



“Charting the Course in a Time of Transformation at Social Security”

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Two years ago when I spoke at NAPA's annual conference, I mentioned my admiration for the work that NAPA does, and my appreciation for the contribution of that work on a day-to-day basis to all of us in public service. This forum today reinforces my earlier sense of that value. I have found that the opportunities to reflect and share perspectives on what's most important are all too rare. NAPA gives us all an opportunity to reflect on these important issues. And as my term as Commissioner comes to a close, I hope and expect that my new position at the LBJ School of Public Affairs will give me more time to focus on the key challenges facing our public institutions.

I particularly appreciate the sense today of passing the torch along to those who will be here to build on the work we've done. Many in the audience today are part of what I think of as the "deep keel" of the Federal government. You help keep the ship stable while political winds come and go, sometimes altering the course. I viewed it as my highest priority as Commissioner to deepen that keel and to strengthen the overall legitimacy of our programs and our operations. That's the essence of the story I would like to tell you about today -- the challenges that we've faced and the accomplishments we have made at Social Security during very challenging times.

When I came to SSA in 1997, I knew I was proud to be joining an agency with one of the best performance records in the Federal government. At the same time, it's a very big agency, with big, visible programs and operations, and we had, and still have, our full share of the day-to-day struggles you'll find in any large organization.

We faced many immediate challenges. But if I can just continue my seafaring analogy for a moment, what concerned me most as Commissioner was the deeper leadership challenges, and the major factors and events that were having an effect below the waterline of day-to-day issues and operations.

This has been a time of unique challenges at the Social Security Administration. About eighteen months before I became Commissioner, SSA became an independent agency within the executive branch, separating organizationally from the shelter of the Department of Health and Human Services. This event brought with it a full complement of challenges, ranging from the mundane, such as finding new Headquarters office space in Washington, to the extraordinary, such as recruiting leaders and fully staffing brand new offices, such as the offices of the General Counsel and the Inspector General. There were also the complex matters of interpreting the Independent Agency legislation, defining what it meant on a practical level to be a "quasi" independent agency, and then learning how to operate in a world without the cushion of HHS.

While all of these new tasks were complex and unfamiliar, the greatest challenge of being independent really lay in our program responsibilities. As an arm of HHS we had increasingly interpreted our role primarily as one of day-to-day delivery of services. But as an independent agency we recognized that our mission also included a fundamental responsibility to help shape the programs and to inform the public about Social Security, as well as to plan for the long-term future. No one else understands these programs and how they work better than we do, and no one else is better equipped to inform the White House, Congressional and public dialogue that surrounds them.

We were also heavily affected by timing. As we moved to reorient the organization and our thinking to an expanded mission, the issue of the long-term future of Social Security burst upon the public scene. We found our agency in the middle of a major national debate.

The Long Term Solvency Challenge

It's unquestionably fair to say that as the leader of Social Security, all other issues pale in significance by comparison to long-term program solvency. The aging of America -- and, indeed the world -- will place real strains on our public institutions.

Stated very briefly, Social Security is designed to support current retirees with the contributions of current workers. Families have had fewer children in recent decades, and that fact combined with the happy circumstance that people are living longer means that decades into the future we will have smaller numbers of workers helping to support larger numbers of retirees.

As we project this out over the coming decades, eventually income can't keep up with obligations. And while this is inherently a manageable challenge, it will create real strains on our public institutions. It is clear that adjustments are in order to sustain what is clearly the most successful domestic program in American history.

The challenge for the Commissioner in this issue has several different dimensions. First, there's the question of what adjustments to make. I'm grossly understating matters to say that opinions about Social Security are many and very strongly held. My own views on long-term solvency are very public, but as Commissioner, I had to define our agency role. My fundamental belief here is that the widest, most inclusive public debate we can

possibly generate is both healthy and necessary, and that the Agency's proper educational role in that debate be neutral and non-partisan.

That said, citizens need the facts in order to engage effectively in the dialogue. In the context of our responsibilities as an independent agency that means the leadership of SSA must support and promote the debate with comprehensive, impeccably accurate information.

