Hassles or Help? Administrative Burdens in Citizen-State Interactions

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Chapter 6: Social Security

It is hard to point to a more successful social welfare policy in the United States than Social Security. It has dramatically improved income security among older adults, as well as providing life insurance for the surviving families of those eligible for the program based on their employment histories. Indeed, the program distributes nearly $30 billion dollars a year to the children of deceased beneficiaries. It is immensely popular with the American public, even amongst citizens who are otherwise harshly critical of government or welfare.[i]

A key to the policy and political success of Old Age and Survivors Insurance (OASI) – more colloquially known as Social Security – is that it reaches its target beneficiaries. Almost all of those eligible – that is to say, almost all Americans – receive benefits. A key reason for near-universal take-up of OASI is its very low administrative burdens.[ii] Beneficiaries simply enroll online or in person at one of the over 1200 Social Security Administration field offices around the country. Within a month beneficiaries start receiving direct deposits in their bank account.

The design of the program has made for largely positive interactions between the Social Security Administration (SSA) and it beneficiaries. At a time when people find government cumbersome, Social Security stands out for its simplicity. It is tempting to ascribe the low burdens of Social Security to the fact that "universal participation and the absence of means-testing" make Social Security relatively easy to administer.[iii] After all, how hard can it be to cut checks? In his seminal typology of bureaucracies, James Q. Wilson characterized the SSA as a "production" agency – that is, an organization that is easy to manage because its processes are easy to observe and its outputs measurable: "SSA was given a relatively simple task that was carefully defined by law."[iv]

We argue, however, that the assumption that task simplicity explains Social Security's success is ultimately misleading, reflecting just how much we have come to assume that the low administrative burdens of the program are the natural order of things. As we detail in this chapter, the success of Social Security is a triumph of administrative design over a set of daunting challenges.

Early program administrators faced an unprecedented task—one that many experts saw as unsurmountable. The government had never implemented a social program so large. Some experts, including those from European countries who had implemented old age pensions decades prior to the US, deemed the task impossible.[v] In addition to developing a large, reliable and efficient administrative structure to serve 26 million Americans in its first few years, the SSA had to ensure that it was free of the corruption that plagued the civil war pensions system. Its early administrators did so through a series of deliberate design choices that reflected a belief that administrative simplicity was central to the program's long-term sustainability. One noted, "the techniques of administration ...could not impose such burdens on individuals, both employers and employees, as to cause opposition."[vi]

Moreover, they had to build the largest social welfare administrative structure in the developed world in the context of on-going challenges, from politicians intent on using the program for patronage, to legal challenges that questioned the very constitutionality of the Social Security. Retracing the history of Social Security remind us what seems to have been forgotten: that its origins was unpromising enough to make its ultimate success more unlikely than inevitable.

The creation of Social Security also shows how administrative design choices matter not just for reducing burdens, but also for building durable and popular public support for those programs. At a time when we question whether government can still do big things, this lesson could not be more relevant. Programs that visibly provide real help, without hassle, are valued by citizens. This point may seem simple, but how often is it followed in practice? The help government offers may too often be hidden, or conditioned on vaulting over barriers, which are not conditions upon which to build mass support for public action.

The history of Social Security is also relevant for the SSA today. Just as the low burdens associated with the program were a function of administrative choice, those choices can be at least partly reversed. The program has been able to resist calls for privatization, but other recent choices have caused burdens to increase. Ongoing budget cuts have led to a decline in resources for staff support to help new beneficiaries, just as a wave of baby boomers are becoming eligible for benefits.

Political Obstacles to Administration

Both the Social Security program and those tasked with implementing it had to deal with ongoing political opposition. The passage of the Social Security Act is generally recognized as one of the greatest political feats of the 20th century, both because it created the foundation for the U.S. welfare state, but also because it overcame strong resistance.[vii] The Act was signed into law on August 14, 1935. The portion of the Social Security Act that included Old Age Insurance was particularly fertile ground for conflict. After fierce debate, the final design emphasized a social insurance model. Individuals contributed to the program through their earnings – and their benefits were based on those earnings – and were 'insured' against the vicissitudes of poverty in old age.

Criticism came from both the right and left. Republicans who favored limited

government saw Social Security as an unwarranted expansion of the state, and were supported by organized business interests concerned about their tax burden and the potentially de-incentivizing effects of Unemployment Insurance on labor force participation. Southern Democrats were also concerned about how generous social welfare benefits might undermine black low wage household and farm labor.[viii] Opposition from the left was largely among those who wanted a generous income guarantee, not linked to labor force participation, that would have been more explicitly redistributive. The most famous of these approaches was the "Townsend Plan", which proposed to tax all transactions in production and marketing. Under the plan, older adults would be guaranteed a flat $250 monthly income.[ix]

As we detail below, the opposition and attempts to undermine and repeal the Social Security Act continued throughout its implementation, causing numerous challenges to further complicate an already difficult administrative implementation process. The designers of the program were very much aware that overcoming such opposition, and keeping the program intact, depended on providing positive experiences for the program beneficiaries and stakeholders.

