

Social Security Administration Communications to Congress



House Committee on Ways and Means, Subcommittee on Social Security (Shaw) on Service Delivery to the Public. Kenneth Apfel, Commissioner, Testified. March 16, 2000

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me today to testify about the ways in which the Social Security Administration serves the American public. I would like to thank this Committee for holding this hearing on an issue that is of great importance to SSA and commands a tremendous amount of our time and attention.

Mr. Chairman, it is hard to fully describe the magnitude of our vast service responsibilities. But let me give you some examples. We are committed to providing the right benefit payment to the right person on time, and to do so over 600 million times a year, which represents 50 million monthly payments to Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) recipients. On average, each workday about 100,000 people visit one of our 1,300 field offices and over 240,000 people call our 800 number. Each workday we process an average of 20,000 initial claims for retirement, survivors, disability or SSI benefits, and hold 2,400 hearings before Administrative Law Judges (ALJs). Each year, we make certain that over 250 million earnings items are correctly credited to workers' accounts to ensure that future benefit payments are accurate.

We take these responsibilities very seriously, because millions of Americans rely on us as they have for the past 65 years. I say in all candor that my greatest pride as Commissioner is the spirit and commitment that our employees demonstrate each and every day in serving the American people and the high quality of service we provide.

We have a long history at SSA of solid and reliable customer service. In fact, in 1999, customer satisfaction was at an all time high with 88 percent of customers rating our service as excellent, very good, or good. But we clearly recognize that we face current and future challenges to our ability to deliver timely, high-quality service to the public, and that we need to formulate concrete strategies to deal with these challenges. Let me assure you, Mr. Chairman, that we have an unwavering commitment throughout our agency to provide the American public with superior customer service, and we intend to translate that commitment into practice in every aspect of our service delivery.

The Social Security Administration has been known for some time as a Government-wide leader in management, planning, and service to the American public. Just last year, the Maxwell School of Citizenship and Public Affairs of Syracuse University ranked SSA at the top of 15 Federal Government agencies in one of the most comprehensive studies of management performance ever conducted. But, in spite of these accolades, we, like all other public institutions, face significant demands, changes and challenges.

Given the growing workload demands that we face, rapid changes in technology, expansion of our mission, continued resource constraints, and the prospects for a loss of our knowledge base as many employees become eligible for retirement, it is clear that we are facing significant strains on our ability to continue to deliver quality service to the public. Clearly, we need to address today's challenges and we need to plan better for the changes that confront us in the future. While we are taking steps to address today's challenges, we are also developing plans and establishing processes that will prepare us for the additional work that we will encounter later this decade as the "baby boom" generation begins facing disabling conditions or reaches retirement age. I believe that the Social Security Administration, with adequate resources, will meet these challenges, as we have in the past.

Today, I would like first to discuss the challenges we face and then lay out how SSA plans to align itself to meet them.

THE CHALLENGES WE FACE

We face a number of sizable challenges that I would like to highlight for the Committee-increasing workloads, an increased focus on program integrity, a smaller and aging SSA workforce, and tight resource constraints.

I. Increasing Workloads

The Social Security Administration is experiencing significant strains due to increased workloads, and the aging of America will place even greater challenges on our ability to continue to deliver the high quality of service that Americans have come to expect from our agency.

SSA's main workloads can be broadly grouped as follows:

- Processing of initial claims for retirement, survivors, disability and SSI benefits including appeals;
- Maintenance of beneficiary records for those on the rolls. This workload, which we refer to as "post-entitlement" actions, includes continuing disability reviews, SSI redeterminations, and benefit recomputations;
- Establishment and maintenance of Social Security Number records; and,
- Maintenance of individual earnings records.

Each of these categories reflects major workloads, but the vast majority of SSA's and the Disability Determination Services' (DDSS) workyears - more than two-thirds - are invested in processing initial disability claims and appeals for both Disability Insurance (DI) and SSI, and in various post-entitlement actions for our disability programs.

A sizable shift in our workload took place in the late 1980's and early 1990's, with a dramatic increase in the number of claims for DI and SSI disability benefits. These grew from about 1.5 million claims processed in FY 1985 to about 2.6 million processed in FY 1995. With a large portion of denials flowing into the appellate process, our hearing workload also increased dramatically, from about 250,000 processed in FY 1985, to about 580,000 in FY 1996. On the heels of this dramatic growth in our ongoing claims and appeals work came significant legislative mandates and the large one-time welfare reform-related workloads of the mid-1990s. These included drug addiction and alcoholism reviews, childhood and noncitizen reviews, and rereviews. With all these increases, the corresponding backlog in disability claims dominated the attention of the agency for some time. As I will make clear later in my testimony, we had to make significant shifts in our workforce to deal with these demands.

Because the baby boom generation is aging, and a large number of people are in their late 40's and 50's, our current estimates indicate that new claims for all types of benefits will increase over the next 10 years by 23 percent, from 6.3 million to 7.8 million, roughly double the level of increase experienced in the 1990's. Our initial retirement claims workload will increase by roughly 21 percent by 2010, and our initial disability claims workload will increase by roughly 25 percent by 2010.