The last critical piece of the solvency challenge is the one that still keeps me awake at night. Over the years, we have seen a decline in public confidence in the program, similar to the decline in confidence in many of our major public institutions. In our case, I think the nation has been growing more aware of the demographic changes taking place in America, which sparked at least some of the public concern. So as attention to the issue grew, rebuilding public confidence of our public institution became a crucial objective of our responsibilities, along with better public understanding of the program and the long-term challenges we face.

We also knew that no matter how effective we were in this regard, education activities and legislative changes alone could not accomplish all that is needed. Public confidence is built not only on an educated citizenry and program stability, but also on solid service to the public.

The Service Challenge

During my earliest months as Commissioner, I began to understand with greater clarity that SSA is an agency under stress. While we are fiercely and justly proud of the very good service we have traditionally delivered, our frontline workforce increasingly struggles to perform at those high levels and is increasingly burdened by constrained resource levels.

It's not exactly rocket science to figure out that a strained workforce makes mistakes and is forced to cut corners even though they know they should not. And citizens who experience service mistakes are going to worry more about whether the Agency is competently managed, and what that might mean about the programs more generally, and their own future security.

And there's more. There are great new service challenges ahead that would strain any good organization. I've already mentioned the Baby Boom population looming ahead. Financing issues aside, the aging of America will entail huge increases in work coming in our doors, with growing claims for retirement and disability benefits as well as expanded responsibilities in such areas as records management and program integrity.

As if handling workload growth of this magnitude within fiscal constraints were not enough, let's state the obvious and point out that technology is advancing at warp speed, along with customers' service expectations. Technology clearly gives us the means to give better service more efficiently. But it also means immense change in operations and

infrastructure, and we have to struggle with our employees concerns about change while customers are insisting on more, better, faster. To add one final point, again on our employees: one of the most experienced, capable, and dedicated workforces in all of government is aging fast, and we stand to lose over 50% of those valuable people in the next ten years, mostly to retirement.

Summing up, at a time when all service delivery factors are converging to demand the best performance the organization has ever produced, SSA has not been in the strongest position to respond. Of course this combination of factors did not materialize overnight. The facts were known, and in the 1980's and 1990's SSA launched several ultimately fruitless attempts to develop "service delivery" plans. Even early on it was evident that a lot of change would be needed, and these efforts were very ambitious in scope. But these efforts all foundered since there was no buy-in through the organization. Every service delivery plan that was devised met resistance from competing interests inside and outside the Agency.

Given this history, and although one of my top priorities when I came to SSA was strengthening long range planning, as a practical matter it was not clear to me that it would be possible to develop a good long-term service plan. A plan substantive and specific enough to be useful would likely raise many of the same stakeholder objections as past efforts had done. On the other hand, a plan so bland as to raise no objections was not worth doing.

Addressing the Solvency Challenge---Policy and Communications

Developing an agency strategy on addressing the solvency challenge took place while the issue of Social Security was at the top of the national policy agenda. First, we assumed the responsibility for strengthening policy analysis to support executive and legislative efforts to preserve Social Security for the long run. Second, we sought to provide the public with information to increase understanding of the issue.

Policy

Strengthening the policy development and analysis mechanisms at SSA, through the creation of a central policy making component, was among our first priorities after becoming an independent agency. The creation of an Office of Policy was crucial to complementing our actuarial analysis capabilities and lending objective support to the principle of providing social adequacy and individual equity in SSA's programs. It was also the key to enhancing our capacity to undertake the distributional analysis, research and evaluations needed to address the issue of long-term solvency, allowing us to help shape the public debate regarding the future of Social Security.

Our policy development initiatives have had a real impact in this area. They are helping us to create programs that meet the needs of our varied constituents today and adapt to their changing needs tomorrow. For example, policy analysis laid the groundwork for legislation to repeal the retirement earnings test, which had served as a disincentive for

seniors staying in the work force as well as "return to work" legislation designed to reduce our constituents' dependency on long-term disability benefits.

