

II. WHERE WE STAND

A. What Should Social Security Be? -- The Definition of Program by Statute

One of the fundamental responsibilities of SSA management is to contribute to the statutory definition of the program. The responsibility to help shape the future of the program involves research and program planning and the reporting back of experience in the administration of the program as it is.

The Social Security Administration operates a **large-scale** data collection program, both as a byproduct of its own operations and also through surveys and contract research. The byproduct information from social security operations constitutes a valuable research resource for the country. For example, social security collects earnings information on just about **all wage** earners and self-employed persons and, growing out of the administration of the Medicare program, has a vast amount of information about the operation of our medical care system. The Social Security Administration also conducts surveys of the income and assets and living arrangements of older people and disabled people. SSA in general exercises a responsibility to collect and analyze information bearing upon the income-security position of the American people. This research is made available, through a regular publication program, to scholars generally and is, of course, extremely useful internally in the analysis and evaluation of proposals for modification of the social security programs and in the evaluation of alternative approaches to the prevention of poverty and the promotion of economic security.

The area of the definition of program by legislation is, of course, an area of interaction with various other organizations in the Executive Branch, with the

Congress, and with outside groups. SSA officials are responsible, through the Secretary and the President, for initiating and staffing out recommendations to the Congress. The Congress, at the same time, receives many independent recommendations from outside the Government, and these recommendations must be evaluated. It is clear that responsibility for shaping what is desirable and practical must in the first instance rest on the Commissioner of Social Security with support from his lieutenants and managers.

The current status of the social security cash benefit program appears to be one of considerable stability. Changes were made in 1972 which, for some time to come, have settled many important questions about the future of the program, and major change is not to be expected for a considerable period of time. Coverage under the program is practically universal, and the benefit levels for those retiring in the future provide a much improved level of replacement of past earnings. Automatic provisions keeping benefits up-to-date both in terms of purchasing power and in terms of the proportion of wages covered under the program make regular intervention by the Congress less likely. And the contribution rates which go into effect in January of 1973 can remain level or even drop slightly for the next 40 years as compared with the increases that have been characteristic of the recent past.

The establishment of a Federal program of assistance for the aged, blind and disabled and at the same time the establishment of a substantial minimum social security benefit for low-paid regular earners under the contributory system (\$170 with 30 years of coverage) should relieve pressure for making the social security system perform a function it is not designed to perform-- that is, to pay a minimum benefit adequate for all to live on regardless of the extent to which they have worked under and contributed to the program. Thus, by law it has now been established that the social

security system will be responsible for reasonably adequate benefits for those who work regularly under social security but that a Federal means-tested program will be available for those who do not and yet have inadequate income and resources. Thus, the pressure for continually higher minimum benefits for all, resulting in distortion of the contributory and wage-related nature of the program, has been relieved considerably.

The provision of law which prevents the payment of full-rate benefits to people who continue to work regularly has been reformed so that it no longer constitutes a disincentive to work. Under the new law, the more a person earns, the greater his spendable income will be, whereas under the old law it was possible to actually **lose in** spendable income as a result of increased earnings.

Other injustices have been corrected: For example, benefits for men will now be computed on the more favorable basis that was previously used for women only; benefits for older widows have been improved; and people who work beyond 65 will receive somewhat higher benefits as a result of their additional work and contributions.

Because of the changes recommended by the Administration in social security financing policy and in the method of making actuarial cost estimates, future benefit increases which go beyond increases in the cost of living will require immediate increases in the contribution rates, another factor which should inhibit major social security changes.

Practically all of these amendments to the social security program were recommended by the President and have resulted in a greatly improved program and one with much greater stability than has been the case in the past.

Many major changes, also recommended by the Administration, were made in the Medicare program--improving the equity of the program and making it easier to administer and to control costs. Moreover, the program was extended to include those persons receiving cash disability benefits for 2 years or more. The contribution rates for the hospital insurance program were increased so as to make this program financially and actuarially sound, both in the short and in the long run. Prior to the 1972 amendments, this program was significantly under-financed. Because of the expected increase in hospital costs, the scheduled rates for hospital insurance coverage rise somewhat over the next 25 years,

Many of the changes in the Medicare program included in the 1972 legislation have been recommended for several years, and this program, too, has therefore **attained** a much greater degree of stability. However, for the long run there is more likelihood that consideration will be given to major changes in the Medicare area than in the cash benefit area.