The workload of post-entitlement actions has grown by almost 25 percent over the past 10 years, from 80 million to 100 million. Increases in this area are due, in part, to a growing focus on program integrity activities. For example, representative payee actions increased by 2.2 million over this period of time, and overpayment actions increased by 1.5 million. In addition, the number of Continuing Disability Reviews (CDRs) we processed jumped from about 100,000 in FY 1994, to over 1.7 million in FY 1999. By 2010, the post-entitlement workload is expected to grow by at least 16 million, in line with the projected growth in the numbers of beneficiaries on the OASDI and SSI rolls.

In addition to the large volume of disability work we face, most of which is performed in our field offices, DDSs and large service centers, the work we perform in support of our national 800 number at our teleservice centers has also increased dramatically over the last decade, from less than 30 million calls served in FY 1989 to almost 60 million served in FY 1999. The popularity of this service continues to grow, and we continue to seek ways to improve it to assure that we meet customer demand.

In addition to the work we perform today, we need to be cognizant of the broader service missions that Social Security Administration will face in the future. Two key examples of challenges are service to our growing non-English speaking clients and implementation of the recently passed "Ticket to Work and Work Incentives Improvement Act."

The number of our non-English-speaking customers will increase. The Census Bureau predicts that between 1995 and 2005, the Nation's population will increase by 72 million people. Of these, 32 million will be Hispanics and 12 million will be Asians. SSA must provide services to our customers even if they cannot communicate with us in English. The change in the population will require us to hire more bilingual employees and to develop more written material in other languages. In December 1999, the President signed Public Law 106-170, "The Ticket to Work and Work Incentives Improvement Act of 1999." This landmark legislation, enacted with the strong support of this Committee, addresses some of

the most significant barriers to employment of people with disabilities. Its key features greatly expand access to employment, training and rehabilitation service providers in the public and private sectors and provide access to health care protection for working people with disabilities.

This new mission will entail a much greater degree of supportive services for a portion of our beneficiary population than we have provided in the past. Those support services must be delivered from our field offices and other settings, in close collaboration with a new set of external service providers.

Up to now SSA has met its increasing workload demands by improvements in productivity through automation, movement of staff to direct service positions, shifting workyears to disability activities, increasing the use of temporary employment for welfare reform workloads, and use of overtime. But some of these actions have placed real strains on the organization. Two areas of serious strain that I will cover in more detail later in my testimony are as follows:

First, the growth in disability claims led to sizable delays in service. Our efforts to improve service have placed real strains on the agency. Second, our field structure is under growing pressure to cope with workload demands. In order to deal with growing demands for our 800 number telephone service, we have had to utilize a growing share of staff at our Program Service Centers (PSCs) to help answer the calls, resulting in a backup of work in the "postentitlement" area. In addition, because of the growth in workloads coupled with downsizing through the 80's, and the shift to more program integrity activities, our field offices, particularly our urban offices, have become overextended.

2. Enhanced Program Integrity

There is no doubt that the workload and service challenges before us are very real, but our mission demands more than just faster service on applications for benefits, easier access to us by telephone, and shorter waiting times in our offices. We must balance our service mission with our mission to be good stewards of the program we administer. We also must protect the trust funds and general revenues from losses associated with payment errors. The programs we administer, which are designed to meet critical needs for the public, can themselves be threatened if the public perceives serious problems in program integrity.

Together, Congress and the Administration have launched several important initiatives directed at program integrity, and we have seen major dividends from investments made for this purpose. For example, Congress provided special funding authority for us to dramatically expand our CDR program, and the well-documented results of that effort have shown that it is extremely cost effective. As detailed in our most recent report to Congress on CDRs, SSA spent \$462 million in FY 1998 to process 1.4 million CDRs. The present value of future benefits saved from this effort was estimated to be \$5.6 billion in the Social Security, SSI, Medicare, and Medicaid programs.

I believe that accuracy in our decisions is a paramount programmatic responsibility. Embedded in our commitment to provide world class service to our customers are measurements and enhancements that promote an accurate product outcome. For the most part, our continued reviews indicate there is reason for optimism. The accuracy of decisions in the Old Age and Survivors Insurance program and the effect of any error on dollar outlays have consistently been very good, exceeding 99 percent. In fact, the systematic fixes and improvements we have made in

Agency's greatest strengths, but also represents one of our greatest challenges.

While the experience and dedication of our workforce is a major strength, the approaching wave of retirements represents a significant challenge for us and for all of Government. The workforce challenges we now face grew out of the significant downsizing in the 1980's that I discussed earlier. While we have been able to nearly stabilize staffing during the 1990's, much remains to be done to assure that SSA's workforce of the future is positioned to meet the workload challenges that lie ahead.

Last month, I released a report on workforce planning at the SSA. The report provides an analysis of our most significant near-term and longer-term workforce issues, and describes the strategies we plan to put in place to address them. I have asked that a copy of the report be included in the hearing record.

