

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

Testimony of

**Joe Dirago
President
National Council of Social Security
Management Associations, Inc.**

**Hearing on Funding for the Social Security Administration
in FY 2011 and FY 2012**

March 9, 2011

Chairman Harkin, Ranking Member Shelby, and members of the Subcommittee, my name is Joe Dirago and I am President of the National Council of Social Security Management Associations (NCSSMA). I have been the manager of the Social Security office in Newburgh, New York for ten years and have worked for the Social Security Administration for 31 years, with 27 years in management. On behalf of our membership, I am pleased for the opportunity to submit this written testimony to the Subcommittee.

NCSSMA is a membership organization of nearly 3,400 Social Security Administration (SSA) managers and supervisors who provide leadership in 1,299 community based Field Offices and Teleservice Centers throughout the country. We are the front-line service providers for SSA in communities all over the nation. We are also the federal employees with whom many of your staff members work to resolve issues for your constituents who receive Social Security Retirement, Survivors or Disability benefits, or Supplemental Security Income (SSI). Since the founding of our organization over forty-one years ago, NCSSMA has considered our top priority to be a strong and stable Social Security Administration, one that delivers quality and prompt service to the American public. We also consider it a top priority to be good stewards of the taxpayers' moneys.

Our testimony focuses on the key issues confronting the Social Security Administration. We have critical concerns about the dramatic growth in our workloads and receiving the necessary funding to maintain service levels vital to millions of people. Despite agency strategic planning, expansion of online services, significant productivity gains, and the best efforts of management and employees, SSA is faced with many challenges to providing the service that the American public has earned and deserves. Our testimony also provides our recommendations for addressing the obstacles confronting Social Security, information on the state of SSA operations, a review of the funding situation, and our detailed assessment of the major agency challenges.

RECOMMENDATIONS

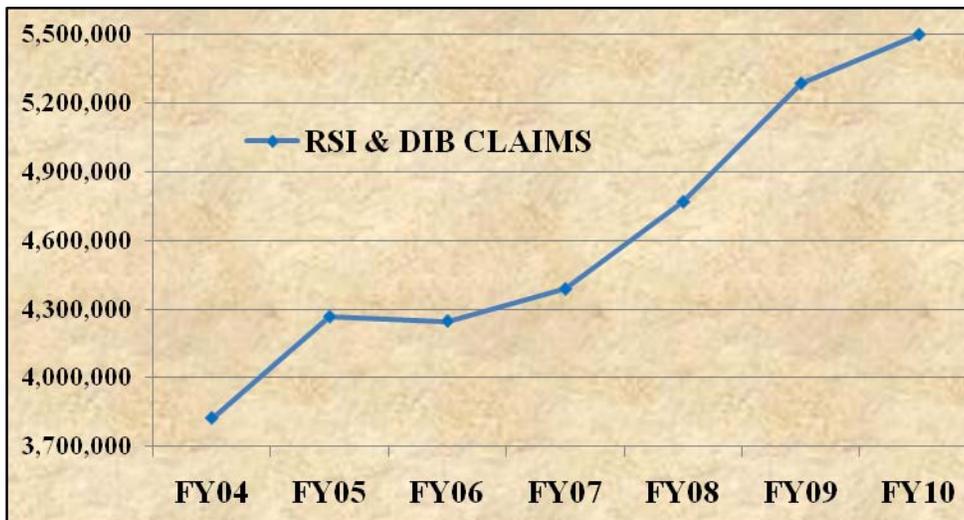
The National Council of Social Security Management Associations offers the following key recommendations to address the challenges confronting the Social Security Administration (SSA) and to provide the service the American public has earned and deserves.

1. NCSSMA respectfully urges this Subcommittee and Congress to consider funding SSA in FY 2011 at no less than \$350 million above the FY 2010 enacted levels with no rescission of Carryover Information Technology (IT) funds. Based upon our analysis of the President's proposed budget request, assessment of the current workload situation, and a projection of workloads for FY 2012, we believe that funding SSA below this level would have a devastating impact on the agency's ability to deliver vital services to millions of Americans. This level of funding will cover inflationary increases and is critically necessary to keep up with our growing claims receipts, maintain the progress achieved on reducing the disability hearings backlog, process program integrity workloads, and to meet customer service expectations.
2. We strongly support the President's FY 2012 budget request for the Social Security Administration and respectfully request that Congress consider its full funding to sustain the momentum achieved on our key priorities, maintain our front-line staffing levels, and to ensure appropriate levels of service to the American public.
3. NCSSMA strongly encourages Congress to consider providing SSA with additional funding to address program integrity workloads and other quality initiatives to improve the accuracy of payments. This would include the elimination of the medical Continuing Disability Review backlog and conducting additional SSI redeterminations. For every dollar invested in program integrity initiatives, \$7 to \$10 in program savings is realized. Investment in program integrity workloads ensures accurate payments, saves taxpayers' dollars, and is fiscally prudent.
4. SSA must be properly funded so that it may continue to invest in improved user-friendly online services to allow more Internet transactions. This would result in fewer visitors and telephone calls to the Field Offices and provide relief from increasing claims and other workloads.
5. SSA is confronted with major challenges in managing its IT programs to keep up with rapidly expanding workloads. NCSSMA believes it is critical that SSA be adequately funded to allow for IT investments. This is necessary for SSA to replace our aging National Computer Center, to maintain systems continuity and availability, and improve IT service delivery. Any rescission of Carryover IT funds could seriously jeopardize SSA's initiatives to implement automation and technological efficiencies that address service delivery demands.
6. NCSSMA recommends consideration of legislative and/or regulatory proposals that can improve the effective administration of the Social Security program, with minimal effect on program dollars. We believe these proposals have the potential to reduce operational costs and increase administrative efficiency. This includes enacting the Work Incentives Simplification Program pilot, requiring quarterly reporting of wages, requiring that SSA be automatically provided with information on workers compensation cases, and developing an automated system to report State and local pensions affecting the Windfall Elimination Provision and Government Pension Offset (WEP/GPO).

CURRENT STATE OF SSA OPERATIONS

Claims Workloads

Over the last seven years, Social Security has experienced a huge increase in Retirement, Survivor, Dependent, Disability, and Supplementary Security Income (SSI) claims. The additional claims receipts are driven by the initial wave of the nearly 80 million baby boomers who will be filing for Social Security benefits by 2030 – an average of 10,000 per day. Concurrently, there has been a surge in claims filed due to the economic downturn, which began in 2008. In FY 2010 and FY 2011, disability and retirement receipts alone are expected to exceed 1 million more than in FY 2008.



