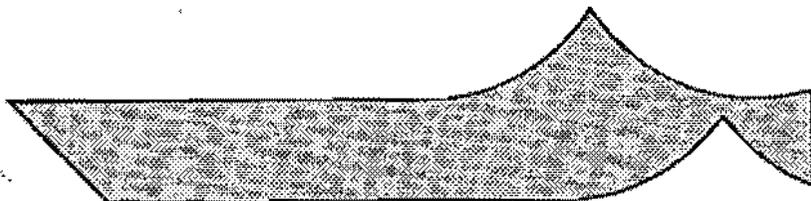
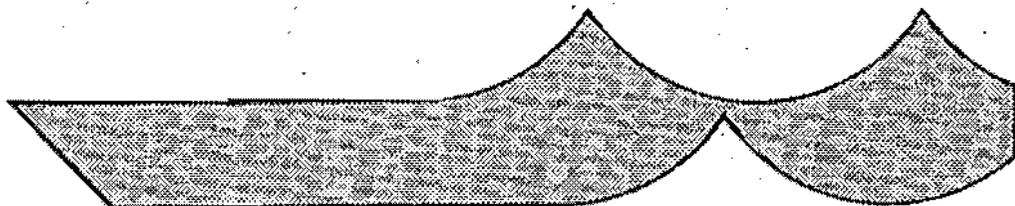
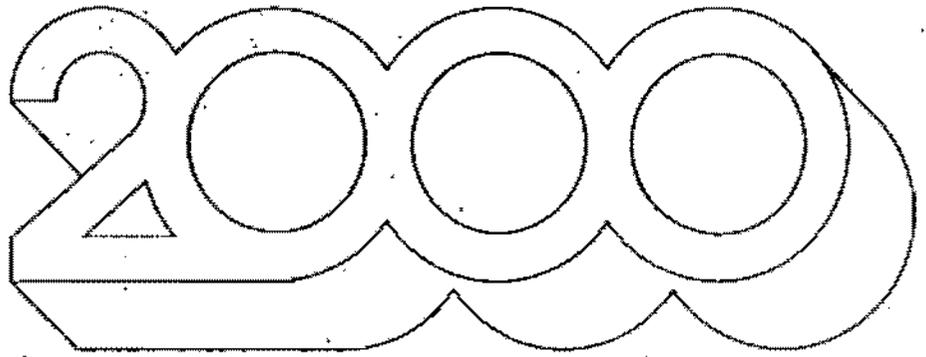


# ***A STRATEGIC PLAN***

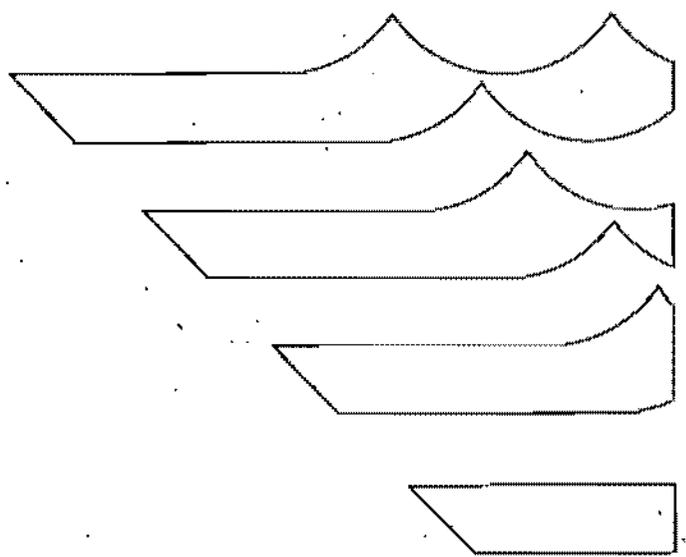


***SOCIAL  
SECURITY  
ADMINISTRATION***





***A STRATEGIC PLAN***



**U.S. Department of Health and Human Services  
Social Security Administration  
Office of Strategic Planning  
January 1988**

## Reaching for the Future

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During the next ten to fifteen years, American society will undergo rapid and significant change. The speed and scope of technological change has for some time been apparent to most observers. Other equally dramatic but perhaps less obvious changes are transforming the demographics of our population, our economic and interpersonal relationships, and many other areas. All of these changes will interact to alter, perhaps dramatically, the structure of our society by the Year 2000.

The Social Security programs, as administered by the Social Security Administration (SSA), have by 1988 become a fundamental part of our society. As the population grows and ages, those programs will become even more important to the lives of virtually every American. Faced with the prospects, opportunities, and challenges presented by a rapidly changing world, and the importance of the Social Security programs to our present and future society, SSA must actively plan for the future. We must be prepared to take advantage of the opportunities that the next 10-15 years will bring. Perhaps most important, we must assure that our programs and the quality of services we deliver to all Americans keep pace with the expectations and needs of our society.

This document is the first effort by the Social Security Administration to prepare a coherent, long-range strategic plan—a plan that, beginning today, establishes the broad directions to serve the America of the Year 2000. To develop this initial plan we have had to look outwardly: What are the changes, opportunities, and challenges we must anticipate and deal with? What Social Security programs and services will the American public want and need 10-15 years from now? We also had to look inwardly: How must we change our programs and the way SSA does business, serves the public, in order to meet the needs we identify? In this process, how do we protect, support, involve, and encourage our most important asset, the employees of SSA?

Although our planning effort has been intended to explore freely a wide range of possibilities for the future and how Social Security will deal with them, we have been guided throughout the effort by two principles:

- **Commitment to current beneficiaries of the Social Security programs.** The Social Security programs we administer are and will continue to be important to the economic and social well-being of many Americans. Program changes and improvements will be considered only when they benefit the public in general, and beneficiaries in particular.

- **Commitment to those who work for the Social Security Administration.** Improvements in the way we administer our programs should be accomplished in such a way that the employees of SSA will be active, willing participants in change, without fear of loss of employment or of economic disadvantage.

We have looked at ourselves and our organization. We have looked at external environments which impact Social Security. We have maintained our commitment to those who depend upon the Social Security programs and those who administer them.

The end result of our efforts—the efforts of many people at all levels in SSA—is this strategic plan for the Year 2000. In our view, it is a good plan. It will undoubtedly have to be changed many times in the future. But it provides an absolutely essential start to taking charge of our own destiny, to moving the Social Security Administration toward where it can and should be in the Year 2000.



Dorcas R. Hardy  
Commissioner of Social Security

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# Social Security Strategic Plan

## Executive Summary

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### Introduction

Social Security touches the life of nearly every American. It pays out over 200 billion dollars in benefits every year to 40 million people. The Social Security Administration (SSA) conducts business with 43 million people every year, not counting the millions of employers who report earnings.

Over the next 10 to 15 years, these numbers will increase dramatically. Five million more Americans will be 65 or older by the Year 2000. Life expectancy at 65 will be 17.3 years. At the same time, other demographic, societal and technological changes will increase the demand for SSA services.

To meet these challenges, the Commissioner of Social Security established an Office of Strategic Planning (OSP) to develop a planning process for guiding SSA into the 21st century.

As a first step, OSP developed a strategic plan by a process called "futuring." It collected "Images" of what hundreds of SSA employees and several outside groups with interest in Social Security saw as desirable characteristics of SSA by the Year 2000. OSP wove these images together into alternative scenarios of the Agency as it could operate then, given forecasted changes. The Agency's executive staff then chose the most desirable scenario. That chosen future was developed into the plan that follows.

### Planning Framework

Several principles and priorities constitute the plan's framework. The first of these is the mission of SSA, which is to administer equitably, effectively and efficiently a national program of social insurance as prescribed by legislation.

This mission translates into six operating priorities which define the scope of the plan:

- Maintain the fiscal integrity of the Social Security trust funds;
- Improve public confidence in Social Security and how its programs are operated;
- Provide the best possible service to SSA's customers;
- Improve management to facilitate greater effectiveness, efficiency, and accountability;
- Use the best and most appropriate technology available to administer SSA programs;
- Continue to insure that SSA can count on a properly skilled and highly motivated workforce.

In addition, two underlying principles guided the formulation of the strategic plan:

- **Commitment to current beneficiaries of Social Security programs** -- The Social Security programs we administer are and will continue to be important to the economic and social well-being of many Americans. Program changes and improvements will be considered only when they benefit the public in general and beneficiaries in particular.
- **Commitment to those who work for the Social Security Administration**—Improvements in the administration of programs will be set in motion so employees will be active, willing participants in

change, without fearing loss of employment or economic disadvantage.

**Rather than being narrowly prescriptive the strategic plan should define broad avenues for development so that it can be flexible enough to accommodate unexpected circumstances. It should be a guide to future opportunities; not a blueprint for solving the real or imagined difficulties of the past.**

### **Forces of Change: SSA'S Changing Environment**

Change is occurring in American society at a very fast pace. Because Social Security is so thoroughly interwoven into the fabric of our nation's life, most of these changes will have an impact on our programs. A few of the trends and forecasts which seem very likely to impact heavily on SSA by the Year 2000 are:

- There will be 10 million more Americans over age 65 than in 1980. (35 million vs. 25.7 million).
- Birth rates will continue to decline.
- Baby boomers will continue to affect the disability rolls and will begin entering their retirement years by 2010.
- Labor force growth will fall to an annual rate of 1.1 percent in the late 1990s.
- Labor force participation will increase in most segments of the population.
- Many of the new technologies emerging now in the marketplace, such as artificial intelligence, expert systems, optical disk, speech recognition and synthesis, and smart cards will become fully mature.
- Increased use of fiber optics and satellites will facilitate communications networks to meet the needs of the ever increasing number of customers.

### **A View From the Year 2000**

SSA can respond to forecasted changes in a variety of ways. The scenario chosen as the basis for the SSA Strategic Plan describes, from the point of view of an observer looking back from the Year 2000, the changes proposed for SSA between 1987 and 2000.

SSA has simplified its programs, eliminated the retirement test, simplified computations and made Social Security number issuance a byproduct of the birth certificate process.

SSA transacts business several ways for the convenience of the customer. Service to the public is primarily by means other than face-to-face contact with an SSA representative. Modern technology encompasses all of SSA. Rapid and dramatic technological changes have opened up almost unlimited opportunities for how work can be done efficiently and effectively.

### **Strategic Recommendations**

The plan proposes implementation of 29 specific recommendations in four areas – Programs, Service Delivery, Technology, and Organization – to achieve the desired scenario for the Year 2000:

#### **Programs**

1. Work with all States to promote optional enumeration at birth as a byproduct of obtaining a birth certificate. Make enumeration of aliens a byproduct of initial processing through the Immigration and Naturalization Service.
2. Eliminate the earnings test for beneficiaries over full retirement age. Recompute benefits only for earnings until full retirement age or time of filing, whichever is later. Increase benefits by a delayed retirement credit of 8 percent for each year beyond full retirement age that benefits are deferred.
3. Reduce the variety of existing computation methods to fewer than ten. Reduction factors for all benefits should be uniform.

#### **Service Delivery**

4. Make teleservice the predominant mode of service through 24-hour, 365 day a year service. Give access through one easily obtained and remembered nationwide toll free number.
5. Be able to install self-service stations in field offices, personnel offices of large employers and high traffic public places.
6. Continue a strong information program promoting the public's understanding and confidence in Social Security.
7. Every 3 years send all Social Security number (SSN) holders over the age of 25 a notice showing:

earnings history; employment history; an updated estimate of benefits or the number of quarters needed to be insured.

8. Reduce the present multiple appeal levels. Explore the designation of one Federal court, short of the Supreme Court, which would provide a single appellate level outside SSA. Investigate the feasibility of two-way video facilities for conducting location-independent appeal hearings.

9. Establish agreements with States to exchange data needed to substantiate customers' statements and to verify compliance with program requirements. The final burden of proof should remain with the customer.

10. Explore reducing wage reporting requirements of employers by using wage data received by the States for unemployment insurance and workmen's compensation purposes.

11. Develop the ability to notify SSN holders, shortly before full retirement age, of impending entitlement and estimated benefits. Assuming there is no earnings discrepancy, the worker may receive benefits by signing and returning the notice to SSA. If benefits are deferred, only Medicare enrollment takes place; the worker contacts SSA later when benefits are desired.

12. Use electronic funds transfer (EFT) as the standard benefit payment method, unless a beneficiary requests otherwise. SSA and the Treasury Department should contract with banks so that beneficiaries who do not have bank accounts can withdraw their monthly benefit payment from the banks' automated teller machines (ATMs) using SSA-issued cards.

### Technology

13. Implement a broad based information architecture to accommodate new requirements and technology quickly and efficiently while easily achieving operational objectives.

14. Implement an integrated electronic network to serve all SSA programmatic, management information and office automation needs through computerized workstations.

15. Store all data and documents in machine-readable form on optical/magnetic disk storage systems viewable at all workstations, or printed as needed.

16. Support all training and program instruction activities with a comprehensive computer network

linked to data bases containing instructional material accessible through all automated workstations.

17. Automate most of the information collection and processing necessary to support the management and analysis of SSA's processes. Automatically generate management information and make it available on managers' workstations, replacing paper reports.

18. Automate the collection of audit data through the processes themselves. Install stringent security measures to ensure the integrity of the automated audit systems.

19. Explore expert systems technology to support programmatic and administrative processes.

20. Explore the feasibility and desirability of issuing new or replacement Social Security cards which incorporate smart card technology.

21. Establish an independent, non-profit, research and development organization with SSA as its only client, to meet the needs for testing, developing, and adapting new technology to SSA business processes.

