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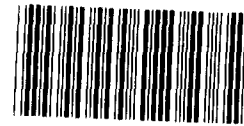
GAO

Briefing Report to
Congressional Requesters

March 1986

SOCIAL SECURITY

Actions and Plans to
Reduce Agency Staff



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

HUMAN RESOURCES
DIVISION

B-222273

March 17, 1986

The Honorable Lowell Weicker, Jr., Chairman
The Honorable William Proxmire, Ranking Minority Member
The Honorable Lawton Chiles, Member
Subcommittee on Labor, Health and Human Services,
and Education
Committee on Appropriations
United States Senate

In response to your May 2 and December 18, 1985, requests, this briefing report presents the results of our review of the Social Security Administration's (SSA's) plans and actions to reduce its employment by 17,006 full-time equivalent positions from fiscal year 1985 through 1990. As agreed with your offices, we examined (1) where staff reductions occurred, (2) the basis for them, (3) their effect on service to the public, and (4) SSA plans for future reductions.

In preparing this briefing report, we discussed the staff reduction plan with SSA management and budget officials responsible for developing it, and reviewed supporting documentation. We also interviewed SSA and employee union officials and analyzed SSA performance statistics. As requested by your offices, we did not obtain written agency comments on this document.

In brief, our principal findings are:

- Nearly half of the 2,343 fiscal year 1985 reductions occurred in SSA's regional and field offices, which employ about half of SSA's full-time equivalent staff. Claims representatives, data review technicians, and clerical positions accounted for most of the reductions.
- SSA's fiscal year 1985 staff reductions were based on efficiencies it expected to gain from various procedural and systems changes. For example, SSA saved 283 work-years from a change in its eligibility redetermination process. Overall, however, SSA's fiscal year 1985 savings were 24 percent below what it expected to achieve from planned changes.

--Evidence is inconclusive as to the effect staff reductions have had on service to the public overall. SSA officials said service improved, citing performance data measuring payment accuracy, processing time, and work backlogs. However, we believe SSA's performance data are incomplete in several aspects. For example, SSA currently does not systematically collect data on waiting times in its field offices or conduct client satisfaction surveys.

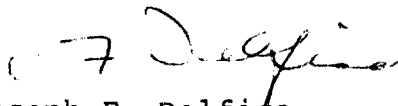
SSA employee union representatives and field office personnel we interviewed said service to the public did decline, but could not provide specific evidence to support their views.

--SSA still plans for staff reductions beyond fiscal year 1987. However, there are indications that many initiatives contained in its initial plan may not produce savings when or to the extent anticipated. For example, several key elements of SSA's Claims Modernization Project--expected to produce 5,325 of the 17,006 staff reductions--have slipped by about a year since the original savings estimates were developed.

In fiscal year 1986, SSA staff levels were reduced by the Emergency Deficit Reduction and Balanced Budget Act of 1985--this is in addition to the reductions made as a result of the staff reduction plan. The act could also result in additional staff reductions above those planned in future years.

As requested by your offices, the results of the in-depth study you requested of SSA's Claims Modernization Project will be reported to you by mid-summer of 1986. Also, as arranged with your office, unless its contents are announced earlier, we plan no further distribution of this briefing report until 30 days from its issue date. At that time, we will send copies to interested parties and make copies available to others on request.

Should you need additional information on the contents of this document, please call me on 275-6193.


Joseph F. Delfico
Associate Director

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ABBREVIATIONS

CMP Claims Modernization Project
FTE full-time equivalent
GAO General Accounting Office
HHS Department of Health and Human Services
LAE Limitation on Administrative Expense
OMB Office of Management and Budget
SSA Social Security Administration

SOCIAL SECURITY: ACTIONS AND PLANS

TO REDUCE AGENCY STAFF

BACKGROUND

The Social Security Administration (SSA) is one of the largest agencies in the federal government. At its peak in 1977, SSA had 88,257 employees nationwide; since then the number of employees has declined to 83,588 at the end of fiscal year 1984--the year before the start of SSA's long-term staff reduction plan.

