



Statement of
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Hearing Regarding Funding for the Social Security Administration in FY 2011 and FY 2012

Committee on Appropriations
Subcommittee on Labor, Health and Human Services, Education and Related Agencies
United States Senate

March 9, 2011

Chairman Harkin, Ranking Member Shelby, and Members of the Labor-HHS Subcommittee, Good morning.

As the largest nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families, AARP would like to thank to Chairman Harkin, and Ranking Member Shelby for holding this hearing. AARP appreciates this opportunity to appear before the Committee to voice our concerns about the ability of the Social Security Administration to adequately serve current recipients while responding to the needs of new Boomer retirees and other program beneficiaries. I am here today to speak to AARP's priorities with respect to funding for the Social Security Administration (SSA) for FY 2011 and beyond.

While SSA funding is of great importance, we have equal concern for many other vital health care services and economic security programs. For example, AARP is concerned about sufficient funding for the Qualified Individual-1 program which helps over 156,000 seniors nationwide afford to pay their Medicare premiums that would otherwise be unaffordable or cause great financial hardship; programs authorized under the Older Americans Act which provide needed assistance, including nutrition programs which free hundreds of thousands of our seniors from hunger, as well as job training and other services; and, the Low Income Home Energy Assistance that help millions of households with seniors avoid making that horrible choice between heating and eating, or paying for all the medicine they need to live healthy lives in homes, not institutions.

As you complete action on the FY 2011 budget and begin work on the FY 2012 budget, we ask that you note the framework we have set forth for our appropriations and budget advocacy:

- AARP recognizes that the federal budget deficit provides many challenges, and AARP members believe it is important to work together across partisan lines to find

responsible budget solutions that consider the health and financial well-being of all Americans.

- We believe the budget reflects the priorities of this nation and any budgetary cuts will impact people, not just programs.
- AARP supports budget proposals that will help make health care more accessible and affordable for all Americans, including implementation of the Affordable Care Act.

The Social Security Administration touches the lives of nearly every American, and was once known as the standard for government agency service by which all others were measured. Over time, however, the agency's mission has been diluted by additional responsibilities not related to its core mission while the agency itself has faced a loss of staff and a budget that is woefully inadequate, especially given the increasing number of beneficiaries.

The Social Security Administration was made an independent agency in 1995 to provide the program with consistent direction and professional management and help insulate it against decisions not based on Social Security-related issues. However, in the ensuing years, the agency has been tasked with numerous other responsibilities that fall outside its core mission of managing the Old Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI) programs. SSA now plays a key role in assessing the correct premium levels for Parts B and D of Medicare. In addition, SSA processes applications for the Low Income Subsidy of Medicare Part D and conducts outreach to those who may potentially qualify for the extra help.

In recent years, the agency has also become an important element in the nation's homeland security efforts as it conducts millions of Social Security number (SSN) verifications for employment purposes and other immigration-related activities. In light of the added administrative burden these activities have placed on the agency, and the impact that burden has on the timely delivery of services to beneficiaries, AARP has grave concerns about proposals that would further expand these activities or mandate new ones.

This extra work given to SSA by Congress comes at a time when the nation is confronting a significant, long-anticipated demographic challenge, the coming of retirement age of the Baby Boom generation, which will add nearly 80 million new beneficiaries to the Social Security rolls – nearly 13 million in the next 10 years alone, and upwards of 16,000 per working day. At the end of this decade, these Boomers will reach traditional retirement age at the rate of one every eight seconds. It is not difficult, then, to understand the enormity of the task the agency faces in foreseeable work alone.

For the most part, Congress has understood these challenges and has responded with added resources for SSA to handle this spike in demand. With the increases in funding Congress has provided over the last three years and significant increases in employee productivity, SSA has been able to make some progress in customer service. However, the unforeseeably long-lasting economic downturn has caused even more Americans to

turn to the Social Security Administration. Claims for retirement and disability benefits have risen to record levels.