22. Complete the major objectives of the modernization effort by 1990.

### Organization

23. Promote a positive work environment. Accomplish any needed staff reduction only through normal attrition and thoughtful redeployment.

24. Establish a process to anticipate and address changes in workforce utilization needs resulting from planned initiatives.

25. Provide new and intensified training for the workforce in the knowledge, skills and attitudes necessary to meet changing customer needs in an environment undergoing rapid technological change.

26. Modify the role of management from controlling work to facilitating peer-to-peer coordination thereby ensuring information is available when needed. This requires a training commitment to provide managers with the required skills to meet the demands of a technologically altered work environment.

27. Develop broad-scope position descriptions which contain more skill mixes and allow greater flexibility in overcoming obstacles to qualification standards.

28. Improve accountability and responsibility by delegating some procurement and personnel

management authority to office managers in both the field and Headquarters components.

29. Manage the integration and implementation of recommendations in the strategic plan through the Commissioner's Office of Strategic Planning.

### **Implementation Plan**

This section outlines a program for achieving the programmatic, policy, technological, and

organizational attributes described in the strategic plan, while achieving improvements in the efficiency of all SSA's operations and processes.

The plan is more definitive and detailed about the activities to be undertaken in the next four years than about those which follow. An Agency workgroup will develop the supporting plans for the early projects and the interdependent initiatives.



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# 1 Planning Framework

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## The Need

Social Security touches the life of every American:

- Over 200 billion dollars in benefits are paid each year
  - 600 million dollars a day
  - 25 million dollars an hour
  - 7 thousand dollars every second
- 40 million people receive monthly benefit checks on time
- 6 Million employers file earning reports
- 43 million people do business with SSA every year
  - Asking for information
  - Getting a Social Security number
  - Filing a claim
  - Reporting a change of address

The Social Security Administration has over 1,300 offices throughout the country, staffed with some 70,000 employees, and one of the largest computerized data files in the world.

During the next ten to fifteen years dramatic changes in these numbers will occur as rapid

demographic, societal and technological shifts affect demand for SSA's services, the expectations of SSA's customers, and the means with which to satisfy those expectations. The number of Americans over 65 years of age will increase by 5 million by the Year 2000; life expectancy at the age of 65 will increase to 17.3 years. The 60% of beneficiaries today who prefer to conduct business with SSA by means other than a visit to the district office is likely to increase as the use of telephones, computers and ATMs to conduct even the most complex consumer transaction becomes increasingly commonplace.

In order to deal effectively with these changes, the Social Security Administration needs an integrated planning process that will chart direction and anticipate the future. Each of the Agency's major components has long standing planning efforts which concentrate on the needs and work of the particular component. To maximize their effectiveness, however, these efforts need a cohesive, comprehensive framework based upon the needs of the Agency as a whole. Of equal importance, that framework must incorporate a sense of strategic needs and possibilities. It must answer the question: Does technology afford better and more efficient ways of doing our job, of serving our customers?

To address this need, in September, 1986, the Commissioner of Social Security established an Office of Strategic Planning, reporting directly to her and charged with developing a long range planning process for the Agency as well as coordinating the planning efforts of the various components within the Agency.

## The Process

As a necessary first step, the Office of Strategic Planning developed a flexible plan that would guide SSA into the first decade of the twenty-first century.

The process began with a "futures" session in October 1986. In that session, members of the SSA Senior Staff were presented with forecasts of what the future could bring. In December 1986, the Senior Staff convened again to develop images of desirable characteristics for the Agency in the Year 2000, review the accomplishments and problems of the past, and discuss how some functions or operations could be performed in the future. Staff in each of the ten regions then went through the same process, adding more and more images of a "desirable" SSA in the Year 2000.

The Office of Strategic Planning then sorted the several thousand images, and dozens of mini-scenarios that had been developed by the participants, and with the help of a scenario development work group, constructed a number of alternative scenarios describing SSA's programs, service delivery, technology and organization as they might operate in the Year 2000. A "menu" of options was also constructed from which choices could be made to design additional scenarios of the Agency's future. Meetings were held with outside groups to discuss the themes emerging from the planning work.

In early August of 1987 the Commissioner, her immediate staff and the Deputy Commissioners reviewed these documents and developed a rough draft of a preferred Agency scenario. That scenario was then expanded, reviewed by Senior Staff and developed into a full strategic plan.

## The Framework

In preparing a strategic plan, it is necessary to make explicit the principles, assumptions and priorities which constitute the plan's framework, in order to give the process manageable scope.

The first of these principles is the mission of the Agency. In the case of the Social Security Administration, the mission is:

**To administer equitably, effectively and efficiently a national program of social insurance as prescribed by legislation.**

This mission translates into six operating priorities which define the scope of the plan. The first is to **maintain the fiscal integrity of the Social Security**

**trust funds.** This requires that the plan not contemplate activities which would materially increase program costs. Thus the plan does not contain changes that would significantly alter the benefit structure of present programs. As numerous alternatives are discussed before the Year 2000, the strategic plan provides the flexibility for changes and implementation.

What the plan had to do was propose program simplifications that could achieve the second priority, **to improve public confidence in Social Security and how its programs are operated.** While it is clear that automation can handle the complexities of eligibility rules and benefit computations, it is also clear that those complexities, in and of themselves are a major impediment to public confidence. Americans do not trust that which they can not understand and many aspects of Social Security are so complex as to be unexplainable and incomprehensible. The plan had to propose initiatives which would address this issue.

The third priority and perhaps the central theme of the plan, is to **provide the best possible service to SSA customers.** While the Social Security Administration has what could be termed a product monopoly, since no one else can sell social insurance, it is a service organization and shares the service marketplace with many other service providers. What SSA customers consider good service is determined to a large extent by their experience with those other service providers. For SSA to continue its tradition of high quality service, it must be able to adopt, where practical, the same service delivery mechanisms its customers are using elsewhere.

The fourth priority is to **improve management and carry out our tasks with greater effectiveness, efficiency and accountability.** The bottom line measure of SSA's effectiveness has been the Agency's ability to "get the check to the right person on time." A fundamental premise of the plan is how efficiently those checks and determinations are made. Increased efficiency reduces not only costs, but in some cases processing times, which improves service.

The fifth priority is to **use the best and most appropriate technology available to administer our programs.** SSA's business processes rely heavily on information processing. Because rapid changes in data processing and communications technology are constantly transforming service delivery, SSA must acquire the ability to adopt quickly those technologies that can help it do its job better and more efficiently.

The plan had to go beyond the question of using technology simply to automate existing processes, to the question of using it to improve the processes themselves.

A final, and critical priority, is to continue to ensure that SSA can count on a properly skilled, highly motivated workforce. This requires a continued investment in a favorable work environment and a firm commitment to training and career development. It also requires, concretely, attention to those factors which impinge on employee morale and effectiveness. Thus the plan strongly endorses the continuation of the current no-RIF policy and recommends the use of normal attrition and thoughtful redeployment where resizing becomes necessary.

Above all, two important principles guided the formulation of the plan from the beginning.

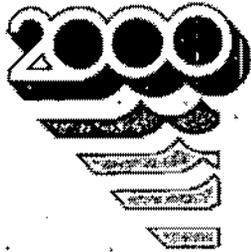
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would be considered only when they would benefit the public in general and beneficiaries in particular.

**Commitment to those who work for the Social Security Administration.** – Improvements in the administration of the programs would be set in motion so that employees would be active, willing participants in change, without fearing loss of employment or other economic disadvantage.

The planning process had two other objectives. First, the strategic plan was to define broad avenues for development – rather than to be narrowly prescriptive – so that it would be flexible enough to accommodate unexpected circumstances.

Secondly, the process was to identify a desirable future for SSA and seek to build it. This is in contrast to the traditional planning model which seeks to solve identified problems through the analysis of alternative solutions. The final strategic plan should be a guide to future opportunities, not a blueprint for solving the real or imagined difficulties of the past.



## 2 Forces of Change: SSA's Changing Environment

About fifteen years ago the noted economist Kenneth Boulding observed that "the world today...is as different from the world in which I was born as that world was from Julius Caesar's. I was born in the middle of human history. To date, almost as much has happened since I was born as happened before."

If one looks at just a few selected areas over the period 1950 to 1980, it is clear that change is still occurring within the U.S. and at a fairly rapid rate. Over this period of time the divorce rate has doubled and the percent of Americans living alone has nearly tripled; the percent of workers in farming has decreased from approximately 12 to 3; the percent of adult college graduates has nearly tripled; Mexico has replaced Germany as the number one country of ancestry for America's foreign born; there are now six million more women than men (vs. one million in 1950); and the poverty rate for those over 65 has fallen from 59.0 percent to 15.0 percent, 3 percent if non-cash benefits are counted. [Table I]

What will the next several years (1988-2000) bring and what will be the impact of future changes upon the Social Security program and its administration? Because this is an encyclopedic question, this part restricts itself to major areas. The trends discussed have been drawn from a number of 1984-87 published and unpublished reports, magazines, essays, journals and technical notes. These include American Demographics, the EPRI Journal, Fortune, various trend newsletters; reports by the Office of Technology Assessment, the U.S. Departments of Education and of Health and Human Services, the Social Security Administration's Trustees and the Census Bureau; and material and forecasts provided by The Futures Group, the Urban Institute, J.F. Coates, Inc., the

University of Wisconsin and former Governor Richard Lamm.

- F Over the next 12 years, the American household is likely to remain highly diversified; consisting of married couples with children, married couples without children (these two sets could be further divided into biological and blended families), female headed household with no spouse and male headed household with no spouse (these two sets could be further divided into those with children and those without children), and the non-family household--persons living alone (unmarried, divorced, the elderly) or with non-relatives. According to the Census Bureau, the absolute number of households in each of these categories will increase from 12 to 53 percent between 1985 and 2000. With the changing structure of the family (marriage, divorce, remarriage, adoption of step children, etc.) the number of SSA record changes, in terms of absolute numbers, will steadily increase. Where more than one file has to be changed, the probability of error will be increased.
- R The result will be greater pressure to create SSA systems in which a change in one file will automatically result in a change in all appropriate files. Questions may also be raised as to whether changes in the Social Security program may be required to adjust to the changes in the family structure. If those changes are aimed at making the system more impervious to demographic changes the program would in all likelihood become more insurance-like.

- F Along with the diversification of the American household, we have seen and will continue to see a decline in household size. In 1970 the average household size was 3.1 persons, by 1985 it had fallen to 2.7 persons and in the 1990s it is expected to fall further to 2.3 persons. This is largely due to the

decline in the birth rate, which for over a decade has been below replacement levels. Estimates are that by the Year 2000 less than four percent of all families will have three or more children, and 60 to 65 percent of all households will have two people or less. It is quite probable that over 25 percent of all women, currently in their late twenties, will remain childless. This compares with 10 percent of women in their late 40s. Some estimate that the U.S. birth rate (currently 1.8) could fall to 1.6 by the Year 2000. This is the current level in several western European countries. A decline of this nature would reduce the level of funds entering the Trust Fund and, depending on the level of economic activity within the U.S., it could engender a new Social Security crisis. In addition, despite the fact that administrative expenses are likely to decrease to less than one percent of outlays, pressure will continue on SSA to operate more efficiently and effectively (i.e., use of the most modern technology with the most appropriate number of staff).

While the "baby boomers" will only have begun to be a factor for SSA in the Year 2000, there will be approximately 10 million more Americans over the age of 65 than there were in 1980, and the median age of the population will have increased from 31 today to 37 years. New retirees in the Year 2000 will have a life expectancy of over 20 years after retirement. However, the number of people 65 or older with limited activity due to chronic conditions will have increased from 10.8 million in 1980 to 16.4 million in 2000.

By the Year 2000, SSA will have approximately 44 million Title II beneficiaries compared with 38.4 million in 1987 and 5.6 million people each year will be filing new claims as compared with 4.8 million in 1986. The dependency ratio of retired to employed people will not change dramatically between now and the Year 2000. At that time, however it will begin a steep increase unless there is a gradual shift toward much older retirement ages.

The actuarial estimates shown in the 1987 Annual Report indicate that the assets of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds should be sufficient to permit the timely payment of OASDI benefits, to the large numbers of aged, well past the Year 2000. The OASDI program is projected to experience three decades of positive actuarial balances, with continuing actuarial deficits thereafter. In Fiscal Year 1987, approximately one of six individuals in the U.S. received benefits from Social Security programs which paid out \$210 billion in benefits and took in \$230 billion to increase

the Trust Fund reserves to \$67 billion. Based on current assumptions, reserves should grow to \$1.3 trillion by the Year 2000 and will peak in 2032 at \$12.5 trillion. Should any assumptions be significantly incorrect, a financing crisis could come earlier.

By the Year 2000, nearly one-third of the population will be minority. There will be 36 million Blacks, 35 million Hispanics, and 8 million Asians. The immigration legislation of 1986 may ease some of the problems faced by the SSA (e.g., Social Security number issues), but they will not have disappeared. There are several reasons for this, but the primary ones include the fact that in 1987 approximately 42 percent of the Central American population was under the age of 15; high unemployment there is likely to continue; and the access to and allure of the U.S. afforded by modern transportation and communication may be difficult to resist, especially in countries bordering the U.S.

