

SOCIAL SECURITY'S READINESS FOR THE IMPENDING WAVE OF BABY BOOMER BENEFICIARIES

HEARING BEFORE THE SUBCOMMITTEE ON SOCIAL SECURITY OF THE COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTH CONGRESS SECOND SESSION

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THURSDAY, MARCH 16, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Washington, D.C.

The Subcommittee met, pursuant to notice, at 10:05 a.m., in Room 1100, Longworth House Office Building, Hon. E. Clay Shaw, Jr. (Chairman of the Subcommittee) presiding.

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-9263

March 1, 2000

No. SS-11

Shaw Announces Second Hearing in Series to Examine Social Security's Readiness for the Impending Wave of Baby Boomer Beneficiaries

Congressman E. Clay Shaw, Jr., (R-FL), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, today announced the second in a series of hearings to examine Social Security's readiness for the impending wave of Baby Boomer beneficiaries. This hearing will focus on what Social Security is doing to prepare for current and future service delivery challenges. **The hearing will take place on Thursday, March 16, 2000, in the main Committee hearing room, 1100 Longworth House Office Building, beginning at 10:00 a.m.** Subsequent hearings in the series will be announced at a later date.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include the Commissioner of the Social Security Administration (SSA), Social Security management and employee representatives, and advocates for Social Security and Supplemental Security Income recipients. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

The services that the Social Security Administration (SSA) provides impact the lives of nearly all Americans. For example, in 1999 SSA paid benefits to more than 45 million retired and disabled workers and their families and to more than 6.6 million Supplemental Security Income recipients, processed 250 million reports of earnings and more than 6 million initial claims for benefits, handled more than 26 million visitors requesting services at 1,300 field offices, fielded 80 million calls to the 800-number service, issued 16 million new and replacement Social Security numbers, and provided 30 million Social Security Statements to help individuals plan for their financial future.

As America enters the 21st Century, SSA will face increasing challenges. SSA workloads are projected to begin increasing rapidly within the next decade as the huge Baby Boom generation enters its peak disability years prior to reaching early retirement age starting in the year 2008. Social Security retirement and disability workloads are projected to rise 16 percent and 47 percent, respectively, between now and the year 2010. Claims under the Supplemental Security Income (SSI) program, which is administered by SSA and provides cash benefits to poor disabled and elderly individuals, are expected to grow 12 percent between now and the year 2020. At the same time, Social Security programs are becoming more complex, with initiatives to prevent fraud and abuse, complete continuing disability reviews, provide increased rehabilitation and employment services for the disabled, and perform reviews to determine whether SSI beneficiaries continue to meet the program's income and resource requirements. These factors, combined with recent workforce downsizing and the coming retirement of large numbers of SSA's aging workforce, will place tremendous pressures on the Agency to meet the public's need for service in the 21st century.

The first hearing in the series on February 10, 2000, focused on Social Security's service delivery practices, key service delivery challenges, and strategies to address those challenges.

In announcing the hearing, Chairman Shaw stated: "At our first hearing, we learned about the challenges Social Security will face in years to come as its own workforce ages and the number of Americans depending on Social Security sky-rockets. This hearing will focus on how SSA is preparing for those challenges, including what steps it plans to take to provide world-class service as promised."

FOCUS OF THE HEARING:

This hearing will focus on SSA's service delivery practices, key current and future service delivery challenges, and plans to overcome those challenges and provide timely, high-quality, and cost-effective customer service in the years ahead.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, with their name, address, and hearing date noted on a label, by the *close of business*, Thursday, March 30, 2000, to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Social Security office, room B-316 Rayburn House Office Building, by close of business the day before the hearing.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, typed in single space and may not exceed a total of 10 pages including attachments. Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press, and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at "<http://waysandmeans.house.gov>"

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Chairman SHAW. Good morning. Today, we are holding the second hearing in a series about Social Security's current and future service delivery challenges. On February 10, we heard from the Social Security Advisory Board, among others, about specific concerns they had with the way Social Security is approaching its current and future service delivery challenges.

At the start of that hearing, I quoted from the Advisory Board report which concluded, and I quote, "There is a significant gap between the level of services that the public needs and that which the agency is providing. Moreover, this gap should grow to far larger proportions in the long term if it is not adequately addressed," end quote.

I don't think we have heard anything during the course of our prior hearings to diminish our concerns. On the contrary, we learned that the number of Social Security applicants will rise rapidly in the next 10 years. At the same time, Social Security's own workforce is headed toward retirement in record numbers. Coupled with the already great challenges that SSA faces in providing timely, efficient services today, these twin challenges loom large on the horizon.

So last month's hearing posed lots of questions about what Social Security is doing to prepare for the future. Today, we hope to hear a lot of the answers. We are privileged to have Social Security Commissioner, Commissioner Apfel, here with us, along with a number of beneficiary and employee representatives. We expect them to help us assess both what needs to be done and whether Social Security is positioned to take the right steps to efficiently and effectively deliver services to the public into the 21st century.

Mr. Matsui?

Mr. MATSUI. Thank you, Mr. Chairman. I just would like to welcome Commissioner Apfel as well and submit my statement for the record.

Chairman SHAW. Fine, thank you.

[The opening statement follows:]

Opening Statement of Hon. Robert T. Matsui, a Representative in Congress from the State of California

Thank you, Mr. Chairman.

I want to commend you on holding this important hearing. Today is the second of two hearings on customer service delivery at the Social Security Administration. I believe it is extremely important that we take the opportunity now to address the challenges that will face SSA in the future as that agency copes with the retirement of the baby boomers.

As we learned from members of the Social Security Advisory Board in our first hearing last month, the two major challenges SSA will face in the years ahead will be growing workloads and an aging workforce. Both of these trends are the direct result of the impending retirement of the Baby Boom generation.

I am very pleased that Commissioner Apfel is with us today to share his thoughts on how SSA plans to meet these two challenges. I look forward to hearing his testimony.

I also think it is important to keep in mind that, while there are problems that need to be addressed at the Social Security Administration, the agency remains a leader among government agencies in managing its resources and meeting the needs of the public.

In fact, SSA outperforms most other government agencies in terms of the quality of its management and its responsiveness to customers. As I mentioned at the first hearing, the American Customer Satisfaction Index surveyed customers of 29 dif-

ferent federal agencies in December 1999 to assess their satisfaction with federal government services. SSA scored an 82 out of a possible 100 points, well above the aggregate score of 68.6 for the federal government as a whole and even above the comparable scores for private companies like GTE and Nike.

As we discuss growing Social Security workloads and an aging workforce at SSA, we should remember that Congress has consistently fallen short in meeting SSA's budget requests. Since SSA became an independent agency in 1994, Congress has not enacted a single appropriations bill that met SSA's request for its administrative budget.

Just yesterday, the House Budget Committee reported out this year's budget resolution that would reduce non-defense discretionary spending by \$107 billion over the next five years relative to the current-services baseline. My understanding of the effect of this budget resolution is that it would translate into a \$1.2 billion reduction from the President's FY 2001 request for SSA. Obviously this level of funding would deeply damage SSA's ability to serve the public.

While it is incumbent upon the Congress to ensure that SSA is utilizing its existing resources in the most efficient manner possible, it is also incumbent upon the Congress to provide SSA with the resources it needs. In light of the testimony from two hearings on customer service, I hope that we will not tolerate this short-sighted approach to budgeting when we consider the agency's FY 2001 appropriation later this year.

Thank you to all our witnesses for being here today. I look forward to hearing your testimony.

Thank you, Mr. Chairman.

Chairman SHAW. With that, Commissioner, welcome back to this committee again and again, and we look forward to your testimony.

**STATEMENT OF HON. KENNETH S. APFEL, COMMISSIONER OF
SOCIAL SECURITY, SOCIAL SECURITY ADMINISTRATION**

Mr. APFEL. Thank you, Mr. Chairman, Mr. Matsui, and members of the subcommittee. Thank you for inviting me to testify today about the ways in which the Social Security Administration serves the American public. It is an issue of paramount concern to us.

One reason is the sheer magnitude of our service responsibilities. We are committed to providing the right benefit payment to the right person on time, and to do so for 50 million Social Security and SSI beneficiaries. On average, each workday about 100,000 people visit one of our 1,300 field offices and over 240,000 people call our 800 number. Each workday, we process an average of 20,000 initial claims for retirement, survivors, disability, or SSI benefits, and hold 2,400 hearings before administrative law judges. Each year, we make certain that 250 million wage items are correctly credited to workers' earnings records to ensure that future benefit payments are accurate.

We have a long history at SSA of solid and reliable customer service. In fact, in 1999, customer satisfaction was at an all-time high, with 88 percent of customers rating our services excellent, very good, or good. But we clearly recognize that we face current and future challenges in our ability to deliver timely, high-quality service to the public, and that we need to formulate concrete strategies to deal with these challenges.

I would like to briefly describe the four major service delivery challenges we face and our plans to address them.

First, increasing workloads associated with the aging of America are a central concern. Because the baby boom generation is aging and a large segment are in their late 40s and early 50s, we esti-

mate that over the next 10 years, our overall claims will increase by 23 percent, roughly double the level of increase in the 1990s.

Second, while our workload and service delivery challenges before us are very real, our mission demands more than just faster service on applications for benefits, easier access to us by telephone, and shorter waiting times in our offices. We must balance our service mission with the need to be good stewards of the program that we administer.

Stronger program integrity activities come with a cost. About one-quarter of our administrative budget, \$1.7 billion, is associated with program integrity. In the past four years, staffing for our Inspector General has doubled, and an additional 4,000 State DDS and SSA work-years are now devoted to continuing disability reviews and redeterminations. While we have been taking aggressive action to strengthen program integrity, we have much further to go to address these areas.

Third, SSA is only able to achieve high-level service through our greatest strength—a core of dedicated and professional employees. Since 1985, SSA has seen a 22-percent reduction in its workforce, with the vast majority of these losses occurring prior to 1993. To meet growing workloads over this time, we have reduced most SSA staff functions and put more resources in areas that directly serve the public.

The challenge of serving the baby boomers will be affected by SSA's own upcoming retirement wave. We expect about 27,000 SSA employees to retire by 2010, and an additional 8,000 to leave via early-outs, disability retirements, resignations, transfers, and deaths.

And, fourth, all of this is occurring in an era of constrained Government resources. SSA's administrative budget represents less than 2 percent of the value of the benefits provided by the agency each year. Although we are proud of such efficiency, it is clear that SSA needs additional resources in the future. As I indicated in the 2000 SSA operating plan, some workload processing goals have now been reduced from levels in the 2000 budget plan, including service goals for the 800 number, retirement and disability claims, hearings, and SSI redeterminations.

As you know, Mr. Chairman, last September the Social Security Advisory Board issued a service delivery report. It recommended that SSA develop a short-and long-term service delivery plan, ensure that we have the human resources needed, improve current service practices and strategies, and address longstanding institutional problems. I would like to address briefly the actions the agency is taking to deal with these four broad areas.

First, while SSA has one of the best planning capabilities in Government, I believe that we still can do more. We are developing a vision that takes SSA out 10 years. The 2010 Vision is being developed with significant input from our customers, employees, representatives of unions, management associations, advisory groups, and experts in such fields as technology and communications. The 2010 Vision will be about the agency of the future, what work we will do and how we will do it. Once completed, this Vision will drive all of our budgeting and performance planning.

Secondly, I recently released a report on workforce planning at SSA which provides an analysis of our most significant near-and longer-term workforce issues, and describes the strategies we plan to put in place to address them. We are currently in the process of linking our plans for responding to the pending retirement wave with our Strategic Plan, and we are implementing GAO's human resource recommendations. In addition, we are developing an integrated work measurement system that will provide more comprehensive information about the work we perform. The data from this system will permit us to make better resource allocation decisions and budget justifications.

Third, while our overall service remains very solid, there are clearly areas where immediate improvement is needed. One major area in need of improvement relates to the administration of our disability program. We have already issued plans to improve the management of the disability programs, including plans to improve the initial claims process, the hearings process, and the Appeals Council process. Our efforts to strengthen the disability adjudication process are bearing real fruit. For those who go through all of the adjudicative steps, processing times have already dropped significantly, and further progress will be made in the future.

Let me also briefly discuss emerging technologies. Over the last few years, SSA has been successful in using technology to improve the services we offer to the American public. In the 1990s, technology allowed us to offer nationwide 800 number service, improve the timeliness and quality of the actions we take, and provide better overall service.

As we move into the 21st century, Internet commerce has become mainstream and Americans are increasingly asking the public sector to provide electronic Government services. Today, SSA's Web site is primarily informational, but to meet consumer demand we will be developing a broader range of electronic services consistent with our long-term service vision, including secure authentication and privacy safeguards.

With regard to our 800 number and our field operations, customer satisfaction levels for these services are high, and we are committed to strengthening the services we provide. But there are very real stresses. Consumer demands continue to rise, especially for our 800 number service, and teleservice center staff alone have not been able to handle the increasing call volumes. Additional resources from other agency components have been needed to assist with answering calls on busy days.

Our field offices, which number 1,300, have been the center of our service delivery system since the creation of the program, and I believe they will be the center of our delivery system in the future. But there is stress in handling growing workloads in our field offices, and customer waiting times, particularly in our urban offices, are increasing.

We are responding by putting a majority of our newly hired employees in our field offices and by seeking further automation improvements to enhance our productivity. But it is clear to me that our field workforce in the future will need higher levels of skill to handle increasingly complex work assignments such as return to work and program integrity activities.

Finally, let me address the fourth area cited by the Board—long-standing institutional problems. The Board said SSA needed to find ways to promote more discussion of problems, strengthen communication between our field offices and headquarters, and promote better teamwork. These serious concerns face any large organization in the 21st century, and we need to do all we can to overcome barriers and increase communication. I am taking steps to increase communication and teamwork within the agency.

In conclusion, let me again say that SSA is experiencing significant strains in our ability to continue to deliver the quality of service that the public has come to expect. We will be further challenged by the coming retirement wave not only of the Nation's baby boomers, but of our own employees. We are moving to meet these challenges, but resources are an important part of the picture. We cannot do our job without adequate resources, especially when more and more Americans will be seeking our services.

Mr. Chairman, this subcommittee has always supported us in the past, and I look forward to your continued support in the future. I will be happy to answer any questions that you may have at this time.

[The prepared statement follows:]

**Statement of Hon. Kenneth S. Apfel, Commissioner of Social Security,
Social Security Administration**

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me today to testify about the ways in which the Social Security Administration serves the American public. I would like to thank this Committee for holding this hearing on an issue that is of great importance to SSA and commands a tremendous amount of our time and attention.

Mr. Chairman, it is hard to fully describe the magnitude of our vast service responsibilities. But let me give you some examples. We are committed to providing the right benefit payment to the right person on time, and to do so over 600 million times a year, which represents 50 million monthly payments to Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) recipients. On average, each workday about 100,000 people visit one of our 1,300 field offices and over 240,000 people call our 800 number. Each workday we process an average of 20,000 initial claims for retirement, survivors, disability or SSI benefits, and hold 2,400 hearings before Administrative Law Judges (ALJs). Each year, we make certain that over 250 million earnings items are correctly credited to workers' accounts to ensure that future benefit payments are accurate.

We take these responsibilities very seriously, because millions of Americans rely on us as they have for the past 65 years. I say in all candor that my greatest pride as Commissioner is the spirit and commitment that our employees demonstrate each and every day in serving the American people and the high quality of service we provide.

We have a long history at SSA of solid and reliable customer service. In fact, in 1999, customer satisfaction was at an all time high with 88 percent of customers rating our service as excellent, very good, or good. But we clearly recognize that we face current and future challenges to our ability to deliver timely, high-quality service to the public, and that we need to formulate concrete strategies to deal with these challenges. Let me assure you, Mr. Chairman, that we have an unwavering commitment throughout our agency to provide the American public with superior customer service, and we intend to translate that commitment into practice in every aspect of our service delivery.

The Social Security Administration has been known for some time as a Government-wide leader in management, planning, and service to the American public. Just last year, the Maxwell School of Citizenship and Public Affairs of Syracuse University ranked SSA at the top of 15 Federal Government agencies in one of the most comprehensive studies of management performance ever conducted. But, in spite of these accolades, we, like all other public institutions, face significant demands, changes and challenges.

Given the growing workload demands that we face, rapid changes in technology, expansion of our mission, continued resource constraints, and the prospects for a loss of our knowledge base as many employees become eligible for retirement, it is clear that we are facing significant strains on our ability to continue to deliver quality service to the public. Clearly, we need to address today's challenges and we need to plan better for the changes that confront us in the future. While we are taking steps to address today's challenges, we are also developing plans and establishing processes that will prepare us for the additional work that we will encounter later this decade as the "baby boom" generation begins facing disabling conditions or reaches retirement age. I believe that the Social Security Administration, with adequate resources, will meet these challenges, as we have in the past.

Today, I would like first to discuss the challenges we face and then lay out how SSA plans to align itself to meet them.

THE CHALLENGES WE FACE

We face a number of sizable challenges that I would like to highlight for the Committee—increasing workloads, an increased focus on program integrity, a smaller and aging SSA workforce, and tight resource constraints.

1. Increasing Workloads

The Social Security Administration is experiencing significant strains due to increased workloads, and the aging of America will place even greater challenges on our ability to continue to deliver the high quality of service that Americans have come to expect from our agency.

SSA's main workloads can be broadly grouped as follows:

- Processing of initial claims for retirement, survivors, disability and SSI benefits including appeals;
- Maintenance of beneficiary records for those on the rolls. This workload, which we refer to as "post-entitlement" actions, includes continuing disability reviews, SSI redeterminations, and benefit recomputations;
- Establishment and maintenance of Social Security Number records; and,
- Maintenance of individual earnings records.

Each of these categories reflects major workloads, but the vast majority of SSA's and the Disability Determination Services' (DDSs) workyears—more than two-thirds—are invested in processing initial disability claims and appeals for both Disability Insurance (DI) and SSI, and in various post-entitlement actions for our disability programs.

A sizable shift in our workload took place in the late 1980's and early 1990's, with a dramatic increase in the number of claims for DI and SSI disability benefits. These grew from about 1.5 million claims processed in FY 1985 to about 2.6 million processed in FY 1995. With a large portion of denials flowing into the appellate process, our hearing workload also increased dramatically, from about 250,000 processed in FY 1985, to about 580,000 in FY 1996. On the heels of this dramatic growth in our ongoing claims and appeals work came significant legislative mandates and the large one-time welfare reform-related workloads of the mid-1990s. These included drug addiction and alcoholism reviews, childhood and noncitizen reviews, and rereviews. With all these increases, the corresponding backlog in disability claims dominated the attention of the agency for some time. As I will make clear later in my testimony, we had to make significant shifts in our workforce to deal with these demands.

Because the baby boom generation is aging, and a large number of people are in their late 40's and 50's, our current estimates indicate that new claims for all types of benefits will increase over the next 10 years by 23 percent, from 6.3 million to 7.8 million, roughly double the level of increase experienced in the 1990's. Our initial retirement claims workload will increase by roughly 21 percent by 2010, and our initial disability claims workload will increase by roughly 25 percent by 2010.

The workload of post-entitlement actions has grown by almost 25 percent over the past 10 years, from 80 million to 100 million. Increases in this area are due, in part, to a growing focus on program integrity activities. For example, representative payee actions increased by 2.2 million over this period of time, and overpayment actions increased by 1.5 million. In addition, the number of Continuing Disability Reviews (CDRs) we processed jumped from about 100,000 in FY 1994, to over 1.7 million in FY 1999. By 2010, the post-entitlement workload is expected to grow by at least 16 million, in line with the projected growth in the numbers of beneficiaries on the OASDI and SSI rolls.

In addition to the large volume of disability work we face, most of which is performed in our field offices, DDSs and large service centers, the work we perform in

support of our national 800 number at our teleservice centers has also increased dramatically over the last decade, from less than 30 million calls served in FY 1989 to almost 60 million served in FY 1999. The popularity of this service continues to grow, and we continue to seek ways to improve it to assure that we meet customer demand.

In addition to the work we perform today, we need to be cognizant of the broader service missions that Social Security Administration will face in the future. Two key examples of challenges are service to our growing non-English speaking clients and implementation of the recently passed "Ticket to Work and Work Incentives Improvement Act."

The number of our non-English-speaking customers will increase. The Census Bureau predicts that between 1995 and 2005, the Nation's population will increase by 72 million people. Of these, 32 million will be Hispanics and 12 million will be Asians. SSA must provide services to our customers even if they cannot communicate with us in English. The change in the population will require us to hire more bilingual employees and to develop more written material in other languages.

In December 1999, the President signed Public Law 106-170, "The Ticket to Work and Work Incentives Improvement Act of 1999." This hallmark legislation, enacted with the strong support of this Committee, addresses some of the most significant barriers to employment of people with disabilities. Its key features greatly expand access to employment, training and rehabilitation service providers in the public and private sectors and provide access to health care protection for working people with disabilities.

This new mission will entail a much greater degree of supportive services for a portion of our beneficiary population than we have provided in the past. Those support services must be delivered from our field offices and other settings, in close collaboration with a new set of external service providers.

Up to now SSA has met its increasing workload demands by improvements in productivity through automation, movement of staff to direct service positions, shifting workyears to disability activities, increasing the use of temporary employment for welfare reform workloads, and use of overtime. But some of these actions have placed real strains on the organization. Two areas of serious strain that I will cover in more detail later in my testimony are as follows:

First, the growth in disability claims led to sizable delays in service. Our efforts to improve service have placed real strains on the agency.

Second, our field structure is under growing pressure to cope with workload demands. In order to deal with growing demands for our 800 number telephone service, we have had to utilize a growing share of staff at our Program Service Centers (PSCs) to help answer the calls, resulting in a backup of work in the "postentitlement" area. In addition, because of the growth in workloads coupled with downsizing through the 80's, and the shift to more program integrity activities, our field offices, particularly our urban offices, have become overextended.

2. Enhanced Program Integrity

There is no doubt that the workload and service challenges before us are very real, but our mission demands more than just faster service on applications for benefits, easier access to us by telephone, and shorter waiting times in our offices. We must balance our service mission with our mission to be good stewards of the program we administer. We also must protect the trust funds and general revenues from losses associated with payment errors. The programs we administer, which are designed to meet critical needs for the public, can themselves be threatened if the public perceives serious problems in program integrity.

Together, Congress and the Administration have launched several important initiatives directed at program integrity, and we have seen major dividends from investments made for this purpose. For example, Congress provided special funding authority for us to dramatically expand our CDR program, and the well-documented results of that effort have shown that it is extremely cost effective. As detailed in our most recent report to Congress on CDRs, SSA spent \$462 million in FY 1998 to process 1.4 million CDRs. The present value of future benefits saved from this effort was estimated to be \$5.6 billion in the Social Security, SSI, Medicare, and Medicaid programs.

I believe that accuracy in our decisions is a paramount programmatic responsibility. Embedded in our commitment to provide world class service to our customers are measurements and enhancements that promote an accurate product outcome. For the most part, our continued reviews indicate there is reason for optimism. The accuracy of decisions in the Old Age and Survivors Insurance program and the effect of any error on dollar outlays have consistently been very good, exceeding 99 percent. In fact, the systematic fixes and improvements we have made in

postentitlement computations over the last few years have eliminated hundreds of thousands of errors.

And, while we have an error rate of less than 1 percent, I should point out that roughly 70 percent of Social Security overpayments in the Old Age and Survivors program are due to the earnings test. While there will be short-term costs to implement the recent action by the House to repeal the earnings test at the normal retirement age, in the long term it will free up resources now spent on administering that provision and collecting overpayments. Also, from a policy standpoint, eliminating the earnings test at normal retirement age is the right thing to do. As the baby boomers begin to retire, it is more important than ever that older Americans who are willing and able to work should not have their Social Security benefits deferred when they do work.

Because the administration of the Disability programs is more complex, there is more case error in the Disability programs, but accuracy trends there are also positive. In fact, during this past fiscal year, improvements were noted in every level of disability decision making for both awards and denials. A part of our plan for the long-term management of the disability program includes engaging the services of an independent consultant to assist us in assessing our quality assurance requirements and developing options for improvement.

On another crucial front, I initiated a series of actions to attack the problem of the accuracy rate in the SSI program. The General Accounting Office (GAO) has designated the SSI program as "high risk," and action was needed to turn around a trend of declining accuracy and growing overpayment error. My report on this issue, which was published in October 1998 (a copy of which will be provided for the record), outlined a series of actions we are pursuing to address this problem. These included: 1) increased numbers of redeterminations, 2) improved matching of our data with available records on wages, nursing home admissions, and financial accounts, and 3) a number of new anti-fraud and debt collection initiatives.

I very much appreciate the support of this Committee and the Congress as a whole for supporting our SSI strategy. At the end of the last Congress, the new legislative authorities that we requested were provided. These included new penalties against those who provide false or misleading information or fail to report changes that affect benefit amounts, and new debt collection tools such as the expansion of offset authority for Title XVI to all Federal programs, as well as expanding incentive payments to prisons and other institutions that report inmates so SSA can suspend their Social Security benefits while they are confined.

The actions outlined in the report are already showing results. For example, the data matches performed in FY 1999, the additional redeterminations and improvements in targeting these redeterminations to the cases with the most payoff are projected to ultimately save an estimated \$600 million in overpayment collection and prevention at an administrative cost of well under \$100 million.

It must be emphasized that stronger program integrity activities come with a cost. In fact, \$1.7 billion, or one quarter of our administrative budget, is associated with program integrity. Over the past few years, staffing aimed at strengthening integrity activities has increased. The Inspector General staff increased by more than 300 employees between FY 1996 and FY 2000, thereby doubling in size. In the same period, an additional 4,000 DDS and SSA workyears have been devoted to conduct CDRs and redeterminations. While we have been taking aggressive action in the area of program integrity area, we have much further to go to address overpayments and other issues. We will be discussing this overall matter with you at a hearing later this month.

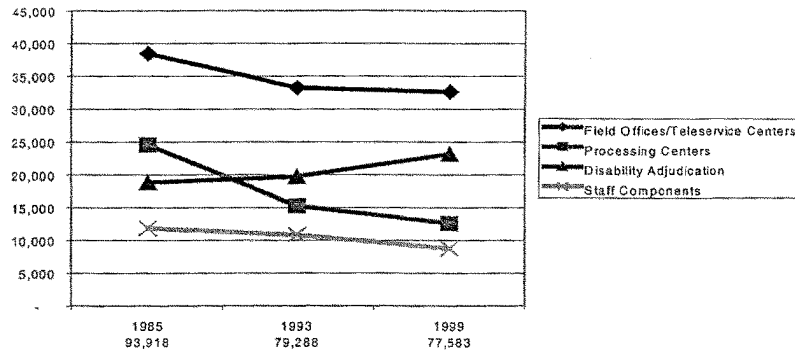
3. Our Workforce: Smaller, Higher-Skilled, and Older

It takes well-trained employees to provide exemplary customer service. That means cultivating an environment in which our employees go one step beyond to meet the needs of our customers. I am proud to lead an organization of high-caliber professionals who make such a difference in the lives of all Americans and have a long tradition of providing excellent service.

Since fiscal year (FY) 1985, SSA has undergone a 22 percent reduction in the size of its workforce, from a staff of approximately 81,000 full-time equivalents (FTEs) in 1985 to 63,000 FTEs in 1999. The vast majority of these losses occurred prior to 1993. The staff of the Disability Determination Services in the States, on the other hand, has grown from 13,000 in 1985 to over 14,600 today, a 12 percent increase. Most of these increases occurred since 1993.

The graph below depicts the areas where the changes in staff occurred within SSA and the DDSs. A growing share of staffing has been devoted to disability adjudication to meet the sizable growth and complexity in our workloads in this area.

Staffing Patterns
SSA-DDS Totals in FTEs



The Social Security Administration since 1993 has been largely spared from the recent downsizing that has taken place throughout the Federal Government. From 1993–1999 the Social Security workforce including the DDSs has declined by 2.2 percent in FTE terms. Excluding the DDS, the SSA workforce has declined by 4.6 percent. During the same period, the total Federal civilian employment that has declined by 17 percent and total non-defense civilian employment declined by 9 percent.

To operate within the staffing constraints we have had since 1993, we have focused on putting a growing share of our resources in areas that directly serve the public. SSA's priority was to preserve SSA's day to day operations. This has been accomplished by reducing most SSA staff functions (excluding the Office of Systems) by about 26% since FY 1993. We changed the staffing mix in our field offices to put more employees in direct service positions, and upgraded their skills. And we placed more people in investigative and audit functions, added more attorneys to deal with the litigation workload in the disability area, and increased the number of Administrative Law Judges and support staff to handle the increasing appeals caseload. We were able to offset some of these staff increases through reductions in clerical positions and other streamlining made possible by expanded automation.

To further our goal of preserving direct service operations, we reduced supervisory personnel. The effort resulted in a 45 percent reduction in supervisors and an increase in the supervisor-to-staff ratio from 1:7 in 1993 to 1:13 in 1999. Approximately 1,200 supervisors and managers left SSA through retirement or special initiatives. Others moved into nonsupervisory support positions that focus on process and service delivery enhancements, such as program integrity and automation activities. Reassessment of this configuration is now necessary to insure that we have the right support infrastructure for technical expertise and quality (in-line review, feedback, and training). This year, we are restoring a small number of supervisory positions and will assess whether an optimal balance has been found, particularly in our large urban offices. We are also looking at ways to provide incentives for candidates to apply for management positions in offices where we have difficulty recruiting.

The challenge of serving the baby boomers will be affected by our own retirement wave. SSA will experience considerably higher levels of employee retirement losses over the next decade than previously experienced. The Agency predicts that about 27,000 permanent SSA employees will retire between 2000 and 2010. These projected retirement losses include about 20,000 operations employees, 3,000 hearing positions, and 1,200 systems positions. Losses for 2000 through 2010 are projected to total over 35,000 when all categories of attrition are factored in, including early outs, disability retirements, resignations, transfers, and deaths.

The diverse skills required of the workforce of the future will be different than those of today's workers. SSA must assess what skill mixes its future workers will need and ensure that we have the kind of high-technology training programs in place to permit lifelong learning.

4. *Constrained Resources*

SSA's administrative budget represents less than 2 percent of the value of the benefits provided by the agency each year. Although we are proud of such efficiency, it is clear that SSA needs additional resources in the future.

I understand that hard decisions have to be made on the distribution of finite resources. For example, the resources it takes SSA to answer a phone call or process a disability claim must be balanced against the resources needed for additional teachers, medical research and other critical public needs.

SSA's administrative budget is primarily the cost of its employees. Our employees, wherever they are located, need to be reassured that adequate resources are available to them to do their jobs completely. I believe there is no more dedicated workforce than Social Security's. Their commitment to delivering world-class service is well-known and has been repeatedly affirmed by our customers and our employees themselves. But our employees also tell us that the workload stresses are taking their toll. I am committed to finding solutions to employee concerns as reflected in the results of recent employee surveys.

This year has been a particularly challenging one for SSA. In November 1999, the Congress passed an appropriation bill which would have reduced the President's request for SSA's administrative costs by more than \$200 million. I strongly supported the President's veto of that legislation. Such a substantial cut would have resulted in large disruptions in service that would have harmed millions of elderly and disabled Americans who depend on these critical programs for their support.

For example, this large budget reduction would have required SSA to impose an immediate and complete hiring freeze, leaving 3000 positions vacant by the end of the year. This would have resulted in millions of calls to our toll-free 800 number going unanswered and resulted in disability applicants waiting up to twice as long for a decision on their initial claims for benefits. And, waiting time for millions of Americans who visit Social Security offices each year would have increased significantly. Another effect of this budget cut would have been a reduction in SSA's increased efforts to ensure program integrity, ultimately costing the Government and taxpayers hundreds of millions of dollars.

I was pleased that part of this reduction was restored, in part by funding some unbudgeted cost increases with unspent money from FY 1999. Still, when all was said and done, we wound up about \$75 million short of what was needed to meet our promised service commitments. As I indicated in the FY 2000 SSA Operating Plan recently transmitted to Congress, a number of workload processing goals have now been reduced from the levels reflected in the FY 2000 Budget Plan. These include our service goals for the 800 number, retirement and disability claims, hearings, and SSI redeterminations.

Mr. Chairman, to summarize, our four challenges are: increasing workloads; a need to make further improvements to program integrity; a changing workforce; and constrained resources. Let me now turn to a presentation of our best thinking about how we will align our processes, technologies, and our workforce to meet these challenges. But before I do, I let me note that despite of the volume of work we will face in the future, the Social Security Administration, with adequate resources, will meet these challenges as we have done in the past. We will meet the needs of our customers through our superior workforce and short and long term planning. And, we will of course need the support of this Committee to help us.

MEETING THE SERVICE DELIVERY CHALLENGE

As you know, Mr. Chairman, in September 1999, the Social Security Advisory Board issued a report on service delivery and made recommendations on how SSA can improve service and better prepare for the long term challenges we will face. The Board recommended that SSA:

1. Develop a short and long term service delivery plan;
2. Ensure that it will have the human resources to carry out the service delivery plans;
3. Make major improvements in a number of the agency's service delivery practices and strategies; and
4. Address long-standing institutional problems.

I would like to thank the Social Security Advisory Board for their work in this area. The Social Security Advisory Board Report provides a helpful guide to ensuring that the service that we provide will be strong in the future. The report's recommendations represent a challenge for us to create new strategies to satisfy our rapidly increasing customer expectations.

I would like to present the Agency's approach to dealing with these four broad areas.

1. Service Delivery Planning

The Social Security Advisory Board acknowledged SSA's position among Federal agencies as a leader in planning for the future. However, the Advisory Board concluded that SSA needs

"...to move quickly to deliver a service delivery plan that accurately reflects the agency's anticipated workload needs over the coming years and describes how the agency plans to meet these needs, whether through increases in resources, technological improvements, changes in the way the agency processes its work, or a combination of these approaches."

While SSA has one of the best planning capabilities in all of Government, I believe that we can still do more. Indeed, I view this as one of the highest priorities for SSA. Future customer expectations, rapid change in information technology coupled with the expected workload growth created by the baby boomers, and, simultaneously, a maturing workforce and limited resources, create the compelling need for the Agency to develop a vision that looks beyond our current 5-year planning horizon. We are developing a vision that takes SSA out 10 years. This vision, called the "2010 Vision," will allow us to make better long-term investment decisions and to coordinate strategies and efforts toward long-term service goals. We can influence the direction of change only if we have a long-term vision of where we want to go.

The "2010 Vision" will outline our view of service in the future, what work we will do in 2010 and how we will do it. It will describe how the Agency will respond to trends in our external environment that signal continuing rapid changes in society, particularly in the use of information technology. It will provide enough detail to shape the Agency's strategic plan, and drive our action plans and budgets to move us into the future.

I see a real hunger within the Agency for a framework for meeting future customer expectations and service demands. The "2010 Vision" is being developed with significant input from our customers, employees in headquarters, the field, the State agencies, and hearing offices, representatives of unions, management associations, advisory groups, and experts in such fields as technology and communications. The 2010 Vision will be about the Agency of the future—what work we will do, and how we will do it.

While the 2010 vision will be fully integrated with the Agency Strategic Plan, it will be developed from the perspective of service as it should be, given workload, demographic and technology projections, and the expectations of our customers. Once the "2010 Vision" is incorporated into the Agency Strategic Plan and our overall direction is aligned with it, more detailed service planning will flow, including specific human resource and technology plans which will be designed to restructure and transition SSA to the requirements of 2010.

2. Adequate Human Resources

The Social Security Advisory Board emphasized the importance of adequate human resources in carrying out our service delivery plan and the need to align our human resources with our service vision. They concluded that "the agency cannot sustain any further reductions, and in fact now faces staffing shortages in key parts of the organization." Further, the Social Security Advisory Board recommends that SSA's administrative budget, like its program budget, should be explicitly excluded from the statutory cap that imposes a limit on the amount of discretionary Government spending.

To adequately staff our field offices, we need timely and accurate information about all the work that needs to be performed and how long it takes to do it right. We are developing an integrated work measurement system to help us achieve this objective. By ensuring that all of our work measurement systems are fully integrated, not only will we be able to make better field office resource allocation decisions, we also enhance our ability to provide more detailed justifications for budget requests, provide better information to manage the flow of the agency's workloads, and expand our opportunities to perform the role of steward for the trust funds.

SSA is fortunate to have an experienced and dedicated workforce that is highly committed to the Agency's mission and values. Our workforce represents one of the Agency's greatest strengths, but also represents one of our greatest challenges.

While the experience and dedication of our workforce is a major strength, the approaching wave of retirements represents a significant challenge for us and for all of Government. The workforce challenges we now face grew out of the significant downsizing in the 1980's that I discussed earlier. While we have been able to nearly stabilize staffing during the 1990's, much remains to be done to assure that SSA's workforce of the future is positioned to meet the workload challenges that lie ahead.

Last month, I released a report on workforce planning at the SSA. The report provides an analysis of our most significant near-term and longer-term workforce issues, and describes the strategies we plan to put in place to address them. I have asked that a copy of the report be included in the hearing record.

SSA's workforce planning efforts have been greatly enhanced as a result of the Agency's "Retirement Wave" study. This was a comprehensive study of attrition at SSA, focused on predicting the "who, where and when" of retirement losses. Based on our historical pattern, we developed a model for projecting how many employees we actually expect to retire in future years. The study predicts Agency retirements through 2020, and has been remarkably accurate so far. Retirements are expected to peak in 2007 through 2009, when we expect to lose 4.6 percent of our staff each year. At the same time, SSA will face unprecedented workloads as the baby-boom generation faces disabling conditions and ages. To handle these workloads we must have experienced employees in our key positions.

While we have a number of initiatives underway to enhance our recruitment and training abilities, replacing staff now and in the immediate years to come is critical to having an experienced workforce on hand in 2007 and beyond.

We can mitigate the effect of the projected peak year retirements by seeking to influence retirement behavior, in effect "flattening the wave." This means moving retirements forward in time through early retirement programs and further minimizing the effect of retirements by approaches such as hiring Federal retirees to perform limited work. These "early outs" also allow us to adjust imbalance between workload and overhead functions to provide better customer service.

During the last four years, SSA has offered early retirement to its employees. About 5 percent of those eligible for early retirement took it; (524 in 1996, 825 in 1997/1998 and 1,381 in 1999).

These early retirements significantly raised the total number of retirements and made up an increasing percentage of the total retirements each year it was offered. In 1999, early retirements accounted for 50.5 percent of all retirements. Later this year, we will offer another early out opportunity and by the close of the fiscal year we expect to hire 2,000 new employees.

Adequate funding is critical not only to meeting current workloads, but also to building the workforce of the future. By accelerating our recruiting and training now we will ensure that we have a sufficient, well-trained and experienced staff to provide high-quality, timely service to the public.

As our workforce report indicates, to prepare for the future we have put into place a number of training and development initiatives as part of our succession planning activities. We are also currently in the process of linking our plans for responding to the pending retirement wave to our Agency Strategic Plan, and are implementing GAO's human resources recommendations.

After the release later this year of the 2010 Vision and our next Agency Strategic Plan, we will produce human resource plans consistent with our longer-term vision. We are already beginning analyses and activities that will form the basis for these plans. Americans can be confident that we have credible plans for dealing with what's ahead, and that our 21st century SSA workforce will be equal to the nation's highest expectations.

3. Service Practices and Strategies

The third area the Board focused on was improvement in our service delivery practices and strategy. Under our current five-year strategic plan, one of our five major goals is to deliver "world-class" service. I agree with the Board's conclusion that we need to develop new strategies and practices in order to better meet this goal. I consider this to be one of our major challenges, and one that needs to be addressed forthrightly.

We know that the first step in providing world-class customer service is listening to customers—listening to them tell us what they want and expect from our service, instead of assuming we already know. While we have done a good job listening in the past through use of focus groups and surveys, we know we have some information gaps.

In 1998, we used the expertise and recommendations of an outside consultant to formulate a new data collection program, which we call our Market Measurement Program. The Market Measurement Program establishes a coordinated and comprehensive "state of the art" program for collecting data on the needs, expectations and satisfaction of all our major customer groups. The Market Measurement Program also provides us with information from other groups who play a major role in the success of our service delivery—our employees and major stakeholders.