Administrative resources are funded through various budget accounts. Most funding is provided through the Limitation on Administrative Expenses (LAE) account, which provides funds for administering the Social Security and Supplemental Security Income programs. In fiscal year 1985, 98.5 percent of SSA's total administrative resources were funded through the LAE account. SSA also obtains resources from other budget accounts for providing administrative support for other programs, such as the Black Lung and Assistance Payments programs; in fiscal year 1985, 1.5 percent of SSA's total administrative resources were provided through these accounts.

The effort SSA expends in administering its programs is measured in work-years. A work-year represents the equivalent of one person working one full year, or 2,080 hours (40 hours x 52 weeks). Total work-years are made up of three elements--(1) full-time equivalents (FTEs), (2) nonceiling personnel, and (3) overtime.

An FTE represents one work-year of effort expended by SSA staff subject to employment ceilings set by the Office of Management and Budget (OMB) and the Department of Health and Human Services (HHS). The FTE ceiling applies to most SSA employees, both full time and part time. In fiscal year 1985, 77,741 work-years (about 95 percent of total work-years) were expended by FTE staff.

SSA also employs a number of personnel not subject to specific employment ceilings. These nonceiling personnel are typically employed in special programs, such as stay-in-school and summer aide. In fiscal year 1985, about 2 percent of SSA's total work-years were used by nonceiling personnel.

SSA also uses some overtime to accomplish its mission. In fiscal year 1985, SSA expended 2,317 work-years of overtime, about 3 percent of its total work-years.

The Staff Reduction Plan

In its fiscal year 1986 budget submission, SSA announced a plan to reduce its employment from fiscal years 1985 through 1990 by 17,006 FTEs--about 21 percent of staff. The reduction applies only to FTE staff funded through the LAE account; in this report, unless otherwise noted, all narrative and tables relate to that account only.

According to an SSA planning document dated February 22, 1985, the FTE savings could be realized through the following initiatives:

- Implementing planned enhancements and procedural changes identified in the fiscal year 1985 and 1986 budgets (3,602 FTEs).
- Automating claims processing through the Claims Modernization Project (CMP) (5,325 FTEs).
- Reviewing the appropriateness of the agency's field office structure and improving field office efficiency (2,000 FTEs).
- Streamlining the claims authorization process through the District Office Final Authorization initiative (1,000 FTEs).
- Improving or contracting out certain SSA activities (600 FTEs).
- Reducing support staff positions by 15 percent (1,200 FTEs).
- Making other systems enhancements and procedural changes similar to those identified for fiscal years 1985 and 1986 (3,279 FTEs).

Planned reductions vary by year as table 1 shows.

Table 1:
SSA's Planned Staff Reductions by Fiscal Year

<u>Fiscal year</u>	<u>FTE reduction</u>	<u>Cumulative FTE reduction</u>	<u>Cumulative percentage reduction from FY 1984</u>
1985	1,913	1,913	2.4
1986	1,689	3,602	4.5
1987	3,079	6,681	8.4
1988	3,925	10,606	13.3
1989	3,400	14,006	17.5
1990	3,000	17,006	21.3

According to SSA, for this plan to succeed would require that

- the ongoing computer systems modernization program be implemented on schedule,
- there be no major changes in legislation,
- funds be available for staff retraining and relocation,
- SSA obtain "early-out" retirement authority to accelerate attrition of selected positions, and
- workloads remain consistent with actuarial projections.

The Acting SSA Commissioner said SSA's goal is to achieve reductions through staff attrition rather than reductions-in-force. She also said the reductions could be accomplished without impairing SSA's service to the public. To provide funds for staff retraining and relocation (among other things), SSA requested \$175 million for its fiscal year 1986 contingency fund; \$145 million of this request was approved by the Congress.

When the plan was disclosed in early 1985, SSA officials told us that it established the "broad outlines of the direction in which SSA will be heading." They added that the plan's details (when, how, and how much) will be subject to change each year during the annual budget formulation process, depending on agency workloads, achievement of automation goals, and other factors.

Recent Developments

Two recent events have directly affected SSA's fiscal year 1986 staffing levels. In December 1985, the Conference Committee report on the fiscal year 1986 appropriation legislation stated that the funds provided will be used to provide 1,000 more FTEs over the number requested in the President's budget.

