

---

GAO

United States General Accounting Office

Health, Education, and Human Services  
Division

---

June 1996

# INCOME SECURITY ISSUES

## Issue Area Plan for Fiscal Years 1996 and 1997



---

G A O  
**75** *years*  
1921 - 1996

---

GAO/IAP-96-17



---

# Foreword

---

As the investigative arm of the Congress and the nation's auditor, the General Accounting Office is charged with following the federal dollar wherever it goes. Reflecting stringent standards of objectivity and independence, GAO's audits, evaluations, and investigations promote a more efficient and cost-effective government; expose fraud, waste, abuse, and mismanagement in federal programs; help the Congress target budget reductions; assess financial and information management; and alert the Congress to developing trends that may have significant fiscal or budgetary consequences. In fulfilling its responsibilities, GAO performs original research and uses hundreds of databases, or creates its own when information is unavailable elsewhere.

To ensure that GAO's resources are directed toward the most important issues facing the Congress, each of GAO's 32 issue areas develops a strategic plan that describes the significance of the issues it addresses, its objectives, and the focus of its work. Each issue area relies heavily on input from congressional committees, agency officials, and subject-matter experts in developing its strategic plan.

Income Security Issues focus on programs and policies at the Social Security Administration (SSA), the Department of Health and Human Services (HHS), and the Department of Labor (DOL), which account for nearly 40 percent of all federal spending. Millions of Americans rely on income security programs for financial support. However, the high costs and rising caseloads of many of these programs are the subject of congressional concern. Designed decades ago, some of these programs, such as Aid to Families With Dependent Children, are the object of major reform and experimentation; others, including disability programs, are expected to be redesigned over the next few years. On the pages that follow, we outline Income Security's most significant planned work in the following pivotal areas:

- ensuring that public assistance program funds are spent efficiently and protected from fraud and abuse;
- improving SSA's service to the public at reduced cost;
- evaluating the adequacy of Social Security, and public and private pension systems for future retirees;
- redesigning the nation's disability programs to provide disabled people with greater opportunities to work;
- monitoring government efforts to move welfare recipients from welfare to work and to reduce their dependence on welfare; and

- assessing government efforts to preserve families and protect vulnerable children.

Because events may significantly affect even the best of plans and because periodic measurement of success against any plan is essential, our planning process allows for updating the plan responding quickly to emerging issues. If you have any questions or suggestions about this plan, please call either me or Diana Eisenstat or Mark Nadel, Associate Directors, at (202) 512-7215.



Jane L. Ross  
Director  
Income Security Issues

---

# Contents

---

|                                 |   |
|---------------------------------|---|
| Foreword                        | 1 |
| Table I: Key Issues             | 4 |
| Table II: Planned<br>Major Work | 8 |
| Table III: GAO<br>Contacts      | 9 |

---

# Table I: Key Issues

---

| Issue   | Significance   |
|---|--|
| <b>Promoting a more efficient, cost-effective government:</b> How adequate are government efforts to ensure public funds are efficiently spent?   | Public assistance programs continue to be plagued by fraud, waste, and abuse, with billions of dollars in overpayments to both eligible and ineligible applicants. GAO's work and media reports have been critical of fraud, waste, and abuse in the Supplemental Security Income (SSI) program, which has experienced tremendous growth in recent years. Social Security Administration (SSA) oversight and management of the SSI program are lacking, and opportunities to increase program efficiency are not pursued. The federal government is also spending more than \$2.6 billion to collect child support for Aid to Families With Dependent Children (AFDC) and non-AFDC parents but collected less than 20 percent of the more than \$35 billion owed.  |
| <b>Improving SSA service and operations:</b> How can SSA reduce costs and improve service to the public with fewer resources?   | SSA administers retirement, survivor, disability, and welfare programs that annually provide over \$300 billion in benefits to about 47 million recipients. With growing workloads and shrinking resources, SSA faces some significant challenges: better understanding customer needs and measuring customer satisfaction, discovering and implementing cost-effective service delivery strategies, redesigning and automating processes to improve agency performance and service to the public, and supporting its workforce.   |
| <b>Ensuring adequate retirement benefits:</b> Can the current Social Security, public, and private pension systems ensure adequate income for retirees in a society with an aging population? | The prospective retirement of the "baby boom" generation raises questions about the ability of Social Security, state and local governments, and private pension systems to provide retirement incomes. The Social Security system, for example, currently provides income to about 43 million beneficiaries (not including SSI-only beneficiaries). This number will grow rapidly early in the next century as the baby boom generation retires. While the Social Security Trust Funds are expected to grow to more than \$3 trillion by 2020, the funds are expected to be exhausted by 2030. Modifications to the program (including some benefit reductions) will need to be made if most benefit promises are to be kept. In addition to questioning the adequacy of funding for Social Security benefits, many are concerned with the overall adequacy of retirement income. |
| <b>Redesigning disability programs:</b> How can federal disability programs be redesigned to take advantage of greater opportunities for people with disabilities to work?                    | Over 7 million Americans receive Disability Insurance (DI) and Supplemental Security Income (SSI) cash benefits at an annual cost of \$60 billion, plus \$50 billion more for Medicaid and Medicare coverage. SSA reports that fewer than 1 out of every 500 beneficiaries on the disability rolls ever return to work. However, promising disability management progress in the private sector and recent medical, technological, social, and legal changes suggest that more people with disabilities can work. Significant legislative and programmatic changes would be necessary for SSA to assist beneficiaries to develop this return-to-work potential.  |