Let me tell you some of the things we have learned from our customers so far. One thing we know is that telephone access and field office waiting times have a

major influence on how customers perceive satisfaction with all other aspects of service, like courtesy and knowledge of employees. We also know that customers are more satisfied if the business they conduct with us is completed at the initial contact. And we know that improving the clarity of our notices provides one of the greatest opportunities for us to increase overall satisfaction. Because we know these areas are important to customers, we have Agency initiatives focused on all of them.

We have many initiatives in place and plan to enhance and expand the way we gather feedback. These are described in a report I released earlier this week. I have asked that a copy of the report be included in the hearing record. Because we recognize that we still can do more to improve, we plan to work together with the Social Security Advisory Board on an effort to learn from the private sector, how best to collect and use customer service information to improve service delivery. We will use what we learn to help us improve our service to the public.

While our overall service remains very solid, there are clearly areas where immediate improvement is needed. I would like to highlight three areas the Social Security Advisory Board identified and which I agree need more attention—strengthening the operation of disability related services, using new technologies in conducting our work, and strengthening the 800 number and the field offices.

Disability Program

One major area in need of improvement relates to the administration of our disability program. In March 1999, I issued a report entitled, "Social Security and Supplemental Security Income Disability Programs: Managing for Today, Planning for Tomorrow." This report is a comprehensive plan to improve the management of the disability programs and includes decisions on aspects of disability redesign, improvements in the hearings process, and enhancing return to work. It also addresses improving information technology, quality assurance and integrity, and research and studies to build a knowledge base for the future. I have asked that a copy of this report be included in the hearing record.

Over the last few years, the Agency has embarked on an ambitious series of initiatives to improve the administration of the DI and SSI programs. In particular, SSA devoted considerable time and energy to its Disability Redesign Plan. The plan outlined a vision of a disability process designed to be more accurate, timely, and "user-friendly." Tests of redesign concepts have shown the potential for improving customer service by focusing more attention at the initial claims level to improve quality, reduce hurdles and increase customer interaction—all concepts that epitomize the principles and goals of the National Partnership for Reinventing Government (NPR). A major strategy of the NPR is to achieve outcomes that balance business results, customer satisfaction and employee satisfaction. SSA is committed to that strategy, and in that spirit, the Disability Redesign project has moved from "proof of concept" tests to prototypes in 10 States.

SSA is prototyping changes that will improve the disability process to ensure that decisions are made as accurately as possible, that those who should be paid are paid as early as possible, and that the adjudication process is consistent throughout. Beginning in October 1999, disability claims filed with SSA were decided using a new disability process in prototype locations. Changes include improvements in accountability for the decision making process and more effective use of physician and non-physician resources, requirements for DDS employees to explain how they made the disability determinations, increased opportunities for claimants to interact with the adjudicator and elimination of the reconsideration step. These are dramatic changes to the way we have been adjudicating initial disability claims, and to date, we have been pleased with the outcomes. Nevertheless, imperfections in the new process exist, and we continue to make refinements and adjustments. Prototype evaluation results are expected later this year.

We are also testing a Disability Claims Manager (DCM) process in which we have combined the functions of the claims representatives in the SSA field office with the functions of the disability examiner in the DDS. The DCM provides a single point of contact for the disability customer by conducting the interview, developing the case and making the disability determination.

While the focus on initial claims is on improving the quality—of decisions, the focus of changes in the hearings and appeals process is on processing times. The current hearing process is based on a model developed years ago that served SSA well as long as receipts were stable and SSA could add resources if necessary. However, with a sharp increase in appeals (over 100% from the mid-1980s to the mid-1990s), SSA found that the current process was not flexible enough to handle the workload. The backlogs grew and processing times climbed.

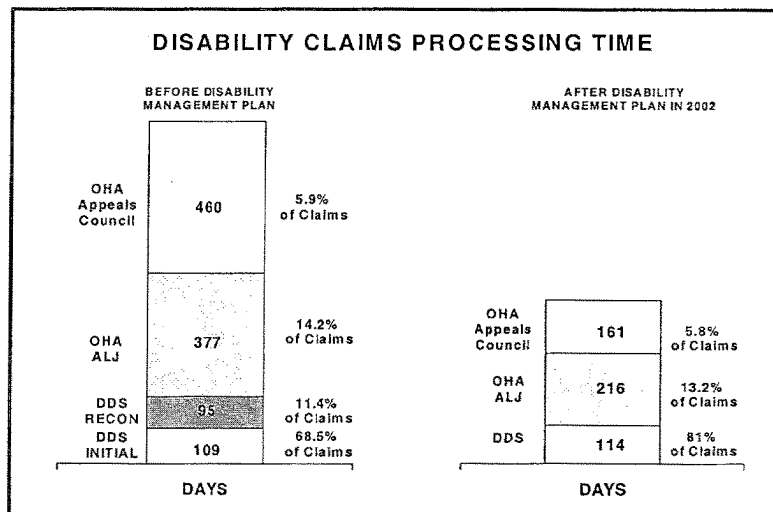
In August 1999, I issued a Hearing Process Improvement Plan (HPI). The goals of HPI are to reduce processing times, increase productivity and provide better over-

all service to the public. The HPI process will also give us the flexibility we need to handle the increase in receipts that are expected as the baby boomers continue to age. As of January 2000, 37 hearing offices, generally corresponding to the 10 prototype States, have been selected to process cases under the new procedures. About half the remaining offices will implement HPI beginning in October 2000, with the balance starting in January 2001. Our ultimate goal is to take Social Security hearing processing times down from 365 days, the level in 1998, to 180 days in 2002. I am pleased to report that we are well on our way toward addressing this goal. At the close of January of this year our average processing time was just over 260 days.

The Appeals Council provides the final level of administrative review for claims under the Social Security Act. The Appeals Council is also responsible for overseeing the preparation of the administrative record filed in Federal court proceedings and for initiating further administrative actions as required by those court proceedings. As a result of its burgeoning workloads, processing times at the Appeals Council have reached unacceptably high levels.

We have just released the Appeals Council Process Improvement Plan (ACPI) which focuses on reducing pending workloads and processing times in the near term and developing an operational structure that can continue to deliver high-quality, timely and efficient case processing for the long term.

Our efforts to strengthen the disability adjudication process are bearing real fruit. For those who go through all of the adjudicative steps processing times have dropped significantly, and further progress will be made in the future. The following chart shows projected processing time before and after implementation of the Disability Management plan, including additional improvements projected from the ACPI.



Our actions in this area are clearly improving customer service. But more improvements will be needed to meet the challenges of the aging baby boomers. We will need to develop further steps to improve the Disability adjudication process once our "2010 Vision" is complete. The vision will guide us toward a longer term approach to making the process the best it can be.

Emerging Technologies

A second area of emphasis for improving service delivery is the use of emerging technologies. Over the last few years, SSA has been successful in using technology to improve the services we offer to the American public. In the 1990s, technology allowed us to offer enhanced nationwide 800 number service, improve the timeliness and quality of the actions we take, and provide better overall service to the public.

We are now nearing the completion of our Intelligent Workstation Local Area Network (IWS/LAN) initiative that is putting a networked personal computer on every front-line employee's desk. We are currently planning to upgrade some software applications that will result in significant improvement in our service delivery. The Customer Help and Information Program is a decision-support system that our tele-

service representatives use to ensure we give accurate answers and take appropriate actions. Our Processing Centers are beginning to use a new Paperless System that makes a client's record available at the employee's fingertips and eliminates the cumbersome routing and maintenance of paper folders. And, we are piloting new uses for this IWS/LAN platform that can significantly improve the services we offer to our customers with disabilities.

As we move into the 21st century, the Internet has become a central business channel for America. Internet commerce has become mainstream and Americans are increasingly asking the public sector to provide electronic Government services. In response, SSA is in the planning stages of developing a full range of Internet services for the general public and our business partners. As electronic services expand, we are fully committed to prudent authentication and security technologies to protect the privacy of the information with which we are entrusted.

At SSA, our award-winning Social Security Online Web site has been in place since May 1994. Last year almost 10 million customers visited our site, double from the year before. Today, our web site is primarily informational, providing a variety of forms, pamphlets, news, benefit information, research and statistics. We will continue to add informational services. Last month, we began issuing an electronic newsletter called E-News that covers a variety of Social Security issues. However, our online surveys show that our customers want a much broader range of electronic services. To meet this demand, we will be developing services that meet the needs of particular customer segments. We are continuing to examine innovative ways to use the Internet to improve service to the public.

At the Office of Hearings and Appeals (OHA), we developed and tested the use of video teleconferencing technology to conduct hearings with claimants, representatives or expert witnesses who are located somewhere other than a hearing office. Video teleconference hearings not only reduce travel to remote sites, they also make it possible to quickly shift workload from one office to another to provide faster service. There are numerous other applications we are exploring, including claimant conferences and serving Native Americans on reservations.

While we believe that we are making good use of current technology we recognize that the future holds even greater promises. As part of the development of our "2010 Vision" we will be consulting with experts in the field who will help us assess how emerging technologies can play a much stronger role in our service delivery structure. Following publication of the "Vision" we will be developing information technology plans consistent with our long-term service vision.

800 Number and Field Offices

The third area of focus for improving service delivery relates to improvements in our field activities including our field office, 800 number and processing centers. Overall, while service is solid, there are real stresses in all three. In 1999, we handled nearly 60 million calls over our 800 number and our access rate exceeded our goal of answering 95 percent of the calls within 5 minutes. Perhaps even more important, 80 percent of customers we surveyed were satisfied overall with the service that they received. Seventy-five percent of our customers also told us that their transaction was completed on the first call and 90 percent of our 800 number customers were pleased with the level of courtesy they received. And finally, our quality assessment reports show that our accuracy rate on questions concerning payments is over 95 percent.

Although those numbers indicate good service overall, customer expectations for service continue to rise. There is clearly room for improvement and the Agency is taking steps to improve service. For example, to improve ease of access, we are increasing the number of people available to answer calls and we are improving our technological infrastructure. On the personnel side, we have increased the tour-of-duty for part-time Teleservice Representatives, established call-answering positions in the Program Service Centers, and established a cadre of customer service technicians to answer calls in the Wilkes-Barre Data Operations Center. On the infrastructure side, we are procuring what is considered to be the most sophisticated call routing software available in the industry. We are also acquiring new call handling equipment and new technology to assist with the accurate forecasting of calls to increase the efficiency of our operations. We will need to strengthen the training of our Teleservice Representatives to maintain and improve their high level of knowledge and their skill in responding to the public.

While public demand for telephone service has been increasing, TSC staff alone have not been able to handle the increasing call volumes, and additional resources from other Agency components have been needed to assist with answering national 800 number calls on busy days. For example, on days when heavy call volumes are anticipated, Program Service Center (PSC) and Office of Central Operations (OCO)

personnel, known as SPIKEs, are brought on the phones to supplement TSC call answering resources. Currently, the national SPIKE cadre is comprised of approximately 3,200 PSC and OCO employees. SPIKE employees handled 24.6 percent of the National 800 Number Network calls in FY 1999.

When SPIKE employees answer National 800 Number Network calls, it affects PSC pending workloads. To reduce this impact, a number of short-term initiatives have been developed to expand the National 800 Number Network call answering capacity in a manner that will provide PSC employees more time to work on pending workloads, without sacrificing the level of service provided to the public.

Because of constrained resources and the need to address PSC backlogs we have had to lower our access goal from 95 percent of callers who reach us within five minutes to 92 percent. While additional resources would help significantly in improving access, part of what we must do with the 800 number involves working more efficiently and utilizing the best industry practices. We will be consulting with the private sector to determine whether our customer service standards should be strengthened and how to make further improvements. One issue we are considering is whether extending the hours of service provided by the 800 number is economically feasible and beneficial to our customers.

Our 1300 field offices have been the center of our service delivery system since the creation of the program and I believe they will be the center of our service delivery system in the future. Most customer contacts as well as most of our Agency integrity activities take place in our field offices.

While customer satisfaction in our field offices remain high and the commitment of our workforce to customer service goals remains high, the price of that service is also high. Our employee surveys show that our field office employees are experiencing increasing stress in handling the workloads. Waiting times in offices, particularly in urban areas are increasing. The sizable reduction in field office staff in the 1980's led to few new hires, and our field office workforce is aging. Fifteen years ago, the average age of our field employee was 39 years, while today the average age is 46.

To better meet the short-term challenges in our field office, the agency has instituted a number of important steps. The most important has been hiring new employees to ensure that our workforce is strong in the future. A sizable majority of new hires in FY 1999, FY 2000, and FY 2001 have been and will continue to be in our field offices. We are also exploring ways to strengthen our urban offices, where waiting times are longer. And our automation improvements have helped and will continue to help relieve some administrative burdens. In addition, the planned improvements in our workload measurement system will help us make better resource allocations.

It is clear that some of the field office workloads, particularly in the retirement programs, will be eased as further automation and Internet improvements are implemented. A key feature of the 2010 vision is to articulate the roles and responsibilities of our field offices and our 800 number in the new technological era. It is clear to me that our field workforce in the future will need higher level of skills to handle increasingly complex work assignments, such as return to work and program integrity.

4. Longstanding Institutional Problems

The fourth area highlighted by the Social Security Advisory Board relates to institutional improvements to improve the Agency's public service. The Board concluded that it is essential for the agency to find ways to promote more discussion of problems, strengthen communication between SSA's headquarters and operations in the field, and promote far better teamwork.

Due to the inherent complexities and size of our programs, we understand that over time barriers developed within our organizational structure. While these issues are inherent in any large organization, we need to do all we can overcome barriers and increase communication. The agency needs to extend its ongoing dialogue between management and employees, headquarters and field offices, and our hearing offices and State agencies. To this end we have established quarterly workload meeting to talk through issues. And the development of our "2010 Vision" involves representation throughout the Agency.

Employee surveys also indicate that there is a need for better communication between management in Headquarters and employees who work in the field and throughout all of SSA. I am committed to continue to work to strengthen lines of communications and to focus on fostering open feedback for all levels of the organization. I am encouraged by survey results, which indicate that employees consider their work important to SSA's mission. The survey results also make it clear that

much needs to be done to relieve everyday stresses that employees feel as a result of the resource constraints we face.

We are also working in partnership and communicating well with the unions that represent our employees. We have established more than 60 Partnership Councils, at all levels of the Agency, with the American Federation of Government Employees (AFGE). The purpose of these partnership councils is to help improve SSA's efficiency and effectiveness so that we can better serve customer needs. Through partnership, we have begun to shift the focus of the labor-management relationship from adversarial to one of cooperation and mutual respect.

I also know that it is essential that our "2010 Vision" becomes part of the culture of SSA. The entire agency must be aligned with the 2010 vision. To meet this goal, we must communicate this vision throughout SSA, and put practices into place to steer the agency toward it. This means integrating the vision into our business processes, and our resource requests. I realize that we face an enormous challenge in attempting to achieve this alignment within such a large organization, but I am aiming high. Our service delivery structure, our human resources, our technology and our fiscal resources need to come into alignment with the vision.

Conclusion

Mr. Chairman, we appreciate Congress' lead in holding these hearings focusing on our service delivery challenges. While the Social Security Administration has a long history of solid and reliable service delivery, we are experiencing significant strains on our ability to continue to deliver the quality of service that Americans have come to expect. We will be challenged to meet the growing demands of the coming retirement of the Baby Boom generation and many of our own employees, as well as enhancing the program integrity and dealing with constrained resources.

I am pleased to tell you we are moving on many fronts to meet the challenges of the future. We are developing a long-term service vision to take account of how our customers want to receive service in light of changing needs and changing technology. We are engaged in short and long term human resource planning. We are reviewing and where necessary revising our service practices and strategies and we are addressing longstanding institutional problems. We recognize that we need to continue to refine our plans through consultations with Congress, the Advisory Board and experts across the country.

It is clear to me that adequate resources are a critical part of our ability to deal with the challenges we face. SSA cannot do its job with fewer and fewer resources when at the same time more and more Americans will be seeking our services. Mr. Chairman, this Subcommittee has always supported us in the past and I look forward to your continued support in the future.

[Attachments are being retained in the Committee Files.]

Chairman SHAW. Mr. Matsui?

Mr. MATSUI. Thank you, Mr. Chairman.

The fiscal year 2000 budget, Mr. Apfel, if I recall correctly here—your request for 2000 was \$6.9 billion, and that was actually some \$200 million over the President's actual recommendation. And then the Congress appropriated \$6.5, some \$400 million below your original request and some \$200 million below the President's request. That is the fiscal year 2000 budget.

The fiscal year 2001 budget is pending obviously. My understanding on the budget resolution is that it is probably ready to go next week from the Budget Committee. And from what I understand, there would be a reduction below the current fiscal year 2001 of \$1.2 billion. Is that correct?

Mr. APFEL. Well, I believe that there is an estimate of a 10-percent across-the-board cut from the President's request. It would be \$1.4 billion below the Commissioner's budget request and \$1.2 billion below the President's budget request if it is assumed that the action taken in the end is a 10-percent across-the-board cut.

Mr. MATSUI. So it is based on a 10-percent across-the-board cut?

Mr. APFEL. That is the assumption.

Mr. MATSUI. Should that happen, what would be the situation in terms of your actual work-years? Would there be a significant reduction, and would you be required to furlough some of the Social Security Administration employees?

Mr. APFEL. Mr. Matsui, if I could first address 2000 and then 2001, when all was said and done, after all the actions that were done, we did lose money. Our full requests were not provided and we had to lower the service commitments that we had made on a series of activities—the 800 number, our redeterminations, several other areas. We had to actually lower our performance requirements.

If the Social Security Administration did lose somewhere between \$1.2 and \$1.4 billion, it would effect somewhere in the vicinity of 16,000 of our work-years. It would mean an immediate hiring freeze and probably a furlough of about 45 workdays. Now, that would have a sizable effect on all of our work, every bit of our work.

There would probably be somewhere in the vicinity of 1,000 fewer work-years on our 800 number, which would lead to the phones being busy for probably half the time. There would be probably 3,000 fewer work-years for our redetermination work, which is part of our program integrity activities, because we would want to be handling as many people coming in for applications as possible. So the backlogs would be dramatic in our post-entitlements and in our program integrity activities.

And, third, the disability area would be significantly affected, probably somewhere in the vicinity of 10,000 work-years since so much of our work is disability-related. That would mean very long waiting times for the disability area, particularly at the front end. It wouldn't be quite as drastic at the hearings level because not as many cases would be leaving the State disability systems. So the impact would be major and very detrimental to the American public.

Mr. MATSUI. Would this have an impact in terms of your long-term planning which you referred to in your statement regarding the disparity between the fact that your workforce is aging and that the workload will increase significantly over the next 20, 30 years? Where would you find your projected savings? I know the day-to-day, but would this impact some of the long-term planning?

Mr. APFEL. Well, if funding for the Social Security Administration were going to be significantly reduced for the long term, it would have a very significant detrimental effect on our ability to provide service. It would take a dramatic rethinking about what our service levels could be for the long term.

One of the challenges that we face includes serious short-term issues. But in the long term, given those increases in the retirement wave and the increasing onset of disability for baby boomers, inadequate funding would have a very significant detrimental effect on SSA services and would certainly cause, I think it is fair to say, our long-term planning effort to be turned on its head.

Mr. MATSUI. Thank you. My time is expired. Thank you.

Chairman SHAW. We have been working with the administration and the appropriators in trying to be sure that we do sufficiently

fund the Social Security Administration. I think that is something that all of us on both sides of the aisle are very concerned about.

Mr. JOHNSON?

Mr. JOHNSON. Thank you, Mr. Chairman.

Let me carry on with that. I know you have established performance measures. When was the last time you compared your performance measures with world-class organizations, as the President has asked you to do?

Mr. APFEL. Well, our ongoing market measurement program system, which we just released a report on this week, is based upon a whole new way of trying to assess our customers' information, and we have done quite a bit of added customer service survey information.

I would point out that the lessons that we have learned from that are that people want to be served as quickly as possible. They want to be able to get served the first time they come into our offices or call us on the 800 number, if we can complete those actions.

What we also plan on doing, Mr. JOHNSON, is to convene a group of private sector experts to talk about how customer satisfaction is measured to see what we could do to make further improvements in our system.

Mr. JOHNSON. Well, you are doing a lot of messing around, I guess I could call it, but to what degree are you consulting with outside technology experts to try to improve your programs?

Mr. APFEL. Outside technology experts?

Mr. JOHNSON. Yes.

Mr. APFEL. Actually, I can't agree about messing around, Mr. JOHNSON.

Mr. JOHNSON. Well, it seems to me from your answer that you are doing a lot of surveying. What are you doing with the results, and how are you making changes in your programs to be more efficient and to deliver your product to the people?

Mr. APFEL. Let me give you two or three examples, sir, because I think it is very important. What we have heard from our customers is they want to be served quickly. They want to be served when they first call us or go into our field offices and to have that transaction be completed the first time that they come in.

We have also heard from our customers that our notices create a lot of confusion and that clarifying notices is a very important activity. We have also heard from our customers—

Mr. JOHNSON. Well, I am told, if I can interrupt you for a moment, that a lot of your notices, for example, come out of Baltimore and they aren't copied to your regional offices. And so employees go in and don't know who is where or in other words, who is on first.

Mr. APFEL. That is a key issue that I believe that we are now in the process of addressing, so that our field employees and our 800 number employees can get through the computer any notice that was sent to an individual pulled up on their computer screen.

Up until recently, if an individual came in or called us and said, I got this letter our employees would say, well, can you show or read me the letter, because they wouldn't have the information. One of our major objectives is to find ways to both improve the no-

tices, and the ability of our field and 800 number workers to be able to access immediately on their computer screens what notice information individuals have received so that they can address those concerns.

Mr. JOHNSON. Well, are they all trained to do that now?

Mr. APFEL. Well, I think—

Mr. JOHNSON. We have been doing that in Congress for 5 years.

Mr. APFEL. I think that we have a remarkable workforce. Is there need for more training? Yes, and actually there was a national survey done at the Federal level of employee satisfaction, and Social Security shows up higher on training than the other Federal agencies. But it is still too low, in my opinion. We need to do more training to ensure that our employees have the right skills.

Mr. JOHNSON. Well, that gets back to the question that I originally asked you. Are you using any outside technology experts to try to improve your system or are you just doing it in-house?

Mr. APFEL. In two ways, we are reaching to the private sector. Through our 2010 Vision, trying to establish our long-term service vision, we are talking to technology experts about what technology changes are going to be coming in the future so that we can build that into our long-term vision of what we need as an agency.

And, second, this summer I intend to convene a group of private sector experts on measurement to try to find ways that we can improve our system. I think we have made excellent improvements to our system, but we can do better. We can learn more from the private sector and that is my goal, sir.

Mr. JOHNSON. Well, I appreciate that. I think you are right. You know, the private sector seems to know how to do it better, and for some reason the Government can't emulate them in every case and I think it is incumbent upon us to take a look at what is going on in the private sector. There is no pride in authorship is what I am trying to say.

Mr. APFEL. There is not, Mr. Johnson. It is clear that we can learn more lessons than we have. It is also clear that resources are going to be part of our equation, ensuring that we have the resources that are necessary to build the systems that we are going to need, and to ensure that our workforce has the training and the capabilities that they need to provide service to the public.

Part of the answer will be resources, part will be dealing with the private sector about helping us find better ways to do activities, and part will be ultimately the commitment that we have with this committee to help us get our job done.

Mr. JOHNSON. Thank you, sir. Thank you, Mr. Chairman.

Chairman SHAW. Commissioner, as a follow-up on Sam's question with regard to the letter that has been written, at what point would somebody be able to come into a field office, say, in Fort Lauderdale and they would have a copy of whatever letter that this person has?

Mr. APFEL. On the screen?

Chairman SHAW. Yes, sir.

Mr. APFEL. In other words, whether the screen will have that actual notice?

Chairman SHAW. When is that going to happen?

Mr. APFEL. With our chip and other technology improvements that are onstream, I am going to have to get back to you as to how many months that is going to be. Some steps are completed, and others will be done in the near term. This is not in the long term, this is very much in the near term, and I will provide a specific date for the record.

Chairman SHAW. All right, if you would. Within a year? Is that—

Mr. APFEL. That is our goal. I think on many of the notices, are already there, but I will have to get you the actual date.

Chairman SHAW. We would appreciate that for the record. Thank you.

[The information follows:]

The Online Notice Retrieval System, which was first available for testing in May 1998, was fully implemented throughout the Social Security Administration in November 1998. This system, as tested and implemented, allows field office and tele-service center employees access to virtually all Social Security and Supplemental Security Income notices created by SSA systems.

Chairman SHAW. Mr. Levin?

Mr. LEVIN. Welcome.

Mr. APFEL. Mr. Levin.

Mr. LEVIN. The agency has received such good grades on your report card, I hesitate a bit to ask questions. But since we always ask questions of our kids even if they receive As or whatever, let me ask you a few questions, and it most relates to the appeals process because in our office, as we handle Social Security matters, there seem to be more problems in that area than any other.

And I am not sure I have the procedures down as well as I should, but like one case—there were several that were given to me—a case was filed 2-25-97 and denied 1-21-98, a disability case. It has been at the Appeals Council since the 2nd of February, 1998, so that would be 2 years-plus, right?

Mr. APFEL. Yes.

Mr. LEVIN. Now, is that somewhat typical? I mean, is there a real problem?

Mr. APFEL. I believe that the biggest problem that faced the Social Security Administration over the past decade has been in the area of disability adjudication. If I could provide background for a moment and then go specifically to the Appeals Council, I will.

First, look at Social Security staffing and our workloads. Given the increase in disability cases, there was a significant shift within Social Security over the course of the last 10 to 15 years in the amount of workforce devoted to both disability adjudication and to appeals. The backlogs grew very significantly, and when I became Commissioner SSA had what I believe was an intolerable situation—we needed to do more to expedite these appeals, both at the Appeals Council level, at the administrative law judge level, and really at the DDS level, the State disability determination level, as well.

As my testimony indicates, the Appeals Council delays had grown to an average of about 460 days. We have now developed concrete, solid plans for strengthening the State disability structure, the administrative law judge structure through our hearings process improvement, and just this week we released our Appeals Council improvement plan.

It is our goal, by 2002, to bring that 460 days down to 160 days, and by 2003 to get it down another month below that, back into the area that I believe is appropriate service. That has taken a whole series of steps that are now being implemented, both by shifting resources and adding resources—part of my budget request for 2001 is for some added resources for this activity. Some excellent steps are being taken by our managers to take on some of the actual case activities. There are a series of steps that will significantly drive down that number.

I believe we are seeing real improvement in the disability area. There is a long way to go, but we have taken some very important steps. This is the area that has dominated a lot of my time as Commissioner, and will for many years into the future. But I believe we are on the right path both in the appeals area, the administrative law judge area, and in the disability determination area at the State level.

Mr. LEVIN. Well, so let me finish by asking you, Mr. Matsui discussed with you the budget, so what are the implications for your plans from possible actions and potential reductions in the budget? I mean, what happens if we make some major cuts?

Mr. APFEL. If there are sizable reductions, we will not be able to do the performance improvements that we have committed to in our service plan. That would be true in the short term and it would certainly be true in the long term.

Mr. LEVIN. And very much related to the appeals process, to the improvement in the appeals?

Mr. APFEL. I believe we could still move forward on the improvements that are underway, but if we had a sizable reduction and weren't hiring staff, we would have fewer people to actually handle the cases at the State level; fewer staff to help the administrative law judges, and fewer administrative law judges, fewer staff at the Appeals Council as well. It would certainly have an effect on our ability to be able to shorten our processing times significantly.

Mr. LEVIN. Thank you.

Chairman SHAW. Mr. Hayworth?

Mr. HAYWORTH. Thank you, Mr. Chairman. Commissioner Apfel, thanks for stopping by to visit with us. Let's continue to pursue the notion of performance improvements—as my colleague from Michigan pointed out, a 2-year period of time on an appeals process.

As you talk about both long-term and short-term improvement of performance for Social Security participants, I want to explore one area that I guess will come up with other panels, too, but let me just ask you briefly how many employees of the Social Security Administration work full-time on union activities?

Mr. APFEL. I will have to provide that number for the record. The Social Security Administration has a long history, as the Federal Government does, of union activities, of unions being involved in partnership activities and collective bargaining arrangements, and I will provide the specific number. I would point out, sir, that with the exception of last year when we were negotiating the new national agreement, our official hours, the amount of time spent by our collective bargaining activities and our official union time, has declined over the last several years.

Mr. HAYWORTH. Well, I would be very happy to also see, if I could request if you could provide for me in writing, in a timely fashion—and I would hope by this time next week would not be too excessive to ask for this—I would like to know the number of employees for the Social Security Administration who work full-time on union activities, the number of employees who work part-time on union activities.

[The information of follows:]

In fiscal year 1999, 134 individuals worked full time on union activities, which equates to 0.268 percent of the represented workforce.

Also in fiscal year 1999, 1,605 individuals used official time for union activities on a part-time basis. To put the number of part-time representatives in perspective, it should be noted that SSA is a complex organization in terms of its service delivery structure. There are over 1,300 field offices, 140 hearing offices, 7 large processing centers, 37 teleservice centers, 10 regional offices and a large number of components in headquarters. Designating union representatives in many of these sites or within individual work units helps promote the resolution of issues at the lowest possible organizational level. Many of these 1,605 individuals spend a very limited amount of time on union activities.

Mr. HAYWORTH. And as you point out a longstanding tradition, I must also point out, in fairness to you, sir—and perhaps some of the same folks join us today—last Congress when we held a hearing of this type, I was saddened and very disappointed to learn that some employees with certain job titles had not worked a case in a period of years, some in excess of an entire decade.

So with that going on, how do you think that affects worker activity and dealing with the backlog of cases and the growing number of recipients?

Mr. APFEL. Mr. Hayworth, I believe that labor activities at the Federal level are a central, important activity that all organizations are involved with. And also—

Mr. HAYWORTH. Do they supersede job descriptions and delivering services to the American people, Commissioner?

Mr. APFEL. Mr. Hayworth, if there is an individual who is one hundred-percent on union official time, then that individual is not involved in case work. That is very consistent with the way it is throughout all of the Federal Government and it is—

Mr. HAYWORTH. Well, then maybe you can clear this up for me. Do they have job titles that would imply they deal with case work?

Mr. APFEL. They are in certain GS grade levels, yes.

Mr. HAYWORTH. Well, then perhaps we ought to have truth in labeling when it comes to job descriptions. Perhaps we should designate folks as full-time, taxpayer-funded shop stewards who are not there to serve the taxpayers, but instead to deal with the collective bargaining process. Would that be a helpful measure to take?

Mr. APFEL. Mr. Hayworth, I believe—

Mr. HAYWORTH. Well, you are saying that apparently the primacy of the union relationship and collective bargaining is sacrosanct and, in fact, supersedes the job that these people have to deliver to the recipients of the Social Security Administration. And I have got to tell you this morning I find that shocking, but if that, in fact, is the philosophy, Commissioner, then let's bring it out in the open and let's have truth in labeling and let's label these folks shop stewards who are paid by the taxpayer to do nothing but engage in union activities.

Mr. APFEL. Well, I can point out also, sir, that engaging in union activities has helped us significantly improve customer service.

Mr. HAYWORTH. Well, I would like to see that quantified.

Mr. APFEL. And I will—

Mr. HAYWORTH. And in one week's time, I would like to see the figures that you can send. Even when we get stuff from the shop stewards telling us how we had better take all their benefits off budget, probably using taxpayer dollars to send us this propaganda, I would you to quantify for me the benefits of all this union activity on Government time, and explain to us all how that is being good stewards of the taxpayers' dollars.

In fact, Mr. Commissioner, when I get four calls to my office from Social Security beneficiaries who say, can you help us, the SSA has declared us dead, I would you to reconcile how a lively union movement helps folks who are declared death when they are very much alive and kicking, and we have to intervene to try and get their benefits back. Maybe, I guess, we can establish a lifeline hotline or something to help these folks.

When you come here on one hand and talk about productivity and falling behind and the baby boomers, and on the other hand you blissfully disregard the notion of full-time employees with titles where they are supposed to be helping the American people, when they are, in fact, shop stewards, maybe we ought to just have truth in labeling.

I thank you for your time.

Chairman SHAW. The time of the gentleman has expired.

Mr. APFEL. I would like to—

Chairman SHAW. If the Commissioner wants to reply, I would certainly allow him to do so.

Mr. APFEL. I would, Mr. Chairman. I would like to also include in the record our partnership evaluation which shows the hundreds of activities that our partnership activities with labor have helped improve customer service through the Social Security Administration.

[The "Evaluation and Partnership" report is being retained in the Committee files.]

I would also like to point out that the Labor Management Relation Act has protected union representation in the public sector through Richard Nixon, Ronald Reagan, Gerald Ford, throughout the entire last three decades. I think these are important activities that are conducted, and they help us provide service to the American public. I will provide that for the record, sir.

Mr. HAYWORTH. Great.

[The information follows:]

I would also like to provide some additional background information on labor-management relations in the Federal sector. In 1962, President John F. Kennedy issued an Executive Order that established a framework for Federal agencies to bargain with unions over working conditions and personnel practices. This Executive Order, along with a series of subsequent Executive Orders, was codified in the Civil Service Reform Act of 1978, which established official time as an integral part of Federal labor-management relations and the Federal sector collective bargaining process.

During the Reagan Administration, the first consolidated collective bargaining agreement between the Social Security Administration (SSA) and the American Federation of Government Employees, which recognized Agency payment of official time from both the trust funds and general revenues, was signed by then Commissioner

of Social Security John A. Svahn on June 11, 1982. Official time granted to union representatives to engage in activities on behalf of the union is deemed to be Agency work. However, official time may not be used for internal union business. SSA, like other Federal agencies and many firms in the private sector, pays for approved time spent by its employees on official time.

Partnership has helped us reduce the high costs associated with protracted litigation of grievances. For example, we have seen a reduction in litigation, specifically unfair labor practice charges from 467 in FY 1990 to 209 charges in FY 1995. The General Accounting Office previously estimated the cost to the Federal Government to fully process one unfair labor practice as in excess of \$28,000, so that the reduction represents a potential savings of over \$7 million per year. This trend in reduced unfair labor practices has continued. There were 167 such charges filed in 1999, significantly less than the 467 in 1990.

Chairman SHAW. Mr. Cardin?

Mr. CARDIN. Thank you, Mr. Chairman. Mr. Chairman, let me also point in response to my friend's comments that Government workers, SSA workers, do not enjoy the same labor rights as private sector employment. And the type of progress that we have been able to make at SSA over the last several decades with significant reduction in the number of employees and a significant increase in the amount of workload, we have been able to make that progress because of the cooperative spirit between labor and management.

So I think it is clearly in the taxpayers' interests that we protect the rights of workers at SSA, and part of that is workers being able to have their representatives able to work with management in a cooperative way. It has worked very well at SSA and I am very pleased that we are able to provide that type of support to our employees.

Mr. Chairman, let me also point out—first, Mr. Apfel, let me congratulate you, as Mr. Levin indicated, on the high grades that you have received on the Government performance projects report card, receiving an A last year. We are very proud of that.

As you know, I represent Baltimore, and I get to SSA probably more than any of the other members of the subcommittee and have a chance to talk to the employees and management on a rather frequent basis. And I must tell you I am concerned. I am concerned by the increased workload and the reduction in the workforce.

In this budget, fiscal year 2000 budget, you are receiving hundreds of millions of dollars less than you requested that you thought was necessary in order to be able to continue to make the progress on the types of services that our constituents expect. They expect when they call the 800 number it is going to answer. You get over 1 million inquiries by phone a week at SSA. That is a large volume increase, and it is increasing at all times. The number of SSA beneficiaries is increasing. And we put new responsibilities by passing legislation here that creates new work on SSA.

So, Chairman Shaw, I agree with your point, and that is this committee, on a bipartisan basis, has supported the type of administrative support that you need. Unfortunately, that hasn't been carried out by the appropriators. Consistently, the appropriators have appropriated less than I think what we believe is necessary for you to make the type of progress on carrying out the responsibilities of the agency.

I must tell you, Mr. Chairman, I think we need to be more aggressive. I know next week we are going to be considering a supple-

mental appropriations bill. I am disappointed that there isn't at least a discussion about SSA receiving some of that money because I don't think you have enough money in this year's budget to carry out the type of progress that we would like to see at SSA.

And I guess what concerns me, our district offices are going to start to receive more complaints. We are going to start to hear from our constituents who are going to be upset with not being able to get the type of information that they expect on the progress that has been made to get their disability determinations heard, to get all the information that comes through on a regular basis to our office when it is not done on time. And we are going to start expecting more and more of you when, in reality, it is our fault, Congress' fault, not the agency's fault, because we are not providing the resources necessary for you to be able to do the job.

So I guess my question to you is I really would like to have your observation. You seem to be very diplomatic in the way that you approach this hearing, but I would really like to have your assessment of the current year's budget as to whether we are going to be able to continue to make progress in the type of consumer activities that my constituents depend upon in your agency, whether it is disability determinations or whether it is just getting information over the 1-800 number, without providing more support.

The number of your employees has actually been reduced at a greater level than the overall Government level, and you are one of the agencies that has grown dramatically in your caseload. We all know that. We know the problems of Social Security, the demographic changes of our country. So I would appreciate your observations as to your budget.

Mr. APFEL. Thank you, Mr. Cardin. I would point out that the Appropriations Committee has tried hard also to support the Social Security Administration, but it also faces large budget caps which make it very hard to fund all of the activities that the Committee would like. And I know that we have some good-faith discussions over in Appropriations as well, but caps have led to reductions.

As you are aware, Mr. Cardin, I personally have supported scoring Social Security administrative costs outside of the budget caps, and I still believe that is the right thing to do. But if we look toward 2001, my budget request calls for over an 8-percent increase. It is a sizable increase. The President's budget calls for a 5-percent increase, so those are sizable amounts of resources.

I believe we are going to need that in the short term to be able to continue to provide quality service to the American public. What we have got to be able to do is ensure resources and change. The Social Security program has changed in the course of its 65-year history to meet new needs. I believe we need to change, too.

We need to deal with new technologies. We need to be able to touch the American people in the way they want to be touched through our 800 number or through our field office structure, through changing technologies. It is clear to me that unless resources are adequate in the year 2001, it will be very hard to improve service through our 800 number, to use an example, and the stresses that are felt now in field offices will grow.

I have a workforce—and I said this in my written testimony—my greatest pride as Commissioner of Social Security is the com-

mitment of Social Security employees to providing service to the American public. They try very, very hard, and I would just urge everyone to go to their field offices and just say, how hard are you working out there? I think you are going to hear a tremendous commitment to providing service to the American public, and the workloads are very, very major.

With adequate resources—and in my case that would be restoring some staffing levels in our field structure and 800 number structure—we can provide better service. But ultimately it is not only about money; it is also about change. We have got to be able to plan for the future and take the steps that are necessary to meet those changing needs of the American public. So it is resources, and it is also change, and I believe I start off with a base that provides me with an enormous amount of pride. Our workforce goes the extra mile each and every day, and we will continue—at whatever level of resources we receive—we will continue to do whatever we can for the American public.

Mr. CARDIN. Thank you, Mr. Chairman.

Chairman SHAW. Mr. McCrery?

Mr. MCCRERY. Thank you, Mr. Chairman.

Mr. Apfel, do you know how many total employees are in the Social Security Administration?

Mr. APFEL. Counting the State disability determination system, about 80,000.

Mr. MCCRERY. Eighty thousand?

Mr. APFEL. That is counting the States. Without the States, about 65,000.

Mr. MCCRERY. And do you know how that compares to the total workforce, say, 5 years ago?

Mr. APFEL. Five years ago?

Mr. MCCRERY. Four years ago, ten years ago.

Mr. APFEL. I would say over the course of the last 5 years, the workforce has come down in the last 5, 6 years, about 2 or 3 percent. We have been largely exempted from the major downsizing that has taken place throughout the Federal establishment through the last 5 and 6 years because of our service responsibilities. There have been some reductions.

