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GAO's Views On H.R. 791, A Bill To Establish The Social Security Administration As An Independent Agency

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Before the
Subcommittee on Social Security,
Committee on Ways and Means
House of Representatives

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Mr. Chairman and Members of the Subcommittee:

I am pleased to present our views on H.R. 791, a bill to make the Social Security Administration (SSA) an independent agency.

The bill would, among other things, remove the Retirement, Survivors, and Disability Insurance and Supplemental Security Income programs from the Department of Health and Human Services (HHS) and create an independent Social Security Administration headed by a three-member bipartisan board. It would also establish a Beneficiary Ombudsman within SSA and authorize SSA certain exemptions from the budget, personnel, and administrative requirements of central management agencies (OMB, OPM, and GSA).

Few goals are more important than those embodied in this legislation--to increase public confidence in Social Security--and we clearly support this goal. As we stated in our testimonies on this issue before this Subcommittee on July 30, 1984, and April 23, 1985, independence for SSA would have advantages by improving access to the Executive Office of the President through the elimination of any impediments created by HHS, and the bill could enhance the opportunity for improved management. However, should SSA become independent, it will lose cabinet-level sponsorship, which can be an important factor, and this should be weighed against the advantages of agency independence.

Since we last testified, many changes to the agency's operational environment have occurred which could affect the perceived need for independence. The financial crisis surrounding the title II trust funds has subsided, the threat of wholesale automated data processing (ADP) systems failures has been reduced, and our extensive work to identify SSA's management weaknesses, reported on in March 1987, has, we feel, provided a blueprint for management improvement. In response to our management review, SSA's current leadership embarked on an extensive set of management and public service improvements that are already paying dividends.

Our work showed that most of SSA's longstanding problems were caused by the lack of strong, stable leadership, adequate management processes, sharp focus and consistent priorities. Corrections of these problems, in our view, can occur whether SSA is independent or continues to be part of HHS.

STRONG AND STABLE LEADERSHIP NEEDED

H.R. 791 provides leadership for an independent SSA in the form of a three-member board assisted by an Executive Director to direct operations. As we have testified in the past, we believe a more effective form of leadership would be a single administrator.

It is our conviction that strong and stable leadership is essential for sustained action in solving SSA's management and operational problems, particularly as the agency starts addressing the technological, social, and demographic challenges of the 21st century. Many of SSA's problems have been exacerbated by the fact that since 1973, SSA has had 10 commissioners or acting commissioners and has experienced at least five major reorganizations causing many redirections in operating policy and associated staff morale problems. More continuity is also needed for the senior career officials. For example, since 1979, seven different officials have been in charge of SSA's systems organization, which has affected organizational continuity and hindered effective ADP systems planning and modernization. The best leadership structure for an independent SSA in our view would be a strong single Administrator as the head of the agency, appointed for an 8-year, fixed term and assisted by an advisory board for policy matters.

A social security advisory board could provide institutional memory on policy issues, and would give the administration and the 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.

Past studies have shown that boards generally are not as effective as single Administrators. 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 organization's management, which ultimately caused problems in day-to-day operations. Given the problems SSA has experienced in its operation, and the frequent need for direct, swift, and clear management action, we do not believe that it should have a management structure that could result in diffused and sometimes confusing direction over its operations. A single Administrator, assisted by top career executives trained to deal with the agency's day-to-day operations, would maximize the potential for excellence in 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 central agencies' ability to apply policy and regulations consistently throughout the federal government.

We support the bill's objectives to delegate specific management authorities to SSA on a demonstration project basis so that SSA will be given the opportunity to show that it has the requisite management expertise to effectively carry them out.

However, we oppose the provisions requiring the Comptroller General to carry out the inherently contradictory functions of both consulting in the implementation of these demonstration projects and reporting on their effectiveness. While evaluating the effectiveness of executive agency programs is a primary function of GAO, helping to implement those programs would appear to undermine our ability to independently evaluate executive branch activities.

We support the provision in H.R. 791 that allows contract authority for computer purchases and facilities construction to (1) cover the total cost of such acquisitions and (2) be available until expended. But this authority should be provided only after SSA's currently inadequate financial controls have been substantially strengthened. 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 work-force plan. Our ongoing work shows that SSA needs to improve its work measurement system for it to be a reliable basis for work-force, planning, but we believe SSA can make these improvements.

We have concerns regarding the requirements for proposed demonstration projects relating to personnel matters. We believe the proposals are overly broad, with no limits on the number of employees participating in or the time period for the projects. The time frame for evaluating the results and reporting appears to be too short to permit any valid conclusions. Finally, we note that the Office of Personnel Management (OPM) already has authority in chapter 47 of title 5, U.S.C., to permit similar demonstration projects.

We believe that raising the current level of pay for SSA's key technical and professional staff, as the bill would allow, should go a long way toward attracting and retaining quality people. However, we are concerned that the legislation appears to grant the board authority to appoint staff totally at its own discretion, without specific regulations or criteria to protect the interests of the government. While there may be a legitimate need for SSA to have an increased number of senior executive service and executive-level positions, SSA should be required to justify the extent of such an increase in accordance with OPM regulations.

We also believe that the amount of salary that can be paid to hire high-quality managers and technical staff under the bill is too low. As we have stated on many occasions in the past, executive pay levels should be raised. It is difficult to attract highly skilled technical managers from the private sector, where pay scales are much higher. SSA officials have told us repeatedly that they have had difficulties attracting high-quality executives because of inadequate pay levels.

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, as we recognized in our testimony of April 1985, the mechanism can sometimes be used to the detriment of efficient agency operations. As we stated, 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. 791 restricting OMB's authority to use the apportionment process is needed. But recognizing the concern over how OMB might use the process, we offered 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 along with an explanation of why OMB took that action.

RESPONSIBILITIES OF KEY OFFICIALS SHOULD BE CLARIFIED

Although we strongly believe that a single Administrator is the most effective leadership for SSA, if the Congress decides to implement a board, we have the following comments. The provisions of H.R. 791 that delineate the responsibilities of the board, the Executive Director, and the newly created Beneficiary Ombudsman should be clarified. Title I of the bill prescribes that the board govern, by regulation, programs under title II and XVI of the Social Security Act and establish and oversee efficient and effective operations in SSA. It also prescribes that the Executive Director will be SSA's chief operating officer responsible for administering the programs. It appears to us that there could be some duplication in their responsibilities for the administration of the programs. The role of the Executive Director to direct SSA's operations needs to be more clearly delineated.

We are also concerned about two other matters. First, the bill appears to provide authority for the board to establish SSA's organizational structure, an authority that might better be given to the Executive Director, who will have to direct operations using that structure. Second, the bill gives the board authority for developing long-range plans for the agency. While we agree that the board should develop policy for SSA, we believe the Executive Director should do its operational planning. The current Commissioner has developed an operational plan for SSA through the year 2000, and we believe that it should be continued should there be a change in leadership.

Regarding the Beneficiary Ombudsman, the bill does not state to whom this official 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, and we believe that the creation of an Ombudsman could (1) help ensure that beneficiaries' rights are continually recognized in SSA's long-range planning and operational changes and (2) contribute to improving the level of public confidence in the administration of the social security programs.

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