May 11, 2000

The Honorable E. Clay Shaw, Jr.
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Subject: Social Security Administration: Subcommittee Questions Concerning Current and Future Service Delivery Challenges

Dear Mr. Chairman:

This letter responds to your February 28, 2000, request that we provide answers to questions relating to our February 10, 2000, testimony. In that testimony, we discussed the Social Security Administration's (SSA) efforts in preparing its workforce to meet future service delivery challenges. Your questions, along with our responses, follow.

1. In your testimony (page 1) you state "While we have recommended since 1993 that SSA prepare a service delivery plan, SSA is only now beginning to develop a broad vision for customer service for 2010." Why the 7-year delay?

   You indicate that according to SSA officials, the agency does not have plans to go beyond this vision and issue a more detailed plan. How is a "vision" different from a "plan"? What does the absence of a detailed plan mean for customer service?

In short, a service "vision" is a futuristic goal, and a service delivery plan is a road map for getting there. According to experts, a well-conceived vision looks beyond the common 5-year planning horizon. A service vision provides broad, guiding principles for future service to the public, takes into account expected changes in the environment and customer needs, and is consistent with the agency's core mission and values. The next step, a service delivery plan, spells out more concretely how the

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agency will align its organization and resources to turn its vision into reality. Such a plan contains more details on how and where the agency will provide services in the future, and who will provide them.

The reason for SSA's delay in implementing our recommendation is not so clear. In 1993, in response to our recommendation, SSA indicated that its efforts to develop a service delivery plan were on a fast track. However, SSA has not placed a priority on completing such a plan and is only now working on developing a vision for service in 2010. Since our testimony, SSA has indicated that it plans to follow its "2010 Vision" with more detailed service planning. Service delivery plans can involve difficult decisions concerning resource allocations and organizational structure, and completing a meaningful service delivery plan will be challenging for the agency.

In the absence of detailed service delivery plans, SSA has not yet made the difficult choices needed to allocate its limited resources to ensure that the agency is adequately prepared to serve its future customers. For example, the agency must decide what new job skills it needs, whether to hire new staff or train existing staff or both, and where in the organization it should place the individuals with those skills. Other tough choices include whether and how to restructure its network of approximately 1,300 field offices to best serve changing customer demographics, needs, and expectations. Over 50 percent of SSA's staff will become eligible to retire over the next 10 years; as a result, the agency is presented with an opportunity to correct uneven workloads and staffing levels and to rethink where and how to use its workforce to provide service in the most effective and efficient way. A number of options exist for restructuring service delivery, including closing or consolidating offices with very few employees or minimal walk-in traffic, providing specialized services at selected offices, varying the hours of service to the public, co-locating SSA staff with other offices or agencies, and contracting with third parties to provide services.

2. Would you elaborate on the consequences of developing plans out of sequence, specifically SSA's continued pursuit of workforce and information technology planning without a service delivery plan in place? Is SSA expending scarce resources today to develop service delivery systems that may prove to have limited usefulness by the time they are in place? Or hiring employees with the wrong skills to work in locations where they may not be needed in the future?

Ideally, SSA should base its decisions on investments in information technology and its workforce on a detailed service delivery plan. Without a well-developed plan, SSA cannot be assured that its investments in human capital and technology, and decisions regarding the use of its many field offices and other facilities, will fully support its vision of service delivery.

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3To successfully match workloads with resources, SSA needs a better system for measuring workloads at the office level. The agency is currently working to make needed improvements in this area.

4SSA already participates in U.S. General Stores in Atlanta and Houston, which provide a wide range of government services to respond to individual and small business information needs.
In the absence of such a plan, SSA currently has a number of initiatives underway that involve significant investments in information systems and facilities. For example, as we previously reported, SSA is considering expanding its interactive video training network (beyond the 78 percent of offices currently equipped with this technology). Similarly, SSA has an initiative underway to upgrade telephone systems at its field offices. However, investments in expanded video training or telephone equipment upgrades, or for that matter any large investment in permanent equipment or infrastructure, could prove imprudent if made at offices that do not support or fit into SSA's future vision of service.