Retirement, Survivor and Disability Claims

- Clearances rose from 3.8 million in FY 2004 to almost 5.5 million in FY 2010

Field Office Visitors and Telephone Service

While SSA Field Offices are processing many more claims, we are also seeing visitors in much greater numbers. Nationally, visitors to SSA Field Offices increased significantly from FY 2007 through FY 2010. In FY 2010, Field Offices experienced five weeks with over 1 million visitors.

- SSA Visitors in FY 2007 – 41,900,000
- SSA Visitors in FY 2008 – 44,457,180
- SSA Visitors in FY 2009 – 45,082,487
- SSA Visitors in FY 2010 – 45,430,364

In addition to the increased visitor traffic, SSA is experiencing unprecedented telephone call volumes. In FY 2010, SSA completed 67 million transactions over the 800 Number telephone network—the most ever. NCSSMA estimates that Field Offices received an additional 32 million public telephone contacts.

Internet Contacts

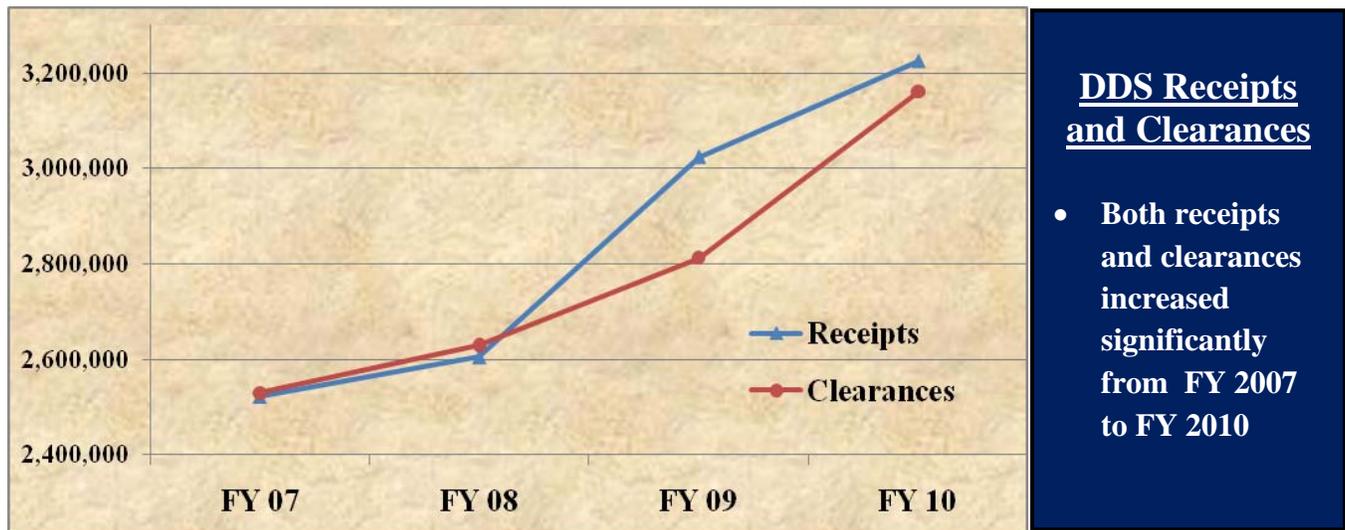
SSA's online electronic services, also known as "eServices," offer the public access to SSA services via the Internet. The use of SSA's website is growing and the American public is accessing it more often to receive information and report changes. eServices has helped significantly in dealing with the dramatic increases in SSA workloads resulting from the baby boomers and the economic downturn.

SSA has promoted eServices extensively, including national public campaigns to promote awareness. The following data illustrates the volume and growth in SSA eServices.

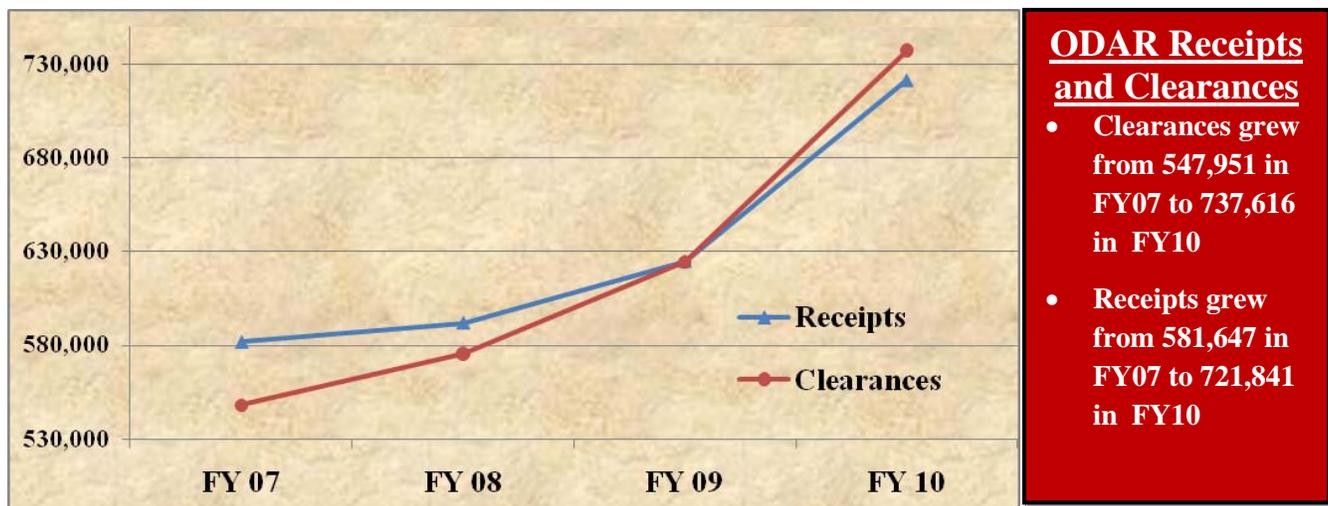
- Social Security Online had 133.6 million unique visitors in FY 2010, an increase of over 52 million from FY 2009. There have been 47 million visitors in the first 4 months of FY 2011.
- In FY 2010, SSA's website had 34.8 million contacts to the Frequently Asked Questions, 11.6 million to the Field Office Locator menu, and 3.7 million contacts to the Retirement Estimator.
- Online retirement claims increased 9.6 percent over FY 2009. The percentage of retirement claims filed online in FY 2010 reached 36.8 percent, with 913,473 applications taken.
- Online disability claims usage increased 34.5 percent in FY 2010 with 801,060 applications taken. For the first 4 months of FY 2011, 30.3 percent of all disability claims were filed online.