The declining birth rate raises an issue which stretches beyond the Year 2000 but which should receive serious consideration long before it becomes a problem. Projections indicate that the Hispanic, Black, and Asian populations will contribute over 56 percent of the total growth of the U.S. population between 1980 and 2000. Minority populations have quite a different age structure than the white population. Thus, projections for 2030 indicate that 41 percent of the children, but only 24 percent of the old, will be minorities. Under these conditions, various racial and ethnic groups will have different stakes in programs which support different age groups. A long-term issue may be "Will the growing number of middle-aged minorities, who are parents of a disproportionate number of children, resist increasing Federal expenditures for the old, who are predominantly non-minority whites?"

Overall the educational level among SSA customers will grow geometrically between generations. Over 70 percent of the people retiring in the Year 2000 will have finished high school and 22 percent will have had at least some college education. This compares with today's retirees, 66.5 percent of whom are high school graduates and 16.2 percent of whom have had some college education.

Particular attention will need to be paid to revising the disability system so that there is greater uniformity in interpreting legislation and applying policy. With 50 different states making disability decisions there has been a wide range of interpretations. The litigious proclivity of American society and potential increases in the number of disability claims may combine to

produce increasing numbers of appeals to the SSA adjudication process.

The economic picture is expected to remain relatively good between now and the Year 2000, barring a major de-stabilizing event such as a new oil crisis. Annual gross national product (GNP) growth is expected to be in the 2 to 4 percent range, inflation rates will not stray beyond the 5 to 8 percent range, productivity is expected to increase at a rate of 1.4 to 1.7 percent annually. There will probably be continued growth in per capita income and jobs. The annual Federal deficit is expected to fall below \$40 billion by the early 1990s and remain there.

We have changed from a nation of farmers, to a nation of factory workers, and now to a nation of office workers. We have moved from an industrial economy to what some call a service economy and others call an information economy. In the broadest sense, the information sector of our economy was estimated in 1980 to constitute 34 percent of the GNP and 41 percent of the nation's labor force. Many forecasters believe that the rate of technological change experienced in information related technologies from 1970 to 1985 will continue, if not accelerate, through the Year 2000.

The acceleration of the information economy will influence SSA's organizational structure. One reason is that the growth in information demands knowledge specialization and thus peer-to-peer communication becomes essential. This will challenge basic assumptions and traditional work patterns, and will require adjustments from today's employees. A second major reason is that the time it takes an organization to complete any task or to make a decision must accelerate.

Organizations are moving to flatter organizational structures, with less emphasis on communications up and down the bureaucratic hierarchies, and more emphasis on horizontal or peer-to-peer communication. Traditionally, a key function of middle management has been to gather and synthesize information for top management. That function is now decreasingly necessary or affordable. A 1985 article in Fortune magazine makes this point quite clearly. "Advancing technology, especially in data processing, has put the corner office far closer to the action, making many middle managers irrelevant." The big questions in the Year 2000 for an agency as information dependent as SSA may be in the areas of information technology.

Rapid technological development in information processing will afford the opportunity for radical changes in the way SSA conducts its programs. The rapidly increasing ubiquity of large commercial databases could allow SSA to provide services with minimal actions required from its customers. Automatic enumeration at birth, periodic notifications to workers about the status of their records, automatic entitlement at retirement without requiring a visit to an SSA office are all attainable objectives. Perhaps the biggest challenge SSA faces is restructuring the way we do business to exploit the benefits that technology offers.

By the Year 2000, many of the new technologies just beginning to emerge in the marketplace will have matured and be in the mainstream of information processing. Some of these technologies include artificial intelligence/expert systems, optical disk and speech recognition and synthesis systems. In addition to these new technologies, those which are used to support current information systems such as processors and magnetic storage devices, will continue to improve at about 30 percent a year in price/performance.

Increased use and performance of fiber optics and satellites will permit communications networks to meet the increasing demands of information processing. However, through the integration of the new technologies mentioned above, an entirely new dimension will be provided to the designers of information systems. Optical storage systems will have replaced magnetic storage technology in many areas and will provide the capability for electronic storage of massive files not feasible today.

For example, by the Year 2000 the entire mass of SSI folders currently stored at the Wilkes-Barre, PA, warehouse could be housed in an optical disk system the size of a single file cabinet. This technology will also permit update/erasable capabilities much like today's magnetic storage technology. The entire contents of the Program Operations Manual (POMS), over 40,000 pages, could be stored, with update capabilities, on a single 5" optical disk.

Expert system software could be in widespread use by the Year 2000, and by having online access to extensive information such as claims folder data and the POMS stored on optical media, many of today's labor intensive processes would become electronic.

Direct customer input to their records (with proper security) will be possible through the use of telephone push-buttons and/or speech recognition technologies.

Speech synthesis will provide the requested information after expert system software has guided the requestor through the necessary procedural steps.

By early investigation and planning for the eventual integration of these and other technologies, as they mature into mainstream processes, SSA would be in a position to process increased workloads in a more efficient manner. Finding the right mix of staff and management control systems will be critical to the success of these efforts.

The time delays imposed by the traditional rules of procurement in the public sector may prevent government agencies from bringing these technologies to bear on their service delivery as quickly as the private sector has. This may generate a widening gap (in favor of business) between government and businesses in their ability to deliver quality services efficiently. In turn this may generate increased pressure for changing procurement rules. States and some communities have contracted out for a wide range of services including some data processing. Some Federal agencies have contracted out a small portion of their data processing work. The question may be raised as to whether a portion of SSA's data processing operations might be contracted out.

Currently, commercial uses of technology are years ahead of the government. One of the reasons for this is that corporations have explicit measurable goals (i.e., profit, stability, growth, etc.). Although the goals of the Social Security Administration are well defined, the goals of many government agencies are broad and even conflicting (i.e. the mission of the Department of Agriculture is to promote efficient and large scale farming and to protect the family farm). In purchasing new information technologies, corporations generally place more emphasis on performance standards, which will aid in meeting their goals and consequently less emphasis on cost. Unlike most of the public sector, corporations are not hindered by an annual budget cycle (which pushes incrementalism), or the need to see the product before buying.

Many corporations, which deal with a large number of customers and an even larger number of information transactions, are moving to higher and higher levels of automation and/or self-help technologies. Most recognize that by the Year 2000 sole reliance on such systems will not be possible because they will be dealing with three different sets of customers ((1) the computer-literate, (2) those willing and wanting to learn, and (3) those who have

no interest in learning). Their longer range plans do call for higher levels of automation/self-help systems as more and more people become computer literate or willing to learn.

These trends in the private sector coupled with OMB's goal to recapture government's position as a leader in the efficient and effective use of information technology are likely to impact the Social Security Administration in two ways. First, there will be a need for SSA to continue its strategic planning process. Second, it may become advantageous for SSA to underwrite the development of some leading edge technologies. This might be accomplished through joint procurement efforts with agencies like the Internal Revenue Service or the Census Bureau, or even with a major corporation. (IRS, Census and the National Security Agency are among a handful of Government agencies considered to be procurers and users of leading edge technologies).

The "baby bust" which followed the "baby boom" of the 1940s and 50s will have a major effect on the size of the U.S. work force in the late 1990s. The work force grew at an annual rate of 2.6 percent during the 1970s, fed by the "baby boomers" and the large number of women entering the work force. So far in the 1980s, the work force has grown at an annual rate of 1.5 percent. Between now and 1995 the rate of growth is expected to further decrease to an annual rate of 1.1 percent. The net result will be 20 percent fewer young people entering the work force in 1995 than in 1975. This will not result in a labor shortage, but in the need to pay entry level workers a higher percentage of what experienced workers earn. It may also provide increased opportunities for employment for the disabled and elderly. A major question may be, whether the Federal Government will be able to offer a sufficiently attractive compensation package to attract and retain the number of individuals with the required skills to meet service expectations.

Without incentives to the contrary, the labor force participation rate of older men is likely to continue to fall. In 1975 the labor force participation rate of men aged 55 to 64 was 75.6 percent. By 1984 it had fallen to 68.5 percent and is expected by 1995 to fall to 62.6 percent. Each generation of women in this century has entered the work force in greater proportion than the last and at an earlier age. The overall participation rate for women should climb to somewhere between 65 and 70 percent by the Year 2000. For women aged 25-44 labor force participation rates should rise above 80 percent by 1995. A woman today earns approximately \$.69 compared to \$1.00 earned by a

man. Estimates for the Year 2000 indicate this figure may rise as high as \$.80. That seems likely, because today women under 20 already earn 91 percent as much as their male counterparts; those 21 to 24, 88 percent and those 25 to 34, 76 percent, according to the Bureau of Labor Statistics of the Department of Labor.

Between 1964 and 1984 the number of wives in the paid labor force grew from 13 million to 26 million. Of the approximately 26 million dual income households in the United States, the wives are the primary bread winners in about 18 percent of them. In another 8 percent of these households, wives earn at least 80 percent of what their husbands earn.

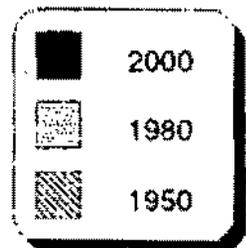
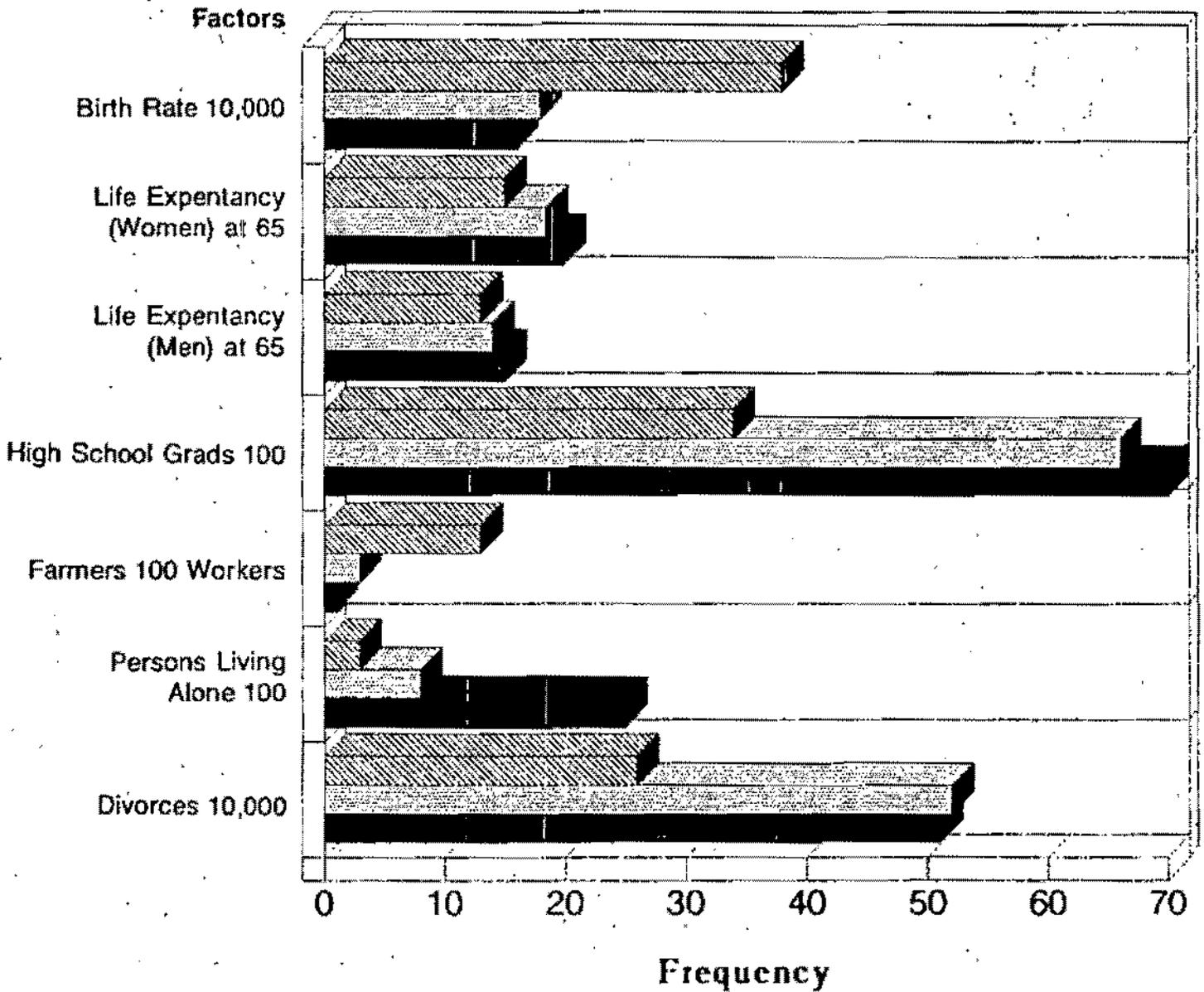
Only 12 percent of wives with pre-school age children were employed or seeking employment outside the home in 1950 while over 50 percent of today's mothers of children under the age of six are in the work force. With more women achieving higher levels of educational attainment and entering the work force, there are likely to be further increases in the number of dual-income and working-mother households. These trends in labor force participation will mean that the number of people not covered by

Social Security Title II benefits will decrease. This may make it less important to have a separate SSI program.

From 1978 to 1985, the temporary help industry grew by 104 percent from 340,000 employees to 695,000 employees. The growth of this industry is expected to increase by about 5 percent annually over the next ten years. By 1995 temporary employees should number more than one million nationwide, according to the Bureau of Labor Statistics. The Kelly Girl or other temporary help services have not been replaced but they are being augmented by new firms which provide people competent to fill managerial or professional slots on a short-term basis. Clients pay up to the hourly equivalent of \$100,000 a year for these skills.