Similarly, investments in human resources should be guided by a service delivery plan. As we reported, SSA will need to begin replacing its retiring workforce in the very near future. Moreover, in recent testimony, SSA indicated that it would like to "flatten" the retirement wave by offering early outs—an action that would allow SSA to increase the number of new hires in the near term. SSA needs to have a service delivery plan in place as it begins to replace retiring workers to ensure that new staff have the right skills and are located in offices that support the agency's future service vision. Knowing which new skills are needed and where to place new staff will also be important as SSA moves forward with its initiative to assist disability beneficiaries in returning to work pursuant to the Ticket to Work and Work Incentives Improvement Act of 1999. For example, SSA is exploring a new position—the employment support specialist. This individual might be located at a field office and be responsible for informing beneficiaries of the available new work incentives and conducting outreach to service providers in the community.

3. A recent Washington Post article discussed how productivity gains, especially in manufacturing, are helping the economy produce more and better goods and services while lifting wages and still keeping inflation at bay. Presumably this is occurring because businesses are figuring out how to capitalize on the digital revolution. In contrast, your testimony points out that, despite SSA's efforts to modernize computer capacity since the 1980s (page 3) and their "relying in large part on technology to achieve increased efficiencies" (page 1), "the benefits from (SSA's) technology investments have largely been unclear." Further, SSA "has not yet been able to demonstrate specific benefits resulting from some of its most significant investments" (page 10).

How is it possible that after more than 10 years we do not know whether these investments in SSA have increased worker productivity there? While I note that SSA recently told you they are "now conducting studies," when do you think we will have that information? What is it likely to show? After how much money has been spent on computerization (which SSA calls IWS/LAN)?

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The act directs SSA to establish a program to provide disability beneficiaries with a ticket they may use to obtain vocational rehabilitation and other services related to finding employment or achieving self-sufficiency.
Not having this information seems especially exasperating in light of the gains we see elsewhere in the economy, and given your point (page 4) that SSA needs to increase worker productivity by 27 percent between now and 2010 to keep up with expected increases in demand.

The benefits from SSA’s investments in its computer modernization remain unknown largely because SSA has not previously taken sufficient steps to establish performance measures and to evaluate whether its investments were contributing to tangible, observable improvements in mission performance. Although SSA has repeatedly acknowledged the importance of establishing measurable cost and performance goals and evaluating projects to determine actual costs, benefits, risks, and returns, it has not always followed through to establish such goals or to implement the necessary steps for measuring the performance of its information technology investments.

Specifically, since at least 1994, SSA has been articulating its intentions to determine productivity gains from its computer modernization investment—the Intelligent Workstation/Local Area Network (IWS/LAN). In 1994 we reported that SSA had not established performance measures to help define how the planned computer modernization would support expected improvements in service delivery. Accordingly, we recommended that the agency establish measurable cost and performance goals. In responding to our recommendation, SSA agreed that cost and performance goals for the IWS/LAN investment should be used as a baseline for cost, schedule, and performance monitoring. Moreover, SSA stated that it was developing a system that would provide information to compare actual results to cost, schedule, and performance goals. However, our subsequent review of the IWS/LAN investment in 1998 found that SSA had not followed through on its plan to implement steps for measuring the performance of this initiative.

Our June 1998 report noted, in particular, that SSA lacked target goals and a defined process for determining whether its investment in IWS/LAN was yielding expected improvements in service to the public. We recommended that SSA establish such a process and perform in-process and post-implementation evaluations of IWS/LAN to assess its actual impact on mission performance. These reviews provide managers with information with which to determine the future of the project, such as whether the project should be modified, continued, accelerated, or terminated, and with lessons learned that can be applied to future information technology investments.

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6In 1994, SSA was planning the IWS/LAN implementation; it awarded the initial IWS/LAN contract in June 1996.