B. What Should Social Security Be? -- The Definition of the Program through Policy

The statute defines who should get a benefit and how much, but leaves open a multitude of policy questions. What social security is and should be, therefore, is not only a matter of the statute but grows out of a consideration of many claims policy questions related to statutory requirements but not specifically defined by statute. What, for example, is going to be required in the way of proof that the conditions of the statute have been met? What degree of documentation is proper?

When the statute allows interpretation and one can legally move in either one of two directions, which is the direction which is in keeping with the broad principles on which the program is based? The **questions** that involve long-range planning and setting of objectives in this area range from how representative payees (people who receive benefits on behalf of those who are incapable of taking care of their own affairs) are selected to the amount of proof needed to determine that a person is disabled. Important policy questions will involve the participation of the General Counsel's Office, and frequently the preparation of regulations for the final approval of the Secretary.

In the area of claims policy the Social Security Administration has set several broad objectives which, though never completely achieved, have been largely so. Among these objectives are:

1. Uniform and equal treatment of people under law regardless of who the individual is or where he comes in contact with the organization. This objective has resulted in the development of manualized policy and procedure which governs the claims activity throughout the country in both district and area offices. The objective has demanded great emphasis on training, on the sample review of claims with appropriate feedback, and on written policy and procedure.
2. Adequate documentation of claims--to protect the funds of the program and to keep respect for the administration of the program. SSA has insisted upon proof of disability, proof of age, proof of coverage, etc. What presumptions are indulged in are tested by a regular redevelopment sample to determine the continued validity of the presumptions. Do widows, in fact, inform the organization when they remarry, as they are required to do? Can one rely on the statement of husband and wife as to their marriage? And so on.

On the other hand, the organization is sensitive to the need to avoid unnecessary proof, not only because of the expense but because respect for tight administration of the program can easily turn to impatience with red tape. We sample cases, too, to determine if we can afford to do with less proof.

3. Trying to inform all people what their rights are and how to exercise them. This means that the organization has followed a policy of taking steps to get employers to file reports correctly and to inform people when they should apply for benefits. It means helping people in the presentation of a claim when that is necessary, and it means recognizing a special obligation to protect the rights of the disadvantaged and uninformed.
4. Paying the claimant himself whenever possible and paying the person who will best serve his interests where it is not possible to pay the claimant. The dignity and freedom that goes along with the concept of earned right requires that the beneficiary be paid directly when possible, yet sometimes a person cannot handle his own funds. Under what circumstances does one select a representative payee and how he is chosen become important matters of policy.

The foregoing, of course, are only illustrative of objectives in the area of claims policy. It has been necessary to determine objectives in such areas as the administration of the retirement test, waiver of over-payments, prosecution of fraud, and in dozens of others.

C. What Should Social Security Be? -- The Level and Type of Service to Be Provided by the Organization

Decisions about the type and level of service to be provided by social security flow from the statute with even less inevitability than the decisions in the area of claims policy. The statute says nothing about the extent to which SSA will make facilities available for the convenience of the public in filing claims, that is, about the location, furnishings, type of space provided, and numbers of field offices: about the way SSA will treat people who come to those offices, the speed with which the organization will attempt to process their claims, the attitude taken toward inquiries concerning services which social security does not provide: and about the many other matters which determine the level and type of service that people will get from the organization. These are all matters for management determination in the light of the goals of the program, costs, and public reaction. In fact, decisions in these areas become part of the definition of the program itself. The areas in which objectives have been set here are numerous indeed. Although none of these objectives can be completely achieved, SSA has moved a long way toward the full achievement of most. Among the most important objectives in this area are:

1. That everyone who comes to a social security district office, or gets a letter or other communication from any part of the organization, will be treated with respect and as deserving of helpful service. Our goals in this area are those of government in a democracy, but they receive special backing from the contributory nature of the system. It is, of course, necessary to be firm about requirements, and the social security interviewer must represent the organization and its policies, not the individual claimant--but within the framework of these policies the goal is to provide a service that is friendly, courteous and humane.