In FY 2010, SSA received nearly 3,225,000 initial disability claims, the highest in its 75-year history. SSA ended fiscal year 2010 with initial disability claims pending at an all-time high of over 842,000 cases. This year, SSA expects a record number of visitors to its field offices above the 45.4 million customers that requested assistance from the field offices in FY 2010. These field offices are also responsible for processing an additional 1.2 million Supplemental Security Income (SSI) redeterminations in FY 2011 as compared to FY 2008, an increase of 100 percent. Furthermore, answer rates on telephone calls coming into the field offices remain at an unacceptably low level nationally as the rates of calls answered are less than 65 percent.

SSA field offices also processed more than 18 million requests for new and replacement social security cards; field offices served thousands of people each day needing to report changes of address, changes in direct deposit information, and other issues that could affect their benefit payments. Field offices also play a significant role in helping people with their Medicare benefits and often work with State and local agencies regarding Medicaid and SNAP (formerly known as food stamps).

Eliminating the hearings backlog continues to be SSA's highest priority, and one that AARP strongly supports. SSA ended fiscal year 2010 with just over 700,000 pending hearings nationwide – the lowest level in five years. At its peak, it took an average of 18 months for a hearing decision. As of January 2011, it took just over a year.

At a time when it would additional funding is needed to handle the incoming and pending workload, the agency is unfortunately dealing with the possibility of a government shutdown, as well as cutbacks resulting from the enactment of spending levels below the current fiscal year.

The House passed long-term Continuing Resolution, H.R. 1, would result in an aggregate funding loss of \$1.093 billion for the Social Security Administration. That proposal is clearly unacceptable.

SSA is already operating under a partial hiring freeze because of the current continuing resolution, which is likely to result in nearly 3,500 lost jobs for 2011. These additional cuts could lead to SSA offices closing their doors, stopping all claims processing, and not answering the phones for about a month – one month out of the seven remaining in 2011. In addition to office closures, many locations are already seriously understaffed due to employee attrition. Employees who retire or otherwise leave the agency are not replaced because the resources are just not available. In fiscal year 2009 staffing reached its lowest level since 1972, before SSI was established; yet SSA today has twice the number of beneficiaries it had in 1972.

If Social Security shuts down for a month, it would be devastating to both the public and to SSA employees. Extended to the national level, it would mean that about 182,000 visitors would not be seen, about 33,000 claims would not be taken, and almost 10,000 redeterminations would not be completed. Even one furlough day could be devastating to

someone in a dire need situation desperate for a critical or immediate payment, or for a beneficiary needing verification information to qualify for food stamps, to obtain housing, or to get Medicaid. Another 70,000 fewer people will get a disability appeals hearing this year, which means workers waiting to present an appeal to a judge, who already wait over a year, will wait longer. And, SSA would complete 32,000 fewer continuing disability reviews, which means wasting millions of dollars on improper payments now.

As if service degradations were not enough, even the status quo would prevent program integrity efforts from realizing their potential. Congress has consistently provided for separate, additional funds for SSA to conduct Continuing Disability Reviews (CDR) and SSI eligibility redeterminations. When fully utilized, CDR's result in savings of over \$10 in program costs for every \$1 in administrative funding used to conduct the reviews. SSI redeterminations help save \$7 for every \$1 spent. Not enabling the agency to pursue these activities simply because of an artificial barrier like the discretionary spending caps would be very un-penny wise and grossly pound foolish.

Mr. Chairman, AARP strongly urges the Committee and the Senate as a whole to reject the deep cuts to SSA funding that are included in the House-passed legislation. Today, the bottom line is that nothing short of \$11.679 billion, with no rescission of IT funds for FY 2011 will ensure the ability of the SSA to adapt to the many critical challenges that confront them for the balance of this year. Additional resources will also be required to fulfill its obligations in the next fiscal year and beyond. The Social Security Administration customers, whether they are older, younger or anywhere in between, have the right to expect better service than are receiving today – we sincerely hope that the Congress and the President will not let them down and provide the funding necessary to enable its workforce to serve them promptly and properly.

On behalf of the millions of AARP members and all Americans who are served by SSA, I thank you for the opportunity to address the committee.