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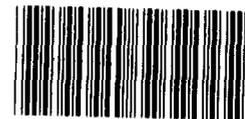
STATEMENT OF

RICHARD L. FOGEL, DIRECTOR
HUMAN RESOURCES DIVISION
BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY
OF THE HOUSE COMMITTEE ON
WAYS AND MEANS

TO

PRESENT GAO'S VIEWS ON H.R. 825, A BILL TO MAKE THE
SOCIAL SECURITY ADMINISTRATION AN INDEPENDENT AGENCY



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Mr. Chairman and Members of the Subcommittee:

I am pleased to present our views on H.R. 825, a bill to make the Social Security Administration an independent agency. Because of our continuing work on the effectiveness of management at the Social Security Administration (SSA), my testimony focuses on whether the management and operations of SSA would be improved by making it an independent agency and by the other provisions of the bill.

The bill would, among other things, remove the Retirement, Survivors, and Disability Insurance and the Supplemental Security Income programs from the Department of Health and Human Services and create an independent Social Security Administration headed by a 3-member bipartisan board. It would also establish a Beneficiary Ombudsman within SSA and authorize SSA certain exemptions from central management agencies' personnel, administrative, and budget requirements. It appears that the goal of this bill is to create an independent SSA that would be more insulated from the policies of any given Administration. Accomplishing this goal, it is felt, would increase the public's confidence and trust in the social security system.

As we stated last summer in our testimony before this Subcommittee, there are pros and cons in making SSA independent. We believe that independence for SSA would enhance

its ability to present its own viewpoints to the Executive Office of the President and could enhance the opportunity for improved management. However, we believe that certain provisions of H.R. 825 which would create a board to head the agency and authorize special personnel, administrative, and budget authorities, need to be reviewed and modified.

ADVANTAGES OF AN INDEPENDENT SSA

One of the issues that has continually concerned us is the need for strong, effective and continuous leadership at SSA. To the extent making SSA an independent agency would enhance the ability to attract and retain a top management team, we see a benefit in that regard. However, as we noted last year, independence is not a panacea. It would not guarantee better management, because excellence in management is a function of the leadership qualities of those selected to lead the agency. Furthermore, we believe that improved management could be achieved without making SSA independent. Many of SSA's major problems do not appear to be related to its lack of independence, and as such will have to be dealt with regardless of where the Agency is located. However, there are key features of this legislation that we believe will help mitigate some major longstanding operational problems and provide an environment within which managers can operate more effectively.

STRONG AND STABLE
LEADERSHIP NEEDED

We believe that strong and stable leadership is needed to sustain action to solve SSA's management and operational problems. Many of SSA's problems have been exacerbated by the fact that since 1973, SSA has had nine commissioners or acting commissioners and has experienced at least four major reorganizations. More continuity is also needed for the senior career policy and management officials. Since 1979, five different officials have been in charge of the Office of Systems, which has affected organizational continuity and hindered effective ADP systems planning.

We believe that the best leadership structure for an independent SSA would be a strong single Administrator as the head of the agency. Our position is identical to that recommended by the Congressional Panel on Social Security Organization. The Administrator should be appointed for a statutory fixed term and be assisted by an advisory board for policy matters.

A social security advisory board could serve to provide institutional memory on policy issues, and would give the Administration and Congress an opportunity to receive bipartisan views on policy issues. We continue to believe that the board should only be advisory in nature, and should have no role in the day-to-day operations of SSA.

As shown by past studies, boards generally are not as effective as a single Administrator. In those cases where an Administrator has been appointed to manage an agency under the direction of a board, the board frequently became involved in the management of the organization, and this ultimately caused problems in day-to-day operations. Given the problems SSA has experienced in its operations, we do not believe that it should have a management structure that could result in diffused leadership over its operations. A single Administrator would maximize the potential for improving SSA's management.