These and other forces of change are likely to impact upon Social Security programs and their administration. The list of possible challenges is as vast as are the opportunities that the future will bring. The future, after all, is the cumulative consequence of today's decisions.

Table I—Socio-Economic Trends 1950 to 2000



**Table II—Selected Demographic Trends and Forecasts For the Year 2000**

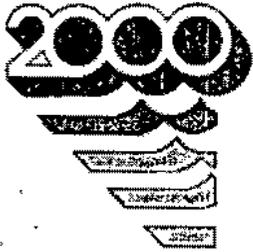
- There will be 10 million more Americans over 65 than there were in 1960 (35 million vs. 25.7 million).  
—(That number will nearly double to 67 million by 2050)
- The median age of the population will increase to 37 years (in 1986 it was 31 years).
- New retirees will have a life expectancy of 15.7 years for men and 20.5 years for women.
- The number of people 65 or over with limited activity due to chronic conditions will increase to 16.4 million (10.8 million in 1980).
- The number of elderly in nursing homes will grow to two million (1.3 million in 1985).  
—(three million in 2020 and 4.6 million in 2040)
- The U.S. population 24 years of age will drop to 91.9 million and will continue to fall.
- In terms of retirement claims, baby boomers are not a factor for SSA. They are a factor in terms of disability claims, earnings reports, wage discrepancy reports, etc.
- Nearly one-third of the total population will be minority—36 million Blacks, 35 million Hispanics, 8 million Asians.  
—(continued instability in Mexico and Central America due to debt crises, growing unemployment, insurrection, and high birth rates)
- The American household will remain highly diversified—childless couples, blended families, single-parent households, and diverse groups of people living alone—the young, divorced, unmarried, and the elderly.
- Marriage and divorce rates will change little from the 1985 levels.
- Less than 4 percent of families will have three or more children.
- Household size will decline with 60 to 65 percent of all households having 2 people or less compared with 50 percent in 1985.
- Birth rate may drop to the current rate in several western European countries (1.6 Total Fertility Rate compared to 1.8 today).
- Some 25 percent of women today, who are in their late twenties, may remain childless.
- The education level among SSA clients will grow geometrically with 70 percent having finished high school and 22 percent having some college (66 percent for high school in 1980).
- The number of functionally illiterate adults will continue to increase. (In 1986 there were 20-26 million functionally illiterate adults and over a million teenagers a year dropping out of high school.)

**Table III— Selected Economic Trends and Forecasts For the Year 2000**

- GNP annual growth will average 2 to 4 percent.
- Annual inflation rates will not stray beyond the 5 to 8 percent range.
- Productivity increases will average 1.4 to 1.7 percent annually.
- The Federal deficit is expected to fall below \$40 million by the early 1990s and remain there.
- The movement from an industrial to an information based economy will continue.
- Health expenditures will continue to increase in absolute numbers and as a percentage of GNP.
- Large reserves in the Social Security trust funds may create pressure within Congress to utilize these funds for other purposes.
- Labor force growth will fall to an annual rate of 1.1 percent in the late 1990s (2.6 percent during the 1970s; 1980s, to date, 1.5 percent).
- The labor force participation rate of older men 55-64 years of age is likely to continue to fall (1975 - 75.6 percent, 1984-68.5 percent and 1995-forecasted 62.6 percent).
- Labor force participation rate for women should continue to climb to between 65 and 70 percent.
- A woman will earn approximately \$.80 for each man's \$1.00 (1986 - \$.69).
- The number of wives in the paid labor force will continue to grow (1964 - 13 million, 1984 - 26 million).
- The number of working women, with pre-school age children, will continue to increase (1950 - 12 percent, 1985 - over 50 percent).
- The percentage of non-union jobs will continue to grow.
- The temporary help industry will grow by over a million (from 1978 - 1985, a 104 percent increase; D.O.L. forecasts a 5 percent annual growth to 1995).
- Dependency ratio of retired to employed people will not change dramatically. In the Year 2000 it will begin a steep increase unless there is a shift toward older retirement.

**Table IV – Selected Technological Trends and Forecasts For the Year 2000**

- The rate of technological change experienced in information related technologies from 1970-1985 will continue, if not accelerate, through the year 2000.
- Many of the new technologies just beginning to emerge in the marketplace will become fully mature and in the mainstream.  
--(artificial intelligence/expert systems, optical disk, speech recognition and synthesis systems, and smart cards)
- Processors and magnetic storage devices will continue to improve at about 30 percent a year in price/performance.
- Optical storage systems will replace magnetic storage devices in many areas.  
--(will provide the capability for electronic storage of massive files. Folders at Wilkes-Barre warehouse could be housed in a space the size of a single file cabinet)
- Direct client input to their records (with proper security) will be possible through the use of telephone push-buttons and/or speech recognition technologies.
- Increased use and performance of fiber optics and satellites will permit SSA communications networks to keep up with and meet the demands of an increasing number of clients.
- Acceleration of the information economy will continue to force organizations to move to flatter organizational structures.  
--(less emphasis on communications up and down, more on horizontal or peer-to-peer)  
--(the middle manager becomes less relevant)
- Traditional rules of procurement in the Federal sector will continue to be questioned, for in many cases commercial uses of hardware and software are years ahead of government use of technology.



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## 3 A View from the Year 2000: A Scenario for SSA<sup>1</sup>

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### The Underlying Premises: How SSA Responded to Forecasted Changes

In the early 1990s the Social Security Administration successfully completed the implementation of the modernization efforts begun in 1982. Because the volume of beneficiaries was growing so rapidly and was expected to increase even faster in the next few years, the Agency set as its top priority the enhancement of its service delivery.

In the mid 1980s over 31 million people visited field offices each year to file claims, make reports and conduct business. An additional 12 million people sought service by phone. With an expected six million more beneficiaries and another million applicants per year, it was anticipated that, without a change in the predominant mode of service, 37 million people would be visiting SSA facilities in the Year 2000. This preceded the baby boomers flooding the retirement rolls in 2010.

Indirect but increasing pressure to enhance service delivery was also being exerted on SSA by commercial service providers, such as banks, retailers and insurance companies, who were aggressively encouraging more and more telephone and computer contact with their clientele. With the increasing ease in the 1980s of telephone ordering, bill paying and a proliferating number of service applications for home computers, having to visit a Social Security office to conduct business seemed increasingly inconvenient to a growing number of people. In a 1987 survey, 60% of SSA customers said they would prefer to deal with the Agency by phone rather than visiting an office.

Over the years, Social Security programs had grown more and more complicated. Initial and continuing entitlement decisions became increasingly technical in nature. While the completion of the modernization effort streamlined the mechanics of the program, and computers took over the computation of benefits, the computations themselves remained so complex that they were nearly impossible to explain to a beneficiary.

In response to these changing forces, SSA recommended to Congress several minor changes to the law which had the effect of greatly simplifying entitlement computations. Simultaneously, SSA launched a major drive to upgrade and diversify its methods of service delivery. By the late 1980s, some innovations were being tried such as voice messaging for reporting such things as change of address. Teleservice claims and contacts were increasing as were appointments for service in field offices. Through the careful use of advances in information processing and communication technology, SSA made available to the public a multiplicity of ways to access and transact business with the Agency. The days of a trip to the local Social Security office to transact minor business are gone. The SSA customer of today can conduct most transactions with the Agency through a toll-free telephone call, through self-service stations at the district office, or, at their choice, through a scheduled face-to-face interview. Claims filing and applying for a Social Security number are greatly diminished activities since entitlement notification is now automatic at normal retirement age, needed proofs are secured through automated data exchanges with state bureaus of vital

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<sup>1</sup> This scenario is written from the point of view of an observer looking back from the year 2000 at the changes to SSA between 1987 and 2000. What for the reader is a proposed future, is described in the scenario in the present or past tense.

statistics, and enumeration is a byproduct of obtaining a birth certificate.

As a result, Social Security beneficiaries have no more difficulty obtaining timely, quality service from SSA than from the most technologically sophisticated, consumer oriented commercial service providers. The SSA of the Year 2000 provides its customers with a variety of convenient ways to do business with it.

Social Security program and service quality are recognized as among the best in government and industry.

## Program

**Work Covered by the Federal Insurance Contributions Act and Other Retirement Programs**—In 1986 about 95 percent of all workers were covered by Social Security. In the Year 2000, practically all workers and self-employed persons are covered by Social Security. A few groups have the option of not being covered by the Social Security system, but most members of such groups opt to participate.

The Railroad Retirement program, which for years was separate from the Social Security program, has been combined into it. Since all Federal employees hired after 1983 must enter the system, only a dwindling number of employees are not covered. Thus, nearly every working person in the country contributes to the Social Security program and can expect to receive its benefits.

There is an increasing realization that Social Security is a base on which to plan financial security at retirement or in case of disability or death, rather than an alternative to private insurance and retirement plans. As a result there is an increasing number of private and public pension programs. Many of these, when combined with Social Security benefits, provide an adequate source of income replacement, something which Social Security benefits alone were never intended to do.

**Retirement and Survivors Insurance**—The Retirement and Survivors program is essentially unchanged from that which existed in the 1980s. In 1962, Social Security provided 31% of all income for people over 65. By 1984, the percentage had risen to 38%, but in the early 1990s the percent began to decline, and then leveled off to the 1962 rate. One of the reasons for this decline is that the proportion of elderly who also receive a public or private pension was growing. In 1962 only one in ten elderly people

received a private pension and in 1986 one in four. Today, as a result of the legislation in 1985 requiring the vesting of pensions after five years, that number is approximately one in two.

Similarly, in 1962 only 54 percent of older beneficiaries had some income producing assets. By 1986 that percentage had risen to 66 and today the number of elderly who have income producing assets has further increased.

**Disability Insurance**—In the late 1980s the Social Security Advisory Council made several recommendations relating to the disability program. The Council grappled with several tough issues. They considered the use of medical and vocational specialists and of work evaluations in the disability determination process. They looked at the effectiveness of vocational rehabilitation for disability beneficiaries and Supplemental Security Income (SSI) recipients. They also reviewed work incentives and initiatives.

Several recommendations resulted from the Council's deliberations, including one which suggested that more extensive use be made of SSA's research and demonstration authority. As a result several innovations were tried and tested in the 1990s. Some of these proved highly successful and legislation to incorporate them into the Disability program has been enacted.

**Earnings Test and Benefit Computation**—Contrary to the growth of the labor force in the twentieth century, the first decade of the twenty first is seeing it dwindle, and demand for workers increasingly exceeds supply. Business, industry and government are all encouraging workers to delay retirement. Older workers are more and more common. Improvements in health care and life expectancy have made this possible. One is no longer considered old at the age of 65, but is considered a member of the "young-old" with a remaining life expectancy of 15 to 20 years.

In the late 1980s Congress foresaw the need to facilitate employment of older workers and eliminated the earnings test for people who reach full retirement age, removing a disincentive to work in later years. Thus, once a person is entitled and reaches normal retirement age, benefits are not reduced regardless of income earned from employment and there is no requirement for earnings reports in retirement cases. Once a person takes a benefit, additional earnings past full retirement age do not increase it. Nearly

1,500,000 annual recomputations necessary in the decade of the 1980s are no longer necessary. This has simplified the program and encourages people to keep working to build a higher benefit.

The numerous methods of computing benefits have been simplified. No longer are complex, impossible to understand calculations of the past in use. New, easy to explain, consistent formulas are used to calculate benefits. Similarly, the host of reduction factors and multiple alternatives for calculating various types of benefits have been standardized and reduced to a few simple and straightforward methods. People can actually calculate their own benefit to within a few dollars when contemplating retirement.

**Supplemental Security Income**—When the SSI program was created in the 1970s and the benefit payment function was federalized for the aged, blind and disabled, the main purpose was to standardize eligibility criteria and payment levels. In a very real sense, the SSI program was created to provide standard benefits across the Nation to those people whose income and resources at retirement or disablement fell below a minimum level. Often these were people who had little or no work history, or were never employed because of a disability.

As labor force participation grew in all sectors of the population, the group of people eligible for SSI benefits on the basis of disability was largely reduced to those who had never worked and therefore were not covered or "insured" by Social Security. In many instances, these are people who have major impediments to employment, such as developmental disabilities, and thus also tend to be in need of other social services besides income maintenance. Half of the disabled SSI population suffer from mental retardation or mental illness. Nearly 3 percent of all SSI recipients are blind and 5 percent are under age 18.

There is the realization that many of those who need SSI benefits in the Year 2000 are very likely to also need those social services provided at the State and local level. This has generated increasing interest in linking both the payment mechanism and the delivery of social services into one administrative system. Proposals being made by interest groups and being discussed by Congress range from integrating SSI into the Social Security program as a minimum floor financed by general revenues, to having the SSI program administered by the States with continued Federal funding and oversight.

## Service Delivery

Multiple ways of transacting business with SSA are now available for the convenience of the customer. The telephone, self-service stations in the field office and two-way video account for at least 90 percent of all transactions. As a result, service to the public is primarily by means other than face-to-face contact with an SSA representative.

Anyone can access a toll-free national telephone number (e.g. 800-SSA-2000) to file claims, obtain service and make appointments, etc. The national number routes calls to the nearest available teleservice center as traffic dictates. These centers are staffed by highly trained and qualified employees as well as computer synthesized voice and artificial intelligence programs that can often handle calls, including claim filing, without employee intervention. The national telephone number can be accessed 24 hours per day, seven days a week.

