

December 16, 2008

Susan M. Daniels
James Roosevelt
Transition Team for the President-Elect
Social Security Administration
400 Virginia Ave, SW Suite 700
Washington, D.C. 20024

Dear Ms. Daniels and Mr. Roosevelt:

When the Social Security Advisory Board was established in 1994, it was directed to provide advice to the President, the Congress, and the Commissioner of Social Security on matters pertaining to the Retirement, Survivors, and Disability programs, as well as the Supplemental Security Income program. During the past 14 years, the Board has issued over 40 reports and issue briefs that have recommended improvements in program administration, development and application of policies, and service delivery. The report that we are submitting to the President-Elect's Transition Team is a reflection of our past study as well as an analysis of the current state of the Social Security Administration.

The Social Security Administration has a strong commitment to the programs it administers and to the public that it serves; and it has carried out these responsibilities admirably over the past 70 years. However, the Social Security Advisory Board believes that the agency has reached a tipping point wherein continuing to do business with outdated 20th century tools hinders its ability to meet the needs and expectations of the American public. SSA needs to develop a vision and focus on the integration of processes, investment in a modern technology platform, and development of a highly skilled and creative workforce. This will not be an easy task, but we believe that with proper planning and implementation of new business processes, it will, once again, be regarded as a premier federal agency.

In addition, the Board is charged with making recommendations with respect to policies that will ensure the solvency of the Old-age, Survivors, and Disability Insurance programs, both in the short-term and the long-term. In that capacity, we would be remiss if we did not voice our concern over the vacancies in the Public Trustees positions, which have not been filled since late 2007. It is important for the credibility of the Trustees Reports that these positions be filled quickly by diligent, fair and knowledgeable people

who act with integrity in a bipartisan manner, and that the positions be filled by early summer, so that the 2010 Trustees Report can reflect their influence and views.

We greatly appreciate the opportunity that we had last week to share our perspectives with you. The attached report expands on a number of those ideas and highlights the challenges that confront the Social Security Administration in the near term and into the future.

If you or members of your staff have any questions, please do not hesitate to contact any one of the Board members or Kate Thornton, Staff Director, at 202-475-7700.

Sincerely,
/s/
Sylvester J. Schieber
Chairman

Attachment

CHALLENGES FACING THE SOCIAL SECURITY ADMINISTRATION: PRESENT AND FUTURE

INTRODUCTION

The programs administered by the Social Security Administration (SSA) form the foundation for the nation's social insurance network that has greatly reduced poverty among the elderly through the retirement and survivors program and provides income support to people with disabilities, widows and widowers, and young children. As such, the agency has performed admirably since 1936 when it came into being. On an annual basis, SSA issues payments to 60 million people who have established eligibility to Social Security or Supplemental Security Income benefits, a total of \$650 billion—an amount equal to 20 percent of all federal spending and 5 percent of the national gross domestic product.

Despite this impressive accomplishment, the world is changing and the agency has reached a critical juncture. Due to the demographic changes that will result from nearly 80 million baby boomers, SSA's workloads will increase dramatically over the next 10 years. Retirement claims will jump by over 40 percent and disability claims will rise by at least 10 percent. Given the impact of Social Security on the national economy, the current state of the agency is disquieting—even as nearly overwhelming challenges loom on the horizon.

Current state and future burdens

- The agency is severely stressed now:
 - 750,000 hearings cases are backlogged; the average wait for a decision by an administrative law judge is over 500 days.
 - There is a 50 percent busy rate at the 800 number, in addition to the growing number of unanswered phone calls in the field office.
 - The waiting times in field offices are climbing—each month over 300,000 individuals who walk into a field office wait over an hour to be served.
 - Computer systems capacity and slow response time continue to be issues. The agency cannot offer 24/7 service because the antiquated systems must be backed up each night, necessitating taking the electronic services off line.
- SSA has estimated that over the next five years they will experience tremendous growth in their workloads. But these numbers do not reflect the likely increase in benefit applications that may occur due to the recent downturn in the economy:
 - RSI and Medicare by 28 percent.
 - SSI applications by 23 percent.

- Disability applications by 5 percent.
- New and replacement Social Security cards issued will increase by 9 percent to 18.8 million.
- In addition to core workloads, the agency has been tasked with unfunded additional responsibilities:
 - Medicare Prescription Drug program.
 - Verification of employment eligibility.
 - Medicaid and Food Stamp programs.
- SSA must maintain a system of records that is used as a key identifier for nearly all financial and health records in the country. The maintenance of this information embodies security risks never imagined by the creators of the Social Security Act:
 - 270 million earnings items are posted yearly to workers' records.
 - The records of over 60 million Social Security and Supplemental Security Income beneficiaries are currently maintained.
 - 250 million medical records are currently stored, increasing at the rate of 2 million per week.