7Social Security Administration: Risks Associated With Information Technology Investment Continue (GAO/AIMD-94-143, September 19, 1994).

During a meeting in late December 1999, SSA's chief information officer and deputy commissioner for systems acknowledged that SSA had not evaluated IWS/LAN performance. They stated that this action had not been taken because the agency had not been able to identify an acceptable approach for segregating the benefits specifically attributable to IWS/LAN from those attributable to other factors, such as staffing or policy changes. The officials stated at that time that they had, however, begun formulating plans to evaluate the actual benefits from IWS/LAN, and on February 8, 2000, SSA informed us that it had begun conducting these benefits studies.

At this time, we do not have sufficient information to know what SSA's studies are likely to show about the performance and productivity gains associated with IWS/LAN. According to the Deputy Commissioner for Systems, as of May 8, the studies were ongoing and thus their results were not final. In addition, systems officials stated that they have not yet finished compiling information that will show how much has been spent on the IWS/LAN initiative. They stated that SSA plans to include cost information in the IWS/LAN benefits studies.

We recognize the challenge that SSA faces in trying to identify the benefits specifically attributable to IWS/LAN. However, given the magnitude of this investment, it is important that SSA show the specific performance gains attributable to this initiative. The significance of doing so is increased because SSA is now planning to replace the IWS/LAN equipment in a few years, and the cost, performance, and risk data from the current initiative represent critical input to analyses supporting future information technology investment decisions.

4. You have made the point that Social Security's customers and their needs will change over time. Please tell us more about the special challenges that Social Security will face because of this.

Changing customer needs present SSA with a dual set of challenges. One set is associated with the increasing number of its customers who expect to conduct business more quickly and conveniently. To meet this demand, SSA has a number of initiatives underway that involve automation enhancements, such as new or improved communication systems, electronic services, and a decision-support system to help front-line employees provide quick and accurate information. SSA's Office of Systems, which is generally responsible for developing, installing, and maintaining the agency's new systems, will likely be challenged to accomplish the many new initiatives before it, in part because it is experiencing some difficulties retaining and replacing staff with the requisite technical skills. In addition, training front-line staff to use the new systems places demands on SSA's Office of Training, which develops and provides the training, and on the agency as a whole because employees must take time away from growing workloads and directly serving the public in order to be trained.

Another set of challenges is presented by new or growing workloads that require extra time or skills to be managed. For example, as we reported, SSA is serving
increasing numbers of benefits applicants and recipients with mental impairments. Service representatives located at field offices and teleservice centers, already burdened with growing workloads, need to devote more time to helping these individuals with the application process. Disability examiners who work at state agencies and make disability determinations on behalf of SSA will need to stay abreast of an expanding and changing field of medical knowledge, and apply more judgment in assessing disability applications of the mentally impaired. Other workloads that are growing or becoming more complex include those that involve serving an increasing immigrant population, which often has little to no ability to speak English, and providing beneficiaries with return-to-work support.

5. About half of all households have on-line access now. Today, on the Internet, you can buy a car. You can find a job. You can access stocks and savings, and pay all your bills. You can apply for a home loan worth hundreds of thousands of dollars in just seconds-without ever sitting down and seeing anyone face-to-face. You can pay your taxes, and in fact the government is encouraging people to do so. You can even buy and print out stamps without leaving your desk. Yet you can't apply for Social Security benefits on-line. Why? Does Social Security see on-line applications for benefits as one way it will provide services in the future? If so, starting when?

Since it's pretty obvious that on-line applications for benefits are both inevitable and may conserve scarce worker resources, are you comfortable with how Social Security is going about developing this process from the standpoint of openness, timeliness, and ensuring maximum privacy and data protection?

