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Social Security as an Independent Agency

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SUMMARY

GAO has found no compelling argument to establish SSA as an independent agency. However, health care reform, and its impact on HHS, may change the situation.

A single administrator would be the best management structure for an independent SSA. GAO bases this on its reviews of the management experience of different agencies and on the studies of others. Boards are inevitably slow, cumbersome, wasteful, and ineffective.

GAO supports delegating to SSA specific management authorities for personnel management, the acquisition and maintenance of facilities, and the procurement for automated data processing equipment and related services. While GAO supports removal of detailed controls, the Office of Personnel Management (OPM) and the General Services Administration (GSA) have an appropriate role in ensuring that policy and regulations are applied consistently throughout the federal government.

GAO makes a cautionary note about filling SSA's top management positions or the chief operating officials with political appointees. GAO believes the staff in the agency's chief operating positions should have career status. This would provide greater continuity in SSA's top management team, increased institutional memory about the causes and implications of management problems, and help depoliticize the agency.

Whether independent or not, SSA needs to seriously reengineer its business practices, upgrade technology, and reorganize to be more responsive to customer needs.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to participate in the discussions about the possible establishment of the Social Security Administration (SSA) as an independent agency. I wish to discuss several issues that we believe should be addressed as part of these deliberations.

Our views stem from work we have conducted over the past 5 years on SSA's management and operations; our studies of the management effectiveness of the independent regulatory agencies; and studies by others.

Over the years many arguments both for and against SSA's independence have been put forward. For the most part, these arguments have tended to counter each other such that we have found no compelling basis either to favor the status quo or favor independence. However, one new event, health care reform, might tip the balance. It will undoubtedly have a major impact on HHS and its operations and could, over the foreseeable term, monopolize the Secretary's attention and divert it from the critical issues SSA faces over the next decade.

As the debate on health care reform unfolds and HHS' role and involvement become clearer, we need to ask whether HHS can continue giving SSA the support it needs, as SSA tries to respond to major changes in Social Security programs.

How Best to Set Up an Independent SSA

Should SSA become an independent agency, a single administrator would likely be the best management structure. We base this on our review of the management experience of different agencies and on the studies of others. For managing an agency, governing boards are inevitably slow, cumbersome, wasteful, and ineffective.¹

Also, establishing a board to manage SSA, as proposed in some recent legislation, would be counter to the findings and recommendations of the first and second Commissions on Organization of the Executive Branch of the Government (Hoover Commissions), the President's Advisory Council on Executive Organization (Ash Council), Congressional Panel on Social Security Organization, National Academy of Public Administration, and the Commissions on Railroad Retirement.

Some argue that an SSA management board could give the Congress and the executive branch a valuable source of diverse, informed opinion

¹Social Security: Leadership Structure for an Independent Social Security Administration (GAO/HRD-89-154, Sept. 13, 1989).

about major Social Security policy issues. We don't question that, but we believe such an end could be achieved without sacrificing management effectiveness by making the board advisory rather than governing in nature.

Also, if the agency were made independent, we would support delegating to SSA specific management authorities for personnel, the acquisition and maintenance of facilities, and the procurement of automated data processing equipment and related services. Providing greater flexibility and incentives for managers to act is critical to fundamentally improving agencies' performance.

Such delegations of authority would reflect the concerns of the National Academy of Public Administration, the Grace Commission, and more recently the National Performance Review group that operating restrictions imposed on government managers by GSA and OPM have impeded efficient and effective management. Controls exercised by the central management agencies tend to diffuse accountability for results and have often hindered rather than supported a federal agency's ability to accomplish its mission.

The delegations of management authority should not occur until the Director of OPM and the Administrator of GSA determine that SSA has the requisite management expertise and appropriate controls in place to carry out the delegated functions. While we support removal of detailed controls, the central management agencies have an appropriate role in ensuring that policy and regulations are applied consistently throughout the federal government.

We would make a cautionary note about filling SSA's top management positions, or the chief operating officials, with political appointees. Under proposed legislation (S.33) previously introduced by the Senate to create an independent Social Security Administration, the Commissioner would appoint the following operating officials: Deputy Commissioner, Solicitor, Beneficiary Ombudsman, Chief Administrative Law Judge, Chief of Computer Systems Operations, Director of Research, and Chief Actuary. Currently, most of the chief operating positions at SSA are career status positions.

If SSA were made independent, we believe the staff in the agency's chief operating positions should continue having career status to provide operational continuity and an institutional memory. An example of this is SSA's principal deputy position. In 1987, we recommended this position be established to provide continuity between commissioner appointments and to provide a ready historical reference about SSA's operations. Since this individual is responsible for the day-to-day management of the agency, it should be a career position. This would provide greater continuity in SSA's top management team, increased institutional memory about the causes and implications of SSA's management problems, and help

depoliticize the agency--a key reason cited by congressional proponents for making SSA independent.

Restructuring and Reorganizing
Social Security Management

Over the past decade the management of the SSA has steadily improved. Our earlier concerns about SSA's ability to manage itself as an independent agency have been diminished somewhat. Despite this improvement, however, SSA is facing major management challenges as it prepares for the influx of the retirement of the baby boom population. The disability program and the Supplemental Security Income program are experiencing a major growth in the benefit rolls. Today, more people receive disability benefits than ever before. This rapid growth has spawned a deterioration in services exemplified by the unacceptably long time it takes to make disability decisions.

Moreover, whether it is independent or not, SSA needs to substantially reengineer its business practices, upgrade technology, and reorganize to be more responsive to customer needs. To help do this, SSA can learn from the private sector. Over the past 10 years, the private sector has had to increasingly respond to changing customer needs. By decentralizing, and moving to smaller product-centered organizations, some major corporations have made themselves more flexible and responsive. While most private sector entities are not exactly comparable to SSA, there is one driving element they all must share to be successful--respond to customer needs.

Restructuring government to better serve people is a complicated and arduous task, particularly when the agency and programs in question historically have been among America's most successful. Experience tells us there is no simple formula for bringing about the betterment we all seek, but we would be pleased to continue to work along with you and your Committee, Mr. Chairman, in helping to determine the best ways to proceed.

This completes my prepared statement. I would be pleased to respond to any questions.

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