To continue to serve the public in the myriad of ways necessary to fulfill its mission, the Social Security Administration must make fundamental changes in the processes used to deliver services. The current SSA structure is comprised of a number of functional units that handle a variety of tasks. The processes used by each unit to accomplish its assigned tasks have usually been developed within the narrow context of the particular needs and duties of the separate entities. The systems and procedures have been created over time to fulfill a specific purpose or program requirement, often without integrating the needs of other parts of the organization or capitalizing on tools already in place. The silo-nature of developing administrative procedures has had, after all these years, the impact of locking the agency into inefficient processes harnessed to outmoded technology. In turn, these outdated procedures and processing tools have limited creativity, innovation and have stymied continuous improvement efforts, leading to a workforce that it is doing its best, but is unable to meet the ever-increasing challenges the agency faces.

The Social Security Advisory Board believes that the agency has reached a tipping point wherein continuing to do business with outdated 20th century tools hinders its ability to meet the needs and expectations of the American public. SSA needs to develop a vision and focus on the integration of processes, investment in a modern technology platform, and development of a highly skilled and creative workforce. This is not merely tinkering around the edges—by addressing fundamental organizational change in these three areas—process, platform, and people, the agency has the potential to make the administration of the Social Security programs more effective in meeting the public's demand for service.

SSA must have a process capable of delivering services in an efficient and cost-effective manner; a process that transcends organizational boundaries. The agency has struggled to redesign its processes—but the approaches to date have been implemented against a backdrop of artificial rules in a stove-piped organization. These constraints have not allowed them to address the root cause of bottlenecks, inefficiencies, and redundant operations. They need to take a fresh look at *what and how and why* they do what they do.

SSA must have a technology platform that enables and supports an integrated process and does not compromise the integrity of the data. The underlying databases are based on obsolete computer languages. By the 1980s experts had concluded that these structures were inferior to the newer relational data models because they severely limited the ability to use more modern and flexible software tools; yet SSA is only just now confronting the need to convert key parts of its infrastructure.

SSA must have a workforce comprised of people in the proper organizational alignment and with the skills necessary to manage innovation and deliver quality service. The agency faces the challenges of an aging workforce as well as staffing losses. While SSA states that it is “managing” the retirement wave, it has continued practices such as early-out retirement that raises questions about their approach to sound human capital planning and oversight.

To make the fundamental changes required in the processes used to deliver services, SSA must have the resources to provide for a modern technological infrastructure and the people required for creative design and implementation. In past reports addressing SSA resources, the Board has urged that the agency’s administrative funding should not be subject to discretionary caps in the budget process. SSA must act, and act quickly, to replace outmoded technology—this can only be accomplished with a temporary multi-year capital fund to modernize the systems at all levels. The Board urges SSA to continue to educate Congress and the Administration on the long-term goals and strategic plans of the agency, and provide additional transparency in the budgeting process. This will enable Congress to better understand the needs of the agency, in the midst of so many competing national priorities.

PROCESS

High-performing organizations can be identified by their forward-looking and creative vision of a business process that is efficient, fosters consistent application of program policy, and is agency-wide. These organizations are goal-oriented, emphasizing the overall process in order to achieve the intended outcome. Effective processes cross organizational boundaries and are cross-functional. That is, the focus is on the activity, not on a narrow band of people who are “responsible” for a particular set of tasks.

SSA’s service delivery methodology consists of a series of tasks performed by separate components. Each person performs a specific task and hands the case off to the next

person in the production line. There is little concern, or even awareness, of what the others are doing and, perhaps more importantly, little sense of the overall framework that ties the pieces together. New procedures and the accompanying tasks—and even the supporting electronic tools—are developed in a stove-pipe fashion; thus they are not able to take advantage of information from downstream components leading to redundancy and rework. The agency is inwardly-focused and seems to place more value on minimizing internal burden and less emphasis on the effect on customers.

In order for SSA to deliver high quality service in an efficient and effective fashion and meet changing customer expectations, they must seriously analyze the current adjudication system, identify non-value added steps and reorganize the essential parts into a sequence of activities that eliminates hand-offs, and establish measures of success that transcend discrete components. This will require a significant culture shift away from “it is not my issue” to one of taking responsibility for results.

Current service delivery process

The current methodology is built around a variety of discrete tasks, which are implemented by several different components:

- The network of **Field Offices** and **Teleservice Centers** provide the basic points of contact through which the public can access service and transact business.
- **Disability Determination Service (DDS)** units in each state make the initial disability determination for claims filed in SSA field offices and handle the first level of appeal (reconsideration).
- **Hearing Offices** in the **Office of Disability Adjudication Review (ODAR)** conduct hearings for applicants who choose to appeal claims that were denied at the DDS level.
- The **Appeals Council** handles appeals for applicants who were denied at the hearing level.
- **Program Service Centers** complete much of the post-entitlement work and maintain beneficiary records.
- In addition to processing post-entitlement workloads, the **Office of Central Operations** is responsible for issuing Social Security numbers and maintaining earnings records.

The ability to deliver quality service through a wide network of component sites and electronic services requires processes that are integrated; otherwise, the result is fragmented service and wasted resources. Therefore, SSA should:

- Fully **integrate services** across programs: Processes should be designed to cover the full cycle of service, regardless of which component initiates the action - beginning at the point a claim is filed, continuing through all appeals to payment or denial, and extending to post-entitlement actions for beneficiaries.
- Initiate effective **policy research and development**: Processes should be

developed in conjunction with policy to avoid unneeded complexity. SSA needs to take the initiative to research and develop policy in a strategic, visionary manner, identifying policy improvements that will make the program easier to administer.