A commitment to this objective, of course, implies a great deal about the type of person who must be sought for employment, his training, and his understanding of the purpose and philosophy of the program. It has implications, too, for what is required in the way of esprit de corps.

Although the attainment of this objective requires constant attention at all levels of supervision, and although the objective can never be attained fully, by and large, and in comparison with most organizations, **public** or **private**, the organization is in good shape.

2. The prompt adjudication of initial claims and the accurate and timely payment of continuing claims.

Most people who get a social security check depend on it for the necessities of life. No **goal** of the organization is more important than seeing that they get that check every month when they expect it and that initial adjudication is as prompt as we can make it. Promptness and accuracy--the right check to the right person at the right address on time--is the very essence of the service to be provided. Improvement is needed in this area, particularly for those cases that involve problems that are out of the ordinary.

3. A helpful referral service to other programs. Nothing ruins an organization more quickly than to lose focus and to neglect its main job while trying to promote all sorts of worthy but secondary objectives. Social security, therefore, has always resisted becoming a center for the provision of social services, but it has willingly accepted the responsibility for knowing about community resources, for participating in their development, and for the operation of a referral service. This function has now been assigned to

SSA by the President. A considerable upgrading of the service has already taken place, but it will not be possible to fully implement an advertised, **indepth** service until after the implementation of the recent social security amendments (H.R. 1); the new legislation puts just too many additional demands on SSA offices to make this feasible.

4. A level of field facilities, in terms of type of space, location and number, that will provide convenience and comfort to the public and be representative of a businesslike service. This objective involves the location of offices in relation to population shifts, the establishment of space criteria, a continual examination of itinerant service points, and a policy of locating offices within center-city neighborhoods and locating others with access from rural areas.

At present the Social Security Administration has about 1,000 district and branch offices with **full-time** staff ranging from 10 to over 100 people. Employees of these offices also serve some 3,500 itinerant service points on a regular basis--for example, once a week or twice a month one or two employees will have office hours at a county seat where there is no full-time office.

Very substantial progress has been made in improving social security field facilities over the last several years. Some 60 offices built from trust **fund moneys** to social security specifications are now in operation, and more good office space has been leased from private builders. Improvements are still needed, however, in other areas where there is still some space not easily accessible to elderly or disabled people. The policy of smaller offices in suburban and **center-city** neighborhoods has worked well, both from the standpoint of the public served and in terms of

economy and efficiency--the smaller offices seem to result in better employee morale and better production. This policy has by no means been fully implemented, although there are now many neighborhood offices throughout most of our larger cities.

Much improvement can still be made in the type of space used for itinerant service. Here, of course, there is a real problem in securing good space that is not used on a full-time basis.

There are many other commitments under this heading of level of service, such as informing the individual what is expected of him in the reporting of events that affect his benefits, answering inquiries about future rights under the program, and helping to straighten out inaccurate accounts.

D. What Is the Social Security Program? -- How Is the Program to Be Presented

The statute does not prescribe how to present the provisions, the philosophy, or the basic idea of the program for public understanding. These matters must be deduced from the statute and from the Executive Branch and congressional record of its development, What the program is, is subject to interpretation. Within the limits of the record, it is a management responsibility to interpret the program. There is considerable interaction between program interpretation and the functions of program planning, claims policy, setting of standards of service, and some of the other functions discussed, but program interpretation involves a distinct and different emphasis. For example, SSA has presented the program as "insurance" and as "contributory." SSA has dealt with the social security trust funds as having a significant function in helping to establish public confidence. Some have argued for a different emphasis,

Also, how is the organization (as distinct from program) presented? In this matter, we have set as an information objective the presentation of a picture of an organization that is friendly and helpful, not regulation-ridden.

The answers to these and other questions that fall under the heading of how the program is to be presented are not inevitable: and once answers are decided on and objectives set, planning to reach the objectives cannot be taken for granted. To a very considerable extent the social security program of the future will be what people think it should be, so that objectives and policy decisions in the area affecting public and congressional understanding of the nature of the program are of **long-range** importance.