Disability Workloads

Nationwide, over 3.2 million new initial disability claims were filed and sent to the Disability Determination Service in FY 2010, an increase of over 600,000 as compared to FY 2008.



SSA's largest backlogs are in hearings to appeal initial decisions, processed by Administrative Law Judges (ALJs) at the Office of Disability Adjudication and Review (ODAR). The chart below illustrates that hearing receipts continue to rise, and reached 721,841 in FY 2010. However, clearances exceeded receipts beginning in FY 2009, which helped reduce the backlog of SSA hearings to 705,367 pending.



SOCIAL SECURITY ADMINISTRATION FUNDING FYs 2010, 2011 & 2012

SSA Funding Accomplishments FY 2010

Appropriations to the Social Security Administration are an excellent investment and return on taxpayer dollars. With the additional funding Congress has provided in recent fiscal years and significant increases in employee productivity, tremendous progress has been made to enhance service to the public, reduce the hearings backlog, and to process additional workloads received because of the aging of the baby boomers and the economic downturn. In FY 2010, SSA achieved the following:

- Completed over 300,000 more initial disability claims than in FY 2009.
- Served 45 million people who visited our 1,300 Field Offices.
- Wait times in Field Offices for those without an appointment were reduced from 23.3 minutes in FY 2009 to 20.7 minutes in FY 2010.
- With innovation and automation efforts, along with the hard work and dedication of our staff, ***SSA's annual productivity increase has averaged about 4 percent over the last four years.***
- In FY 2010, SSA completed 67 million transactions over the 800 Number telephone network - the most ever. The telephone busy rate for the 800 Number was reduced by half, from 10 percent in FY 2008 to 4.6 percent in FY 2010. Time spent waiting for an agent was reduced by over 37 percent, from 326 seconds in FY 2008 to 203 seconds in FY 2010. Field Office busy rates have also dropped dramatically from over 50% to nearly 20%.
- ***Program integrity efforts to process 2.4 million SSI redeterminations and 325,000 medical CDRs produced over \$6 billion in estimated savings.***
- SSA expanded the ***Access to Financial Institutions (AFI) Initiative***, which data matches assets of SSI individuals that exceed statutory limits. Expansion is to be completed in FY 2011 and SSA projects ***\$900 million in lifetime program savings for each year*** the AFI process is used.
- ***Cooperative Disability Investigation (CDI) units*** combat disability fraud. Since their inception in FY 1998, the efforts of CDI units have resulted in nearly ***\$2.6 billion in savings***: \$1.6 billion in disability programs and \$967 million in projected savings in programs such as Medicare and Medicaid.

SSA Funding for FY 2011

SSA is facing unprecedented workload challenges due to the economic downturn and the demand for SSA services from the baby boomers. We greatly appreciate the increased funding that SSA received for Fiscal Year 2009 and Fiscal Year 2010. This includes the \$1 billion SSA received from the American Recovery and Reinvestment Act (ARRA). About half of that funding was directed to reducing the backlogs in SSA. Had SSA not received this funding, the service we provide in SSA would be much worse and the disability backlog would be unconscionable.

For FY 2011, the President requested \$12.379 billion for SSA's administrative budget. The Limitation on Administrative Expenses (LAE) account budget request is an increase of \$932 million or 8.1% over the FY 2010 enacted level. Much of this increase is needed to cover inflationary costs for fixed costs such as rent, guards, postage, periodic step increases, career ladder promotions, and increased health benefit costs. Funding above current levels is absolutely necessary to keep up with our growing workloads, maintain the progress achieved on reducing the disability hearings backlog, process program integrity workloads, including SSI redeterminations and medical CDRs, and to meet customer service expectations.

NCSSMA recognizes that there is no simple way to provide the necessary resources to SSA. However, we believe that ***funding SSA for FY 2011 at the FY 2010 level without covering inflationary increases would have a devastating impact on the agency's ability to deliver critical services to millions of Americans***. SSA is the safety net of America and if adequate funding is not provided, public service will deteriorate, with longer waiting times, unanswered calls, increased backlogs, and significant hardship on needy beneficiaries.

Funding SSA at the level passed by the House of Representatives (HR 1) would result in serious negative consequences to public service. If enacted in its current form, this legislation would reduce SSA's appropriated funding \$125 million from the FY 2010 enacted level, rescind \$500 million from the Carryover IT funding, and rescind \$118 million from the NCC funding as part of an overall reduction in unobligated ARRA funding. This would likely result in an agency-wide hiring freeze, with no overtime available to address critical workloads, and employee furloughs. Drastic cutbacks would be necessary that would have a negative impact on operations and significant delays in all workloads would result. Disability backlogs could grow an additional 160,000 cases. Significant financial hardships could be created because of delays in payments. Agency productivity would erode significantly. Waiting times and telephone service would experience major deterioration. This would necessitate cutbacks in other budget areas, such as supplies and training, and in IT development expenditures. Spending in these areas would be purely for maintenance.

NCSSMA is very concerned that the agency will be forced to impose furloughs if the FY 2011 budget is not adequate. ***Furloughs would have a devastating effect on the public that depends on SSA for vital services, as well as our employees***. Nationally, the furloughs could translate to the following approximate daily impact on Social Security operations:

- 180,000 daily visitors might not be seen in the 1266 SSA Field Offices across the country;
- 16,000 Retirement and Survivors claims might not be taken from applicants;
- 12,600 Disability applications might not be processed for individuals who are unable to work;
- 385,000 telephone calls to Social Security could go unanswered;
- 50,000 individuals could fail to have a Social Security card application processed;
- 1,440 medical Continuing Disability Reviews, which save \$10 for every dollar SSA invests in processing them, might not be processed;
- 10,000 fewer Supplemental Security Income recipients might not have redeterminations of their benefits completed to make sure payments are accurate. These reviews save \$7 for each dollar SSA spends performing them.

If SSA is funded at the FY 2010 level for FY 2011, without covering inflationary increases of \$350 million, this could reverse the positive progress that has been achieved in the last few years with all of SSA's workloads. ***Attempting to address the FY 2011 workload demands at SSA with FY 2010 resource levels is not a prudent course of action and would lead to significant cutbacks that would be devastating for members of the public who rely on SSA for essential services and assistance***.