Part of the immensity of the task was that it was not just implementing Old Age Insurance (OAI). The Social Security Board was created to oversee not just OAI, but also Unemployment Insurance, Maternal and Child Welfare, Public Health programs, and Aid to Dependent Children. The Social Security Board's Bureau of Federal Old-Age Benefits (which would become the Bureau of Old-Age Insurance in 1939) was tasked with dealing with what would become OASI. From the start, the Bureau of Federal Old-Age Benefits faced an extraordinary deadline: by January 1 of 1937, the program had to enroll 26 million citizens.

Of immediate concern was the 1936 Presidential election, which many saw as a referendum on the Social Security Act.[x] Indeed Alf Landon, the Republican candidate, actively campaigned against the program.[xi] At a campaign speech in Milwaukee, Landon outlined the risks of a creeping bureaucracy in American life:[xii]

> The administration is preparing a plan, the exact nature of which we shall not know until after the election, for keeping the life records of 26,000,000 of our work people. Imagine the vast army of clerks that will be necessary to keep these records, check up on the people whose records are not clear…And so bureaucracy will grow and grow, and Federal snooping flourish.

While abstract discussions of government incompetence have become a staple of Presidential campaigns, it is unusual to have such an explicit focus on the administrative machinery required to provide services. In most respects, Landon's characterization was accurate. The program would require a new army of administrators and closer governmental oversight on the work lives of Americans. But voters embraced Roosevelt's model of an administrative state necessary to provide a new range of government services.

Political opposition included not just formal repeal efforts in Congress, but other legislative maneuvers to stymie implementation such that the enrollment deadline could not be met. The most immediate effect of this opposition was that the Bureau of Federal Old-Age Benefits had no budget. Senator Huey Long (D-LA) blocked the 1936 appropriation bill (what is now the Omnibus Reconciliation bill) that was to provide funding for implementation and administration.[xiii] Long represented the more liberal perspective that saw Social Security as a chance to establish a minimum basic income, while moderates like Roosevelt instead argued for

a link between work and benefits.

Normally, this lack of funding would effectively either kill a program or at least delay implementation until the needed appropriations materialized. But Roosevelt demonstrated the persistence and ingenuity that would characterize the early years of Social Security. He cobbled together personnel and funding from the Works Progress Administration, the demobilizing National Recovery Administration, the Federal Emergency Relief Administration, and the National Youth Administration.[xiv]

In February of 1936, the funding appropriation was signed. By March 15, the Federal Bureau of Old-Age Benefits was finally in place, and ramped up from its initial team of five employees.[xv] They quickly set up processes to begin collecting and tracking payroll taxes, as well as to distribute benefits to 26 million people as to meet the January 1 deadline. As we detail below, the Bureau followed Roosevelt's tactic of creatively repurposing other parts of the federal government to help them.

Uncertainty over the constitutionality of the Social Security Act also clouded the implementation process. Some employers simply refused to report earnings, at least partly due to political objections, and their resistance was encouraged by the prospect of the Roosevelt facing a Supreme Court defeat on the constitutionality of Social Security.[xvi] The Court had already struck down much of the policy architecture of the New Deal. Indeed, Roosevelt was able to draw staff to support Social Security from the National Recovery Administration only because it had been declared unconstitutional and needed to be disbanded. Most ominously the Agricultural Adjustment Act was deemed unconstitutional on the basis of a revenue-raising and spending structure quite similar to Social Security. It was not until May 1937, after people were enrolled and taxes collected, that the Supreme Court finally ruled the program constitutional.[xvii] The favorable judgement was part of the "switch in time that saved nine" when Justice Roberts switched from the conservative to liberal bloc of the court in the aftermath of President Roosevelt's court-packing proposal.

A final political obstacle to successful implementation was the threat of patronage. The new agency would require thousands of workers around the country. At a time when jobs were scarce and the vestiges of the spoils system remained, members of Congress had a strong incentive use these jobs to build political capital.[xviii] The Social Security Board viewed the quality of the new offices as central to the program's success. If stocked with political cronies, this would undermine the broader goal of an administratively efficient agency that would effectively serve beneficiaries. Much of the reason for the corruption of the Civil War pension program—and its ultimate failure—was directly the result of patronage and poor administration.[xix]

The first three members of the Social Security Board, tasked with implementing all of the programs created under the 1935 Social Security Act, included John Winant, a former Republican Governor of New Hampshire, Arthur Altmeyer, a La Follette Progressive from Wisconsin with significant administrative experience, and Vincent Mills, a Democratic Party insider.[xx] Mills was unconcerned about the patronage issue. In this, he was not alone. Indeed, President Roosevelt himself was a skillful tactician both in the provision of patronage, and then protecting those he had favored by later blanketing them into the civil service system.[xxi] But Altmeyer and Winant formed a majority and were able to overrule Mills. They devoted considerable effort to overseeing staff hired around the country to ensure there was no patronage. They also battled the Civil Service Commission to gain exemptions from the traditional civil service system for the purpose of hiring "especially talented persons, who shared the liberal

commitment to a universal retirement system in which benefits would be guaranteed to all contributors as a matter of right and without a means test."[xxii]

The Board faced considerable pressure from Congress, which saw the program as a means to curry political favor. When, for example, they were deciding field office locations, the Board faced ongoing advocacy by Congressmen to locate field offices in their districts. One Senator, on finding that his hometown would not be a field office site, nor would the agency hire his unqualified protégé, attached an amendment to the Board's 1937 appropriations that put salary caps on those hired as 'experts' and specifically cut the salary by 5 percent of the specific Board Executive who had denied the Senator.[xxiii]

By and large, the Board served as a "shield" to protect the Bureau of Federal Old-Age Benefits from political pressures.[xxiv] For example, the Board would frequently back up the Bureau if an appointment in a given state was challenged by a member of Congress. After hiring qualified candidates – made somewhat easier by the poor economy – the Board also prioritized investments in training to generate both better quality and consistency in field office service.