- Eliminate **redundancy** in the collection of information: Processes should pull information from internal SSA systems and from data stores maintained by other agencies and organizations in order to eliminate the need to ask the public to provide duplicate information or to seek services from other sources.
- Collaborate with **outside agencies and organizations**: SSA does not take full advantage of integration with outside agencies and organizations who furnish information to verify eligibility for benefits, or from whom the public must also seek service—the Veterans Administration, Immigration, and state assistance agencies. SSA should find areas of common methodologies in order to share information and utilize shared physical locations to provide overarching service to the customer.

Disability process

There is a long history of concern regarding the effectiveness of the disability process. In 1998, the SSAB concluded that *from the standpoint of applicants for benefits, the current disability decision process is difficult to understand, as well as slow and fragmented into multiple levels of processing and decision making*. SSA has, however, made repeated attempts to improve the overall process, but in each case they did not take advantage of the opportunities to re-think the work flow.

- **Disability Redesign**—a long-term strategy to redesign the entire disability claims process from initial application up to the appeals process was initiated in 1994. The original plan and three subsequent revisions in 1997, 1999, and 2001 yielded only limited success.
- **Prototype**—eliminated the reconsideration level of appeal and implemented the single decision maker process. Even though this was implemented in 10 states in 1999 and remains in place in those states, the elements of the Prototype process have never been fully implemented nationwide. Thus, the appeals process has been inconsistent for nearly 10 years.
- **Disability Service Improvement (DSI)**—a process improvement plan that focused on improving the accuracy, timeliness, and consistency in decision making was initiated in August 2006 and suspended in early 2007. Most of the DSI initiatives were never implemented beyond the Boston Region due to ongoing systems problems and the unanticipated administrative costs.

After all these years of redesign efforts, the agency is left with a disability process that does not meet service expectations. The process still is not integrated, and the national

disability program continues to be applied inconsistently throughout the DDSs, the quality review components, and the hearing offices. The disconnect between DDS and ODAR adjudication procedures and application of agency policy is cited as one reason for the wide variation in DDS and ODAR allowance rates.

Incremental improvements to the current processes: The agency's recently released strategic plan addresses several important improvements to current processes; however, they do not address the process as an integrated whole.

- The **Quick Disability Determinations (QDD)** system identifies applicants who have a disability that will in all likelihood result in an allowance without extensive case development—such as cancer, end-stage renal disease, and low birth-weight babies.
- The **Compassionate Allowance** initiative identifies individuals who are likely to be disabled by the nature of their disease or condition. This initiative, like QDD, speeds up the decision making process by fast tracking claims through the current process.

Elimination of the hearings backlog: Another series of initiatives outlined in the strategic plan address the need to eliminate the hearings backlog and prevent its recurrence. The tactical steps outlined below should stop the growth in the backlog and provide the agency some breathing room while they develop and implement new electronic tools, simplify and unify program policies, and expand adjudicatory capacity.

- Increase the capacity to hear and decide cases through increasing the size of the ALJ cadre and support staff;
- Increase the use of video hearings;
- Open National Hearing Centers to provide operational flexibility;
- Remand certain cases back to DDS for possible allowance;
- Increase adjudicative actions by senior attorneys; and
- Automate scheduling, file preparation and centralized notice functions.

Even though the focus is almost solely targeted to the elimination of the hearings backlog, it is also directed toward *preventing its recurrence*. This is an excellent opportunity for the agency to pause and reassess the tasks and eliminate or restructure the steps that are inefficient or redundant. Moreover, *preventing the recurrence* is not just an ODAR issue—some of the backlog is attributable to procedures and rules in the field offices and disability determination services that result in rework in the hearings offices. For example, last year ODAR returned over 52,000 cases to the DDSs under the informal remand procedures; nearly 33 percent of these were allowed—many without additional evidence. This raises a very basic question of whether these cases should have been allowed at an earlier step in the process. If a fundamental redesign of the adjudication phases is undertaken, then many of the complexities and rework in the hearings process may be eliminated.

It is not clear whether the initiatives the agency has implemented will eliminate the backlog or just keep up with the level of receipts. The agency's strategic plan has established as an objective *to reduce the time it takes an individual to receive a hearing decision to an average of 270 days*. SSA has stated that this is the optimum time the current process is capable of delivering. Even if the process improvements under development do materialize and deliver some processing time efficiencies, it is not at all clear that they will achieve this goal without some fundamental process changes.

Retirement process

SSA anticipates *nearly 80 million boomers will file for retirement benefits over the next 20 years—an average of 10,000 per day*. SSA is planning to introduce *Ready Retirement*, a new internet application for filing retirement claims, to address the anticipated growth in the retirement workload. It is designed to *simplify the filing process and shorten the time it takes to file online from 45 to 15 minutes while also eliminating the need for most individuals to visit their local field office*. There are three supporting actions associated with this initiative.

- Expand the use of automated data exchanges—to eliminate the need to submit paper copies of birth certificates, death certificates, and earning information.
- Simplify policies and procedures—to eliminate the need to ask for information already contained in SSA systems or databases.
- Provide online tools to plan for retirement—to eliminate the staff resources needed to respond to requests for retirement benefit estimates.