President's Proposed FY 2012 SSA Budget

NCSSMA strongly supports the President's FY 2012 budget request for the Social Security Administration (SSA). The total SSA budget request is \$12.667 billion, which includes \$12,522,200,000 in administrative funding through the Limitation on Administrative Expenses (LAE) account. This is an increase of \$143.3 million over the FY 2011 President's proposed SSA budget request.

The following is a direct quote from the SSA FY 2012 Budget Overview:

"In FY 2012, we will need a minimum administrative budget increase of \$300 million just to cover our fixed costs, including rent, guards, postage, and employee salaries and benefits. We will need funding above that level to keep up with our growing workloads, reduce existing backlogs, and meet rising customer service expectations."

We respectfully request that Congress consider full funding of the President's FY 2012 budget request for SSA to sustain the momentum achieved on our key priorities, maintain our front-line staffing levels, and to ensure appropriate levels of service to the American public. This funding request would allow SSA to do the following in FY 2012:

- ***Reduce the initial disability claims backlog to 632,000*** by processing over 3 million initial disability claims;
- Conduct disability hearings for 822,500 cases in 2012 and ***reduce the waiting time for a hearing decision to below a year (to 326 days) for the first time in a decade;***
- Reduce pending disability hearings to 597,000 from the FY 2011 level of 668,000 (estimated) and FY 2010 level of 705,367;
- ***Complete additional program integrity workloads*** – Process 592,000 medical Continuing Disability Reviews (up from 325,000 completed in FY 2010) and 2.6 million SSI redeterminations (up from 2.4 million in FY 2010). \$938 million is dedicated in the FY 2012 budget request to continue these reviews that save significant program dollars by avoiding improper payments to beneficiaries. ***SSA estimates this program integrity funding in FY 2012 will result in nearly \$9.3 billion in savings over 10 years***, including Medicare and Medicaid savings. The increased funding also improves the savings in FY 2012 over FY 2010 by more than \$3 billion.

It is important to note that any backlogs and service deterioration related to inadequate FY 2011 funding levels would have a collateral negative impact on FY 2012 and beyond. Backlogs make SSA much more inefficient. ***Substantially more dollars are required to reduce a backlog than to prevent one because of the reworking of cases. Hiring delays also have long-term effects because of the amount of time it takes for new employees to gain proficiency.***

REVIEW AND ASSESSMENT OF SSA CHALLENGES

Field Office Service Delivery Challenges

Despite staff replacements authorized in recent SSA budgets, significant overtime hours worked, and increases in the use of Internet services, Field Offices are still struggling with tremendous workload demands. SSA Field Offices vary in terms of size, demographics, and location. However, all types of Field Offices are experiencing tremendous stress because of our increased workloads and additional visitor traffic. The effect of funding Social Security in FY 2011 at FY 2010 levels exacerbates the situation and has already had a significant impact on local Field Offices around the country.

Frontline feedback from our busiest urban offices indicates that some have seen their visitor traffic explode with overflowing reception areas and increased waiting times. This can result in standing room only, lack of seating availability for disabled clients, and visitors waiting in the hallway or even outside. Managers of busy SSA Field Offices recently provided these comments:

- *We handle close to 2000 visitors a week in my office. Recent losses due to retirement are affecting the service we provide, as we cannot interview the public fast enough. It seems like the more employees we put up to interview, the more the public comes in. Pulling employees from the back creates a backlog and reduction in staffing reduces our ability to handle those backlogs. If we cannot hire to fill losses, the public will wait longer and be disadvantaged. In addition, the safety of the employees becomes at risk as the public becomes frustrated at the long waits. (California)*
- *Working in a busy office in Alabama, I can honestly say a yearlong Continuing Resolution at FY 2010 funding levels would be catastrophic. Our employees are stretched to the limit trying to keep up with the increased walk-in and telephone traffic and I really do not know how much more these hard-working people can absorb. They are working at a dangerous level – working overtime to keep up – stress levels are high and this is evident if you spend some time in a Field Office. They will only be able to continue this pace for so long. Less funding and staffing will mean a decreased level of service to our deserving public. We talk about world-class service in our staff meetings; this will disintegrate into second-class service if we do not have the staff or the funding to handle the increasing workloads.*

We expect our working Americans to dutifully pay their Social Security taxes; however, this comes with a promise. We promise to safeguard this money as an investment toward their retirement or the horrible possibility of a career-ending disability – a reward for their hard work and contribution to this great country. Inadequate funding and staffing will mean we have to tell them we appreciate their contribution, but we cannot fulfill our promise to provide timely benefits in their time of need, or when they are eligible for well-deserved retirement. They will just have to wait until we can “get to their claim”. This is unacceptable. We don’t give people the option of “opting out” of Social Security taxes when they experience financial troubles, but isn’t that what we are doing here? We understand budget woes, but does this give us a valid excuse for punishing hard-working Americans? We seem to find funding for important causes and I can’t think of a better cause than the public we serve who have spent their lives making a positive contribution to make America what it is today – let’s take care of them. (Alabama)

- *On a daily basis, we average between 400 and 500 telephone calls on top of claims and post-entitlement interviews. We assign six employees to telephones daily and we cannot handle the calls we receive. Last October we had one day in which we received over 1,100 phone calls in a single day. How can we be expected to answer so many phone calls? Because of assignments to*

phone duty, I am unable to process approximately 240 SSI redetermination clearances a week. We are behind by about 20% in SSI redetermination clearances. (Florida)

Most of SSA has been under a hiring freeze because of the current funding situation. ***A hiring freeze for all of FY 2011 could result in a loss of over 2,500 SSA Federal employees and up to 1,000 State employees in the Disability Determination Services.*** SSA Field Office managers recently provided the following frontline feedback about the effect of the current SSA hiring freeze on their offices:

- *A hiring freeze will be detrimental, especially to the processing of our disability workloads. Under the Commissioner's direction, we have made tremendous improvement in the time it takes to get a decision. Every year the bar is set higher and every year SSA staff exceeds expectations. However, in the past 6 months alone, our office staff has been reduced from 57 to 53 employees. We are anticipating a minimum of four more losses and will be down to 49 by the end of the year – a 14% decline in staff. SSA employees take pride in their work knowing that the American public depends on us for their financial security. Not having the resources to process workloads in a timely manner undermines the positive morale of the staff as well as undermining the public's trust in our agency. Meeting the demands of the public is a struggle EVERY day. We juggle phones, walk-ins, appointments, and Internet claims daily. Despite the flexibility of our staff, we consistently have wait times over an hour. Claims Representatives consistently interview all day and have little time to work through mail or return phone messages. Not getting to mail or messages daily directly influences processing time to pay benefits. (Texas)*

As in-office visitors increase in already busy offices, there has also been an increase in the number of reported security incidents. Tensions escalate when visitors are in crowded reception areas and many become frustrated because of the extensive wait to be served. The societal trend of disruptive visitors to offices continues to be a challenge. The Office of the Inspector General (OIG) issued a report, *Threats against SSA Employees or Property*, on November 30, 2010. According to the report, ***“SSA has experienced a dramatic increase in the number of reported threats against its employees or property. The number of threats...increased by more than 50 percent in FY 2009 and by more than 60 percent in FY 2010.”*** This SSA manager expresses the connection between staff losses, increased workloads, public dissatisfaction and security concerns.

