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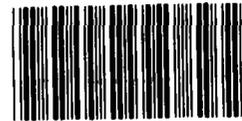


UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

JUL 2 1981

HUMAN RESOURCES
DIVISION



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Mr. John A. Svahn
Commissioner of Social Security
Department of Health and Human Services

Dear Mr. Svahn:

Subject: Social Security Should Change Its Proposed
Process For Conducting Comprehensive Long-
Range Planning (HRD-81-120)

We recently learned that you are about to decide how to structure the Social Security Administration's (SSA's) process for conducting comprehensive long-range planning. The process developed thus far, in our view, is only partially responsive to recommendations we made in prior reports concerning the need for comprehensive long-range planning at SSA. We believe certain features of the process could substantially delay the development of a sound comprehensive long-range plan, containing agency-wide operational goals and objectives, upon which key medium and short-range plans should be based.

SSA needs such a long-range plan as quickly as possible, especially to ensure that medium and short-range plans not only address the serious automatic data processing (ADP) systems problems currently plaguing the agency but also are fully compatible with long-range agency operating goals and objectives. Therefore, we believe that in making your decision on how to structure the comprehensive long-range planning process at SSA, you should change SSA's proposed process in line with recommendations made in prior GAO reports and by an SSA consultant, rather than developing a completely new process.

As you know, we have been reviewing SSA's systems development plans, as requested by the Chairman, House Committee on Government Operations. Early in our review, we noted that SSA's 1979 functional reorganization did not provide for continuation of comprehensive long-range planning, a prerequisite to effective ADP systems planning, and we reported this deficiency to the Secretary of Health, Education, and Welfare (HEW) in September 1979. ^{1/} In our report we emphasized that effective long-range planning is essential in SSA due to the magnitude and scope of its programs and operations,

^{1/}"The Social Security Administration Needs To Continue Comprehensive Long-Range Planning" (HRD-79-118, September 20, 1979)

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and mounting congressional and public concern over future SSA program integrity.

We recommended that SSA assign responsibility for formulating comprehensive long-range plans to a single agency component reporting directly to the Commissioner and not responsible for managing or supporting daily operations. Such an organizational placement would, in our view, assure that the long-range planners could devote all their time to planning rather than being subjected to periodic interruptions to help solve daily operational problems. This recommendation was similar to one we made in a 1974 report 1/ which resulted in SSA establishing the Office of Advanced Systems. During the 1979 reorganization that office lost its long-range planning responsibilities.

HEW acknowledged in February 1980 that comprehensive long-range planning had not received priority attention during SSA's reorganization, but noted that SSA was finally in a position to move ahead with enhancing its long-range planning activities and capabilities. While HEW agreed that providing for long-range planning at SSA was important, it did not agree with our recommended organizational placement of the planning function, concluding that the best approach for SSA would be one utilizing the structure and functional responsibilities of its new organization. In this regard, the Department noted that under the 1979 reorganization each principal SSA component was responsible for developing long-range plans appropriate to its functions, with the Office of Management, Budget, and Personnel (OMB) having overall responsibility for managing the total SSA planning process. Further, according to HEW, SSA was considering establishing a strategic planning group--composed of key executives--to provide high-level direction and impetus to long-range planning.

In following this approach, SSA established a planning support staff within OMB's Office of Management Planning and Analysis (OMPA), and an Executive Planning Committee composed of top agency officials in September 1980. According to the planning support staff director, that staff will work with high level liaisons from each Associate Commissioner's office to develop a number of alternative long-range goals and objectives and submit them to the Executive Planning Committee for consideration. After evaluating these alternatives the committee will recommend one to the Commissioner, who will make the final approval decision. The staff will then coordinate plan formulation activities, which are to be carried out by various SSA components and intercomponent working groups.

1/"Increased Efficiency Predicted If Information Processing Systems Of Social Security Administration Are Redesigned" (B-164031(4), April 19, 1974)

While we believe the general concept of an SSA Executive Planning Committee supported by a planning staff may have merit, we believe that two features of SSA's proposed planning process may render it ineffective.

First, we continue to question having the actual planning activities fragmented among various SSA operating components and intercomponent working groups. Given the agency's current crisis-oriented, reactionary operating environment--which you and the Secretary of Health and Human Services both acknowledged in responding recently to congressional concerns regarding SSA's current ADP systems problems--we doubt whether SSA operating components can sufficiently isolate personnel from daily operational problems so that they are able to concentrate full-time on long-range planning. This, in our opinion, would substantially delay the development of a sound agency-wide long-range plan, which SSA needs now to serve as a basis for the development and revision of key medium and short-range plans such as its budget, its User Systems Support Plan and its ADP Strategic Systems Plan. In addition, we believe the planning support staff would find it difficult to coordinate and direct the work of planners over whom other components have primary authority and control. In our view, making the planning support staff directly responsible for performing the actual long-range planning, and supplementing its existing staff with personnel detailed from each of the functional operating components would ensure continued active involvement of these components in the planning process, while also ensuring that personnel assigned to long-range planning are involved solely in that effort.

