideration of future agency needs, goals, and responsibilities.

RECOMMENDATION

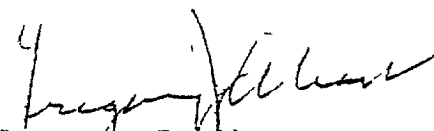
*The Secretary of HEW should*  
We recommend that you direct the Commissioner of SSA to assign responsibility for formulating and implementing comprehensive long-range plans to a single SSA component which reports directly to the Commissioner and is not responsible for managing or supporting daily operations. Such action would better assure that SSA continues comprehensive long-range planning and that it maintains an organizational component capable of establishing appropriate long-range operational goals and objectives to meet everchanging program demands.

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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving copies of these statements.

We are sending copies of this letter to the Chairmen of the four above-mentioned Committees and other interested congressional committees and subcommittees and to the Director, Office of Management and Budget.

Sincerely yours,

  
Gregory J. Ahart  
Director