By and large, the status of the program-understanding objective, in terms of general public reaction, is good. Social security appears to be generally accepted as a program based on earned right, with the protection growing out of the work one does and the contributions one makes--a considerable public acceptance of the concept of insurance against loss of earned income. However, there is a current counterattack of some importance among several economists arguing that the program is not really "insurance" and that it should be financed in part or in whole on a more progressive basis. On a more popular level, there is always a minority of editorial attack and magazine and columnist attack which also raises questions about the nature of contributory social insurance. Adequate response in public debate to these criticisms is important in preserving the **work-related** and contributory nature of the program and avoiding radical modifications in both benefit and financial structure.

E. The Objective of Economical Operation

The Social Security Administration is **committed** to the objective of operating the kind of a program that social security is, and providing the level of service called for under policies as defined, at as low a cost as possible, both now and for the future. The organization takes very seriously the concept that its administrative costs are paid for by the contributions which people have made for their own security. There is a commitment, then, to constantly improving productivity while preserving an appropriate level of service.

Out of every dollar of income to the social security system, only 2.3 cents goes for administration. This is as good as or better than the record of any comparable, or remotely comparable, organization. Although workloads have increased 30 percent since 1968, the SSA today has approximately the same number of permanent employees as it did in 1968. Productivity has increased substantially each year. In achieving these objectives, however, the organization has been under great strain ever since the major legislative changes of 1965. This has been a period of unprecedented administrative challenges.

In the years since 1965 an entirely new social insurance program--health insurance for the aged (Medicare)--has been implemented and its provisions put into effect for virtually all of the 20 million Americans aged 65 and older. The cash benefit programs have grown steadily larger in scope and complexity with the provision of benefits for full-time students, totally disabled widows and widowers, divorced wives, and

many previously ineligible children of women workers. SSA has also been given responsibility for administering the special program for coal miners disabled by black-lung disease. The cumulative effect of this growth in program responsibility has been to more than double the total workload since 1965.

The task **has not** been simply to handle an increase in workload of more than 100 percent but to do so with limited resources. Since the end of the fiscal year 1967, SSA has operated almost continuously under rigid manpower constraints. Under the Revenue and Expenditure Control Act passed in mid-1968, manpower resources were limited stringently. From June 1968 to June 1970, in fact, the number of full-time employees declined by more than 2,000 as the workloads rose 10 percent.

Even if SSA had been able to hire enough new employees to keep up with workload increases on a "one-for-one" basis, existing work methods and modes of organization would clearly have been inadequate to cope with the onslaught of new work. In 1966 and 1967, in fact, the existing operating **system** had been severely strained. Backlogs built up, first in the local offices and then in the payment centers, where checks are certified for payment and beneficiary records are kept.

SSA determined that the only adequate long-term response to the dramatic workload increases was to launch a coordinated, agencywide effort to restructure the organization, to streamline workflows, and--most important--to accelerate the development of improved computer systems. Basically, it was the success of this effort that enabled SSA to bring its massive new

workloads under much better control. And the agency's increase in efficiency and productivity made it possible to free staff in sufficient numbers to take on the tasks of further improving the responsiveness of its service and of playing a more active role in the communities it serves.

One of the first tasks in making SSA more efficient and effective was to implement a major reorganization designed both to accommodate the new responsibility for health insurance administration and to strengthen the agency structure generally. The new Bureau of Health Insurance was created and staffed. The components responsible for administering the retirement and survivor program and the disability program were modified to respond to the need (created by growing complexity in the statute) for specialized policymaking and technical guidance in each of the program areas. The field structure was strengthened by placing program representatives in each region, with a regional commissioner on the scene to coordinate program direction and operations.

SSA has utilized the computer as the single most important tool in coping with rising **workloads--** particularly since the beginning of fiscal year 1968, a period, as previously mentioned, of extremely strict and almost continuous limitations on manpower resources. In fiscal year 1971, for example, increases in productivity resulting mainly from systems improvements made it possible to budget savings that are the equivalent of 2,022 full-time employees and \$19.9 million. These saved resources were made available for such tasks as reducing backlogs, handling crises, and doing research and development for future systems advances.