Our sizable reductions took place really back in the 1980s, and they were major. Over the last few years, we have been largely exempted from that, and I will provide a statement for the record that shows both our workforce in, say, 1993 and where it is now. And my written testimony points out what other Federal agencies went through in terms of downsizing and what ours is, and I will provide that for the record, sir.

Mr. MCCRERY. But you think it is about a 2-or 3-percent reduction?

Mr. APFEL. Over the course of the last 6 or so years, that is about correct.

Mr. MCCRERY. Okay. I have visited the field offices of Social Security, and I agree that people there work hard and they have got a lot to do. So I don't mean to imply by my questioning that your workforce is not doing a good job and trying very hard to serve the public. I think they are.

However, we have seen, as Mr. Johnson alluded to in his questioning, tremendous strides by the private sector in becoming more productive and more efficient, due to technology primarily, and they have been able to downsize their workforces by more than 2 or 3 percent. Major corporations have really downsized, starting back in the 1980s and continuing through the 1990s.

And I don't know that we can duplicate that in the public sector, but I think we ought to, as Mr. Johnson suggested, make every effort, and maybe you are. And it sounds like the conference that you plan this summer may be getting toward that, but I just think every agency of Government, including the Social Security Administration, ought to make every effort to discover ways to do more with less, just as the private sector has done, in order to remain competitive in the world marketplace.

They were forced to do it by market pressures, especially back in the 1980s, but even in the 1990s. And Government has not been forced to do that. Thankfully, we have done it to some extent, but maybe we can do it some more. And I will just ask you—and I think you are sincere, I think you are a good public servant—I would ask you to make every effort in your conference this summer and in every other way you can do it as long as you are the Commissioner to try to discover ways to do more with less.

I kind of think we can find ways to do that in the Government sector, but it is going to take good people like you, dedicated not only to providing good public service, which we all want to do, and our constituents demand that they deserve it, but also people who are dedicated to protecting the taxpayer as well.

So thank you for coming today, and I will look forward to your coming back maybe later this year after your conference and letting us know what you have learned from that.

Mr. APFEL. Thank you, Mr. McCrery. If I could give you the statistics that you had asked for, it is in my written testimony.

Mr. MCCRERY. Sure.

Mr. APFEL. The Social Security Administration, since 1985, has had a 22-percent reduction in staffing, in total. Since 1993, it is 4.6 percent. Counting our State disability system the comparable numbers are 17% and 2.0 percent respectively. Total Federal civilian employment declined during that period of time by 17 percent, and non-defense civilian employment by 9 percent. So, clearly, there has been less.

Mr. MCCRERY. Yes.

Mr. APFEL. Doing more with less has been part of Social Security's activities for many, many years, and I agree we need to find every way possible and automation does hold a key to being able to do more with less. When we look at our workloads in the future, the purpose of this hearing, we are going to have more.

Mr. MCCRERY. Yes, and I am not suggesting—I think we are going to have a problem and I am not suggesting that you are going to be able to do everything, the increased workload, with your current workforce or even a reduced workforce. I am not suggesting that, but in view of the facts that we know are out there, we all better do everything we can.

And there are going to be pressures on the budget even though we have got a surplus. As you know, we have got a tremendous de-

mand for Social Security benefits, for Medicare benefits, Medicaid benefits, that we are going to have to satisfy eventually. So there is going to be pressure on the budget, and so we better do all we can to meet this crushing need with as few workers, employees, in the public sector as we can.

Mr. APFEL. I agree that has to be a continued priority for the agency, sir.

Mr. Shaw, you asked about the notices and whether they were finalized and up and running.

Chairman SHAW. Yes, sir.

Mr. APFEL. They are already finalized and up and running in our field offices and our 800 number almost totally, so that we are almost entirely done with that project, and it does help. That is the kind of the situation where automation—the perfect case—automation can help an individual worker do their job, and do more with less. It is the kind of activity we need to continue to work on.

Chairman SHAW. Commissioner, if you get down to Florida any time soon, one of the 800 number facilities is right there in Fort Lauderdale and I would like to visit it with you and we can go in and take a close look at what is going on and bring stuff up on the screen.

Mr. APFEL. That would be great. Mr. Shaw, I would point out that we have a number of 800 number sites around the country; we have large ones and we have a number of smaller ones. And one of the questions was shouldn't we eliminate those smaller centers for efficiency purposes. If I were here 5 years ago, I would probably have said not a bad idea.

But technology changes and the ability to route calls, the changes that have taken place in technology, lead me to now conclude that those smaller centers are every bit as efficient as the larger ones. With technology, again, we are able to route those calls so much faster so that small office in Florida, and there are many around the country, can provide a very good service. And I think they should continue.

So where I would have maybe come down on the other side 5 years ago, I wouldn't have realized what technology would have done for us, and so that center makes sense to be there and to thrive and to prosper.

Chairman SHAW. Thank you.

Mr. Doggett?

Mr. DOGGETT. Thank you, Mr. Chairman.

Commissioner, do I understand that it is the best estimate of your office that if the House Republican Budget Committee resolution that they recommended yesterday is fully implemented by this Congress that you will have an opportunity to do less with less, and that, in fact, one-half of the people who file for disability in this country will not have their claims processed during fiscal year 2001?

Mr. APFEL. If the budget assumptions translated into a reduction of somewhere between \$1.2 and \$1.4 billion, it would be less with less, and it would mean significantly longer waiting times for disability, an 800 number that would be busy for large parts of the time. It would mean a significant deterioration of services, sir.

Mr. DOGGETT. And is that your best judgment at this point, as you understand the resolution, of its effect?

Mr. APFEL. Well, ultimately it will be up to the Congress and the Appropriations Committee to decide how to handle that. But as I understand the resolution, if it translated into an across-the-board for these programs, our share of that would mean the numbers that you have just laid out in terms of service deterioration.

Mr. DOGGETT. Half of the people who file for disability would probably not get their claims processed during the next year?

Mr. APFEL. That is correct.

Mr. DOGGETT. As you know, my office in Austin, and I expect the offices of everyone up here, does a good bit of work for Social Security disability claimants. We have inquiries about that, other aspects of your administration, and that is one of the reasons that I was so troubled by the proposal that was advanced last year to impose the tax on claimant representatives.

I have corresponded with you about that since then. I know you supported the action of the Congress in that regard, but in your correspondence I think you make it clear that while you supported it, contrary to my view and the view of a number of the disability advocate groups, the idea of a tax or user fee on claimant representatives, that you supported it with the understanding that money would be utilized to improve service and perhaps to reduce the time lag on the payment to claimant representatives.

And I gather that did not happen; that contrary to your recommendation, those monies were never deposited into the account necessary to allow you to improve the administration of the payment process.

Mr. APFEL. Mr. Doggett, that is correct.

Mr. DOGGETT. So we have the new tax, but we do not have through it any funding for improvements in the payment process?

Mr. APFEL. That is correct. Our recommendation had been that the receipts from this user fee be used to pay for administrative costs to allow us to make further improvements in the service.

I must point out, sir, that we have reallocated internally to do this extra work. We have allocated this year over 100 work-years from other ongoing activities to handle this backlog of cases, and we are now about 80 percent through. So we are doing the work, but the reality is it means we are doing less somewhere else within the agency.

Mr. DOGGETT. You don't feel that you have the resources necessary to address the full improvement of the administration of the process on handling the payments to claimant representatives that you would like to have?

Mr. APFEL. If the law were as proposed and I did receive that added money, it would lead to better service, yes, sir. But we have allocated over 100 work-years to do this even though we did not receive the administrative resources for it. So if the law were changed and the resource came in, I could provide better service.

But I would point out, sir, we have gone a long way toward strengthening the system. The law specifically took a 30-day period out of the processing, and our workload changes have also led to improvements. But they came at a cost, and that cost is other activities within the agency that we are not able to do.

Mr. DOGGETT. What is the average lag time now? I know these cases sometimes take a very long period of time. But after the case is resolved, what is the normal lag time?

Mr. APFEL. Well, our goal is about 60 days, and we have seen the 30-day improvement immediately, but we are also seeing improvements. There were some cases that had been backlogged that clearly had longer time lines, and about 80 percent of that has been worked through. So our goal is to get it down to much shorter times.

Mr. DOGGETT. Is there any kind of average or median time for how long the resolution of a disability case takes?

Mr. APFEL. The disability case itself?

Mr. DOGGETT. Yes, because that is after the disability case is concluded.

Mr. APFEL. Right. Oh, you mean how long it takes after the disability case is concluded. After the completion of the case, our goal is 60 days, and in many cases we can do it within that period of time.

Mr. DOGGETT. Yes, I understood that was afterwards. What I am asking is what is the average or median time for the resolution of the disability case itself.

Mr. APFEL. At the hearings level, which these cases are almost all hearing cases, it is a little bit under a year that these are taking to go through the process. By 2002, we will be down in the 200-day range, with further improvements in the future. So one of the most important things we can do is to drive that time down and have there be a shorter period of time from the appeal to the final resolution of that case, for lots of reasons, just pure customer service for one.

Two, these individuals' conditions change over time. That means that more information comes in later. The case is not the same case that was originally heard at the State level. Driving down that time provides not only better customer service, but also will reduce the amount of work on that case because there will be less new information coming in on that case.

Mr. DOGGETT. Thank you very much.

Chairman SHAW. Mr. Weller?

Mr. WELLER. Thank you, Mr. Chairman.

Commissioner, good morning.

Mr. APFEL. Good morning.

Mr. WELLER. Good to see you again, and I appreciate you being before the subcommittee.

You know, retirement savings and strengthening Social Security has been one of the top priorities of this Congress over the 6 years that I have been here, and I am pretty proud of the fundamental changes that we have made, along with balancing the budget and paying down \$350 billion in the national debt.

Last year, we succeeded in our effort to lock away 100 percent of the Social Security Trust Fund for the first time in almost 40 years, and I appreciate the President going along with that and that was, I believe, fundamental change and fundamental progress.

One of the questions I am often asked—and I represent the south side of Chicago and the south suburbs and a lot of rural areas, so you always listen for what is in common, whether you are in the

city, suburbs, or country. The question I am often asked, as we look at the impact of Social Security and retirement savings for the future, is folks, you know, watch the numbers and the nightly news about what is happening in the Nasdaq and what is happening in the Dow, and they often ask me, you know, what kind of return are we getting on our Social Security? You know, the Government takes 12.6 percent of our income and, you know, what kind of return are we getting on that, because for many millions of Americans that is our return.

Factoring in inflation, what is the current return on our Social Security investment?

Mr. APFEL. Well, Mr. Weller, for about 85 percent it is zero because they are paying our parents. That money is not sitting in a bank account someplace. It is an intergenerational program, so the vast majority of payroll tax revenues for our workers pays our parents today. So there is, of course, a zero return on that. There is a very large return for our parents because they have economic security that comes from it.

So the answer for about 85 percent of the resource is that there isn't a rate of return because it is an intergenerational program. It is one of the reasons it is very hard to compare rates of returns in a pure private pension advance-funded system with an intergenerational system because we are paying through our payroll taxes the benefits of those—

Mr. WELLER. On the remaining 15 percent, what is the rate of return?

Mr. APFEL. On the 15 percent that remains, it is the average marketable securities, which is about 6, 7 percent, somewhere in that range.

Mr. WELLER. Does that include the rate of inflation or do you subtract the—

Mr. APFEL. That includes the rate of inflation. It is a very low rate of return.

Mr. WELLER. So you are getting about 3 percent after you have 3-percent inflation?

Mr. APFEL. Bonds are, I think it is fair to say, the safest investment throughout the world, but they pay relatively lower rates of return historically than corporate securities.

Mr. WELLER. How is that 15 percent that you do set aside and invest of someone's 12.6 percent of their income, that 15 percent—how do you invest those dollars? How are they invested for the long term?

Mr. APFEL. Well, thankfully, the Social Security Administration doesn't do any investing. That is all handled by the Treasury Department.

Mr. WELLER. How does the Treasury Department invest them for you?

Mr. APFEL. The receipts that come in to the Social Security trust fund and the excess over what goes out is credited to the Social Security trust fund and all that extra amount increases at the average of Government securities or about 6 or 7 percent.

The important action that was taken by the Congress over the course of the last year or two, and I strongly support it, is that this does lead to national savings. For years, we were running large

Federal budget deficits and Social Security was running Federal budget surpluses. The Social Security trust fund was receiving the same credits that it always did and its trust funds were credited with that and the interest would go forward.

But the issue was how would we be able to redeem those bonds if we were running large deficits in the long term. Reserving the Social Security surplus and starting to think about what our non-Social Security surpluses are and how that is used and reserving those surpluses right now does put us in a stronger position for national savings. Whether or not we run Federal budget deficits will have no effect on the Social Security trust fund, but it puts our economy and our Nation in a stronger position to be able to redeem those bonds in the future.

Mr. WELLER. About once a year, I get in the mail at home my statement telling me that if my income stays the same and current projections, when I become eligible this will be what I will receive as a monthly benefit when it is my turn.

Do you indicate, or have any plans to indicate on that form what the rate of return on that Social Security investment is for a taxpayer who is paying 12.6 percent of their income into Social Security?

Mr. APFEL. Well, I believe the General Accounting Office agrees that using rate of return information on the Social Security statement would be quite misleading and confusing, given what we have just talked about, about the fact that mostly this is an intergenerational program.

Our Social Security Statement does indicate information about the fact that 30 years out, revenues coming into Social Security will only pay about 71 percent of future benefits. We try to use the statement to educate the American people about the long-term challenges that we face. But the rate of return information, I think, would be misleading and I have no plans to add that to the statement.

Mr. WELLER. Mr. Chairman, could I ask one more question? I realize the red light is on, but—

Chairman SHAW. One more question.

Mr. WELLER. All right. Just to follow up on that, do you feel that is information that would be helpful, though, to a taxpayer? Obviously, it is a projection. You know, you put money into a mutual fund and they project, at the current rate of return, this is what you would expect, if you continue your contributions, in 20 years.

Do you feel that would be useful information for a taxpayer to have? Like I said, 12.6 percent of someone's income. That is a lot of money over a lifetime, and folks like to know what kind of return they are going to get on that investment. Do you feel that is useful information and that is something that a taxpayer has a right to know, at least a projection on what the rate of return would be and what the ultimate return on their investment would be of 12.6 percent of their income?

Mr. APFEL. Again, Mr. Weller, you are adding in the fact that there isn't a rate of return for most of the program because this money is used in an intergenerational way to pay for our parents, as it has been since the creation of the program.

The General Accounting Office, when we were trying to determine how to restructure the Social Security Statement, urged us to simplify it as much as possible. We had focus groups all around the country to provide information that we thought would be helpful, and I must say I have heard tremendously positive reports on our Social Security Statement, and specifically on our statements about the fact that we do face long-term challenges and there is a significant shortfall in the long run.

We also indicate that people should get our brochures on the future of Social Security. I don't think it makes sense for that information to be included, for complexity reasons, but also for the fact that it is not a fair comparison because this is primarily an intergenerational program.

Mr. WELLER. All right. I see my time has expired, Mr. Chairman. Thank you.

Chairman SHAW. Yes, sir.

Mr. Collins?

Mr. COLLINS. Thank you, Mr. Chairman.

Commissioner.

Mr. APFEL. Mr. Collins.

Mr. COLLINS. You know, I was listening to your comments and answers to previous questions concerning resources versus production, and I was pleased to hear that you have made adjustments within the agency to take care of some of the problems of those who are recipients of our services through the Social Security Administration. So I commend you for that. That is good leadership.

I also want to take the opportunity to tell you thanks for the assistance that you rendered in my district here a couple of weeks ago when we had several hundred checks that were lost in the mail. And your assistance was very, very helpful, and it was very timely and folks in my area appreciate that.

Mr. APFEL. I will pass that back to our Social Security folks who worked very hard to resolve that problem, sir.

Mr. COLLINS. And they did a good job, they sure did, an excellent job.

Mr. APFEL. Thank you.

Mr. COLLINS. You know, I go back to leadership, and you are making the necessary adjustments within the agency to take care of the problems that arise. You were setting priorities is what you were doing there, and we are going through a time right now that families are having to make a lot of adjustments, too, because of different increases in cost in the marketplace, particularly in the area of petroleum products. So it is something that we have to get accustomed to ourselves here in the Congress, but the Congress doesn't seem to have the ability to make those adjustments as fast as what you have done in your agency and as fast as what the public is having to do in their family budgets, as evidenced by the budget that the Budget Committee passed out last night, which I think was excessive in spending. And that excessive spending is what creates excessive taxation, and we have a little bit of both there, and quite a bit of both.

When you were here earlier, I asked you the question about the workforce plan. I see that you have submitted that workforce plan, dated February 29. This seems to be a good preliminary, if I read

it right, that you are following up with this with a continuous Vision 2010 that will give more substance to exactly how you are going to meet the challenges of the retirement wave that is going to hit you between the years 2007 and 2009, where you are going to have about 3,000 retiring per year, on an average today of about 851. And you are going to lose quite a bit of your supervisory personnel, which is going to be quite a challenge to you.

So I take it this is kind of a first—not a first step, but one of the steps that you will be engaged in and planning for the future to beat the baby boom generation as they come on board. Is that not true?

Mr. APFEL. Mr. Collins, it is a first step. It is only a first step. I think it is a very important document to lay out the challenges that we face within our workforce. What we need to be able to do, after we develop our long-term vision of how we are going to provide this service, is to reorient our workforce plans to make sure that we are training the right number of people, that our entries of new people coming in can deal with these long-term challenges.

So I believe that it was a very important first step, and I am pleased that you appreciated the work. It will provide a guidepost, but it is only one of the things that we need in the workforce area. If I could indicate, I think there are three, actually.

One is a stronger workforce transition plan based upon a long-term vision which we need to be able to produce consistent with the piece that you received.

Two, we need a stronger workload measurement system within Social Security. You will probably be hearing later today, or if you ask, whether our workload measurement system does a really good job of capturing the work that people do. And I think that the answer is it doesn't do a good enough job. We are going to need to develop a better system to be able to find what people are doing and capture it within our system, so that we can assure you provide stronger budget justifications and with more solid information to our managers and our labor force, to be able to understand what those workloads are. So that is the second thing.

And then, three, I think we need to be able to do a better job of linking resources, with workforce, with outputs. I think we try very hard and I think we are one of the leaders in Government in this area, but we need to do more again to better determine that this much resource will lead to this configuration of workforce, will lead to that output for the American public—that is completing so many calls on the 800 number system or decreasing disability claim processing times by so many months.

And if it is more money, then we can see better service. If it is less money, then we will see a lower quality service and lower work. Ultimately, that is my goal, to be able to provide you and the agency with that information, because I think that will help us plan for the future.

Mr. COLLINS. Well, I think that is good strategy. You must have a plan in order to have the proper resources appropriated, and so I am pleased to hear that. And we look forward to the next step, and I have confidence that you as Commissioner will see that is carried out in the proper fashion. Thanks again for your assistance.

Mr. APFEL. Mr. Collins, thank you, and we consider this to be a very high priority for the agency.

Chairman SHAW. Mr. Commissioner, a later witness will be describing how the SSA is poised to launch a project offering online application for the benefits, and that is just starting in April of this year. I don't see any mention of that in your testimony. Can you elaborate on that to us and tell us what security and privacy precautions you anticipate will be in place?

Mr. APFEL. Mr. Chairman, if you are concerned that we are reopening the online PEBES discussions of prior years where we provided information over the Internet to be able to have a person's earnings history be done, that is not being discussed at all right now. I believe that we haven't yet created the right balance between—

Chairman SHAW. We are talking about claims-taking now, applications for claims-taking.

Mr. APFEL. Oh, I am sorry, the claims-taking. We are working, Mr. Chairman, on ways to start using the Internet to provide some online retirement applications. We have not finalized those plans yet. Before we do, I will be talking to this committee about them. I think it is very important that we discuss these matters with you. I am not quite ready to discuss them yet because we have not finalized anything yet.

Chairman SHAW. Well, then the information that I have that you are going to launch this in April has to be wrong. Is that correct?

Mr. APFEL. That is wrong.

Chairman SHAW. Okay.

Mr. APFEL. That is wrong. We will be back to you. It is one of the areas where we want to make prudent use of existing technology. What we need to be able to do is find ways to take small—rather than creating large, mega computer changes that take billions of dollars, we need to create small, incremental improvements. The Internet may help us do that with small, incremental improvements.

There is some work going on looking at some initial activities. I am not prepared yet to speak about those, in general. It is not starting in April for the online applications, but we will be back to you and I would specifically be briefing your committee about these activities before they roll out.

Chairman SHAW. Let me ask you about one more area, and I am going to try to finish up before I have to go vote, too. And this goes back to previous discussions that we had and that Chairman George Gekas, of the Judiciary Committee, has been working on.

They have submitted a list of very specific questions pertaining to the operation of the Office of the Chief Administrative Law Judge in the Office of Hearings and Appeals. And from this list, I would like to ask you two specific questions, and if you are brief enough in your answer, then you get out of here before I go vote. If you elaborate too much, then you are going to be stuck here until I get back.

First, in a hearing last October and in writing, you informed me that there were no plans for a reorganization of the headquarters of the Office of Hearings and Appeals. Yet, we continue to hear

about staff changes which many would argue have undermined the authority of the powers of the Chief Administrative Law Judge.

Is your prior statement no longer true? Has that changed since you were before this committee?

Mr. APFEL. No, sir. There are no plans or intentions to reorganize the office. I don't want to undermine the Chief Administrative Law Judge.

Chairman SHAW. Okay.

Mr. APFEL. We have had a briefing with your subcommittee to discuss some of the activities that are underway. The hearing process improvement activities have led to a series of work groups that have been established and some temporary arrangements. We have provided some information to the subcommittee. The subcommittee asked for a series of detailed information that we committed to provide by next week, and we will.

But I have no plans to reorganize. I think we need an independent Chief Administrative Law Judge, and I have no plans for reorganizing. But we will provide this information for this committee, and also for the Judiciary Committee, so that we can get to the bottom of this matter.

Chairman SHAW. Second, have you considered the requirements and the intent of the Administrative Procedures Act to separate the daily operations of SSA from the adjudication division of SSA and any potential reorganization of SSA?

Mr. APFEL. Well, I haven't considered a reorganization of the administrative law judge function. If one were going to think about such an issue, one would be certain to look at the Administrative Procedures Act as part of the important issues to be confronted.

We clearly need an independent judgment by administrative law judges. I don't think we should have a situation where we are pressuring anybody to make individual decisions. The Administrative Procedures Act ought to be an important part of that. But, again, I have no plans to do that. We will be providing more information to the committee next week, and also to the Judiciary Committee on this matter, and let's move forward from there, sir.

Chairman SHAW. All right. Commissioner, I note that Chairman Gekas does pose several additional questions, and I will ask you to respond to this subcommittee and to Mr. Gekas in writing, as I am sure you will, with answers to these questions which we will include as part of the formal record of this hearing. We continue to hear these rumblings coming out of Mobile, Alabama, and those are of concern to this committee.

[The information follows:]

Responses to Representative Gekas' Letter of March 15, 2000

a) Is it true that the Regional Chief Judges are reporting to the OHA Associate Commissioner and to the Deputy Commissioner for operations instead of the Chief ALJ?

- Under the past and current functional organization, Regional Chief Judges have a direct reporting relationship with the Chief ALJ for all issues related to the hearings process and its day-to-day operation. They receive direction, and are expected to coordinate their activities, with numerous other management officials within the Agency.

The Regional Chief Judges are temporarily also serving as the Hearing Process Improvement (HPI) Process Action Team to implement pre-hearing changes, and they are coordinating their activities through Regional Chief ALJ Stephen Wright.

Judge Wright is temporarily reporting to a deputy commissioner for those activities related to this time-limited project (projected to end March 2001). All of the Regional Chiefs, however, continue to report to the Chief ALJ on matters unrelated to HPI.

b) Is it true that the Chief ALJ's authority to coordinate hearing services for the Mobile, Alabama OHA was removed to the Regional Chief ALJ in Atlanta, who is not reporting to the Chief ALJ under current operation structure?

- There has been no change in authorities or reporting responsibilities in the Mobile, Alabama Hearing Office or any other hearing office. Under our current operating structure, the Mobile Hearing Office Chief Administrative Law Judge reports to the Regional Chief Administrative Law Judge in Atlanta who, in turn, reports to the Chief Administrative Law Judge.

We are aware that the Chief ALJ has taken an active role in monitoring activities in the Mobile hearing office, resulting in improved management and performance. The Chief ALJ continues to provide management oversight for all administrative and managerial functions involved in the day-to-day operations of offices, and maintains a continuous review of all aspects of OHA field operations, implementing improvements where needed.

c) Is it true that the positions of the Deputy Chief ALJ and the operations Director of the Chief ALJ's office are vacant and have remained so for over six months and there are no current efforts to recruit for the position? If there are plans to fill the vacant positions, please describe and detail the involvement of the Chief ALJ?

- It is true that the Deputy Chief ALJ and the Field Management Officer positions have been vacant since October 1999. However, we plan to recruit for the positions week of April 3. In terms of his involvement, the Chief ALJ is the official who requests to recruit for a position; he recommends a selection to the Associate Commissioner and Deputy Commissioner for final approval.

d) Is it true that the training function in the Office of the Chief ALJ has been removed to the Associate Commissioner's Office of Management under Mr. Pat Carey?

- It is not true that the training function or any function has been removed from the Office of the Chief ALJ (OCALJ). Providing training is not in the OCALJ functional statement. This function is assigned to the Office of Management under the direction of the Associate Commissioner. OCALJ traditionally identifies training needs and priorities, and is consulted on faculty and curriculum. However, the Chief ALJ has, and will continue to have, an important role in identifying training needs and in working with the Associate Commissioner to assure that these needs are met.

e) Is it true that the Division of Field Practices and Procedures in the Chief ALJ's office is being reduced by half and transferred to the Office of Management?

- It is not true that the Division of Field Practices and Procedures in the Chief ALJ's office is being reduced or staff transferred. There have been discussions concerning placing some staff on temporary details to perform core functions in the Office of Management and the Office of Policy, Planning and Evaluation, but no decision has been made.

f) Is it true that activities are underway to abolish the Division of Field Practices and Procedures and the Division of Field Operations and Liaison in the Chief ALJ's office and remove these functions to the Office of Management and the Associate Commissioners?

- It is not true that activities are underway to abolish either Division. It is true that we have had internal discussions to develop improved ways to deliver the core functions of DFPP and DFOL in support of the Regional and hearing offices. However, there are no plans to remove any functions from those units.

g) Is it true that the Chief ALJ, at the request of the Office of Personnel Management, developed a plan to provide a temporary detail of SSA ALJs to the Department of Interior to reduce the case backlog of Indian Probate Claims? The basis of the ALJ loan request is essential to the orderly functions of the Administrative Procedure Act upon which it is premised.

- It is not true that the Chief ALJ developed a plan to provide a temporary detail of SSA ALJs to the Department of Interior. When SSA received a request for assistance through the Office of Personnel Management to provide assistance to the De-

partment of Interior, the Chief Judge prepared an assessment of the impact of such a request on OHA's hearings operations.

SSA is not considering any plan to transfer its hearing and appeals resources to another Department. Our current backlogs, especially in the appeals section, require all our available resources. Current law allows the Department of the Interior to use its own legal corps to adjudicate the Indian Probate Claims.

h) Is it true that the Associate Commissioner has sent the request for a detail of temporary ALJs for the Department of Interior to your office for approval of the plan developed by SSA's Chief ALJ?

- There are no plans to detail any SSA ALJs to the Department of Interior. See discussion of backlogs above.

i) Has the Commissioner's office considered the requirements and the intent of the Administrative Procedure Act to separate the daily operations of SSA from the adjudications division of SSA in any potential reorganization of SSA.

- SSA recognizes the importance of maintaining the independence of the ALJs, and would not take any action that would compromise decisional independence under the Administrative Procedures Act.

Chairman SHAW. One other thing that I would like to submit to you, and I will submit to you now and if you could come back in writing, I am concerned about the aging of the Social Security staff and the projections of retirement ages, particularly as that group goes out as the baby boomers are coming in. And I am very concerned about the fact are we arranging for early retirements or whatever it takes so that we will have a consistent, trained group of people to help out.

So if you could just submit in writing, with numbers of employees, projections on retirement dates and related issues to this committee, that would be very, very helpful. I feel that is part of our oversight responsibility, and I know you are concerned about it.

Mr. APFEL. It certainly is, Mr. Shaw. Could I give you 30 seconds? Do you have the time for that or not?

Chairman SHAW. Hurry.

Mr. APFEL. Yes, sir. We will provide that in-depth for the record. [The information follows:]

In response to Mr. Shaw's request for information about SSA's workforce, attached for inclusion in the record is the report "Workforce Planning at the Social Security Administration."

["The Workforce Planning at the Social Security Administration" report is being retained in the Committee files.]

Mr. APFEL. It is clear that we are going to need to flatten that retirement wave to be able to not have these peak activities happening in the outyears. And, clearly, providing training is one of the important activities.

Lastly, one of the things I think we need to look at is whether we should be rehiring retired Federal annuitants to come back in to provide service. I think that would be a very interesting idea, potentially. It is not legal right now, so there are no laws that allow us to do that. But I would like to explore some activities with—

Chairman SHAW. There is a lot of talent that will be leaving the Administration, and we have got to be concerned about that.

We are now going to recess for approximately 15 minutes.

[Recess.]

Chairman SHAW. I noticed before the break that a former member of this committee, Barbara Kennelly, was here. Is she still here?

Well, if she comes in, I would like to introduce her because she was a most respected member of this committee. Maybe she is missing these long hearings and she just decided to drop by.

The panel that we have before us right now is Sue Augustus, who is Associate Director of the SSI Coalition for a Responsible Safety Net, from Chicago; Gerald McIntyre, who is Directing Attorney, National Senior Citizens Law Center, in Los Angeles, California; Witold Skwierczynski—I bet you didn't think I would pronounce that correctly—President of the National Council of Social Security Administration Field Operations Locals, American Federation of Government Employees, AFL–CIO, Council 220, and is Co-Chair of the AFGES–SSA National Partnership Council, also of Chicago; Terri Spurgeon, who is the President of the National Association of Disability Examiners, from Zachery, Louisiana; James Hill, President of the National Treasury Employees Union, Chapter 24, Cleveland Heights, Ohio; and Steve Korn, the President of the National Coalition of Social Security Management Associations, Incorporated, from Vallejo, California.

We have each of your full testimony which, without objection, will be made a part of the record, and we would invite you to summarize as you see fit.

Ms. Augustus?

STATEMENT OF SUE AUGUSTUS, ASSOCIATE DIRECTOR, SSI COALITION FOR A RESPONSIBLE SAFETY NET, CHICAGO, ILLINOIS

Ms. AUGUSTUS. Thank you, Chairman. Good morning, Chairman Shaw and members of the subcommittee. I want to thank you for your invitation to testify on the service delivery challenges facing the Social Security Administration.

The SSI Coalition is a policy and advocacy organization that focuses on the SSI program and other public benefit programs that provide cash assistance and health care to low-income elderly and people with disabilities. In addition to legal representation, we convene a statewide working group on work incentives that brings advocates, State agency staff, and Social Security staff to the table to address employment barriers to people with disabilities. This work provides us with the information that I bring to you this morning to illustrate the systemic problems of service delivery within the Social Security Administration.

As you have heard in the earlier hearings on this subject, SSA is facing big challenges. The expected baby boom generation retirees, as well as a more diverse and technologically-savvy population in general, will tax the ability of SSA's employees to effectively and efficiently handle its workload. To these challenges, I would add another, the increasing number of people with disabilities who are returning to work.

I would be remiss for not thanking you, Chairman Shaw, and other members of the committee who voted for the Work Incentives Improvement Act of 1999. This legislation, which needs to be fully

funded, will benefit individuals with disabilities who return to work by offering them increased access to health care and providing them some additional benefit protections if they are unable to continue working because of their disability.

The booming economy has created a need for more qualified employees, and people with disabilities are finding that there are many job opportunities available to them, in part through medical advances and assistance technology, as well as changes in attitude and the law, notably the Americans With Disabilities Act.

Having said that, I must point out that SSA has a real challenge at the local field office level in dealing with people with disabilities who return to work. There are many reasons for this. The work incentive provisions available are complex and confusing. SSA does not have the staff time to provide the necessary outreach to publicize the programs. Many staff in the local field offices do not understand the work incentive provisions and give out wrong information to beneficiaries.

There is inconsistency in how to handle earnings reporting at the field office and at the 800 number, and the work flow at the field offices tends to relegate earnings reporting and post-entitlement issues to the bottom of the pile. These problems, which I believe stem in large part to inadequate staffing at the local offices and some bureaucratic intransigence at SSA, have devastating consequences for those who go back to work.

The cyclical nature of many disabilities, both physical and psychiatric, also pose a challenge to those who try and work while trying to maintain their benefits and health coverage. As a result of the complexity of the work incentives, beneficiaries end up with large overpayments. It is not uncommon to see overpayments ranging from \$5,000 to \$30,000. Although SSA is taking steps to address these problems, the current situation is a real barrier to employment.

There are other service delivery challenges that remain and they have a common theme. There is a failure to communicate, and I don't say this flippantly. This failure occurs in a number of ways. The written notices that were referenced earlier that SSA sends to beneficiaries are really difficult to understand. Reaching the local field offices by telephone is a challenge. When you reach a local office, the staff does not have time to adequately explain things or they do not have your file.

The SSA staff tends to speak in the same arcane bureaucratic language that is included in the written notices, so you are no better off having reached a real person. The chances of getting accurate information on work incentives is rare, and if you are an SSI recipient, the chances that you will understand anything about the income and asset rules is exceedingly slim.

SSA is addressing many of these issues. The National Office of Employment Support is a huge step in the right direction. We want to commend Commissioner Apfel, Deputy Commissioner Susan Daniels, Associate Commissioner Ken McGill, and our own Region V Commissioner Jim Martin for raising the level of service delivery, especially in the area of return to work issues.

There are many dedicated and knowledgeable staff at SSA. I hope that you will seriously consider the recommendations of the

Social Security Advisory Board and give SSA the resources it needs to deliver accurate and efficient service.

Thank you very much for this opportunity.

[The prepared statement follows:]

Statement of Sue Augustus, Associate Director, SSI Coalition for a Responsible Safety Net, Chicago, Illinois

Chairman Shaw, Chairman Johnson, and members of the Subcommittees on Social Security and Human Resources, I want to thank you for your invitation to testify on the service delivery challenges facing the Social Security Administration (SSA).

The SSI Coalition is a policy and advocacy organization that focuses on the Supplemental Security Income (SSI) program and other public benefit programs that provide cash assistance and health care to low-income elderly and people with disabilities. Our individual and organizational members range from consumers with physical and/or psychiatric disabilities to community based organizations working with people with disabilities. We also provide individual legal representation to individuals with Social Security problems. In addition, we convene a state-wide working group on work incentives that brings advocates, state agency staff and SSA staff to the table to address employment barriers to people with disabilities. The legal representation and the working group provides us with the information that I bring to you to illustrate the systemic problems of service delivery within the administration of the SSA programs.

As you have heard in the earlier hearing on this subject, SSA is facing big challenges. The expected baby boom generation retirees and an increase in disability claims, as well as a more diverse and technologically savvy population in general, will tax the ability of SSA's employees and infrastructure to efficiently and effectively handle its workload. To these challenges, I would add another—the increasing number of people with disabilities who are returning to work.

I would be remiss for not thanking the members of this subcommittee who voted for the Work Incentives Improvement Act of 1999. This legislation will benefit individuals with disabilities who are or who have been SSI or SSDI beneficiaries by offering them increased access to health care coverage, and providing them with some additional benefit protections if they are unable to continue working because of their disability. The Social Security Administration has shown its leadership in this area by creating a National Office of Employment Support, signaling for the first time SSA's commitment to helping people return to work, instead of just providing them with a benefit check. The booming economy has created a need for more qualified employees, and people with disabilities are finding that there are many more job opportunities available than ever before thanks, in part, to medical advances and assistive technology, as well as changes in attitude and the law, notably the Americans with Disabilities Act.

Having said that, I also must point out that SSA has a real challenge at the local field office level in handling the workload created by people with disabilities who return to work. It is no secret that there is much misinformation and ignorance about Social Security's work incentives. There are many reasons for this—the work incentive provisions are complex, confusing and contradictory; SSA does not have the staff time to provide the necessary outreach; many SSA staff in the local field offices do not understand the work incentive provisions and give out wrong information to beneficiaries; there is inconsistency in how to handle earnings reporting at the field office and at the 800 number; and the workflow at the field offices tend to relegate earnings reporting and post entitlement issues to the bottom of the pile. These problems, which I believe stem from inadequate staffing and training at the local offices, have devastating consequences for beneficiaries who go back to work.

People with psychiatric disabilities have a very tough time managing their benefits when they return to work. The cyclical nature of many disabilities—both physical and psychiatric—also pose a challenge to those who try and work while trying to maintain their benefits and health care coverage. As a result of the complexity of the work incentives, beneficiaries end up with large overpayments—it is not uncommon to see overpayments ranging from \$5,000 to \$30,000. Many beneficiaries who receive overpayment notices are so devastated that they quit their jobs, and some are hospitalized as a result of the stress. Once a beneficiary receives an overpayment, she is faced with filing appeals and waivers, which tend to be time-consuming and psychologically draining tasks.

SSA must address these issues as soon as possible. The Office of Employment Support is a step in the right direction, and SSA has other initiatives underway to address the workflow issues. There are a number of policy decisions SSA could make

without waiting for new legislation. For instance, as more people move away from sheltered workshops and into supported employment, SSA could use a fairer method of calculating subsidies for those in supported employment. SSA also needs to change the culture at SSA -which presently does not encourage work attempts—to a more positive and less punitive atmosphere for the working beneficiary. Providing clear and concise information on work incentives, and streamlining earnings reporting, will assist in reducing burdensome overpayments.

Thus, ironically, because more beneficiaries are going back to work, SSA has another workload challenge to add to the boomer retirement wave.

There are other service delivery challenges that exist at local SSA field offices. I am incorporating here my comments to the Social Security Advisory Board at their hearing last April in Chicago.

Accessibility

The office hours of the local offices must become more flexible to accommodate working individuals. Evening and weekend hours would be more helpful. For many workers, taking time off to go to an SSA office is not only an inconvenience, but it could mean the loss of a job. Waiting times at many offices are still too long. Even with scheduled appointments there are long waits. In fact, scheduling an appointment can mean a wait of several weeks. This is unacceptable if someone is waiting on a decision that will affect payment of benefits. Some offices, mainly the older ones, lack areas that provide confidentiality.

In the Chicago area, calling a local field office can be an exercise in futility. Historically, the local offices in Chicago change their telephone numbers frequently. Organizations and advocates that serve consumers trade updated lists of telephone numbers as avidly as good recipes. Even with a “good” telephone number, it is difficult to get a representative on the line. The new voicemail systems installed in many of the offices are both a blessing and a curse. If you know your party’s extension, it is helpful to be able to leave a message. However, if you do not know the extension, it is many times impossible to get out of the voicemail loop to even leave a message. Many consumers with cognitive, psychiatric disabilities and language barriers find it difficult to navigate a voicemail system. There should always be a default to a live operator. I also have clients who are deaf who complain about their inability to receive a response from SSA on a TTY.

There are many complaints about the 800 number. I believe that beneficiaries would rather receive accurate information, particularly about work incentive information, than have their call answered within a certain number of minutes. Beneficiaries that report wage information to the 800 number frequently receive overpayment notices because the reported information is never associated with their records.

The SSA web site is excellent. It contains a wealth of information and is not terribly difficult to navigate. The problem with the Internet in general is its inaccessibility to those without Internet access and to those whose primary language is not English. The best way to provide outreach to underserved communities is to have multi-cultural, bi-lingual SSA employees bring a networked computer to events in the community. This allows SSA staff to answer specific questions and to take information directly from beneficiaries. This has worked well in Chicago.