SSA's workforce planning efforts have been greatly enhanced as a result of the Agency's "Retirement Wave" study. This was a comprehensive study of attrition at SSA, focused on predicting the "who, where and when" of retirement losses. Based on our historical pattern, we developed a model for projecting how many employees we actually expect to retire in future years. The study predicts Agency retirements through 2020, and has been remarkably accurate so far. Retirements are expected to peak in 2007 through 2009, when we expect to lose 4.6 percent of our staff each year. At the same time, SSA will face unprecedented workloads as the baby-boom generation faces disabling conditions and ages. To handle these workloads we must have experienced employees in our key positions.

While we have a number of initiatives underway to enhance our recruitment and training abilities, replacing staff now and in the immediate years to come is critical to having an experienced workforce on hand in 2007 and beyond.

We can mitigate the effect of the projected peak year retirements by seeking to influence retirement behavior, in effect "flattening the wave." This means moving retirements forward in time through early retirement programs and further minimizing the effect of retirements by approaches such as hiring Federal retirees to perform limited work. These "early outs" also allow us to adjust imbalance between workload and overhead functions to provide better customer service.

During the last four years, SSA has offered early retirement to its employees. About 5 percent of those eligible for early retirement took it; (524 in 1996, 825 in 1997/1998 and 1,381 in 1999).

These early retirements significantly raised the total number of retirements and made up an increasing percentage of the total retirements each year it was offered. In 1999, early retirements accounted for 50.5 percent of all retirements. Later this year, we will offer another early out opportunity and by the close of the fiscal year we expect to hire 2,000 new employees.

Adequate funding is critical not only to meeting current workloads, but also to building the workforce of the future. By accelerating our recruiting and training now we will ensure that we have a sufficient, well-trained and experienced staff to provide high-quality, timely service to the public.

As our workforce report indicates, to prepare for the future we have put into place a number of training and development initiatives as part of our succession planning activities. We are also currently in the process of linking our plans for responding

postentitlement computations over the last few years have eliminated hundreds of thousands of errors.

And, while we have an error rate of less than 1 percent, I should point out that roughly 70 percent of Social Security overpayments in the Old Age and Survivors program are due to the earnings test. While there will be short-term costs to implement the recent action by the House to repeal the earnings test at the normal retirement age, in the long term it will free up resources now spent on administering that provision and collecting overpayments. Also, from a policy standpoint, eliminating the earnings test at normal retirement age is the right thing to do. As the baby boomers begin to retire, it is more important than ever that older Americans who are willing and able to work should not have their Social Security benefits deferred when they do work.

Because the administration of the Disability programs is more complex, there is more case error in the Disability programs, but accuracy trends there are also positive. In fact, during this past fiscal year, improvements were noted in every level of disability decision making for both awards and denials. A part of our plan for the long-term management of the disability program includes engaging the services of an independent consultant to assist us in assessing our quality assurance requirements and developing options for improvement.

On another crucial front, I initiated a series of actions to attack the problem of the accuracy rate in the SSI program. The General Accounting Office (GAO) has designated the SSI program as "high risk", and action was needed to turn around a trend of declining accuracy and growing overpayment error. My report on this issue, which was published in October 1998 (a copy of which will be provided for the record), outlined a series of actions we are pursuing to address this problem. These included: 1) increased numbers of redeterminations, 2) improved matching of our data with available records on wages, nursing home admissions, and financial accounts, and 3) a number of new anti-fraud and debt collection initiatives.

I very much appreciate the support of this Committee and the Congress as a whole for supporting our SSI strategy. At the end of the last Congress, the new legislative authorities that we requested were provided. These included new penalties against those who provide false or misleading information or fail to report changes that affect benefit amounts, and new debt collection tools such as the expansion of offset authority for Title XVI to all Federal programs, as well as expanding incentive payments to prisons and other institutions that report inmates so SSA can suspend their Social Security benefits while they are confined.

The actions outlined in the report are already showing results. For example, the data matches performed in FY 1999, the additional redeterminations and improvements in targeting these redeterminations to the cases with the most payoff are projected to ultimately save an estimated \$600 million in overpayment collection and prevention at an administrative cost of well under \$100 million. It must be emphasized that stronger program integrity activities come with a cost. In fact, \$1.7 billion, or one quarter of our administrative budget, is associated with program integrity. Over the past few years, staffing aimed at strengthening integrity activities has increased. The Inspector General staff increased by more than 300 employees between FY 1996 and FY 2000, thereby doubling in size. In the same period, an additional 4,000 DDS and SSA workyears have been devoted to conduct CDRs and redeterminations. While we have been taking aggressive action in the area of program integrity area, we have much further to go to address overpayments and other issues. We will be discussing this overall matter with you at a hearing

later this month.

3. Our Workforce: Smaller, Higher-Skilled, and Older

It takes well-trained employees to provide exemplary customer service. That means cultivating an environment in which our employees go one step beyond to meet the needs of our customers. I am proud to lead an organization of high-caliber professionals who make such a difference in the lives of all Americans and have a long tradition of providing excellent service.

Since fiscal year (FY) 1985, SSA has undergone a 22 percent reduction in the size of its workforce, from a staff of approximately 81,000 full-time equivalents (FTEs) in 1985 to 63,000 FTEs in 1999. The vast majority of these losses occurred prior to 1993. The staff of the Disability Determination Services in the States, on the other hand, has grown from 13,000 in 1985 to over 14,600 today, a 12 percent increase. Most of these increases occurred since 1993.