The Benefits of Social Security's Universal Design

Today, the universal nature of Social Security is taken for granted. Indeed, the universal design is often used to explain why the program has such low burdens. The fact that most qualify reduces the need for careful determinations of eligibility that we associate with many means-tested programs. Individuals are eligible based on marriage to eligible workers, earnings (a 10-year earnings requirement), and residency (of at least 10 years in the United States). Moreover, just as universalism tends to encourage social trust among program beneficiaries, Social Security stands out as a form of welfare that faces few accusations of fraud or mismanagement.[xxv] But while there are natural potential advantages that came with Social Security's more universal design, early administrators ensured that they leveraged this potential by emphasizing the earned nature of the benefit; it was not 'welfare.' As we detail below, this now universal understanding that Social Security is an earned benefit, rather than welfare, was not an assured outcome.

From the beginning, Social Security administrators leveraged universalism to avoid the psychological costs arising from intrusiveness and consequential loss of autonomy typically associated with means-tested programs. John Corson, who oversaw the Bureau from 1938-41 and 1943-44, contrasted Social Security as a form of general insurance to public assistance programs. Means-tested public assistance "requires investigation of the individual's need and the exercise of judgment as to the eligibility of the applicant and the evaluation of the applicant's need. Under the insurance method eligibility and the amount of benefit are determined automatically on the basis of wage records and other objective factors. In the great majority of cases personal judgment is not required…This reliance on objective impersonal facts and the consequent absence of individual judgment are, I believe, elements which tend to preserve and enhance the self-respect and independence of the beneficiary."[xxvi]

The choice to emphasize the program as 'insurance', and as an earned benefit, also prevented the program and its population from being stigmatized at a broader level. This interpretation, however, was not necessarily the only way the program could have been presented. Indeed, as a pay-as-you-go system – payroll taxes paid were not deposited into an individual account. In truth, there was a far less direct relationship between earnings and eventual benefits. Nonetheless, early program designers and administrators popularized the notion that Social Security was an earned benefit.[xxvii]

Corson explained that the "fact that the individual has made contributions—paid specific

taxes, if you insist—justifies, in the minds of contemporary society, efforts on the part of the Bureau of Old-Age Insurance to seek out beneficiaries and to help the survivors of workers who die. Similar efforts to seek out families who are in need would not be condoned as a part of a public assistance program."[xxviii] This belief was very much consistent with Roosevelt's. Indeed, Altmeyer recalled Roosevelt's "desire to place chief reliance on a system of contributory social insurance was due as much to his belief that it was a financially safe system as to his belief that it provided protection as a matter of earned right."[xxix] And as Roosevelt himself said: "We put those payroll contributions there to give the contributors a legal, moral and political right to collect their pensions…With those taxes in there, no damn politician can ever scrap my social security program."[xxx] Individual contributions created a sense that all had a stake in the program, and were benefiting directly from their own labor rather than via welfare. This design element disguised the redistributive element of the program, shielding it from popular stigma of targeted welfare.

This belief that benefits were "earned" became a norm inculcated into the administrators and bureaucrats that would populate this rapidly growing organization. They saw their mission to be one of 'serving' beneficiaries rather than distributing benefits to the needy and perhaps undeserving. This was a priority in the mind of Corson as he sought to hire the new employees: "Three hundred field office managers, who would interpret this program to citizens throughout the entire country, had to be enlisted and educated as to the meaning and purpose of old-age insurance...[They] must understand the spirit, as well as its letter."[xxxi] This specifically meant understanding three broad concepts. First, as articulated in the 1941 Social Security Board's Annual Report, the relationship between the agency and program participants was collaborative: "Social Security represents the collaboration of workers and their employers and the Government of the people." A second key assumption was the understanding that participants were 'deserving' of benefits, that "the sacrifices made by these workers in their country's behalf are manifestly adequate social contributions."[xxxii] Finally, the understanding that Social Security was an insurance program was critical. While the bureaucrat administering traditional public-assistance might view the claim of the recipient through the lens of whether they were deserving or not, insurance suggests compensating a broad population that have collectively contributed to minimize a shared risk. Corson (1942), for example, compared social insurance as similar to car and accident insurance.