SSA has not yet developed the applications that would enable its customers to apply for Social Security benefits on-line, although it has recently placed more emphasis on doing so in order to help meet future customer service demands. SSA's heightened emphasis on electronic service delivery is being driven by milestones in the President's December 1999 electronic government directive and the Government Paperwork Elimination Act.8

For some time, SSA has been cautious in pursuing its on-line initiatives, largely because of the privacy and security concerns raised following its implementation of the on-line personal earnings and benefits estimate statement (currently called the Social Security statement) in 1997.9 To date, most of SSA's on-line applications have been primarily informational-forms, pamphlets, news, benefits information, and research and statistics—but have not required the disclosure or exchange of personal information. In discussing the agency's status, systems officials stated that SSA has

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8The President's electronic government initiative directs the heads of various federal agencies to make a broad range of benefits and services available through private and secure use of the Internet by December 2000. The Government Paperwork Elimination Act states that federal agencies should consider electronic alternatives to paper submissions and provide on-line processing by October 2003.

chosen to take a more cautious approach to deploying its on-line applications in order to ensure that its computer infrastructure can support the technological measures required to provide maximum privacy and security. Finding reliable ways to authenticate the identity of its customers and ensure the privacy and integrity of its computer systems is critical to SSA's ability to successfully expand its electronic services in an on-line environment.

In anticipation of customer demands for more on-line services, however, SSA has identified various short- and long-term electronic service delivery initiatives that it plans to implement between now and fiscal year 2003. According to officials overseeing these initiatives, current efforts involve only those applications in which the customer supplies data to SSA, such as a request for a retirement claim application or a Medicare replacement card, but does not in return receive data from SSA. To reduce the risk of improper disclosure of personal data, these on-line applications do not provide on-line responses to customers, rather, the responses are mailed. Such applications are considered unidirectional—that is, they do not complete a transaction on-line and do not interact with SSA's systems—thus requiring lower levels of security.

Between fiscal years 2001 and 2003, SSA plans to deploy other on-line applications that will allow customers to access their own accounts and apply for retirement and disability benefits. To date, SSA has released few details about these future on-line applications, stating that its plans are still in the early stages of development. However, because these services will potentially involve exchanging data supplied by both SSA and the customer, these applications will require strong security features to authenticate the customer and protect SSA's data.

SSA is still finalizing its on-line service delivery plans, therefore, we have not been able to assess the sufficiency of the process that it is using to develop and implement its on-line capabilities. However, as SSA proceeds with its plans, it will be essential for the agency to ensure that its on-line applications are secure and that they protect the privacy of the public. Accordingly, the security measures used must be thoroughly developed and tested before the agency begins implementing long-term electronic service delivery efforts and be based on the results of risk assessments that recommend the most suitable technologies for ensuring maximum privacy and data protection. SSA recently reported that it is fully committed to prudent authentication and security technologies to protect the privacy of information with which it is entrusted. To this end, it has begun the process of awarding a contract to determine what security measures are required for its planned on-line applications. These requirements ultimately should help determine whether the agency will be prepared to launch its on-line services between now and fiscal year 2003, as planned.

6. Please talk to us about how on-line applications for benefits might allow Social Security to provide better, more convenient services, and perhaps at lower cost to taxpayers. Rather than only 1,300 field offices, wouldn't people have literally millions of new ways to access benefits, including from the convenience of their home? Might SSA staff have more flexible work conditions, including working
from home handling electronic applications? And couldn't field offices
concentrate on tough cases that require face-to-face service, such as disability
cases and Supplemental Security Income (SSI) cases, and maybe do more
outreach into the community? Does SSA foresee such benefits?

On-line applications for benefits could facilitate SSA's efforts to provide better and
more convenient service in a number of ways. For example, on-line applications may
improve service to SSA's customers by reducing or eliminating the inconvenience of
traveling to an SSA office and waiting to speak with a Social Security representative.
In addition, on-line applications could help enhance SSA's working conditions by
requiring fewer calls from customers and shortening the length of interviews. This, in
turn, could free SSA's front-line staff to focus on providing services that are more
complex or overly susceptible to fraud. However, providing more flexible working
conditions, such as working from home to handle electronic applications, will require
more in-depth analyses by SSA to assess such factors as data privacy and security
and potential cost savings. SSA will also have to consider how bargaining
agreements with labor unions would be affected by these changes.