The graph below depicts the areas where the changes in staff occurred within SSA and the DDSs. A growing share of staffing has been devoted to disability adjudication to meet the sizable growth and complexity in our workloads in this area.

The Social Security Administration since 1993 has been largely spared from the recent downsizing that has taken place throughout the Federal Government. From 1993 - 1999 the Social Security workforce including the DDSs has declined by 2.2 percent in FTE terms. Excluding the DDS, the SSA workforce has declined by 4.6 percent. During the same period, the total Federal civilian employment that has declined by 17 percent and total non-defense civilian employment declined by 9 percent.

To operate within the staffing constraints we have had since 1993, we have focused on putting a growing share of our resources in areas that directly serve the public. SSA's priority was to preserve SSA's day to day operations. This has been accomplished by reducing most SSA staff functions (excluding the Office of Systems) by about 26% since FY 1993. We changed the staffing mix in our field offices to put more employees in direct service positions, and upgraded their skills. And we placed more people in investigative and audit functions, added more attorneys to deal with the litigation workload in the disability area, and increased the number of Administrative Law Judges and support staff to handle the increasing appeals caseload. We were able to offset some of these staff increases through reductions in clerical positions and other streamlining made possible by expanded automation.

To further our goal of preserving direct service operations, we reduced supervisory personnel. The effort resulted in a 45 percent reduction in supervisors and an increase in the supervisor-to-staff ratio from 1:7 in 1993 to 1:13 in 1999. Approximately 1,200 supervisors and managers left SSA through retirement or special initiatives. Others moved into nonsupervisory support positions that focus on process and service delivery enhancements, such as program integrity and automation activities. Reassessment of this configuration is now necessary to insure that we have the right support infrastructure for technical expertise and quality (in-line review, feedback, and training). This year, we are restoring a small number of supervisory positions and will assess whether an optimal balance has been found, particularly in our large urban offices. We are also looking at ways to provide incentives for candidates to apply for management positions in offices where we

have difficulty recruiting.

The challenge of serving the baby boomers will be affected by our own retirement wave. SSA will experience considerably higher levels of employee retirement losses over the next decade than previously experienced. The Agency predicts that about 27,000 permanent SSA employees will retire between 2000 and 2010. These projected retirement losses include about 20,000 operations employees, 3,000 hearing positions, and 1,200 systems positions. Losses for 2000 through 2010 are projected to total over 35,000 when all categories of attrition are factored in, including early outs, disability retirements, resignations, transfers, and deaths.

The diverse skills required of the workforce of the future will be different than those of today's workers. SSA must assess what skill mixes its future workers will need and ensure that we have the kind of high-technology training programs in place to permit lifelong learning.

4. Constrained Resources

SSA's administrative budget represents less than 2 percent of the value of the benefits provided by the agency each year. Although we are proud of such efficiency, it is clear that SSA needs additional resources in the future.

I understand that hard decisions have to be made on the distribution of finite resources. For example, the resources it takes SSA to answer a phone call or process a disability claim must be balanced against the resources needed for additional teachers, medical research and other critical public needs.

SSA's administrative budget is primarily the cost of its employees. Our employees, wherever they are located, need to be reassured that adequate resources are available to them to do their jobs completely. I believe there is no more dedicated workforce than Social Security's. Their commitment to delivering world-class service is well-known and has been repeatedly affirmed by our customers and our employees themselves. But our employees also tell us that the workload stresses are taking their toll. I am committed to finding solutions to employee concerns as reflected in the results of recent employee surveys.

This year has been a particularly challenging one for SSA. In November 1999, the Congress passed an appropriation bill which would have reduced the President's request for SSA's administrative costs by more than \$200 million. I strongly supported the President's veto of that legislation. Such a substantial cut would have resulted in large disruptions in service that would have harmed millions of elderly and disabled Americans who depend on these critical programs for their support.

For example, this large budget reduction would have required SSA to impose an immediate and complete hiring freeze, leaving 3000 positions vacant by the end of the year. This would have resulted in millions of calls to our toll-free 800 number going unanswered and resulted in disability applicants waiting up to twice as long for a decision on their initial claims for benefits. And, waiting time for millions of Americans who visit Social Security offices each year would have increased significantly. Another effect of this budget cut would have been a reduction in SSA's increased efforts to ensure program integrity, ultimately costing the Government and taxpayers hundreds of millions of dollars.

I was pleased that part of this reduction was restored, in part by funding some unbudgeted cost increases with unspent money from FY 1999. Still, when all was

said and done, we wound up about \$75 million short of what was needed to meet our promised service commitments. As I indicated in the FY 2000 SSA Operating Plan recently transmitted to Congress, a number of workload processing goals have now been reduced from the levels reflected in the FY 2000 Budget Plan. These include our service goals for the 800 number, retirement and disability claims, hearings, and SSI redeterminations.

Mr. Chairman, to summarize, our four challenges are: increasing workloads; a need to make further improvements to program integrity; a changing workforce; and constrained resources. Let me now turn to a presentation of our best thinking about how we will align our processes, technologies, and our workforce to meet these challenges. But before I do, I let me note that despite of the volume of work we will face in the future, the Social Security Administration, with adequate resources, will meet these challenges as we have done in the past. We will meet the needs of our customers through our superior workforce and short and long term planning. And, we will of course need the support of this Committee to help us.