SSA Employee Performance

There are many complaints about the level of knowledge and accuracy of information obtained from SSA employees. Most of the complaints I hear are about the work incentives programs. Most SSA employees that deal with the public do not have a grasp of these provisions, and many impart erroneous information about them. As a result, beneficiaries rely on this information, and end up with overpayments. There has to be either better training of front-line SSA employees on the work incentive programs, or all work incentive questions must be expeditiously referred to a work incentive specialist in the office. In addition, there should be training on dedicated savings accounts issues, or a specialist in each office. For any issue that is more complicated, a specialist or two in each office, who is available to the public, would be helpful.

Consumers, advocates, and parents of children with disabilities frequently complain about the courtesy and responsiveness of SSA employees. As a lawyer, I am usually treated with respect. However, this does not always happen with the general public. If an advocate is able to cultivate a relationship with a particular SSA office or employee, the advocate is generally able to get courteous responses. It should not take a lawyer, or an advocate with connections, to receive respectful, courteous treatment and accurate information.

Those who are most vulnerable, individuals with disabilities and individuals with language barriers, are frequently treated the worst. SSA must provide training to all of its employees, especially its front-line employees, on disability issues, particularly psychiatric disabilities. Parents of children with disabilities are routinely treated poorly, especially when dealing with dedicated savings accounts issues. SSI beneficiaries frequently report that there is a pervasive attitude at SSA that they are out to defraud the system.

At the same time, SSA has some of the most courteous and loyal employees of any government agency. Their workload has increased over the last few years as their numbers have dwindled. It does not appear that they have the time to adequately explain the intricacies of the programs to the public. The staffing reductions seem to have taken a toll on their ability to provide "world-class" service.

Clarity and Usefulness of Written Materials

As lawyers, we appreciate the due process information that must be included in notices regarding benefit awards or changes. However, the notices in general are atrocious. Most beneficiaries cannot understand the notices they receive from SSA, and, in fact, I have a difficult time understanding some of them myself. The notices are not clear. There is misinformation in them. For example, the COLA notice that goes out to SSDI beneficiaries at the end of the year contains misleading information, because these notices are sent not only to DI beneficiaries, but to retirement beneficiaries as well.

Another major problem is that beneficiaries receive too many notices. Clients sometimes receive four and five different notices a week -each saying something different! When the payment center sends out a notice about an overpayment, the local office does not have a copy of it, so calling the local office about it is fruitless. The local SSA office frequently does not have copies of notices sent out by Baltimore. There does not appear to be a central file, either computer or paper, that contains all the notices that a client receives, with the result that there is nobody at SSA that can review them and make sense of them. There must be some centralization of notices, preferably at the local office.

In summary, advocates recommend that the notices be clear, brief, contain accurate information, and be understandable by someone with a fourth grade reading level. There should be a local telephone number listed on the notice so that the recipient can call for answers to questions. SSA should not send out multiple notices containing conflicting information. Different offices within SSA should not send out notices if possible. Otherwise, copies of all notices should be available at the local office.

SSA has undertaken a plain language initiative to try and make its publications more comprehensive. We look forward to seeing the results.

Claiming Benefits

The disability determination process should be shortened and made more accurate. SSA must help claimants understand the importance of obtaining their medical records, and SSA must do more to try and obtain those records. There is a disparity among the field offices in terms of their processing of claims both before and after a Bureau of Disability Determination Services (BDDS) decision. In some field offices, paperwork is lost, or is delayed in getting to the BDDS. We have had many cases where we sent definitive medical evidence of disability to the BDDS that was never associated with the disability file. As a result, the claims were denied, and the claimants had to wait for months (or over a year) before the favorable decision was made at the Office of Hearings and Appeals (OHA) level. The disability decisions made by the BDDS should be more accurate, particularly in the case of HIV and psychiatric disabilities. The medical doctors at the BDDS need updated training on HIV/AIDS issues. The cursory consultative examinations that SSA purchases are widely viewed as inadequate. This leads to delays in making the correct disability decision.

The representative payee issue is also problematic. SSA does not assist an individual in finding a representative payee. Frequently there is little or no investigation of a family member who serves as a representative payee, even when the beneficiary alleges that the representative payee is improperly using the money. SSA needs to sensitize its staff on the treatment of special populations, such as the homeless, those with psychiatric disabilities, and parents of children with disabilities.

It would be helpful if referrals to vocational rehabilitation were made much earlier in the disability determination process. After a claimant tries for years to be found disabled by SSA, it is many times too late to begin the vocational rehabilita-

tion process. There should also be better communication between SSA and the state agencies responsible for both Medicaid and vocational rehabilitation.

Program Accuracy and Integrity

The SSI income and asset regulations are very complicated and confusing. Trying to explain them to SSI beneficiaries is very difficult. SSA's task of verifying income and resources in the SSI program would be much easier if the regulations were not so complex and there were more state agency agreements to share information. In addition, because some SSA employees in the local field offices have an attitude that most SSI beneficiaries are defrauding the system, it sets up a hostile environment and there is decreased cooperation on both sides.

Unfortunately, there are instances of fraud and abuse in the system. Those that defraud and abuse the system should be discovered and penalized for it. SSA can address many instances of overpayment in the SSI program by making timely and accurate decisions on Continuing Disability Reviews and explaining more clearly the income and resource rules. Unnecessarily punishing beneficiaries who are trying to abide by the rules and assuming that everyone is trying to defraud the program does not promote the integrity of the programs.

Public Understanding of Social Security

There are many misconceptions among the general public about the programs SSA administers. Many individuals I represent do not know what kind of benefit they are receiving, nor do their family members. The SSI program, in particular, is misunderstood. As mentioned, the SSA website is a high-tech way to reach a certain part of the population. The best way to reach many individuals outside of SSA offices is at local community events with knowledgeable bi-lingual employees. The public affairs staff at SSA can go a long way toward fostering better understanding of the SSA program. The staff reductions at SSA appear to have diminished the agency's ability to serve its customers, and we hope that there will not be further cutbacks.

Information and Referral Services

Although SSA provides many people with referrals unrelated to the programs it administers, it could do a better job. The SSI beneficiary is particularly vulnerable to the lack of information about Medicaid eligibility. Although the 1619 program is a work incentives program, most of the SSA field office staff does not even know that it exists. It can take SSA months to make a 1619(b) determination, which means in the interim that the SSI beneficiary, at least in Illinois, can lose Medicaid eligibility for those months. The notices that SSA sends out on 1619 are confusing and often misleading to the beneficiary.

SSA can create better notices and train its staff on the work incentives. SSA and the state Medicaid agencies should have a better working agreement, and refer beneficiaries to specific employees in their respective offices who understand the interplay between the programs.

Conclusion

Although our criticisms may seem harsh, they are offered in a constructive spirit. And all is not bleak. We want to commend Commissioner Apfel, Deputy Commissioner for Disability and Income Security Susan Daniels, Deputy Commissioner Ken McGill and Region V Commissioner James Martin for their leadership and responsiveness to our concerns about barriers to work for people with disabilities. We have seen an incredible change in SSA's attitude toward working with advocates to resolve problems. There are many knowledgeable, courteous and loyal SSA employees. Our overtures to SSA on many issues have been met with enthusiasm. SSA appears to be dedicating more time and resources to getting out into the community and working with groups. The creation of the Office of Employment Support signals a real commitment to assisting SSI and SSDI beneficiaries who want to return to work. We welcome these initiatives, and hope that SSA will have the necessary resources to carry out this commitment.

We also agree with the recommendations of the Social Security Advisory Board report issued in September, 1999. SSA needs more funding to carry out its mission to meet the challenges of this new century and deliver world class service.

We appreciate the opportunity to air our concerns, and we look forward to continuing our partnership with SSA to find solutions to address these challenges. I would be happy to answer your questions. Thank you.

Chairman SHAW. Mr. McIntyre?

**STATEMENT OF GERALD A. MCINTYRE, DIRECTING ATTORNEY,
NATIONAL SENIOR CITIZENS LAW CENTER, LOS ANGELES,
CALIFORNIA**

Mr. MCINTYRE. Mr. Chairman, my name is Gerald McIntyre. I want to thank you for this opportunity to present our views to the committee.

I am Directing Attorney of the Los Angeles office of the National Senior Citizens Law Center, and work with elderly legal services programs across the country. Social Security and SSI programs have been at the core of our work since the Center's founding in 1972.

For the past 9 years, we have worked with advocates from a number of different organizations in an effort to obtain better access to services for SSA's customers with limited English proficiency. I am pleased to report that the past several years have seen considerable progress in SSA's efforts to better serve its limited English proficiency, or LEP, customers. The agency has changed its policies to recognize its responsibility to provide an interpreter when an individual is not able to communicate adequately in English. It has done this out of a desire to assure equal access to its services and out of a concern for program integrity.

However, in spite of undeniable progress, much important work remains to be done if SSA is to respond effectively to the needs of the limited English proficient population. Most important is the need for systems improvements to enable SSA to obtain information on the language spoken by each of its customers.

At present, SSA captures this information on all new Title II and Title XVI claims, but does not obtain this information for its existing customer base. Until it obtains this information for all of its customers, implementation of SSA's interpreter policy will continue to be highly uneven and inefficient. Without this information, SSA field office staff does not know whether or not an appointment should be scheduled with a bilingual staff member, and SSA will lack adequate management information to best utilize the language resources it already has on staff.

The absence of language information about its customers also means that SSA is currently unable to effectively communicate in writing with its limited-English customers. At present, SSA does have some Spanish language SSI notices, but does not have any notices in other languages, which are an increasing presence in the customer base. However, SSA is unable to properly target even the limited number of Spanish-language notices when it does not systematically record the language used by each of its customers.

SSA must establish the capacity to send important written notices in a language the recipient will understand. This is already done by many States administering benefit programs of similar complexity. For example, Washington State sends written notices in 85 different languages in its Medicaid program. When notices are sent in a language recipients cannot understand, the results

are more over-payments, more under-payments, more field office visits, and a greater strain on limited field office resources.

Another area that needs to be looked at is the feasibility of establishing toll-free telephone service for additional languages when it makes economic sense to do so. This not only will result in better service to people speaking those languages, but also will result in the better use of agency resources by enabling the agency to handle these inquiries expeditiously rather than through a time-consuming visit to a field office.

American industry has come to the realization that if it wishes to compete for the business of the limited English proficient population, it must offer them services in a language they can understand. Serving customers in their own language is now recognized as a key element in gaining a competitive edge and is simply good business. America's seniors should be able to expect at least as good a level of customer service from their Government when it deals with matters vital to their welfare and security as they have come to expect from the best of private enterprise in their role as consumers.

Thank you.

[The prepared statement follows:]

Statement of Gerald A. McIntyre, Directing Attorney, National Senior Citizens Law Center, Los Angeles, California

Mr. Chairman and Members:

My name is Gerald McIntyre. I want to thank you for the opportunity to present our views to the Committee. I am Directing Attorney of the Los Angeles office of the National Senior Citizens Law Center, which works with elderly legal services programs across the country on a broad range of legal issues affecting the security and welfare of older persons of limited means. The Social Security and SSI programs have been at the core of our work since the Center's founding in 1972.

For the past nine years, we have worked with advocates from a number of organizations representing older persons and persons with disabilities in an effort to obtain better access to services for SSA's customers with limited English proficiency. I am making this statement on behalf of several such organizations.¹

We are pleased to report that the past several years have seen considerable progress in SSA's efforts to better serve its Limited English Proficiency (LEP) customers. The agency has changed its policies to recognize its responsibility to provide an interpreter when an individual is not able to communicate adequately in English. It has done this out of a desire to assure equal access to its services and out of a concern for program integrity. In an effort to obtain more accurate disability determinations and in response to the increased need for disability determinations for elderly non-citizens as a result of the Balanced Budget Act, this policy has been extended to the state agencies that make disability determinations for SSA.

SSA has in the last few years hired an increased number of bilingual personnel. It has established training programs and prepared manuals to better utilize their skills. In addition, SSA has established a standing Non-English Speaking/Limited English Proficiency (NES/LEP) Workgroup drawn from various components of the agency which has performed a major leadership role in helping the agency clarify its policies and provide efficient services to this population. To his credit, the Commissioner has recognized the importance of these contributions by giving the NES/LEP Workgroup an award for its vision and hard work.

However, in spite of undeniable progress, much important work remains to be done if SSA is to respond effectively to the needs of the LEP population. Most important is the need for systems improvements to enable SSA to obtain information on the language spoken by each of its customers. At present SSA captures this infor-

¹ This statement is submitted on behalf of Christopher Bowes, Center for Disability Advocacy Rights (CeDAR), New York, NY, Linda Landry, Disability Law Center, Boston, MA and Edwin Lopez-Soto, Greater Upstate Law Project, Rochester, NY. In addition, we want to convey special thanks to Gillian Dutton of Northwest Justice Project, Seattle, Washington, who has worked with us on this issue since the beginning and has provided valuable information based on her experience in Washington State.

mation on all *new* Title II and Title XVI claims, but does not obtain this information for its existing customer base. Until it obtains this information for *all* of its customers, implementation of SSA's interpreter policy will continue to be highly uneven and inefficient. Without this information, SSA field office staff does not know whether or not an appointment should be scheduled with a bilingual staff member. As a result, appointments often have to be rescheduled with considerable inconvenience and expense for both the individual and SSA. Furthermore, the failure to obtain this information means that SSA lacks adequate management information to best utilize the language resources it already has on staff.

The absence of language information on its customers also means that SSA is currently unable to effectively communicate in writing with its LEP customers. At present SSA does have some Spanish language SSI notices, but does not have any notices in other languages. However, SSA is unable to properly target even the limited number of Spanish language notices when it does not systematically record the language used by each of its customers.

Understandable written communications are essential to quality service delivery. Without them, services are second rate. This is true in any environment, but especially so in the administration of complex public benefit programs. This is especially so for immigrants whose dealings with SSA are more complex because of the additional inquiry required to establish the validity of documents from another country and because of the greater complexity of the laws and regulations surrounding immigrant eligibility for benefits.

SSA must establish the capacity to send important written notices in a language the recipient will understand. This is important, not just from the standpoint of providing quality service to the individual, but also from the standpoint of overall agency efficiency.

When beneficiaries receive notices in a language they do not understand, some people will try to find a friend, relative or neighbor to translate it. The problems with this approach are:

- (1) the person doing the translating all too often also has a limited grasp of the English language thus assuring the transmission of inaccurate information,
- (2) the beneficiary may be obliged to disclose otherwise confidential personal information to his or her detriment, and
- (3) it results in delay that often causes an individual to miss important response deadlines².

Another common reaction for a person receiving an English language notice they do not understand is to bring the notice in to the local SSA office to find out what it means. This may require an elderly person to make two trips to the SSA office since there may not be anyone available to talk to the person in their language and an appointment may need to be made for a second visit. The result is not only poor service to that individual and the possibility of a missed response deadline, but also a diversion of scarce agency resources from other tasks to deal with two unnecessary visits, thus affecting the level of service for everybody.

SSA should look at the efforts of state and local governments which are now sending notices to benefits recipients in several languages. The best example in this regard is the State of Washington which sends written notices to benefits recipients in *eighty-five languages*. This includes notices for the Medicaid program which has eligibility provisions similar to those of SSI. While the challenges of implementing such a program on a national scale are much greater, the Washington State experience shows that it can be done.

In recent years, SSA has placed increased emphasis on its nationwide toll-free telephone service as a means of handling routine inquiries and thereby reducing the field office workload. SSA needs to consider the feasibility of establishing separate toll-free numbers for different language groups where it makes economic sense to do so. This will not only result in better service to people speaking those languages, but will also result in better use of agency resources by enabling the agency to handle these inquiries expeditiously, rather than through a time-consuming visit to a field office.

American industry has come to the realization that, if it wishes to compete for the business of the LEP population, it must offer them services in a language they can understand. Companies, large and small, now regularly solicit business, both in writing and orally, in a wide range of languages. A prime example of this can be found in the highly competitive long distance business, where the largest and smallest providers and their customers communicate with their customers in many languages. Another example was described in a recent New York Times article about a no-frills shopping mall in Queens, New York that has become one of the nation's

²For example, SSI notices often require a response within ten days.

most profitable by emphasizing service to immigrants and which has an information booth which can provide translation services in 21 different languages. (The article is attached as an Appendix to this statement.) Serving customers in their own language is now recognized as a key element in gaining a competitive edge and is simply good business. America's seniors should be able to expect at least as good a level of customer service from their government when it deals with matters vital to their welfare and security as they have come to expect from the best of private enterprise in their role as consumers. We believe they are entitled to have SSA's performance measured by the same standards that would be applied to those private enterprises which seek our business.

Finally, we agree with the recommendation of the Social Security Advisory Board on the need for providing SSA with additional resources. The strain on resources already shows with the current caseload and can only be expected to increase with the retirement of the baby boomers and the projected increase in the number of LEP customers. At present, the policy on interpreters is excellent, but implementation is highly uneven and agency efforts to monitor compliance and to consistently reinforce the policy are inadequate. We suspect that one reason for this is inadequate staffing levels, exacerbated by the reduction in the number of mid-level supervisory personnel, as pointed out in the Advisory Board's report.

In closing, we urge SSA to devote considerably more effort to ensuring compliance with its existing interpreter policy and to embark on a course of providing notices to LEP individuals in their own language. This action should not be deferred as it will not become any easier as the number of LEP customers continues to grow. We have seen from the example of Washington State that it can be done and we know that SSA has the leadership needed to carry it out. We urge Congress to see to it that SSA has the resources required to provide quality service to all of America's seniors.

Nothing Gaudy but Sales Figures; No-Frills Queens Center Outshines Most Luxury Malls

There is no marble, no chandeliers, no gourmet food court or Neiman Marcus at the Queens Center Mall, an aging shopping plaza where the landscaping consists of fake ficus trees and the atrium is highlighted with neon lights and a giant plastic Bugs Bunny statue.

As for its mauve and beige and windowless exterior, Lorraine O'Neill, the mall's manager, put it bluntly: "It is ugly."

So why is this cramped, dated mall causing twinges of jealousy among owners of upscale suburban-shopping meccas, places where visitors sip lattes under imported live palm trees and where Bugs Bunny is more likely found on a pricey T-shirt?

Despite its decidedly no-frills style, the 27-year-old mall in Elmhurst is one of the best-performing in the nation. Sales per square foot there—about \$760 in 1999—are more than twice the national average. It even outperformed luxury-oriented centers like Tysons Galleria in suburban Washington, which sold about \$680 per square foot in 1999 at stores including Versace and Max Mara, a spokeswoman for the mall owner said.

The quiet success of the *Elmhurst mall*, owned by the Macerich Company, based in Santa Monica, Calif., is a testament to the growing buying power of the surrounding Queens community, a sizable share of which is made up of recent immigrants, who turn to the mall for goods to set up new households or ship back to relatives.

As the only large-scale enclosed mall in the borough, it also illustrates the shortage of shopping alternatives for middle-class Queens, a reality that some of the nation's biggest retailers are scrambling to correct.

"Queens Center clearly does much better than most people realize," said William S. Taubman, executive vice president of the Taubman Company, a Macerich competitor. "Even most people in our industry don't realize it."

The cash registers at Queens Center ring year-round, from the ground-floor Baskin-Robbins, which has the second highest sales of the 250 outlets in the New York region, to the top-floor Children's Place, the top-performing store of the national chain's 293 outlets. Sales at the two mall anchors—J. C. Penney and Macy's—also put these stores among the national chains' top performers, company officials said.

Much of its success can be attributed to its location at 90-15 Queens Boulevard: it sits in the middle of a borough of two million residents, atop a subway line and alongside the Long Island Expressway. Macerich's managers have also assembled a mix of retailers—from Father and Son Shoes to Lechters housewares—that seem ideally matched to the needs of this particular set of shoppers.

Retail analysts say that the youthful makeup of the customer base contributes to the mall's high sales. Popular labels like Tommy Hilfiger and Polo Sport sell consistently at shops there, in part because of a desire by many of the community's first-generation Americans to assimilate into their adopted culture, said Malachy Kavanagh, a spokesman for the International Council of Shopping Centers, based in New York.

"The mall is a conduit to the American dream," Mr. Kavanagh said. "You might still have a language barrier, but very quickly, if I buy the Levi's jeans, the Michael Jordan sneakers, the Tommy Hilfiger jackets or Polo shirts, I can look like an American."

The frequent travel between native lands and Queens by many of the mall's customers also drives sales, said Paco Underhill, a New York retail consultant who has visited the Queens mall.

"Queens, almost like Miami, is an acquisition capital of America for goods leaving the country," said Mr. Underhill, author of the recent book "Why We Buy: The Science of Shopping" (Simon & Schuster). "People are buying icons of American culture to take them back with them."

All this was evident on a recent evening at Queens Center, which buzzed with shoppers even after the holiday frenzy. Customers packed the Victoria's Secret store, feverishly grabbing for sale items. Employees at Baskin-Robbins could not scoop ice cream fast enough for a steady flow of customers. Upstairs at Macy's, shoppers lined up at the housewares registers, their arms filled with merchandise.

One Macy's customer, Paulina Espin, walked out with a toaster oven, pressure cooker and several bowls. She moved to New York City with her family seven months ago from Quito, Ecuador, and has turned to the Queens mall to fill her house with essential goods.

"I need so many things," she said.

Shahzad Azmat of Kew Gardens added about \$150 to the mall sales that evening, buying dolls, watches, children's clothing, shirts, perfumes and other goods he and his wife planned to take to their native Pakistan as gifts for family and friends.

Meanwhile, Alexis Cartagena, 18, a recent graduate of Newtown High School in Elmhurst, was hanging out with his friends and looking for must-have clothes. "Every day, there is something that looks cool," said Mr. Cartagena, who was wearing a Polo shirt, Mecca jeans, Spider cap and Dolomite boots. "You come here, you see stuff, you want to buy it."

The ethnic diversity at the mall is evident on every floor. Customers lined up in one row of tables at the food court were natives of Guatemala, Korea, El Salvador, Jordan and Bangladesh, as well as Queens.

At least 21 languages are spoken at the mall, according to a list kept at the customer service desk, which can arrange translation services.

Over all, the steady stream of customers generated about \$105 million in total sales at the mall last year, not including the anchor stores. That figure is far smaller than those of many giant malls, with the extreme being the Mall of America in Bloomington, Minn., with its 4.3 miles of storefronts.

But on a square-foot basis, sales at Queens Center last year totaled about \$760, an increase of \$20 a square foot from 1998, when it was already more than twice the national average of \$320. Garden State Plaza in Paramus, N.J., and King of Prussia Mall in suburban Philadelphia, in comparison, each listed about \$470 per square foot of sales in the recent tally by the Directory of Major Malls, an industry publication.

Exceptional retail sales in Queens are not limited to the mall. Home Depot has three outlets in the borough, two of which are open 24 hours a day. All three stores—in Long Island City, Flushing and Ozone Park—rank among the top 10 in performance in the 913-unit chain. Retailers nationwide have noticed all the money being made. A result is a flurry of blueprints that should soon mean lots of new shopping options for residents of Queens.

Macerich, the owner of Queens Center Mall, wants to invest about \$200 million to double the mall's retail sales area, by building an annex atop a municipal parking lot across the street. The expanded mall is to include skylights, real trees and sit-down restaurants.

Mattone Group, a family-owned developer based in College Point, Queens, intends to build an 18-screen movie theater on top of a second nearby municipal parking lot in Elmhurst. And Forest City Ratner, based in Cleveland, wants to add a new floor to the Stern's store nearby after the department store closes to accommodate a Target store, other retail space and another multiplex movie theater.

"The pent-up demand is so strong," said John E. Simley, a spokesman for Home Depot, which intends to open its fourth Queens store, on Woodhaven Boulevard, in mid-February and is already planning a fifth, in College Point. "It is not like sud-

denly two million people moved to Queens. I guess it was just overlooked for some time.”

Some Queens residents are concerned that the building plans are too ambitious. Community Board 4 in Corona recently voted to oppose the construction of the new movie theaters planned for one of the municipal parking lots next to the mall.

“You already have gridlock traffic every day, even on weekends,” said Rose Rothschild, district manager for Community Board 4. “Imagine if they all get approval. It is going to make a big mess.”

But borough leaders—noting that they are committed to ensuring that the construction does not overwhelm Queens—said they have long been waiting for respect from retailers that the borough deserves.

“There are precious few places in Queens where you can shop and get a wide variety,” said Borough President Claire Shulman, who often shops at Queens Center Mall. “Big retailers have suddenly discovered us, and now they are making out like gangbusters. It is about time.”

Chairman SHAW. Thank you.
Mr. Skwierczynski?

STATEMENT OF WITOLD SKWIERCZYNSKI, PRESIDENT, NATIONAL COUNCIL OF SOCIAL SECURITY ADMINISTRATION FIELD OPERATIONS LOCALS, AMERICAN FEDERAL OF GOVERNMENT EMPLOYEES, AFL-CIO, COUNCIL 220, AND CO-CHAIR, AFGE-SSA NATIONAL PARTNERSHIP COUNCIL, CHICAGO, ILLINOIS

Mr. SKWIERCZYNSKI. Good morning. Thank you, Chairman Shaw, Ranking Member Matsui, and other members of the subcommittee. I am with the union. I represent 50,000 bargaining unit Social Security Administration employees. We have a veteran workforce. Our average age of our workers is about 46 years old. Our workers are about 73 percent female. We work in about 1,300 field offices and 36 teleservice centers and 132 hearings offices.

We have a dedicated, veteran workforce who care deeply about the program that we administer. The employees reflect the face of Social Security in the community. Unfortunately, we have many less faces than we have had before. We work in community-based facilities. We know the problems of our clientele. We not only deliver Social Security services, but we also refer our clients to a wide variety of other community-based services.

SSA's community-based service has been the foundation and the key to public acceptance of Social Security, and its accessibility to a vulnerable clientele—senior citizens, disabled people, the poor, and survivors of breadwinners who die prematurely. The SSA clients consistently tell Social Security on focus groups and also in surveys that they want to maintain the community-based service, that they want a caseworker whom they can rely on to process their claim, refer them to other community-based agencies and services, decide their claim, and help them file an appeal.

The budget and staffing cuts of the last two decades have jeopardized the ability of Social Security to continue to provide efficient, caring, speedy, and accurate community-based service. The Social Security Advisory Committee report released last fall has highlighted this crisis. Our employees have been telling us, the union, about this for years. In 40 percent of our field offices, the staffing levels have gone down to 15 or less employees. With that

type of staffing, which is the result of about 29-percent cuts in our field organization, it is next to impossible to continue to provide the kind of broad-based service that our customers desire and deserve.

There has been increased office closings that the administration has initiated to try to deal with the size of our offices. We have an 800 number service that requires shifting employees from other kinds of work in order to answer the millions of calls that we are getting. Many of our offices have frequent lengthy waits of 2 to 4 hours for customers who want service. These are disabled customers and senior citizens. Many of them, when they seek an appointment, have to wait 3 to 4 weeks in the future to get that appointment.

While Social Security workloads have increased, Congress has responded by cutting staff. Our veteran workers have utilized overtime to try to keep up with the workloads. The response by Congress and the administration has been to cut overtime. In the fiscal year 2001 budget, the work-years for overtime would constitute an 85-percent cut over 2 years.

This continuous assault on the staffing levels of Social Security and overtime make it next to impossible for us to continue to provide the services that are expected. Our stressed-out, overworked staff can no longer tolerate the situation. Retirements are up, and many employees tell me that they are counting the days until they retire because they can no longer work in that kind of environment.

The union applauds Commissioner Apfel's alternative budget, which I think will move us in the correct direction, stems the tide, and offers some modest FTE and overtime increases. We don't think it is enough. The proposed budget does not go far enough. It doesn't even go to fiscal year 1999 levels. We think some drastic measures are needed.

Off-caps, we are in favor of. We think SSA is a unique program. We think the American public would support that Congress view it as different from other agencies and take a hard look at the type of staffing and resources that are needed for Social Security. We think off-caps is necessary.

We think that the service delivery schemes, such as Internet service, applications on the Internet, and claims at first contact, need to be rethought. We don't think the American public is looking for centralized Social Security service. We think they desire community-based service, something like the DCM. I have testified on the DCM at our last hearing. I think the DCM is something that you need to schedule another hearing for and look at how we can provide the kind of community-based service that the public wants.

The disability area—the DCM project indicates that claims are processed faster, more expeditiously, as accurate as the current process, and that something that works where you get a single caseworker making a decision, helping a client get through their disability claim, explaining to them the reasoning of the decision, is something that we need to explore the legal problems and eliminate the legal barriers that makes that work.

In summary, I think we are in a crisis situation. These are not just words. The employees understand it, and we need to come to

grips with the fact that in order to provide a Social Security service that is of world-class, you have got to provide the resources for it. [The prepared statement follows:]

Statement of Witold Skwierczynski, President, National Council of Social Security Administration Field Operations Locals, American Federation of Government Employees, Council 220, and Co-Chair, AFGE-SSA National Partnership Council, Chicago, Illinois

Chairman Shaw, Ranking Member Matsui, and members of the Social Security Subcommittee, I want to thank you for your invitation to testify on the subject of SSA's service delivery and SSA's readiness for the impending wave of baby boomer beneficiaries. AFGE welcomes the opportunity to encourage the prompt action that is needed to ensure that the Social Security Administration can fulfill its current and future obligation to serve the American people.

I would like to extend our gratitude to Stanford Ross and the SSA Advisory Board for their candor and presentation of the reality of SSA's ability to meet the public's needs. We salute the Advisory Board insight and dedication to fulfill the mandate of the 1994 legislation that established Social Security as an Independent Agency.

AFGE embraces the SSA Advisory Board's report, which validates the Union's position presented in testimony to Congress over many years. For the first time, SSA has openly acknowledged the stress and strains placed on employees due to the lack of staff and resources needed to provide the level of world class service that the public expects and deserves. For the first time, SSA has begun to address operational and organizational shortcomings.

The Union has, for many, many years, urged Congress to take SSA off budget. This would allow SSA programs to be set at a level that fits the needs of Social Security's contributors and beneficiaries, rather than at an arbitrary level that fits within the current government cap on discretionary spending. Already understaffed, SSA was once again subjected to arbitrary spending caps as a result of the 1997 Budget Deficit Act. This short fall was accomplished without consideration to the increased beneficiary population and service demands. As an outcome SSA is forced to compete for limited funding with other federal programs such as Head Start, WIC, meat inspection, Education and VA administrative costs. We find this incredulous since SSA administrative expenses, by statute, must be paid from the trust fund.

We commend Commissioner Apfel for submitting an annual budget independent of the President's budget according to the Social Security Independence Act of 1994. The Commissioner's budget requesting 66,300 total workyears is an improvement over the President's budget inadequacies of 63,831 total workyears. Although neither budget achieves the 1999 total workyears of 66,459, AFGE believes that Commissioner Apfel's budget is a step in the right direction. For a comparison of FY 2001 Budget Requests to Congress for SSA by President Clinton and Commissioner Apfel see Addendum A.

SSA is a unique government program, fully supported by the Congress and the American public with a trust fund surplus at an all time high. We serve the elderly, people with physical and mental disabilities, children who have lost parents, spouses who have lost a partner. These people need our benefits to survive. These people deserve the highest level of quality service that we can provide. This is not happening. SSA administrative expenses are lower than any insurance company can provide. SSA administrative expense must not be limited by an arbitrary spending cap. SSA must be adequately funded to meet the needs of the people we serve. SSA administrative expenses can and should be taken off-budget. The American public deserves no less.

We have given you our proposed solution, now we will take this opportunity to present some of the problems that we feel SSA must correct to prepare for the impending increase in beneficiaries.

Staffing Problems

Our Union represents more than 50,000 employees almost 1300 field offices, 132 offices of Hearings and Appeals, 36 Teleservice Centers, 7 Program Service Centers, a Data Operations Center, Central Office, the National Computer Center and 10 Regional Quality Review Offices.

Over the last 20 years, governmental agencies as a whole suffered a 12% reduction. During this same period, SSA's overall workforce was reduced by 27%. Most devastating to quality service however was the more severe impact of the 29% reduction in direct service staff who work in local community offices. As a result of

staff reductions, service has deteriorated. Additionally a decline in accuracy and timeliness have been caused by dramatic increases in disability claims and appeals, and the complexity of other additional workloads. Congressional mandates without consideration to the additional staff needed to fulfill the mandates has also contributed to the erosion of quality service. AFGE has called for the restoration of adequate staffing levels for years. We know where the problems are and what the solutions need to be. Congress, the Administration, and SSA decision-makers have been unresponsive. We feel Congress had been misled based on SSA's incorrect assumptions concerning technology replacing staff. Computers do not replace people. The SSA Advisory Board has now joined us in advocating for more staff and an independent budget to improve program administration.

Simply put, we have fewer employees to do more and more work. SSA's human resources are stretched to the breaking point so that we can't give the American people the world class service they need or deserve. For example:

- In our Prescott, AZ office, more than 25% of its staff was lost within this past year. Post entitlement workloads, such as overpayments and the posting of wages for Supplemental Security Income benefits, are not being processed due to a lack of staff.
- In our San Francisco Region, a temporary moratorium was placed on SSI redeterminations, so that some of the backlogged post entitlement workloads could be processed.
- In our Fremont and Hayward California offices, loss of staff has caused major backlogs in all workloads, making prioritization difficult. Post-entitlement workloads, such as wage reports are not processed timely, resulting in overpayments.
- In our Sacramento, California offices, SSI workloads are tremendous. Although pending workloads are equal in our Sacramento District Office and our South Sacramento office, our South Sacramento Office has 40% less staff to accomplish the same goals.
- In one of our San Diego California field offices customers wait two (2) hours to speak to a Social Security Representatives. During peak periods of the day or month, waiting time increases to four (4) hours.
- In our New Britain and Bristol, Connecticut field offices, all workloads are falling behind. They desperately need overtime to try to catch up. Out of 7 CRs, 2 are eligible for retirement and because they are so stressed out, they are very tempted to leave. There is no motivation to continue working at SSA.
- In the Kankakee Illinois field offices, staffing shortages have resulted in 3–4 day delay in the adjudication of RSDI claims. The average waiting time is ½ hour. Depending on daily staffing, waiting times could easily increase to a one (1) hour wait. Critical payments take 2–3 days. Additionally, four contact stations were closed, one of them an hour drive forcing the public to use the phone or drive an hour to the office.
- Our Easton, Pennsylvania field office is supporting the Stroudsburg, Pennsylvania Branch Office where 5 of 8 employees retired at the end of FY99 leaving 2 experienced claims representatives and 1 service representative to serve the community. Although 5 replacements were hired, 2 quit and the recently hired trainee Claims Representatives will work in the office for a few months before they go to 13 weeks additional training. The first available teleclaim appointment for the Stroudsburg/Easton schedule is 3 weeks. The Easton office has been taking teleclaim appointments for the Stroudsburg office since last October and expects to continue to do so for another 4–5 months. The Easton office has 2 Service Representatives on duty and is understaffed by 2.
- In our Meadville, Pennsylvania field office, RSDI waivers and work CDRs are backlogged and will take months to resolve. Additionally, backlogs of wage verification and inputs cannot be processed, and will predictably result in overpayments.
- In our Sharon, Pennsylvania field office, employee report that all workloads are backed up and since there is no overtime, there is no hope to catch up.
- In our McKinney, Texas field office, staffing shortages and the inability to replace lost staff has resulted in GS–11 Claims Representatives absorbing the additional workloads/duties of GS–8 Service Representatives. This has resulted in delays in services (i.e. appointments, benefits, and general information) to the McKinney community. It has been estimated that an additional three (3) FTEs are needed to meet the needs of this community to keep up with fast growing Collin county.
- In our San Antonio Texas field office, medical CDRs are being mailed and later reviewed by a volunteer student, instead of completed during a mandatory face to face interview with an experienced GS–11 Claims Representative. This same procedure is being implemented throughout the nation.

Additionally, SSA's aging workforce will result in a great number of retirements at the same time the agency's workloads are expected to rise. The loss of experience and program knowledge will be devastating if we do not make every effort to immediately hire and fully train new employees to replace anticipated personnel losses. New employees should be given every opportunity to be taught and mentored by our most seasoned workers. However, given the everyday pressures of doing "more with less," and as workloads become increasingly stressful and backlogs grow, SSA employees have become much more motivated to retire as soon as they become eligible. We call on Congress to direct SSA to actualize a hiring plan immediately, while time permits to adequately hire and train new employees.

Another important area that has suffered as a result of staffing cuts is the Office of Quality Assurance tasked to investigate and uncover fraud, waste and abuse. The staffing has been cut so drastically that quality review audits are limited to cases in metropolitan areas. Whereas quality assurance staff previously conducted reviews in field offices nationwide to ensure accurate work product, they no longer have the staff or the resources to perform this function.

Community Based Service

Only our network of community based field offices can effectively handle the public's business by whatever means the public chooses as its method of contact. Staffing levels in these offices must be consistent with the public service needs of the residents in these communities.

Social Security's field offices have become "a beginning place of access" for other public and private social service agencies. As the Advisory Board was able to confirm, people go to the Social Security office because they do not know where else to turn for help. Because SSA serves as a community resource, we believe SSA should retain its community based capacity with adequate staffing to provide quality service.

Consolidation and closure of field offices has proven counter productive and become a major public relations problem for SSA and a hardship on the elderly and disabled. To complicate the matter, in areas of the country that are growing by leaps and bounds, SSA has not considered opening additional field offices to meet the public's needs. For example, the city of Austin, Texas is one of the largest growing cities in the country. There is only one field office to serve the city's more than one million citizens. The Austin office has experienced more than a 25% reduction in staff. Las Vegas, Nevada is the fastest growing city in the United States with more than 1.2 million citizens. Las Vegas grows by more than 50,000 people each year. Despite all this, SSA has only two field offices to service the Las Vegas area. These two (2) offices cannot keep up with public demands.

Austin, Texas, Easton/Stroudsburg Pennsylvania and Las Vegas, Nevada, are just a few examples of how the Agency has not recognized the needs of growing communities. Longer waiting times, backlogged workloads and high personnel turnovers are the apparent results of insufficient staffing and lack of planning.

SSA Focus Groups of current and future beneficiaries throughout the country strongly voiced preference for community based service. A local office presence is the resounding choice in conducting important personal business, such as applying for benefits and resolving check problems. The public preferred the option of doing routine business by phone with the local office or a Teleservice Center. When questioned, the public expressed no interest in receiving service from third parties or other non-SSA personnel, especially when fees are involved.

SSA intends to prematurely launch its plans to allow beneficiaries to file claims via the Internet in April 2000. While AFGE recognizes that the use of the Internet will be an acceptable and convenient method of filing claims in the future, security safeguards and adequate protection of individual privacy does not yet appear to be in place. AFGE, still mindful of the online PEBES fiasco, strongly believes that Congress should take a long hard look at the security and privacy issues before a scheduled release. Additionally, we do not believe that the public is willing to deal with the complexity of a 90-page screen application.

AFGE is also very concerned and believes that Congress should be alerted to watch closely and recognize that Internet claims taking could result in more centralized workloads and the closing and consolidation of community based offices in every congressional district.

SSA's 800 Number

Our Teleservice employees must be empowered to handle more calls to completion, thereby allowing the public to complete more of its business with SSA in a single contact.

One of the most serious service delivery problems that SSA faces is its telephone service. Due to restrictions on hiring, SSA's Teleservice Centers have too few employees to handle the more than 70 million calls received by the national 800 number each year. Therefore, employees at the seven (7) Payment Service Centers and its Central Office are forced to put aside critical workloads and instead are assigned to answer calls or "spike" during peak hours on the national 800 number. Last year, "spikes" were used more than 100 workdays. While the agency has stated that using PSC employees would be a temporary measure, the practice has been ongoing and increasing for 10 years!

Teleservice Center employees are encouraged to resolve calls as soon as possible. If employees take too long on calls, their knowledge of SSA programs is questioned. If employees try to keep responses short, they are often criticized for not providing good public service. Therefore, calls that could not be resolved quickly or thoroughly, are referred to field offices for follow up service. This not only creates a very stressful work environment but it also leaves employees frustrated and provides little satisfaction of doing a job well done under difficult circumstances.

Because of the tremendous amount of pressure put on Teleservice representatives and their managers to meet the goal of answering 95% of calls to the national 800 number in five minutes, backlogs and workload priorities do not allow for sufficient training. The SSA Advisory Board found that ongoing training is essential to building and maintaining the knowledge and skills that employees need. SSA's growing program complexity requires a higher level of programmatic knowledge. Without necessary ongoing training, accuracy of information will continue to be compromised.