One significant exception to universalism was the exclusion of domestic and agricultural workers, ensuring that relatively few black Americans benefited from Social Security for decades. There remains debate over the rationale for their exclusion. On argument is that the administrative difficulties of capturing the earnings and records for this group of workers made it infeasible. However, as early as 1940, the Social Security Board responsible for implementing the program were actively advocating for the inclusion of these workers.[xxxiii] The other explanation is that their exclusion was a political choice to gain the support of Southern Democrats concerned about how generous incomes supports to black Americans in the South would disrupt the low-wage labor market.[xxxiv] The latter explanation points to the way racial politics led to a truncated form of universalism that allowed Social Security to become established and popular even as it excluded a generation of workers. By 1956 approximately 75 percent of all agricultural workers were included in the program. Coverage of domestic workers expanded over this period as well, though estimates are that only about one-third were actually covered by the program.[xxxv]

The Biggest Bookkeeping Organization in the World
       While universalism brought benefits, and is now seen as essential to its low burdens, it also posed such an unprecedented challenge for the US administrative state that it was initially seen as an argument against Social Security. Arthur Altmeyer argued that the administrative implementation to resolve this challenge ultimately mattered as much to Social Security's success as the design of the program itself:[xxxvi]

> I have considered it essential to discuss the administration of the Social Security Act as fully as the provisions of the act itself because, as John R. Commons, my teacher at the University of Wisconsin and the dean of labor economists for many years, used to say, 'Administration is legislation in action.' It is hoped that the importance of Administration will be demonstrated in such matters such as selecting and training qualified personnel; establishing proper organization and procedures; coping with the unique problems involved in the creation of the gigantic old age [and] survivors' insurance system; and, above all, exercising, in an intelligent and responsible matter the power that lawyers call 'administrative discretion.'

       Until this point, nearly all social welfare was administered at the state level. The federal government had almost no capacity or experience administering large social welfare programs. The closest parallel was hardly a model for success. The Civil War Pension system was so undermined by patronage, corruption, and dysfunctional administration that it became an archetype of fraud and waste in public services that remains with us today.[xxxvii]
       The administrative obstacles were large.[xxxviii] Some experts from Europe, where social insurance schemes had been common for decades, as well as numerous efficiency experts in the United States, thought that the law should be repealed because it was impossible to implement.[xxxix] As the Committee on Economic Security noted in 1937, "The volume of individual contribution records that must be kept would involve administrative techniques on a scale which is new to this country."[xl] The closest the federal government had come to building administrative records of such scale was running the draft in World War I, but even this endeavor paled in comparison.[xli] Enrolling 26 million individuals meant keeping track of their earnings over their entire working lifetimes. Newspapers at the time called it the "biggest bookkeeping organization in the world."[xlii]

Reducing Compliance Costs in Enrollment
Whereas administrators today can turn to SSA administrative data to reduce burdens, the founders of Social Security had to figure out how to construct such data in the first place.
So how could they design and build the procedures to enroll individuals and track their earnings in a way that would determine eligibility and benefit size? To fully appreciate the design choices that were made, we need to also understand policy alternatives that were ultimately not chosen.
       One path not taken was to rely on stamp books to track earnings. In many European countries that already had social insurance systems, employees were responsible for tracking their earnings. The employees would receive stamps from employers and then turn in the books at retirement age. Much of the compliance costs for tracking earnings were borne by the employee, who was responsible for tracking these stamps across their entire working lives.
       In addition to compliance costs, employees also shouldered considerable risks if stamps

were lost or in dispute, which were relatively frequent problems.[xliii] This option was also particularly vulnerable to manipulation and fraud, since employees could try to fraudulently create stamps, or purchase them from corrupt employers.[xliv] Largely due to the concerns regarding fraud, the stamp book approach was deemed infeasible. Ultimately, this was a choice that served to minimize burden, while increasing access to benefits and protecting against fraud. But it was a feasible enough option that an early administrator, Edwin Witte, suggested without success in 1935 that stamp books offered the most feasible way to include agricultural and domestic workers.[xlv]

Instead of a stamp book, the Social Security Board chose to employ a Social Security number, which would allow the federal government to keep track of individual earnings across one's lifetimes. Social Security numbers are now so deeply embedded in American life that we take them for granted. They serve as the closest thing to a national identification in a country that has long resisted such an ID. But at the time, the idea of providing beneficiaries with a number that would track them across their lives was revolutionary, another example of the ingenuity of the designers of Social Security as they sought to minimize compliance burdens.

A simple logistical challenge to enrolling millions was that thousands of planned regional Social Security offices were not yet in place. The Bureau of Federal Old-Age Benefits improvised. In November of 1936 they employed the Postal Service to enroll both employers and employees. With 45 thousand offices on the ground, daily contact with the public, and a generally positive reputation, the Postal Service offered an efficient and trusted choice that reduced both learning and compliance costs.[xlvi] The Postal Service distributed and collected applications and then distributed Social Security cards. The eligibility process was brought to beneficiaries and employers via a familiar face—their local mailman. Within 28 days of starting, the Postal Service had collected over 22 million of the 26 million applications.[xlvii] The success of the Postal Service gave the Bureau of Federal Old-Age Benefits some breathing room to train field office staff that were being hired as the initial enrollments took place.