In addition to increasing the efficiency of operations, SSA initiated advances in its systems that improved the level and responsiveness of **SSA's** service to the public. For example, most people nearing age 65 no

longer need to take the initiative in learning about the benefits to which they **are entitled** under the social security program. A computerized program identifies a large proportion of potentially eligible people and prepares a letter asking them to contact their local social security office and apply for any benefits coming to them. Another recent computer program automatically recomputes the benefit amounts of beneficiaries who qualify for higher payments because of recent work. And because of systems improvements that allow local social security offices access to central computer records, inquirers and beneficiaries receive faster and more accurate replies to questions about their benefits and quicker service in **change-of-status** cases than was ever possible before.

In other areas, SSA has experimented with new management techniques and work methods in an effort to keep its massive workloads moving smoothly, often despite critical staff shortages. **Some** of these actions were temporary expedients, dictated by the combination of workload increases and limitations on manpower; others proved so successful that they have been adopted permanently.

In the latter category is the elimination **or** drastic reduction, after intensive evaluation and study, of selected reviews (accuracy checks) at various stages in claims processing and other actions affecting beneficiaries. In place of comprehensive **step-by-step** review of claims, substantial reliance is now placed on sample reviews and on an "end-of-line" appraisal system to measure the overall accuracy of determinations. This approach has allowed erstwhile reviewers to spend their time taking actions rather than checking actions and has resulted in a major increase in production without a substantial sacrifice in accuracy.

To more nearly approach the goal of service responsive to the needs and desires of the public, SSA has taken several steps to give the public options in the way they can do business with the agency to meet their obligations and obtain their rights under the program. From 1965 to date, for example, as already mentioned, small self-contained offices were opened in inner-city and rural areas, and the number of local social security offices thus increased by more than one-third. One purpose was to bring the social security program closer to the people in the communities where they lived, and this action made the physical task of getting to the local social security office easier for millions of **people**. But at least as important as making social security offices more accessible was the aim to make the offices and their staffs more understanding of and better attuned to the communities and the people they served by staffing the neighborhood offices with employees having a knowledge and appreciation of the culture, life style, and language of the people living in those areas. The result has been to reduce, if not to wholly eliminate, psychological barriers and to greatly improve the effectiveness of the services.

As a further improvement in the quality and convenience of its service, SSA actively encourages the use of the telephone by persons who prefer to use it in conducting social security business. Under a national policy, "Teleservice Centers" have been established in the Nation's largest metropolitan areas, and local offices across the land have expanded their telephone service from the mere handling of simple inquiries and instructions to taking of claims over the phone. This service has been highly accepted by a large portion of the public, which regards it as a convenience, saving them the time and effort involved in visiting social security offices in person. It also saves SSA staff time, and--given the safeguards used--does so while maintaining program integrity,

SSA also has enlisted the help of more than 3,000 companies and unions (large and small) that are now prepared to give social security assistance--including the taking of claims--for any of their 9 million employees or members. The result has been a reduction in the work the agency must do on these claims and, as well, in the cost of such work. Equally important, workers have been provided with an effective, convenient, and quick method of filing their benefit claims.

Workload statistics show that during the years following the massive 1965 amendments, SSA's productivity increased significantly. From 1965 to 1973, the use of manpower increased by 60 percent, while the work output rose 140 percent. As a result of increased productivity, administrative expenses have remained relatively low in comparison with program income in spite of the greatly increased complexity of the program.

Another indicator of SSA performance is given by Medicare operations. The advent of the complex Medicare program in the late **1960's**, with its many private health insurance contractors, naturally increased total administrative expenses by a substantial amount. Nevertheless, the ratio of expenses to income for the social security program as a whole remained almost stationary during the period despite the addition of the relatively more costly operations involved in administering the Medicare program. In **1965--before Medicare--**the administrative expenses of the social security programs of retirement, survivors, and disability insurance were 2.3 percent of income. In the fiscal year 1972, all administrative expenses of the Social Security Administration--including those for Medicare--were **2.3** percent of income.