SSA now has the capability to deploy self-service stations for filing claims, requesting information, filing required reports, etc. SSA has the option of installing these stations at the district offices or to provide this service through existing networks of widely available ATMs used by many service providers. These networks now provide the public with conveniently located terminals from which they can access various commercial services. A customer using a self-service station in a district office could opt to interact through the terminal's two way video screen with a Social Security representative who is physically located elsewhere but can see and talk to the beneficiary.

The self-service stations at SSA's district offices enable the transaction of business in any of several languages at the choice of the customer, much like some bank ATMs did in the 1980s. They would also provide a means of efficiently serving the walk-in traffic, as well as the hearing/speech impaired.

While SSA's records are securely protected from electronic tampering, those people who have home computers can use them to communicate with SSA to file claims, get earnings statements and obtain benefit estimates.

District offices handle complex face-to-face contacts, manage personnel working from home and dispatch employees throughout their geographical area to assist the public.

Technological advances and the widespread use of teleservice facilities have focused some SSA employees on complex case situations. These

employees are trained specifically to handle these situations and concentrate on speedy resolution so that they rarely remain unresolved for more than a few days and payments are on schedule.

Nearly all face-to-face service is by appointment. If someone desires or needs actual personal contact, an appointment is made at the district office, the home, or other convenient location.

SSA has arranged with States' vital statistics bureaus to make it convenient for parents to obtain a social security number and card for their newborn child. When parents apply for a birth certificate they can check a box on the State forms to request a number for their child. Since a social security number is needed to claim children as dependents once they reach age 5, most parents make use of this procedure.

The States have been enthusiastic about the process since it gives them a more complete record. During the 1990s, after the first few States adopted the practice, the others found it attractive and opted in.

Any alien admitted to work receives a SSN as a result of filing normal admission papers with the Immigration and Naturalization Service (INS). No separate contact with a Social Security office is necessary.

Another service is offered in connection with the enumeration process. While the Social Security card issued to the infant is made of paper just as it was in the 1980s, any person issued a card later in life has the option of receiving a "smart card". This card is capable of holding large amounts of data and is available for a multiplicity of uses such as highly secure identity device, multiple credit card, checkbook, medical record card, bank card, etc. It is a universal card that can serve multiple purposes both Governmental and private.

A major initiative, started in the 1990s, automatically provides earnings and benefits information to workers over 25 years of age every three years. Each worker receives a notice showing total earnings by year and employer, an estimate of retirement benefits at normal retirement age, a statement of disability or survivors benefits the worker is entitled to as of the date of the notice, or the number of additional quarters needed for entitlement.

The claims process for benefits at normal retirement age no longer requires filing an application. Shortly before attaining normal retirement age, living, covered SSN holders are notified of potential entitlement. The

notification provides a statement of benefits payable at that time and an estimate of benefits payable if claiming is postponed. (This approach may encourage the individual to delay retirement.)

If the worker decides to retire, he notifies SSA of that decision and payments begin. If the person chooses to delay benefits, he simply does not respond to the notice and may file a claim at a later date.

The number and percent of payments made by Electronic Funds Transfer (EFT) has continued to accelerate since the late 1960s. Direct deposit by EFT is the standard way SSA pays benefits unless the beneficiary specifically requests another method of payment or has no bank account. The Agency then offers the person with no bank account the option of using the SSA-issued smart card to withdraw funds from designated banks. SSA has arranged with several banks to issue payment. Beneficiaries can withdraw their benefits either at a teller or that bank's ATMs.

As a result, few checks are issued and beneficiaries have enhanced security. The lost or stolen check is a rarity.

The reporting burden for the public has been reduced with the elimination of the earnings test at full retirement age and the ability of SSA computers to automatically compare their files with other Federal or State computer data bases.

Some reports remain necessary. Disabled people are still expected to report changes in conditions which would affect their disability status. However, the need for beneficiary and recipient reporting has been significantly reduced.

The overpayment/debt collection problem that received so much attention in the 1970s and 1980s is reduced. Program simplification and matching techniques result in few incorrect payments and these are usually discovered early while they are quite small and, therefore, easy to recover. SSA's debt collection methods use billing techniques and cross recovery from other Federal payments to insure a satisfactory recovery rate.

Employers have also been relieved of a huge reporting responsibility. The law has always mandated that employers report the wages of their employees for FICA purposes quarterly until the mid-1970s and annually since then. At the same time these employers had to report some of the same

information quarterly to the States for other purposes such as unemployment compensation.

SSA now electronically obtains the reported wage data from the states and uses it to credit the worker's wages for Social Security purposes. Thus, the need for an employer to report to both the state and federal government has been reduced.

The administrative appeals process is much more convenient. Two-way video screens are available in field offices where, by appointment, the person can receive a complete hearing on any appellate issue through the video hookup. The hearing officer can see and interact with the person as well as exchange documents, imaged and transmittable electronically.

In the 1970s and 1980s, SSA had a very burdensome appeals process. Over 90 percent of all appeals involved the disability issue. The beneficiary was frustrated by the length of the process and SSA was frustrated by its cumbersome nature, i.e., first a paper review, then a hearing before an Administrative Law Judge, next a review by an appeals council and finally, through all levels and districts of the Federal court system.

In the 1990s, the process was simplified so that a single Federal court, short of the Supreme Court, provided the last appeal level outside SSA. This produced much more consistency in rulings and has improved administration of the program.

## Technology

SSA has taken advantage of advances in information technology to automate its processes to the maximum extent consistent with efficient, cost-effective operations.

Each employee, whose job requires it, has ready access to an automated voice/data workstation that serves both as:

- access into SSA's program, management and administrative data bases and systems; and
- a self-contained data processing unit, capable of performing calculations, word-processing, graphics, document storage and retrieval, etc. as appropriate.

Reductions in the cost and size of information technology have permitted the widespread distribution of SSA data processing, storage and retrieval functions.

Implementation of the systems plans of the 1980s was completed in the early 1990s. As a result, SSA is in a modern technological environment. Rapid and dramatic technological changes make available vast, efficient and effective opportunities for how work is done, where it can be done, and who can do it. All operational offices are equipped with interactive terminals able to access virtually all of SSA's administrative and program files.

Many functions are supported by artificial intelligence and expert systems. SSA facilities have computer-based training materials and program instructions as well as scanners/imagers capable of reading typed or handwritten documents, translating them into computer usable form, and electronically sending them anywhere for storage, facsimile reproduction or viewing on a computer terminal screen. The processes of making Agency policy and issuing regulations are also supported by artificial intelligence systems which apply expert logic to facts and alternatives.

All data bases are fully online and can even be accessed directly by the public, when appropriate. Paperless processing is the norm. All pertinent evidence is imaged and stored electronically.

Actions initiated by a customer are communicated to SSA by whatever means the customer chooses. This is also true of the response. The communication can be through SSA voice interactive terminals, personal computers, telephone or mail. All records are maintained in electronic form with paper files being virtually non-existent.

All documents obtained after 1990 that require retention have been stored in electronic form. Paper files, claims folders and the need for cavern storage are all gone.

Distributed data processing and data storage are a reality. The processing and storage of SSA's data have been widely distributed to the lowest cost effective level, in some cases to the individual workstation. Computer matches occur routinely with all State and Federal data bases as well as some private data banks.

The ability of each SSA computer system to communicate directly with other computer systems inside SSA and with other Federal, State, and some private systems has permitted immediate response to claimants, other inquirers and SSA support personnel across the country. SSA has created a unit responsible for interagency systems coordination to

facilitate the numerous data exchanges so critical to SSA's mission.

Office automation has become a reality at every SSA facility. Workstations are equipped with state-of-the-art information processing and communication tools.

All SSA workstations across the country, including portable terminals, are connected by an electronic network which allows sharing of documents, drafts, memos, etc. In its search for maximum automation, the agency has begun installation of "dictation-to-print" word processors which convert the spoken word to type, eliminating the need to enter documents by typing on a keyboard.

Needed systems changes can now be effected easily, as a layered systems architecture has been implemented. SSA systems evolution and upgrades are now routine.

Security policies and access safeguards are in place. Attempts to violate these mechanisms are carefully monitored and investigated and any necessary corrective action is taken promptly.

## Organization

As the Agency automated its program processes and moved from a technical workforce to a information processing workforce, the increased use of communications and data processing technology changed the management structure of the Agency. Fewer management layers exist in today's organization than in that of the 1980s.

Workload processing centers perform a variety of operational activities best done in centralized locations e.g., large workloads which are cyclical in nature or require manual interaction with the automated data processing systems. SSA now has the capacity to transfer workloads electronically between processing centers and other locations. The increased use of teleservice and the concentration of service demand it produces, now allows economies of scale which promote the delivery of services which are not feasible in a district office setting due to low demand incidence, such as multilingual service.

The experiments in innovative procurement techniques which were conducted during the 1990s were, for the most part, successful and have now become standard procedures. As a result, most procurements of facilities or equipment with a predictable life cycle are conducted through

long-term resupply contracts. This has routinized needed upgrading and maintenance.

A promising result of these experiments is the Institute for the Development of Social Security Service Systems. Born out of the trauma of implementing large scale systems modernization efforts in the 80s and 90s, this institute is an independent, non-profit research and development organization with SSA as its only client. It has a long term contract to meet SSA's needs for testing, developing and adapting new technology to SSA business processes. Because it is "outside" the federal government boundaries, it can procure needed talent, facilities and technology far more flexibly than SSA can internally. This institute, patterned after the Mitre Corporation, has been the single most powerful force behind the elimination of the technology gap between SSA and similar private service providers.

As the management structure changed, management roles had to shift away from the traditional controlling of work to facilitating the flow of information. Since members of an organizational unit may be geographically separated from each other or work at different times, the manager's primary responsibility is to facilitate interaction within the group. Expanded authority has been delegated to lower field management levels throughout SSA.

The SSA workplace is different from that of the 1980s. Management has diligently attended to the "human needs" of employees. There is increased emphasis on open communication between management and employees. Creativity, innovation and risk taking are encouraged. Flexibility is provided through alternative work hours and increased opportunity for part-time employment. All offices are modern, comfortable, pleasant places to work. Physical fitness programs are in place; some facilities are onsite, but in many locations, special memberships are provided to SSA employees.

There are computer terminals at most employees' worksites. The development and delivery of both training materials and program instructions are fully computer supported and can simulate interaction with the operations systems so trainees and other employees can learn from "live" cases.

In headquarters, and the field, technology has altered the way most jobs are performed. Because of the streamlined workflow, many positions have been revised. This has been a necessary, ongoing process as specialized functions diminished during the last

decade. Broader-scope positions requiring greater skills are being developed continually. Personnel movement between and among headquarters and field components is encouraged and supported by the Agency. A proper balance is maintained between headquarters and regional staffing levels and field staffing levels.

Since technological changes, and to a lesser degree, program changes have resulted in significant

redeployment of employees, SSA has strengthened and expanded its training and retraining programs at all levels of the organization. New management techniques, knowledge, skills, and abilities are needed, management development programs play a significantly more critical role in the training and selection of new managers.

The Agency is ready for the twenty-first century. The future is here.



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## 4 Strategic Recommendations

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This section lists 29 recommendations: 3 suggestions for program simplification, 9 initiatives for service improvement, 10 enhancements to the way we use technology and 7 proposals in the areas of organization and human resources. These recommendations form the core of the SSA Strategic Plan.

A brief rationale is provided for each recommendation. Most of the recommendations are independent activities which can be acted on or started without relying on the others. Some require that others be accomplished first. Together, they make up a plan of action for the future.

### Programs

#### 1. Facilitate Enumeration

SSA should work with all States and jurisdictions to promote voluntary enumeration at birth as an optional (to the parent) byproduct of obtaining a birth certificate. This could be achieved if States agreed to include a request for a Social Security number (SSN) on their birth certificate applications, and to periodically report to SSA, using electronic media, the necessary identifying information to issue an SSN. The SSN and a Social Security card would be forwarded to the address of the parents. The number would be shared with the State's Bureau of Vital Statistics. This recommendation can be implemented by expanding the present enumeration at birth pilot to a standard SSA program.

Individuals who are not enumerated at birth could obtain an SSN through the present method.

Aliens entering the United States for purposes requiring issuance of an SSN should be enumerated as a byproduct of their initial processing through the Immigration and Naturalization Service. This can be achieved by SSA's establishing an agreement with the INS similar to the one with the States.

Between now and 2000, SSA's public information in those States that have agreed to the enumeration at birth process should routinely suggest that the SSN be obtained at birth.

**Rationale** – While the process for obtaining an SSN has changed over the years, the enumeration policy essentially has been that people may obtain an SSN when they desire to do so. Since the 1970s, however, various legislation has required that SSNs be obtained, in some cases at an early age. An SSN is now required to establish a bank account which may have potential tax liability, and SSNs are mandatory for children over the age of 5 if parents claim them as dependents on tax returns.

Requesting an SSN requires completion of a multi-paged application, proof of age and/or identity and is normally done through a visit to a Social Security office.

The great majority of parents would likely find enumeration at birth convenient and efficient. Legal immigrants would also benefit from receiving necessary documentation without multiple contacts with several government offices. SSA would improve the efficiency and accuracy of its processes, and the

States would welcome the added availability of information on their records.

It is expected that, by the Year 2000, SSA will be issuing four million SSN's annually to children under the age of five and legal immigrants. It is estimated that at least three quarters of these SSN's could be issued through the proposed mechanism at an annual savings to the SSA operating budget of 20.5 million 1987 dollars.