MEETING THE SERVICE DELIVERY CHALLENGE

As you know, Mr. Chairman, in September 1999, the Social Security Advisory Board issued a report on service delivery and made recommendations on how SSA can improve service and better prepare for the long term challenges we will face. The Board recommended that SSA:

1. Develop a short and long term service delivery plan;
2. Ensure that it will have the human resources to carry out the service delivery plans;
3. Make major improvements in a number of the agency's service delivery practices and strategies;
- and 4. Address long-standing institutional problems.

I would like to thank the Social Security Advisory Board for their work in this area. The Social Security Advisory Board Report provides a helpful guide to ensuring that the service that we provide will be strong in the future. The report's recommendations represent a challenge for us to create new strategies to satisfy our rapidly increasing customer expectations.

I would like to present the Agency's approach to dealing with these four broad areas.

1. Service Delivery Planning

The Social Security Advisory Board acknowledged SSA's position among Federal agencies as a leader in planning for the future. However, the Advisory Board concluded that SSA needs

"...to move quickly to deliver a service delivery plan that accurately reflects the agency's anticipated workload needs over the coming years and describes how the agency plans to meet these needs, whether through increases in resources, technological improvements, changes in the way the agency processes its work, or a combination of these approaches."

While SSA has one of the best planning capabilities in all of Government, I believe that we can still do more. Indeed, I view this as one of the highest priorities for SSA. Future customer expectations, rapid change in information technology coupled with the expected workload growth created by the baby boomers, and,

simultaneously, a maturing workforce and limited resources, create the compelling need for the Agency to develop a vision that looks beyond our current 5-year planning horizon. We are developing a vision that takes SSA out 10 years. This vision, called the "2010 Vision,"

will allow us to make better long-term investment decisions and to coordinate strategies and efforts toward long-term service goals. We can influence the direction of change only if we have a long-term vision of where we want to go.

The "2010 Vision" will outline our view of service in the future, what work we will do in 2010 and how we will do it. It will describe how the Agency will respond to trends in our external environment that signal continuing rapid changes in society, particularly in the use of information technology. It will provide enough detail to shape the Agency's strategic plan, and drive our action plans and budgets to move us into the future.

I see a real hunger within the Agency for a framework for meeting future customer expectations and service demands. The "2010 Vision" is being developed with significant input from our customers, employees in headquarters, the field, the State agencies, and hearing offices, representatives of unions, management associations, advisory groups, and experts in such fields as technology and communications. The 2010 Vision will be about the Agency of the future - what work we will do, and how we will do it.

While the 2010 vision will be fully integrated with the Agency Strategic Plan, it will be developed from the perspective of service as it should be, given workload, demographic and technology projections, and the expectations of our customers. Once the "2010 Vision" is incorporated into the Agency Strategic Plan and our overall direction is aligned with it, more detailed service planning will flow, including specific human resource and technology plans which will be designed to restructure and transition SSA to the requirements of 2010.

2. Adequate Human Resources

The Social Security Advisory Board emphasized the importance of adequate human resources in carrying out our service delivery plan and the need to align our human resources with our service vision. They concluded that "the agency cannot sustain any further reductions, and in fact now faces staffing shortages in key parts of the organization." Further, the Social Security Advisory Board recommends that SSA's administrative budget, like its program budget, should be explicitly excluded from the statutory cap that imposes a limit on the amount of discretionary Government spending.

To adequately staff our field offices, we need timely and accurate information about all the work that needs to be performed and how long it takes to do it right. We are developing an integrated work measurement system to help us achieve this objective. By ensuring that all of our work measurement systems are fully integrated, not only will we be able to make better field office resource allocation decisions, we also enhance our ability to provide more detailed justifications for budget requests, provide better information to manage the flow of the agency's workloads, and expand our opportunities to perform the role of steward for the trust funds.

SSA is fortunate to have an experienced and dedicated workforce that is highly committed to the Agency's mission and values. Our workforce represents one of the

to the pending retirement wave to our Agency Strategic Plan, and are implementing GAO's human resources recommendations.

After the release later this year of the 2010 Vision and our next Agency Strategic Plan, we will produce human resource plans consistent with our longer-term vision. We are already beginning analyses and activities that will form the basis for these plans. Americans can be confident that we have credible plans for dealing with what's ahead, and that our 21st century SSA workforce will be equal to the nation's highest expectations.

3. Service Practices and Strategies

The third area the Board focused on was improvement in our service delivery practices and strategy. Under our current five-year strategic plan, one of our five major goals is to deliver "world-class" service. I agree with the Board's conclusion that we need to develop new strategies and practices in order to better meet this goal. I consider this to be one of our major challenges, and one that needs to be addressed forthrightly.

We know that the first step in providing world-class customer service is listening to customers--listening to them tell us what they want and expect from our service, instead of assuming we already know. While we have done a good job listening in the past through use of focus groups and surveys, we know we have some information gaps.