During the early reporting periods in 1937 – when employers started paying and reporting payroll taxes and earnings – the Bureau of Federal Old-Age Benefits acted to reduce burdens and foster participation with employers. For example, one challenge the Bureau faced during these first reporting periods was that employers sometimes failed to provide Social Security numbers and instead just provided the employee names, or failed to report any information.[xlviii] The Bureau sought to distinguish itself in the mind of employers from the Internal Revenue Service (IRS), which could be punitive for non-payment of taxes. Consequently, the Bureau relied on an educational rather than punitive approach, large and ongoing information campaigns, as well as training additional staff to reach out and address reporting issues. The Bureau and the Social Security Board more generally had, unlike the IRS, "an interest in good relations with the public. The attitude of the workers and employers who make the contributions is the measure of current cooperation and thus a factor in the long-range stability of the system."[xlix] In other words, the Board viewed employers as co-producers in generating the new program. Without widespread participation, the program would have failed, and a more forgiving approach reflected the need to build a non-adversarial relationship with recalcitrant employers.

The Bureau also paid close attention to compliance costs faced by both employers and employees in completing forms that needed to be submitted for payroll taxes. They deliberately designed the forms to be simpler and clearer than standard IRS tax forms. And when in the first year they realized that some employers were still having trouble with the forms, they engaged in
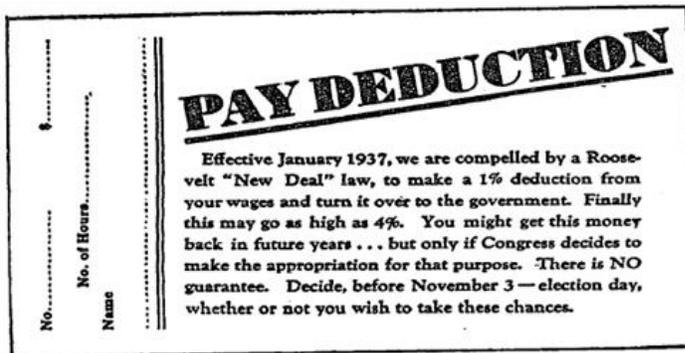
further simplification.[1]

   The Social Security Board spent considerable time and political capital ensuring that they had developed long-term administrative capacity to process, check, and store earning records. While the development of all of these processes involved considerable organizational expertise, one key decision that had the potential to significantly undermine the ability of the program to function was how to structure the broader processing and storage of data: should there be regional centers or one centralized center? Experts pressured the Board to proceed with regional centers, with the view that the sheer task of storage would be more easily managed if it was distributed among many sites.[li] The Board, however, foresaw problems that would happen when workers moved for employment and the consequential potential for error when either moving records, or attempting to merge them, at the time of benefit collection. The Board thus commissioned pilot studies of the regional approach and the findings reinforced the Board's desire for a single national center. In retrospect, avoiding the additional errors and burden a regional center would have created for beneficiaries improved the long-term efficiency of the program, and ensured that beneficiaries would not have faced additional compliance costs in resolving such errors.[lii]

Reducing Learning Costs

The novel nature and scale of Social Security for the American public required that the Social Security Board educate the public. The Board authorized the creation of the Information Service in January of 1936 to manage public relations and outreach. The Presidential campaign, and vitriol surrounding the Social Security Act, raised problems for the Information Service. At the same time the Information Service was attempting to inform employees about the Act, opponents of Social Security started distributing pamphlets to employees discrediting and challenging the program.[liii] In particular, just prior to the 1938 election and during the period when the Board was attempting to enroll employees into the program, the Republican National Committee, in collaboration with business owners, distributed in employee pay envelopes the flyer portrayed in Figure 6.1. In some leaflets, it was actually signed by the "Social Security Board, Washington, DC". This was combined with a larger advertising campaign jointly with the Langdon campaign that emphasized the themes of 'pay deductions.' While Roosevelt ultimately won, the campaign had a negative impact, undermining some support for the President and Social Security.[liv]

Figure 6.1: Flyer Distributed by Opponents of Social Security

   Outreach was intended to reduce the novelty of the program, rebut efforts to discredit it, and most crucially, to reduce learning costs to facilitate the employer and beneficiary enrollment necessary for the program to function.[lv] Robert Huse, who oversaw outreach efforts, explained its purposes[lvi]:

   A first requisite in administration of any legislation, and more particularly of social

legislation, is the careful cultivation of a widespread and thorough understanding of the legislative intent, of the needs out of which the legislation grow and the objectives which it seeks to accomplish, as well as the specific administrative procedures through which the objectives are to be sought. In short, a program of adult education on a very large scale is necessary, and the administrative agency will fall short of its objective unless it takes reasonable steps to promote popular understanding of the law.

The broader goal of the Information Service was not only to explain the goals of the program, but to provide practical details regarding its implementation.[lvii] Such explanations were designed to meet the interests and capacities of different groups. Public organizations are more successful at building and maintaining a positive reputation if they understand that they have multiple audiences, and tailoring their message differently for each.[lviii] To meet these aims, the Information Service included multiple divisions tasked with interacting with specific groups. The goal was to conduct outreach to employers and employees through trade, labor, civic organization, veteran's organizations and educational organizations.[lix]

Figure 6.2: Flyer Distributed by Information Service

The Information Service also had divisions devoted to particular kinds of media. One group dealt with the general media. Another focused on labor organizations and the labor press. Another division was focused on the business press, as well employers more broadly. An entire publications division existed to generate promotional and educational materials. These were done so well that the *New Yorker* praised the materials as "a triumph of clarity and simplicity."[lx] The Educational Division focused on colleges and the educational sector more broadly. There was an Inquiry Division that answered letter and questions from individuals all over the country. There was even a motion picture division devoted to creating films about the program. Board members themselves were also active on the radio giving speeches and doing interviews about the program.[lxi]