Despite the improvements in process, this initiative raises the question—is *Ready Retirement* a fresh approach for the retirement process, or simply an overlay of technology onto the paper process? *Ready Retirement* provides the agency an opportunity to push beyond current paradigms about how the process works for establishing and confirming eligibility. Given the amount of information stored in the SSA system and available through interfaces with IRS and other systems, it is possible to eliminate the necessity of filing a claim altogether. Entitlement at full retirement age could be established automatically, with payment made contingent upon some type of claimant response to authenticate identity and verify circumstances. This process would require little, if any, human intervention and merge policy and technology into a singular end-to-end process that would help the agency manage those 80 million benefit claims.

SSA's current estimates for growth in the retirement application workload are most likely understated. The country has been in a recession for over a year and the economic downturn shows no signs of abating in the near term. Due to job loss some workers who are in their early 60s may find themselves contemplating claiming retirement benefits sooner than they had expected. When to claim Social Security retirement benefits is a very important decision in the lives of most workers and should be made within the context of an individual's unique circumstances.

The Social Security Administration has developed a variety of public information tools designed to present the salient issues relevant to that decision, but many of them unintentionally send unclear messages about the relationship between the claiming of benefits and withdrawing from the workforce—between taking “retirement benefits” and actually “retiring” from work. The agency inadvertently frames the benefit election choice in a manner that treats these very different and separate decisions as if they were inextricably linked, and as a result may send mixed signals to potential retirees about how continuing to work affects their benefits. The *Social Security Statement* is mailed to over 149 million individuals each year and is the agency’s primary communication tool with the American public. Given the important role that Social Security benefits play in providing income security in retirement and in disability, the *Social Security Statement* should function as a state-of-the-art communications vehicle that presents this critical information clearly, accurately, and succinctly.

Supplemental Security Income process

The SSI program, as part of our national economic security structure, provides a monthly income to help meet the basic needs of people who have little or no income or resources and are age 65 or over, have a severe disability, or are blind. The issues raised in the disability discussion above also affect the SSI disability process. However, the program is further complicated by the non-disability rules, many of which have roots in the federal-state welfare programs of the 1960s.

- The SSI program is over 35 years old, but there has not been a fundamental review of the policies and processes used in the program. The income and resource limits have not been changed for almost 20 years and SSI policies are some of the most complex administered by SSA. Documentation and verification procedures are labor intensive and remain mired in a paper process. For example, wage reporting is the leading cause of SSI overpayments. SSI payments are computed using a process known as retrospective monthly accounting. That is, correct payment amounts for prior months are calculated and applied retroactively, resulting in overpayments for many working SSI beneficiaries. Retrospective accounting is easier for SSA to administer, but does not serve the best interests of the beneficiaries who live at or near poverty level.
- Integration and collaboration with outside parties, particularly financial institutions and state assistance agencies, is even more important to the SSI process given the need to verify income and resources and the number of places claimants must contact to request assistance or establish eligibility.

Management information and policy development

High-performing organizations recognize that there cannot be a commitment to process change without an equal commitment to performance measurement. Identifying and targeting the root cause of bottlenecks and vulnerable processes is the first step; implementing performance measures that track outcomes across the organization must

follow. SSA collects a wealth of data on case characteristics, decisional outcomes, timeliness, productivity, quality, and cost. The data are collected by each functional operating component, tallied and put into charts, and then used as “management information.” The data, like the process, are not integrated—it is virtually impossible to track the end-to-end adjudicative processing of a cohort of cases in the normal course of the business process, making trend analysis difficult at best. The cadre of economists, statisticians and other technical analysts in Social Security’s research operations could help in devising appropriate analyses if they were simply brought into the process and given a free hand to do so. Without complete information, the agency’s ability to lay out sound arguments for legislative changes, for shaping public policy, and for supporting its budget requests are compromised.

PLATFORM

It is imperative that the agency commit to implementing a modern technology platform that will support the agency’s mission *and* is sufficiently flexible to grow and support future program changes. The infrastructure must enable change; new tools should stimulate alternative approaches to process implementation, but it cannot be the sole driver. Process change has been stymied in the past because the outmoded IT system has placed constraints on the extent to which SSA could redesign its work and has limited data sharing across components. The SSA system must be able to support internal processes, deliver services online to the public in a method that is secure and private, and maintain all the records accurately.

Replacement of basic computer infrastructures

SSA’s basic system is outdated, and could prove unreliable and subject to security risk if not replaced. At the request of SSA, in 2007 the National Research Council (NRC) of the National Academies conducted a strategic assessment of SSA’s proposed e-government strategy and the underlying infrastructure. Many of the recommendations from the NRC have been included in the agency’s strategic plan.