The Disability Claims Manager

The Disability Claims Manager (DCM) pilot position was defined in my October 1999 testimony to this subcommittee. All indication in Phase I are that the DCM is a viable customer service initiative. Claimants are extremely satisfied to have a single point of contact from their initial disability interview through the medical decision on their case.

Phase II of the DCM test began November 1999. This is the formal evaluation period when SSA will continue to measure enhanced public service, employee satisfaction, productivity, the allowance rate, quality assurance and processing time. The SSA/DDS environmental fit must be determined, and administrative cost estimated. AFGE believes that the DCM position is the most efficient means for continuity of claimant services between the medical and non-medical parts of their claim.

Why the Disability Claim Manager (DCM) Position?

A claimant in Jacksonville, Florida said that his experience with a DCM was that "she was patient, courteous and supportive in handling my claim for disability. In an impersonal world which easily frustrates the mentally handicapped she stands head and shoulders above the rest in dedication to fairness in working for such a large government entity."

A licensed clinical social worker in Denver who is an advocate for the homeless or those at risk of becoming homeless and have persistent mental illness or a terminal illness. He says, "I have had the incredibly fortunate opportunity to assist three clients in applying for disability benefits through the DCM pilot. Rather than the cumbersome and complicated traditional process, the DCM allowed for the application to be completed in one office, in one visit, by a decision-maker who I could readily reach by phone!"

National work sampling data reveals that two thirds of the disability claims are for SSI and 80% of SSI allowances have some type of mental impairment. This segment of our population needs to have access to a claims manager in a face to face interview setting to navigate them through the disability process.

Another claimant in Helena Montana wrote to thank a DCM for his excellent help; noting, "the pilot program obviously is a success! It was very nice of you to take time to explain the procedures. My claim was completed quickly and courteously, eliminating all the stress and anxiety for my family during this time of tragedy." Even claimants that are denied disability benefits have written letters expressing their appreciation for this process which enabled them to deal with one decision-maker, participate in the process, and understand the reason for their denial.

AFGE strongly believes that the DCM should be implemented within the field office structure nationwide. We question SSA's commitment to DCM implementation as evidenced by their refusal for an independent evaluation of Phase II, with no SSA evaluation plan yet finalized.

SSA's Union-Management Relationship

We believe that SSA needs a service delivery plan that will guide the Agency through the next ten years that will address the service needs of current and future beneficiaries during the same period SSA will be losing the majority of its current workforce to retirement. We believe that SSA employees understand better than anyone what steps need to be taken to improve service to the public. SSA needs to address these issues far more aggressively than it has in the past if it is to meet the challenges in the coming decade. We continue to be prepared to work together with SSA top management to seek improvement in service.

As I previously testified in October 1999, Labor-Management Partnership and the Disability Process Redesign are inextricably connected. SSA and AFGE worked together to write the recommendations that comprised the Disability Redesign proposal. Several tests, pilots, and prototypes started during the Redesign have demonstrated the efficiency of working in partnership and cooperation with the Union in planning and implementing improved processes.

Federal employees can process both disability and non-disability aspects of claims quickly, accurately, and successfully. The public likes one stop service, which the DCM provides. We are dismayed by DDS resistance to the recognized success of the DCM pilot and SSA's willingness to gut it. DDS has opposed expansion of the DCM pilot even though a neutral party documented both the service improvements and increased public and employee satisfaction. It appears that DDS fear for loss of staff may be an unrealistic when the success of the DCM pilot utilizes both State and Federal employees. AFGE believes that Congress should research legal implications and make statutory changes if necessary to allow federal and state employees to make disability decisions.

Conclusion

The SSA Advisory Board recommends cooperation and teamwork in the disability process yet SSA displays an unwillingness to move forward with full implementation of the DCM program despite its screaming success. AFGE is willing to work in cooperation with SSA top management in a continued effort to improve the disability process that better serves the American people.

AFGE is willing to work with SSA to improve the work environment, ensure a safe and healthy workplace, provide opportunities for training and promotion and most importantly improve public service. However SSA is still reluctant to have first line employee representatives involved in the decision making process. AFGE continues to be concerned with SSA's unilateral implementation of policies and trends that include centralizing workloads that cost face to face contacts, could result in loss of staff from field offices that will most likely close or consolidate offices and weaken community based service. Another potentially dangerous trend in our opinion is the proposed applications on the Internet. Without security and encryption protections this endangers privacy and personal security of all social security number holders and we believe potentially makes individual records vulnerable to hackers. We urge Congress to pay particularly close attention to SSA action in this area.

We agree with the Advisory Board's findings that SSA's administrative budget should be set at a level that fits the needs of Social Security's taxpayers and beneficiaries rather than at an arbitrary level which fits within the government's overall discretionary spending cap. If SSA's administrative budget is not explicitly excluded from the cap on discretionary spending, SSA is forced to compete with other Federal agencies for scarce resources within the spending limits defined by law. The result will be SSA's inability to provide world class service to tens of millions of Americans in the next decade.

Comparison of FY 2001 Budget Request to Congress for SSA

[By President Clinton and Commissioner Apfel]

LIMITATION ON ADMINISTRATION EXPENSES (LAE)	Commissioner's Budget	President's Budget
Base Operations	\$6,866 million	\$6,684 million
Capital Investment	\$40 million	0
Additional Funding for CDRs	\$450 million	\$450 million
Total LAE	\$7,356 million	\$7,134 million
OIG	\$76 million	\$73 million
Research (Sect 1110, SSI acct)	\$34 million	\$30 million

Comparison of FY 2001 Budget Request to Congress for SSA—Continued

[By President Clinton and Commissioner Apfel]

LIMITATION ON ADMINISTRATION EXPENSES (LAE)	Commissioner's Budget	President's Budget
Total Budgetary Re- sources	\$7,466 million	\$7,237 million

STAFFING	FY1999	2000 President's Budget	2000 Actual	Apfel FY 2001 Request	President FY 2001 Request
FTE Full-time Perma- nent	59,000	60,000	60,000	60,400	60,000
SSA FTE	62,972	63,573	63,350	64,049	63,140
SSA Overtime	3,292	2,062	1,664	2,061	500
SSA Workyears	66,459	65,824	65,203	66,300	63,831

Component FTE's and OT WY)	FY 1999	FY 2000 President's Budget	2000 Actual	Apfel FY 2001 Request	President FY 2001 Request
Operations	47,017 (2,448)	47,058 (1,249)	47,360 (1,089)	47,360 (1,447)	47,126 (145)
Hearings/Appeals	8,041 (550)	7,865 (361)	7,782 (300)	7,680 (361)	7,782 (122)
Others	7,504 (290)	7,657 (249)	7,540 (272)	7,679 (249)	7,410 (229)
OIG	428 (4)	536 (3)	536 (3)	590 (4)	584 (4)

Chairman SHAW. Thank you.
Ms. Spurgeon?

**STATEMENT OF TERRI SPURGEON, PRESIDENT, NATIONAL AS-
SOCIATION OF DISABILITY EXAMINERS, ZACHERY, LOU-
ISIANA**

Ms. SPURGEON. Chairman Shaw, members of the committee, on behalf of the members of the National Association of Disability Examiners, I want to thank you for this invitation to testify today at your second hearing of Social Security's Readiness for the Impending Wave of Baby Boomer Beneficiaries.

NADE is a professional association whose purpose is to promote the art and science of disability evaluation. Our members have a unique understanding of the problems facing the program at this time and a strong commitment to maintaining meaningful and viable disability programs. Although the majority of our members are employed within the State disability determination offices, our membership also includes SSA claims reps, physicians, psychologists, attorneys, advocates, and other professionals who work with and are interested in the evaluation of disability claims.

We believe the diversity of our membership, as well as our experience working directly with the Social Security and SSI disability

programs, allows us to address the problems from a practical and realistic viewpoint. We understand the impact these programs have on the lives of the disabled individuals and their families. We also recognize that the compelling needs of these individuals must be met within a framework of fiscal responsibility.

The perspective from which NADE views SSA's readiness for handling the impending workload is unique. We acknowledge that SSA has been focused on the future of the disability programs. We have expressed support for exploring measures that may improve customer service, reduce program cost, and increase employee satisfaction. Many of the proposals look good on paper, but the reality of testing and implementation has taken its toll on the DDS resources. Without adequate additional resources to implement and/or test the initiatives, DDSs have to rely on the limited number of experienced employees in our current budgets. The remainder has been stretched to operational limits in order to handle the usual daily workloads and has resulted in an unusually high number of turnovers in many of the State agencies.

Front-line workers are reluctant to consider the future of the agency programs because they are so stressed and can't handle the current levels of stress that they are working under today. The increasingly rapid turnover of case processing staff and the continuing loss of experienced personnel will have a significant impact on the quality of the service that the DDSs can provide and that the public needs. This potential adverse effect on service delivery is an important issue for NADE, DDSs, and this committee.

The reduction in the number of field office personnel and the increase in the number of telephone claims has had a negative impact on the completeness of these initial applications as received in the DDSs. Disability adjudicators are forced to spend additional time recontacting claimants to adequately complete the applications. This has had a positive impact on the quality of our decision-making process, but on the flip side it has had a negative impact on the processing time and the time that adjudicators need to spend on their other duties.

In April of 1994, SSA issued its Plan for a New Disability Claim Process. The five primary objectives of this plan were to make the process user-friendly, make the right decision the first time, make decisions as quickly as possible, make the process efficient, and make the working environment satisfactory for the employees.

In March of last year, following 5 years of piloting various elements of the redesign plan, the Commissioner announced his decision to begin implementation of a new process which combined several of the key elements from the original plan. These included the single decisionmaker, the pre-decision interview, expanded rationales, elimination of the reconsideration step in the appeal process, and the improvements on the hearing process.

Beginning with the initial claims filed on or after October 1, the new process was to be prototyped in 10 State DDSs, which represented about 20 percent of the initial applications. NADE had previously expressed concerns about the negative impact on the OHA workloads as a result of eliminating the recoin step from the appeals process. We didn't believe that the full impact imposed by

the new process in terms of processing time and examiner responsibilities had been adequately evaluated.

For that reason, we were pleased that it was being prototyped instead of just rolled out nationally. Now that we are 5 months into the new process, it is a little early to really know exactly what the numbers are adding up to. But the preliminary anecdotal evidence suggests that the new process neither increases customer satisfaction, nor does it improve employee morale. Results of the prototype must be evaluated carefully and objectively before national rollout can be implemented.

It is commonly recognized that it takes at least 2 years for a disability examiner to become proficient at the position. This time is likely to increase as the complexity of the process and the diversity of the customer base increases. While nationwide the number of disability examiners with less than 2 years of experience has increased, the DDSs are also faced with a large percentage of staff reaching retirement age.

When SSA began administering the SSI program in 1973, most of the DDSs hired a large number of staff to accommodate that. As employees are reaching retirement age, the pool of experience we are going to be losing, and that is going to leave us at a loss for having the right people there to train our new employees and do mentoring.

NADE has consistently urged that SSA's administrative budget, like its program budget, be removed from the cap on discretionary spending. We concur with the views expressed by the Advisory Board that SSA's staffing resources have declined significantly over the last two decades, while the agency's workload has increased and become more complex. The agency's tight resource constraints limits its capacity to respond to the growing workloads. This is as true in the DDSs as it is in the field offices. Additional staff is needed to handle the increasingly complex workloads.

SSA has announced their intention to revise and update a number of the medical listings. While it is important that the criteria used to establish disability be updated, this again impacts on resources. As presented to this Association, these changes in the listings, which include emphasis on credibility and functionality, will require substantial training and will significantly increase the demands on the adjudicators.

The time necessary for an examiner to address issues like credibility and functionality will increase the time adjudicators will spend on each case. And while this should increase the quality of our decisionmaking, it will decrease the time available to spend on other cases. Adjudicators will necessarily have to assume smaller caseloads. This will result in increased need for additional staffing in the DDSs.

Many of SSA's administrative costs are fixed and rising. Therefore, in order to meet the current budget limitations on administrative costs, the DDSs are being asked to reduce medical expenditures. Accurate medical decisions require quality medical evidence. Both program costs and public service are negatively impacted if spending for administrative costs is not sufficient to ensure accurate decisions. Program costs will increase if claims are allowed in-

appropriately, and public service will certainly decline if the claims are denied inappropriately.

SSA has launched initiatives to improve the quality and retrieval of the medical evidence of record and the purchase of consultative exams that are necessary in the adjudicative process. However, the DDSs are not sufficiently staffed to implement the essential outreach and training for these activities. We are unable to undertake the actions necessary to improve the quality of medical evidence, as current resources are not sufficient for effective outreach to the medical community and preclude the desirable monitoring of the CE providers. Staff shortages require all resources be directed to the adjudicative positions. Again, NADE acknowledges the need for these improvements, but recognizes the inability of the DDSs to implement due to the shortfall of resources.

In conclusion, NADE would like to offer the comment that the ability of SSA and the DDSs to successfully meet the challenges of the future workload is contingent on many features, some of which have been mentioned in this testimony. The committee has already heard from a variety of witnesses and will hear from others. NADE is very grateful for this opportunity to share some of our concerns.

SSA workloads are projected to increase, and the disability workload alone is expected to increase by 47 percent over the next 10 years. Because of the increasing complexity of the workload and the continuing changes that are being made in the program itself, SSA and the DDSs must begin today to prepare for the tremendous challenge. If we are to begin, we must be allowed the tools and resources to do so.

Mr. Chairman, Honorable Members, thank you for the opportunity to present this and for listening to our ideas.

[The prepared statement follows:]

Statement of Terri Spurgeon, President, National Association of Disability Examiners, Zachery, Louisiana

Chairman Shaw and members of the Subcommittee, on behalf of the members of the National Association of Disability Examiners (NADE), I want to thank you for this invitation to testify today at your second hearing on Social Security's Readiness for the Impending Wave of Baby Boomer Beneficiaries.

NADE is a professional association whose purpose is to promote the art and science of disability evaluation. Our members have a unique understanding of the problems facing the Social Security program at this time and a strong commitment to maintaining a meaningful and viable disability program. Although the majority of our members are employed in the state Disability Determination Service (DDS) agencies, our membership also includes Social Security claims representatives, physicians, psychologists, attorneys, advocates and other professionals who work with, and are interested in, the evaluation of disability claims. We believe the diversity of our membership, as well as our experience working directly with the Social Security and SSI disability programs, allows us to address problems from a practical and realistic viewpoint. We understand the impact these programs have on the lives of disabled individuals and their families. We also recognize that the compelling needs of these individuals must be met within a framework of fiscal responsibility.

The perspective from which NADE views SSA's readiness for handling the impending workload is unique. We acknowledge that SSA has been focused on the future of the Disability Programs. We have expressed support for exploring measures that may improve customer service, reduce program costs, and increase employee satisfaction. Many of the proposals look good on paper but the reality of testing and implementation has taken its toll on DDS resources. Without adequate additional resources to implement and/or test the initiatives, DDSs have had to rely on the limited number of experienced employees and current budgets. The remainder has been stretched to operational limits in order to handle the usual daily workloads and has resulted in an unusually high number of turnovers in many state agencies.

Front line workers are reluctant to consider the future of the Agency Programs, as they are unable to handle the current levels of stress they are now working under. The increasingly rapid turnover of case processing staff and the continuing loss of experienced personnel will have a significant impact on the quality of service delivery that the DDS's can provide and the public deserves. This potential adverse effect on service delivery is an important issue for NADE, for the DDSs, and this Committee.

The reduction in the number of Field Office personnel and the increase in the number of telephone claims have had a negative impact on the completeness of these initial applications received in the DDSs. Disability adjudicators are forced to spend additional time re-contacting the claimants to adequately complete the applications. This has had a positive impact on quality of the decision-making process but a negative impact on processing time and the time adjudicators have to spend on other duties.

On April 1, 1994 the Social Security Administration issued its Plan for A New Disability Claim Process. The five primary objectives of this plan were:

- Making the process "user friendly" for claimants and those who assist them
- Making the right decision the first time
- Making the decision as quickly as possible
- Making the process efficient
- Making the work satisfying for employees.

In March 1999, following five years of piloting various elements of the Redesign Plan, the Commissioner announced his decision to begin implementation of a new process, which combined several key elements of the original plan. These included:

- A single decision maker
- Pre-decision interview (now known as a Claimant Conference)
- Expanded explanations
- Elimination of the reconsideration level of appeal
- Improvements in the Hearing process

Beginning with initial claims filed on or after October 1, 1999, this new process was to be prototyped in 10 state DDSs and would include 20% of the total initial disability claim workload.

NADE had previously expressed concern about the negative impact on OHA workloads as a result of eliminating the Reconsideration step from the appeals process. We did not believe the full impact imposed by this new process in terms of processing time and examiner responsibilities, had been adequately evaluated. For that reason we were pleased that it was being prototyped rather than being rolled out nationally.

We are now five months into the new process. Although it is too early to know with certainty, preliminary anecdotal evidence suggests that this new process neither increases customer satisfaction nor improves employee morale. Results of the prototype must be evaluated very carefully and objectively before national rollout of the new process. Also, before this new process can be successfully rolled out, DDSs must begin to hire and train adequate staff to handle this workload. This hiring and training of new staff, and the necessary retraining of current staff, must begin immediately if the DDS's are expected to be in a position to successfully handle the workload. What we are seeing instead is the continued loss of experienced staff and, because of Federal and State budget reductions, the inability to hire and properly train replacements.

It is commonly recognized that it takes at least two years for a disability examiner to become proficient. This time is likely to increase as the complexity of the process and the increasing diversity of our customer base increases. While nationwide the number of disability examiners with less than 2 years of experience has increased, the DDSs are also faced with a large percentage of staff reaching retirement age. When SSA began administering the SSI program in 1973, most DDSs hired large numbers of examiners to handle that workload. These employees are now reaching retirement age. As this pool of experience is lost it will become more difficult for the DDSs to train and mentor new examiners.

NADE has consistently urged that SSA's administrative budget, like its program budget, be removed from the cap on discretionary spending. We concur with the views expressed by the Social Security Advisory Board that: "... SSA's staffing resources have declined significantly over the last 2 decades, while the agency's workload has increased and become more complex. The agency's tight resource constraints limit its capacity to respond to these growing workloads." This is as true in the DDSs as it is in the Field Offices. Additional staff is needed to handle the increasingly complex workload.

The Social Security Administration has announced their intention to revise and update a number of the medical listings. While it is important that the criteria used

to establish disability be updated, this again impacts resources. As presented to this Association these changes in the listings—including an increased emphasis on credibility and functionality—will require substantial training and will significantly increase the demands on adjudicators. The time necessary for an examiner to address issues like credibility and functionality will increase the time adjudicators will spend on each case. While this should increase the quality of our decision-making, it will decrease the time available to spend on other cases. Adjudicators will necessarily have to assume smaller caseloads. This will result in an increased need for additional staff in the DDSs.

Many of SSA's administrative costs (salary, maintenance, etc.) are fixed or rising. Therefore, in order to meet the current budget limitations on administrative costs, the DDSs are being asked to reduce medical expenditures. *Accurate medical decisions require quality medical evidence.* Both program costs and public service are negatively impacted if spending for administrative costs is not sufficient to ensure accurate decisions. Program costs will increase if claims are allowed inappropriately and public service will decline if claims are denied inappropriately.

SSA has launched initiatives to improve the quality and retrieval of the medical evidence of record (MER) and/ or the purchase of consultative examinations (CEs) necessary to the adjudicative process. However, the DDSs are not sufficiently staffed to implement these essential outreach and training activities. We are unable to undertake the actions necessary to improve the quality of medical evidence as current resources are not sufficient for effective outreach to the medical community and preclude the desirable monitoring of CE providers. Staff shortages require that all resources be directed to adjudicative positions. Again, NADE acknowledges the need for these improvements but recognizes the inability for DDSs to implement due to the shortfall of available resources.

In conclusion, NADE would offer the comment that the ability of SSA and the DDSs to successfully meet the challenges of the future workload is contingent on many features, some of which we have described in this testimony. This Committee has already heard from a variety of witnesses and will hear from others. NADE is very grateful for this opportunity to share some of our concerns. SSA's workloads are projected to increase and the Disability workload alone is expected to increase by 47% over the next ten years. Because of the increasing complexity of the disability workload and the continuing changes that are made in the program itself, SSA and the DDSs must begin today to prepare for this tremendous challenge. If we are to begin, we must be allowed the tools and resources to do so.

Mr. Chairman, Honorable Members of Congress, thank you for your consideration of these issues.

Chairman SHAW. Thank you.
Mr. Hill?

STATEMENT OF JAMES A. HILL, PRESIDENT, CHAPTER 224, NATIONAL TREASURY EMPLOYEES UNION, AND STAFF ATTORNEY, OFFICE OF HEARINGS AND APPEALS, SOCIAL SECURITY ADMINISTRATION, CLEVELAND HEIGHTS, OHIO

Mr. HILL. Good afternoon, Mr. Chairman. My name is James Hill. I have been a staff attorney at the Cleveland, Ohio, Office of Hearings and Appeals for over 17 years. For nearly 9 1/2 years, I have also been the President of Chapter 224 of the National Treasury Employees Union that represents attorneys and other staff members in over 100 OHA offices across the United States. I thank you for inviting me to testify at this hearing.

I will limit my testimony to the current situation at the Office of Hearings and Appeals. OHA is presently implementing the Hearings Process Improvement Initiative, or HPI, as it is commonly known. As you know, SSA has experienced significant difficulties maintaining an acceptable level of service at the hearing level since the large influx of disability cases in the early and mid-1990s.

SSA was painfully slow in reacting, which caused a precipitous increase in the number of cases pending—the disability backlog—and a substantial increase in processing time. SSA's response was the Disability Process Redesign, a program conceived and implemented by SSA rather than OHA that has failed to have any significant beneficial impact upon productivity or the level of service provided by OHA.

Its centerpiece for the hearings portion of the plan, the adjudication officer, was a dismal failure, and it was eventually abandoned. It failed because of unreasonable expectations that were impossible to meet and fundamental misconceptions regarding the hearing process that are endemic at SSA. I fear the same fate will befall HPI for much the same reasons. For example, HPI has incorporated nearly all of the attributes of the failed adjudication officer program, except the most beneficial attribute, limited decisional authority.

While the Disability Process Redesign did little to ease the situation at OHA, the short-term disability program was a resounding success. Commissioner Apfel stated in his testimony before this subcommittee on October 21, 1999, and I quote, "During the past few years, SSA undertook a number of initiatives to address large hearing workloads that have produced real results. Initiatives such as the establishment of case-screening units and specialized writing units helped to decrease average processing time at the hearing level from 386 days in 1997 to, under a preliminary analysis, 316 days at the close of fiscal year 1999," end of quote.

What the Commissioner did not state was that the backlog at OHA had decreased from around 570,000 cases to approximately 310,000 cases. The unquestioned centerpiece of the short-term disability program was not the screening units or the writing units mentioned by the Commissioner. It was the Senior Attorney Program that has produced over 200,000 decisions.

Given the amount that the backlog at OHA has been reduced, it should be difficult to understate the importance of the contributions made by senior attorneys. Yet, the Commissioner in his testimony managed to do exactly that. The screening units were never particularly effective. The writing units were useful in drafting ALJ decisions, but it should be understood that senior attorney decisions are in addition to the decisions issued by administrative law judges.

Yet, the Commissioner in his testimony did not mention the most successful disability initiatives in many, many years. Why? Because the Senior Attorney Program, or at least the decisional authority at the heart of that program, is not part of HPI. Why? That is an intriguing subject which time constraints preclude discussing. Suffice it to say that concerns other than maximizing the level of service provided to the public continue to play a significant role in determining SSA's strategy for the future. HPI will not be successful because not only has SSA failed to learn from its failures, it has failed to learn from its successes.

Thank you.

[The prepared statement follows:]

Statement of James A. Hill, President, Chapter 224, National Treasury Employees Union, and Staff Attorney, Office of Hearings and Appeals, Social Security Administration, Cleveland Heights, Ohio

Chairman Shaw and Members of the Subcommittee:

My name is James A. Hill. I have been employed by the Office of Hearings and Appeals (OHA) of the Social Security Administration (SSA) for more than 17 years as a Staff Attorney and as a Senior Attorney. I am also the President of National Treasury Employees Union (NTEU) Chapter 224 that represents Attorney-Advisors and other staff members in approximately 100 Hearing Offices across the United States. I wish to thank the Subcommittee for inviting me to testify regarding SSA's current and future service challenges and the current and proposed delivery practices with which SSA hopes to meet those challenges.

The "demographics" with which SSA must contend both in the immediate and in the more distant future are well known and need little amplification by NTEU. Suffice it to say that workload demands will significantly increase, and that during the same period, SSA will lose an unprecedented number of its employees to retirement. Thus SSA will be faced with an increased workload and far fewer experienced employees to deal with that workload. Additionally, SSA must contend with the issues of the Medicare Program, SSA retirement trust fund solvency, and maintenance of the faith and trust of the American people in our ability to provide the same level of service provided to previous generations. These issues are beyond SSA's ability to solve by itself; indeed they are among the most important political issues of our time. Nonetheless, it is the responsibility of SSA to maintain the level of service expected by the American people while the broad ranging political issues are resolved and the role of SSA in the future is finalized. Consequently, for the most part I will limit my testimony to the service provided currently and in the immediate future by the Office of Hearings and Appeals.

NTEU makes the following recommendations for insuring that the Office of Hearings and Appeals delivers the quality of service demanded by the American people currently and in the immediate future:

1. SSA must reaffirm its commitment to the judicial process at OHA and the decisional independence of its adjudicators. SSA must recognize that maintaining the due process hearing procedures is essential to retaining the faith of the American public in the SSA disability adjudication system.
2. Attempts to de-legalize the OHA process must stop and it must be recognized that the maintenance of a credible disability adjudication system demands retention of highly qualified legal professionals—administrative law judges, attorneys and qualified and properly trained and certified paralegals.
3. SSA must remove the composing of ALJ decisions from the responsibilities of employees in the Flexible Disability Units.
4. All experienced OHA Attorney Advisors should be Senior Attorneys and given the authority to issue fully favorable decisions in those cases in which the documentary evidence demonstrates that the claimant is disabled.
5. Reinstate the original Senior Attorney Program with decisional authority vested in the nearly 500 experienced OHA Staff Attorneys. (Without the additional 50,000–75,000 decisions a year, OHA, even with Hearing Process Improvement (HPI), will suffer a serious degradation in the quality of service it provides).
6. Retain the Supervisory Attorney Advisor whose primary duty is the supervision of all the subordinate attorneys in the Hearing Office.
7. Recognize that the ALJ decision is a legal work product requiring the skills of qualified legal professionals such as administrative law judges, attorneys and paralegals with proper legal training.
8. Re-establish OHA Central Office in operational control of HPI and hearing offices.
9. Ensure the existence of a viable "National Workflow Model" that takes advantage of the talents and abilities of hearing office staff.

The Importance of the Office of Hearings and Appeals

Americans have been characterized as overly litigious. Perhaps, but by their very nature Americans do believe "in standing up" for their rights even, or perhaps especially, against intrusion of their rights by the government. We believe that we can stand against the government, and if we are right, we shall prevail. We have traditionally regarded the court system as the vehicle for protecting our rights, particularly when it is the government itself that is threatening them. In short, when we feel unjustly tread upon by the government, we Americans demand our "day in court." Claimants, who are denied disability benefits, feel the government has wronged them. There are far too many denials of disability claims to initially proc-

ess through the federal court system. It is OHA that provides dissatisfied SSA claimants with their “day in court.” However, to effectively fulfill this function, claimants must believe that the ALJs in OHA are free to decide each case on its merits. It is the right to a due process hearing that provides the vehicle for fair and independent decision making. That right must not be eroded by those seeking administrative efficiency. It is OHA that provides the element of credibility in the SSA adjudication process that is essential if it is to retain the faith and trust of the people we serve. The role of OHA as guarantor of the legal rights of claimants is not universally appreciated at SSA. Unfortunately, SSA’s leadership has made several efforts in the past decade to de-legalize the OHA appeals process without regard to the effect that de-legalization would have on the credibility of the SSA disability adjudication process.

The Social Security disability adjudication system is bifurcated; the State Agencies are responsible for the initial (and reconsideration) determination, while Senior Attorney and ALJ decisions are made at the Office of Hearings and Appeals. There are good reasons for the bifurcated system; the huge number of initial claims, of which 35% are favorably decided, render the use of a judicial system with individual hearings unsupportable. The initial determination process is a purely administrative process conducted with minimal participation by the claimant. The State Agencies have traditionally avoided the knotty problem of evaluating credibility of the claimant’s subjective complaints and the effect to which those symptoms limit a person’s ability to work. The State Agencies concentrate on the objective medical evidence and issue only superficial explanations of their disability determinations.

The determinations issued by the State Agencies are nearly devoid of rationale. While SSA promised better State Agency rationales as part of Disability Process Redesign (DPR), my members note no significant improvement. State Agency rationales under HPI are as devoid of content as their predecessors under the old system. The determination by the State Agency consists of readily identifiable boilerplate that is obviously sent to every applicant whether it is applicable to his/her situation or not. For example, language included in many Step 5 denial determinations admits, “We realize that your condition prevents you from doing your past jobs, if any, but it does not prevent you from doing other work which is considered less demanding.” The text of the determination demonstrates to claimants that little, if any, individual consideration was afforded to their case. Claimants are left with the conclusion that they are so insignificant that they do not deserve individual consideration.

The failure to provide an adequate explanation of why a person was determined not to be disabled at the initial level, tells the claimant: You are not disabled because we say you are not disabled. This attitude is not likely to be satisfying to claimants or to convince them that they have had a fair determination of their disability application. At the initial level, the fact that the individual is not disabled, rather than the explanation of why he/she is not disabled, is the salient point. It is also consistent with the highly paternalistic view of the disability process held by many in SSA. A detailed explanation is not considered by SSA to be significant because it will not change the fact that the person is not disabled. The lack of concern about explaining the decision makes some administrative sense. That determination is not subject to appellate review; subsequent review by OHA is *de novo*. However, the attitude that the rationale is relatively unimportant leads to disastrous conclusions when applied to the OHA decision makers.

The process at OHA is judicial in nature and is focused around the due process hearing. The due process, individualized hearing is essential to the fact and perception of fair adjudication in any case in which the decision is not fully favorable to the claimant. The OHA hearing procedure permits the dissatisfied claimant to personally interact, to personally argue his/her position directly to the decision maker. The decision he/she receives is comprehensive and specific; it deals with his/her situation in great detail. A well-written OHA decision will provide specific reasons and details as to why an individual was determined not to be disabled. It must be specific and compelling. Indeed, the OHA decision must be of sufficient quality to routinely withstand review by United States District and Circuit Courts and therefore the decision needs to be the product of legally trained employees. The OHA decision must satisfy the claimant’s need to “have his/her day in court” and the need of the court system to have detailed and highly professional decisions upon which they can base their appellate review. Inadequate, not necessarily wrong, decisions are the basis for some of the remands from the District Court. The lack of a well written favorable decision significantly detracts and in fact may preclude conducting an effective Continuing Disability Review permitting those no longer disabled to remain on the rolls. No one is well served by an inadequate OHA decision.

The OHA decisional product is subject to court review where the standard applied is whether the decision is supported by substantial evidence. The rationale supplied

by the decision maker at OHA will be carefully examined by the court as an integral part of its decision making process. To the court the explanation is as important as, and cannot be separated from, the ultimate decision regarding disability. While the ultimate decision of whether he/she is disabled is of primary importance to the claimant, a coherent explanation of a negative conclusion certainly provides the claimant with the feeling that at least he/she has had his/her day in court.

Many in SSA improperly equate the ALJ and Senior Attorney decision with the determination rendered by the State Agency. This attitude leads to devaluing the importance of the ALJ and Senior Attorney decision and therefore the necessity of retaining highly qualified legal professionals to create those decisions. The denigration of the ALJ or Senior Attorney decisional product, resulting from the failure to appreciate its purpose and importance, is central to the long term theme of de-legalizing OHA which appears in nearly every SSA originated plan to deal with hearings level adjudications.

If as in the case of the State Agency determinations, the quality of the written decisional product is not important, there is little need to maintain a cadre of highly trained legal professionals; on the other hand given the purpose and importance of the OHA decision, retention of attorneys in the process is of paramount importance. As noted by Administrative Law Judge Kathleen McGraw, Chair, Social Security Section of the Federal Bar Association in her testimony before the Subcommittee on Social Security and the Subcommittee on Human Resources on October 21, 1999, it has been SSA's inclination to de-legalize the hearings process. She stated, "It (ALJ decision) needs to be the product of legally trained employees." She further noted, "The work of the Office of Hearings and Appeals is judicial in nature. It requires the input of attorneys. While there is a legitimate place for paralegals in the process, the trend seems to be to supplant the attorneys with paralegals." Judge McGraw continued, "The title 'paralegal' has been given to a job that for the most part is held by employees who have been promoted from clerk-typist, to clerk, to legal assistant to paralegal. These employees have no legal training and are in no better position to analyze evidence and write legal decisions containing credibility assessments than the examiners in the State Agencies." NTEU fully concurs.

Another attempt to de-legalize the OHA procedure involves the use of Flexible Disability Units to draft ALJ decisions. Seven Flexible Disability Units have recently been established in Operations that are responsible for providing support as needed for the State Agencies, the SSA Field Offices, and the OHA Hearing Offices. The grade controlling activity of the employees assigned to these units is composing ALJ decisions. Operations controls the initial phase of the disability adjudication. Permitting it to be involved in the hearings portion of the proceedings gives at least the appearance of impropriety. These individuals, much like those SSA calls paralegals, do not have the legal training necessary to properly compose ALJ decisions. Experience has demonstrated that many decisions written under similar conditions require significant revision by Staff Attorneys or Administrative Law Judges in hearing offices resulting in a significant loss of productivity. Additionally, these writers will have no contact with the ALJs for whom they write and given the part time basis of their decision drafting duties, they are not likely to establish a rapport with the ALJ that significantly contributes to a good decisional product.

NTEU recommends that:

1. SSA reaffirms its commitment to the judicial process at OHA and the decisional independence of its adjudicators. SSA must recognize that maintaining the due process hearing procedures is essential to retaining the faith of the American public in the SSA disability adjudication system.
2. Attempts to de-legalize the OHA process must stop and it must be recognized that the maintenance of a credible disability adjudication system demands retention of highly qualified legal professionals—administrative law judges, attorneys and qualified and properly trained and certified paralegals.
3. SSA must remove the composing of ALJ decisions from the responsibilities of employees in the Flexible Disability Units.

A Short History Lesson on How Not to Improve the System

As the administrative procedures are appropriate for the initial determination, the judicial procedures with the emphasis on the due process hearing are appropriate at the hearings level. Recognition and acceptance of the fundamental differences between the administrative and judicial processes is essential to understanding and appreciating the value of the entire process. Unfortunately, there are many in SSA who do not appear to understand or appreciate the significance and importance of the judicial nature of the hearings portion of the process. SSA, through the efforts of the Disability Quality Branch, exercises considerable control over the decision making process at the State Agency level; a level of control not

present at the OHA level. Many in SSA see this lack of control over OHA decision making as a major weakness. They believe that if SSA could control the decision making of the ALJs, they could better control the workload at OHA leading to a more efficient processing of cases. It is the apparent goal of many in SSA to de-legalize the hearing process. This has led to a number of SSA conceived schemes to "improve OHA" by denigrating the legal and professional character of the OHA work product and work force. SSA took advantage of a crisis that its inaction created or at least exacerbated to levy its most serious attack on the due process hearing.

In the early 1990's SSA experienced a significant increase in disability receipts, for which SSA was not properly prepared and to which SSA did not timely respond, leading to a disastrous increase in the number of cases pending, the "dreaded disability backlog." While both the initial and appellate workloads increased dramatically, the administrative actions that permitted increased production at the initial level were entirely inappropriate to the due process hearings required at the Office of Hearings and Appeals. By the time SSA decided to respond, the situation was entirely out of control with the OHA backlog increasing by as many as 10,000 cases a month and with processing times at the OHA level reaching unconscionable levels.

SSA responded by hiring significant numbers of new Administrative Law Judges (ALJs) and support staff. Subsequently, additional ALJs were hired to adjudicate temporary workloads imposed by changes in the law involving Child's Supplemental Security Income (Disability) and Drug and Alcohol Abuse cases. However, the "learning curve" guaranteed that little additional ALJ production was realized for the next several years. Finally, by late 1993 SSA realized the magnitude of the disaster caused by its inaction, and began to investigate potential alterations in the process that would facilitate increased productivity. Unfortunately, the individuals charged with the task of dealing with the disability backlog used the opportunity to forward their philosophical agenda to de-legalize the Office of Hearings and Appeals. This investigation culminated in the formulation of the Disability Process Redesign (DPR).

The DPR was a massive and expensive program designed to fundamentally change the Social Security Disability adjudication process. It was an enterprise involving the expenditure of millions of dollars in its formulation and execution. A significant bureaucracy was established to administer the program, often drawing some of SSA's most talented employees from their usual roles thereby imposing considerable hardship upon the component from which they came. Unfortunately, the DPR was fundamentally flawed from the outset. The basic underlying premise of DPR was that claimants would not avail themselves of the entire appeals process because those not found to be disabled at the initial stage, would be so impressed with the quality and timeliness of the process that they would recognize they were not disabled and accept the initial determination. This ignored the fact that most people applying for disability benefits really believe they are disabled and cannot work. They are not working; whether or not they receive benefits will be a major and perhaps the major determinate in their quality of life. They either need a job or these benefits to survive, and most believe that they cannot work. The SSA disability process is extremely user friendly; pursuing a claim through the Appeals Council level is by design a process that does not intimidate the average citizen. Consequently, they will pursue their claim.

Additionally, the scope of the project was so large and so poorly planned and executed that Cynthia M. Fagnoni, Director Education, Workforce, and Income Security Issues Health, Education, and Human Resources Division of the General Accounting Office testified before the Subcommittees on Social Security and Human Resources on October 21, 1999 that "The agency's first ambitious redesign plan in 1994 yielded little. When the agency scaled back its plan in 1997, progress was slow, in part because even the scaled-back plan proved to be too large to be kept on track." GAO was being overly kind, the Disability Process Redesign has been a magnificent and expensive failure. NTEU fears that the Hearings Process Improvement Initiative will meet a similar fate.

The Senior Attorney Program

In stark comparison to the massive and expensive Disability Process Redesign and the Hearings Process Improvement initiatives, stands the Senior Attorney Program. The Senior Attorney Program was the centerpiece of the Short Term Disability Program (STDTP). STDTP was conceived by a small inter-component workgroup in 1994, at the height of the disability backlog problem of OHA. It was designed to directly and in real time attack the backlog problem at OHA with a minimum expenditure of resources and with minimal organizational changes. The Senior Attorney Program as originally operated, involved approximately 475 of OHA's experienced Staff Attorneys who in addition to drafting ALJ decisions, would now review receipts be-

fore the receipts were assigned to an ALJ to determine whether the case could be paid on the record or whether an ALJ hearing was necessary to fully adjudicate the case. If the evidence indicated that the case was likely to result in a finding of disability, the Senior Attorney would complete development of the case, including securing additional medical evidence and appropriate medical and vocational expertise. If after such development the case was not likely to be favorably decided without a hearing, the case was forwarded to an ALJ for a hearing. However, if the record established that the claimant was in fact disabled, the Senior Attorney would draft and issue under his/her authority a fully favorable decision. The average processing time for Senior Attorney decisions was just over 100 days. This was at a time when processing time at the OHA hearing level was 386 days—more than 1 whole year.

As a result of the Senior Attorney Program, disabled claimants received their benefits nearly 9 months earlier than otherwise would have been the case.