- *A hiring freeze for all of FY 2011 would be devastating. We lost two employees over the past eight months and could not replace them. As a result, we are seeing our visitor waiting times increase and we are not able to answer telephone calls, as we would like. By going from a staff of 18 to 16 employees, we are barely able to hold the line on our workloads and basic services. Another loss without replacement will undoubtedly cause the dam to break. We must have the resources to do the work. We are already seeing much more stress on our staff members due to assuming the workloads of the employees we lost, and we are seeing higher frustration levels from our callers and visitors. The American public does not care that we are short on staff, they want to be seen quickly, have their call answered quickly and get their issues resolved. I am concerned that this type of frustration will lead to more threats and acts of violence toward our staff members, not only in our own office, but also in Field Offices across the country. (Kentucky)*

SSA has a highly skilled but aging workforce with about two-thirds of its over 60,000 employees involved in delivering direct service to the public. ***SSA projects 50 percent of its employees, including 66 percent of supervisors, will be eligible to retire by FY 2018.*** Serious concerns exist about the

agency's ability to sustain service levels with the tremendous loss of institutional knowledge from SSA's front-line service personnel. This SSA Field Office manager relates the challenges of dealing with staff retirements.

- *A recent article provided staggering statistics - by 2025, nearly one in four Montanans will be over age 65. This month, a tidal wave of baby boomers, 7,000 Americans each day reach that milestone. By 2015, projections rank Montana fourth in the nation in percentage of seniors. By 2025, "mature" Montanans will number 240,000 — up more than 100,000.*

By the end of the month, I will lose two employees - one to another federal agency and the other cannot take the stress of the job. We ask a lot of our public servants in the Social Security Administration and deal daily with people living in stressful times. It is very difficult to please people living through hard economic times. As I lose two trained employees, I wonder what the impact will be on the level of service we provide. I have a very conscientious staff. They like to go the extra mile, and do whatever they can to help people. The impact of losing two staff members in these times of doing more with less will cause great strain to an already strained staff. The number of people that walk through our door and the number of phone calls we answer has risen tremendously. Staff and management alike are already filling in on the phones and at the counter to provide the public with the best possible service.

It takes at least 2 years to train an individual to work in one of our offices. As we lose two individuals, we are already 2 years and two people behind in providing public service to our aging population with a trained staff. A hiring freeze is not only demoralizing to our remaining staff members, but causes more stress to a demoralized public. (Montana)

Geographical staffing disparities will occur with attrition leaving some offices significantly understaffed, which is especially problematic for the rural Social Security Field Offices. These offices serve customers who often live vast distances away, may have no Internet service, and lack access to public transportation. In some rural areas, Social Security may be one of the only government agencies with a local office. SSA is the face of the Federal government in many communities and the public expects their local Social Security Field Office to help them with all of their government-related issues. This SSA manager relates recent service delivery issues in their rural office.

- *We are a small office in Iowa and our service area includes several counties, which include some with the highest poverty rates in the state. For several years, we have had the necessary staff to handle our workloads and been able to provide some assistance to other offices. Last year we lost two employees, leaving us with a depleted staff. Now we are not able to handle our own workloads. Because we have a potential driving distance for claimants of 75 miles to come into the office, we have high telephone traffic. We find it very difficult to handle our telephone traffic and all of the workloads and priorities that should be done. Although use of the Internet is rising, this is not the magic answer. Stress on employees who are dealing with rising workloads, pending cases, priorities, deadlines, and unmet expectations (especially from within themselves) affect their outlook and physical health. (Iowa)*

SSA Field Offices provide valuable services to many diverse customers throughout the country. The service provided to our disabled veterans is vitally important. In September 2009, the U.S. Government Accountability Office (GAO) reported on SSA disability benefits to Wounded Warriors. ***The GAO report indicated that from 2001 to 2008, SSA processed more than 16,000 applications for disability from wounded warriors and their approval rate was about 60 percent.*** As the manager of the office that serves the USMA at West Point, I have concerns about our ability to assist our Wounded Warriors.

- *My office delivers vital services to the US Army Wounded Warrior Transition Unit (WWTU) through the Soldier and Family Assistance Center. We visit this facility regularly and provide support and SSA services to soldiers from eight states in the Northeast. There are approximately 150 soldiers in the WWTU on an ongoing basis and we process over 200 leads per year for Social Security related matters. My office staffing has been reduced from 35 employees in 2005 to 30, despite large increases in workloads. Without sufficient resources and replacement staffing, benefits to these members of our Armed Forces will be delayed or become seriously backlogged (New York)*

SSA workloads are expected to grow exponentially as the baby boomers retire. Reducing resources while work is significantly increasing is a prescription for substantial service delays and resulting inefficiencies as SSA tries to cope with the mounting backlogs and recontacts by the public. SSA is a very productive agency that efficiently uses the taxpayers' moneys and must be maintained as such.

Program Integrity Investments

SSA takes great pride in its stewardship responsibilities by ensuring individuals receive accurate payment of benefits. The agency is responsible for issuing over \$700 billion in benefit payments annually to approximately 60 million people. Tax dollars must be effectively managed to minimize the risk of making improper payments.

Balancing service commitments with stewardship responsibilities is difficult given the complexity of the programs SSA administers, but the reduction of improper payments is one of SSA's key strategic objectives. The two most powerful tools for reducing improper payments are conducting medical Continuing Disability Reviews (CDRs) and Supplemental Security Income (SSI) redeterminations.