---

**Table I: Key Issues**

| <b>Objectives</b>   | <b>Focus of work</b>   |
|---|--|
| 1. Identify fraud, waste, and abuse and internal control problems in SSI and welfare programs.<br><br>2. Identify opportunities to manage welfare, disability, Social Security, and child support programs more effectively and at lower costs.<br><br>3. Examine federal and state contributions to disability and child welfare programs. | <ul style="list-style-type: none"><li>• Evaluate SSA efforts to ensure integrity of SSI program.</li><li>• Examine sufficiency of federal and state efforts to address welfare fraud.</li><li>• Identify improvements to SSA's overpayment collection practices.</li><li>• Identify means to improve initial and continuing eligibility decisions.</li><li>• Examine alternative financing structures and state privatization efforts for the child support enforcement program.</li><li>• Examine efficiency of alternative means of delivering welfare services.</li><li>• Determine whether multiple funding streams in disability and child welfare programs lead to duplication of services or accountability problems.</li></ul> |
| 1. Assess how effectively SSA balances serving the public and managing its limited resources.<br><br>2. Provide information to the Congress on SSA's efforts to reengineer its disability claims process.<br><br>3. Assess SSA's performance as an independent agency.  | <ul style="list-style-type: none"><li>• Examine SSA efforts to identify customer needs and approaches to meeting its service delivery challenges.</li><li>• Evaluate SSA's reengineering implementation plans.</li><li>• Assess SSA's overall performance.</li></ul>   |
| 1. Study issues related to Social Security's long-term funding problems.<br><br>2. Evaluate adequacy of various sources of retirement income.   | <ul style="list-style-type: none"><li>• Evaluate trends in factors contributing to Social Security's funding problems.</li><li>• Examine options to address Social Security's funding problems.</li><li>• Assess trends in retirement income.</li></ul>  |
| 1. Examine potential for reducing the number of people coming onto the disability rolls.<br><br>2. Assess alternatives for helping beneficiaries to enhance their ability to work.  | <ul style="list-style-type: none"><li>• Examine alternative designs for disability programs.</li><li>• Determine feasibility of adopting private and nonprofit return-to-work programs.</li><li>• Assess work/earnings history and potential of applicants and beneficiaries.</li></ul>  |

---

**Table I: Key Issues**

---

| Issue  | Significance  |
|--|---|
| <b>Moving from welfare to work:</b> What are the effects of government efforts to move welfare recipients into work and reduce welfare dependency? | The federal government and the states spent about \$22 billion in fiscal year 1995 to provide AFDC benefits to nearly 4.9 million families. The Congress and the administration are currently considering sweeping changes to AFDC and related welfare programs; states are already proceeding to make changes. Proposed changes are aimed at capping federal expenditures, reducing welfare dependency, moving adult AFDC recipients from welfare into the workforce, and giving states more flexibility to design and manage programs. Regardless of how welfare programs are restructured, ensuring that federal funds are used efficiently, and that programs are focused on outcomes, will remain important. |
| <b>Preserving families and protecting children:</b><br>How adequate are government efforts to preserve families and protect vulnerable children?   | Dramatic increases in child abuse and neglect, exacerbated by the drug epidemic and the growth in single-parent families, have fueled public dissatisfaction with the nation's child welfare system. The federal government and the states will face challenges in the years ahead, as they attempt to operate this system more efficiently and effectively within greater budget constraints.  |

---

---

**Table I: Key Issues**

---

**Objectives**

1. Identify implementation issues and promising programmatic approaches in state welfare reform experiments.

2. Assist congressional efforts to evaluate policies designed to ensure that incentives are greater for work than for welfare.

---

**Focus of work**

- Monitor implementation of state welfare experiments.
- Assess capability of state and county governments to evaluate and report on implementation of waivers or block grants.
- Evaluate availability of child care for low-income workers.