The final piece of the puzzle – and most lasting in terms of programmatic outreach to maintain low levels of administrative burden – was the creation of the Social Security Field Offices throughout much of the United States. These offices would take over the tasks performed by the Postal Service for the initial enrollment. The vision of the Social Security Board was that it would create 12 regional and 108 field offices—which going forward would be responsible for everything from answering beneficiary questions to processing enrollment into programs.[lxii] The Bureau continued to ramp up throughout the end of the 1930s, filling out field offices and fine-tuning its data archiving and processing procedures. As noted above, the employees were selected, trained and acculturated toward a "client-serving ethic" that encouraged helping beneficiaries.[lxiii]

Perhaps the most striking evidence of the almost immediate administrative success of the program is the passage of the 1939 Social Security Amendments. Just four years after the original act, and two years after it was implemented, policymakers sought to expand and speed

up the implementation of Social Security. The amendments dramatically broadened the program to cover the spouses, children, and survivors of those eligible based on work history, and moved up the initial date of benefit distribution by two years to 1940. This was a huge programmatic expansion: currently, over one third of new beneficiaries to the program receive benefits as a function of the 1939 amendments.[lxiv] The underlying rationale for the amendments was to increase the political popularity of the program. But the Social Security Advisory Council that recommended the policy, as well as the Congressional Committees through which it would need to be approved, were explicit about wanting clear confirmation that it could actually be administered. The passage of these critical 1939 amendments would have been impossible if not for the rapid speed – and high level of success – of the initial administrative structures that had been put in place since the initial 1935 legislation.[lxv]

Contemporary Threats to Administrative Simplicity
　　The history of the early years of the program illustrate how the administrative simplicity and low levels of burden that characterize Social Security are a function of deliberate administrative choices. Many of these choices were made not by the legislators who passed the law, but by the administrators tasked with implementing it. As such, they are vulnerable to reversal in a way that statute is not. The Field Offices remain the most important legacy of the Social Security program in terms of its ability to maintain low levels of administrative burden. But as we explain, new political threats may undermine SSA's effectiveness by increasing administrative burden.

Field Office Tasks
The Social Security field offices serve a critical role as the interface between Social Security beneficiaries and the SSA. Approximately 1,200 field offices are spread across the U.S with 80,000 employees. They vary significantly in size with smaller offices in rural areas fielding less than 20 people a day to larger offices in cities fielding well over 700 clients a day.[lxvi] In aggregate, demand for personal help either in-person or via phone inquiries remains strong. In 2015, field offices served 41 million visitors.[lxvii] In 2013 alone, SSA offices fielded over 68 million phone calls.[lxviii] The national phone line fielded 56 million calls in 2012.[lxix]

Table 6.1: Select Aspects of SSA's Workload and Volume, Fiscal Year 2012

Maintaining earnings information	
Earning items posted to workers' records	220 million
Making initial eligibility determinations for program payments	
Retirement, survivor, and Medicare applications received	5 million
Initial disability applications received	3.2 million
Denied disability applications reconsidered	809,000
Hearings conducted	672,000
Appeals Council reviews completed	166,000
Making changes to beneficiaries' accounts that affect benefit payments	
Overpayment actions completed	3.2 million
SSI non-disability redeterminations completed	2.6 million
Continuing disability reviews completed	443,000
Issuing Social Security numbers	
New and replacement Social Security cards issued	16 million

Other functions	
Automated Social Security number verifications preformed	1.5 billion
Transactions completed on National 800 Number	56 million
Visitors assisted	45 million

Source: GAO analysis of SSA data from SSA's FY 2012 Performance Accountability Report

Field offices act as a safety net to ensure that individuals receive the benefits for which they are entitled. Beneficiaries rely on the field offices for a wide array of services. These include processing Social Security numbers, replacing lost Social Security cards, taking applications and determining eligible for Old-Age, Survivors, Disability Insurance, and the Supplemental Security Income program, and other general tasks such as ensuring payment accuracy, general customer service, and updating beneficiary records. SSA staff also help individuals enroll in Medicare, its associated programs to help participants pay for out-of-pocket health care costs, and to help older adults enroll in the Supplemental Nutrition Assistance Program. Table 61 provides a more detailed overview.

Tightening Budgets
Social Security already has low administrative costs as a percentage of its expenditures. This is partly a function of the sheer size of expenditures, and the universal nature of much of the program (excluding disability insurance), requiring lower resources that need to be devoted to eligibility determinations. But by any reasonable standard it is an efficient program, and has only become more efficient over time. Back in 1959, administrative expenses were 2.2 percent of expenditures and have steadily dropped since then. Twenty years, later expenses were just 1.4 percent of expenditures and declined further to 1 percent by 1989. Expenses stayed at about that figure until 2012, when it dropped to .8 percent, and has been at 0.7 percent from 2013-2015.[lxx] On the one hand, this efficiency is to be praised. But on the other hand, such declines can only continue if more and more burdens are shifted away from the SSA and onto beneficiaries.