Subsequently, in March 1986, SSA was required to sequester 4.3 percent of its fiscal year 1986 LAE account budget as a result of the Emergency Deficit Reduction and Balanced Budget Act of 1985 (Gramm-Rudman-Hollings). To comply with the act, SSA plans to reduce its fiscal year 1986 FTEs by 1,180. The planned 1,180 FTE reduction completely eliminated the 1,000 FTEs that the Congress had provided over the amount in the President's budget. The effect of the actions was a net reduction of 180 FTEs below what was requested in the President's budget. In addition, to comply with the act, SSA reduced work-years for nonceiling personnel by 724 and for overtime personnel by 1,338 from the totals in the President's budget. The effect of these changes to the President's budget are summarized in table 2.

**Table 2:
Available Work-Years**

	<u>FTEs</u>	<u>Nonceiling</u>	<u>Overtime</u>	<u>Total</u>	Change from President's FY 1986 <u>Budget</u>
President's FY 1986 Budget (Feb. 1985)	76,349	1,793	3,113	81,255	
Congressional Appropriations (Dec. 1985)	77,349	1,793	3,113	82,255	+1,000
Gramm-Rudman- Hollings (Mar. 1986)	76,169	1,069	1,775	79,013	-3,242
Change from President's FY 1986 Budget	-180	-724	-1,338		-2,242

Comparing SSA's original staff reduction plan (which involved only FTEs) with SSA's experience in fiscal years 1985 and 1986 shows that the agency is essentially on target with its planned cumulative FTE reductions. For fiscal years 1985 and 1986, SSA's original plan called for a total FTE reduction of 3,602. The cumulative total FTE reduction by the end of fiscal year 1986 is currently projected to be 3,809, after the Gramm-Rudman-Hollings reduction. The act could also result in additional staff reductions greater than those planned in future years, depending on how annual budget deficit targets are achieved.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our review objectives were to determine where staff reductions occurred, the basis for them, their effect on SSA's service to the public, and SSA plans for future reductions.

We interviewed SSA officials responsible for developing and overseeing the staff reduction plan and reviewed management and budget documents supporting the savings projections. To determine the effect of staff reductions, we interviewed SSA headquarters officials, the agency's 10 regional commissioners, representatives of the American Federation of Government Employees, and 17 field office employees in five field offices in SSA's Philadelphia region, and reviewed performance statistics for fiscal years 1984 and 1985. Also, we compared actual to planned work-year savings for procedural and systems changes for fiscal year 1985.

Our review was performed in accordance with generally accepted government auditing procedures.

WHERE DID SSA'S FISCAL YEAR 1985 STAFF REDUCTIONS OCCUR?

SSA's regional/field offices and six program service centers absorbed 72 percent of the fiscal year 1985 FTE reductions, as shown in table 3. The regional/field offices and program service centers constituted 69 percent of SSA's FTE staff in fiscal year 1985.

Table 3:
SSA Fiscal Year 1985 FTE Reductions
by Office, Compared to Fiscal Year 1984 Use
(all programs)

Office	Change in FTE use	Percent change from FY 1984
Regional/field offices	-1,010	-2.4
Office of Central Records Operations	+122	+2.2
Office of Disability Operations	-323	-5.7
Office of Program Service Centers	-683	-4.8
Office of Hearings and Appeals	-389	-6.7
Office of Management, Budget & Personnel; Office of Assessment	-135	-5.3
Program/Policy Offices	-20	-1.4
Office of Systems	+122	+4.1
Other offices	-27	-10.3
Total	-2,343	-2.9

Regional/field office reductions accounted for 43 percent of the total FTE reduction in fiscal year 1985; SSA's six program service centers accounted for another 29 percent. FTE use changes in field offices ranged from a reduction of 208 FTEs in the Chicago region (2.8 percent of its fiscal year 1984 FTE use) to an increase of 16 FTEs in the Seattle region (a 1-percent increase over 1984 use).