To further support SSA's mission to promote the economic security of the American public, we developed quantitative indicators to assess the outcomes of our programs. We will use these "barometer measures" to help analyze our programs' impact on the economic security of the nation's people and guide future policy development. This kind of policy analysis will also help drive the changes we will need in our business processes to address the challenges we face. Our intention is to be the most respected source of information and advice on Social Security related policy issues.

Communications

In his 1998 State of the Union Address, the President said we should "Save Social Security First." He called for a major public discussion on how the nation could best ensure the long-range future of this program.

As I indicated earlier, I believe our career employees have a central role to play in this discussion, not by taking sides, but by educating. Only by understanding Social Security programs and only by having the personal Social Security information needed to make the wisest individual retirement planning decisions, can Americans be fully prepared to participate in the national dialogue. While the solvency debate is a long way from being resolved, I can tell you that SSA is well positioned to fulfill this critical responsibility of advancing public education.

One of the first things we accomplished with independent agency status by my predecessor was the consolidation of our previously divided communications functions into a single Office of Communications. This reorganization provided a foundation for developing a comprehensive and cohesive communications plan at SSA. Second, in our first Agency Strategic Plan of the GPRA era, we elevated strengthened public understanding of the Social Security programs to the status of one of our "five key agency goals." To realize this goal, we stated as our measurable objective that, by 2005, 9 out of 10 Americans will be knowledgeable about Social Security programs. We are now focusing our public education efforts on ensuring that the American people understand the benefits available to them, how those benefits are financed, and the financial value of our programs. This information is crucial to widespread participation in the national solvency debate.

A necessary preliminary step was determining the gap between actual public knowledge and the 90 percent stretch goal we had set for ourselves. We developed a process to measure the public's baseline level of knowledge of Social Security programs. We found in 1998 that only 55 percent of the public were generally knowledgeable about Social Security programs and had a basic understanding of the basic program concepts.

Obviously a major gap existed between where we were and where we need to be. And so we committed ourselves to an aggressive public education campaign. I want to focus on three of our approaches: 1) expanding our capacity to enable our employees to

educate the public; 2) communicating directly with workers through the Social Security Statement; and 3) making maximum use of technology, including the Internet.

In order for SSA employees to more effectively serve the public, we have put a big push behind expanding the capacity of our workforce to engage the public. We increased our public affairs specialists threefold over the last two years. In just the past year, SSA trained 135 executive and senior staff on messages, media and communication skills. Over the past four years, we've provided professionally sponsored communications training to 1,200 field managers, public affairs specialists and regional public affairs officers. Additionally, our "Employees as Ambassadors Program" trained our 65,000 employees -- many of whom have become specialists -- to answer tough questions about Social Security from the general public, family, neighbors and friends. Supporting this effort is our aggressive, proactive public education outreach campaign where within the past two years alone, our employees have participated in more than 10,000 public events and media opportunities on Social Security and issues affecting its future.

To reach America's work force, last year we launched the largest customized mailing ever undertaken by a Federal agency. Each year, we are mailing our Social Security Statement to about 125 million workers age 25 and older who are not receiving Social Security benefits. The statement provides valuable personal financial information, as well as information on the programs and its long-term challenge. The National Academy of Social Insurance has stated that "the Statement is SSA's most effective [public information] tool. The tangibility of this form, which includes earnings for every year in which that individual was employed by a job covered by Social Security, may help make this program more real to people."

The arrival of the Social Security Statement in the mailbox has served as a wake up call to help Americans better plan for retirement and has helped people better understand Social Security and its long term challenges.

A third key tool in SSA's campaign to inform the public is our expanded website, recognized as among the most innovative and information-rich in government. Our Internet service now provides website visitors with important program information. It will attract about 15 million individuals this year -- up from only 22,000 just six years ago.

Our website provides general education information, as well as personal help with financial planning. The "Benefits Planner" allows people of any age to compute estimates of their future Social Security retirement benefits on our website as well as links to factors that can affect a worker's retirement benefits, such as military service, Federal employment, and personal retirement savings.

Together, these SSA public education initiatives, augmented by our media and community activities, improved printed materials, and increased online visibility, will, I am certain, increase knowledge about Social Security and influence many Americans to actively participate in the debate over the future of Social Security. I'm convinced that

having a more informed public will lead to greater confidence in our institution and will ultimately move the nation to resolution of this most difficult issue.