Public acceptance of the social security program is another barometer of SSA's performance. Even in Medicare, with its inherent characteristics for generating a substantial body of complaints among

both providers and users of health services, the Social Security Administration enjoys a generally good reputation. The acceptance achieved by Medicare is a reflection of the level of confidence the public has in the agency's administration of the social security program.

My assessments of where we stand in respect to some of the sub-objectives under economical administration are as follows:

1. Providing for the Next Generation of Social Security Management

Social security must be managed as a permanent institution in our society. This means that a major responsibility of present management is a preparation for its own replacement. The organization is, therefore, committed to the development of a large group of well-trained, experienced and capable managers to take increasing responsibility in the direction of the program. This is crucial to the future of social security. Such an objective cannot be accomplished solely through the operation of special programs, such as the Executive Development Programs, broadening work experience programs, etc. Whatever the contribution of such programs--and it is considerable--a major effort toward the goal of developing tomorrow's managers has to be in the direction of making the experience of working at lower levels in the organization a true preparation for taking responsibility at higher levels.

Our long-range planning has been aimed at such objectives as having a promotional policy that encourages experience in more than one line of work. We have also brought in outside talent at high levels in order to keep the organization from becoming ingrown. We have taken steps to make managers secure in the knowledge that if they do a good job and are suited for higher responsibilities, they will be selected.

Although the highest priority call upon resources in recent years has, of necessity, been given to the need to handle immediate workload problems, SSA could not afford to defer additional **long-term** investments in career development, particularly at the managerial and supervisory levels. Training and career development efforts have been greatly expanded, and previously separate programs have been drawn together into a coordinated career development system.

To build up a reservoir of executive talent, SSA established intensive development programs in the late **1960's**, both for employees in midmanagement positions and for senior executives. In these and other development programs, those selected are given a series of assignments to expose them to a variety of administrative and technical jobs. **They** also participate in seminars, special projects, and educational or training courses. Each participant's program is individually tailored to meet his particular needs. In the middle of 1971, for example, some 344 top and **midlevel** managers were relieved of their regular duties and became full-time participants in formal, individual career development programs, usually extending for 18 or 24 months.

In all parts of long-range planning and **objective-**setting, the **decisions can** only be carried out if we provide good future managers. Thus, the managers at various levels within social security are a crucial resource of the organization.

2. "The Spirit of the Organization"

Wholehearted participation in directing one's activities toward the objectives of an organization is a voluntary act. Thus, good performance is more a matter of attitude than anything else. It derives to a very considerable extent from a series of intangibles which can be grouped under the concept of "the spirit of the organization."

Good performance flows in part from having a good **program**, rational policies, and a basic purpose that one wants to be identified with, but it also comes from personal satisfaction. Are jobs organized so that they are interesting and challenging, and do people have a sense of worthwhile accomplishment from their performance in them? What do people at subordinate levels think of their supervisors and of the chain of command above them? Are there attitudes of respect for the other person's function? Do people know what they are doing? What are the things that one takes hold of to build enthusiasm and morale and esprit de corps?

The history of social security demonstrates, if demonstration were needed, that morale is not a product of an easy job. People respond best to extraordinary demands and to challenges; at the same time, they respond to consideration for their welfare. They need to feel that everything is being done that can be done to make it possible for them to do a good job, and they need to have respect for the program and for those in charge of it. Since spirit governs production, everything that affects people is a matter of fundamental importance to the organization. Matters which may seem mundane may nevertheless be critical, Are people paid in an amount that they recognize as commensurate with their work? Is the classification process prompt? Is the payrolling system accurate and prompt? Are grievance procedures in hiring and firing fair? Is promotion in accordance with the standards set and is the basis for promotion understood? Are communications such that people understand what is expected of them? Does the organization show consideration for employees through its employee services, such as counseling and medical services. Does the management of the organization show concern for providing a

good physical work environment? Are there opportunities for growth and development?

Important as these questions are, it is a mistake to think that the spirit of the organization is the sum of a variety of special projects in human relations or employee services. The spirit of the organization grows out of a multitude of decisions that cut across all the other areas.