## 2. Eliminate the Earnings Test

The annual earnings test should be eliminated for beneficiaries over full retirement age. Benefits should only be recomputed to include the effect of earnings until full retirement age or until filing, whichever occurs later.

By the Year 2000, a delayed retirement credit of 8 percent of the benefit amount at full retirement age should be awarded for each year beyond that age that benefits are postponed.

**Rationale**—From the inception of the program, beneficiaries have had to restrict their earnings to obtain the maximum amount of benefits. If a beneficiary earns in excess of a certain amount, benefits are reduced. Throughout the years, the formula and policy have been changed to permit higher earnings, but the deterrent to work has remained.

As labor force growth slows to a halt over the next two decades, increasing labor shortages will make continued work by older, experienced Americans not only desirable but needed. Eliminating the retirement test would provide a powerful incentive to older workers to continue employment past the normal retirement age.

Delayed retirement would be further encouraged by an increase from 3% to 8% in the delayed retirement credit for each year benefits are delayed past full retirement age.

Two other benefits would be derived from these changes. First, the FICA taxes associated with the workers' added earnings would provide added support to the Trust Funds. Second, the biggest cause of payment errors -- the retirement test -- would be substantially reduced due to the elimination of that provision for those of full retirement age, as would the labor intensive workload due to its administration.

## 3. Simplify Benefit Computations

Computation of benefits for all entitlement situations should be simplified so that they are simpler to do and more understandable to the public. The number of alternative ways of computing benefits should be reduced to less than ten and, ideally, to no more than five. Reduction factors for all benefits should be uniform.

**Rationale**—Computation of benefits for workers, dependents and survivors are based on multiple formulas which have grown increasingly complex over the years as they were adjusted to accommodate an ever increasing number of specific circumstances. These computations are difficult to explain orally and nearly impossible to explain in a written notice. As a result many beneficiaries harbor doubts about the accuracy of their benefits. Recomputations are a labor-intensive, annual process when subsequent earnings increase the benefit amounts of the worker and any dependents.

Replacing the 78 computation formulas that exist today with a simpler set of standardized formulas covering all situations would streamline payment/benefit levels, assure a continuing relationship to purchasing power, and make it possible to provide a simple, understandable explanation to the beneficiary. The formulas would be easily automated, maintained with consistency and significantly reduce the amount of technical knowledge employees must maintain to properly serve the public.

## Service Delivery

### 1. Expand Telephone Service

SSA should move forcefully to make teleservice the predominant mode of service long before the Year 2000. This includes establishing the necessary physical facilities, communications and data processing systems, organizational structure and training programs to provide 24-hour, 365 day a year

service. Access to the service should be through a single nationwide toll free number that is easy to obtain and remember.

There should be no transactions that could not be at least initiated by a telephone call. SSA should be able to handle at least 90% of all transactions through teleservice. Even when face-to-face contact is

needed or desired by the customer, an appointment for a visit to the nearest office should be made by phone.

In implementing this recommendation SSA should take advantage of all appropriate technological advances such as interactive voice messaging, expert systems, voice synthesis, etc., which can make it possible to deliver a high level of service to the telephone customer with reduced need for employee intervention.

**Rationale**—A survey released by the HHS Inspector General in September of 1987 found that 60% of SSA customers would prefer to transact Social Security business over the phone rather than through a visit to a district office. To the SSA customer of the Year 2000, it will seem an imposition to have to visit a government office to do business like that provided via telephone by commercial service providers.

Expanding telephone service would position SSA to meet this changing expectation by allowing 31 to 47 million SSA customers (of the 52 million expected to transact business with SSA in the Year 2000) to do their business by phone. This would save the public millions of hours of travel time annually.

Further rationale for pursuing this recommendation is the great potential for efficiencies and service innovations made available by the economies of scale inherent in teleservice.

Once SSA makes the investment in facilities and equipment required to provide high quality telephone service during coast-to-coast working hours (12 hours a day), little additional investment is required to provide 24 hour service. If experience with the service indicates sufficient demand for staffed telephone service at night, that demand can be met with an appropriately sized night staff.

## 2. Pursue Self-Service Stations Option

SSA should establish the necessary data processing and communications capability to give SSA the option, by the Year 2000, to install self service stations in the district offices, personnel offices of large employers and, through access to commercial ATM networks, in high traffic public places such as shopping centers. These stations should make use of ATM technology to provide the public a simple, easy-to-use alternative for obtaining information and conducting most transactions with SSA without the need for a personal interview. These stations should

be equipped, if technology allows it, with two-way video connections to SSA teleservice centers.

**Rationale**—The SSA customer of the Year 2000 will be used to and expect the convenience of doing business in ways other than face-to-face. Telephone and home video shopping will be common. Banking through automated teller machines will have been routine to a majority of the population for over a decade. Large commercial networks of ATMs are expected to be established during the 1990s through which the public will be able to access multiple services. SSA could provide access to its services through those networks, since customers will expect to transact business with SSA in the same convenient ways they do with other service industries.

Implementation of this recommendation will support SSA's efforts to sustain its tradition of providing a high quality of service. It will also enhance the efficiency and efficacy of SSA processes.

## 3. Educate the Public

SSA should establish a strong and ongoing information dissemination program to promote the public's understanding and confidence in Social Security, especially in terms of Trust Fund fiscal soundness. As part of this education program, SSA should increase and improve the information provided to the public concerning the nature of the program and its benefits.

**Rationale**—Many younger workers believe that when they become eligible to retire, the Social Security Trust Funds will not be able to provide them with the benefits they have earned. Further, the public is generally unaware of the protection provided for the worker and the family in the event of disability or death. The lack of understanding of the SSA program, the purpose of its benefits and its fiscal soundness needs to be corrected since it undermines the long-term effectiveness of the program.

## 4. Provide Periodic Benefit Estimates

SSA should begin a major initiative to automatically provide earnings information to workers over 25 years old every three years. Each SSN holder should receive a clear notice showing total earnings for each year, the names of all employers, an estimate of retirement benefits at normal retirement age, a statement of benefits the worker (or family) is entitled to as of the date of the notice, in case of death or

disability, or the number of additional quarters needed to be insured.

A three year period should be allowed to request correction of any errors, after which the record cannot be changed. Subsequent notices would include all earnings information but error correction would apply only to the last three years of earnings.

**Rationale** – Implementation of this initiative would provide an effective process for ensuring the accuracy of earnings records, since workers would be aware of deficiencies in their record within three years of the mistake occurring. Such errors would be far easier to correct than errors discovered when filing for retirement benefits, after a lifetime of working.

In addition, the periodic availability of complete, timely and accurate wage and benefit information would be of assistance to the public in financial planning. It would also increase public awareness of the value of the program, particularly for younger workers.

## 5. Simplify Appeals Process

SSA should streamline the appeals process by reducing the present multiple appeal levels. SSA should also explore the designation of one federal court which would provide a single appellate level outside SSA short of the Supreme Court.

SSA should pursue the establishment of two-way video facilities, and the necessary supporting communication utilities, for the conduct of location-independent appeal hearings. This includes the enhancement of electronic data acquisition, storage, retrieval and transmission systems to make the complete appeal record readily available to hearing officials anywhere in the country.

**Rationale** – The existing administrative appeals process has multiple steps. It involves a paper reconsideration followed by a face-to-face hearing before an administrative law judge and then a review by the Appeals Council. From there, any case can be appealed through the various Federal court levels. The customer is frustrated by the complexity and length of the process. SSA is frustrated by its cumbersome nature and the system's inherent propensity toward uneven results.

The recommended changes would reduce the length of the appeal process by as much as two thirds of the present average completion time. It would also

enhance the quality and consistency of the decisions it produces.

Two-way video facilities and electronic storage and retrieval would provide claimants with greatly enhanced accessibility to hearing officials. It would also allow locating hearing officials in centralized locations, promoting economies of scale and the availability of appeal services (such as bilingual hearing officials) not possible under a more dispersed configuration.

## 6. Expand Automated Data Exchange

SSA should proceed, as quickly as possible, to establish new and updated agreements with federal, State, local and private organizations, for the electronic exchange of data required to substantiate customers' statements and to verify compliance with program requirements. This includes information such as birth, death and marriage records, state benefit payments, etc. As a critical part of this effort, SSA should work with the States to establish data formatting, storage and transmission standards as well as the ADP facilities necessary to accomplish the exchange of data between SSA and State systems. The final burden of proof in cases where electronic data matches are not successful or possible should remain with the customer. Implementation of this recommendation may require establishing an SSA component responsible for interagency systems coordination.

**Rationale** – SSA policy and operational procedures presently require paper documentation to establish eligibility. Claimants are required to bring or send needed proofs to the SSA office. Today, the retention, retrieval and volume of SSA's paper files are significant cost items. Advances in technology make possible the electronic acquisition and storage of the required information in a much more efficient, rapid and reliable manner without, in many cases, customer intervention.

Service to the public would be enhanced by reducing the need for customers to obtain, pay for, bring to the SSA office, and risk losing documents needed to substantiate claims. These documents are, for the most part, paper certification that the information they contain resides in organizational files which can be accessed electronically.

Implementation of this recommendation is a prerequisite to implementing other recommendations of this strategic plan such as automatic entitlement at normal retirement age.

Additional benefits accrue to the Agency through the elimination of huge paper files and the costs of storing and managing them. Benefits would also accrue from speedier, more reliable processes for the enforcement of program requirements.

## 7. Reduce Earnings Reporting Requirements

SSA should explore the possibility of replacing the existing employers' wage reporting requirements with agreements by which the states would share with SSA, through electronic media, the wage data reported by employers for unemployment insurance and program purposes.

**Rationale**—Implementation of this recommendation would eliminate a major reporting burden for employers. It would also enhance the timeliness and accuracy of wage data used by SSA, and may reduce somewhat the number of wage discrepancies that must be resolved annually. By replacing 180,000 magnetic media and 6.5 million paper wage reports (in 1986) with 57 electronic reports from the States and other jurisdictions, SSA would greatly reduce the annual wage posting workload.

## 8. Provide Automatic Notification of Entitlement

SSA should establish a process of automatic notification of benefits at full retirement age. Three months before attainment of full retirement age (as defined by law), if a Social Security number holder is alive and not already receiving retirement benefits, SSA would notify the worker of entitlement and the estimated benefits based on posted earnings information (a summary of which would be included in the notice). The worker would have the option to begin or delay benefit payments. If the worker opts to begin benefits, and assuming there is no earnings discrepancy, signing and returning the notice to SSA would suffice to initiate payment on the appropriate date.

If the worker decides to delay benefits, only Medicare enrollment would take place. The worker

would contact SSA when he subsequently wants monthly benefits to begin.

**Rationale**—At present, claimants must visit or telephone SSA to file for benefits. Paper proofs are brought or sent to the office. In some cases, multiple trips to the office are necessary. Most, if not all the information to verify whether a worker is alive and entitled to benefits, compute the benefit amount and initiate payment is already available in SSA and other federal and State files. This information is accessible through electronic means, making the submittal of proofs and the existing claims filing process not only unnecessary, but inefficient as well.

Implementing this recommendation would allow SSA to maintain the number of claims filed (rather than automatically notified) at about the 1987 level, in spite of an expected increase of one million new claims a year by 2000.

## 9. Expand Payment Via Electronic Funds Transfer (EFT)

SSA, in concert with the Treasury Department, should encourage EFT as the standard benefit payment method. By the Year 2000 EFT should be the automatic method of payment unless the beneficiary requests otherwise. SSA and the Treasury Department should also contract with banks so that beneficiaries who do not have a bank account can withdraw their monthly benefit payment from the banks' teller machines using SSA-issued bank cards.

**Rationale**—Payment by electronic fund transfer to an individual bank account has been possible since the 1970s. While SSA has neither encouraged nor discouraged this option, about 4 out of every 10 benefit payments are presently made through EFT and this fraction is increasing about two percent per year. The Treasury Department is increasingly encouraging EFT payments since they result in substantial administrative cost savings.

Conversion to EFT as the predominant form of payment would significantly increase the security of payment to each beneficiary. It would also improve the efficiency of SSA processes.

## Technology

### 1. Modernize Information Architecture

SSA should implement a broad-based information architecture to permit attainment of operational objectives while accommodating new requirements and technology quickly and efficiently. Key attributes of the needed architecture are:

- a broad concept of data needs encompassing all of the Agency's processes, not just the programmatic ones.
- consideration of the most cost-effective means for storing, retrieving and transmitting each type of information SSA needs, in the context of how that information is used and processed.
- independence of its major components or layers such as physical (storage, processing and communication) infrastructure, data, programmatic algorithms, customer/user interface, workload control and management information.
- a set of rules governing the interactions between various components of the system, e.g., between program processes and management processes.
- distribution of data storage and processing to the lowest levels in the organization at which they can be performed cost-effectively.

**Rationale** — The service improvements and processing efficiencies that technology is expected to make possible are predicated on the existence of an operating information architecture significantly different from SSA's present one. A change to an architecture with the proposed attributes would not only allow attainment of these efficiencies and service improvements, but would position SSA to swiftly respond to legislative changes and easily upgrade its systems as data processing/communications technology evolves.

### 2. Establish An Electronic Workstation Network

SSA should implement an integrated electronic network to serve all of the Agency's programmatic, management information and office automation needs, with all appropriate clerical, technical, professional and managerial employees being

assigned a dedicated workstation. This workstation should provide a direct, online link with SSA's program and administrative information and communication systems. It should also provide capabilities for processing all information that the employee is authorized to deal with. The integrated network should also provide for communications to and from the workstation (e.g., using electronic mail, document/image transfer, and voice messaging), among all appropriate SSA employees and designated employees in other organizations.

