

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Social Security

Statement for the Record

Challenges Facing the New Commissioner of Social Security

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Good morning. It is a pleasure to be here today with Ms. Barnhart to discuss some of the challenges that face her as Commissioner of Social Security. Certainly no Commissioner has ever entered office facing greater challenges:

- The first wave of baby boomers is on the cusp of retirement, increasing the Social Security Administration's (SSA) workload even as it decreases SSA's workforce and threatens the solvency of the Trust Fund.
- Demand for increased service delivery requires speed, while the need for fiscal responsibility and program stewardship requires care, and both demands must be met under a restrictive budget.
- Add to this the national spotlight brought on by discussions of solvency, personal retirement accounts, and what Social Security will look like in the future, and the challenges threaten to become overwhelming.

Then, on September 11th, all of these challenges took a back seat to homeland security and the dawning realization that protection of the Social Security number (SSN) is a key element not only in protecting against fraud, but in protecting lives. Commissioner Barnhart's plate is full, and I pledge my support and the support of the entire Office of the Inspector General, in helping her meet these many challenges in a cooperative effort.

When the President's budget was released in February, it included the Office of Management and Budget's (OMB) evaluation of SSA's progress in meeting the President's Management Agenda. OMB noted that while SSA received one of the best evaluations in the Federal government, there remains room for improvement in a number of areas. The challenges identified by OMB closely track the Top Ten Management Issues identified by my office in our most recent Semiannual Report to Congress. I would like to touch briefly on several of these specific challenges.

The first issue to be identified both by my office and by OMB is payment accuracy. Working together with SSA, we have made great strides in reducing all benefit payments to prisoners and Supplemental Security Income payments to fugitive felons over the past several years, and those efforts continue. But erroneous payments, including those to deceased beneficiaries, students, and individuals receiving state workers' compensation benefits, continue to drain the Social Security Trust Fund even as solvency becomes an overarching issue. Because these overpayments continue to bedevil our benefit disbursement operations, we have made numerous

recommendations, many of which SSA has already adopted, and we look forward to working with the new Commissioner to further strengthen our efforts to reduce erroneous payments.

A second, closely related area in need of attention is the accuracy of the earnings reporting process. In FY 2001, SSA received about 274 million wage reports from approximately 6.5 million employers. One of the long-standing issues at SSA has been the large number of wage records that are posted to the "Suspense File" because the records cannot be associated with a valid SSN. This file affects SSA's operations in that wages that cannot be associated with an employee's earnings record can affect the employee's future Social Security benefits, and also affects SSA's operating costs. SSA has made important strides in this area, but again, much remains to be done.

Third, the integrity of the Representative Payee process is a serious issue identified both by my office and by Congress. Representative Payees are appointed by SSA to manage the benefits of children and others incapable of managing their own funds. While most Representative Payees are honest, some are not. In some cases, benefits should not be paid at all; in others, the benefits never reach the actual beneficiary. SSA has made some progress, but both legislative changes and adjustments to SSA's policies and practices must still be made to protect SSA's most helpless beneficiaries and protect against waste of Trust Fund monies.

Fourth, SSA has long struggled with redesigning the disability process. The present system by which disability claims are considered and decided is so overloaded as to be virtually unworkable. On average, it takes SSA 106 days to make an initial determination on a claim. Worse still is the appeals process, which despite numerous failed attempts at improvement, is still so backlogged that a claimant who files a request for a hearing must then wait an average of 308 days for a notice of decision. These never-diminishing backlogs require a visionary approach to break through deeply imbedded bureaucratic processes to bring about true change.

Next, Commissioner Barnhart will need to confront issues of systems security. Our own audit work, as well as audit work conducted by outside sources, has recognized SSA's efforts to provide for systems security, but has also revealed systems security weaknesses that still threaten both the sensitive data SSA stores and the business operations of the Agency. SSA needs to take steps to strengthen its information security framework and improve its overall critical information infrastructure. As we come to rely more and more on technology, and as the demand for service delivery makes online services more and more tempting, it is absolutely critical that SSA's systems be protected from cyber-fraud.

Finally, the events of the past 8 months make it impossible to overstate the importance of protecting the integrity of the SSN. Because the SSN has become such a vital aspect of American life, the process by which SSA issues SSNs needs immediate attention. I have testified on this point several times in recent months, so I will not belabor the issue now, but the growing use of SSN violations to indict and convict individuals known or believed to be associated in some way with terrorism is a testament to the need to act, and act quickly to improve and protect the enumeration process.

The enumeration process, as well as every issue I've mentioned today, presents us with a choice - a choice between increased service delivery, which means speed, and increased accuracy, which

means security and stewardship. SSA is justifiably proud of its record of its outstanding service to the public, but to the extent that this commitment to service emphasizes speed over accuracy and quantity over quality, we are doing a disservice to the American people. I know that this Commissioner recognizes that true service delivery has two components-speed and accuracy. There is a balance to be struck between the two, and for all of the reasons I have discussed, we have reached a time where striking that balance properly is more important than ever.

I look forward to meeting the challenges ahead with Commissioner Barnhart, but clearly she has a formidable job leading SSA into the future. All of the recommendations we advance to address SSA's issues require the application, or redirection of precious Agency resources in this time of serious budget strictures. There are no easy answers. I believe it is in resolving this dilemma, and making these critical choices, that Commissioner Barnhart faces her most difficult challenge. Thank you and I would be pleased to answer any of your questions.