The FTE reductions in fiscal year 1985 were accompanied by reductions in both nonceiling personnel and overtime, as shown in table 4. The table also shows a steady downward trend in actual or budgeted work-years from fiscal years 1984 through 1987.

Table 4:
Composition of SSA Work-Years
Fiscal Years 1984-87

Work-year category	Fiscal year				
	1984 ^a	1985 ^a	1986 ^b	1986 ^c	1987 ^b
FTEs	79,978	77,741	76,349	76,169	73,270
Nonceiling	2,252	2,073	1,793	1,069	1,786
Overtime	3,990	2,317	3,113	1,775	3,524
Total	86,220	82,131	81,255	79,013	78,580

^aActual.

^bPresident's budget.

^cBudget after Gramm-Rudman-Hollings reductions.

To determine the effect of staff reductions on SSA field office positions, we analyzed monthly field office personnel reports for fiscal years 1984 and 1985. Table 5 shows the results.

Table 5:
Field Office Staff Reductions by Position
Fiscal Year 1985^a

Position	FY 1985 change	Percent change from FY 1984
Data review technicians	-297	-7.3
Clerical positions	-275	-3.1
Claims representatives:		
Title II	-165	-2.5
Title XVI	-164	-2.6
Nonceiling employees	-140	-9.6
Service representatives	-86	-1.3
Other positions (4)	+178	+2.2
Total	-949	-2.3

^aFigures represent the monthly average number of staff on duty as reported by SSA field offices.

The table shows that the largest number of staff reductions occurred in the data review technician position, which SSA expects will be largely eliminated as a result of the CMP. (See p. 18.) To help provide a smooth transition to the CMP, in 1985 SSA created a joint data review technician/service representative position. Through December 1985, 123 former data review technicians have been placed in this new position, according to an SSA official.

Clerical positions--with a cut of 275--absorbed the second largest reduction. The 1985 reduction in clericals continues a recent downward trend in SSA's clerical employment. From October 1982 to September 1984, on-duty field office clerical personnel declined by 1,942, a 19-percent decline from the October 1982 level.

WHAT IS THE BASIS FOR SSA'S FISCAL YEAR 1985 STAFF REDUCTIONS?

SSA's fiscal year 1985 FTE reductions were based primarily on work-year savings estimates for various procedural and

systems changes scheduled that fiscal year. SSA made these estimates when formulating its fiscal year 1985 budget.

In formulating its budget, SSA projects workloads to be processed in the budget year and, on the basis of past experience, estimates the work-years needed to perform that work. SSA then estimates the impact that legislative, procedural, or systems changes will have on its productivity. This analysis is specific to the workload and component level, examining, for example, the work-years the six program service centers used to process title II postentitlement actions in the base year and the impact of any relevant changes. After making similar analyses for all components, SSA projects the total work-years required to process anticipated workloads.

Compared to fiscal year 1984 levels, the fiscal year 1985 budget projected an increase of 2,063 work-years for certain workloads and a decrease of 4,689 work-years due to workload declines and improved operational efficiency, yielding a net decrease of 2,626 work-years.

The increase of 2,063 work-years was attributed primarily to

- taxation of benefits mandated by the Social Security Amendments of 1983 and
- increases for representative payee accounting workloads.

The budgeted decrease of 4,689 work-years was attributed primarily to

- reduced workloads for reconsiderations and hearings, school attendance, benefit recomputation, and social security number maintenance;
- workload management initiatives intended to simplify work and eliminate unproductive work;
- systems and automation improvements resulting from SSA's fiscal year 1985 automatic data processing plan; and
- the reduction in continuing disability review workloads due to a moratorium imposed by HHS in April 1984.

SSA's actual work-year usage for fiscal year 1985 was 1,902 work-years below budgeted levels. As shown in table 6, SSA's fiscal year 1985 FTE and overtime usage was below budget levels; use of nonceiling personnel was 15 percent over budget.