Addressing the Service Challenge: The 2010 Service Vision

In 1999 we started work on the Government Performance and Results Act strategic plan that would be due to Congress in September, 2000. Prior Agency strategic plans had helped the Agency to some extent, but it was clear that much greater alignment would be needed to meet the long-term service challenges facing the Agency. I wanted the new strategic plan built on thinking from deep in the Agency, and from stakeholders outside, and we cast a wide net for opinions and ideas with employee and public focus groups, employee surveys and workshops, and stakeholder conferences.

The dominant issue that emerged from all of these discussions was a very deep concern about SSA's readiness for the future, and the need for a vision of service in that future. The unanimity of opinion was startling. Many could not see how the GPRA process, starting with where we are today and taking short term steps towards the future, would really address the long-term challenges that we faced. At that time, our Social Security Advisory Board issued a report on service delivery, highlighting current stresses in the Agency and expressing skepticism of SSA's ability to perform successfully in the future. Through the 1990's GAO had issued several reports sharply critical of our weakness in service delivery planning. Armed finally with this broad support and shared sense of urgency, we launched development of the 2010 Service Vision, structuring the effort differently in several respects from those of the past.

First and most important, because stakeholder support was clearly the single most critical ingredient, the effort began with more discussions about the future with employee groups from all levels in the Agency, and with an explicit announcement that our process to a Vision would be an open one. We continued with focus groups with customers and advocates, consultations with outside experts in privacy, technology and human resources, external stakeholder meetings, and concluded with conferences for internal stakeholders. These were designed for union representatives, senior executives, and management and employee associations to react to the drafted vision and express concerns and opinions face-to-face with the Commissioner. An Executive Steering Committee that included our union partners as full members oversaw this process and the actual drafting of the Vision.

The Vision itself is different from SSA's earlier service delivery efforts. Designed to describe how the Agency will accomplish the volume of work expected in 2010, it describes service as customers will experience it in the future, the working environment as employees will experience it, and how the Agency will perform its work. It sets out principles and enablers of service that explain the character and quality of service we want to provide. And, it includes as centerpiece a set of resource and workload calculations to illustrate the magnitude of process change needed for SSA to perform effectively. Structuring the Vision around service and work keeps it factual, neutral and compelling.

The key to attaining SSA's Vision for 2010 lies in our ability to react to the challenges of the next decade by rethinking the way we do business and developing innovative ways to manage our workplace changes, increased customer expectations and growing workloads.

The principle enablers of this strategy will be critical infrastructure investments in a highly skilled workforce and information technology. Given all that we know about the challenges ahead of us, it is clear that SSA must begin making significant investments in its human resources and information technology infrastructure immediately.

For example, we must move aggressively into the Internet age, carefully developing and improving our on-line services for all our customers. We must provide and successfully market 24/7 access to a full range of private, secure and integrated customer services. We must provide strong customer support during expanded hours. But, with significant investment, these enhanced technologies will allow large volumes of work to be handled electronically without the need for employee intervention. Technology will not replace our employees, but it will provide them with the tools and support they need to handle the higher volumes of work.

The Vision is also different because it is simply a first step rather than a plan for all things for the decade. The Vision is intended to drive more steps, with detailed process change, information technology and human resources plans to follow. As SSA drills down, the Agency will have to deal with many sensitive issues we've deferred in this phase. What we've elected to do here is to complete a manageable first stage, and plan to build detail and as much consensus as possible at each stage to follow.

Even at this first stage the 2010 Service Vision is plainly a prescription for transformation, and every leader understands that transformation doesn't take place without the active support of the entire organization and the engagement of every significant stakeholder outside. Here again the key tools are communications and a bias for action.

We announced my final decisions on the Vision with an information campaign that we planned long before those decisions were final. Over a period of ten days every SSA office in the country held all hands briefings, coupled with onsite discussions or teleconferences with regional or headquarters executives. Communications on 2010 continue to this day.