By and large, the spirit of the social security organization is good. However, there are areas where improvement is needed. By and large, employees who have the opportunity to deal directly with the public in district offices have found it easier to identify **with the** objectives of the organization and to maintain a high-level esprit de corps than has sometimes been the case in the more routine, behind-the-scene jobs involving people brought together to perform clerical operations in large installations. Although the work pressure is frequently very heavy in district offices and there is sometimes complaint about lack of understanding and support for manpower needs, the visible result of the program provisions--direct contact with the beneficiary--tends to sustain enthusiasm. By and large, too, there is also exceptional loyalty and good spirit at middle-management and upper levels in social security. The situation among clerical employees is less uniform; in some parts of the organization the morale is much better than in others. What we are doing about improving job attitudes where improvement is needed is discussed in a later section of this report.

Then, too, the Social Security Administration like all large organizations has been called on to respond to the higher expectations of minority groups, women, and others who have been disadvantaged

in job markets in the past. Very major progress has been made in social security in providing additional employment opportunities at all levels for minority employees and for women. Ten years ago the Social Security Administration's work force included about 14 percent minority employees and about 58 percent females. However, relatively few women and minority employees had upper-level jobs. Minority employees held only one-half of 1 percent of the positions in the upper grades (GS-12 to 15); women held 10 percent of these positions. A major emphasis in our equal employment opportunity program has been to correct this imbalance and to provide employment opportunity for minority group employees and women at all levels. Latest available data (9/30/72) show that minorities now hold 28 percent of SSA's total 55,000 positions: 35 percent of the 35,000 positions in grades 1-8; 14 percent of the 12,500 positions grades 9-11; 9 percent of the 7,000 positions in grades 12-15; and 2 percent of the 50 grade 16-18 slots. Women, who now comprise 67 percent of the SSA work force, hold 85 percent of the jobs in grades 1-8, 44 percent in grades 9-11, 15 percent in grades 12-15, and 10 percent in grades 16-18. This last figure is especially noteworthy: Only two years ago SSA had one woman in grades 16-18; today there are five.

SSA's progress in the area of equal opportunity has been achieved in a number of ways. Naturally a great deal of attention has been paid to recruitment activities. In 1962, the primary source of recruitment for entry-level technical positions was the Federal Service Entrance Examination. While the merit system was operating to select the best candidates from a register, few minority group members were on this register. Consequently a major part of our effort in the early years was directed toward visiting minority colleges to

encourage these students to take the FSEE and to consider employment in SSA. In the middle sixties, it became possible to recruit technical level employees directly from the top 10 percent of college classes without these students having to take the FSEE. This recruitment tool has been used extensively at minority colleges. Because the FSEE was not providing sufficient numbers of candidates who could serve our Spanish-speaking claimants, SSA began using selective certification; that is, we requested from the Civil Service Commission a list of candidates who met our normal requirements in addition to having the ability to speak Spanish. In this way we not only were able to improve our **service** to the public, but also to increase our employment of Spanish Americans. Another technique has been to recruit in areas with concentrations of minorities for employment in other parts of the country. For example, we have recruited from the South for positions in Kansas City, San Francisco, Chicago, Philadelphia, and in Puerto Rico for positions in New York and Philadelphia,

Another method of improving **SSA's** minority/female employment posture in the middle and upper grades has been to tap our own clerical work force, which, for many years, has been composed of large numbers of minorities and women, (In 1962, minorities represented 19 percent of **SSA's** clerical employees: females accounted for 65 percent of **clericals**.) One means of moving people from clerical to technical positions was to create bridge positions by taking some responsibilities from higher level positions. A significant example of the bridge position is the Service Representative position in our district offices, **which** we were able to create as a result of the Medicare program. **Over** 90 percent of those selected for this job (one grade above the highest clerical grade in the district offices) came from our own clerical ranks. Other techniques we have

used to facilitate the movement of employees from clerical to technical positions include the development of job-related internal tests to identify promising **clericals**; various adjustments in our promotion procedures, such as the use of standardized selection factors in grades 1-6; career counseling; diagnostic testing designed to determine employee strengths and weaknesses in such areas as mathematics, reading, language skills; and basic-skills training, in which employees receive training in their areas of need. We have recently intensified developmental efforts for lower grade employees through a variety of programs involving educational opportunities and on-the-job training. Over 2,000 employees now participate in these upward mobility programs.