A closer look at the effect of recent budget cuts offers some support for the concern that cuts will lead to an increase in burdens. Between 2010 and 2016, Congress reduced SSA's administrative budget by 10 percent, even as the number of beneficiaries rose by 12 percent.[lxxi] In his 2016 budget proposal, President Obama called for $11.1 billion budget for administration, while the House Republicans proposed $772 million less and the Senate Republicans $582 million less.[lxxii] Both Republican plans would be a budget decrease from 2016, with the House Republican plan being an approximately 2.5 percent budget cut.

The first consequences of a reduced administrative budget became visible between 2011 and 2014 when field offices began reducing their hours. It started gradually. Offices closed 30 minutes earlier each day. By 2014, offices were closing a full hour earlier four days a week, and taking a half day on Wednesdays. Within a few years, beneficiaries saw the hours that offices were open decline from 35 hours to 27 hours per week.[lxxiii]

Ongoing cuts ultimately means reducing staff and closing field offices. Since 2010, the agency has cut 6 percent of its staff and eliminated 64 field offices with significant regional variation in the loss of coverage.[lxxiv] Alaska, Iowa, Kansas, Nebraska and West Virginia have lost more than 15 percent of staff.[lxxv] All 500 'mobile offices', which targeted older adults in remoter rural areas, have been shuttered.

The public was often unaware of the reason for these changes, even as they felt the impact. The SSA Office of Quality Review found that the percentage of the public satisfied with the field office hours dropped to 93 percent from 97 percent between 2011 and 2012.[lxxvi] The

number of individuals served by field offices declined by approximately 1.5 million between 2011 and 2013.[lxxvii] An evaluation of 18 field offices found that at around 80 percent of individuals reported arriving during the hours when the office had been previously open but were now closed.[lxxviii] The SSA Office of the Inspector General interviewed approximately 70 such individuals, who complained that they had left work early, taken convoluted public transportation, or paid for cabs only to find the offices closed.

In 2013-4, the Office of Inspector General also surveyed 1,172 managers of field offices.[lxxix] These interviews revealed that managers saw significant impact of budget cuts on the beneficiaries attempting to access services. In short, the hours the offices were open were far busier, which in turn increased wait times from 14 minutes in July of 2011 to over 30 minutes by November of 2013. Managers reduced the number of scheduled appointments by 30 percent to redirect staff to service windows to manage the increasing demand. Wait times for appointments are now approximately 3 weeks.

The public directed their anger at staff, who came to dread Thursday mornings. Clients who turned up at the field office the previous day only to find it closed would often return the following morning, adding to a backlog of frustrated citizens.[lxxx] Lobbies were often so full that some had to wait outside. Field offices began to feel less like a doctor's office and more like an emergency ward. Not surprisingly, service complaints have increased substantially.

Harsh budgets and declining administrative capacities need to be understood in the context of two big trends. First, SSA's workload will grow dramatically over the next 15 years. In 2002, the SSA served 50.8 million OASI beneficiaries. That increased to 62.2 million by 2015 and is anticipated to jump even higher—to 76.5 million in 2020 and 85.4 million in 2025.[lxxxi] The second trend is the general decline in the SSA work force. Between 2011 and 2020, it was estimated the agency could lose up to one third of its workforce due to retirements, which include 60 percent of its supervisors.[lxxxii] In contrast to the early SSA investment in training, budget cuts have prevented leadership development programs that could offer a pipeline for future management personnel or succession planning.[lxxxiii] The SSA has been under a hiring freeze since 2010.[lxxxiv]

How can the SSA cut hours, staff and field offices even as the population it serves is growing rapidly? One possible answer is that information technology makes hands-on human help less necessary. The SSA is being pushed to increase the use of its national phone line, which involves some 'real person' contact, but also has a large automated component. Moreover, it is attempting to expand its use of the online support. Another answer is that the SSA is responding to budget cuts by shifting burdens back onto individuals. The number of in-person visitors may be declining, but people are still turning up at SSA offices seeking help – they are just facing longer wait times. In 2015, more than 4.5 million field office visitors faced wait for longer than an hour, compared with 2.3 million in 2010.[lxxxv]

Conclusion

Social Security remains the most successful and durable US social welfare policy experiment to date. We take this for granted, but in many ways Social Security was the Affordable Care Act of its day – though on a much larger scale. It expanded benefits to a large population of people in an unprecedented way, despite ongoing political opposition exercised in elections, court appeals, and direct targeting of the resources administrators needed to implement the program.

This success – both in terms of poverty reduction and political popularity – is, in part, a function of the program's low levels of administrative burden. This low level of burden, in turn,

was to a great extent a function of administrative choices, especially during the early years of the program. The focus on minimizing burden was maintained despite unpromising conditions: a huge task to achieve in a short space of time, limited resources, political opposition, and the absence of a clear prior model to emulate. Schlesinger's history (1958:315) of the Roosevelt's New Deal points to the extraordinary administrative skill involved:[lxxxvi]

> Facing an administrative challenge of staggering complexity, it operated with steady intelligence and competence. No New Deal agency solved such bewildering problems with such self-effacing smoothness. No government bureau ever directly touched the lives of so many millions of Americans—the old, the jobless, the sick, the needy, the blind, the mothers, the children—with so little confusion or complaint.