**Rationale** — The productivity, quality of work, and work environment of most SSA employees can be significantly enhanced through the use of existing office automation, communications and data processing tools. Since most employees need to use more than one of these types of tools (process a claim, type and send a memo, store and analyze data) separate systems and communication networks to service each of these needs would negate the efficiencies to be gained by using the tools. SSA employees should be able to call up on their workstation whatever tool is needed at the moment, rather than using different terminals for different functions.

The availability of an integrated ADP/communication network would also enhance SSA's ability to shift workload processing from locations with backlogs to locations where staff is underutilized.

### 3. Convert to Electronic Storage and Retrieval of Documents

By the Year 2000 SSA should store no more data or documents in paper form. All data, including character-based and graphic/image data should be maintained in machine-readable form on optical/magnetic disk or other electronic storage systems. These data should be viewable or printed at employee workstations. Conversion of existing paper-based storage systems should follow four steps:

- Implement, at the earliest possible opportunity, an electronic storage and retrieval capability.
- Store new documents electronically.

- Convert existing documents to electronic storage only where justified by service and cost considerations.
- Eliminate remaining paper files gradually as retention periods expire.

**Rationale**—Claims information, Social Security number records and administrative information are presently maintained in folders and paper form. Only the Master Beneficiary Record and Supplemental Security Record are preserved in electronic form. All other information systems have paper or microfilm files as their backup and each claim for benefits has a paper folder.

The cost of electronic processing, storage and retrieval of information would be dramatically reduced compared to manual, hard-copy information storage and retrieval processes. The 39 million active folders presently occupy 660,000 square feet of storage space and require from 1 to 7 working days to retrieve. By contrast, electronic storage of the same documents would require some 5,000 square feet of space and would allow access of any document from any electronic workstation within 30 seconds.

#### 4. Automate Instruction and Training System

SSA should support all training and program instructions activities with a comprehensive electronic network linked to data bases accessible through any of the Agency's automated workstations. These data bases should contain training and instructional materials easily accessed by trainees and employees throughout SSA.

The system should electronically develop, transmit, maintain, evaluate and manage instructional material (both training lessons and operational instructions) in a variety of formats and media.

**Rationale**—SSA is presently experimenting with computer-based training (CBT) and satellite transmitted training. Most CBT material is being used in the training of managers and staff across the country in the systems modernization effort. The satellite-transmitted material is for information and general purpose presentations broadcast to 17 receiving sites.

Over the next decade, the volume of training and instructional changes required by Agency transition will require a fast, efficient, automated instructional

system. Most paper-based instructional material which presently is typed, printed, warehoused, ordered, selected, boxed and shipped to operational sites in time frames measured in days and weeks could be made available to employees and trainees in minutes or hours.

The creation of this electronic network would provide easy access to updated material, shorten training time, allow employees some degree of control over the pace of learning, and allow management to evaluate and analyze training activities in a timely manner.

#### 5. Automate Management Information

SSA should, as a byproduct of modernizing its processes, automate most of the information collection and processing necessary to support the management and analysis of SSA's processes. All of SSA's program applications should be designed to take advantage of this development. Management information should be automatically generated and made available through the manager's workstation rather than on paper reports.

**Rationale**—Presently, some management information is derived from the claims processing systems. However, much of the information necessary for budget and resource planning is obtained through manual stroke tallies and sampling techniques. This information is usually transmitted to central office and distributed in paper form.

The automatic creation of management information will dramatically improve both the accuracy and timeliness of SSA's management information.

#### 6. Automate Audit Data

Because all of SSA's significant functions will be supplemented or supplanted by modern and efficient computer systems, most of the information necessary to audit SSA's processes should be captured automatically by the processes themselves. Stringent and effective security measures must be installed to insure the integrity of the automated audit systems.

**Rationale**—To the extent that data is captured automatically by the computer systems that perform SSA's functions, audits of these functions would be at once more accurate and less expensive than those performed today. The public would be served by a more accurate product.

## 7. Explore Expert Systems

SSA should pursue the energetic exploration of expert systems technology to support a broad spectrum of programmatic and administrative processes.

**Rationale**—Over the next several years, most of SSA's program and administrative processes will be substantially improved by using automated systems. The great majority of all claims, postentitlement, enumeration and earnings records maintenance functions will be completely automated.

By adding the use of "expert systems," which embody the thought processes of human experts, even relatively difficult processes, e.g., disability determinations, could be assisted by computers. In simpler cases decision makers would only be required to authenticate the adjudication proposed by the computer, and develop only those cases that exceed the capabilities of the expert systems.

The public would receive more equitable treatment because SSA would be able to make more consistent and timely decisions.

In addition, the expert systems would leave an audit trail showing how the decision was reached, something often not available with a human decision.

## 8. Explore Smart Cards

SSA should explore the feasibility and desirability of issuing new or replacement Social Security cards which incorporate a form of positive personal identification (e.g., fingerprints) in machine readable form. In addition, these cards could contain microprocessors and substantial electronic data storage capability. Because of their "intelligence", these cards could serve a variety of purposes in addition to their primary purpose of personal identification for the card-holder. Among applications that could be supported by these cards are:

- Electronic funds transfer
- Recording medical records and health status
- Record keeping for income tax purposes
- Recording Medicare/Medicaid insurance status (e.g., status of deductibles, co-pay, etc.)
- Recording work history and earnings records status

- Social Security benefit computations

**Rationale**—The incorporation in a smart card of a unique and secure personal identifier could improve the utility to the public of the Social Security card and customer data storage and retrieval may be facilitated.

## 9. Establish an Institute for the Development of Social Security Service Systems

SSA should establish an Institute for the Development of Social Security Service Systems. This should be an independent, non-profit, research and development organization with SSA as its only client. It should have a long-term contract to meet SSA's needs for testing, developing, and adapting new technology to SSA business processes. The Institute should also serve as a primary training source for those people who must use and implement SSA's advanced technologies.

**Rationale**—Because the proposed institute is "outside" the federal government boundaries, it can procure needed talent, facilities, and technology far more flexibly than SSA can. This agency can be patterned after the Mitre Corporation. Because of its ability to rapidly respond to technology changes, this Institute should help us stay current with the latest technology, thereby enabling us to improve service to our customers and reduce our administrative costs.

## 10. Complete the Modernization Effort by 1990

SSA should insure that the major objectives of the 1982 Systems Modernization Plan (SMP) are achieved by 1990. This includes the objectives to modernize SSA's programmatic software, data bases, telecommunications, and capacity. SSA has had significant success in meeting the telecommunications and capacity objectives of the SMP. However, accelerated work will be needed in the software and data base areas to implement this recommendation.

**Rationale**—Completion of these major objectives will permit the Agency to commit significant personnel resources and energies to the improvements set forth in this Strategic Plan. These initiatives clearly require SSA's continued direction toward state-of-the-art capability in the responsible use of technology, as it improves service delivery to meet society's expectations throughout the next decade and beyond.

## Organization and Human Resources

### 1. Promote a Positive Work Environment

SSA will promote a work environment designed to encourage and assist employees to become well trained and highly motivated, with improved career opportunities. Although implementation of the initiatives contained in the Strategic Plan may well result in changed or diminished workforce requirements, SSA will continue its commitment to managing staffing imbalances through normal attrition and thoughtful redeployment. The Plan's initiatives will result in the need for new skills which will be met through intensive, continuing training and retraining efforts, and recruitment as necessary.

**Rationale**—Adoption of this recommendation will give strong assurance to employees that SSA management recognizes their vital contributions to past successes and that it intends to make every effort to ensure not only that changes in the Agency will have minimal short term negative impact but will, in the long term, result in a better work environment.

### 2. Enhance Human Resource Management

SSA should establish a process to forecast and deal with changes in workforce utilization requirements. This process should include the following elements.

- Thoughtful redeployment to meet staffing imbalances.
- Commitment to training and retraining.
- Succession planning for key officials and senior managers.
- Replacement of staff losses in critical positions.
- Management development strategies.
- Organizational design and job structures.
- Performance standards.
- Pay and work incentives.
- Quality of the work environment.

**Rationale**—Anticipated changes over the next 12 years will have significant consequences for human resources management in SSA. Implementation of these strategic initiatives will require awareness and sensitivity to employee needs. Effective management requires continuing recognition that the organization's greatest assets are the skills and loyalty of its employees.

### 3. Intensify Training Efforts

SSA should aggressively provide its employees with the knowledge, skills and attitudes necessary to meet changing customer needs in a work environment undergoing rapid technological change. This can be accomplished through an intensified and expanded training effort. The Institute for the Development of Social Security Service Systems should be involved in the development of a training system as well as serve as a primary training source for the intensive efforts needed.

**Rationale**—The skills and skill mix required of SSA employees in the future are expected to be significantly different from those of today. A majority of the SSA workforce of the next 12 years is already employed at SSA so the need for new skills for those people can only be met through training.

### 4. Modify the Role of Managers

Over the next decade, SSA managers will need to move away from the traditional management role of control.

To meet the demands of a technologically altered work environment, SSA managers will need to move away from the traditional management role of control to one of facilitating peer-to-peer coordination and insuring that information is available when needed. This change will require a major SSA commitment to training managers the required skills.

**Rationale**—Technology is altering the role of the supervisor/manager from management of people to management of information. The pace of decisionmaking will accelerate. Under these conditions, staff can not be supervised in the traditional sense. Since employees will be in control of the part of the process they are responsible for, they will need to understand it, and know how to use the automated tools available to them. In an automated process, the employee shifts from being a

technician to being an information processor. Instead of a supervisor he needs a facilitator. New and different techniques will be essential for managers to be effective.

### **5. Establish Flexible Position Descriptions**

Broad-scope positions and position descriptions with broader skill mixes need to be developed to allow more flexibility and to overcome obstacles to qualification standards.

**Rationale**—Technology is altering the ways in which most jobs are performed. Streamlined work flows, an increasing shift from technical to information processing jobs, a reduction in specialized functions and the increased use of automation will produce major shifts in the skill mix needed to operate the Agency.

### **6. Increase Delegations of Authority**

To improve accountability and responsibility throughout SSA, some delegations of procurement and personnel management authority should be made to office managers in both the field and headquarters components.

**Rationale**—Managers would be far more responsible and accountable for performance and better able to experiment with different ways of

handling workloads. Productivity and effectiveness in components would improve.

### **7. Manage Implementation of Strategic Initiatives**

Responsibility for management of the integration and implementation of the initiatives in this Plan should be with the Office of Strategic Planning (OSP) which reports directly to the Commissioner.

OSP, in concert with the line organizations, should develop implementation plans for each initiative. The plans would be carried out by the line organizations which would report status. OSP would monitor progress on all Plan initiatives, and would ensure that all aspects of the Plan are being implemented properly and timely. All needed tracking mechanisms, including tracking of the "GAO Management Initiatives" should be integrated into the Commissioner's Activities Report and Operations Tracking System (CAROTS), being cautious that CAROTS be kept simple and manageable.

**Rationale**—The strategic initiatives in the Plan represent major changes in the way the Agency conducts business. Implementation activities to accomplish the goals will number in the thousands and will cross organizational lines and so must be strictly integrated, monitored and controlled. This can best be done by an organization outside the various components and reporting to the Commissioner. OSP provides an already existing vehicle.



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# 5 Implementation Plan

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## Introduction

This Implementation Plan outlines an ambitious program for bringing to fruition the programmatic, policy, technology and organizational elements of the scenario described in Part 3, while at the same time achieving improvements in the efficiency of all aspects of SSA's operations and processes.

Certain activities have been purposely omitted from the Implementation Plan, activities which SSA will or should undertake, either as a matter of course or as a byproduct of its ongoing efforts to improve its business practices. These activities include:

- Improving SSA's tactical and operational planning and budgeting processes, especially with respect to activities and resources not directly associated with achieving the strategic plan scenario.
- Improving SSA's day-to-day management and administrative practices and systems.
- Maintaining and improving the processes, systems and procedures necessary for SSA to

accomplish its objectives prior to the achievement of "SSA 2000".

- Establishing improved support systems and resources within the Agency, such as software engineering technologies and project control systems.

The Plan is more definite and detailed about the activities to be undertaken in the near future (i.e., 1988 - 1991) than about those which will occur later. Projects initiated in the next two years are described down to the major task level.

Activities beginning between mid-1989 and mid-1991 are described at the major project level, while those beginning after the middle of 1991 are described at the subprogram level. This is a consequence of the fact that many of the specific activities can not be fully defined until alternative designs have been identified and evaluated for certain processes, and the preferred design selected, in late 1991. Detailed planning for the implementation of preferred designs will be accomplished as the designs are refined and finalized.

**Telephone Service:** Increase the portion of SSA business conducted by phone, including use of voice messaging systems.

**Educate the Public:** Establish a strong and ongoing information program to promote public understanding and confidence in the social security programs.

**Provide Periodic Benefit Estimates:** Generate statements of earnings to SSA customers.

**Simplify Appeals:** Simplify the appeals process.

**Two-Way Video In Appeals:** Use of 2-way video in the appeals process.

**Automated Data Exchange:** Establish automated interfaces with State bureaus of vital statistics, INS, IRS and other agencies to facilitate the establishment of entitlement.

**Electronic Storage and Retrieval of Documents:** Store and retrieve of all "proofs" via electronic media, eliminating the requirement for SSA to retain paper documents.