In 1998, we used the expertise and recommendations of an outside consultant to formulate a new data collection program, which we call our Market Measurement Program. The Market Measurement Program establishes a coordinated and comprehensive "state of the art" program for collecting data on the needs, expectations and satisfaction of all our major customer groups. The Market Measurement Program also provides us with information from other groups who play a major role in the success of our service delivery--our employees and major stakeholders.

Let me tell you some of the things we have learned from our customers so far. One thing we know is that telephone access and field office waiting times have a major influence on how customers perceive satisfaction with all other aspects of service, like courtesy and knowledge of employees. We also know that customers are more satisfied if the business they conduct with us is completed at the initial contact. And we know that improving the clarity of our notices provides one of the greatest opportunities for us to increase overall satisfaction. Because we know these areas are important to customers, we have Agency initiatives focused on all of them.

We have many initiatives in place and plan to enhance and expand the way we gather feedback. These are described in a report I released earlier this week. I have asked that a copy of the report be included in the hearing record. Because we recognize that we still can do more to improve, we plan to work together with the Social Security Advisory Board on an effort to learn from the private sector, how best to collect and use customer service information to improve service delivery. We will use what we learn to help us improve our service to the public.

While our overall service remains very solid, there are clearly areas where immediate improvement is needed. I would like to highlight three areas the Social Security Advisory Board identified and which I agree need more attention--strengthening the operation of disability related services, using new technologies in

conducting our work, and strengthening the 800 number and the field offices.

Disability Program

One major area in need of improvement relates to the administration of our disability program. In March 1999, I issued a report entitled, "Social Security and Supplemental Security Income Disability Programs: Managing for Today, Planning for Tomorrow." This report is a comprehensive plan to improve the management of the disability programs and includes decisions on aspects of disability redesign, improvements in the hearings process, and enhancing return to work. It also addresses improving information technology, quality assurance and integrity, and research and studies to build a knowledge base for the future. I have asked that a copy of this report be included in the hearing record.

Over the last few years, the Agency has embarked on an ambitious series of initiatives to improve the administration of the DI and SSI programs. In particular, SSA devoted considerable time and energy to its Disability Redesign Plan. The plan outlined a vision of a disability process designed to be more accurate, timely, and "user-friendly." Tests of redesign concepts have shown the potential for improving customer service by focusing more attention at the initial claims level to improve quality, reduce hurdles and increase customer interaction—all concepts that epitomize the principles and goals of the National Partnership for Reinventing Government (NPR). A major strategy of the NPR is to achieve outcomes that balance business results, customer satisfaction and employee satisfaction. SSA is committed to that strategy, and in that spirit, the Disability Redesign project has moved from "proof of concept" tests to prototypes in 10 States.

SSA is prototyping changes that will improve the disability process to ensure that decisions are made as accurately as possible, that those who should be paid are paid as early as possible, and that the adjudication process is consistent throughout. Beginning in October 1999, disability claims filed with SSA were decided using a new disability process in prototype locations. Changes include improvements in accountability for the decision making process and more effective use of physician and non-physician resources, requirements for DDS employees to explain how they made the disability determinations, increased opportunities for claimants to interact with the adjudicator and elimination of the reconsideration step. These are dramatic changes to the way we have been adjudicating initial disability claims, and to date, we have been pleased with the outcomes. Nevertheless, imperfections in the new process exist, and we continue to make refinements and adjustments. Prototype evaluation results are expected later this year.

We are also testing a Disability Claims Manager (DCM) process in which we have combined the functions of the claims representatives in the SSA field office with the functions of the disability examiner in the DDS. The DCM provides a single point of contact for the disability customer by conducting the interview, developing the case and making the disability determination.

While the focus on initial claims is on improving the quality of decisions, the focus of changes in the hearings and appeals process is on processing times. The current hearing process is based on a model developed years ago that served SSA well as long as receipts were stable and SSA could add resources if necessary. However, with a sharp increase in appeals (over 100% from the mid-1980s to the mid-1990s), SSA found that the current process was not flexible enough to handle the workload. The backlogs grew and processing times climbed.

In August 1999, I issued a Hearing Process Improvement Plan (HPI). The goals of HPI are to reduce processing times, increase productivity and provide better overall service to the public. The HPI process will also give us the flexibility we need to handle the increase in receipts that are expected as the baby boomers continue to age. As of January 2000, 37 hearing offices, generally corresponding to the 10 prototype States, have been selected to process cases under the new procedures. About half the remaining offices will implement HPI beginning in October 2000, with the balance starting in January 2001. Our ultimate goal is to take Social Security hearing processing times down from 365 days, the level in 1998, to 180 days in 2002. I am pleased to report that we are well on our way toward addressing this goal. At the close of January of this year our average processing time was just over 260 days.

The Appeals Council provides the final level of administrative review for claims under the Social Security Act. The Appeals Council is also responsible for overseeing the preparation of the administrative record filed in Federal court proceedings and for initiating further administrative actions as required by those court proceedings. As a result of its burgeoning workloads, processing times at the Appeals Council have reached unacceptably high levels.

We have just released the Appeals Council Process Improvement Plan (ACPI) which focuses on reducing pending workloads and processing times in the near term and developing an operational structure that can continue to deliver high-quality, timely and efficient case processing for the long term.

