

Reimagining Tax Administration: Social Benefits through the Tax Code

Organizational Culture and Structure

Lessons from the Social Security Administration

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*Views are those of the presenter and not necessarily any federal agency or organization.

Social Security

- Key feature of the New Deal legislation under FDR
- Initially Social Security covered about ½ of U.S. workers
- Even as late as the 1950s, means-tested old-age assistance programs in the states were bigger than Social Security
- Congress began an expansion of Social Security over several decades (coverage expansions and benefit increases)
- Today, Social Security is nearly universal and pays out about \$1.1 trillion annually to 64 million retirees, spouses, widows, disabled individuals, and children

Social Security: Administrative Structure

- About 1,200 field offices around the country (currently closed due to Covid-19)
 - When open, about 43 million individuals visited offices in typical year
- Extensive telephone, mail, and web presence
 - 350 million pieces of mail sent to public every year
 - 33 million calls to 1-800 number annually
 - Extensive set of retirement planning tools and benefit application options on website
- Important lesson for IRS
 - The public will expect/demand in-person, telephone, and web-based service delivery options

What has worked well at the Social Security Administration?

- Culture: Staff at SSA, over its long history, strongly identify with the agency's mission
 - Could clearly see the difference the program made in the lives of individuals who would otherwise struggle financially or be in poverty
 - Could clearly relate to beneficiaries
 - Social Security is not means-tested, but a program for a very broad population
- Culture: Executives who believed in the program but who also had administrative talent
 - Robert Ball was a famous Commissioner who guided policy development (expansion of the program) but also knew how to run a government agency
 - Gained fame in the Johnson Administration for standing up the Medicare program quickly and successfully
- Performance management
 - Executives do pay attention to numerical goals in performance plans

Robert Ball, Statement to SSA Employees on the 30th Anniversary of the Social Security Act

“What a great time this really is to be alive. We are on the edge of greatness in America. We are taking steps to improve the position of the poor; the security of the old, the disabled, widows and orphans; the education of the young; and freedom and equality for all.

And what a great time to work for Social Security and be a part of this program which is doing SO much for so many! We all have a great opportunity, and a great trust to perform; let's get on with the job.”

Robert Ball, 1965



Bob Ball at his desk at SSA Headquarters, April 1962.
SSA History Archives.

What has worked well at the Social Security Administration?

- External Relationships
 - Extensive relationships with advocates
- Technology
 - SSA was an early adopter of computer technology
 - In 1956, SSA Installed an IBM 705 Mainframe, which was used to calculate benefit amounts
 - Recognized reasonably early that the public would demand Internet-based services
 - Its online Retirement Benefits application has proven indispensable in the Covid-19 pandemic
- Research and Statistics
 - SSA's Office of Research and Statistics goes back to the program's beginning
 - Crucial for policymakers to understand how the program is working
 - Several breakthrough results, including the development of the official poverty line in the United States
 - Even today, Congress funds a very robust research, demonstration, and data collection program at SSA

What has worked less well at the Social Security Administration?

- Budget: Inadequate top-line funding
 - SSA's core operating budget, adjusted for inflation, fell 13 percent from 2010 to 2021, while the number of beneficiaries SSA serves grew by 22 percent
- Budget: Too great a share to enforcement, rather than service
 - Only fast growing part of the administrative budget is disability reviews
 - Goal to remove disability beneficiaries from the rolls
- Culture: Limited embrace of the Supplemental Security Income (SSI) program
 - Means-tested program

What has worked less well at the Social Security Administration?

- Complexity of programs: administrative costs
 - Over decades, Congress has added special rules to determine eligibility and benefit payments
 - May take 1-2 years for a newly-hired Claims Representative to be fully proficient
- Complexity of programs: psychological and other costs to beneficiaries
 - Very complex work incentives for the disabled and overpayments common
- Technology
 - Too much reliance on social media for outreach / communications
 - Miss the basics sometimes (mail and phone)
- Research and Statistics
 - Perhaps too much focus on funding external research and less in-house development of capabilities

Lessons for IRS in Administering Family or Social Benefits

- Culture + Talent
 - Appoint executives and hire staff who believe in a benefits program and who have demonstrated administrative talent for such programs
 - Not necessarily from enforcement side of IRS
- Put numerical goals in executive performance plans for program participation
- Have Congress or Executive Branch specifically identify the mission as ensuring payments are made
- Give people service options
 - Field, phone, and web-based
 - For field, perhaps partner with SSA
 - For example, USDA reimburses SSA for taking SNAP applications
- Establish relationships with advocate community
- Produce research and statistics on new benefits program
- There are policy tradeoffs but simpler programs to broader populations have advantages