- CDRs are periodic reviews of a disability beneficiary's medical condition to determine whether an individual is still disabled, or if benefits should be ceased because of medical improvement. ***Medical CDRs yield more than \$10 in lifetime program savings for every \$1 spent.***
- SSI redeterminations review nonmedical factors of eligibility, such as income and resources, to identify payment errors. ***SSI redeterminations yield a return on investment of over \$7 in program savings over 10 years for each \$1 spent, including Medicaid savings accruals.***

Investment in program integrity workloads to ensure accurate payments and save taxpayers' dollars is necessary and prudent. Adequate final appropriations from FY 2008 - FY 2010 allowed SSA to address critical program integrity work. SSA invested \$759 million toward program integrity efforts in FY 2010. ***The 2.4 million SSI redeterminations and 325,000 medical CDRs completed in FY 2010 produced over \$6 billion in estimated savings*** (in overpayments prevented or projected to be collected).

The President's FY 2011 SSA budget request proposes SSA will accomplish 2.422 million SSI redeterminations and increase the number of medical CDRs conducted by 31,000 to 360,000 cases. ***If SSA is able to fulfill its FY 2011 program integrity targets for medical CDRs and SSI redeterminations, the estimated program savings over the next ten years is nearly \$7 Billion, including savings to Medicare and Medicaid!***

Program integrity investments have an important impact. Inadequate SSA funding in FY 2011 may lead to furloughs or cutbacks that would prevent the completion of SSI redeterminations and medical CDRs.

LOST PROGRAM INTEGRITY DOLLARS IN FY 2011- NATION

FY 2010 Workload Period	SSI Redets & Limited Issues (1)	Medical Continuing Disability Reviews (2)	Cost Savings/Loss Redets & Limited Issues (3)	Cost Savings/Loss Medical CDRs(4)	Total Cost Savings/Loss Redets and Medical CDRs(5)	FO/DDS Estimated Employee Salary (6)	Long Term Gain/Loss (7)
FY 11 Projections	2,464,684	360,044	\$2,708,687,716	\$3,931,680,480	\$6,640,368,196	\$1,809,240,000	\$4,831,128,196
1 Work Day	9,859	1,440	\$10,834,751	\$15,726,722	\$26,561,473	\$6,935,276	\$19,626,197
10 Work Days	98,587	14,402	\$108,347,509	\$157,267,219	\$265,614,728	\$69,352,755	\$196,261,973
15 Work Days	147,881	21,603	\$162,521,263	\$235,900,829	\$398,422,092	\$104,029,133	\$294,392,959
20 Work Days	197,175	28,804	\$216,695,017	\$314,534,438	\$531,229,456	\$138,705,510	\$392,523,945

Chart Notes

(1) SSI Redets & Limited Issues represent projected SSI Redetermination and Limited Issue Cases for FY 2011.

(2) Medical Continuing Disability Reviews (CDRs) are based on FY 10 projected to FY 11 (actual number may be higher).

(3) Cost Savings/Loss Redets & Limited Issues FY 2011 Projections in Administrative costs to process this workload for the year; 1, 10, 15 and 20 work days represent long term program savings of \$7 saved to \$1 administrative dollars spent.

(4) Cost Savings/Loss Medical CDRs FY 2011 Projections is Administrative costs to process CDRs for the year; 1, 10, 15, and 20 work days represent long term program savings of \$10 saved to \$1 administrative dollars spent.

(5) Total Cost Savings/Loss Redets and Medical CDRs is total for this workload.

(6) FO/DDS Estimated Employee Salary is estimated for FO/DDS employees for FY 2011; 1, 10, 15 and 20 work days.

(7) Long Term Gain/Loss is FY11 Projection of Total Saved Moneys (Cost Savings by processing SSI Redets & Limited Issues and CDRs minus Salary Costs); 1, 10, 15 & 20 work days is Total Dollars Lost (Total Dollars lost minus Salary Costs).

SSA's Office of Inspector General (OIG) issued a report dated December 1, 2010, titled "***Top Issues Facing Social Security Administration Management—Fiscal Year 2011.***" This report provides OIG's perspectives on the most serious management challenges facing SSA. The full report is available at <http://www.ssa.gov/oig/ADOBEPDF/mgmt%20challenges%202011.pdf>, but in part, the OIG report indicates there is a significant need to increase the number of medical CDRs conducted by SSA.

"From CY 2005 through CY 2010, we estimate SSA will make between \$1.3 and \$2.6 billion in disability benefit payments that could potentially have been avoided if full medical CDRs were conducted when they became due. Furthermore, although SSA plans to conduct an increased number of full medical CDRs in FY 2011, a backlog of approximately 1.5 million full medical CDRs will most likely remain."

SSA budgetary constraints have caused the shortfall between the number of CDRs due and the number conducted each year. Adequate funding is needed for SSA to conduct all CDRs when they become due and to save program dollars. ***If SSA completes all of the 1.5 million medical CDRs, the lifetime program savings would be over \$15 billion!***

The OIG report also identifies potential cost-savings, which could be realized by SSA conducting additional SSI redeterminations:

“SSA decreased the number of SSI redeterminations conducted between FYs 2003 and 2009 by more than 40 percent. We estimated in a July 2009 report, Supplemental Security Income redeterminations, that SSA could have saved an additional \$3.3 billion during FYs 2008 and 2009 by conducting redeterminations at the same level it did in FY 2003.”

The President’s FY 2012 SSA budget request indicates the funding recommended would allow SSA to conduct at least 592,000 medical CDRs and at least 2.6 million SSI redeterminations of eligibility in 2012. ***SSA estimates that increased program integrity funding in FY 2012 will result in nearly \$9.3 billion in savings over 10 years***, including Medicare and Medicaid savings.

NCSSMA strongly encourages Congress to provide SSA with the necessary funding to reduce the medical CDR backlog and to conduct additional SSI redeterminations. Investment in program integrity workloads ensures accurate payments, saves taxpayers’ dollars and is fiscally prudent. Failure to process these reviews has adverse consequences on the federal budget and the ongoing administration of SSA programs.

Quality Concerns

With the ever-increasing workloads SSA must handle, concerns exist about the accuracy of work being performed. SSA employees are working at a high rate of production and their primary focus is on getting work processed, oftentimes at the expense of quality. Given the significant overall dollars involved in SSA’s payments, even the slightest errors in the overall process can result in significant improper payments.

Reduced staffing affects not only the number of employees available to complete production work, but also management and review positions that ensure quality work is completed. SSA is making efforts to improve quality of the work product with its new trainees. Most offices are completing proficiency reviews after new employees complete their training class. This will help develop a more technically proficient employee and improve our quality, but resources are necessary for this.