- SSA’s **National Computer Center** is 30 years old and the NRC recommended that it be replaced. Prior to this recommendation, SSA initiated a project to complete a second data center in Durham, NC; however, it will not be fully operational for three years. It is our understanding that when the concept for a second site was conceived, it was to provide full redundant processing for the National Computer Center (NCC) as a disaster recovery operation. However, SSA recently estimated that the NCC in Baltimore will be unable to handle the expected computer processing workload and will be near collapse by the end of 2012, when the Durham site is projected to be fully operational. The mission of the second site has evolved in view of this, but it appears that it will fall short of being able to fully protect the agency’s data. It is estimated that the Durham site will provide no more than 50 percent redundant coverage and will have to provide front-line operating capacity to support the workload. More important, as the agency moves forward on modernizing its infrastructure, it must make

comprehensive disaster recovery a priority.

The agency is at risk—both in the near term and in the future—to protect all of its data in a secure and responsible fashion. It therefore needs to:

- Convert the **COBOL-based information technology infrastructure**. SSA's database platform, Master Data Access Method, was developed in-house by SSA staff in the early 1980s. The NRC concluded that *it is technologically obsolete and functionally primitive compared with readily available commercial technologies and products*. SSA has begun the conversion process but on a lengthy schedule that extends beyond 2014.
- Replace the **telephone system** with one capable of integrated e-mail and web-based communication. The agency has awarded a contract to replace current telephone systems over the next five years with Voice-Over-Internet-Protocol (VOIP) systems which will provide greater flexibilities for telephone and internet services.

All of this is long overdue, and will be extremely costly to accomplish. SSA must work with Congress to obtain a no-year capital budget and determine how all of these major changes can be achieved in a relatively short time given the risk of involved for loss of vital information, and the resources that continue to be wasted in working with an ineffective system. In his April 2008 testimony before the Committee on Ways and Means, Chairman Schieber noted that *"this capital budget would be for limited duration and come with a stipulation that the net results be a modern integrated system that delivers efficiencies in the operation, increases output of workloads, and shortens the processing time for applicants."*

Strategies for technology transformation

Effective IT strategies support organizational goals in a holistic manner and enable the continuous improvement and transformation of business processes from the first point of contact through post-entitlement actions. Technology has been used to automate current processes; however, this has been mostly a project to convert current paper-based claims processes into an electronic reflection of that process. Moreover, because the IT planning process is driven more by internal politics than a true strategic plan, technology has not been used as a catalyst for process change.

- There is a plan underway to build a **common processing system** for the DDSs that will replace the 54 state DDS systems with a single system. However, focusing first on the middle segment of the disability adjudication process, without consideration of how changes in the front-end of the adjudication process will affect the DDS, and then how the accumulated data will impact the hearings process, fails to consider the disability process as an integrated whole. This fragmented approach has been used in the past and has not been successful because it does not follow the flow of data. SSA needs to develop a

comprehensive IT system that supports a full service process from end-to-end—from initial claim through appeals to final decision and on into post entitlement actions for beneficiaries.

- To address inconsistency and improve documentation of the initial claim determination, a software program, **Electronic Case Analysis Tool (eCAT)** is under development for the DDSs. At nearly the same time a similar program, the **Findings Integrated Template (FIT)** was developed with the same purpose for the ALJs to use for hearing decisions. An opportunity to unify the application of policy and process could have been capitalized upon if SSA had chosen to develop one integrated tool that could have been used across adjudicative levels.
- **Electronic services** are a part of the agency’s long-term service delivery strategy; however they are viewed as an “add-on” and not as *the* way to conduct business. As a result, they are not well-integrated into the business lines. Some of this is most likely attributable to the antiquated systems platform which constrains how data elements are accessed and shared. SSA has developed several online software applications, but many are not user friendly, causing the public to abandon them after attempted use. The agency has acknowledged this and recently announced plans for a new online initiative—*Disability Direct*—that will simplify the application process, eliminate redundant questions and provide links, prompts, and other tools to assist the user. The National Research Council recommended that SSA consider the experiences of private sector organizations such as large-scale financial institutions—to examine the approaches they used to change the public’s preference for face-to-face contact to a preference for access through ATMs and the internet.
- Plans are under development to work with the medical community to adapt SSA systems to **Health Information Technology** standards, thereby creating a uniform electronic format for the storage and transmission of medical records. An electronic exchange of information with medical sources, and with the federal courts, is also being developed. They are also looking beyond the current state of “receiving and storing” electronic images which places a significant strain on storage capacity and can cause slow response times for the end-users. In addition, they are exploring how intelligent systems could be used to analyze medical evidence.
- Imbed **management information** in the technology platform. The technology platform should include a structure to deliver management information and data timely, in a format that enables leaders to draw conclusions and make effective decisions. In order to measure success, critical data elements must be identified and built into the system. SSA does not have a comprehensive data measurement structure that monitors the success of outcomes and service delivery levels across the enterprise or that provides the kind of organizational analyses needed for process improvement.

- Develop needed technology to ensure the **security of records**. SSA recognizes the importance of protecting the information entrusted to it by the public, and has taken steps to obtain the technology to ensure that protection. However, this is becoming more difficult as systems hackers become more sophisticated. SSA faces a formidable challenge in assuring that users are properly authenticated as they move forward with making information stored in the agency’s systems available via the internet. This is an area where SSA should seek to capitalize on lessons learned from the other organizations and the technology industry.

