

# **“Preserving America’s Economic Security”**



**Statement of  
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**Before the  
Senate Appropriations Subcommittee  
Gallagher-Bluedorn Performing Arts Center  
Cedar Falls, Iowa**

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Chairman Harkin:

Thank you for this opportunity to discuss the importance of fully funding Social Security's administrative budget for fiscal year 2011. I am Jerry Nelson, the manager of the Waterloo Social Security office, which is staffed by 24 committed and talented public servants. I feel very fortunate to play a role in administering one of the most successful government programs ever created in our country and to work for an agency that touches the lives of nearly every American.

The recent economic downturn and the aging of the baby boomers have caused more Americans to turn to us more than ever before. In particular, claims for retirement and disability benefits have soared in the last few years. Fortunately, Congress has understood these challenges and provided us with the resources we needed to handle this surge in our work, which directly supports the national economy.

With the additional funding Congress provided over the last three years and significant increases in employee productivity, we have made tremendous progress to enhance service to the public, reduce the hearings backlog, complete hundreds of thousands more claims, and reduce the 800-number wait times and busy signals. Our accomplishments are particularly remarkable considering the continued rise in benefit applications and the furloughs of disability determination services (DDS) employees in many states. Fortunately, the Iowa furlough of DDS employees ended in June 2010, but these furloughs cost almost \$213,000 in administrative funding to the State of Iowa as of the end of calendar year 2010, with over \$85,000 in delayed disability benefits.

Eliminating the hearings backlog continues to be our number one priority, and we have made progress in reducing both the number of pending hearings and the amount of time a claimant must wait for a hearing decision. We 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.

We have made significant improvements in other areas of responsibility as well. Even though our offices received a record number of new claims, our employees worked hard to keep the number of pending initial disability cases down. We ended fiscal year 2010 with initial disability claims pending at an all-time high of over 842,000 cases. However, the additional funding we received from Congress helped us keep this number well below the one million cases that we previously projected for the end of fiscal year 2010. In the first four months of fiscal year 2011, we have already decreased the number of pending initial disability claims to 793,049. As importantly, the accuracy of the disability decisions made by our DDSs reached 98.1 percent in fiscal year 2010 – the highest level in over a decade. Waiting times in our field offices dropped, and we achieved our best performance on our 800 Number since we began collecting data nearly a decade ago.

These improvements are attributable to increased staffing in our offices across the country. We are grateful to Congress for enabling us to hire additional staff and for its continued support.

Claims for benefits are not the only workloads in our field offices. Each year we handle a large number of activities not directly related to claims for benefits. Nationwide, last year our field offices processed more than 18 million requests for new and replacement social security cards; we served thousands of people each day who needed to report changes of address, changes in direct deposit information, and other issues that could affect their benefit payments.

We also handle a number of workloads involving programs administered by other agencies. For example, field offices 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). We work hard to be good stewards of the programs entrusted to us by ensuring that only eligible individuals receive benefits and that their benefits are in the correct amount. One way we do this is by conducting continuing disability reviews (CDRs) and Supplemental Security Income (SSI) redeterminations. CDRs are reviews of disability beneficiaries' medical conditions and redeterminations are reviews of nonmedical factors of eligibility, such as income and resources. This very significant

workload, in terms of both importance and effort, supports the President's multi-year plan to reduce improper payments.

The President's FY 2011 Budget includes \$38 million in additional resources for CDRs and SSI redeterminations. This FY 2011 level represents a 5 percent increase over the FY 2010 level. We plan to conduct 360,000 full medical CDRs and 2,422,000 redeterminations. We estimate that every dollar spent on medical CDRs yields at least \$10 in lifetime Social Security, Medicare, and Medicaid savings, and every dollar spent on SSI redeterminations yields more than \$8 in Social Security and Medicaid savings over 10 years. If we meet our FY 2011 program integrity goals for medical CDRs and redeterminations, the estimated program savings over the 10-year period through FY 2020 amount to more than \$7 billion, including savings to Medicare and Medicaid.

Let me illustrate the importance of this additional funding at the local level. The service area for my Waterloo, Iowa office covers just over 4,000 square miles; it is mainly farmland. We serve over 50,000 retired and disabled workers and their families, as well as survivors of deceased workers. We also serve over 4,500 SSI recipients.

Like every other field office in the United States, we daily see the impact of the current economy and the aging of our population. In my office, initial claims for Social Security and SSI benefits increased significantly over the past few fiscal years.

With additional funds, we were able to add two new employees who undoubtedly have helped us provide better service. We receive an average of 480 visitors a week. People walking into our office without an appointment waited on average less than 9 minutes in FY 2008; at the end of FY 2010 they waited less than 7 minutes. Our wait times are far below the national average of about 21 minutes. We also take an average of 150 phone calls each day—and on very busy days we may answer upwards of 200 calls.

Our local hearing office in West Des Moines has also made great progress. At the end of FY 2008, we had over 4,000 pending hearings. As of December 2010, we

reduced the number of pending hearings to 3,500 cases. At the same time, we cut the average time it takes to make a hearing decision from 539 days to 299 days— a nearly 45 percent reduction in waiting time.

We have worked hard to accomplish all of these gains. Our employees are proud of how far we have come over the last two years, and we do not want to lose our momentum. To help ensure that we can continue this significant progress, we urge Congress to act swiftly to enact the President's FY 2011 Budget. Currently, like the rest of the government, we are operating under a Continuing Resolution. As a result, we had to implement a hiring freeze. The freeze affects us all; so far this year, one member of my staff has retired. I cannot replace him. This reduction in staffing will affect the way we serve the public.

I worry that the agency will be forced to impose furlough days if our budget is cut. Furloughs would be devastating to both the public that depends on us and to our employees. While a furlough would save the Government about \$5,600 per day in employee salaries at the Waterloo office, the human cost would far outweigh any savings. In my office, one furlough day would translate to 100 visitors not seen, 32 claims not taken, 150 phone calls unanswered, and 7 redeterminations not done. Extended to the national level, this would mean that about 182,000 daily visitors would not be seen, about 33,000 claims would not be taken, and almost 10,000 redeterminations would not be completed.

As people return to conduct business on days the office is open, walk-in office visitors would have longer waits to see a representative. Members of the public would also have to wait longer for scheduled appointments. Claims processing time would increase. A 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.

We thank you for your continued support. With enactment of the President's 2011 Budget, your oversight, and our hard work, I believe we can give the American public the level of service they expect and deserve. As a field office manager working on the front line in the State of Iowa, I am proud of the real and

meaningful progress we have made in the last three years despite challenges presented by the economy, and I am proud to testify to the personal commitment of our employees as they go about our mission. Thank you.