INCREASED MANAGEMENT AUTHORITY WILL
REQUIRE RELATED EXPERTISE AND CONTROLS

The central management agencies of the Executive Branch have an appropriate role in broad policy development and oversight of agency operations. But these roles should be carried out as unobtrusively as possible. Thus, we support removal of detailed controls, which is the intent of this legislation, but in a way that does not erode the ability of the central management agencies to apply policy and regulations consistently throughout the federal government. While we support the objectives of the bill to delegate specific management authorities to SSA, these authorities should not be made effective until SSA has shown that it has the requisite management expertise to effectively carry them out.

In the ADP area, SSA already has substantial responsibility for managing its own procurements, but has not demonstrated the capability to follow prescribed procedures and existing requirements to effectively complete the procurement actions. In our view, formal delegation should not occur until SSA, among other things, improves its technical reviews of ADP acquisition proposals, and strengthens its systems organizational structure.

While delegating the authority for administrative services may improve SSA's ability to take care of its space needs, some of the difficulty experienced by GSA in acquiring space will more than likely also be experienced by SSA. For example, in our past work we found that many of the least acceptable SSA offices were located in the inner cities. GSA experienced great difficulty in locating rental space that met all or most of SSA's unique needs. We have no reason to believe that SSA will not have a similar experience.

We support the provision in H.R. 825 that allows contract authority for computer purchases and facilities construction to cover the total cost of such acquisitions, and be available until expended, but only after SSA's financial controls have been deemed to be adequate. While such funding may increase the likelihood that projects will be completed without interruptions

once they have been approved, there is no assurance that the government will get what it pays for without reliable financial information and reporting on costs and performance.

We agree with the requirement that SSA requests for staffing and personnel be based upon a comprehensive workforce plan. Although ongoing work by us shows that SSA's work measurement system needs improving to be a reliable basis for work force planning, we believe SSA can make these improvements.

We believe that raising the current level of pay for SSA's key technical and professional staff, as the bill would allow, should aid in attracting and retaining quality people. However, we are concerned that the legislation appears to grant the board authority to appoint and pay those staff totally at its own discretion, without specific regulations or criteria to protect the interests of the government.

Similarly, we believe that while there may be a legitimate need for SSA to have an increased number of SES and executive level positions, we believe SSA should be required to justify the extent of such an increase in accordance with OPM regulations. The bill would authorize a doubling of SSA's current SES positions.

We also have concerns over the provision in the bill that would restrict OMB's involvement in the apportionment process. We do not favor constraining OMB's authority under the Antideficiency Act. But we recognize that the mechanism can

sometimes be used to the detriment of efficient agency operations. The Congressional Budget and Impoundment Control Act of 1974 already has provisions to deal with certain actions the President may want to take that are inconsistent with congressional direction. We do not believe the provision in H.R. 825 restricting OMB's authority to use the apportionment process is needed. But recognizing the concern over how OMB might use the process, we offer the following suggestion. The provision in the bill could be revised to require OMB to report to the Congress any restriction of or deduction from SSA's apportionment with an explanation of why OMB took that action.

RESPONSIBILITIES OF KEY
OFFICIALS SHOULD BE CLARIFIED

The provisions of H.R. 825 which delineate the responsibilities of the Board, the Commissioner, and the newly-created Beneficiary Ombudsman should be clarified. As we read the responsibilities of the Board and the Commissioner, it appears there could be some duplication in their responsibilities for (1) the administration of the programs, (2) structuring the organization of the agency, and (3) making annual budget recommendations to the Congress. The role of the Commissioner to direct the operations of SSA needs to be clearly delineated.

Regarding the Beneficiary Ombudsman, the bill does not state to whom the Beneficiary Ombudsman reports. The role of the Ombudsman in representing beneficiaries could be rendered

ineffective unless this person reports at a very high level within the organization, such as to the board or to a single Administrator. We support the establishment of a Beneficiary Ombudsman to sponsor and support beneficiary interests. In our testimony of April 3, 1985, before your Subcommittee on the planned SSA staffing cuts and potential field office closings, we stated the need for proper monitoring of the impact on public service of these budget cutting measures. We believe that the creation of an Ombudsman who could represent the rights of the beneficiary in such circumstances would better reflect the beneficiaries' interest and could contribute to improving the level of public confidence in the administration of the social security programs.

Mr. Chairman, that concludes my testimony. We would be happy to answer any questions.