PEOPLE

Processes and platforms are only the vehicles through which the ingenuity of the people flows to ultimately provide the services. It is the people that make the ultimate difference. To operate as a high-performing agency, the organizational structure of SSA must be properly aligned, and have a sufficiently staffed workforce that possesses the skills and knowledge that are critical for success.

The SSA workforce is not appropriately staffed with the right skill sets and knowledge levels to meet the challenges of today, let alone in the future.

- Over 53 percent of the total workforces, including 70 percent of the supervisors, are eligible to retire by FY 2017.
- Since 1999, nearly 32,000 employees have left the agency with just under 28,000 people hired to replace staffing losses (through FY 2007).
- Staffing levels are at an historic low exacerbated by the retirement of the agency’s own baby boomers and by their continued use of the “early out” retirement incentive. In the last three years, 28 percent of all retirees took advantage of the early out provisions.

Organizational structure

Although the agency has undergone many re-organizations, usually when a new Commissioner is appointed, it is not clear which structure is the most effective from a functional point of view. However, it is clear that none have resulted in the ability to foster innovation and change as a cultural expectation.

- SSA’s current organization is stove-piped—even though many of the programs administered by the agency cut across these organizational lines. To a significant degree, this current structure has, while dispersing responsibility, narrowed accountability.
- The disability process remains one of the areas most affected by fractured organizational structure. The two primary processing components for disability—the DDSs and the hearing offices—are the responsibility of two different deputy

commissioners. Disability policy and disability systems are the responsibility of two additional deputy commissioners. While the agency maintains that these executives work across program lines, the very existence of the disparate structures has created obstacles.

- The governance of the IT planning process is a similarly fractured process. The primary responsibility for planning, developing and implementing systems initiatives is divided between the agency's CIO and the Deputy Commissioner for Systems. However, there are several other agency executives who have major responsibilities for parts of the process. In addition, the oversight of IT planning is managed by an (internal) information technology advisory board where all components compete for resources to implement their specific projects.

Workforce composition

Over 60 percent of SSA employees deliver direct services, mainly in field offices and teleservice centers; the remaining personnel provide indirect and support services through processing centers, regional offices, and headquarters. There are literally hundreds of different positions within these components and, while many duties are unique to a given position, many of the duties are overlapping. SSA needs to:

- Assess the **type of position** and **skill sets** needed. As SSA works to achieve more effective integrated processes, it must also assess the impact of those changes on the types of positions and skill sets needed at every level of the process. The types of positions that are filled, and the locations in which they will work, must correlate to the processes developed for use in direct services as well as in the various components that provide support behind the scenes.
- Update **employee skill mix** to maximize the use of technology. Since technology is now and will continue to be an integral part of every process, more emphasis must be placed on recruiting staff with the skills to effectively utilize the ever-increasing scope of technology in all involved components. SSA must continue to deliver services through its network of community-based offices; however, the public expects to be able to access alternative service delivery options such as online services, videoconferencing, and interactive web-based "chat rooms." This will require the development of more flexible job classifications and position descriptions that will enable employees to perform diverse tasks and deliver comprehensive service at the earliest point in the process.
- **Develop data** needed to effectively staff and train the agency. In order to determine how many people are needed, the types of training they require, the proper locations to provide services and the appropriate staffing mix for each location, management information and data are essential. Currently, the agency does not have a good mechanism to capture descriptive data on training activities offered, and more significantly, data that facilitates planning for and acquiring the types of training that are *not* offered, but are essential for job performance.

Without that data, it is impossible to measure the resources required to process workloads or provide administrative support. SSA's limited ability to gather and analyze workload measures reflects the stove-piped organizational structure and restricts their capability to anticipate fluctuations in workload and make pro-active adjustments. They need to develop comprehensive management information across the entire organization using standard measures and uniform definitions of productivity.

CONCLUSION

The Social Security Administration is at a critical juncture in its ability to continue to fulfill the mission that was set out for it in 1935. Granted, the mission has grown and the scope of the agency's responsibilities undoubtedly far exceeds what the original framers had in mind. Historically, SSA has been the "can-do" agency that has always stepped up to meet new challenges. But today change is rapidly overwhelming the agency's capacity to adjust. Challenges such as shifting demographics, growing workloads, changing customer expectations combined with an aging workforce, deteriorating systems infrastructure, and chronic under funding have pushed SSA's ability to deliver high quality service to the brink.

Despite these challenges, the agency can step up once more—with proper planning and attention to improving their processes, designing and implementing modern technology, and investing in its staff. Short term initiatives that will restore the balance within the agency are essential and SSA is, once again, relying on such activities. But they are not enough and they have diverted the agency's attention away from critical long-term planning. The foundation for such initiatives must be a longer range vision for the future that lays out a compelling roadmap for the future that transcends changes in Administration and agency leadership. And that makes a persuasive case for sufficient and stable funding. SSA has massive administrative challenges ahead and time is running short.