From its inception until the Program was sharply curtailed in 1999, the Senior Attorney Program resulted in approximately 50,000 fully favorable decisions per year. The level of success is particularly significant in the face of the opposition and obstructionism of many Hearing Office Chief Administrative Law Judges who used their managerial authority to diminish the scope and effectiveness of the program in their Hearing Offices. None of these cases required the expenditure of time and effort of ALJs, permitting them to concentrate on those cases requiring a hearing. Approximately 250,000 Senior Attorney Decisions have been issued since its inception. During its pendency the OHA backlog has fallen from approximately 570,000 to as low as 310,000. The correlation is obvious. Additionally, it should be noted that during this time period there was also a significant increase in ALJ productivity.

There are a number of reasons that the Senior Attorney Program has been so successful at improving the level of service to the public. Some cases that come to OHA were improperly decided by the State Agency; many more were not fully developed. Senior Attorneys have been very successful in developing cases because oft-times it is the claimant's attorney representative who performs the actual development. These representatives quickly realized that when they were contacted by a Senior Attorney for additional evidence, there was a good likelihood that a favorable decision would be forthcoming. This likelihood of a favorable decision is a powerful incentive for that attorney to quickly secure and forward the necessary medical and other evidence. Of course the success of the Senior Attorney Program, like the success of the ALJ due process hearings, ultimately rests on the competence of the highly trained legal professionals who serve as adjudicators. These individuals are experienced OHA Staff Attorneys who have many years experience advising ALJs and composing ALJ decisions. They are attorneys well versed in the law, and they are experienced disability practitioners. Over the past 5 years they have proven by their performance that pre-ALJ decision making in the OHA hearing office significantly improves the quality of service provided to the public.

In every respect the Senior Attorney Program has been a resounding success. It materially improved the quality of service provided to the public, especially those individuals who are disabled and entitled to timely granting of their benefits. Despite its success, the Senior Attorney as an independent adjudicator is being eliminated as part of the HPI Plan. The Senior Attorney Program has always been controversial. It has been bitterly opposed by a variety of factions within SSA. Some of the opposition has been driven by the "turf wars" that are endemic in SSA; some by the previously discussed antipathy for legal practitioners and the legal process. Service to the public has been of little concern; but that is often the case in SSA when the disability process is at issue. The tragedy is that the Senior Attorney Program is ideally suited for incorporation into the HPI Process.

Indeed, under HPI a new permanent position called the Senior Attorney Advisor has been created whose prime responsibility is to review cases for possible on the record decisions. However, unlike the current program, HPI requires that the case be forwarded to an ALJ who will determine if an on-the-record decision is justified; the case would then be returned to the Senior Attorney for drafting; then returned to the ALJ for review and hopefully signing. This involves many more hand-offs and requires that an ALJ spend considerable time reviewing a case (duplicating the effort of the Senior Attorney) that in all likelihood will result in a favorable decision. This reduces the number of other cases an ALJ can adjudicate. This is not an administratively efficient process, but worse, it significantly degrades the level of service provided to the public. Retaining the decisional authority of the Senior Attorney would provide the HPI process with a tested mechanism for efficiently dealing with claimants who are entitled to disability benefits at virtually no additional cost.

NTEU recommends that:

All experienced OHA Attorney Advisors should be Senior Attorneys and given the authority to issue fully favorable decisions in those cases in which the documentary evidence demonstrates that the claimant is disabled.

Hearings Process Improvement Plan

NTEU is profoundly skeptical that the Hearings Process Improvement Plan will materially improve disability adjudication at the hearings level. The failure to retain the decisional authority of Senior Attorneys dooms HPI to failure. Additionally, the creation of non-attorney supervisors to supervise the work of attorneys raises operational and ethical problems. The Canons of Ethics applicable to nearly all licensed attorneys place severe constraints on the supervision of an attorney's work product and evaluation of that product. Operationally, the creation of non-attorney supervisors has resulted in supervisory personnel who have no experience in decision drafting supervising many individuals with years of experience in drafting. It simply does not make sense.

This plan, much like the Disability Process Redesign, is primarily the product of SSA rather than a product of OHA. While widely touted as an OHA plan, most of the individuals charged with its creation did not work at OHA. Many of the fundamental misconceptions about the hearings process that doomed DPR are retained in HPI. That is not a comforting thought. HPI like DPR has been administered from Baltimore rather than Falls Church where OHA is located. While this made sense for DPR that dealt with the entire disability process, it makes little sense for HPI which deals specifically with OHA's hearing offices. More disturbing, despite the already proven inability of Baltimore to manage hearings level adjudication, OHA's national management appears to have a significantly diminished role in creating and implementing HPI. The individuals in OHA chiefly responsible for implementing HPI are its Regional Chief Administrative Law Judges and an ad hoc organization known as the Process Action Team. While NTEU recognizes the knowledge, level of commitment, and dedication of the Regional Chief Administrative Law Judges, it questions whether their traditional responsibilities and lack of adequate staff (the very capable regional office staff personnel cannot have much time from their usual duties to support HPI activities) permit the level of concentration and attention to detail necessary to coordinate and administer such an ambitious project.

Additionally, NTEU questions whether such an arrangement can result in the level of uniformity between the Regions that is advisable and necessary in administering a national program. Much is being made of the HPI promise to implement a "National Workflow Model" standardizing hearing office procedures and taking advantage of previously identified best practices. Removing central office direction from implementation and management of HPI seems an odd way to achieve national uniformity. However, the practice of permitting numerous "local options" has already allowed each Hearing Office Chief Administrative Law Judge (HOCALJ) to craft a process inexplicably different from the model. In some offices the HOCALJs have simply told their staff that only position titles have (or will) change; the hearing office will operate as it has before. There is no measure of uniformity of process.

One of the persistent complaints about the current Hearing Office process is the lack of accountability by one individual for the processing of a case. HPI touts the concept of team accountability as the panacea for that problem. There are no teams, only groups. Team accountability without teams (and perhaps with teams) means no one individual is accountable. This lack of accountability by individuals for the work product will eventually result in a further degradation of service.

It should also be recognized that HPI has had little success in convincing hearing office staff, ALJs, and any of the stakeholders that it can succeed. This lack of commitment, combined with the lack of confidence and poor morale caused by the fear and uncertainty about the future is not conducive to bold advances in productivity.

HPI is not likely to be the unmitigated disaster that was DPR, but that is not a very high standard. Nonetheless, HPI does hold some promise for a more efficient process within the confines of the due process hearing model. To realize this promise SSA must:

1. Reinstate the original Senior Attorney Program with decisional authority vested in the nearly 500 experienced OHA Staff Attorneys. (Without the additional 50,000–75,000 decisions a year, OHA, even with HPI, will suffer a serious degradation in the quality of service it provides).
2. Retain the Supervisory Attorney Advisor whose primary duty is the supervision of all the subordinate attorneys in the Hearing Office.
3. Cease and desist its attempts to de-legalize OHA.

4. Recognize that the ALJ decision is a legal work product requiring the skills of qualified legal professionals such as administrative law judges, attorneys and paralegals with proper legal training.
5. Eliminate decision drafting responsibility in the Flexible Disability Units.
6. Re-establish OHA Central Office in operational control of HPI and hearing office operations.
7. Ensure the existence of a viable "National Workflow Model" that takes advantage of the talents and abilities of hearing office staff.

Chairman SHAW. Thank you.
Mr. Korn?

STATEMENT OF STEVE KORN, PRESIDENT, NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC., VALLEJO, CALIFORNIA

Mr. KORN. Chairman Shaw and members of the subcommittee, my name is Steve Korn and I am here as President of the National Association of Social Security Management Associations. I thank you very much for giving me the opportunity to come before you today to talk about SSA's readiness to meet current and future service delivery challenges from the perspective of the front-line managers and supervisors who are directly responsible for delivering service to the American public.

The Social Security program has always had a special relationship with the American people. Perhaps no other Federal program has been more successful at achieving its vision, that of ensuring Americans a reliable and compassionate place to turn for help when facing major life challenges such as retirement, disability, or the death of a loved one. I have been proud of this agency in my 24 years of service, not only because of the importance of the programs we administer, but also because of the caring and professional manner in which we deliver our services. I firmly believe that this commitment to service is greatly responsible for the overwhelming support enjoyed by the Social Security program in this country.

Last month, this committee heard from Stanford Ross, Chairman of the Social Security Advisory Board, about their recent report on how the Social Security Administration can improve its services to the public. Recently, a field office manager with over 39 years of experience called me simply to say that he believed that this report was the most accurate, honest, and inspiring analysis of the Social Security Administration he has seen in his entire career. And I have to tell you that the vast majority of managers and supervisors that I represent share that viewpoint.

The Advisory Board made an array of recommendations on how Social Security could improve its services, from development of a service delivery plan, to improvements in the agency's service delivery practices, to addressing longstanding institutional problems. Yet, despite the best efforts of our executive leadership, many of the most pressing problems simply cannot be addressed within the current resource constraints facing the agency.

Most of the problems identified by the Advisory Board did not appear overnight. Commissioner Apfel earlier testified that the agency staff has been cut 22 percent since 1985. This hit was par-

ticularly hard on our field offices, and, in fact, whereas in the early 1980s only 16 percent of our field offices had 15 or fewer employees, today 40 percent have 15 or fewer employees.

A look at one of our field offices in the Dallas area illustrates the difficulties we face. Despite an increasing workload, the staff of this office declined nearly 50 percent since 1982. The influx of immigrants in the area requires that the staff speak at least seven languages. So many people come to their office each day that on a recent morning, an early-morning visitor thought there was a fire drill in progress because of the size of the crowd that had gathered outside.

Constraints on agency staffing levels, coupled with severe reductions in field office supervisory staff since 1993, are leading to severe pressures to close field offices. In my area of the country, many managers have opted to close an office simply because the size of the staff has declined to the point where it is too difficult to manage.

Unfortunately, pressures on the agency to maintain service levels will only get worse in the future. First, the aging of the baby boom generation will cause SSA workloads to explode. The number of Social Security beneficiaries is expected to grow 55 percent between now and 2020, and disability beneficiaries alone will grow by 47 percent just in the next 10 years.

Second, SSA is facing an unprecedented wave of retirements from its experienced workforce during the same 10-year period. Because of the complexity of our programs, it generally takes new front-line employees 3 years to learn their jobs. Experienced employees are needed to teach these new employees the job and to maintain productivity while they are learning.

I am very pleased that Commissioner Apfel has recognized these trends. He has submitted his own independent budget request for \$222 million more than is contained in the President's fiscal year 2001 budget request, and this additional money will allow SSA to begin to add the staff necessary to deal with the retirement wave as well as the increasing demand for our services by the aging baby boomers.

Finally, both Commissioner Apfel and the Advisory Board have gone on record as supporting the need to remove SSA's administrative budget from discretionary spending caps. We believe this is essential to our ability to adequately serve the baby boom generation in the future. This was aptly demonstrated in the fiscal year 2000 appropriation process that saw Social Security take a \$130 million cut from the bare-bones present budget simply due to spending cap constraints. Among other things, this has forced SSA to reduce the level of service to those calling our 800 number.

I strongly urge that this committee express support to the Appropriations Committee for the Commissioner's budget, as well as support for the removal of the agency's administrative budget from spending caps.

Mr. Chairman and members of the subcommittee, thank you again for this opportunity to appear before you and I would be happy to answer any of your questions.

[The prepared statement follows:]

Statement of Steve Korn, President, National Council of Social Security Management Associations, Inc., Vallejo, California

Chairman Shaw and Members of the Subcommittee, my name is Steve Korn and I am here today representing the National Council of Social Security Management Associations (NCSSMA). I am also the manager of the Social Security office in Vallejo, California, and have worked for the Social Security Administration for 24 years. On behalf of our membership, I am very honored that the NCSSMA was selected to testify at this hearing on the SSA's readiness for the impending wave of Baby Boomer beneficiaries.

As you know, Mr. Chairman, the NCSSMA is a membership organization of 3000 Social Security Administration managers and supervisors who work in SSA's 1400 field offices and teleservice centers throughout the nation. It is most often our members who your staffs work with when problems and issues arise with Social Security recipients in your Congressional Districts. Since our organization was founded thirty years ago, the NCSSMA has been a strong advocate of locally delivered services nationwide to meet the variety of needs of beneficiaries, claimants, and the general public. We, like you, consider our top priority to be a strong and stable Social Security Administration, which delivers quality services to our clients and your constituents.

The Social Security managers take great pride in their work. We were pleased to learn recently that, once again, the SSA was one of only two government agencies to receive an overall agency grade of "A" from the Government Performance Project which is administered by Syracuse University. But as proud as we are of our record, I must acknowledge, Mr. Chairman that each year becomes increasingly challenging to maintain this tradition of excellence.

The managers and supervisors of the SSA field offices and teleservice centers are grateful that this Subcommittee—as demonstrated by this hearing—recognizes the seriousness of the impact that the retirement of the Baby Boom generation will have on the operations of the agency. While there are many facets of the SSA's services that I could discuss today that will be affected by the impending wave of beneficiaries, they all point back to one specific concern, which is the need not only for additional staff resources, but staff who will have the appropriate experience to effectively deliver the services of the SSA.

Last fall, the Social Security Advisory Board issued a report on "How the Social Security Administration Can Improve Its Service to the Public." The Board found that staff resources in offices all over the country have declined to the point where their ability to provide quality service to the community is threatened. The managers and supervisors who I represent have characterized this Report as the most accurate, honest, and inspiring analysis of the Social Security Administration that they have witnessed in their entire careers with the SSA. After feeling that there was not a comprehensive understanding of the administrative needs and concerns of those on the front lines of the SSA, we now have a thorough, objective review of those needs and concerns by a Congressionally-mandated bi-partisan entity.

The Advisory Board report made several recommendations that I would like to highlight for the Subcommittee. First, that the SSA urgently needs to develop a service delivery plan that describes how it will deliver service over the short term and the long term; second, that the SSA should work to ensure that it will have the human resources it needs to carry out its plan; third, that major improvements need to be made in a number of the agency's service delivery practices and strategy; and fourth, that the agency address longstanding institutional problems. We agree with the Report's findings and applaud its recommendations.

I would wager that if Members of this Subcommittee called a Social Security office in their District -and I would urge each of you to do so—you would find their responses reflected in the Advisory Board's Report. The concerns focus on the resources of the SSA, or lack thereof, to serve the increasing numbers of the public in need of assistance. The field offices not only serve those seeking retirement benefits, but also those receiving Medicare; Disability; Survivors; SSI for the blind, aged and disabled; and information and referral activities to other state, federal and local benefit programs. In addition, our field offices will soon serve new clients as a result of the "Ticket to Work Act" who will require even more coordinated and hands-on services not only in the offices, but in coordination with other community-based vocational rehabilitation providers. To put the situation into context, this growth in responsibility has been occurring at the same time that staff and management in the field offices has declined by more than 30 percent.

What does this decline in resources mean in real life situations? I would like to provide you with a few illustrations of what our members face when they go to their offices each day. The Waukegan, Illinois office, which is a growing service area with

increasing new claims receipts office had a staff of 45 twenty years ago and today it has 31. The situation has become so extreme that the office has to ship work to other locations for completion. About six years ago, Waukegan began to lose experienced staff to retirement, which is a precursor of what most offices will begin to experience in the next several years. Since that time Waukegan has trained and/or hired 13 individuals to fill these positions, ten of whom have already left the office. In the past, career employees dominated the SSA; today early and mid-career changes are commonplace. At least a dozen of the Waukegan trainees have already left due to job pressures, better jobs, better pay, and different career choices. And the issue is much more complex than a simple replacement, as it takes at least three years for a new employee to become fully trained.

In one of our field offices in the Dallas area there has been nearly a 50% staff reduction since 1982 even though the workload has increased significantly. The influx of immigrants in the area now requires that the staff speak at least seven languages and last year the office processed over 83,000 Social Security card applications. The staff regularly visits refugee centers and homeless shelters due to transportation problems in the area and because their waiting room cannot accommodate the number of people they must serve on a daily basis. Last fall when a visitor arrived at the office early in the morning he thought there was a fire drill in process because of the crowd that had gathered outside.

In Wausau, Wisconsin, one third of the staff will retire in the next five years and two-thirds will retire in the next ten years. The Field Representative in that particular office has an extraordinary outreach program to serve rural and isolated communities; he conducts retirement seminars at area companies and appears regularly on local radio and television stations to discuss Social Security programs. The Field Representatives play a vital role in their communities but they have become an endangered species – 15 years ago nearly every one of the 1300 field offices had at least one of these representatives; today only 25% of our offices have Field Representatives. When my colleague in Wausau retires within the next several years the SSA will likely lose a vital community connection forever.

The Advisory Board Report also indicated that:

- Phone calls to field offices are often unanswered since there is not enough staff to serve the visiting public and also answer the phones;
- Post-eligibility benefit delays of 90 days or more have become commonplace as staff in the program service centers are diverted to answer calls to the SSA 800 number;
- Failure to fully document information needed to make more accurate disability determinations has become commonplace;
- Front-line employees cannot take the time to ensure that customers understand eligibility rules, their rights and responsibilities;
- Customers, especially in urban areas, must wait up to four hours to see a SSA official;
- Inadequate oversight of representative payees, such as people appointed to receive benefits for those not capable of managing their own.

This situation did not occur overnight nor do we associate it with any particular administration, but it has been a continual challenge to maintain quality delivery services with a shrinking workforce. To exacerbate the situation, in 1993 the SSA, acting on a government-wide recommendation from the National Performance Review, set a goal of one manager for every fifteen staff by 1999. Although this goal was, perhaps, well-intentioned as a means to a less bureaucratic and more efficient workplace, its result for the field offices has had the opposite effect and speaks to the old adage that “if it ain’t broke, don’t fix it.”

- In 1982 only about 16% of field offices had 15 or fewer employees compared to 40% today. About 15% of SSA’s 1300 field offices have ten or fewer employees while less than 3% were this small in 1982

- Because SSA field offices have never been integrated into SSA’s 800 system, growing telephone workloads are handled by assigning fewer staff to field offices

As America ages, Social Security workloads continue to grow. Soon there will be large increases in disability and retirement claims, which will occur at about the same time as the most experienced SSA employees will, themselves, reach retirement. We hear a great deal about the Social Security Trust Fund, but the unspoken crisis in the national debate is whether the SSA will be up to the task of meeting future public services needs.

The downsizing and increased workload of the past 18 years have had a chilling effect on our ability to deliver services, but they will pale by comparison to the “train wreck” we see coming in the next ten years. A number of variables will contribute to this problem:

- First, SSA has an aging workforce, whose average age is almost 50. This situation is also a result of downsizing and restrictions on hiring in the 1980's and 1990's. Over the next decade they will begin to retire and must be replaced with less experienced employees. We anticipate annual losses of six to seven percent of experienced managers between 2004 and 2008, and five percent of experienced claims representatives between 2006 and 2010. Focus groups with experienced employees indicate that job stress and work overload make it unlikely they would stay after they become eligible for retirement

- Second, between now and 2020, while the general population is expected to grow by about 16 percent, the number of Social Security beneficiaries is expected to grow by 55 percent

- Third, even before the oldest of the baby boomers reach 65 in about 2011, the number of disability beneficiaries is expected to grow by 47%

- Fourth, the SSI program, which is even more complex and labor-intensive than Social Security, grew by 43% over the past ten years and is expected to climb

This Subcommittee has very accurately identified what may be the "sleeper" issue of the national debate about Social Security—how the Baby Boomers will affect service delivery of the SSA. As I mentioned earlier, the key to the equation is adequate staff resources, which translates into adequate funding to support those staff needs. We at the SSA are fortunate that the law allows the Commissioner of the Social Security Administration to submit a budget request independent of the President's. For Fiscal Year 2001 the Commissioner recommended \$7,356,000,000, which is \$222 million more than the President's request and \$784 million more than what was enacted in Fiscal Year 2000. While we are not aware of every detail of the Commissioner's request, we wholeheartedly endorse additional funding that would address the need for the SSA to increase staff resources in preparation for the wave of disabilities and retirements expected over the next ten years.

To keep this funding in perspective, the administrative expenses to manage and administer the programs under Social Security—the Limitation on Administrative Expenses—represents only 2% of the overall Social Security Administration budget.

One of the recommendations of the Social Security Advisory Board, which we strongly endorse, is to remove the LAE from the budget caps. As you are aware, the Social Security program, from which the LAE is funded, is a self-financed trust fund that is already off budget. While we understand that removing the LAE from the caps does not guarantee additional funds for staff in the field offices, it would at least provide Congress the flexibility to do so, rather than being held captive to predetermined budget constraints.

One of the ways, particularly in the short term, the SSA can address its staff resource issues and at the same time continue to ensure an excellent work product is through the use of technology. In the last five years all SSA field offices have received new computers to help process work. Many tasks that previously required human intervention have now been automated which has helped increase quality and improve productivity. However, technology is in a constant state of change and the SSA struggles to keep current with its infrastructure. For example, when I was the manager of the Fairfield, California field office in 1993, we were one of the first offices to receive the new IWS-LAN workstations. Seven years later in 2000, some field offices have yet to receive this equipment. The Commissioner's budget requests \$40 million for a capital investment fund, which is a mechanism that private industry successfully employs to stay current technologically. We strongly support the Commissioner's recommendation.

We are appealing to the Appropriations Committee to consider the Commissioner's budget request as the baseline for its Fiscal Year 2001 appropriation for SSA's administrative expenses. We are requesting that this Subcommittee also express support to the Appropriations Committee for the Commissioner's budget as well as support for the removal of the agency's administrative budget from the budget caps.

Mr. Chairman, to a great extent, the managers and field offices of the SSA are the face of government to millions of Americans. Of all Federal employees, we are the ones who most often interact directly with the public. We take this responsibility very seriously. We do our best to reach out to our communities and to provide them with the information and guidance they expect of their government. But, in order to do our jobs in the professional manner that the public has rightfully come to expect, we need to ensure that we have the necessary staff resources in the SSA field offices. We look to your Subcommittee to help us meet that objective.

Again, Mr. Chairman, I thank you for this opportunity to appear before this Subcommittee. I would welcome any questions that you and your colleagues may have.

Chairman SHAW. Thank you.

Mr. Matsui?

Mr. MATSUI. Thank you, Mr. Chairman. Mr. Chairman, I want to thank you very much for calling these hearings, the one a few weeks ago and this one today. I think it is very timely, and obviously one that we have to really begin to focus on, given the baby boom population retirement and the aging problem within the Social Security Administration. So I just want to commend you for putting together these hearings.

I don't have any questions to ask any of the six panelists, but I would like to just make a couple of observations. GAO at the last hearing indicated that if the workforce level does not change, the Social Security Administration would have to have a 27-percent increase in productivity by the year 2010 in order to accommodate the additional workload. Obviously, that is probably not doable under any circumstances, and certainly we have our challenge ahead of us, given the tight constraints in terms of the budget cap issue as well.

And, secondly, I just want to point out if one looks from fiscal year 1993 to 1999, I think Mr. Apfel indicated that there was a 2-percent reduction in overall staffing in those years, in the Social Security Administration. Unfortunately—I don't want to use the word "misleading" because Mr. Apfel did not intend to mislead anybody, but the figures are somewhat distorted when one looks at it that way because from 1985 to 1993, there was a 16-percent staffing reduction. And if one goes from 1985 to 1999, there is a 17-percent drop.

It basically tells me that after 1993, there was a significant reduction in the Social Security Administration, and that was probably the baseline and any other cut since then has really affected the ability of the agency to perform its responsibilities. Somehow, we have to come to grips with that if, in fact, we want to deal with disability problems, and obviously the day-to-day functions of the agency as well.

And so I have no questions. It is an issue that undoubtedly we are going to be all working closely together on over the next few years, and certainly I look forward to working with the chairman on this as well.

Chairman SHAW. Thank you, Bob, and I would like to just make a point here. When I came to Congress almost 20 years ago, I was back in my old law office one day and there was a legal problem that I wanted to look up. And I went to the library and pulled down a couple of books and I noticed that the advance sheets had not been updated for years and years. And I asked one of my old partners, I said what kind of a law office are you running? He says, oh, we don't even use these books anymore. He says, we are all on-line now.

Twenty years ago the faxes were just beginning to come out, and there have been tremendous advances made in technology. But having said that, I don't have the ability to sit here and figure out or make any definitive statement as to how much of the workload

has been taken over by technology. I am sure there is some difference of opinions out there.

But the 17 percent that Mr. Matsui talks about, is the increase of productivity because of the advances in technology taking up the slack? I don't know the answer to that, but I think that you as witnesses have certainly put up some caution flags that we should be very concerned about.

One of the areas that is constantly on my mind and I am very troubled by is the tremendous delay in SSI claims. In order to be eligible for SSI, you have to be disabled and you have to be poor, and for people to have to wait almost a year, or 200 days, I believe, as the Commissioner said, to me, is painful and it is something that these people shouldn't have. Obviously, we want proper screening to take place, but those that are truly disabled and truly needy, we want to be sure they get in the system as quick as they possibly can.

Ms. AUGUSTUS, you spoke on this area first, talking about the backlog and what not. Is the question of the backlog the big problem or is the question as to the process by which people are brought through the system the problem? In answering the question, I would say suppose there is no backlog, suppose the first customer is coming in the door today. What is a reasonable time for somebody to get through the system?

Ms. AUGUSTUS. Mr. Chairman, are you speaking of an initial disability claim?

Chairman SHAW. Yes, I am just strictly on disability.

Ms. AUGUSTUS. I think a reasonable amount of time would be 6 weeks, but that certainly doesn't happen. And I think you pointed out that with an SSI claim, in addition to the disability claim, they have to do the income and asset investigation which takes a long time. And as I said, too, a lot of the SSA employees can't translate those complex rules into plain language for the beneficiary, and so there is a lot of miscommunication about how do they figure out what is a resource, how do they calculate what is earned and unearned income. So, that takes up a lot of time on both the part of the SSA staff and the understanding of the potential beneficiary. It just adds to the processing time.

Chairman SHAW. Well, is the backlog the problem?

Ms. AUGUSTUS. The backlog is a huge problem.

Chairman SHAW. Is it the problem?

Ms. AUGUSTUS. I think it is not the problem. I think you have issues on the front end and then you have issues on the back end. So when you finally get somebody onto the rolls, you have another whole set of post-entitlement issues, and that is making sure somebody maintains their financial eligibility for the SSI program, as well as all the over-payments and under-payments that happen as a result of people going back to work or having other types of income. So there are backlogs on both ends and it is a huge problem.

Chairman SHAW. Mr. Skwierczynski, you talked about the problems that you saw of people being face-to-face rather than having online applications, and your testimony talks about the online applications. That also tells us that there may be some flexibility in working conditions, such as some of the employees working at home. Do you see this in the future, or how do you see as far as

the necessity to have the employees in the workplace rather than working out of their homes, as so many offices are beginning to branch out in that area?

Mr. SKWIERCZYNSKI. One of the biggest issues with our workforce when they come to the union and we ask them, you know, what kind of improvements would you like in your working conditions, is work at home. Our workforce is demanding work at home and wants it a lot, and I think as technology increases work at homes becomes more feasible.

We just went through some lengthy contract negotiations in 1999, and unfortunately the Administration's position at the table was very much against work at home to any large degree. So we have to get through that problem of changing the mind set of management with regard to the issue of work at home.

I think, you know, there is a variety of things that can be done to streamline the process. The union certainly isn't against claims on the Internet. However, there are issues about the use of the Internet that need to be addressed. There are issues of privacy and there are also issues of once someone does file an application on the Internet, what happens with that work.

The retirement claims are very complex and there are a number of issues that may arise in the course of a claim. The proposals that the agency has discussed with us about doing work on the Internet would indicate that they expect a large percentage of these claims to have a human interaction because in the course of going through the screens, if questions arise the complexity of the issues becomes such that it is thought that you will need human interaction. And our concern is where is that human interaction going to be.

Every survey and every focus group the agency has ever done indicates that the clients prefer a community-based worker to deal with them than somebody in some centralized place thousands of miles away, and that is truly a concern of ours. When claims are done on the Internet, I think we ought to ask the public, would they prefer someone in their community dealing with issues that arise on that application or would they prefer someone in a centralized site thousands of miles away who really cannot deal with other community-based services that they may desire or need. That is some of the concerns we have.

The deputy commissioner, Mr. Mesterharm, of the systems within SSA has indicated that some of these cases would require 90 screens. We think that, you know, there needs to be a lot more thought put into doing applications on the Internet which would require a client to go through 90 screens. I don't think a lot of people are going to want or desire to do that.

And so, you know, those are just a few of the concerns I have. I think, you know, our workers believe that some of the work can be done at home. Obviously, you can't have people come to your house for an interview. You would have to have a telephone operation or maybe an Internet operation, but we think that work at home is certainly feasible and we would hope that the agency would change their attitude about that.

Chairman SHAW. Ms. Spurgeon, it is worth noting that the Disability Determination Service work is within not only the Federal

budget constraints, but also State budget constraint. Would you describe to us some of the budget constraints that you deal with at home? I assume that would be in Louisiana.

Ms. SPURGEON. Dealing with the hiring issues, once the State puts a freeze on hiring, we are restricted whether we have been released to do that or not, And the fights that we have to go through to obtain an exemption. We are restricted on the hiring pool that we can hire from, transfers, layoffs, and different things that go on within the interagency actions in my State.

Chairman SHAW. Okay. Well, I want to thank this panel for being with us this morning, now this afternoon, and sticking with us through the good part of the day. I think it has been very helpful for this committee in order to fulfill our oversight responsibility.

[The responses of Mr. Skwierczynski, Mr. Korn, Ms. Augustus, and Mr. Hill, to questions submitted by Chairman Shaw, follow:]

NATIONAL COUNCIL OF
SSA FIELD OPERATIONS LOCALS
April 25, 2000

The Honorable E. Clay Shaw, Jr.
United States House of Representatives
2408 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Shaw:

Subject: SSA Internet Claims-Your letter of April 12, 2000

This is in response to your letter of April 12, 2000 which requests further information regarding my assertion that security of SSA's Internet claims initiative is inadequate.

My concerns about the security of the online application process are partially satisfied by the agency's decision to use encryption technology during the transmission of personal data collected in the online application form. Data transmitted from the claimant to Social Security will be received into and temporarily stored in a separate database. Only later will it be merged with the Social Security claims processing system. This will be done only under the supervision of Social Security employees.

The issue of authentication remains a matter of concern. Authentication was a fatal flaw in the initial deployment of online PEBES. It does not appear that Social Security has learned the lessons of the 1997 PEBES experience.

On June 10, 1997, Mary J. Culnan, Ph.D., Commissioner, President's Commission on Critical Infrastructure Protection, provided testimony to SSA in a hearing in Atlanta, Georgia, which drew the following conclusions about PEBES and authentication issues:

- SSA can not insure the person requesting PEBES online is the record subject
- Authentication data is known to others or available commercially
- There are no other facts known solely to SSA and the record subject that could be used to ensure unauthorized access could not occur. The costs of assigning passwords exceed the benefits.
- A casual surfer is unlikely to be able to gain unauthorized access; however, the same is not true for a determined individual.
- The only bulletproof method of authentication is a digital identity. However, there is currently no infrastructure in place for issuing digital identities to the general public and for managing their use, nor is it likely such a system will be implemented in the short term.

Dr. Culnan cautioned that if PEBES were to again be offered online the Agency should take the following action:

- Set a low threshold for the number of failed authentication attempts before blocking a record.
- A critical issue for SSA is less about privacy and more about public confidence. SSA must insure that the public has confidence in the privacy of their interaction with SSA. If the public does not have confidence they can do business electronically with SSA, these perceptions are likely to further decrease public confidence in the

Federal government overall, and to poison the water for other federal agencies who plan to offer electronic services to the public.

- Appoint a privacy advisory board and make privacy part of the business case for all new electronic commerce applications involving personal information.

The same methods for authentication used for online PEBES are to be used for the online application process. Neither “password/personal identification number” nor “public key infrastructure (PKI)” authentication technology will be used.

To answer your two questions: The evidence of inadequate safeguards is contained in the body of evidence developed in 1997 as part of the discussion surrounding the first PEBES experiment.

The point I am making is that valid concerns about security and authentication raised in 1997 have not been resolved and Social Security is about to repeat the same mistakes. It appears that despite the serious concerns raised in 1997 about security and authentication of public Internet transmissions, this issue will not be resolved unless Congress intervenes. SSA is about to repeat the same mistakes that resulted in widespread public criticism of the online PEBES debacle.

Respectfully,

WITOLD SKWIERCZYNSKI
President

Statement by Mary J. Culnan, Ph.D.

Commissioner, President's Commission on Critical Infrastructure Protection^[1]

Testimony to the Social Security Administration

Atlanta, Georgia
June 10, 1997

Privacy and Internet Access to Personal Earnings and Benefits Information (PEBES)

Introduction

The Social Security Administration had good intentions when it made Personal Earnings and Benefit Estimate Statements (PEBES) available on the Worldwide Web. Internet access to Social Security benefits information without a phone call or visiting a Social Security office means taxpayers enjoy better service provided at a dramatically reduced cost. Social Security also did the right thing first by taking the database down when privacy concerns were raised by the media and the public, and now by holding these public meetings to solicit input from the system's stakeholders before reaching a final decision about making the PEBES database accessible on the Internet once again.

In my opinion, making the current PEBES available on the Internet raises legitimate privacy concerns that may be difficult for the Social Security Administration to address in a cost-effective way absent a reliable method for authenticating the identity of the person requesting their records online. The Social Security Administration can address some of these concerns by modifying the format of the PEBES that is displayed online and reducing the number of unsuccessful attempts at authentication before a user is blocked from receiving a PEBES online. In the end, however, the central issue that the Social Security Administration must address is less about privacy and more about assuring public confidence in the ability of SSA and the federal government to deliver electronic services to the public securely and reliably.

Information Privacy and PEBES

Information privacy exists when people are able to control the disclosure and subsequent use of their personal information. Personal information is any information that can be associated with an identifiable individual. There are two ways that an individual's privacy can be violated. The first occurs when someone gains unauthorized access to another individual's personal information as a result of a security breach or inadequate internal controls. The second occurs when personal information is collected for one purpose and used for a different purpose without the individual's knowledge or consent. The privacy concerns raised by electronic access to PEBES relate to unauthorized access: the perception that a stranger or other unauthorized individual could access our information and that this could lead to identity fraud or other undesirable outcomes. Before reaching a final decision, it is important that Social Security

unpack the specific concerns raised by potential unauthorized access to determine if the public concerns are legitimate and if so, how they should be addressed. There are two such issues: (1) the nature of the information contained in the record and the incentives it creates for fraudulent access to PEBES, and (2) the ability of the Social Security Administration to ensure that unauthorized access to PEBES does not occur.

Nature of the Information

The fact that the PEBES contains the same personal information the requestor disclosed to authenticate their request does not raise privacy concerns. In my opinion, potentially serious privacy concerns are raised by the salary history information contained in the report. Americans typically consider medical and financial information to be highly sensitive. For example, a 1994 Louis Harris survey conducted for Privacy and American Business found that 89% of the respondents felt that it would be "extremely serious" if their bank account information were disclosed without authorization. Unauthorized disclosure of Social Security numbers was rated as "very serious" by 85% of the respondents compared with 36% who felt it would be very serious if their religious affiliation (or non-affiliation) were disclosed without authorization. For the majority of the public who earn less than the cutoff for FICA withholding, the PEBES provides a year-by-year summary of their earnings history.^[4] For more affluent individuals, the report only reports the withholding cutoff point. However, beginning in 1994, the earnings ceiling was lifted on Medicare withholding, meaning from this point forward, the PEBES will report annual salary for everyone.^[5] I personally would not be comfortable having the salary history information in my own statement accessible to anyone who did not have a need to know the information and I suspect others would feel the same way.

Preventing Unauthorized Access

The main vulnerability of Internet access to PEBES results from the fact that there is currently no way for the Social Security Administration to ensure that the individual who requests their PEBES report online is in fact the individual who is entitled to receive the information. While the identifying information required to issue the PEBES makes it unlikely that the casual web surfer could obtain another person's PEBES, it would still be possible for someone determined to acquire another person's record to assemble the necessary facts from one of many commercial information brokers without much difficulty. There exists no system for authenticating that the requester is the record subject rather than someone else who has managed to gather the data currently required to authenticate the requester. The most secure way to authenticate requests over the web would be through the use of a digital identity.^[6] However, there is currently no infrastructure in place for issuing digital identities to the general public and for managing their use, nor is it likely such a system will be implemented in the short term.

Passwords can also serve as a means of limiting unauthorized access to PEBES records, but issuing these electronically or by phone without a picture ID or other firm proof of identity runs the same risks as providing the PEBES itself as the same information would be requested to issue the password as to issue the report. Further, if an unauthorized person were the first to be issued such a password, they could prevent the legitimate requester from accessing their own record. The costs of SSA implementing a program for widespread controlled password distribution would appear on the surface to exceed the benefits.

The Social Security Administration reports that it has implemented appropriate security procedures to prevent hackers from breaking into the database and there is no reason to dispute this claim. However, the Internet is inherently insecure and Social Security needs to be vigilant in monitoring use of its web site if it does reinstate PEBES online in order to identify any suspicious activity and to assure that the PEBES database is protected from potential attacks. The fact that 24,000 of 71,000 or approximately one-third of the requests for on-line PEBES data failed the security screening suggests that the database is an attractive target.¹²

A Privacy-Friendly Solution

There is no evidence that digital identities for the public to use in conducting business with the Federal government will be implemented on a widespread basis in the near term and that the authentication problem will remain persist. One obvious solution is for Social Security to continue to allow people to their PEBES online with the report sent through the mail, but not make to make the PEBES itself available online. A better solution which more effectively balances the risks of unauthorized disclosure with the benefits of reduced costs and enhanced service to the public would be to change the report format and to make a summarized version of the report available online instead of the full report currently provided. Prior to this hearing, I requested my PEBES to see what my total benefits would be when I retired. I suspect this is the same information that the majority of people are seeking unless a member of the public has a reason to believe there is an error in their records. This summarized information about expected benefits could be provided without displaying the salary history contained in the section "Your Social Security Earnings" which contains the sensitive personal financial information. The section "Your Estimated Social Security Benefits" and the "Facts You Gave Us" section containing the individual's name and the assumptions used to drive these estimates could continue to be displayed. Given the practical obstacles to implementing additional safeguards for authenticating requests in the near term, I believe this proposal represents a solution that effectively balances many of the competing interests of convenience and privacy.

Conclusion: The Threats to Public Confidence

Public confidence is created when people's experiences match their expectations for service quality. It reflects a perception that institutions or third parties can be trusted to act in the best interests of the people they represent. As public trust is socially constructed, perceptions are more important than reality. Consider the example of P-TRAK:

P-TRAK is a Lexis-Nexis database used by attorneys and others to locate individuals. The records in the database are based on header information from a credit report database. Social security numbers could be used to retrieve a record, but were not displayed based on complaints from subscribers after the product was first introduced in June 1996. In September 1996, a message about the privacy risks inherent in P-TRAK were posted to an Internet discussion group. Word about the database including a great deal of misinformation spread quickly, creating a public relations crisis for Lexis-Nexis. The issue was picked up by the print media including the Washington Post which published an editorial focusing on the public unease caused by "having your every public or commercial transaction on file—retrievable at the touch of a button."¹³ P-TRAK also attracted the attention of Congress with three Senators requesting a Federal Trade Commission investigation and a proposal for any legislation the FTC deemed appropriate based on the results of its study.

P-TRAK has some important lessons for the Social Security Administration: public confidence can be eroded quickly if there are sensational media reports of unauthorized access or attempts at unauthorized access to online records, or if someone brags online that they were able to access the records of a celebrity. Truth and misinformation spread with equal speed on the Internet. Any instances of unauthorized access are likely to result in unwanted Congressional scrutiny and the introduction of knee-jerk legislation. If the public does not have confidence they can do business electronically with the Social Security Administration, these perceptions are likely to further decrease public confidence in the Federal government overall and to poison the water for other federal agencies who plan to offer electronic services to the public. It behooves the Social Security Administration, therefore, to take whatever steps are necessary to assure public confidence in whatever electronic services they offer. These include additional research and public education, appointing a privacy advisory board, and making privacy considerations part of the business case for all electronic commerce applications involving personal information.