In addition, SSA has a number of career development programs for employees in technical and staff positions. While these programs were developed as part of an effort to prepare employees for greater responsibilities and not as part of the equal opportunity **program**, we have taken steps to ensure equitable minority/female participation. These include the SSA Staff Development Program, a program of rotational job assignments, for employees at grades 10-13, and the Executive Development Program for employees at GS-14-16. In addition, SSA was one of the first agencies to ask the Civil Service Commission for permission to recruit for Management Interns from among our own employees.

In administering the personnel management program in SSA, one of the major factors to be considered is the extent to which SSA has been unionized and the resulting important role of unions in influencing personnel policies and procedures. The growth of unionism in SSA since the issuance of Executive Order 10988 in January 1962, has paralleled the rapid growth of unions throughout the public employment

sector. From 1962, when unions represented only 3,700 SSA employees (or 12 percent of our non-supervisory workforce), Federal unions now have exclusive recognition rights for fully 80 percent of the SSA nonsupervisory workforce, or over 40,000 employees. Most of the 40,000 employees are represented by locals of the American Federation of Government Employees, AFL-CIO.

What these numbers indicate is that the great majority of SSA employees are represented by unions that consult and negotiate with management on such basic matters as **promotion** plans, grievance systems, working conditions, equal opportunity, and performance appraisals--to name just a few. And through this representation and negotiation the full intent of the principle expressed in the Preamble to Executive Order 11491, as amended, is being carried out in SSA. As the Executive Order states, "the well-being and efficient administration of the Government are benefited by providing employees an opportunity to participate in the formulation and implementation of personnel policies and practices . . ." In the past two years especially, significant personnel policies which were formerly left entirely to management's discretion, have been revised or developed through negotiation and reflected in contracts. Forty-two contracts are now in effect.

Unions in SSA, after going through a lengthy stage of intensive recruitment and growth, have reached the point where they are now consolidating their gains in representation rights by forging **region-**wide and nationwide units. For example, regional units of SSA district offices are now organized in New York, Boston, and San Francisco. The payment centers located in various parts of the country are now organized into one unit. The primary goal of creating these larger units is to enable unions to deal directly with the policymaking levels of management and to negotiate comprehensive agreements with substance and impact.

Employees are not alone in having gained by this union activity. Unions now provide management with an additional and efficient way in which to communicate with employees (and have employees communicate with management) concerning personnel policies and practices and working conditions. A good tool now exists for gauging employee reactions to proposed policies and for conducting thorough reviews of personnel programs. Unionization does, however, place demands on managers at all levels to become more sophisticated and sensitive if the labor-management relationship is to be kept productive.

3. Methods, Physical Plant, Materials and Equipment

Productivity in the future will be importantly affected, of course, not only by the attitudes of the work force but by the extent to which social security's planning has been organized to insure the best and earliest application of new inventions and machinery, the best-designed work space, the best methods of operation, the best organizational arrangements, even the best-designed forms, and so on. **Moreover**, although we need to make use of invention as it occurs, we cannot afford to await invention developed for others and then seek its application in our work. Long-range planning in this area rests upon a scientific approach to our own processing, which develops the need for the machine or materials. At social security the application of invention and machinery to the job grows out of an analysis of the job and an application of logical principles to the work, and there are many examples of our need calling forth the invention. The Social Security Administration has invested large sums in methods and machine work, a fact which is largely responsible for its record of productivity improvement.

Although social security has been moving ahead on a series of planned systems changes, the need to implement new legislation, frequently on an emergency basis, has resulted in many patchwork additions to the basic system even as it was being modified. There is a need now to move ahead with a new master plan that takes full advantage of existing technology. This matter is discussed at further length in later sections.

As a result of the added program responsibilities growing out of legislative changes, the physical plant of social security has grown substantially at Baltimore in the last few years and a further addition is now on the drawing boards. New payment centers to replace bad present facilities are in the planning stage in several cities.