APPENDIX A

Selected Excerpts from Social Security Advisory Board Reports, Testimonies, and Presentations

Budget

The SSA has always stepped up to meet every new challenge and it can do it again. But it takes adequate resources and investment in its staff. Chronic under-funding has contributed to the current crisis and has diverted the agency's attention away from long-term planning. *Statement to the Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives—September 2008*

Rather than commit to long-term increased support of what is an unsatisfactory process for stakeholders at all levels, maybe it is time to restore a temporary multi-year capital fund to modernize the functions at all levels of this operation and develop systems to implement the solutions. *Statement to the Full Committee on Ways and Means, U.S. House of Representatives—April 2008*

One of the bad choices that managers have to make when administrative funding is inadequate is whether or not they should divert funds from activities which have a long-run payoff in lower costs in order to meet the immediate pressures of rising claims backlogs. In that sort of competition, the needs of the disabled claimant obviously and correctly win out. But funding at a level that forces that choice is the ultimate in penny-wise and pound-foolish behavior. *Statement to the Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives—February 2007*

Although the administrative costs of the Social Security program are treated as “discretionary” from a budget perspective, these programs are a very basic and direct Federal responsibility, and the failure to provide adequate funds to administer them has results that are anything but discretionary. If the agency does not have adequate funding, it will have to continue to postpone program integrity actions, which means losing programmatic savings well beyond the administrative resources involved. *Letter to the Chairs and Ranking Members of the House and Senate Appropriations Committees and Subcommittees—April 2004*

Disability Program

There are several workgroups in place looking at the content and format for collecting initial disability claim information...it must be tied to an overarching unified business process. There needs to be a purposeful analysis of why we do what we do and how can it be done in a better way that will be useful to any adjudicator anywhere in the system. *Speech to the National Association of Disability Examiner—September 2008*

The DDS “one system”...will require compromises. But the creative aspects of hammering out what the system will look like and how it will work should generate new thinking about the process and its interconnectedness with the field offices and the hearings offices, about the

platform on which it is built, and how people will use it. *Speech to the National Association of Disability Examiners—September 2008*

But we were dismayed when we recently learned that ODAR has had limited involvement with the development of the DDS eCat initiative. ODAR has not been able to explore fully how eCat can lead to efficiencies in the hearings development process. *Address to the National Educational Conference, Association of Administrative Law Judges—August 2008*

The focus of this hearing—clearing the backlogs and providing adequate resources—needs to be about more than just the state of the workload at the hearings level. It must take into consideration the critical steps all along the determination process. It must recognize the problems with the systems infrastructure that supports the work being done by staff at all levels. *Statement to the Full Committee on Ways and Means, U.S. House of Representatives—April 2008*

Our Nation’s policymakers need to acknowledge that the current disability programs, though well intentioned, are badly fractured and disjointed. A unifying point of vision, oversight and management is desperately needed. *A Disability System for the 21st Century—September 2006*

The Social Security disability programs had their origins in the 1950s—a world vastly different from today’s world in several important respects including the nature of available work, the educational levels of the workforce, medical capacity to treat disability conditions and the nature and availability of rehabilitative technology...but the core design of the programs, rooted in a definition of disability as inability to do substantial work, has remained unchanged. *The Social Security Definition of Disability—October 2003*

With regard to the disability program, dispersion of functions throughout many different entities within the agency poses a difficult problem; the disability program lacks the tightly defined policy and administrative parameters of the RSI programs. *Charting the Future of Social Security’s Disability Programs: The Need for Fundamental Change—January 2001*

Information Technology

I am concerned that all the separate initiatives to build electronic pathways to solve Social Security’s disability problem may fail because no one is making sure they link up to create a path to a real solution. *Address to the National Educational Conference, Association of Administrative Law Judges—August 2008*

SSA has made tremendous strides in the development of the electronic folder. For all of its strengths, it has some striking weaknesses; primarily that it is not a “single system.” Case production processes are not coordinated from beginning to end. *Testimony to the Full Committee on Ways and Means, U.S. House of Representatives—April 2008*

This is about moving away from COBOL-based operating systems, a 1950s’ technology, to modern software languages and tools. This is about moving away from manual work sampling to integrated data collection that permits inline measurement and quality review systems that can assess what works, what does not, and the difference between the two. We are talking about the potential for redesigning work in an organization that is stifled by institutional barriers between

components and work rules that are crippling productivity advances. *Statement to the Full Committee on Ways and Means, U.S. House of Representatives—April 2008*

A strategy is needed to address the growing demand for telephone service; field offices are “virtually impenetrable” by phone. Better information is needed regarding how the public views the nature and quality of the agency’s telephone service. *Challenges Facing the New Commissioner of Social Security—December 2001*

Efforts to improve SSA’s systems must be strengthened. With expected growth in workloads, systems improvements must be accelerated to meet the demand, particularly with regard to the disability processing systems. *How the Social Security Administration Can Improve Its Service to the Public—September 1999*

SSA must develop new ways of delivering service beyond the traditional office or telephone service. Internet has significant potential for helping alleviate resource problems while improving service; other technologies should also be explored such as kiosks and videoconferencing. *How the Social Security Administration Can Improve Its Service to the Public—September 1999*

Management Information

The only way to truly prevent the backlog from recurring is by identifying and targeting the root cause of bottlenecks and vulnerable processes and then implementing performance measures that track outcomes. *Address to the 2008 National Educational Conference, Association of Administrative Law Judges—August 2008*