Of course we produced good informational materials, including a video presentation. But the real heart of this information campaign was a series of immediate deliverables to start real progress toward the Vision. We announced: the purchase and delivery of 35,000 faster new computers to replace outdated equipment at the front line and make good on our Vision commitment to improve employee skill levels; 2,500 new higher graded front line positions to make a start on higher-graded, highly-skilled generalist positions throughout the Agency; new training initiatives, including major expansions in career development programs; new Web-based services, such as taking retirement claims directly over the Web: and Internet access for all employees.

We surveyed employees after the "rollout" of the Vision and found nearly universal understanding and strong support for the key elements of the plan. We are moving forward together as an agency.

We still have a very long way to go on this endeavor, but I believe that SSA will keep this process going long after my departure from the Agency. The 2010 Service Vision will certainly evolve under new leadership, but because it is based on the simple facts of

the work we face in the years ahead, it lays the best possible foundation for that new leadership to hit the ground running.

Insights---Sailing Between Scylla and Charybdis

Now to get at those insights I'm asked to leave you with from all of this, let me start by reminding you of the story of Scylla and Charybdis. In Greek mythology, Scylla was a monster that devoured any prey that came within reach. She lived in a cave across a narrow strait of water from Charybdis, a whirlpool that engulfed anything that came near. The only ships to make it past were those that steered a clear course, with all the crew working together. Circe told Odysseus to steer his ship carefully between them and to avoid a fight, but he defied Circe's warnings, and as the story goes, Scylla had many of his men for lunch.

I have told this story a lot during my time at SSA, because it makes this point perfectly: that it is a foremost task of leadership in the public service to help frame the direction of the institution, to seek alignment within and to deepen the institution's keel to stay on course and avoid pitfalls. I think this theme figured prominently in all that we have accomplished to date in furthering the debate around the future of Social Security and in completing the 2010 Service Vision that launches SSA toward future success.

What is the most important element? I believe that communications is the glue that holds all of this together. Before you can balance interests you need an open and vigorous dialogue. And as much as you can possibly make it, the dialogue has to be based on the correct facts, so educating and making balanced information widely available is key.

Communications is critical to resolution of the debate over Social Security solvency. Our leaders must include the American people in discussions about the future of Social Security. As I said earlier, the opinions on solvency are many, but isn't that always the case on any really significant national issue? What is critical is that the voices be many and the call for action strong. And this is why SSA's own communications effort with the American people is so vital.

Communications is also central to organizational transformation, both externally in terms of securing the support and energy of the advocacy community, the Congress and the White House, and internally in terms of our executives, managers and rank and file workers. Communication is needed to reinforce the credibility of what you are doing with prompt, factual information as you deliver immediate actions to show that you are keeping your commitments.

Whether or not there is a 2010 Vision in other organizations, it is absolutely certain that every leader in government will be engaged in transformation in the next ten years. And I believe that working towards a collective long term vision will serve to strengthen GPRAs strategic planning efforts as well as our overall efforts to strengthen our institutions.

If you have been paying attention, you will have noticed by now that I have no lofty philosophical theories on leadership. My own insights are founded in some pretty basic principles. Sometimes we tend to discount them because they are simple. Long-term change requires vision and consensus, getting alignment within and outside the

organization around the fact that change is imperative and the direction it will take, consistently communicating that plan and obtaining feedback, and coming through with "immediate deliverables" that moves the organization toward that vision.

The best description of these principles I've read is John Kotter's book, *Leading Change*. Those of you who have read Kotter will see a lot that's familiar in what I have described for you about our work at Social Security. I will close with some of his thinking:

"Management is a set of processes that can keep a complicated system of people and technology running smoothly. The most important aspects of management include planning, budgeting, organizing, staffing, controlling, and problem solving. Leadership is a set of processes that creates organizations in the first place or adapts them to significantly changing circumstances. Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles. That distinction is absolutely crucial."

Over the 65-year history of Social Security, the work of tens of thousands of committed public servants has helped to make Social Security what it is today -- a centrally important public institution that has truly become part of the fabric of this country. Active leadership has been part of that success. It is my hope and expectation that future leaders will play their part in both transforming the organization and strengthening the program to ensure that our institution is part of the fabric of American life for many generations.