**Reduce Earnings Reporting Requirements:** Obtain quarterly reports of earnings automatically from the States, eliminating the need for reporting by most employers.

**Automatic Entitlement:** Establish an "application-less" claims process for retirement benefits at normal retirement age.

**Payment Via Electronic Funds Transfer:** Utilization of EFT by nearly all SSA beneficiaries.

**Explore Expert Systems:** Increase automated support of SSA functions by the use of "expert systems".

**Explore Smart Cards:** Issuance of a multiple use social security card.

**Improve SSA Management and Work Environment:** Streamline SSA's organization and management and improve the work environment for SSA employees.

**Institute for the Development of Social Security Service Systems:** Establish an independent, non-profit research and development organization to address SSA's need for testing, developing and adapting new technology to SSA business processes.

The majority of these projects can be completed by no later than early 1991, some (e.g., the Expert Systems Project) will not be completed until later in the 1990s.

## Interdependent Activities

The second category of projects, "Interdependent Activities," addresses efforts necessary to bring the remainder of the recommendations, all of which are closely interrelated, to fruition.

A classical renovation strategy is reflected in this set of activities, which are intended to shape an integrated, efficient and unified SSA process subject to the constraints established by the strategic plan scenario.

These activities are:

Self-Service Stations

Modern Information Architecture

Electronic Workstation Network

Automate Instruction and Training System

Automate Management Information

Automate Audit Data

Complete the Modernization Effort

Manage Integration and Implementation of Strategic Initiatives

Work on these activities will proceed in four phases:

### Phase I: Foundation Activities

This phase consists of the activities which are prerequisite to the selection of the most cost effective of feasible alternative designs. To determine what constitutes the most cost effective design, the Agency's operational requirements must be known (i.e., what functions the Agency wants to perform, and how well it wants to perform them) and what the Agency has as resources with which to accomplish these functions.

Phase I is divided into three major projects, intended to systematically address these questions:

**Project 1: An Operational Requirements Study** will specify the quantitative levels of performance for all of SSA's major functions that the ultimate process design must satisfy. It will include the following tasks:

- Task a:** Operationally define the specific major functions for which quantitative and qualitative performance standards will be established.
- Task b:** Establish, on a quantitative scale, the relative priorities of each of these functions.
- Task c:** Predict the capabilities of human/machine systems 10 - 15 years in the future, to determine the range of possible/probable levels of performance of each function.
- Task d:** Determine industry norms for each of the functions being performed, both at present and predicted for the future. (It is expected that SSA's performance standards will make SSA above average vis-a-vis other government and commercial organizations performing comparable functions.)
- Task e:** Establish the relative value, or "utility", of various levels of performance of each function specified in (a), above.
- Task f:** Based on (b) through (e), above, establishing both "minimum acceptable" and "preferred" values of performance for each SSA function.

**Project 2: Baseline the Social Security Administration**, which means determining, in an organized, systematic manner, what SSA has now and is planning to have in the near future. This information will be used to:

- Determine how much of SSA's future requirements can be met with current and near future resources.
- Determine the costs required to change from SSA's current mode of operation to each of several alternative processes that will be identified and evaluated in subsequent projects.
- Develop and implement transition plans to carry SSA from the present to the Year 2000.

The baselining project will have several distinct component tasks, including tasks to baseline each of the following:

- Task a:** SSA's resources, including personnel, facilities, equipment, systems, funds and funding sources, contracts, grants and other agreements.
- Task b:** SSA's activities and projects. This task will systematically delineate all of the Agency's programmatic and administrative projects and activities.
- Task c:** SSA's plans. The identification, comparison and synthesis of all of SSA's Agency-level and component-level plans is essential to the evaluation and selection of alternative process designs and the development of the preferred approach to the transition from the present to Year 2000.
- Task d:** Constraints. Ultimately, factors in addition to cost, effectiveness, and efficiency will have an enormous effect on the design of SSA's process for the Year 2000 and beyond, just as it does now. Constraints on the design of that process include such things as: preliminary design decisions reflected in the scenario (e.g., 24-hour, 365 day service); structural factors; and social factors, (e.g., the welfare of SSA's current and future employees and customers). To the extent that constraints such as these can be articulated early, the task of conceptualizing, defining, and evaluating alternative process designs can be conducted with greater efficiency and integrity.

**Project 3: Develop a Data Model of SSA.** This project will describe and catalog SSA's functions and data, and the interrelationships within and between them. It will use state-of-the-art operations research and structured analysis methodologies. Its results will be in a form that directly supports process and system design. This project has two major phases:

- Task a:** Develop a data model of SSA as it currently exists.
- Task b:** Modify this model to reflect any anticipated changes in SSA's functions and data elements for the Year 2000 and beyond.

## Phase II: Specification of Alternative Process Designs For Achieving Operational Requirements

This phase consists of the specification and evaluation of alternative process designs for SSA. It will be initiated only after the requirements, baselining and data modeling projects are near completion, and will include consideration of such things as:

- How should SSA's data, systems and personnel resources be geographically, organizationally and functionally distributed and configured?
- Which of SSA's functions should be contracted out and which should be performed by SSA employees?
- What should be the design specifications of SSA's computer and telecommunication hardware and software, (or, alternatively, should SSA merely specify functional requirements, and let competitive contracting practices determine the hardware/software/service solutions to SSA's mission requirements)?
- What system design will most cost effectively permit SSA to acquire Admin/MI and audit information as an automatic byproduct of programmatic processes?
- How can computer-based training best be implemented in SSA's new environment?
- Which form(s) of electronic media should be used for the storage & retrieval of each class of SSA's data?
- Which, if any, of SSA's automated systems should be excluded from the data-independent systems model specified in the strategic plan on the basis of life cycle cost and performance considerations?
- What is the most cost effective design approach for achieving a national network for SSA? For example, which of SSA's telecommunication requirements can most cost effectively be met by reliance on commercial and government utilities and services (e.g., FTS 2000) in lieu of, or to supplement, dedicated networks such as the Data Communications Utility.

- Given the requirement for an integrated MI/programmatic system, and expected advances in systems connectivity hardware and software, does the existing blanket requirement for "IBM plug compatibility" make sense? If not, what standards should be imposed, and how should SSA's information architecture be adjusted to accommodate these new standards?
- What are the design details of the automated self-service stations specified in the strategic plan? For example: to what extent should these be multi-lingual; to what extent should they incorporate audio (versus video) as the medium for communicating with the user; and what safeguards should be incorporated to assure data accuracy and security?

This phase is divided into three major projects as follows:

**Project 1: Specify Alternative Detailed Designs.** Several alternative, substantially different, and apparently feasible, design concepts will be developed for each significant level of SSA's process.

For example, at the highest level, two alternative concepts could include widely varying technical approaches to the geographic and functional distribution of SSA's data and data processing. At a lower level, alternative concepts could include, for example, the use of commercial communications facilities versus a dedicated network. Lower level design alternatives might include the specification of voice-interactive self-service terminals versus terminals that require "point-and-press" input from the customer.

Once specified, each of these design concepts will be fleshed out, and detailed designs developed that preliminary analysis suggests will result in the highest level of cost effectiveness for the specified design concept.

**Project 2: Evaluate Alternatives and Select Preferred Design.** Quantitative cost and effectiveness models will be developed for each design concept and the detailed designs evolving from them. These models will be exercised on data descriptive of the design and the environment of the future (e.g., workloads, socio-economic factors, etc.) on a continuing basis. The results of these modeling activities will be fed-back to the designers, and will constitute the basis for ongoing design improvements.

Once each design concept has been fine-tuned to achieve the highest predicted levels of cost effectiveness, it will be possible to select the preferred design concept for development.

This subproject will be conducted concurrently with that described in the previous paragraphs.

**Project 3: Develop Detailed Project Plans.** After the selected design concept is further refined to reflect new developments or constraints that may have arisen subsequent to the analysis that led to its selection, detailed project plans will be prepared by the components responsible for the development and implementation of the various aspects of the new design. These plans will cover all the activity and resources that will be required to bring the selected design to fruition. These detailed project plans will be incorporated into the Agency Strategic Plan.

### **Phase III: Process/System Development**

Of necessity, the current version of the SSA Strategic Plan, cannot be specific about the activities required for the development of the new process. It does convey the thought that the development phase must systematically address all aspects of SSA's processes and resources, including:

- Organization
- Facilities
- Equipment
- Staffing
- Legislation and regulation
- Training
- Procurement
- Security
- ADP & telecommunications

- Operational and management processes, systems and procedures.

The development phase will include, but is not limited to, the following major projects:

**Project 1:** Develop all necessary systems and procedures and fully document them (in electronic form).

**Project 2:** Establish all necessary agreements and contracts with State and local government agencies, employers, insurance companies, banks, utility companies, and other contractors.

**Project 3:** Procure and/or lease the hardware, software, facilities and services required to support implementation of the design.

**Project 4:** Assure that any existing contracts and leases not needed under the new process will be terminated or allowed to expire at an appropriate time and with minimum disruption to SSA's operations.

**Project 5:** Retrain and recruit staff and managers to permit the Agency to operate effectively within the context of the new process.

**Project 6:** Complete necessary legislative packages and/or regulations.

**Project 7:** Phase out any projects or activities that are inconsistent with the implementation schedule of the new process.

**Project 8:** Complete detailed organizational redesign, and prepare materials for publication in the Federal Register.

Responsibility for the development phase will be divided among the Deputy Commissioners and the Chief Financial Officer as appropriate.

## Phase IV: Transition

The implementation plan identifies a transition phase, of about two years duration, during which SSA staff will be trained, new processes will be pilot tested, and where appropriate, parallel operations of the new and old processes will occur. In fact, this is an oversimplification.

The development phase will not be completed on a certain date, and the transition phase will not begin the next day. Some parts of the development activity, (e.g., the development of operational procedures and instructions) can be concluded much earlier than other parts (e.g., reorganization).

Similarly, until the final process design is specified, it is not appropriate to suggest which aspects (if any) of the new process should be operated in parallel with the existing process, nor to estimate the extent and duration of training that will be required.

Substantial planning, care and effort must go into assuring the effective and smooth transition between the old and new processes.

It is estimated that the combination of development and transition activities will require a total of five years.

## Fundamental Principles of the Implementation Plan

The Implementation Plan is based on the following principles:

There are many potential detailed designs of SSA's processes and systems, and many potential strategies for implementing those designs that could result in the Year 2000 scenario.

While there is, in theory, one optimal design and one optimal transition strategy, the time and effort required to identify them exceeds the time and resources available.

Thus, rather than trying to select the optimum design of its processes and associated resources, SSA will select that process design believed to be the most cost effective of several feasible and desirable design alternatives.

The cost effectiveness of any design depends on two interrelated factors:

- the extent to which the design addresses the Agency's operational requirements, derived from its mission and goals; and
- the total life-cycle cost associated with the design.

That design will be selected which achieves the Agency's operational requirements at the lowest life-cycle cost.

By the same token, that transition strategy will be selected that minimizes the total cost of achieving the selected design on schedule.

A key element in determining the effectiveness of the preferred design is the specification of operational requirements and associated performance standards for the Agency. This would include, for example, such things as:

- public service as defined by payment error rates
- average processing times for each of SSA's major transactions
- intelligible notices to the public
- quantitative measurements of the quality of the work environment for employees

An essential element in determining the life-cycle cost of a design is the specification of the current design<sup>2</sup>, since the cost to implement any new process depends on the extent of change from the current process that it will necessitate.

While the specification of the final process design, and the detailed steps necessary to implement that design SSA-wide, must await completion of the cost and effectiveness evaluation of alternatives, there are many activities and projects which should be undertaken prior to that specification, because of the high probability that the products of these activities will be included, perhaps with some modification, in any of the alternative designs under consideration.

An example of this is the use of automated "expert systems"<sup>3</sup> to supplant or supplement people in making determinations regarding claims for Social Security benefits. While it would be inappropriate in this example to specify the full design of the

<sup>2</sup> This is sometimes referred to as "baselining".

<sup>3</sup> In this context, the term "expert system" simply refers to the use of an automated system to support the collection and processing of data, and, most importantly, the making of decisions based on that data.

automated system embodying such an expert system (e.g., the computer hardware and software that will be used, and the relationship of this hardware/software to SSA's other information systems), it is appropriate, even essential, that work be initiated immediately to establish the logical rules that such an expert system will include, and to test such a system on a pilot basis both to improve the quality of the embedded rule set and to identify the essential elements of the interface between people and machines in the affected processes.

The decision as to which activities should be undertaken prior to the full specification of the selected process is based on consideration of the following factors:

- The total additional cost that is likely to be incurred in revising the product of the activity to conform to the specifications of the selected design.
- The net time that will be saved in the final implementation of the selected design as a result of having conducted the pre-selection activity.
- The above two factors ultimately combine into a single, determining factor: the expected time-weighted improvement in cost effectiveness that will accrue to the Agency as a result of the combination of the added developmental costs and the earlier introduction of the selected design.

Program changes which have been specified in the Year 2000 scenario, such as reduction of the number of computation formulas, are treated as constraints and will not be evaluated in terms of their cost and effectiveness impact in the design selection process. Thus, all the activities which are associated with implementing the required program changes, and which do not require significant associated process/system design changes, will be undertaken as soon as feasible. If a required program change does necessitate associated major process/system changes as a prerequisite for its implementation, the determination of when and how to perform the required associated process/system changes will be made subject to consideration of the three factors listed above.

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