Table 6:
Comparison of Budgeted to Actual Work-Year Use
by Work-Year Category, Fiscal Year 1985

Category	Budgeted	Actual	Difference
FTEs	78,073	77,741	-332
Nonceiling personnel	1,800	2,073	+273
Overtime	4,160	2,317	-1,843
Total	84,033	82,131	-1,902

According to SSA officials, the fiscal year 1985 work-year underrealization occurred because work SSA had budgeted for did not materialize. For example, SSA budgeted 1,483 work-years for anticipated taxation of benefit inquiries, but used only 452. SSA also budgeted 387 additional work-years over what it used in fiscal year 1984 to handle expected higher claims workloads, but used 1,184 less than it budgeted.

The work-year underrealization offset less-than-anticipated work-year savings realized from procedural and systems changes SSA implemented in fiscal year 1985. As shown in table 7, SSA's fiscal year 1985 budget attributed savings of 2,219 work-years to procedural and systems changes. However, SSA saved 1,683 work-years, 536 less than expected.

Table 7:
Comparison of Budgeted and Actual Work-Year Savings
for Systems and Procedural Changes,
Fiscal Year 1985

Initiative	Work-year savings		
	Budgeted	Actual	Difference
Procedural changes	1,272	1,178	-94
Systems changes	611	345	-266
Changes begun in fiscal year 1984	336	160	-176
Total	2,219	1,683	-536

The 536 work-year savings underrealization for these initiatives equals about 24 percent of SSA's original savings estimate. Table 8 compares budgeted savings with actual savings realized from individual procedural changes.

Table 8:
Comparison of Budgeted Savings
With Actual Savings Realized
for Specific Procedural Changes
Fiscal Year 1985

<u>Program area</u>	<u>Reductions</u>		<u>Percent overestimate (underestimate)</u>
	<u>Budgeted</u>	<u>Actual</u>	
Earnings enforcement	78	178	(128)
Annual earnings test	254	93	63
Overpayment collections	238	116	51
Program simplification	335	223	33
Eligibility redeterminations	283	283	-
Enumeration	62	2	97
Annual earnings reappraisal operation	-	259	a
Other (2 initiatives)	<u>22</u>	<u>24</u>	(9)
Total	<u>1,272</u>	<u>1,178</u>	7.4

^aSSA did not budget for any savings from this change.

The foregoing discusses the basis for the increases and decreases in SSA staffing requirements. In any given year, however, changes in SSA work-year requirements account for a relatively small part of SSA's total staff resource budget. The bulk of this budget is made up of the base--that is, the staff resources required to process projected workloads.

How SSA estimates its field office staffing needs is the subject of a GAO draft report sent to the Secretary of HHS for comment on February 28, 1986. The report, entitled Improvements in the Development and Maintenance of Time Standards Are Needed to Assure Reliable Field Office Staff Budget Estimates, makes a number of recommendations to improve estimates for staff needs.

WHAT EFFECT DID THE FISCAL YEAR 1985 REDUCTIONS HAVE ON THE QUALITY OF SSA'S SERVICE?

Evidence is inconclusive as to the effect that fiscal year 1985 staff reductions had on SSA's service to the public overall. As one might expect, however, views differ on this question. SSA officials told us the quality of its service improved

in fiscal year 1985. Field office personnel and union representatives we interviewed, however, said the staff reductions had an adverse effect that is not reflected by SSA's official performance indicators. On the basis of past and ongoing work, we believe SSA's performance data are incomplete.

SSA Views

SSA officials told us the quality of its service to the public did not decline and in some cases improved in fiscal year 1985 even though its staffing declined. For example, SSA's payment accuracy rate for retirement claims remained at 99.2 percent of benefits paid in fiscal year 1985, the same as in fiscal year 1984. Other performance indicators frequently cited are improved processing times and reduced work backlogs. Table 9 compares claims processing times for fiscal years 1985 and 1984 and shows performance improved for all programs.

**Table 9:
Claims Processing Times
Fiscal Years 1984 and 1985**

	Fiscal year	
	1984	1985
Processing times in days:		
Retirement claims	23	21
Disability claims	71	66
SSI aged claims	16	11
SSI blind and disability claims	71	58

SSA also generally succeeded in reducing backlogs, as shown in table 10.