As much as we credit the administrative capacity of these early Social Security staff, we should also credit the values that motivated their ability to deal with complex problems. These officials viewed Social Security as a right, rather than relief or charity to be doled out only to the deserving. If it was to be real, this right depended on the actions of administrators and street-level bureaucrats. A Social Security Board report based on interviews with nearly 200 workers in field offices in 9 states reflects how this motivation was part of the culture of the new organization all the way down to the front lines even in its early years:[lxxxvii]

> Rights, however, are not self-maintaining. They are dependent for their realization upon the way in which they are administered. Here two basic considerations are involved: the one is clarity and predictability in the operation of the system and in its relationships with individuals; the other is the spirit of the organization and the attitude of the individual administrator, Rights to be available must be understood. This means that laws and regulations must be clearly expressed. More than that, it must be possible for the person who applies for insurance or assistance to know in advance to what he will be entitled and in what circumstances. This calls for the development and use of regulation and policy. The second consideration, the spirit of the organization and of the administrator, involves intangibles in atmosphere which are expressed in many different ways, from the arrangement of the office to the manner in which the applicant is received.

This history should also help to make clear that low levels of administrative burden of Social Security can be undone. There are worrying trends in the gradual reduction in program's administrative capacity that is weakening a key aspect of outreach—the field offices—which may negatively the program's success.

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[i] NY Times.

[ii] We are not discussing the Disability Insurance (DI) portion of the program in this chapter, which suffers from the more typical administrative burdens associated with a more tightly targeted program. DI especially suffers from the challenge of determining what qualifies as an eligible disability.

[iii] CBPP 2016.

[iv] Wilson 1989, 100.

[v] Oasis 1965.

[vi] Huse 1938, 4.

[vii] Quadagno 1984.

[viii] Ibid.

[ix] Ibid.

[x] Wyatt and Wandel 1937.

[xi] Bellush 1968; Berkowitz and Dewitt 2009.

[xii] Associated Press 1936.

[xiii] Puckett 2009.

[xiv] Ibid.

[xv] McKinley and Frase 1970, 18, 28, and 49; Puckett 2009.

[xvi] Broughton 1940.

[xvii] Puckett 2009.

[xviii] Bellush 1968.

[xix] Quadagno 1988.

[xx] Bellush 1968.

[xxi] Ingraham 1995.

[xxii] Wilson 1989, 99, see also Puckett 2010.

[xxiii] McKinley and Frase 1970; Puckett 2010.

[xxiv] Corson 1938.

[xxv] Kumlin and Rothstein 2005.

[xxvi] Corson, 1942, 408-409.

[xxvii] Cates 1983, 15.

[xxviii] Corson 1942, 408.

[xxix] Altmeyer 1966:11

[xxx] Alter 2006, 315.

[xxxi] Corson 1938, 6.

[xxxii] Corson 1942, 402.

[xxxiii] Altmeyer 1940; DeWitt 2010.

[xxxiv] Kessler-Harris, 1995.

[xxxv] Christgau, Victor. 1960

[xxxvi] Altmeyer, 1966, vii

[xxxvii] Skocpol 1992.

[xxxviii] Fay and Wasserman 1938.

[xxxix] Corson 1938; Oasis 1965.

[xl] Commission on Economic Security 1937, 209.

[xli] Alter 2006.

[xlii] Corson 1938.

[xliii] Broughton 1940.

[xliv] Puckett 2010.

[xlv] U.S. House of Representatives, 1935, 112-113.

[xlvi] Altmeyer 1958; Corson 1938; Puckett 2009; Puckett 2010.

[xlvii] Altmeyer 1958; Corson 1938; Puckett 2009.

[xlviii] Broughton 1940.

[xlix] Ibid, 13.

[l] Corson 1938.

[li] Puckett 2010.

[lii] Corson 1938; Puckett 2010.

[liii] Puckett 2009.

[liv] Sheppard 2014.

[lv] Corson 1938; Altmeyer 1958.

[lvi] Huse, 1938, 8.

[lvii] Oasis 1965.

[lviii] Carpenter and Krause 2012.

[lix] Puckett 2010; Pogge 1952.

[lx] Cohen 1985, 21.

[lxi] Wyatt and Wandel 1937.

[lxii] Bellush 1968; Alter 2006.

[lxiii] Derthick 1979.

[lxiv] SSA 2015.

[lxv] Bortz 1967.
[lxvi] OAI 2015.
[lxvii] GAO 2013; Konig 2016.
[lxviii] OAI 2014.
[lxix] Konig 2016.
[lxx] SSA 2015.
[lxxi] Konig 2016.
[lxxii] Davidson 2016.
[lxxiii] OIG 2014.
[lxxiv] Konig 2016.
[lxxv] Ibid.
[lxxvi] OIG 2014.
[lxxvii] Ibid.
[lxxviii] Ibid.
[lxxix] Ibid.
[lxxx] Ibid.
[lxxxi] Konig 2016.
[lxxxii] GAO 2013.
[lxxxiii] Ibid.
[lxxxiv] Ibid.
[lxxxv] OIG 2016.
[lxxxvi] Schlesinger 1958, 315.
[lxxxvii] de Schweinitz 1944, 26.

Chapter 7