Part of the problem here may be that data itself is often of little value if not refined into information and knowledge that managers on the ground can use to improve the efficiency of the units they run. (For example) data on individual ALJ productivity can only be properly assessed in an analysis that controls for other environmental variables—number of support staff, workload characteristics, percentage of remanded decisions and other variables. *Address to the 2008 National Educational Conference, Association of Administrative Law Judges—August 2008*

The agency urgently needs a quality management system to produce program information needed by policy makers; the system must incorporate all parts of the disability determination process. *Charting the Future of Social Security’s Disability Programs: The Need for Fundamental Change—January 2001*

The agency does not have the ability to accurately measure workloads and therefore cannot assess its workforce needs accurately. Automation expected to improve productivity and efficiency often is not delivered on schedule or does not produce expected savings; however no adjustments are made to resource levels. *How the Social Security Administration Can Improve Its Service to the Public—September 1999*

Policy/Process Development

A third suggestion I would make is for a thorough evaluation of the Social Security programs with a view of finding policy improvements that might suggest ways to make the program easier to administer. As we move into a future with larger workloads and continuing budgetary limits, it would be useful to evaluate existing procedures and rules to see if they can be made more objective. *Statement to the Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives—February 2007*

SSA's Demonstration Projects: While there have been some positive outcomes, projects have not always been focused to enhance policy decision-making. For example, projects that focus all of the RTW efforts inside the structure of the disability program missed assessment of early intervention. *A Disability System for the 21st Century—September 2006*

A single presentation of policy is critical to ensuring consistent/fair decisions. Policy makers need far better information than is now available in order to develop and implement the kinds of changes in policies and procedures that are needed to improve accuracy and consistency in decision making. *Challenges Facing the New Commissioner of Social Security—December 2001*

Workforce

Unlike other newly hired federal employees, administrative law judges do not serve a probationary period. Adding a probationary period as a condition of employment would provide the agency with a more formal mechanism wherein struggling employees could receive additional policy training and guidance on workload management. *Letter to The Honorable Sam Johnson, Ranking Member, Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives—October 2008*

In view of the fact that SSA employs more than four out of five ALJs and pays a proportional share of the costs of the selection process, it should have a process that identifies candidates that meet its unique needs. *Address to the Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives—September 2008*

We talk about our commitment to public service and our willingness to address the needs of those individuals who turn to Social Security on a daily basis. But the reality is that thousands of disability cases languish for years as the claims representatives, the disability adjudicators, and the administrative law judges struggle with crushing backlogs and steadily declining numbers of workers. *Statement to the Full Committee on Ways and Means, U.S. House of Representatives—April 2008*

The offer of early out retirement is part of the agency's overall staffing strategy to manage the retirement wave. Our concern with the agency's use of early out is twofold: first is the obvious loss to SSA of experienced staff, and secondly, the example it sets with regard to the employment of older workers. *Letter to Commissioner Michael J. Astrue—March 2008*

The fact that most administrative law judges are admirable employees does not mean that the agency should ignore its stewardship responsibilities here. It seems to me that ALJs who are

carrying out their duties in a responsible manner should want to work with the management of the agency to develop reasonable standards and procedures that will fully protect decisional independence while identifying and seeking appropriate correction of situations where there is failure to meet those standards. *Address to the 2007 National Educational Conference, Association of Administrative Law Judges—July 2007*

There are long-standing institutional problems that must be addressed. The agency's culture discourages open discussions and timely resolution of issues; there are weaknesses in communication between headquarters and field, and ongoing issues have resulted in inadequate teamwork among various components (especially with regard to the disability program). *Challenges Facing the New Commissioner of Social Security—December 2001*

APPENDIX B

Listing of Upcoming Reports

The following reports will be published over the next several months. All documents will be posted to the SSAB website at <http://www.ssab.gov/index.html>. Printed copies can also be ordered through the website or by calling 202-475-7700.

- *Working for Retirement Security*—this report summarizes the policy issues involved in extending the working lives of older Americans. The report discusses the barriers to working at older ages and highlights the work of experts who participated in a forum on policies pertaining to older workers sponsored by the Social Security Advisory Board and the University of Illinois Center for Business and Public Policy.
- *Social Security Administration: 21st Century Service Delivery (working title)*—Focusing on the development of information technology (IT), this report outlines the agency's current problems with service delivery and discusses how and why its systems infrastructure must change if the agency is to meet 21st Century challenges.
- *The Social Security Statement: Is It Achieving Its Intended Purposes? (working title)*—in developing this report, the Board has taken an in-depth look at the *Social Security Statement*, its purpose, its content, and its impact on public understanding. This report outlines a number of recommendations for improving and clarifying the information provided.
- *Unexpected Consequences of SSA Policies: Substantial Gainful Activity*—this paper is the second in a series of issue briefs that looks at the unexpected consequences of certain SSA policies and offers some recommendations for policy change both in terms of more immediate actions and long term restructuring.
- *Unexpected Consequences of SSA Policies: Representative Payees*—the third in this series of issue briefs focuses on issues involving the appointment of representative payees who receive and manage Social Security payments for incapable beneficiaries. Some of the issues discussed include accounting practices, misuse, payees for difficult populations, and systems improvements.