**Table 10:
Fiscal Year 1985 Backlog Changes
From Fiscal Year 1984 Levels**

<u>Office</u>	<u>Total workloads</u>	<u>Increases</u>	<u>Decreases</u>	<u>Same^a</u>
Field offices	26	12	13	1
Office of Disability Operations	20	4	15	1
Office of Program Service Centers	20	5	14	1
Office of Central Records Operations	22	9	8	5
Office of Hearings and Appeals	<u>25</u>	<u>8</u>	<u>13</u>	<u>4</u>
Total	<u>113</u>	<u>38</u>	<u>63</u>	<u>12</u>

^a"Same" is defined as within 5 percent of 1984 levels.

Overall, the table shows that 75 (66 percent) of the backlogs were less than or about the same as backlogs in fiscal year 1984 levels.

Views of Employee Unions
and Field Office Personnel

We interviewed 5 representatives of the American Federation of Government Employees and 17 field office personnel in the Philadelphia region to obtain their views on the effect of the fiscal year 1985 staff reductions on the quality of SSA's service to the public. They told us the staff reductions adversely affected the service in areas not systematically monitored by SSA. Among the effects they cited were:

- Waiting times at field offices increased.
- Employees adopted a less caring attitude toward the public.
- Certain workloads were not processed because of the allocation of limited resources to high-visibility workloads.
- Errors increased because staff was asked to do more work.
- Claimants were required to do more for themselves, such as determine what documents they needed to bring with them to file claims.
- Public education activities, such as speeches and presentations to senior citizen groups, were curtailed.

The union representatives and field office personnel we interviewed were unable to provide specific evidence of the adverse effects they said resulted from the staff reductions.

Data on some aspects of SSA's
operations not available

SSA does not systematically collect information on certain important aspects of its operations. For example, an ongoing GAO review has disclosed a wide variance in the quality of SSA's phone service. While SSA receives up to 45 million phone calls per year, it has little data on how often callers encounter busy signals or how long they are put on hold. Also, although in 1984 the Acting Commissioner established as one of four major "SSA values" the need to "provide courteous, sensitive, and dignified public service," SSA has developed no comprehensive strategy to measure how employees deliver service.

The absence of some important performance data is discussed in a January 1986 GAO report to the Congress, Social Security: Quality of Services Generally Rated High by Clients Sampled

(GAO/HRD-86-8). The report discusses the results of a nationwide questionnaire sent to a sample of randomly selected SSA clients in late 1984 to obtain their perceptions on the quality of various aspects of SSA's service. The 43 questions covered such issues as employee courtesy, office wait times, occurrence of telephone busy signals, and understandability of mail.

Because of the importance of such information in assessing service quality, we recommended that SSA conduct periodic surveys of client satisfaction and advise the Congress of the results. In an October 1985 letter, HHS said it agreed with the recommendation and that SSA staff were developing a proposal to implement it. As of March 10, 1986, a proposal had been developed, but not approved for implementation.

Unclear SSA notices have been a long-standing problem. In an August 1985 report to the Acting Commissioner, we concluded that SSA had recently made progress in improving the clarity of its notices. We recommended, however, that SSA

"Develop and implement a strategy to obtain periodic feedback from SSA clients on the clarity of SSA notices and use such feedback to systematically evaluate SSA progress in improving and maintaining notice clarity."

In an October 15, 1985, letter, SSA agreed with our recommendation and said in fiscal year 1986 it was going to have an outside vendor test recently revised notices.

Our concern with the adequacy of measures for assessing the quality of service to the public is also shared by the House Appropriations Subcommittee on Labor, Health and Human Services, and Education.

The Subcommittee's September 26, 1985, report stated:

"The staffing and facilities [potential office closings] issues have brought into focus the concern of this Committee and the Congress as a whole that levels of service be maintained for Social Security beneficiaries and the public in general. In order to better evaluate the effect of changes in Social Security's administrative activities on service, it is essential that the Committee have dependable data on what is happening in the field. This includes regional and national average processing time for processing new or revised claims, posting of earnings or appealing decisions; the accuracy of payments as measured by existing quality control programs; and finally the convenience to the public as measured by commuting and

waiting times, etc. The Committee therefore directs the Commissioner to develop a report on these measures by January of 1986 and to submit this data to the Committee quarterly for at least the next two fiscal years. In this manner both SSA and the Congress should be able to evaluate the impact of any changes which may be made in staffing, field structure, data processing or telecommunications."