Our efforts to strengthen the disability adjudication process are bearing real fruit. For those who go through all of the adjudicative steps processing times have dropped significantly, and further progress will be made in the future. The following chart shows projected processing time before and after implementation of the Disability Management plan, including additional improvements projected from the ACPI.

Our actions in this area are clearly improving customer service. But more improvements will be needed to meet the challenges of the aging baby boomers. We will need to develop further steps to improve the Disability adjudication process once our "2010 Vision" is complete. The vision will guide us toward a longer term approach to making the process the best it can be.

Emerging Technologies

A second area of emphasis for improving service delivery is the use of emerging technologies. Over the last few years, SSA has been successful in using technology to improve the services we offer to the American public. In the 1990s, technology allowed us to offer enhanced nationwide 800 number service, improve the timeliness and quality of the actions we take, and provide better overall service to the public.

We are now nearing the completion of our Intelligent Workstation Local Area Network (IWS/LAN) initiative that is putting a networked personal computer on every front-line employee's desk. We are currently planning to upgrade some software applications that will result in significant improvement in our service delivery. The Customer Help and Information Program is a decision-support system that our teleservice representatives use to ensure we give accurate answers and take appropriate actions. Our Processing Centers are beginning to use a new

Paperless System that makes a client's record available at the employee's fingertips and eliminates the cumbersome routing and maintenance of paper folders. And, we are piloting new uses for this IWS/LAN platform that can significantly improve the services we offer to our customers with disabilities.

As we move into the 21st century, the Internet has become a central business channel for America. Internet commerce has become mainstream and Americans are increasingly asking the public sector to provide electronic Government services. In response, SSA is in the planning stages of developing a full range of Internet services for the general public and our business partners. As electronic services expand, we are fully committed to prudent authentication and security technologies to protect the privacy of the information with which we are entrusted.

At SSA, our award-winning Social Security Online Web site has been in place since May 1994. Last year almost 10 million customers visited our site, double from the year before. Today, our web site is primarily informational, providing a variety of forms, pamphlets, news, benefit information, research and statistics. We will continue to add informational services. Last month, we began issuing an electronic newsletter called E-News that covers a variety of Social Security issues. However, our online surveys show that our customers want a much broader range of electronic services. To meet this demand, we will be developing services that meet the needs of particular customer segments. We are continuing to examine innovative ways to use the Internet to improve service to the public.

At the Office of Hearings and Appeals (OHA), we developed and tested the use of video teleconferencing technology to conduct hearings with claimants, representatives or expert witnesses who are located somewhere other than a hearing office. Video teleconference hearings not only reduce travel to remote sites, they also make it possible to quickly shift workload from one office to another to provide faster service. There are numerous other applications we are exploring, including claimant conferences and serving Native Americans on reservations.

While we believe that we are making good use of current technology we recognize that the future holds even greater promises. As part of the development of our "2010 Vision" we will be consulting with experts in the field who will help us assess how emerging technologies can play a much stronger role in our service delivery structure. Following publication of the "Vision" we will be developing information technology plans consistent with our long-term service vision.

800 Number and Field Offices

The third area of focus for improving service delivery relates to improvements in our field activities including our field office, 800 number and processing centers. Overall, while service is solid, there are real stresses in all three. In 1999, we handled nearly 60 million calls over our 800 number and our access rate exceeded our goal of answering 95 percent of the calls within 5 minutes. Perhaps even more important, 80 percent of customers we surveyed were satisfied overall with the service that they received. Seventy-five percent of our customers also told us that their transaction was completed on the first call and 90 percent of our 800 number customers were pleased with the level of courtesy they received. And finally, our quality assessment reports show that our accuracy rate on questions concerning payments is over 95 percent.

Although those numbers indicate good service overall, customer expectations for service continue to rise. There is clearly room for improvement and the Agency is

taking steps to improve service. For example, to improve ease of access, we are increasing the number of people available to answer calls and we are improving our technological infrastructure. On the personnel side, we have increased the tour-of-duty for part-time Teleservice Representatives, established call-answering positions in the Program Service Centers, and established a cadre of customer service technicians to answer calls in the Wilkes-Barre Data Operations Center. On the infrastructure side, we are procuring what is considered to be the most sophisticated call routing software available in the industry. We are also acquiring new call handling equipment and new technology to assist with the accurate forecasting of calls to increase the efficiency of our operations. We will need to strengthen the training of our Teleservice Representatives to maintain and improve their high level of knowledge and their skill in responding to the public.

While public demand for telephone service has been increasing, TSC staff alone have not been able to handle the increasing call volumes, and additional resources from other Agency components have been needed to assist with answering national 800 number calls on busy days. For example, on days when heavy call volumes are anticipated, Program Service Center (PSC) and Office of Central Operations (OCO) personnel, known as SPIKEs, are brought on the phones to supplement TSC call answering resources. Currently, the national SPIKE cadre is comprised of approximately 3,200 PSC and OCO employees. SPIKE employees handled 24.6 percent of the National 800 Number Network calls in FY 1999.