SSA places a high priority on meeting workload goals, but meeting these goals and maintaining quality requires sufficient resources. ***The core problem relative to addressing quality concerns is the time and pressure to complete workloads.*** NCSSMA believes that conducting process reviews of cases is necessary and cannot be sacrificed at the expense of production.

- The complexity of the SSI program makes the redetermination process a significant area of concern relative to accuracy of changes. A targeted assessment review of error-prone areas would be beneficial to ensuring a quality product.
- Process reviews are necessary to address the accuracy of disability reports referred to the Disability Determination Services (DDSs). Improved report accuracy would result in appropriate decisions rendered in a shorter period of time, a critical factor given the pressure on our disability program.
- Reviews of Retirement and Survivor claims are necessary to ensure that entitlement to benefits is not missed and claimants are selecting the most advantageous month of election, whether filing by telephone, in person or via the Internet. Having sufficient time to review a sample of all our work would allow managers to provide proper feedback and mentoring to employees and ensure continuing quality service.

SSA Online eServices to Assist with Service Delivery Challenges

The expansion of services available to the American public via the Internet has helped to alleviate the number of visitors and telephone calls to Field Offices. However, Internet services currently available represent only a portion of the total workloads accomplished by SSA. In spite of SSA's efforts to educate the public regarding Internet services, the willingness and ability of individuals to utilize the Internet is not keeping pace with the increasing demand for service.

The agency goal for FY 2012 is to process 50% of retirement applications and 38% of disability claims via the Internet. A study of SSA claims indicates that online claims take less time to process on average, with a timesaving for a retirement claim of 12 minutes and 21 minutes for a disability claim. While eServices has assisted significantly with the high number of applications received, Field Office staff must still spend significant time to adjudicate these electronically initiated actions.

Many of the high volume transactions currently processed in Field Offices are not available on the Internet or are only being used by the public to a limited degree. In FY 2010 SSA processed over 14.7 million Social Security card-related actions and 5.4 million benefit verifications. This represents over 40% of the 45.4 million visitors to SSA Field Offices. Social Security cards cannot be processed online because there are security and authentication issues.

NCSSMA believes that SSA must be properly funded in FY 2011 and beyond so that it may continue to invest in improved user-friendly online services to allow more online transactions. If individuals were able to successfully transact their request for services online, this would result in fewer contacts with Field Offices, improved efficiencies, and better public service. The agency requires the necessary funds for finalizing the authentication process to allow more post-entitlement transactions to be processed via the Internet. With increasing workloads, it is also imperative that SSA offers a seamless Internet disability application that is easy to use and fully integrated with the medical portion of the claim.

Disability Workload Processes

Eliminating the disability hearings backlog continues to be SSA's top priority, and the agency has made a major resource investment to improve this situation. The agency's goal is to eliminate the backlog by 2013 and to improve processing time to 270 days. The Commissioner has implemented several initiatives to achieve this goal, including improving processes, compassionate allowances, improving efficiency with automation, and increasing adjudicatory capacity. Achieving these goals will depend on the available resources provided by SSA funding and the volume of new hearings received.

It is important to understand that annual appropriated funding levels for SSA have a critical impact on the hearings backlog. One of the most significant reasons for the increase in disability hearing backlogs was the significant underfunding of SSA. From FY 2004 to FY 2007, the final appropriated funding levels approved by Congress totaled \$854 million less than the President's requests and \$3.071 billion less than the Commissioner's requests.

However, as you can see from the chart below, from FY 2008 to FY 2010, the cumulative final appropriation level was \$203 million **more** than the President's requests. In addition, SSA received nearly \$1.0 billion in American Recovery and Reinvestment Act (ARRA) funding. Half of the ARRA funds were designated to replace the aging SSA National Computer Center. Much of the other ARRA funding has been utilized to help address the hearings backlog at SSA.

SSA FUNDING REQUESTS AND FINAL APPROPRIATIONS: FY 2008 – FY 2010					
(figures are in \$Billions)	Commissioner's Request	President's Request	Final Appropriation	Final vs. President	Final vs. Commissioner
FY 2008	\$10.420	\$9.597	\$9.745	\$0.148	(\$0.675)
FY 2009	\$10.395	\$10.327	\$10.454	\$0.059	\$0.127
FY 2010	\$11.793	\$11.451	\$11.447	(\$0.004)	(\$0.346)
Total	\$32.608	\$31.375	\$31.646	\$0.203	(\$0.894)

The increased resources for SSA became even more essential as the agency's workloads grew at a very rapid pace following the beginning of the economic downturn. With the increased funding SSA has received in the last three fiscal years, the agency has hired 228 Administrative Law Judges (ALJs) and 1300 additional support staff. The agency has also opened or expanded 19 Hearing Offices, including a fifth National Hearing Center and 8 more Hearing Offices are to be opened this year.

SSA's efforts have resulted in significant progress in reducing both the number of pending hearings and the amount of time a claimant must wait for a hearing decision. At the end of FY 2010, the pending hearings were reduced to 705,367 cases nationwide, the lowest level in five years. In February 2010, the average processing time for a hearing was 365 days, the lowest level since December 2003. At its peak, it took nearly 18 months for a hearing decision.

Even though this is positive news, the Hearing Offices are facing a significant wave of new hearings that are being filed, as seen in the chart below.

ODAR Performance Data through February 2011					
Fiscal Year	Pending SSA Hearings	Hearing Processing Time	Yearly Hearing Receipts	Yearly Dispositions	Average ALJ Dispositions
FY 2011 (1)	722,872 (2)	371	829,373 (2)	784,693 (2)	2.44
FY 2010	705,367	426	721,841	737,616	2.38
FY 2009	722,822	491	625,003	660,842	2.37
FY 2008	760,813	514	591,888	550,805	2.3
FY 2007	746,744	512	581,687	547,951	2.19
FY 2006	715,568	483	561,609	558,978	2.2
FY 2005	708,164	443	598,726	519,359	2.2
FY 2004	635,180	391	634,175	561,461	n/a
FY 2003	556,369	343	662,733	571,928	n/a
FY 2002	463,052	333	596,959	532,106	n/a
FY 2001	392,397	307	554,376	465,228	n/a
Chart Notes					
(1) FY 2011 information is from October 2010 through February 2011.					
(2) FY 2011 Data is projected figure based on October 2010 through February 2011 performance.					

This chart projects that approximately 400,000 additional hearings will be filed from FY 2009 through FY 2011 than were filed in FY 2008. This is attributable to the increased number of disability claims being filed since the economic downturn that began in 2008.