As of March 10, 1986, SSA had not delivered a report to the Subcommittee.

WHAT ARE SSA'S PLANS FOR FUTURE REDUCTIONS?

SSA has not updated its plan to achieve its goal of a 17,006-FTE reduction through fiscal year 1990. Nonetheless, the agency expects to realize substantial staff savings from the initiatives outlined in its original plan. The following sections describe these initiatives, what SSA currently expects to save and when, and what the agency is doing to realize the savings.

Overall, SSA's projections of savings from these initiatives are largely tentative, according to agency officials. Further, in many cases, it appears to us they may not produce the savings when or to the extent originally anticipated.

The Claims Modernization Project

The CMP accounts for 5,325 of the 17,006 FTE savings projected in the long-range staff reduction plan. The CMP is part of SSA's Systems Modernization Plan, a strategic effort begun in 1982 to bring SSA's computer operations up to state-of-the-art.

SSA expects that the CMP will reduce staff requirements by

- permitting direct input of claims application data by field office claims representatives,
- giving claims representatives immediate access to earnings and account number verification data,
- increasing the number of claimant notices that can be generated automatically, and
- automating workload management so that case actions are tracked automatically.

SSA also expects the CMP to reduce staff requirements by reducing claims processing errors.

The CMP is to affect two processes--the first providing improved automation of processing retirement claims (title II), and the second providing improved automation of processing of Supplemental Security Income claims (title XVI). Table 11 shows SSA's projected FTE savings.

Table 11:
Claims Modernization Project
Expected Staff Savings By Fiscal Year
(FTEs)

	Fiscal year				Total
	1987	1988	1989	1990	
Title II	300	2,525	500	-	3,325
Title XVI	-	-	500	1,500	2,000
Total	300	2,525	1,000	1,500	5,325

For fiscal year 1987, SSA budgeted savings of 439 work-years to result from the CMP.

The CMP's greatest effect is expected to occur in SSA's field offices, where large numbers of personnel involved in claims processing are expected to be unnecessary as a result of the CMP's direct claims data input capability. The present claims processing system generally works as follows:

- Claims representatives take applicant information, recording it on various forms.
- Data review technicians review applicant information for errors and code it in preparation for data entry.
- Data transcribers (or someone performing their function) input the information into SSA's central computer files.

To support these activities, claims development clerks perform a wide range of activities, such as typing, files maintenance, and other clerical duties.

Under the CMP, the data review technician and data transcriber functions are expected to be eliminated because claims data will be input directly into SSA's computer system by claims representatives when applications are taken. Also, many of the claims development clerk functions are expected to be performed automatically.

The 5,325 FTE savings estimate attributed to the CMP is based on a 1984 preimplementation study of the CMP conducted in two field offices. Since then, SSA has completed a post-implementation study on these offices which concludes that SSA's

earlier projections have been confirmed for a substantial reduction in title II claims workloads. Also, the poststudy recommended that SSA start planning for the eventual reassignment of data review technicians and data transcribers. These positions (title II workloads) account for 2,075 of the 5,325 staff savings expected to be realized from the CMP.

SSA expects to further study the CMP's impact in an expanded test of the system. In September 1985, SSA placed CMP terminals in 18 more field offices and conducted a preimplementation study in these offices. SSA plans to begin a postimplementation study in these offices in early 1987.

To implement the CMP on schedule and realize planned staff reductions, SSA must complete a number of tasks, including

- procuring and installing CMP field office terminals,
- establishing a national telecommunications network so claims data can be automatically entered in and retrieved from centralized computer files, and
- developing computer software.

Given the size and complexity of the CMP, SSA faces a substantial challenge to complete it on time. There are already indications that SSA will be unable to fully implement the CMP as scheduled. According to the program manager responsible for procuring CMP hardware, in January 1986, the procurement and installation schedules for certain critical CMP hardware components were revised. One of the most significant changes occurred in the schedule for installing the CMP terminals. Complete nationwide terminal installation, planned for September 1987, is now expected to be delayed by 14 months, until November 1988.