---

1. Examine options to address and prevent child abuse and neglect.

2. Examine federal and state efforts to minimize the time children spend in foster care.

- Determine the shortcomings in federal and state efforts to address child abuse and neglect.
  - Evaluate how states are managing foster care caseloads.
  - Analyze federal contributions to family preservation efforts.
-

# Table II: Planned Major Work

| Issue  | Planned major job starts   |
|--|--|
| <b>Promoting a more efficient, cost-effective government</b> | <ul style="list-style-type: none"> <li>• SSA's overall management of the SSI program</li> <li>• SSA's use of computer matching to identify ineligible SSI recipients in nursing homes</li> <li>• SSI income eligibility criteria for children and adults</li> <li>• Appropriateness of family cap in the SSI program</li> <li>• Federal and state efforts to prevent and detect welfare fraud</li> <li>• Adequacy of SSA's quality assurance program for detecting and correcting program errors</li> <li>• SSA's use of computer matching, eligibility reviews, and on-line access</li> <li>• SSA's use of waivers, suspensions, and penalties for overpayments</li> <li>• Administrative feasibility of moving to a voucher-based welfare system</li> <li>• Alternative financing structures for the child support enforcement program</li> <li>• Federal, state, and local funding shares in disability and child welfare programs</li> </ul> |
| <b>Improving SSA service and operations</b>                  | <ul style="list-style-type: none"> <li>• SSA's customer service plans and challenges</li> <li>• Assessment of SSA's 800 number telephone service</li> <li>• How can SSA improve its capacity to record earnings reported for workers?</li> <li>• How can SSA better provide one-stop service?</li> <li>• Efficiency and accuracy of post-entitlement changes to benefit amounts</li> <li>• Administrative Law Judge/Disability Determination Service disability decision outcomes</li> <li>• Results of administrative officer position and other reengineering pilot tests</li> <li>• Status of information systems needed to support reengineering</li> <li>• SSA's performance in its first year as an independent agency</li> </ul>  |
| <b>Ensuring adequate retirement benefits</b>                 | <ul style="list-style-type: none"> <li>• Efforts of other countries to address Social Security financing problems</li> <li>• Impact of further increasing Social Security retirement ages</li> <li>• Retirement income policy issues</li> <li>• SSA's implementation of the windfall elimination and government pension offset provisions</li> <li>• Investment options chosen by participants in self-directed defined contribution plans</li> <li>• Advantages/disadvantages of investing Social Security assets in private securities</li> </ul>  |
| <b>Redesigning disability programs</b>                       | <ul style="list-style-type: none"> <li>• Alternative means of making disability determinations</li> <li>• Characteristics and prior return-to-work exposure of SSA applicants and beneficiaries</li> <li>• Employability of disability applicants and beneficiaries</li> <li>• Alternative systems for delivering and financing return-to-work services</li> <li>• Impact of alternative disability decision-making on program size and costs</li> </ul>   |
| <b>Moving from welfare to work</b>                           | <ul style="list-style-type: none"> <li>• Implementation of state welfare-to-work strategies</li> <li>• Outcomes of state implementation of time-limited welfare benefits</li> <li>• Extent to which current law and waiver policies limit state welfare strategies</li> <li>• Coordination between state and local child support and welfare programs</li> <li>• Child care issues for low-income workers</li> <li>• Comparability and utility of data on states' changes to welfare programs</li> </ul>   |
| <b>Preserving families and protecting children</b>           | <ul style="list-style-type: none"> <li>• How are states addressing reports of child abuse and neglect?</li> <li>• Should foster care be restructured to respond to the drug crisis?</li> <li>• State efforts to reduce time for permanent placement of foster care children</li> <li>• Impact of work requirements on child abuse and neglect and foster care caseload</li> <li>• Protection needed for children of drug-addicted families who are placed in foster care</li> <li>• State expenditures of federally provided family preservation funds</li> </ul>  |

---

# Table III: GAO Contacts

---

|                     |  |                                  |
|---------------------|--|----------------------------------|
| Director            | Jane L. Ross   | (202) 512-7215                   |
| Associate Directors | Diana S. Eisenstat<br>Mark V. Nadel  | (202) 512-7215<br>(202) 512-7215 |
| Assistant Directors | Cynthia Bascetta<br>David Bixler<br>Christopher Crissman<br>Cynthia Fagnoni<br>Roland Miller<br>Michael Packard<br>James Wright<br>Michael Blair (Atlanta Regional Office)<br>Robert MacLafferty (San Francisco Regional Office) |                                  |

---

---

### Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

#### Orders by mail:

U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20884-6015

#### or visit:

Room 1100  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC

Orders may also be placed by calling (202) 512-6000  
or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

[info@www.gao.gov](mailto:info@www.gao.gov)

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

---

**United States  
General Accounting Office  
Washington, D.C. 20548-0001**

**Bulk Rate  
Postage & Fees Paid  
GAO  
Permit No. G100**

**Official Business  
Penalty for Private Use \$300**

**Address Correction Requested**

---