Summary: Privacy and Internet Access to PEBES

Authentication Issues

- SSA cannot insure the person requesting PEBES online is the record subject
- Authentication data is known to others or available commercially
- There are no other facts known solely to SSA and the record subject that could be used to ensure unauthorized access cannot occur. The costs of assigning passwords exceed the benefits.
- Casual surfer is unlikely to be able to gain unauthorized access; same is not true for a determined individual.
- Only bullet-proof method of authentication is a digital identity. However, there is currently no infrastructure in place for issuing digital identities to the general public and for managing their use, nor is it likely such a system will be implemented in the short term.

Privacy Issues

- The most sensitive personal information in PEBES is the salary history.
- Focus on the information in PEBES, not on authentication

Reinstating Online PEBES and Beyond

- A modified version of PEBES should be offered on the Internet
- Eliminate the salary history from the report. Display only requestor's name, assumptions used in the analysis and expected benefits.
- Set a low threshold for number of failed authentication attempts before blocking a record.

- Critical issue for SSA is less about privacy and more about public confidence. If the public does not have confidence they can do business electronically with SSA, these perceptions are likely to further decrease public confidence in the Federal government overall, and to poison the water for other federal agencies who plan to offer electronic services to the public.
- For the future, appoint a privacy advisory board and make privacy part of the business case for all new electronic commerce applications involving personal information.

Endnotes

1. In July 1996, President Clinton signed Executive Order 13010 which established the Commission on Critical Infrastructure Protection (PCCIP). Critical infrastructures are systems and services that make up the nation's "life support systems" including banking and finance, communications and information, physical distribution, energy and vital human services. The Commission's mission is to make policy recommendations to the President about ways to assure America's critical infrastructures from physical and cyber threats in the 21st century. Additional information about the Commission and our activities is available from our web site (<http://www.pccip.gov>). The views expressed in this statement do not necessarily reflect the views of the Commission.
2. In 1995, the withholding cutoff point was \$61,200. Approximately 69% of the population earned less than \$60,000 that year. See Table 3, "Persons in Household by Total Household Income in 1995," U.S. Bureau of the Census, *Money Income in the United States: 1995*. Washington: U.S. Government Printing Office, 1996.
3. See Statement of John J. Callahan, "Personal Earning and Benefits Statements on the Internet" before the Social Security Subcommittee, U.S. House of Representatives Ways and Means Committee, May 6, 1997.
4. See Peter G. Neumann, The Social Security Internet Website: Technology and Privacy Implications, May 1997 available at <<http://www.csl.sri.com/neumann/ssa.html>>.
5. Statement of John J. Callahan, p. 6. See also U.S. General Accounting Office, "Internet Access to Personal Earnings and Benefits Information" before the Social Security Subcommittee, U.S. House of Representatives Ways and Means Committee, May 6, 1997 which reported that as of April 7, 1997, 9,000 of 27,000 requests failed to pass SSA authentication requirements. Online access was disabled on April 9, 1997.
6. "Awash in Information," *The Washington Post*, September 28, 1996, p. A16.
7. A public opinion survey conducted by Princeton Survey Research Associates for the Pew Research center in February 1997 found only 6% of the public feels it can trust the federal government "a lot" compared with 78% for their local fire department.

NATIONAL COUNCIL OF
SOCIAL SECURITY MANAGEMENT ASSOCIATION, INC.
April 25, 2000

The Honorable E. Clay Shaw, Jr.
Chairman
Subcommittee on Social Security
Committee on Ways and Means
U.S. House of Representatives
B-316 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Shaw:

I am writing to provide answers to the questions you raised with regard to my recent testimony relating to Social Security's readiness for the impending wave of baby-boomer beneficiaries. I appreciate your continued interest. I hope this will not only help clarify the issues presented in my testimony, but will reinforce the need to ensure that Social Security receives a level of resources sufficient to meet its obligations to current and future beneficiaries.

1. You asked whether some of the future demands on SSA could be met with improved automation or through more efficient use of resources. Not only is this possible, but it will in fact be essential given the scope of the projected workload increase coupled with federal spending limitations. Automation, in particular, offers significant potential for reducing the resource levels needed to serve the expanded beneficiary base. However, in evaluating the potential of future automation to reduce human resource needs at SSA, it is important to understand these three points:

- *Significant gains in automation require a significant commitment of resources.* Software development itself is extremely labor intensive. While the eventual payoffs would exceed the immediate investment, SSA currently has had to table several software improvements simply because there are not enough employees available to handle all projects. The old saying "it takes money to make money" can aptly be applied to automation improvements. It takes an investment in resources today to provide the improvements in software that will save the resources tomorrow. In addition to software, SSA will continually need to upgrade its hardware to ensure it has the platform necessary to take advantage of the improvements in timesaving technology. This is why we believe the Commissioner's idea to establish a capital fund to flexibly fund future hardware needs is a good one.

- *The timing and magnitude of savings produced by automation are often difficult to predict.* Certainly, Congress and the American taxpayer have a right to expect that investments in hardware and software development will result in some combination of service enhancements and service efficiencies at least equivalent to the level of investment. However, in today's fast-paced climate of rapidly expanding technology, the best organizations (public or private) cannot afford to wait until all factors are known prior to investing in significant software development. Like the private sector where investors put their trust in well-managed companies, Congress must invest in agencies with a history of prudent management, with some degree of faith that said investment will result in tangible, long-term improvements. Not only has SSA's management rated among the best by organizations both inside and outside the government, but we believe our current executive leadership is up to the task.

- *Automation will not eliminate the need for additional human resources.* Many of those we serve, especially the aged and the disabled, will require personalized face-to-face service regardless of advances in technology. While we must make maximum use of technology to reduce our need for human resources, it would be a mistake to believe that SSA can meet the full challenge of the baby-boom wave without additional human resources.

With regard to other areas where SSA can use its resources more effectively, our association continually works with SSA's Executive Staff to identify such efficiencies. I can honestly tell you that the current team of SSA executives has been open to many of our ideas. As long as the commitment to frequent and honest communication between those of us on the front-line and those in headquarters remains, we believe SSA will continue to be able to identify and act upon such efficiencies.

2. I testified that it generally takes a new claims representative (CR) three years to be fully trained. You asked why learning the job at SSA is much more challenging than adapting to other comparable jobs such as at a bank or a doctor's office. The claims representative is the primary technical position in SSA's field offices. While CRs do many of the same daily functions as the aforementioned private sector employees, such as deal with members of the public and answer inquiries, unlike these private sector employees, their primary function is to accurately administer a complex set of laws and regulations. As such, their responsibilities are probably more closely related to attorneys and others in the legal profession, rather than employees in general office work. CRs must be able to deal with any potential set of client circumstances, and make an accurate "legal" determination as to entitlement. In addition, the CR must understand how to properly document the decision, including securing necessary documentary evidence, and how to effectuate the decision using SSA's complex automated systems. The Program Operations Manual, that contains most (but not all) of the instructions that a CR is responsible to carry out, contains literally dozens of volumes, and in its paper form barely fits in three large bookcases. Given this complexity, it is not hard to understand how it can take three years of experience before a new CR has a journeyman's understanding of program administration.

3. You asked how we could justify SSA's request for \$47 million in information technology without a specific promise as to what this \$47 million will buy for the taxpayer. First let me say that in my position as a field manager and representative of SSA's field management organization, I am not in a position to specify what this money will specifically buy. However, drawing upon my answer to your first ques-

tion, a certain level of investment in automation is warranted simply to ensure that SSA has the resources needed to invest in technology on a just-in-time basis. If there is one automation lesson to learn from those companies in the private sector who have been successful, it is the need to be able to act quickly to take advantage of emerging technologies, such as the Internet. The old way of identifying a potential opportunity, studying it for a year or two and then spending an additional year or two securing the necessary resources is simply non-competitive. SSA must have resources ready and available to pounce on technological opportunities. I believe that today's taxpayer would not only support a flexible automation improvement capital fund in a well managed agency such as SSA, but would think it as a wise and responsible way of doing business.

Again, thank you for the opportunity to provide these clarifications as part of the hearing record. We appreciate your support for a strong, viable, and efficient SSA, and hope you and the entire subcommittee will be successful in helping us obtain the resources we need to remain so.

Sincerely,

STEVE KORN
President, NCSSMA

SSI COALITION
April 24, 2000

E. Clay Shaw, Jr.
Chairman
Subcommittee on Social Security
U.S. House of Representatives
Washington, D.C. 20515

Re: Hearing to Examine Social Security's Readiness For the Impending Wave of Baby Boomer Beneficiaries

Dear Chairman Shaw:

This letter is in response to your letter of April 12, 2000, asking me to respond to the following questions:

1. Is SSA addressing the training problem?

In my opinion, SSA is trying to address the training problem, although I believe it will take a long time to properly train all the field office and teleservice staff. SSA hopes that the new Employment Support Representative (ESR) position, that SSA is piloting this summer across the country, will help with training local staff on the work incentives programs. These ESRs, however, will not be fully in place for a couple of years, which means that the training will not reach all the staff for at least that long. My other concern, in addition to the training issue, is that SSA's culture at the local office must also change, and that will take even longer. The local offices, historically, have prioritized taking applications for benefits and paying out benefits accurately and timely. We are now asking them to also encourage disability beneficiaries to work by giving them accurate information on work incentives and to accurately and timely record the earnings of beneficiaries who report them. This will take time.

2. Are there specific aspects of the SSI program that can be simplified? Would simplification of the program help my clients, as well as help alleviate staffing and training pressures on the agency?

I believe that the SSI in-kind support and maintenance rules should be eliminated. From my experience, it is difficult for beneficiaries to understand the in-kind income reporting requirements, especially as this type of income can vary from month to month. The \$2,000 resource limit for an individual, and \$3,000 limit for a couple should be raised. The deeming rules are also very confusing. The administrative time that it takes to process the notices and verify these income and resource rules seems to outweigh any cost savings to the general revenue fund.

I refer the committee to the Final Report of the Experts of the SSI Modernization Project from August, 1992. This report made some cogent suggestions for simplifying the SSI program with negligible costs. Unfortunately, most of the report's recommendations have not been translated into any legislation. These recommenda-

tions would greatly improve the efficiency of the administration of the SSI program and assist SSI beneficiaries to better understand their SSI reporting responsibilities.

3. Please elaborate on your statement that there frequently is little or no investigation of family members who serve as representative payees. Also, what are the most serious issues of fraud and abuse?

I have represented several beneficiaries over the past few years who have alleged that their family members, who also served as their representative payees, were improperly using their SSI funds. I have also heard anecdotally of many other instances. Many of these cases involved individuals who were suffering from psychiatric disabilities. I believe that it is difficult for these individuals to lodge complaints about their representative payees because of their perceived lack of credibility, and because, for many, there are no alternative representative payees available. Unfortunately, there is not much that SSA can do for individuals who need representative payees. The fact is that it is difficult to find people willing to serve as representative payees, and when SSA chooses a representative payee, it often involves a subjective assessment of their ability to serve. Thus, willing family members are usually selected, even if they are not the best alternative. A suggested solution would be to have SSA, in conjunction with a group like AARP for example, recruit and train volunteers, such as retirees, to serve as representative payees.

There is fraud and abuse in every corner of our society, and it is not limited to, or more prevalent in, the SSI program. The most serious issue, in my opinion, is encouraging a culture at SSA that presumes that every SSI beneficiary is committing fraud and abuse. As I already mentioned, the elaborate income and resource rules are truly confusing to many SSI beneficiaries, as well as their families and advocates. It would help if SSA field office staff could spend more time explaining, in understandable terms, the reasons for their decisions, and do that in a respectful manner, rather than interrogating people. SSA must do more to create better written notices that are understandable. It would also help if SSA would have the ability to make more timely decisions about overpayment issues, so that beneficiaries do not incur such large overpayments. More timely decisions about overpayments would also identify those situations where fraud is involved more quickly.

4. Questions about extended office hours. Do some SSA offices keep evening or Saturday hours? How would such a change be received? How widespread a practice is it for SSA to do a mobile office? Should SSA do it more? In general, would customers be better served by more SSA employees going out into the community, rather than maintaining field offices?

I do not know of any SSA offices that keep extended office hours. I believe that evening and Saturday hours would be a huge benefit for people. Many people cannot afford to take off a day of work to go to an SSA office. Of course, SSA would have to have additional staff, as I understand that Saturday is when many SSA employees catch up on work they could not attend to during the week.

Again, I do not know how often SSA takes a laptop computer out into the community. SSA does it in Chicago, and it has been very well received. With better use of technology, SSA could reach far more people, far more efficiently, than they do at present. I do not know that customers would be better served by having SSA employees go out into the community, but it would help many folks who could not make it to an SSA office during regular office hours. I think that SSA must maintain field offices, as some people would not feel comfortable discussing SSA business in any setting other than an SSA office. It will also help when people will be able to use the Internet to transact business with SSA, instead of going to a local office.

I want to thank the committee again for the opportunity to present my thoughts on these issues. I also want to reiterate my hope that the committee will recommend increased funding for SSA so that SSA can provide more accurate and more efficient service to the public.

Sincerely,

SUE AUGUSTUS
Associate Director

Response of Mr. James A. Hill

I appreciate the opportunity to respond to the questions you forwarded in your letter of April 12, 2000.

De-Legalization of OHA

“Delegalizing” is the process of eliminating or reducing the use, independence and effectiveness of attorneys, whether ALJs, staff attorneys or claimant’s representatives, in the SSA disability decision process. Understanding the attempts of the Social Security Administration (SSA) to “de-legalize” the adjudication process at the Office of Hearings and Appeals (OHA) requires recognition of the hostility manifested by many officials and employees of the Social Security Administration (and State Agencies) towards the OHA and the “legal system” it represents. The driving force behind the repeated attempts by SSA to “de-legalize” OHA is a fundamental unhappiness with the number of “reversals” of initial and reconsideration decisions issued by OHA’s adjudicators which is attributed to the independence enjoyed by these decision makers. Establishing control over the process (and the OHA decision makers) is the underlying purpose of the “delegalizing” effort. SSA is not delegating to become more efficient; in fact, it has and will make SSA less efficient.

Examples of “delegalization” include:

1. The dismantling and destruction of the Senior Attorney Program;
2. The establishment of a Hearing Process system where most OHA staff attorneys will be supervised by non-attorney paralegals;
3. The change to paralegals (who are paid at the same rate as staff attorneys) as the primary decision writer and advisor to the ALJ on individual cases in OHA;
4. The removal of the ALJ from the pre-hearing development process;
5. The establishment of non-attorney, non-OHA, writing units to draft decisions for the ALJs;
6. The diminished control over OHA by the Associate Commissioner and Chief Administrative Law Judge (both of whom must be attorneys) and the increased control of the Deputy Commissioner for the Office of Disability (a non-attorney);

Simple steps to improve the efficiency of OHA would include:

1. Return to the original Senior Attorney Program where senior attorneys not only drafted and issued fully favorable decisions but were also the primary decision drafters and legal advisors to ALJs;
2. Return attorneys, supervised by attorneys, to their former role as primary legal advisor and decision drafter for the ALJ;
3. Improve the quality of non-attorney decision writers by requiring a minimum level of education/training and recognized paralegal certification;
4. Return direction of the pre-hearing development process to the ALJ;
5. Eliminate writing units outside of OHA; and
6. Return control of the OHA to the Associate Commissioner and Chief Administrative Law Judge.

These simple steps would do much to reverse the SSA missteps that have contributed to the backlog of cases at OHA and slowed our progress in decreasing processing time.

An Efficient Adjudicative System

While the bifurcated adjudication process meets all of the needs of both the Agency and the claimants it serves, there are several improvements in the process at the initial and reconsideration levels that would increase the efficiency of the appeals process.

1. Apply the same criteria and factors for determining disability at the initial level as are applied in the appellate process including subjective factors.
2. Permit adjudicators at the initial level to exercise a greater degree of independent judgment thereby favorably determining cases at the initial level that will eventually be favorably decided at OHA.
3. Ensure that each case is properly and fully developed at the initial level. The additional time required for development of the record at hearing offices is a major factor in the untimely decision making process which plagues the current disability adjudication system.
4. The quality assurance at the initial level should be more directed at accurately determining which applications should receive favorable determination avoiding the necessity and expense of favorably deciding substantial numbers of cases at the OHA level.
5. The quality assurance program should focus on ensuring that cases are properly developed before being forwarded to OHA.

The current SSA disability adjudication process, which is bifurcated into an initial (and reconsideration) phase characterized by a purely administrative adjudication

process, and an appellate phase, characterized by a judicial process, is an efficient adjudicative system for the Social Security Disability Program.

Given their vast numbers, processing initial application through judicial procedures would require an organization many times the size of the current OHA. The expense would be enormous and unnecessary. Judicial proceedings are unnecessary to establish disability for many applicants. Currently, the initial and reconsideration phases pay approximately 35% of the applications made. Approximately 25% of those who receive unfavorable determinations decline to appeal to the OHA level. There can be no doubt that the current administrative process is more efficient than any judicial process, but it does not provide the level of due process to which Social Security taxpayer are entitled. Americans expect their day in court.

The adjudication process at the initial level is conducted with minimal participation by the claimant. The decisional product, the "Disability Determination," is a three-page form letter from the Regional Commissioner (who played no role in the decisional process) that contains almost no specific information as to why the claimant's application was denied. No rationale is provided describing why the decision was made, leaving the recipient with the impression that the decision was arbitrary and perhaps even capricious. That impression is not entirely unjustified. Preparation of such a determination consumes little time, requires few assets, and requires no legal expertise on the part of the preparer. Of course, were these determinations appealed to the District Court as the final decision of the Commissioner, every single case would be reversed or remanded back to the Agency -every single case.

The judicial process at OHA is designed to afford each individual claimant the opportunity to present his/her case directly to the decision maker in a face-to-face setting via the due process hearing. For the claimant, it is in fact his/her day in court. Each claimant can directly participate in the proceedings and receive the individualized attention normally associated with trial proceedings. For those individuals who are not disabled, the final product of the judicial procedure is an ALJ decision that explains in detail why the individual is not entitled to disability. This decision, which must be capable of withstanding judicial review, does require extensive legal expertise in its preparation.

By paying deserving cases at the earliest possible time (thereby reducing the number of appeals to OHA) and ensuring that cases are properly developed when received by OHA (thereby reducing the processing time for the remainder of the cases), the State Agencies can significantly improve the efficiency of the entire adjudication system.

The Senior Attorney Program

Since its inception in 1995 the Senior Attorney Program has made a significant contribution to the substantial reduction in the disability backlog at OHA. Nonetheless, the program has always provoked fervent but unfounded opposition. Provoking controversies was the method by which those who opposed the Program hoped to prevent its implementation and, after implementation, prevent its success and precipitate its demise. Unfortunately, it appears that SSA will sacrifice the Senior Attorney Program in order to secure the cooperation of those parties who have so long opposed and even sabotaged the Program in implementing the Hearings Process Improvement Plan.

The Senior Attorney Program was controversial because it:

1. It threatened the decision making monopoly of the Administrative Law Judges at the hearing level;
2. It threatened the control that the quality control bureaucracy held over non-ALJ decisions in SSA;
3. It challenged the widespread belief in SSA that operational problems in OHA could not be solved internally, and that a massive reorganization of the disability process was required to solve those problems;
4. The Senior Attorney Program was inconsistent with the Agency's policy to "delegalize" the appellate process at OHA.

Administrative Law Judges vigorously opposed the Senior Attorney Program because it challenged their role as the sole decision makers in OHA hearing offices.

1. Many ALJs and the Association of Administrative Law Judges resented the intrusion of Staff Attorneys into the field of decision makers in the OHA hearing offices.
2. Many ALJs feared that the Senior Attorney Program was the first step in the elimination of ALJs as decision makers at OHA. While such a concern is unreasonable, considering the hostility that many in SSA and OHA hold for the ALJs, such a fear is understandable.

3. Administrative Law Judges in management positions failed to implement the Program properly in many hearing offices. The Chief Administrative Law Judge, the Deputy Chief Administrative Law Judge and many Regional Chief Administrative Law Judges were either unwilling or unable to ensure that many Hearing Office Chief Administrative Law Judges properly implement the Program consistent with national directives.

4. Many ALJs and the Association of Administrative Law Judges proclaimed that the Senior Attorney Program was merely a method to pay down the backlog. They continued this theme long after hard data demonstrated its falsity. Approximately 25% of the cases reviewed by Senior Attorneys resulted in favorable determinations. ALJs have historically paid a much higher percentage of cases, and in fact, paid a higher percentage of Senior Attorney Program cases than did Senior Attorneys.

5. ALJs also complained that the Senior Attorney Program deprived them of their best decision writers. From its inception in 1995 until July 1, 1998, all of OHA's Staff Attorneys with at least three years experience at OHA were Senior Attorneys. While they were required to spend at least 25% of their time performing Senior Attorney work, they were available for the remainder of their time to draft ALJ decisions if hearing office management deemed it advisable. However, on July 1, 1998 SSA significantly downsized the number of Senior Attorneys and restricted the remainder of Senior Attorneys to performing only Senior Attorney work. SSA management made these changes unilaterally over the strenuous objections of the National Treasury Employees Union. It was only at this point that ALJs may have lost some of their best decision drafters.

The Disability Process Redesign Program (DPR) and Hearings Process Improvement Teams have vigorously opposed the Senior Attorney Program because it represented an inexpensive and effective alternative to the extensive program changes proposed by either program.

1. At the time of the inception of the Senior Attorney Program, the massive Disability Process Redesign (DPR) was also in its design and initial testing phase. The initial impetus for DPR was the huge backlog that had accumulated at OHA. DPR demonstrated that SSA was committed to "improving" the appellate process through the implementation of massive, multi-component reorganizations that substantially de-legalized the appellate process at OHA. One of the key DPR positions, the Adjudication Officer (AO), was created specifically to de-legalize the appellate process. The Senior Attorney Program challenged the prevalent theory that OHA's production problems could not be solved without a fundamental reorganization.

2. Even today SSA is unwilling to accept that OHA's productivity problems were being solved within OHA without significant interference from the remainder of SSA. The Hearings Process Improvement Plan is merely the latest reincarnation of the big fix philosophy so prevalent in SSA. HPI appears more intended to disguise the failure of DPR than improve the hearings process. The Senior Attorney Program represents the same threat to HPI as it did to DPR.

3. DPR viewed the Senior Attorney Program as competition and sought to avoid competition by eliminating the Senior Attorney Program rather than competing with it. However, since the Senior Attorney Program offered immediate relief to the backlog situation and DPR could offer only a vague future impact, the Senior Attorney Program was implemented. The competition proved rather one sided. The Senior Attorney Program was a resounding success, while the DPR was an equally resounding failure.

4. The success of the one program made it impossible to hide the failure of the other which has caused embarrassment to the SSA officials responsible for and committed to the DPR. SSA officials do not want to risk a similar fate for HPI. By eliminating the Senior Attorney Program they avoid the unfavorable comparison between the small, focused program that works and an untried experiment designed to de-legalize OHA.

5. The continuation of the Senior Attorney Program is inconsistent with an underlying theme of SSA mandating the "de-legalization" of the appellate process at OHA.

The Office of Program Integrity (OPIR) now the Office of Quality Assurance (OQA) also had reason to oppose the Senior Attorney Program.

1. OPIR maintained rigid control of the decision making process at the state agencies and was resigned to its inability to control the ALJs who had the iron clad protection of the Administrative Procedures Act (APA). The AO and the Senior Attorney were new classes of decision makers beyond the control of OPIR. It takes little imagination to theorize that eventually the state agencies, after observing the decisional freedom of the AO and Senior Attorney, would eventually seek their own independence from the oppressive hand of OPIR.

2. When OPIR failed to prevent the birth of the Senior Attorney Program, it raised the specter of poor decisional accuracy. OPIR in conjunction with OHA established a forum through which ALJs, and for a while Senior Attorneys, and OPIR's disability examiners would review ALJ and Senior Attorney on-the-record decisions. Given the level of opposition of ALJs and OPIR to the Senior Attorney Program, this review process took on all the characteristics of a Star Chamber. In fact so biased were the reviews, that OHA established a procedure whereby the Appeals Council would independently review a sample of Senior Attorney and ALJ decisions. Decisional accuracy of ALJs and Senior Attorneys was essentially identical. No statistically valid study has ever demonstrated decisional accuracy significantly less than that of ALJ decisions. Yet the specter of poor decisional accuracy was a threat to the continued existence of the Senior Attorney Program.

The National Treasury Employees Union strongly recommends that the Social Security Administration reinstate the original Senior Attorney Program in which Senior Attorneys not only drafted and issued fully favorable decisions but were also the primary decision drafters and legal advisors to ALJs. Without the reinstatement of this program, OHA cannot deliver the service expected by SSA and Congress.

Addendum

I believe that the suggestions made here, if carried out, will significantly reduce the disability backlog, reduce processing time and improve the quality and accuracy of SSA decision making. SSA can implement these changes without any additional legislation, funding or staffing.

However, I believe that two further changes would markedly improve the level of service delivered to the American public consistent with the Agency's goal of world class service. The National Treasury Employees Union strongly recommends that SSA:

1. Improve the quality and quantity of its ALJ decisions by hiring as ALJs those attorneys who are experts in Social Security disability law. Many such experts exist in the federal government and in private practice, yet their expertise is not considered in the ALJ rating and ranking process. No single action will do more to improve the system than bringing in as ALJs those attorneys who have shown a life long commitment to learning and practicing disability law, whether that experience was gained as a federal employee or in private practice.

2. Improve the quality and quantity of its ALJ decisions by instituting a Magistrate program to handle that workload which cannot be disposed of by a Senior Attorney yet still does not require the expense and time of an ALJ decision maker and a full blown hearing. These cases can include: cases in which the claimant waives the right to a hearing and requests an on the record decision and cases where the claimant consents to the jurisdiction of the magistrate.

Both of these changes require Congressional action. NTEU is ready to work with your Subcommittee staff to prepare such legislation.

Chairman SHAW. I am very concerned about what is happening, particularly with the baby boomers coming on line. This committee will continue to work with the Social Security Administration with a single purpose, and that is toward improving the delivery system for the retirees as well as the disabled.

Thank you very much, and this hearing is adjourned.

[Whereupon, at 12:27 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

AMERICAN FEDERATION OF
GOVERNMENT EMPLOYEES
March 16, 2000

Mr. A.L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representative
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Singleton:

Re: Readiness for Impending Wave of Baby Boomer Beneficiaries

The Social Security Administration's (SSA) readiness for the impending wave of baby boomers will mainly be determined by how they train and utilize their current employees especially those employees in the lower grades. SSA has over 20,000 employees in the lower grades i.e. below the GS-9 grade levels that have not been trained to handle all aspects Title II or Title XVI programs. Most of these employees are women and individuals with disabilities who could perform the full range of SSA's program work if given the opportunity and proper training. SSA needs to remission itself in order to provide better service to our customers including baby boomers and to empower our employees at the same time. SSA workers are ready, willing and able to have "one stop shopping" in each workstation. A simple remission of SSA could make it the best Federal Agency if all employees were utilized to their fullest potential. Proper training could empower each employee with the skills; knowledge and ability to offer our customers one stop shopping. One stop shopping is the tools to truly empower SSA's workers and provide world class service to our customers.

Remissioning is not new to SSA. The Albuquerque and Salinas Data Operation Centers were remissioned in early 1995 to TeleService Centers. Before remissioning, these Centers had many GS-4/5 grade level employees who posted wages to beneficiaries earning records and issued Social Security cards. This remissioning has been a benefit to the agency, the employees (promoted up to GS-8) and the public. However, a TSC is not yet one stop shopping because some work still has to be passed off to other employees. So why stop there when we have employees in every component capable of processing the entire action if given the training and the opportunity. I believe a bold step towards remissioning could work throughout SSA because of the talented employees. In the States' Disability Determination Section, most of 14,000 employees are Examiners of support staff for the examiners. Unlike the DDS, job functions in SSA especially at the lower grade levels seem to be segregated to control classification. This is why SSA should be remissioned to empower all employees with the opportunity to provide one stopping for our customers.

You don't have to be a rocket scientist to perform the work here in SSA. Who has the right to say that if I work in the Data Operation Center the average grade that I will obtain will be a GS4/5? Who has a right to say that if I work in Office of Central Record Operations the highest grade that I can obtain is a GS5/6? Who has a right to say that if I work in OHA (field) the highest grade that I can obtain is a GS7/8? Who has a right to say that if I work in a TSC the highest grade that I can obtain is a GS8? Who has a right to say that if I work in a PSC the average grade that I will obtain is a GS9? If I work in a Field Office the highest grade that I can obtain 's a GS11? No one has that right. I believe we should be able to advance as far as our skills and talent will allow us to go individually. With proper training, we are smart enough and we have enough computers and program knowledge to be able to perform all aspects of SSA's work.

Training employees to process an entire action, especially those in the lower grades, is one solution to make SSA ready for the impending wave of baby boomer beneficiaries. There are over 20,000 such employees. If these employees were empowered to provide one stop shopping to our customer, I believe SSA will be more than ready to handle all of our customers including the baby boomers.

If you have any questions do not hesitate to contact me. I can be contacted at P. O. Box 1954, Chicago, Illinois 60690. My telephone number is 312/575-6105 or by fax at 312/575-6031.

Sincerely,

EARL TUCKER
Chair
AFGE EEO Committee in SSA

AMERICAN FEDERATION OF
GOVERNMENT EMPLOYEES

February 29, 2000

SUBJECT: SSA's QUALITY ASSURANCE WORKERS SAVE TAXPAYERS BILLIONS

Social Security Quality Assurance (QA) workers save taxpayers billions of dollars in General Revenue and Trust funds while striving to ensure that the public receives the benefits due them in a courteous manner.

Through internal reviews, controls and audits in SSA we as workers save the taxpayers billions of dollars. It's a shame that some of the savings are never transferred to SSA's administrative budget for continuous improvement in these programs that save big bucks. In many of these money saving areas there is very little staff to process these workloads if they are processed at all. However, currently we are about one half the size we once were. In spite of our staffing shortage, we have continued to help SSA deliver world class service to the public and its, internal and external customers by accurately reporting on the health of the SSA programs Supplemental Security Income (SSI), Disability Insurance (DI), and Retirement and Survivors Insurance (RSI).

The Regional Offices of Quality Assurances (ROQA) [formerly known as the Regional Office of Program and Integrity reviews] are crucial to SSA efforts to save money by maintaining and increasing quality. ROQA employees have over 25 years of experience in recording and reporting statistically valid data on a timely basis to interested parties both inside and outside SSA. In the process, they have maintained good relations with a variety of other offices: Field Offices, Regional Offices, Headquarters, State Disability Determination Services, Office of Hearing and Appeals, etc. We have a long history of participation in onsite reviews of SSA offices in order to help improve their operations. We have shown flexibility in adapting to new types of studies (such as payment accuracy of initial claims in the late 1801s), new court cases (such as Zebley and other Disability cases in the 1901s), and new types of workloads (Disability Process Redesign now).

In short, if the ROQAs did not exist, they would have to be invented. They are already in place (with no startup costs), ready to continue their efforts to improve quality and save SSA money.

Our regional component consists of about 800 employees (less than 1.5% of SSA employees) with two major branches i.e. Disability Quality Branch and Assistance and Insurance Program Quality Branch.

Disability Quality Branch

The quality assurance function for Disability Insurance (DI Program) is carried out by the Disability Quality Branches (11 DQ911) of the Office of Quality Assurance (OQA). We save the taxpayer more than \$15 for every \$1 it costs us to review a disability case in the Prefectuation Review (PER) sample. There is no similar review for title XVI disability cases. we have developed a profile for targeting favorable title II and concurrent title II/XVI cases most likely to contain errors for prefectuation (PER) review instead of allowing these cases to be selected by chance. As a result, \$317 million has been saved in cash benefits and/or to the trust fund for FY 1999, alone. These PER cases are actually reviewed by us before payments can be effectuated. At the present time we are only reviewing approximately 50% of the Title II cases but we have saved more than \$2 billion in unnecessary trust fund expenditures since 1980. If this effort were continued and more cases were reviewed including Title XVI, we would save the taxpayers even more money in the trust funds and general revenue.

Recently, a targeted error prone profile for PER was revised to select favorable title II and concurrent title XVI/II cases which will improve the above figures by 6% (i.e. \$50 Millions more dollars).

Headquarters' OQA implemented a new PER review of 5,052 Office of Hearing and Appeals allowances. Our findings indicated that 4400 of these cases were unsupported and referred to the Office of the Appeals Council (OAC). The Appeals Council agreed with 92% of these findings and remanded and/or reversed 65.2%.

We should also be saving billions of dollars by doing more Continuing Disability Reviews (CDR). These are followup reviews that should be done after a claimant has received disability benefits for a certain period of time to see if they are still disabled and unable to work. SSA has increased these reviews but still more cases should be reviewed in order to reap additional savings.

A Childhood Disability rereview plan was implemented recently to monitor the ongoing accuracy determination. These data have enabled the Administration to provide the States with early feedback on the degree of uniformity in the adjudication of Childhood Disability cases. Ultimately, this rereview system should save million of dollars in litigation cost associated with childhood disability cases.

Assistance and Insurance Program Quality Branch

The quality assurance function for the Retirement and Survivor's Insurance Program (11RSI Program) and The Supplemental Security Income Program ("SSI Program") are carried out by the Assistance and Insurance Program Quality Branches (11AIPQ211) of the office of Quality Assurance (110QA11).

These functions are conducted by means of the Index of Dollar Accuracy ("IDA") study of recently adjudicated initial claims, the IDA study of recently processed post entitlement transactions, and special studies designed to assess areas of potential vulnerability or concern.

We developed survey instruments, select samples, conducts surveys, performs statistical analysis and prepares reports and findings. In addition to ongoing surveys, we completed nine new market measurement studies involving over 21,000 customer contacts.

Our Prisoner initiatives resulted in 100,000 prisoners, who by law should not receive benefits after being taken off the SSA roles in FY99.

We also strive to ensure that the public receives benefits to which they are entitled. We implemented an automated notice to over 600 widow(er)s advising them of the eligibility for about \$53.00 per month each on average, in higher benefits. This means that they will now correctly receive a total lifetime value of about \$1/2 billion dollars in additional benefits.

We have taken an ambitious program of corrective action process development. After conducting live corrective action tests, we created processes that identify and correct millions of errors, pay billions of dollars in underpayment and prevent large volumes of unnecessary actions and conserve resources as follows:

Our analysis of 400,000 Automatic Earnings Reappraisal operation indicated that 150,000 accounts were underpaid. These accounts were paid and unnecessary work was prevented on 250,000 records as a result.

our analysis of Automatic Reduction Factor/Delayed Retirement Credit prevented about 340,000 unnecessary/incorrect actions in FY99.

Delinquent Overpayment Actions prototype systems were used to develop a new workload priority system, which handles over 400,000 actions per year.

We developed a Special Wage Payment process to automate over 40,000 of this workload per year.

A Workers' Compensation Study of the offset provision projects a total retroactive and estimated future overpayments is about \$1 billion.

In FY 99 we improved the SSI high error redetermination profile. This profile improvement alone resulted in nearly \$139 million of additional HEP benefits compares to FY98.

The following are other examples of ongoing special activities conducted in the AIPQB, the result of which were either financial savings or improved service to the public:

- The AIPQB conduct ongoing monitoring of the 1800 number service in order to assess the quality of service to the public in terms of courtesy and the accuracy of information given to callers. Additionally, AIPQB make followup calls to the public to gauge customer satisfaction.
- The AIPQB monitors the quality of phone service to the public in District offices and recommend improvements were appropriate.
- The AIPQB have been involved in testing the quality of phone service to non-English speaking members of the public.

The efforts of the AIPQB result in billions of dollars in annual saving to the taxpayers as well as ensuring that the public is satisfied with our service.

In conclusion, OQA (field) consist of SSA workers in twoquality assurance branches, i.e. DQB and AIPQB. These workers are skilled technicians with the necessary autonomy to perform accurate diagnoses and prescribe cures for many problems in all the programs in SSA. As a result, billions of taxpayer dollars are saved annually by these dedicated workers but these savings do not translate into adequate staffing on the administrative side to do the total job required. More staffing is needed to provide the public with the service that they expect from SSA and protect both general revenue and the Trust funds from unwarranted expenses.

As you know, FY2000 appropriations had a .38% cut across the board for all Agencies including SSA. This amount should be restored in order to hire adequate staffing. The funds are essential to deliver the service that taxpayers expect. This cut

amounted to \$134 million and is causing a drastic impact on service to the public this fiscal year. The public will be impacted by service delays in: answering the 800#, filing new claims, making changes to their records, doing redeterminations, processing of appeals, processing of hearings and other critical workloads. Pending backlogs will grow causing further processing delays. It is critical that you restore the .38% cut to all agencies especially the \$134 million to SSA for continuous improvement in public service.

If you have any questions do not hesitate to contact me. I can be contacted at: P.O. Box 1954, Chicago, Illinois 60690. My telephone number is 312/575-6105 or by fax at 312/575-6031.

EARL TUCKER
President

March 29, 2000

Subcommittee on Social Security
c/o A.L. Singleton
Chief of Staff, Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Social Security Disability Determination

Dear Committee Members:

The Social Security Administration (SSA) faces grave challenges in dealing the oncoming wave of baby boomer beneficiaries. They will be quite similar to the challenges that arose from the sharp rise in disability workloads during the early 1990's. The Hearing Process Improvement (HPI) initiative has been developed to help cope with this expected increase at the Office of Hearings and Appeals (OHA). I will not repeat my arguments regarding the pros and cons of this effort that I previously submitted to the Subcommittee last year. I know you have those letters on file and I respectfully ask that you review them in conjunction with this series of hearings.¹ The arguments contained in those letters retain efficacy and the recommendations contained therein should be followed. Furthermore, Jim Hill of the National Treasury Employees Union, in his testimony, addressed many of the problems with HPI and I concur with his suggestions to reform that program.

Today my emphasis is on two areas that HPI does not address, the recruitment of new attorneys for OHA and the recruitment and selection of new Administrative Law Judges (ALJ). The number of requests for hearing submitted to OHA has been relatively stable during the past few years and OHA's pending caseload has markedly decreased. It is ridiculous to believe that this condition will last much longer. SSA is going forward with the elimination of the reconsideration step. Even if it is assumed that redesign programs will increase the number of cases paid at the initial level to 35% from approximately 32% in 1997 and that the number of new claimants declined to two million, this would generate at least 650,000 appeals to OHA.² In contrast, less than 500,000 hearing requests were received in fiscal year 1999. Thus OHA will soon be facing at least a 30% workload increase, just as it is finally recovering from the boom in the early 1990's.

It has been several years since any entry level Attorney-Advisors have been hired. It has been even longer since any have been hired as permanent employees, without first being hired to a temporary appointment. I respectfully suggest that hiring a new class of attorneys is absolutely necessary to provide a continuing pool of applicants for the HPI Senior Attorney-Advisor positions, as well as Program Group Supervisor and Hearing Office Director positions.³ The current pool of Attorney-Advisors has been markedly shrinking. A number are being promoted into the HPI Senior Attorney-Advisor, Program Group Supervisor and Hearing Office Director positions. A additional number of Attorney-Advisors, (most with several years of experience), who had been hired on temporary appointments were not renewed, in spite

¹ A copy of my March 1999 letter is attached for ease of reference.

² I respectfully suggest a much greater increase in OHA workload will occur during the next few years. 700,000 hearing requests would not be an unreasonable figure.

³ Please refer to my prior correspondence such as my letter dated April 13, 1999, for my arguments discussing the importance of having employees with a legal education in these positions.

of the need for additional decision writers under HPI.⁴ Furthermore, many Attorney-Advisors are “baby boomers” and are approaching retirement themselves. Given the fact that the OHA workload is expected to markedly expand again, it should be obvious to everyone that recruiting new attorneys is necessary so that they will be trained and in place as the workload rises.

Similarly, there appear to be no plans on the horizon to hire any new Administrative Law Judges. There are currently less than 1100 ALJ’s with OHA and this number has been steadily declining through attrition. Attrition logically is expected to increase among the current group as many of them are already over 65. It has been over three years since any new ALJ’s have been selected. This number has been adequate to keep up with the current workload. It is ridiculous to believe that this shrinking corps will be able to keep up with the much greater workload that is certain to arrive in the next few years.⁵

As most of the witnesses pointed out, it takes years to develop a newly hired employee into a fully productive one. Please provide SSA the resources and guidance so that it recruits the necessary legal personnel to deal with the upcoming workloads now. Let us not repeat the crisis of the early 1990’s where backlogs grew to intolerable levels.