A-76 Review Process

SSA projected savings of 600 FTEs to result in fiscal year 1989 from conducting "A-76" reviews of certain agency functions. Under OMB Circular A-76, executive agencies are required to determine whether certain activities can be performed more economically in-house or by private firms under contract.

The projected savings of 600 FTEs are based on an OMB advisement that the management reviews required under the A-76 program have resulted in efficiencies of about 25 percent in other government activities reviewed. The SSA activities to be reviewed, along with the number of FTEs currently required to perform them (2,400 in total), are:

- Data entry of annual wage reports in the data operations centers (1,000 FTEs).

- Computer operations in the National Computer Center in Baltimore, SSA's main computer operations facility (1,000 FTEs).
- Administrative management information (200 FTEs).
- Program service center computer rooms (excluding data entry) (200 FTEs).

According to SSA officials, A-76 reviews of these activities are underway, but are not expected to be completed until fiscal year 1988.

District Office Final Authorization

Under SSA policy, certain initial claims for retirement and survivors' benefits can be finally adjudicated by district office personnel; others must be referred to a claims authorizer in one of SSA's six program service centers. Before December 1985, district offices authorized payment for about 85 percent of claims.

SSA's original staff reduction plan estimated that expansion of the district office authorization initiative to include almost all claims would save 1,000 FTEs--500 in fiscal year 1987 and 500 in fiscal year 1988. In December 1985, SSA approved this expansion. Total savings, however, have been reduced to about 400 work-years, 329 of which are expected to be realized in fiscal year 1987.

SSA expects the expansion of district office final authorization will affect payment accuracy until a transitional or adjustment period is completed. A November 1985 study estimates the expansion would potentially decrease the claims payment accuracy rate by 0.2 percent, resulting in additional overpayments of about \$1 million and underpayments of about \$1.1 million per year.

Streamlining Service Delivery

On May 8, 1985, SSA instructed its regional commissioners to review the appropriateness of the number, location, and types of SSA field offices. SSA projected savings of 2,000 FTEs from these reviews, with yearly savings of 1,000 in fiscal year 1987, 400 in 1988, 400 in 1989, and 200 in 1990.

According to SSA officials, the review of SSA field offices, as well as the 2,000 FTE savings originally expected to be realized from this initiative, is no longer part of SSA's long-range efforts to achieve an FTE reduction of 17,006.

Support Staff Positions

SSA projected savings of 1,200 FTEs by reducing its administrative support staff by 15 percent from fiscal year 1987 through 1990; savings of 300 FTEs per year were planned. About 10 percent of SSA's FTEs are used for support staff. For fiscal year 1987, SSA estimates that 420 work-years will be saved from this initiative.

As a first step, SSA instructed its components to conduct staff "contribution analyses," in which SSA support staff were asked to describe what they do. SSA will use this information to make judgments on where and when cuts can be made. As of March 10, 1986, SSA had not completed its staff contribution analysis.

Also, while SSA has said "early-out" authority is needed to facilitate achieving these reductions, the agency had not requested this authority from the Office of Personnel Management as of March 10, 1986. An SSA official told us the authority is not needed at this time, but SSA will request the authority when the need arises.

Ongoing Systems Enhancements and Procedural Changes

SSA's long-term staff reduction plan assumes savings of 3,279 FTEs as a result of systems enhancements and procedural changes of the type made or planned for fiscal years 1985 and 1986. The planned savings will consist of 979 FTEs in fiscal year 1987, 200 in 1988, 1,100 in 1989, and 1,000 in 1990.

In fiscal year 1987, SSA actually budgeted 858 work-years in savings. Estimated savings for fiscal years 1988-90 currently are not tied to any specifically identifiable enhancements or changes.

To what extent SSA will realize savings from these future initiatives is not known. As noted, however, SSA overestimated the savings from the fiscal year 1985 systems and procedural changes by 24 percent.

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