7. You describe a new technology strategy that the agency is using to address the
needs of its disability claims process. Can you provide a brief overview of the
components of this strategy and your assessment of the appropriateness of this
strategy and the effectiveness of the tests of this strategy so far?

The new electronic disability strategy that SSA is developing to address the needs of
its disability claims process is expected to incorporate three components:

(1) an electronic disability intake software application, referred to as the Electronic
Disability Collect System, that is to be used by SSA's field offices;
(2) enhanced state disability determination service (DDS) claims processing systems;
   and
(3) a system that will support new business processes within the Office of Hearings
   and Appeals (OHA).

These three systems components are to be linked via an electronic disability folder
that SSA also is developing to serve as its information interface with the disability
processing community. According to SSA, the electronic folder will minimize and
eventually eliminate the need to retrieve paper files required to process disability
cases, and reduce processing times by providing more immediate access to disability
claims information.

The first component of the new electronic disability strategy—the Electronic
Disability Collect System—is intended to facilitate the field offices' disability intake
process by providing an automated means of capturing the required disability
information that is currently collected on paper intake forms in field offices or during
personal interviews with claimants. SSA expects the new system to expedite the
interview process, which is currently estimated to take approximately 1 hour for each
client. In particular, the new system is expected to enable field offices to
electronically import from SSA's mainframe systems any case information that had
previously been collected on the claimant. In addition, the system is being designed
to provide pull-down menus containing responses to frequently asked questions, to
help minimize manual rekeying of repetitive information and reduce data-entry
errors. Further, according to SSA, this system will enable the collection of
preliminary data needed by state DDSs to make disability determinations and will in
conjunction with the electronic folder expedite the movement of the disability case to
the DDS to begin adjudication.

The second component of the new strategy will involve enhancing state DDS' disabilty claims processing systems. Currently, 46 of the 54 SSA state DDSs use one of
three standard systems to process disability claims. SSA plans to leverage its
investment in these three systems by adding more features to enhance their
capabilities. One of these features is to be an interface to the electronic folder.
According to SSA, this interface will allow the DDSs to retrieve field office interview
information from the electronic folder to develop the disability case and, conversely,
to supply to the folder case-development information and the final disability
determination.

As the third component of the new strategy, SSA plans to rely on OHA's Hearing
Office Tracking System to support its hearings process improvement initiative and
consolidate the over 140 separate databases currently used by hearing offices into a
single database. The system is also expected to support the integration of disability
hearing data with the electronic folder.

SSA's electronic disability system strategy is still being developed; therefore, we have
not yet been able to assess its appropriateness. However, some of the intended steps
should be an improvement over the strategy applied in developing the Reengineered
Disability System. As we have testified, SSA's approach to developing the
Reengineered Disability System focused on building an entirely new system to meet
the needs of three separate entities—SSA field offices, state DDSs, and OHA. The
effort relied on developing new, customized software instead of reusing, where
possible, existing software such as the DDS systems that are already operational and
meet users' needs.

On the other hand, consistent with the Office of Management and Budget's
information technology investment guidelines and industry best practices, SSA
reports that its new electronic disability strategy will apply a modular system
development approach involving incremental software releases rather than the
comprehensive development of a single, all-encompassing system. In addition,

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1One DDS for each state plus the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

2SSA is currently working with six DDSs to procure one of the three standard systems in fiscal year
2000; the remaining two DDSs use their own systems.

3'Social Security Administration: Update on Year 2000 and Other Key Information Technology
according to SSA, the strategy will take advantage of existing technology and minimize the amount of custom-designed software required, which should help reduce development risks. Further, as required by the Clinger-Cohen Act of 1996, SSA has indicated that it plans to identify and analyze the risks and proposed benefits of this investment before proceeding with its development beyond the proof-of-concept phase.