At the very least, I respectfully request that you schedule a follow-up hearing to focus on the clear need for additional legally-trained personnel at SSA.

Sincerely,

JAMES R. HITCHCOCK
President

[March 25, 1999 e-mail submission to the Subcommittee]

SSA should make the Senior Attorney-Advisor program permanent and assure that it is integrated intact into the OHA reform plan; 2) assure the Senior Attorney-Advisor program is expanded as necessary to meet workload demands; and 3) hire more attorneys at local hearing offices to provide increased decision writing capacity.

I am currently serving as a Senior Attorney-Advisor in Knoxville, Tennessee. I have previously served as an Attorney-Advisor in Memphis and Knoxville, Tennessee and as an Adjudication Officer (AO) in the West Des Moines, Iowa pilot site. Prior to my joining the Social Security Administration [SSA] I was in private practice for over six years.

The Senior Attorney-Advisor program was designed to address the following issues, 1.) To ensure disability cases appealed to the Office of Hearings and Appeals [OHA] receive appropriate evidentiary development before hearing; and 2.) that in cases deserving an award on-the-record, legally sufficient and defensible written decisions are issued promptly.

Review of the upcoming SSA workload, test results, and the state of the combined Federal and State workforces involved in disability determination, leads to the conclusion the public would be best served by expanding the Senior Attorney-Advisor program and making it permanent. Recent statistics have shown that Administrative Law Judge (ALJ) allowance rates have been dropping since the implementation of the program. There has been little change in the overall allowance rate.

The Senior Attorney program has been effective in both expediting case development for cases that go to hearing and in issuing expedited favorable decisions. The Senior Attorney-Advisor program has thus helped reduce overall OHA processing time. It develops cases more efficiently and in a manner useful to the ALJ’s at OHA. Furthermore, it does not have a significant negative impact on the other workloads within the overall process.

In my own experience during the original part-time Senior Attorney-Advisor program I was able to complete review and preparation of a case as a Senior Attorney-Advisor much faster than I could as an AO. In addition, I still had enough time to draft a significant number of decisions for our ALJ’s. During the last eight months of my detail as an AO I processed [i.e. decided on-the-record or certified for hearing]

⁴ SSA and OHA should be compelled to retain and make permanent the remaining Attorney-Advisors who are still in temporary status. The opportunity to retain experienced personnel should not be wasted.

⁵ OPM, which processes ALJ applications and provides certificates of eligible candidates to agencies for selection, was recently ordered to overhaul its procedures in the case styled *Azdell v. OPM*. OPM should be strongly encouraged to settle this dispute promptly.

approximately 136 cases. There were approximately 168 workdays during that period. I took about 16 days of leave during that period, leaving about 152 workdays. 136 divided by 152 = .89 cases per day [less than 45% of the original 2 cases per day goal of the Disability Process Redesign]. This figure was on the high side of the national average for pilot AOs during that period. During the first eight full months since I returned to Knoxville as a Senior Attorney-Advisor, I processed 171 Senior Attorney-Advisor cases in 165 workdays. Subtracting 16 leave days, three training days and three snow days left 143 workdays. 171 divided by 143=1.20 cases per day [60% of the original 2 cases per day goal of the Disability Process Redesign]. This represents over a 34% increase in productivity compared an average AO! In addition to this I also drafted 82 ALJ decisions [about .57 a day]. It is my understanding that the average non-Senior Attorney-Advisor decision writer does not average much more than about one case per workday. Thus, the Social Security Administration effectively gained the production of over one half a decision writer and a third of an AO merely by converting me back to the role of part-time Senior Attorney-Advisor. I believe overall performance statistics will show that my performance as a Senior Attorney-Advisor is fairly typical.

In July 1998, the new Senior Attorney-Advisor program began and my adjudicatory duties became full-time. Lack of cases to review has prevented me from reaching full productivity. However, during the first three months of the "new" program I still processed 150 cases in 63 workdays. Subtracting 6 leave days left 57 workdays. 150 cases divided by 57=2.14 cases per day [better than the original 1996 target goal for the AO pilot offices]. Nationwide, during this same period, 285 Senior Attorney-Advisors reviewed almost 40,000 cases, issuing over 13,000 decisions. Extrapolating these figures over a year yields over 52,000 decisions and additional 160,000 case reviews [a total of about 212,000 cases. This is a much higher production figure than that generated by a comparable number of AOs [300 AOs x .9 cases decided or reviewed per day x 5 days per week x 52 weeks per year = 70,200 cases decided or reviewed.

The Senior Attorney-Advisor program accomplishes this level of productivity at little additional cost to the agency. It does not require large reallocations of personnel, significant retraining or capital expenditure. The program did not immediately meet its original ambitious goals. However, as the GAO reported part of that difficulty was caused by delays in startup. The program has had to overcome local resistance and workload imbalances. In any case, the above statistics show amazing and admirable productivity from a group that has been reduced from over 500 to approximately 250 people!

Some people in OHA claim the Senior Attorney-Advisor program has had a negative impact on the capacity for writing ALJ decisions. This is an improper focus of concern. The productivity measure that is truly critical is the total number of well-reasoned decisions issued by OHA. The grade of the author of the decision is irrelevant as long as the decision is well reasoned and legally defensible. Senior Attorney-Advisor decisions speed up the overall office processing of those cases by a factor of months. This eliminates the need for the costly hearing and post-hearing processing, freeing up personnel to work on other cases. Considering the overall workload, this more than makes up for slowing in the issuance of ALJ decisions by a few days. Furthermore, the evidence shows that overall office productivity is also improved by the expedited development initiated by Senior Attorney-Advisors in cases that go forward to the hearing. This reduces the need for rescheduling hearings, ordering post-hearing evidence and scheduling supplemental hearings, etc.

Apparently, a decision has already been made to return current Senior Attorney-Advisors to drafting ALJ decisions on a part-time basis, in addition to their adjudicatory and case review duties. This results in a 25% reduction in the capacity for Senior Attorney review of cases. For the reasons discussed above, it is reasonable to expect that this change will result in an overall decline in productivity as the gains from increased decision writing capacity will not make up for the losses from reduced prehearing work. Thus, I recommend the Senior Attorney-Advisor program be expanded by at least 40 positions, with further expansion should workloads increase.

A new proposal to overhaul the hearing office structure of the Office of Hearings and Appeals (OHA) has recently been developed. I believe that this proposal has potential to improve the efficiency of the process. However, I urge you to review the proposal and support its adoption, but ONLY with the clarifications and modifications suggested below.

I believe that this plan, if implemented properly, will eventually go a long way to build on OHA's successes in reducing the huge backlog of the early 1990's. However, improper implementation will undercut those gains and rapidly take us back to the days of burgeoning backlogs.

Disability determinations are subject to federal court review [42 U.S.C. 405(g)] and must be legally defensible in order to withstand judicial scrutiny. The current incarnation of the Wright Workgroup initiative does not acknowledge that in order to make legally defensible determinations, all determinations must be made in compliance with the Act and Regulations (See, 20 CFR 404.1615 and 20 CFR 416.1015), and that **personnel with legal training are necessary to ensure such compliance**. Instead, there are no positions in this plan that require any legal education in spite of the fact that the Case Analyst and Team Leader positions are both expected to **adjudicate** [on a part-time basis], the thousands of disability claims currently adjudicated by our Senior Attorney-Advisors.

This decision ignores our very recent history. In particular it ignores lessons apparent from the failure of the Adjudication Officer pilots. There were many problems that lead to the failure of the AO program, but I believe two areas stand out. First was the lack of legal education and decision writing experience of the majority of AOs. This lead to an unacceptably high number of poor quality decisions. It took extensive remedial training, experience and the assignment of additional supervisors to improve the quality of AO decisions to tolerable levels. Second, there are many instances of poor relations with the representative community that further compromised the program's effectiveness.

The Case Analyst and Team Leader proposals appear to open the door to the wholesale hiring/transferring/promoting of employees with no legal education and little or no legal writing experience. This is exactly the situation SSA had with the original AO pilots. It appears to set the stage to replace many attorneys with non-attorneys. This will be a terrible disservice to the public and OHA.

Our prehearing adjudicators must have experience, education and ability to interact effectively with ALJs and claimant's representatives on a daily basis. They must have credibility with the representatives and the ALJs. Without this confidence the expected gains will not be realized. ALJs will not depend on under-qualified prehearing reviewers for adequate case development. They will spend more of their time on prehearing review. Claimant's representatives are unwilling to negotiate with people they perceive are lacking in independence. This was a significant problem with the Adjudication Officer program! Attorney-Advisors, with their professional standing, have the training, experience, self-confidence and independence to fill this role the way it is intended. There is no question that the Senior Attorney-Advisor program has been much better received by the representative community than the AO program. Replacing large numbers of Senior Attorney-Advisors with non-attorney case analysts will essentially recreate the flawed AO program within OHA.

Selection of personnel for the adjudication position is critical. First and foremost, these positions involve critical ethical issues in the exercise of judicial/quasijudicial discretion. Requiring that the adjudication positions are filled by licensed professionals, bound by a uniform code of ethical conduct, is a **NECESSARY** safeguard for the integrity of the system and public confidence. Licensed attorneys are already bound by an established code of ethics, which provides for discipline in case of ethics violations. They have gone through a rigorous screening procedure in obtaining their license. In contrast, non-attorney personnel have no such licensing requirements are not bound by any code of ethical conduct. Discipline when one of these people yields to temptation will be much more difficult and limited.

Furthermore, this adjudication position *requires* a person, who is not only familiar with disability issues, but is familiar with these issues in a legal context, as well as with the hearing process and higher levels of appeal. The prehearing adjudicator must also have the confidence and respect of the ALJs and claimant's representatives. Without these qualifications and abilities the prehearing review process could easily devolve into little more than a renamed version of the admittedly flawed "reconsideration" program. It would not accomplish the goals of identifying and expediting favorable decisions (especially those where an amended onset date might be appropriate, *e.g.* where negotiation with the claimant's representative is necessary), identifying needed development, and assuring that procedural aspects are appropriately addressed.

The current Senior Attorney-Advisors are already performing the prehearing adjudication function that OHA needs and in most cases already have over three years of experience in adjudication and an additional three or more years in drafting decisions. Second, they are licensed attorneys. As licensed attorneys, they are bound by an established code of conduct and subject to discipline by their State's Board of Professional Responsibility. Third, the Attorney-Advisors have the familiarity with both the disability issues and the procedural requirements of the hearing process. They also are familiar with and understand the impact of the statutes, regulations, rulings, and pertinent caselaw. No one else in SSA, other than the Office of General

Counsel, the ALJs and Appeals Council members and staff, has this full range of knowledge and experience. Other employees may have somewhat similar knowledge of the disability issues, but they lack the understanding of the procedural requirements and the legal issues involved. Furthermore, there are positions that are a much better fit for their qualifications and experience.

The current Senior Attorney-Advisors and Attorney-Advisors have considerable experience in communicating/negotiating with other attorneys and claims representatives (through prior private practice experience and/or participation in prehearing conferences). Their legal training and proven negotiating abilities make them perfect for the prehearing adjudicator task of conferring and negotiating with the claimant's representatives.

Finally, the Senior Attorney-Advisors and Attorney-Advisors already have experience in working closely with the ALJs. Attorney-Advisors are not mere decision writers. They confer with, make suggestions to, and assist the ALJs in reviewing cases before and after hearings. The level of this assistance varies from requesting clarification of an ALJ's instructions, to the situation where the ALJ requests counsel on a particular case or issue. Attorney-Advisors are often called on by ALJs to recommend a decision with minimal, if any, further instruction. Senior Attorney-Advisors and Attorney-Advisors have been assisting in training/mentoring newly hired ALJs.

No one else in SSA has comparable experience in dealing with ALJs and claimant's representatives. For these reasons, it is clear that the prehearing adjudicator positions should be filled from the ranks of our current Senior Attorney-Advisors and Attorney-Advisors.

I also wish to address the decision writing function of the Case Analysts and Team Leaders. Greater emphasis on training, both initially and on a continuing basis will be necessary for these writers. The district courts will not tolerate abbreviated decisions. The courts require thorough, well reasoned opinions, and the public deserves no less. Our current writers are already bearing the brunt of a much heavier and more complex workload than just a few years ago. A greater percentage of cases are unfavorable than in the earlier period. The current dip in case receipts will not last long. Soon more writers will be necessary and all writers will need and deserve rigorous training to help them deal with the much more onerous workload. Legal training and experience in legal and persuasive writing is more valuable than ever in dealing with this caseload. Entry level attorneys can be hired more cheaply [GS-9/11, step 1] than non-attorneys would be promoted [GS-11/12 at a high step]. Anecdotal evidence suggests that all new writers need at least a year of experience to become proficient. Given this reality, there is no reason not to increase the hiring of attorneys to fill our decision writing vacancies.

In conclusion, I encourage you to: 1) support making the Senior Attorney-Advisor program permanent and assure that it is integrated intact into the OHA reform plan; 2) assure the Senior Attorney-Advisor program is expanded as necessary to meet workload demands; and 3) that more attorneys are hired at local hearing offices to provide increased decision writing capacity.

Sincerely,

JAMES R. HITCHCOCK
President

Statement of Consortium for Citizens with Disabilities, Social Security Task Force

The Consortium for Citizens with Disabilities Social Security Task Force appreciates the opportunity to comment on the readiness of the Social Security Administration to meet the needs of the impending wave of baby boomer beneficiaries.

As the Subcommittee Hearing Advisory acknowledges, SSA workloads are projected to begin increasing rapidly within the next decade as the baby boom generation begins to reach its peak disability years just prior to reaching early retirement age beginning in 2008. In addition, the SSA workforce is also aging and will begin to lose significant numbers of staff, including senior and leadership staff. About 3,000 employees are expected to retire per year from 2007 through 2009. Finally, SSA is also taking on new or more complex responsibilities such as providing increased rehabilitation and employment services for people with disabilities, completing and maintaining an appropriate schedule of continuing disability reviews (CDRs) and other eligibility reviews, and new approaches to prevent fraud and abuse.

In FY 1985, SSA's staffing levels were measured at 80,844 FTEs and 83,406 workyears. The estimates for FY 2000 include 63,350 FTEs and 65,203 workyears, for a reduction of 17,494 FTEs and 18,203 workyears over the last 15 years.

The CCD Social Security Task Force has voiced concern for some time over the continued long-term downsizing of the SSA workforce. We believe that failure to conduct appropriate and timely CDRs and other eligibility reviews could lead to decreased trust in the integrity of the Social Security and SSI programs. In addition, the new efforts to assist people with disabilities to go to work, through the Ticket to Work and Work Incentives Improvement Act of 1999, will require new and expanded approaches for SSA interaction with beneficiaries. Adequate staffing levels are critical for these and other efforts to be successful, especially given the coming disability and retirement years of baby boomers.

For these reasons, the CCD Social Security Task Force strongly supports the proposal that the Social Security Administration's Limitation on Administrative Expenses (LAE) budget authority should be removed from the domestic discretionary spending category. While SSA's LAE account is categorized as discretionary spending, the Social Security program is considered off-budget and the OASDI portion of the LAE is also considered off-budget when calculating the overall budget surplus or deficit. Both the OASDI and SSI programs that SSA administers are considered as mandatory spending. Yet under current law, the entire LAE is considered under the domestic discretionary budget cap. The independent, bipartisan Social Security Advisory Board has unanimously urged that SSA's "administrative budget, like its program budget, be explicitly excluded from the statutory cap that imposes an arbitrary limit on the amount of discretionary government spending." (Testimony of the Honorable Stanford Ross, Chair, Social Security Advisory Board, February 10, 2000)

The CCD Task Force believes that the entire LAE should be removed from under the domestic discretionary spending caps so that SSA's administrative functions can continue to operate smoothly for beneficiaries. For instance, SSA should have no artificial constraints in continuing to be able to take a single individual's applications for Social Security, Medicare, and SSI.

It is important to note that even if the LAE were removed from the domestic discretionary caps, SSA's LAE would still be subject to the annual appropriations process and Congressional oversight. Currently, SSA's administrative expenses total less than 2% of benefit payments paid annually. Congress would still maintain its role in ensuring continued administrative efficiency.

Most importantly, removal of the LAE from the domestic discretionary spending caps would remove it from competition with other programs for limited funds. It would allow for growth that is necessary to meet the needs of the coming baby-boomer retirement years (including the retirement of SSA and state DDS personnel); continue the efforts to improve the processing time for initial applications and appeals; and continue the efforts to ensure integrity in the program through CDRs and other redeterminations. The President's budget request for FY 2001 includes a healthy 5 percent increase in the LAE. Yet due to increasing workloads, even with such increases, performance rates are expected to decline in the following areas: the 5-minute access rate to the 800 number; number of initial disability decisions pending; the number of hearings processed; and the number of CDRs processed.

Annually, the Appropriations Committees need to have the ability to approve adequate funds for the administration of the Social Security programs without weakening other human services programs. Without removal of LAE from the discretionary caps, any increases in SSA staffing and DDS funding will have to be offset by reductions in other health, education, and human needs programs. It is critical that SSA be allowed to make necessary investments in building the staffing infrastructure necessary to meet the needs of the population, as well as new statutory responsibilities such as the Ticket to Work and Work Incentives Improvement Act.

The CCD Task Force on Social Security urges the Ways and Means Committee and the Subcommittee on Social Security to support efforts to remove SSA's LAE from the domestic discretionary spending caps.

If you have any questions on this statement, please contact Marty Ford at The Arc, 202-785-3388.

ON BEHALF OF:

Adapted Physical Activity Council
American Association on Mental Retardation
American Network of Community Options and Resources
Association for Persons in Supported Employment
Brain Injury Association
Inter-National Association of Business, Industry and Rehabilitation

International Association of Psychosocial Rehabilitation Services
 National Association of Developmental Disabilities Councils
 National Mental Health Association
 National Organization of Social Security Claimants' Representatives
 NISH
 Paralyzed Veterans of America
 Research Institute for Independent Living
 The Arc of the United States
 Title II Community AIDS National Network
 United Cerebral Palsy Associations, Inc.

Statement of Nancy G. Shor, Executive Director, National Organization of Social Security Claimants' Representatives

This statement is submitted on behalf of the National Organization of Social Security Claimants' Representatives (NOSSCR).

For the past twenty years, I have been the NOSSCR Executive Director. NOSSCR's current membership is approximately 3,450 attorneys and others from across the country who represent claimants for Social Security and Supplemental Security Income benefits. Collectively, we have many years of experience in representing claimants at every level of the administrative and judicial process.

NOSSCR is concerned about SSA's readiness to deal with the impending increase in its workload as the "baby boom" generation approaches the peak age for onset of disability and, subsequently, retirement. Testimony at the Subcommittee hearings on February 10 and March 16, 2000, painted a bleak picture regarding SSA's ability to deal with the increased work, at the same time that its own workforce will reach peak retirement numbers. To exacerbate this problem, SSA's budget continues to be cut from levels that would allow it to adequately address current and future service delivery needs.

SSA's ABILITY TO MEET SERVICE DELIVERY NEEDS

Most cases handled by NOSSCR members are at the hearing or Appeals Council level. While current processing times at most Offices of Hearings and Appeals are decreasing, they are still unacceptably high. Delays at the Appeals Council level are far worse with, according to SSA, an average processing time of 460 days in FY 1999. In fact, many of our members report far longer times -frequently up to two years from the time the appeal is filed. A claimant cannot proceed with an appeal in federal district court until the Appeals Council has acted. Thus, while their medical and financial situations are deteriorating, claimants are forced to wait for many months before receiving a decision.

Given these lengthy waits at the administrative appeals levels, NOSSCR strongly believes in strengthening the front end of the process. The benefit is obvious: the earlier a claim is adequately developed, the earlier it can be correctly decided. To address this, SSA needs to emphasize the full development of the record at the beginning of the claim. Unfortunately, NOSSCR members report that files for claimants with reconsideration level denials show that, all too often, the development of the claim was inadequate. Until this lack of development is addressed, the correct decision on the claim cannot be made. Claimants are denied not because the evidence establishes that the person is not disabled, but because the limited evidence gathered cannot establish that the person is disabled.

To improve these problems facing claimants, SSA requires adequate staffing and resources. However, NOSSCR is extremely concerned about SSA's ability to meet current and future service needs. The President's proposed SSA budget for fiscal year 2001 provides for fewer "workyears" and indicates that backlogs will begin to grow again at the initial application level. As indicated at the March 16 hearing, SSA's work force has been reduced by nearly 22 percent since 1985. The Commissioner testified how he is forced to shift resources to meet new statutory obligations and to deal with particularly intolerable situations, such as the current state of affairs at the Appeals Council.

The September 1999 report of the Social Security Advisory Board echoes these concerns. It notes the "major decline" in the size of the agency's workforce at the same time that it has "significant problems" in meeting its current workload requirements. "As the workload grows, these problems threaten to become far more serious in the future."

SSA REQUIRES ADEQUATE RESOURCES TO MEET CURRENT AND FUTURE SERVICE NEEDS

NOSSCR strongly agrees with the Social Security Advisory Board's unanimous and bipartisan recommendation that SSA's administrative budget, like its program budget, be removed from the discretionary domestic spending caps. This would allow Congress to approve funding for SSA that would permit the agency to address current service delivery needs and planning for the future.

Currently, SSA's expenses amount to less than 2 percent of annual benefit payments, a figure substantially below that of private insurers. Wage-earners pay Social Security taxes with an expectation that the program will be properly administered at an adequate level of funding. SSA's administrative budget should not be forced to fit within an arbitrary level to fit within discretionary spending caps, forcing it to compete with other domestic programs for limited funds.

As noted by the Board, removing SSA's budget from discretionary domestic spending caps would not lead to unrestrained spending by the agency. The budget would still be subject to the annual appropriations process and Congressional oversight.

If you have any questions regarding this statement, please contact Ethel Zelenske, Director of Government Affairs, NOSSCR, (202) 216-0030.

March 29, 2000

Dear Members of the House Ways and Means Committee:

Below is the text of a letter I wrote to Honorable Olympia J. Snowe, Honorable Susan Collins, Honorable Tom Allen, Honorable John Baldacci, and to Honorable E. Clay Shaw, Jr. on February 18, 2000. The letter relates to ongoing problems in the Portland, Maine Office of Hearings and Appeals, Social Security Administration—problems that I believe have been poorly addressed by the Agency. It is noteworthy that, despite recent and past events, the Portland Office of Hearings and Appeals has always been referred to as the best office in the region, and often the nation, in quality and production. Offices within and outside of Region I have relied upon the Portland Office of Hearings and Appeals to assist in reducing their increasingly high workloads. Management's failure to deal with these problems has had a negative effect not only on the employees, but the claimants which we serve, YOUR constituents. The office has functioned at a progressively decreasing level of efficiency.

By way of background, I have set out below a brief chronology of events, which led up to the writing of this letter.

—Over a period of many years Portland OFFICE OF HEARINGS AND APPEALS employees are subjected to treatment by their Hearing Office Manager, which they characterize as including:

- harassment
- shouting, screaming and yelling at employees
- making unfounded accusations against employees
- slamming doors
- declining to permit employees to contact the regional personnel office;
- telling the Hearing Office Chief ADMINISTRATIVE LAW JUDGE to shut up and go back to his office (in the presence of employees)
- preventing a worker from filing a workers' compensation claim
- requesting that certain employees act as "informants," and report to her the conduct of other employees
- accusing employees of meddling and not minding their own business
- throwing objects
- directing employees to sign backdated performance appraisal forms
- misdirection of union mail
- criticizing employees' attempts to involve the union
- ordering employees not to associate with other employees
- telling employees not to speak to certain other employees
- accusing bargaining unit members of spying on her
- reprimanding bargaining unit members for speaking to agency officials from outside the office
- rebuking bargaining unit members in the presence of third parties
- yelling at bargaining unit members in the presence of third parties
- crying in the presence of bargaining unit members
- numerous paranoid statements

—Dates uncertain: The Regional Chief Administrative Law Judge and the Regional Management Officer for the Office of Hearings and Appeals in Region I met with the Portland Office of Hearings and Appeals on two or more occasions, are said to be “horrified” at what they hear, and promise to remedy it. The Regional Management Officer acknowledges these problems and promises to correct them. He discourages the filing of grievances, assuring workers that he will take care of everything. On the later visit he apologizes for not taking action. He once again promises to do whatever is necessary.

June, 1999: Judge Katherine Morgan is appointed Hearing Office Chief Administrative Law Judge in the Portland, Maine Office of Hearings and Appeals office.

Late summer or fall of 1999: Although nothing changes, bargaining unit members learn that the Regional Office had approved a cash award of \$1000 or more for the Hearing Office Manager.

—October 22, 1999: The Hearing Office Manager is escorted from the office by two security personnel after engaging in activity that is alleged to have included shouting, slamming of objects, rudeness, threatening, irrational behavior, and emotional volatility. Principal witnesses Cristin Wickham and Hearing Office Chief Administrative Law Judge Katherine Morgan. Employees are allowed to leave the premises for their own safety. Some employees are frightened by her conduct. The Hearing Office Manager is apparently placed on administrative leave by Judge Morgan.

—October 24, 1999: Judge Anderson becomes Regional Chief Administrative Law Judge for Region I. The Regional Management Office subsequently details the Hearing Office Manager to the Regional Office for a period of time, and then apparently extends her period of administrative leave indefinitely.

—October 28, 1999: AFGE Local 1164 files a union-management grievance, arising out of conduct of the Hearing Office Manager on October 22.

—November 8, 1999: A meeting with regional office management occurs in the large hearing room at Office of Hearings and Appeals Portland. All staff who were at work that day are summoned to this meeting. Mr. Sapienza, the Regional Management Officer, and Judge Anderson, the Regional Chief Administrative Law Judge, announce to the bargaining unit members that the Hearing Office Manager will be returning to the Portland Office of Hearings and Appeals office forthwith. Judge Anderson denies knowledge of the grievance, although Judge Morgan has already personally given him a copy of it and has discussed it with him. Judge Anderson tells the staff that, “[the Hearing Office Manager] is coming back.” He claims that he has no reason to believe he has the authority to divest her of supervisory authority; that he has no reason to believe he has the authority to detail her elsewhere; that he could not force her to undergo a fitness for duty exam; that because past Regional Chief Administrative Law Judges had not seen fit to deal with the Hearing Office Manager’s past conduct, he is powerless to investigate it or to deal with it now; that the Hearing Office Chief Judge Katherine Morgan will have full authority to issue discipline to the Hearing Office Manager for any future misconduct; that “Your Hearing Office Chief Administrative Law Judge can take whatever action she deems necessary”; that upon the Hearing Office Manager’s return, Regional Office personnel will be in place in the office one or two days per week; and that “[the Hearing Office Manager] has rights,” including the right to modify her past conduct. Judge Anderson urges the filing of future grievances should any additional abuse or intimidation occur. He states that this appears to be the sole available remedy. He states, “You can help me by filing grievances now.” Nevertheless he insists that the past complaints had “not reached the Regional Office.” Mr. Sapienza denies having discouraged bargaining unit members from filing grievances. He takes the position that he is now powerless to do anything about the Hearing Office Manager’s past conduct, because no grievances had been filed in the past. He maintains that he had kept no records of the past employee complaints. He states that there were no records in Boston that reflected that the Hearing Office Manager had ever been given notice of any inappropriate conduct on her part and an opportunity to correct that conduct. The bargaining unit members express concerns about the Hearing Office Manager’s alleged abuse of time and leave (but are informed that this cannot be looked into); about fear of future intimidation and retaliation; about fear of working in close proximity to her; about unwillingness to be supervised by her; about her potential for violence; and about past threats of vengeance. Judge Anderson listens to these concerns and agrees that the bargaining unit members will get ample notice of her return and further agrees to put a second security guard inside the office. He concedes that he is aware that she is “trouble” and “bad news.”

—November 9, 1999: Judge Anderson meets with the union concerning the grievance. All negotiations between the union and management officials apparently take

place prior to Wednesday, November 16, 1999. There are apparently three meetings in all.

—November 15, 1999: The union informs employees that it has met with Mr. Sapienza and Judge Anderson concerning the grievance. The Hearing Office Manager is to remain out of the office indefinitely. The union is advised by Anderson and Sapienza that, when and if the Hearing Office Manager returns, they will provide sufficient notice to prepare the office.

—November 29, 1999: Judge Anderson informs the union by e-mail at 12:29 that the Hearing Office Manager will be returning to Office of Hearings and Appeals Portland on the following day.

—November 30, 1999: For a period of two hours, immediately prior to the Hearing Office Manager's return to the office, Jim Landrum and B. J. Thomas of the Office of the Chief Administrative Law Judge meet with the Portland Office of Hearings and Appeals staff in the large hearing room at Office of Hearings and Appeals Portland. All staff who are at work that day are summoned to this meeting. No answer to the grievance has been given by management. Landrum and Thomas acknowledge that there are "problems with [the Hearing Office Manager]." Thomas suggests that whatever has happened in the past, the bargaining unit members should make peace with it and go on from here. Ms. Thomas says she believes that the Hearing Office Manager will change and that it would be unfair not to give her a chance to change. Mr. Landrum says that she will not be "tossed" without being given a chance to improve. They acknowledge that the employees have a right to work in an environment free of hostility. They take the position that management does indeed have authority to continue the Hearing Office Manager on administrative leave, but that management has exercised its discretion not to do so. They will not say whether the Hearing Office Manager had been "written up" for her past conduct. They state that it was management's opinion that the bargaining unit members are not at risk, but decline to say how this determination has been made. They ask if the Hearing Office Manager has actually touched anyone. Mr. Landrum states that there has to be three months of intensive training and another three months on a performance improvement plan before anything can be done. They state that a fitness for duty exam cannot be ordered unless a person had actually been violent; that the Regional Chief Administrative Law Judge has given his verbal agreement to Hearing Office Chief Administrative Law Judge Morgan to work with her; and that none of her authority would be interfered with. They promise support and training to the staff. They promise a course on how to deal with difficult people. They promise that an investigation of the hearing Office Manager's past conduct will be undertaken. They state that Judge Anderson will also be looking into the question of Regional Office management's failure to deal with the problem in the past. Mr. Landrum states that management had failed to deal with the problem appropriately. They state that they believe that the office needs an additional security guard. They concede that the union may not have been given timely notice that the hearing Office Manager would be returning this day. They promise that they will be returning to provide training.

—November 30, 1999: The Hearing Office Manager returns to the office. An additional security guard arrives and is stationed outside her office. Additional grievances are later filed relating to her conduct before and after October 22. Several days later the second security guard is removed from inside the office to the public area of the office, without notice to the union.

—January 6, 2000: The Hearing Office Manager agrees to step down from a supervisory position and is immediately thereafter reassigned to a non-supervisory position. Judge Morgan is removed from the Hearing Office Chief Administrative Law Judge position over the strenuous objections of virtually all of the employees. Her removal is widely believed to be the result of her attempts to discipline and remove the Hearing Office Manager.

—January 12, 2000: In spite of having been removed from the position of Hearing Office Manager, the former Hearing Office Manager is nevertheless permitted to have unlimited, and possibly exclusive, access to the personnel files of the Portland Hearing Office, which files are housed in a filing cabinet in her office.

—January 6, 2000 to January 12, 2000: The former Hearing Office Manager is observed by bargaining unit members to be shredding and photocopying documents, some of which are apparently documents she had removed from employee personnel folders in the Portland Hearing Office.

—January 12, 2000: The union requests that her access to the office personnel files be terminated immediately, that management immediately take possession of any other administrative files in her custody which contained any personnel information or documents, and that management insist upon reviewing any materials that she proposes to shred in the future. The union stresses that there are pending

grievances relating to her alleged maintenance of unauthorized personnel records and that it was entirely inappropriate for her to have continued access to office personnel records. Approximately an hour after the meeting referred to above, she is intercepted by bargaining unit employees as she is completing the shredding of some personnel documents relating to a number of agency employees. Management later indicates that it will refuse to investigate this matter.

The grievance referred to above was essentially denied by management. Management's actions in dealing with the events outlined above caused a great deal of anger and a great diminution of morale on the part of office employees. My letter to you and to the others named above was in response to a letter she received from Judge Anderson, in which he set out management's point of view on these events.

In addition to the above-mentioned grievance, there are presently three unfair labor practices pending with the Federal Labor Relations Authority, several individual grievances filed by staff, including three which I have pending, a very serious investigation by an outside agency, and numerous EEO complaints.

As a footnote, I would like to add that, as of May 8, 2000, I will be leaving this agency to pursue a position with the Internal Revenue Service, in Washington D.C. I will be available at (207) 780-3271 until April 28, 2000, for any questions, concerns, or otherwise. After that date, you may contact E. James Skillings, Esq., at the same number, for an updated telephone number. I will be at your disposal for any further information, and would be willing to testify at any upcoming hearings which might be scheduled in the future.

CRISTIN, WICKHAM

February 18, 2000

Honorable Olympia J. Snowe
United States Senator
Two Great Falls Plaza
Auburn, ME 04210

Dear Senator Snowe:

Pursuant to a telephone conversation with Denise in your office, I was faxed some material relating to the inquiry I initiated with your office, namely a letter from Thurman Anderson, Regional Chief Administrative Law Judge. The following is a compiled response from me and from other staff members in the office for your clarification. We feel that Judge Anderson may be "padding" the situation, to look more favorable to him. I would like to request that you make a further inquiry into this matter, but would prefer that you follow through with this at either Commissioner Kenneth Apfel's office or Associate Commissioner Rita Geier. It serves no purpose to inquire through Kurt Szarnoski, as he forwards the information to Judge Anderson, who is in the middle of the situation. The letters stop there, and nothing further is accomplished.

Judge Anderson states in his letter that he issued a response to the grievance filed by the union on behalf of the Portland Hearing Office on December 29, 1999. Subsequent to receipt of this response, I drafted a letter to you, outlining some of the concerns I had with Judge Anderson's response (copy attached). Several of the items mentioned in said letter are again mentioned in his most recent January 31, 2000 letter. He addresses the items as action being taken, which is not the case.

Judge Anderson states that he "approved a request for reassignment from the Hearing Office Manager to a non-management position." It is unclear whether this was a temporary reassignment, as he calls it, or permanent. We have been unable to get any clarification on this issue, and feel it is important to our safety.

Judge Anderson states that on January 6, 2000, he "took over as the Acting Hearing Office Chief Administrative Law Judge of the Portland Hearing Office." It is obviously unclear to anybody, in reading the letter, as to why he took over. He did not indicate that the then-permanent Hearing Office Chief Administrative Law Judge Katherine Morgan, was removed on the same day after refusing to step down. He also failed to indicate the reasons why he removed her from this position. In an extremely short staff meeting (which I have also pointed out below) Judge Anderson indicated that, due to problems in the Portland Hearing Office, in particular with the management team, he was removing Judge Morgan from her position, and he would take over as Acting Chief Administrative Law Judge. He neglected to mention that one of the reasons for removing her was that he could not get along with her. Judge Morgan was the only person in the office who was protecting us from

the arbitrary and abusive use of power by the Hearing Office Manager and also by Judge Anderson, the Regional Chief Administrative Law Judge, who had previously supported the Hearing Office Manager by restoring her to her position without any investigation whatsoever.

I would like to point out an incident on that same day, January 6, 2000, when Judge Anderson convened a meeting to announce the news to the office. It is noteworthy that this meeting was called at a time when the majority of the staff was at lunch, and less than half of the staff was present. At this meeting, he made his announcement. I then asked if questions were permitted. He stated that I "could ask a question, but . . ." I proceeded to ask my question. In the middle of my sentence, he stood up from his chair, looked at his colleague, Al Sapienza, and walked out of the room. I subsequently filed a grievance against Judge Anderson for violating the National Agreement, Article 3, Section 2, Part A, which states, "in the interest of maintaining a congenial work environment, both supervisors and employees will deal with each other in a professional manner and with courtesy, dignity, and respect." Judge Anderson himself refers to this in his grievance response of December 29, 1999, page 3, paragraph 2. What kind of example is he setting when he refers to these rules, and then violates them vehemently?

Judge Anderson states that "the Employee Assistance Program has been contacted to set up some workshops in the Portland Hearing Office." He also states that acting HOM Gillis is working with the union steward and EAP on setting this up. When approached with this question, our union steward, Suzanne Jeffers, stated she was not aware of this. On behalf of the bargaining unit employees, she requested said information from acting HOM Gillis, to which she stated that she was aware of something happening, but was not sure what. It is interesting to note that a telephone call was placed to the director of the Employee Assistance Program shortly after this incident occurred in October 1999. I inquired as to whether the Program could send a representative to our office to speak with us as a group and assist in dealing with the issues at hand. I was advised that the employees could call the hotline to speak with somebody individually, and if needed, seek individual counseling services. The director stated that his establishment would not be able to accommodate our request, as this was a labor-management issue, and they prefer not to get involved with issues like that. He again reiterated that employees could call the hotline at anytime. I would request that you contact Ms. Gillis directly at (207) 780-3271 to inquire as to what methods are in place and when these workshops might take place.

Judge Anderson states that he is taking steps and has posted announcements for the vacant positions of Hearing Office Chief Administrative Law Judge and Hearing Office Director, which is the new position replacing the HOM in the new HPI (Hearings Process Improvement Initiative). The Portland Hearing Office is not scheduled to begin the new HPI plan until Phase II, which is October 2000. The question which comes to mind is why would they post a HOD position if we have not even been implemented into the process yet? Will this position be filled before Phase II is implemented, and if so, what will the HOD do? Additionally, I would like to know if there are any other Phase II offices who have posted similar positions.

One of our main concerns now is that Judge Anderson removed Judge Morgan from the Hearing Office Chief Administrative Law Judge position for failure to "keep a lid on" (his words) the situation in Portland. It is blindingly obvious to all of us that this was done solely in retaliation for her attempts to initiate an investigation into a long history of abuses of employees by management, and to correct those abuses. Judge Morgan was the only management official we have had here who was truly responsive to the collective needs of the staff. It is the consensus of the staff that she was unfairly and improperly removed and that she should be restored to the Hearing Office Chief Administrative Law Judge position. Additionally, we are concerned about the outrageous waste of taxpayer money by Judge Anderson. For several months, the government has been paying to house an Acting Hearing Office Manager in this area. Expenses, include hotel, meals, transportation, etc are being paid by the government, when there are many well-qualified individuals within this office who could perform the duties of Acting Hearing Office Manager.

By way of illustration of the continuing nature of the problems we have had with Judge Anderson's manner of dealing with our concerns, I am enclosing a copy of a grievance that our union recently found it necessary to file. The grievance concerns the alleged shredding of personnel files of this office, by our former Hearing Office Manager, at a time when she should not even have been allowed access to those files. As nearly as we have been able to discern, Judge Anderson has displayed no interest whatsoever in this incident, even though it constitutes a serious violation of the privacy rights of staff members.

We appreciate all the assistance you have given us, and continue to provide. As I stated above, we would prefer that you request assistance from either Commissioner Kenneth Apfel or Associate Commissioner Rita Geier in this matter. I am also forwarding a copy of this letter to Senator Susan Collins and to Congressmen John Baldacci and Tom Allen.

As a final note, I have attached several statements written by employees in the office, who wish to have their views clearly stated in the record. I have also enclosed some additional information concerning grievances/complaints, which have been filed since October 1999.

Thank you for all the time you have already devoted to this matter, and in advance, for your continued effort at assisting the Portland Hearing Office.

Sincerely Yours,

CRISTIN J. WICKHAM
*On behalf of myself and
 Employees listed below:*
Susan Sullivan
Robin Gammon
Judie Couture
Linda Bruce
Ellen Munsey
Paula Fenderson
Jim Skillings
Suzanne Jeffers
Raymond Wallace

Cc: Senator Susan Collins, Portland office
 Congressman John Baldacci, Lewiston office
 Congressman Tom Allen, Portland office
 Congressman E. Clay Shaw, Jr., Committee on Ways and Means for Social Security Administration