The Congressional Budget Office (CBO) released a report July 22, 2010: “*Social Security Disability Insurance: Participation Trends and Fiscal Implications.*” According to this report, disability beneficiaries tripled from 2.7 million to 9.7 million people from 1970 to 2009. The CBO projects the number of *disability beneficiaries will grow to 11.4 million by 2015.* In FY 2010, SSA received 619,306 more initial disability claims than in FY 2008. In FY 2011, SSA anticipates receiving 629,000 more initial disability claims than in FY 2008.

The rise in disability claims filings has also created backlogs in the state Disability Determination Services. At the end of FY 2010, the number of pending initial disability claims was at an all-time high of 824,192 cases, which was 258,522 more than at the end of FY 2008, a 46 percent increase. In the first five months of FY 2011, the number of initial disability claims pending has been reduced to 774,130. This foreshadows the second wave of cases coming to the Hearing Offices.

To eliminate the hearings backlog in FY 2013, SSA will need to adjudicate a record number of cases in FYs 2011 and 2012—over 800,000 each year. Complicating this monumental task is the furloughing of workers in ten states, including DDS employees, despite the fact that SSA provides 100 percent of the funding necessary for the DDSs to operate. SSA must also deal with an anticipated retirement wave of ALJs, with 59 percent currently eligible for optional retirement.

Despite these unprecedented challenges, SSA continues to utilize the additional resources received in the last three fiscal years to clear more disability claims and hearing cases. Unfortunately, the number of claims and hearings pending is still not acceptable to the thousands of Americans who depend on Social Security or Supplemental Security Income for their basic income, meeting health care costs, and support of their families. It is essential that adequate funding be provided to SSA to replace lost staff and work overtime to maintain the momentum achieved in reducing the number of disability cases pending and the time it requires to process these cases.

Information Technology Investments

SSA is confronted with major challenges in managing its Information Technology programs to keep up with rapidly expanding workloads. NCSSMA believes it is critical that SSA receive adequate funding to allow for much-needed IT investments. This is vitally necessary for SSA to replace our aging National Computer Center, to maintain systems continuity and availability, and to improve IT service delivery. Any rescission of Carryover IT funds could seriously jeopardize SSA’s initiatives to implement automation and technological efficiencies to address service delivery demands.

The agency is in the process of replacing its National Computer Center (NCC) and has received ARRA funding for this purpose. The existing NCC is over 30 years old and has significant structural issues that necessitate its replacement. Additionally, the NCC’s capacity is severely strained by increasing workloads and expanding telecommunication services to support the agency’s business.

In the previously referenced OIG report dated December 1, 2010, managing the timing of the transition from the existing data center to a new center has become a concern.

“SSA estimates that by 2012, [its National Computer Center] as a stand-alone data center will no longer be able to support this expanding environment.”

SSA has also made a major investment in improving its telephone service. The agency is in the midst of replacing telephone equipment with Voice over Internet Protocol (VOIP). The VOIP technology telephone system integrates SSA’s networks and provides faster call routing. The agency is approximately 74 percent complete with this initiative, with 936 of its 1266 Field Offices now have the new VOIP equipment. SSA anticipates completion of this project by March 2012.

With SSA's volume of telephone calls increasing, successfully implementing VOIP is essential to address growing public service demands. While early VOIP installations experienced problems with the equipment and services, the agency has made significant strides in addressing those concerns. Voice quality, management information data, and programming issues are being addressed and resolved, but SSA IT funding is critical to the successful completion of this major initiative.

Legislative and/or Regulatory Actions to improve SSA Program Efficiency

NCSSMA recommends consideration of the following legislative and/or regulatory proposals that can improve the effective administration of the Social Security Program, with minimal effect on program dollars. NCSSMA believes these proposals, which are included in the FY 2012 budget request, have the potential to increase administrative efficiency and lower operational costs.

- **Enact the Work Incentives Simplification Program (WISP):** This proposal would replace the complex work provisions in the Social Security Disability Program, including the Trial Work Period, Substantial Gainful Activity Determinations, Extended Period of Eligibility and Expedited Reinstatement, and replace these provisions with an earnings test comparable to that of RSI beneficiaries under full retirement age. This provision would simplify the entire work incentive process for the beneficiary and SSA. Work years saved by SSA currently spent in enforcing the prior provision could be redirected to other priority workloads.
- **Federal Wage Reporting:** This proposal would require employers to report wages quarterly; the proposal would not affect reporting of self-employment. Increasing the timeliness of wage reporting would enhance tax administration and improve program integrity for a range of programs. This program would give SSA more immediate access to earnings information for the SSI program, thereby decreasing underpayments.
- **Require that SSA be provided with information on Workers Compensation:** Provision of this information in an electronic fashion would greatly reduce the number of contacts necessary by SSA personnel to State and local governments, along with private insurance providers. Having accurate information at the time of determinations would ensure more accurate decisions, thereby reducing incorrect payments. This proposal would save both administrative and program dollars.
- **Windfall Elimination Provision and Government Pension Offset (WEP/GPO):** NCSSMA supports the proposal to develop automated data exchanges for states and localities to submit useful and timely information on pensions that are based on work not covered by Social Security. These cases are complex and error-prone. Availability of this information would allow for more efficient case processing, as well as prevent future overpayments.

CONCLUSION

The management and staff of the Social Security Administration are highly committed to serving the American public, but we must have the tools and resources to do so. SSA is the safety net of America and if adequate funding is not provided, public service will deteriorate, with longer waiting times, unanswered calls, increased backlogs, and significant hardship on needy individuals. The appropriated funding levels for FY 2004 through FY 2007 did not adequately fund SSA and contributed to a degradation of service to the public. We hope there will be a careful assessment of what may be done to provide adequate funding for the Social Security Administration in FY 2011 and beyond.

In our view, which is shared by many others, Social Security is the most successful government program in the world. We are a very proud and productive agency that efficiently uses the taxpayers' moneys, and Social Security must be maintained as such for future generations. NCSSMA sincerely appreciates the Subcommittee's interest in the vital services Social Security provides and the ongoing support to ensure SSA has the resources necessary to serve the American public. We remain confident this increased investment in SSA will benefit our entire nation.

On behalf of the members of NCSSMA, I thank you again for the opportunity to submit this written testimony to the Subcommittee and state our viewpoints. NCSSMA members are not only dedicated SSA employees, but are also personally committed to the mission of the agency and to public service. We respectfully ask that you consider our comments, and would appreciate any assistance you can provide in ensuring the American public receives the critical and necessary service they deserve from the Social Security Administration.