While these intended steps are encouraging, SSA’s success in deploying its new strategy will nonetheless depend on several factors, including whether the strategy is developed in accordance with a sound systems development methodology and whether it ensures that user requirements are met. As we reported in July 1999, it is imperative that SSA’s software development initiatives adhere to the improved software development processes and methods that the agency has been pilot testing. While SSA previously stated that the new electronic disability strategy would be linked to the agency’s software development improvements, the agency has, to date, followed only a limited number of improvement processes for this initiative.

Further, SSA’s testing of the new strategy has thus far been limited. For instance, SSA is currently testing how the Electronic Disability Collect System and one DDS standard system, the Modernized Integrated Disability Adjudicative System (MIDAS), interface with the electronic folder in a laboratory environment using copies of real cases. In addition, SSA is testing the transfer of eight data elements from the Electronic Disability Collect System to the electronic folder. These eight data elements, in turn, will be imported into MIDAS and used by the DDS to process disability determinations. According to the project manager, SSA limited its testing to those eight data elements that were acceptable to MIDAS and did not require altering the MIDAS software to test the new strategy. Thus far, SSA reports, the testing has been successful. Nonetheless, while this level of testing may be appropriate for a proof-of-concept, SSA will need to expand its test approach and test cases before it can demonstrate that the system is ready to function in its operational environment.

8. Your testimony includes a discussion of the various technology initiatives being implemented to support the Office of Hearings and Appeals, yet you indicate that long-term efforts have not yet been defined. Does this mean SSA hasn’t identified all of the technologies needed to meet the needs of its hearing offices?

As our testimony noted, SSA identified interim technology initiatives required to support new hearings processes for OHA; however, the agency has not identified all of the technologies required to meet the long-term needs of its hearings offices. SSA planned to develop an information technology strategy by late 2000 to support OHA’s

15 The MIDAS software was developed by and is maintained by SSA.
16 The cases being tested include only adult initial, non self-help disability claims that were developed by the Wilmington, Delaware, DDS office.
business processes. This strategy was supposed to identify OHA's long-term information technology needs.

To accomplish this, OHA had begun preparing a statement of work for the development of the information technology strategy. However, according to the acting director of OHA's Office of Management, the agency recently denied the request for the funding needed to complete the statement of work because it did not believe OHA had made enough progress in assessing phase I hearings process improvements to know what specific information technology is needed for this effort. The acting director stated that without funding for the statement of work, OHA will have to rely on its existing and interim information technology projects to support its reengineering efforts until it can pursue another strategy to define its long-term technology needs.

In responding to these questions we primarily relied on past work, including work we performed in our latest review of SSA's efforts to meet future workload and service delivery challenges. We also reviewed and analyzed the most recent agency documents describing SSA's plans for developing and deploying on-line applications and its new electronic disability strategy. We discussed SSA's information technology service delivery efforts with SSA's chief information officer, deputy commissioner for systems, and officials in various headquarters offices, including the Office of Hearings and Appeals, Office of Operations, Office of Program Support, and Office of Systems. SSA officials also reviewed a draft of this correspondence, and their comments have been incorporated where appropriate. We conducted our work from March 13 through May 8, 2000.

We are sending copies of this letter to the Honorable Kenneth S. Apfel, Commissioner of Social Security, and other interested parties. Copies will also be made available to others upon request.

If you have any questions on matters discussed in this letter, please contact me at (202) 512-6253 or Valerie Melvin, Assistant Director, at (202) 512-6304. We can also be reached by e-mail at willemsenj.aimd@gao.gov and melvinv.aimd@gao.gov, respectively. Key contributors to this assignment were Yvette R. Banks, Kay E. Brown, Michele Grgich, Gregory Micco, and Robert Tomcho.

Sincerely yours,

Joel C. Willemssen
Director, Civil Agencies Information Systems

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