Our other primary concern is having the planning support staff report to the Executive Planning Committee despite structural location within OMBP. This presents a dual reporting arrangement we believe is unnecessary and potentially counterproductive. Under this arrangement, for example, the staff could be required to split its time between long-range planning duties and assisting in solving daily operational crises within OMBP. If the staff instead reported directly and exclusively to either the committee or the Office of the Commissioner, it would, in our opinion, have greater visibility, a more direct link to top management, and a better opportunity to concentrate exclusively on planning.

In December 1979, SSA hired a consultant to develop a "blueprint" for a comprehensive agency-wide planning and control system. In his June 1980 report, the consultant noted that SSA already had assigned OMPA the responsibility for developing and managing the agency's planning process, so he recommended that SSA set a trial period of no more than 6 months to determine whether OMPA could effectively perform these planning functions. If OMPA could not, he then recommended that SSA establish a small central planning staff reporting directly to the Office of the Commissioner--essentially the same

recommendation we had previously made--to perform these functions.

In discussing his recommendations with us, the consultant stated his belief that it was essential for SSA's long-range planners to report directly to general agency management, since such planning must have top management's direct involvement and support to succeed. He told us he therefore considered a centralized planning group located in the Office of the Commissioner to be the only viable long-range planning structure for SSA, explaining that he recommended SSA first try its OMPA approach for up to 6 months only because the agency had already established this structure.

SSA, however, has apparently interpreted the consultant's recommendations as an unqualified endorsement of its proposed functional planning approach. In this regard, OMBP advised your predecessor that the OMPA structural approach represented the consultant's recommendation, but mentioned nothing about his suggested trial implementation of that approach. Thus, the former Commissioner approved the OMPA structural approach in September 1980, but it is not yet operational. We understand implementation has been postponed pending your upcoming decision on how SSA's long-range planning process should be structured. However, we have found no indication that SSA ever planned a trial run of the functional approach, or ever developed contingency plans for establishing a central planning staff in the Office of the Commissioner, as the consultant recommended, if that approach proved ineffective.

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Nearly 2 years have passed since we reported that SSA's 1979 structural reorganization did not provide for comprehensive long-range planning. SSA has been slow in developing an agency-wide planning process, and the functional planning structure which has evolved is not fully responsive either to our prior recommendations or to those of SSA's own planning consultant. We believe that weaknesses in that structure, as discussed previously, could substantially delay the development of sound SSA-wide long-range operational plans upon which key ongoing medium and short-range planning should be based.

In your recent testimony before the House Ways and Means Oversight and Social Security subcommittees you acknowledged that the solution to SSA's current ADP systems problem--one of the most serious problems now confronting SSA--is a long-term one. In this regard, developing an effective long-range agency planning process seems to be the only way SSA will be able to avoid recurrence of its present systems problem, including hardware capacity problems, archaic undocumented software, and shortages of key systems personnel. We believe SSA cannot afford the risks

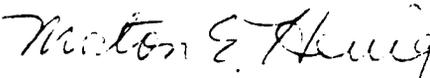
of delaying development of a sound agency-wide plan, and, in our view, implementing the functional planning process which SSA has been proposing since our September 1979 report would subject SSA to those risks. The planning delays which would likely result would only increase SSA's operational problems.

We note that you pledged in your testimony to reexamine SSA's total planning process and either reaffirm it or modify it where necessary, and we understand you are about to decide how this process is to be structured. In conducting this re-examination we urge you to modify the proposed planning process in line with our prior recommendations and those of SSA's own planning consultant. In our view, this would go a long way toward achieving your stated goal of establishing a planning process within SSA that permits integrated planning of the agency's budget, field operations, manual processes and automated systems.

For the reasons discussed in our earlier reports, we recommend that you assign SSA's planning support staff to the Office of the Commissioner, reporting directly to the Commissioner or a Deputy Commissioner. If, as is currently being considered, you assign the staff to the Executive Planning Committee, we propose, for reasons stated by the SSA consultant, that it be solely assigned to that committee and the committee should be chaired by one of the top agency officials. In addition, we recommend that you assign primary responsibility for formulating comprehensive long-range plans to that staff, and supplement its present personnel with representatives detailed from each operating component, including key field offices, to assist in this planning effort.

We would appreciate you periodically informing us of SSA's progress in developing a comprehensive long-range planning process and in establishing specific goals and objectives for the agency's future operations.

Sincerely yours,



for Peter J. McGough
Associate Director