When SPIKE employees answer National 800 Number Network calls, it affects PSC pending workloads. To reduce this impact, a number of short-term initiatives have been developed to expand the National 800 Number Network call answering capacity in a manner that will provide PSC employees more time to work on pending workloads, without sacrificing the level of service provided to the public.

Because of constrained resources and the need to address PSC backlogs we have had to lower our access goal from 95 percent of callers who reach us within five minutes to 92 percent. While additional resources would help significantly in improving access, part of what we must do with the 800 number involves working more efficiently and utilizing the best industry practices. We will be consulting with the private sector to determine whether our customer service standards should be strengthened and how to make further improvements. One issue we are considering is whether extending the hours of service provided by the 800 number is economically feasible and beneficial to our customers.

Our 1300 field offices have been the center of our service delivery system since the creation of the program and I believe they will be the center of our service delivery system in the future. Most customer contacts as well as most of our Agency integrity activities take place in our field offices.

While customer satisfaction in our field offices remain high and the commitment of our workforce to customer service goals remains high, the price of that service is also high. Our employee surveys show that our field office employees are experiencing increasing stress in handling the workloads. Waiting times in offices, particularly in urban areas are increasing. The sizable reduction in field office staff in the 1980's led to few new hires, and our field office workforce is aging. Fifteen years ago, the average age of our field employee was 39 years, while today the average age is 46.

To better meet the short-term challenges in our field office, the agency has instituted a number of important steps. The most important has been hiring new

employees to ensure that our workforce is strong in the future. A sizable majority of new hires in FY 1999, FY 2000, and FY 2001 have been and will continue to be in our field offices. We are also exploring ways to strengthen our urban offices, where waiting times are longer. And our automation improvements have helped and will continue to help relieve some administrative burdens. In addition, the planned improvements in our workload measurement system will help us make better resource allocations.

It is clear that some of the field office workloads, particularly in the retirement programs, will be eased as further automation and Internet improvements are implemented. A key feature of the 2010 vision is to articulate the roles and responsibilities of our field offices and our 800 number in the new technological era. It is clear to me that our field workforce in the future will need higher level of skills to handle increasingly complex work assignments, such as return to work and program integrity. 4. Longstanding Institutional Problems

The fourth area highlighted by the Social Security Advisory Board relates to institutional improvements to improve the Agency's public service. The Board concluded that it is essential for the agency to find ways to promote more discussion of problems, strengthen communication between SSA's headquarters and operations in the field, and promote far better teamwork.

Due to the inherent complexities and size of our programs, we understand that over time barriers developed within our organizational structure. While these issues are inherent in any large organization, we need to do all we can overcome barriers and increase communication. The agency needs to extend its ongoing dialogue between management and employees, headquarters and field offices, and our hearing offices and State agencies. To this end we have established quarterly workload meeting to talk through issues. And the development of our "2010 Vision" involves representation throughout the Agency.

Employee surveys also indicate that there is a need for better communication between management in Headquarters and employees who work in the field and throughout all of SSA. I am committed to continue to work to strengthen lines of communications and to focus on fostering open feedback for all levels of the organization. I am encouraged by survey results, which indicate that employees consider their work important to SSA's mission. The survey results also make it clear that much needs to be done to relieve everyday stresses that employees feel as a result of the resource constraints we face.

We are also working in partnership and communicating well with the unions that represent our employees. We have established more than 60 Partnership Councils, at all levels of the Agency, with the American Federation of Government Employees (AFGE). The purpose of these partnership councils is to help improve SSA's efficiency and effectiveness so that we can better serve customer needs. Through partnership, we have begun to shift the focus of the labor-management relationship from adversarial to one of cooperation and mutual respect.

I also know that it is essential that our "2010 Vision" becomes part of the culture of SSA. The entire agency must be aligned with the 2010 vision. To meet this goal, we must communicate this vision throughout SSA, and put practices into place to steer the agency toward it. This means integrating the vision into our business processes, and our resource requests. I realize that we face an enormous challenge in attempting to achieve this alignment within such a large organization, but I am aiming high. Our service delivery structure, our human resources, our technology

and our fiscal resources need to come into alignment with the vision.

Conclusion

Mr. Chairman, we appreciate Congress' lead in holding these hearings focusing on our service delivery challenges. While the Social Security Administration has a long history of solid and reliable service delivery, we are experiencing significant strains on our ability to continue to deliver the quality of service that Americans have come to expect. We will be challenged to meet the growing demands of the coming retirement of the Baby Boom generation and many of our own employees, as well as enhancing the program integrity and dealing with constrained resources.

I am pleased to tell you we are moving on many fronts to meet the challenges of the future. We are developing a long-term service vision to take account of how our customers want to receive service in light of changing needs and changing technology. We are engaged in short and long term human resource planning. We are reviewing and where necessary revising our service practices and strategies and we are addressing longstanding institutional problems. We recognize that we need to continue to refine our plans through consultations with Congress, the Advisory Board and experts across the country.

It is clear to me that adequate resources are a critical part of our ability to deal with the challenges we face. SSA cannot do its job with fewer and fewer resources when at the same time more and more Americans will be seeking our services. Mr. Chairman, this Subcommittee has always supported us in the past and I look forward to your continued support in the future.



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